

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

FINANCE COMMITTEE MEETING

May 25, 2017

MINUTES

The meeting of the River Strand Finance Committee (Committee) was held on May 25, 2017 at 4:03 PM in the Card Room of the Clubhouse to present and evaluate financial related business of the Association.

Call to Order: The meeting was called to order at 4:03 PM by Chairperson, Alan Sukoneck

Determination of Quorum: Quorum was established.

Committee Members Present: Alan Sukoneck, Chair; Linda O'Brien; and Tim Curran (by phone)

Absent: Ron Dubin; Paul Bondy

Board Liaison: Scott Hancock, Present

Others in Attendance: Shaun Fitzler, ICON LCAM; Board Members present were Terry Lyons and Anita Tierney (by phone); and approximately 6 residents.

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

Approval of Minutes: The minutes of the April 27, 2017 meeting were approved unanimously by the committee.

Alan Sukoneck opened the floor to comments from residents that were limited to no more than 3 minutes and only on agenda items. There were no initial questions, but, as the meeting proceeded, questions, and, or explanations were provided, and viable directions for progress were validated.

Old Business:

1. **Finance Committee Charter:** Scott Hancock clarified if committee members have any questions for ICON they must go through Alan Sukoneck, Chair of the Finance Committee. Scott said that Alan should attend the first meeting with the committee members and the ICON representative. Alan was not in agreement with this process since in most cases three finance committee members would then be in attendance, thereby representing a committee quorum and the need for an open meeting. Alan suggested he would contact the ICON representative and notify them of the project, thereby approving the starting of the research project.
2. **December 31, 2016 Audit Status:** Scott Hancock has sent emails and made phone calls to Stroemer and emails to Lennar with no return communication. Our Attorney said the only recourse for Lennar missing 120 days compliance per Section 720, is for individual homeowners to file suit against Lennar. It has been questioned if Stroemer is going to perform the first two month's 2017 audit for Lennar, which we feel is needed to document the assets and liabilities at turn over. Shaun Fitzler is going to verify that Stroemer filed proper extensions for the 2016 tax return that had a due date of March 15, 2017.
3. **Allocation of revenue and expense between Golf only and Social Members:** Alan Sukoneck and Tim Curran are still evaluating Lennar's allocations. Alan and Tim will present recommendations for new 2018 allocation percentages at the June 29, 2017 meeting.
4. **Accounts Receivable Past Due Collection policy:** Alan made a motion to turn over the past due collection policy to the BoD for their review and approval. Linda seconded the motion and passed.

5. **Review of Financial Statements for the four months ended April 30, 2017:** The review of the 4/30/17 financials set forth show the cumulative monthly profit of \$762,000 for the period January-April 2017. This is an increase of \$169,000 compared to same period 2016 and \$337,000 compared to budget. Some factors affecting the increase, is an increase in memberships, Lennar now paying maintenance fees on unsold homes/lots, capital resale contributions, the March 2017 billing of \$72,000 for unused food minimums and golf course underspending on chemicals, fertilizer and mulch. Some areas causing a decline in the net income is food and beverage below budget with operating costs exceeding 2016 and the four months food cost of sales of 51.5% exceeding the prior year of 47.5% and budget of 46%. It was noted that we do not have the auditor's 2016 correcting entries and that could have a plus or minus effect on 2017. Also, it is important to keep in mind that the estimated \$162,000 social profit from January and February 2017 will revert to Lennar once the turn over audit is completed and with the snow birds going North the remaining budget for 2017 reflects seven of the remaining months budgeted at a loss.

Shaun's Fitzer's past due receivable report as of 5/22/17 totaled \$74,000, (\$66,000 as of 5/25/17) comprised of \$15,000 for food minimums, \$28,000 that the BoD has turned over for legal action, \$22,000 for unit owners that have been sent second past due notices, \$6,000 for unit owners that have had all their club privileges suspended and \$3,000 related to recent closing where the title agent has not transmitted the funds. The current accounts receivable system does not produce an aged accounts receivable report so the committee requested Shaun to sort in the future the report totals so that the above noted past due categories are identified

6. **Food & Beverage:** Phil Lahm reported a significant increase in food cost. In March 2017 frozen steak sales were offered to members to be used to offset food minimums. Most of the revenue from the steak sales was booked in March and the cost of the steaks booked in April causing a variance in cost of sales between March and April. Even taking this into consideration, the food costs are still very high. Phil will continue to update our committee as they work with the F&B managers to lower food costs.

7. **ICON policy and procedure manual:**

Shaun Fitzer downloaded drafts of many policies onto a shared folder for the committee to review. He will make the folder available to all members of the committee. Shaun was requested to have an index for the policies in the folder. Anita Tierney requested that the policy folder be made available to the IT committee.

8. **Status of Lennar turnover of financial records and documents:**

Shaun Fitzer will report back to the committee on the status of the record turnover.

9. **ICON finance personnel chart and Finance committee ICON corporate contact:**

The ICON corporate finance contact is Doreen Cole, Vice President, Finance

10. **Credit Cards:** The finance committee was tasked with ascertaining the cost of the use of credit cards, with both for standard activities and quarterly dues. Additionally, they are to evaluate the processing charges associated with these same charges. Paul Bondy and Linda O'Brien will report back to the committee at the June 29, 2017 meeting.

11. **Investment Rates:** The finance committee was tasked to ascertain the best available income rates associated with the short term investment prospects of both reserve funds, and excess operating funds which will provide additional income flow. Paul Bondy and Linda O'Brien will report back to the committee at the June 29, 2017 meeting.

12. 2018 Budget Time Table: ICON presented a detailed timetable for the preparation of the 2018 budget starting with getting project proposal input from ICON department heads and committees through the adoption of the budget by the BOD. It appeared that the May 31 timetable for submitting the proposals would not be met. It was noted that the project proposals should be distinguish between capital vs expense items. Alan Sukoneck said that the BOD should prepare a vision statement for RSG&CC discussing specific revenue areas (i.e. Golf, Tennis, Restaurant and Social) that would assist in projecting the assumptions for the preparation of the Budget. Scott Hancock said that at this time the budget should be prepared based upon current year assumptions. It was also noted that the final Reserve Study dues recommendation will be needed in sufficient time to be incorporated into the budget.

13. The next Finance Committee Meeting will be on Thursday June 29, 2017 from 5:00 to 6:30PM.

Adjournment: A motion was made to adjourn. It was seconded and passed. The meeting ended at 5:46 PM.

Submitted by:

Linda O'Brien