

# SPRING RUN GOLF CLUB

## TREASURER'S REPORT

### BOARD OF DIRECTORS MEETING

FEBRUARY 27, 2025

2024-25 Finance Committee:

Bob Owens, Chair

Tom Carley

Don Cunningham

Steve Gullotti

Bill Meyer

NancyJo Powars

Carolina Arango and Jerilyn Schnitzel

# OVERARCHING PRINCIPLES I THINK ABOUT

- Must stay financially sound
- Must always be a good steward of owners' money
- Must Provide Funds to:
  - Maintain and improve facilities
  - Provide service levels expected of our owners
    - “Superior Value”

# 2023-2024 FISCAL YEAR AUDIT

- RSM Has completed the independent audit
- A “Clean” Audit Opinion
- One Balance Sheet adjustment that did not affect earnings
- No Recommendations for Improving Internal Controls
- Complimentary toward the Financial staff, Management & the Finance Committee
  - No disagreements on the application of accounting principles
  - No significant issues encountered
  - No difficulties dealing with management
  - No significant matters that required consultation outside the audit team

# NET OPERATING RESULTS, 2024-2025 Fiscal Year-to-Date

<u>3 Months</u>	<u>ACTUAL</u>	<u>BUDGET</u>	<u>VARIANCE</u>
• Golf Operations ...	\$ 399,000	\$ 372,000	\$ 27,000
• Golf Course Maintenance	<u>(701,000)</u>	<u>(730,000)</u>	<u>29,000</u>
• Net– Golf O&M ...	(302,000)	(358,000)	56,000
• Food & Beverage ...	(591,000)	(574,000)	(17,000)
• All Other, net ...	(716,000)	(740,000)	24,000
• Operating Assessment ...	<u>1,339,000</u>	<u>1,339,000</u>	<u>0</u>
Operating Net Income ...	\$ <u>(270,000)</u>	\$ <u>(333,000)</u>	\$ <u>63,000</u>

- Members' Operating Assessment subsidizes golf & restaurant operations and pays for administration, common area maintenance, security expenses and most activities at the clubhouse.

## COMMENTS: First 3 Months Operating Results

- Golf Ops expenses favorable to budget by 10%; overall play was up a fraction with fewer member rounds
- Golf Course Maintenance expenses favorable by 4%
  - Planned major Clusia and Oak Tree Trimming on budget
- Restaurant Operations behind budget by 3%
  - Revenue equal to last year, but down from plan
  - Expenses 3.5% under (favorable) Budget
  - Concern with Cost of Food % higher than planned
- Admin & other also favorable by \$24,000
  - Interest income up \$12,000

# Capital Spending: 2024-2025 Fiscal Year

- Capital Budgets Total \$936,000
  - Includes \$155,000 for Server & Network Upgrade
  - Includes \$376,000 for GCM Equipment
- Building Reserves a Priority: \$1.3 Million Oct 2024
  - Currently Projecting \$1.6 Million Oct 2025
  - Includes \$600,000 Prepaid Assessments
- Independent Reserve Nearly Complete
- No Outstanding Debt as of January 31<sup>st</sup>
  - Drew down \$300,000 in February, less than planned

## New Capital Spending Summary as of January 31, 2025

### NEW CAPITAL

Spent or given final approval ... \$230,000\*

Remaining budgeted items ... 71,000

Projected total spending ... \$301,000

### FUNDING NEW CAPITAL

From Annual Assessment ... \$279,000

From Prior Year Surplus ... 42,000

Total Funds Available ... \$321,000

**Funding Exceeds Projected Spending by ... \$20,000**

\* Includes Network/Server Upgrade \$155,000

# Reserve Spending Summary as of January 31, 2025

- REPLACEMENT RESERVE

- Spent or given final approval ... \$456,000\*\*
- Remaining budgeted items ... 136,000
- Projected total spending ... \$592,000

- FUNDING REPLACEMENT RESERVE

- From Annual Assessment ... \$657,000

**Funding Exceeds Projected Spending by ... \$65,000\***

\* This amount would go toward increasing the reserve fund

\*\* Includes \$357,000 for Golf Course Maintenance Equipment



# RECENT OWNER CONCERNS

- Financially Sound
  - Clean Audit Opinion & no recommendations
  - Favorable interest rate and relationship with our bank
  - Worked through Covid, hurricanes, property tax, high inflation, etc.
- Resale Fees
  - Are set by the board at about the average of our peer group
  - Same fee for all types of units since all benefit equally from the use of the fees
- Replacement Reserves
  - Typically, funds are provided from 2 sources
    - Replacement Reserve annual assessments
    - Resale fees
  - Cash in the Reserve Fund is comingled with other cash
    - This does not reduce the reserve fund balance
    - This does reduce outside borrowing thus lowering interest expense

# Financial Controls & Oversight -ANNUAL

- Annual Independent Audit by RSM
  - Test internal controls and procedures
  - Review financials under GAAP
- Annual Operating & Capital Budgets 4-month process (May to August):
  - Internal Reserve Study Updated by Management
  - Management prepares the budgets
  - Finance committee has several meetings with management
  - Budget Recommendation to Board
  - Budget workshop to hash out agreement

# Financial Controls & Oversight - MONTHLY

- A detailed management report focused on variances
- Discussions with operating department managers
- Finance Committee Rep reviews ...
  - Journal Entries,
  - Reconciliations,
  - Accounts Receivable aging, etc.
- Finance Committee Meeting
- Treasurer reports for board and owners
- Board/Owner Power Point presentations provide:
  - Financial results,
  - Financial condition and
  - Other relevant information, Issues & projections

# Financial Controls & Oversight - PERIODICALLY

Comparisons with other similar bundled golf communities

Not to “keep up” but so we don’t get “out of whack”  
Measures performance & Fees

Our total annual assessment has consistently been well below the average ... saving owners thousands of dollars.

The most recent report (2023-24 Fiscal Year):

- . Average total fees for Peer Group = \$12,200
- . Spring Run was under \$9,000