

RIVER STRAND GOLF & COUNTRY CLUB
7155 Grand Estuary Trail, Bradenton, FL 34212

FINANCE COMMITTEE MEETING
January 25, 2018

MINUTES

The meeting of the River Strand Finance Committee (Committee) was held in the card room to present and evaluate financial related business of the Association.

Call to Order: The meeting was called to order at 3:30 PM by Chairperson, Alan Sukoneck

Determination of Quorum: Quorum was established.

Committee Members Present: Alan Sukoneck; Paul Bondy; Tim Curran and Linda O'Brien

Absent: Fred Lansky

Board Liaison: Scott Hancock as well as Board Members Anita Tierney and Eddie Hicks.

Others in Attendance: Robert Brown, General Manager; Doreen Cole, VP Finance of Icon, and five residents were also in attendance.

Proof of Notice: Notice was sent to residents electronically this month.

Approval of Minutes: The minutes of the December 28, 2017 were approved unanimously by the committee.

Alan Sukoneck opened the meeting and a request from a resident that a "budget versus actual for the prior year to date" be included in the financials. Such inclusion will be evaluated and, if space is available so included.

OLD Business (Continued):

1. **February 28, 2017 and 2016 Audit Bills:** The bills in question are still unpaid because of a lack of response to a multitude of requests for information which is still being ignored. There also was a request made for an explanation of a \$15,000 increase in year over year, when it required nothing new, or exceptional. Most pressing are the management representation letters from Lennar to Stroemer for 2013 and 2016, as well as the February 2017 representation letter. Also, vitally important, is the allocation methodology used for the splitting of golf versus social costs and revenues, so that an evaluation as to the amount due to, or from Lennar may be properly ascertained. This remains, year after year, a significant deficiency. Scott is to contact a tax person recently deemed helpful, and see if he can persuade Stroemer to release those documents.
2. **Reserve and Defect Study:** Anita Tierney has a multipage spreadsheet of deficiencies and asked for any additional requests from residents. Delta Engineering will review same, and then: Anita, Scott and Mike Fisher (as well as Shaun Fitzer) are to review the revised defect study, and then present it to the BoD before submitting to Lennar. The reserve study is still being evaluated, but correct and complete conclusions have not yet been solidified.
3. **Club Financial Reporting Requirements:** This subject is still awaiting a response from the men's golf group, so that the policies and procedures approved by the BOD may be implemented. The three groups (men's,

ladies and charity event) use of the RS federal identification number requires their bank balances be included in our overall financials. The men's golf group will be contacted and advised that compliance is necessary, or they will be forced to remove RS federal identification number and secure their own.

4. **December 31, 2016 Income Tax Filing.** Scott Hancock signed and had the 2016 federal and state tax returns filed after RSM completed a full review of the returns that were prepared by Stroemer, CPA'S.
5. **Golf and Social Analysis:** The allocation of social only and golf membership revenue and expenses has a significant impact on due to, or due from Lennar and the documentation for the basis used by Lennar has not been provided after numerous requests made to Lennar and the prior CPA firm (Stroemer). This committee, in conjunction with Icon management and BOD approval has evaluated every line item in the general ledger and implemented what they feel is a more proper methodology of the allocation between golf and social dues. Going forward, the financials for the period 3/1/17-12/31/17 and thereafter will be allocated accordingly, and continuously evaluated for revisions as facts change.
6. **Investment of Excess Funds:** As of 12/31/17 two reserve accounts had been established for the golf (\$500,000) and social (\$249,000) reserves with each earning 1.09%. Excess operating funds of \$250,102 have been invested in a 1.25% money market account. As rates change the committee will suggest moving money to facilitate maximum, but secure returns.

New Business:

7. **Accounts Receivable for Twelve Months Ended December 31, 2017.** Shaun was not present to review dues accounts receivable of \$28,049 of which \$27,587 was over 90 days past due. The status of the two accounts (\$22,318) recently turned over to our attorney is presently unknown. The remaining accounts are being aggressively pursued by Shaun, and they are also being charged interest if more than 60 days delinquent. Those few may lose club privileges if no prompt action on their part is tendered. Receivables for member charges have little risk. The committee felt that the year-end 12/31/17 allowance for doubtful of \$26,926 was adequate. It was suggested that Shaun draft a policy for presentation to the BoD for approval so that Shaun does not need board approval for each and every delinquency if the standards of the new policy are met. This will allow more prompt action taken and without delay. Doreen is still waiting for a response from Lennar regarding the \$241,103 receivable in the due from developer account.
8. **Financial Statements for the "Twelve" Months Ended December 31, 2017.** The financials reported preliminary full year net income of \$377K versus a budget of \$0K and a prior year net income of \$216K. The revenue increases were primarily from (1) additional memberships (\$60k); (2) Lennar paying dues and maintenance costs on unsold homes (\$102k); (3) higher capital resale contributions (\$123k); (4) transponder sales of (\$43K); (5) the March 2017 billing (\$72K) for unused food minimums; ; (6) golf course underspending budget on: chemicals (\$63k); fertilizer (\$41k); trap sand (\$7k), and mulch (\$30k); (7) While payroll was down (\$24k) payroll taxes were up (\$37k). These two items will be investigated and an explanation provided. Some areas causing a decline in net income are (1) golf cart rentals down (-\$131K); (2) interim & non-member golf revenue down (-\$36K); (3) food and beverage revenue up (\$175k), but cost of goods sold up (\$134k) and operating costs exceeding 2016 by (\$151k), or (5.25%). It is important to keep in mind that the inclusion of the reported actual \$78K social profit from January and February (which is included in the above full calendar years numbers will revert back to Lennar. RSM (our new accounting firm) is scheduled to begin their audit for the period 3/1/17-12/31/17 about 3/5/18.

9. **Payroll, Tips, and Payroll Taxes:** With the club dropping the “buy one, get one free” program for drinks (predicated on insurance coverages), the wait staff which had been getting tips on sale value of two drinks, now gets a tip solely on the quantity consumed, or purchased. This may require the BOD to review an adjustment to “base” pay going forward or modify the pricing. 2017 had a substantial increase in payroll and payroll taxes as compared to prior year and budget. Doreen Cole is preparing a summary of the variances by department.
10. **Icon Non-member Revenue (public)/Expense Tracking:** The committee discussed the need to track public revenue and expenses in accordance with requirements as defined by RSM. Rob Brown has started the review and will make a recommendation to the BOD.

Adjournment: A motion was made to adjourn. It was seconded and passed. The meeting ended at 5:08 PM.

Submitted by:
Paul Bondy, Secretary

