

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

FINANCE COMMITTEE MEETING

June 29, 2017

MINUTES

The meeting of the River Strand Finance Committee (Committee) was held on June 29, 2017 in the main conference room to present and evaluate financial related business of the Association.

Call to Order: The meeting was called to order at 5:02 PM by Chairperson, Alan Sukoneck

Determination of Quorum: Quorum was established.

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

Absent: Ron Dubin

Board Liaison: Scott Hancock, Present

Others in Attendance: Shaun Fitzer, ICON LCAM; Doreen Cole, ICON, VP, and 2 residents.

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

Approval of Minutes: The minutes of the May 25, 2017 meeting were approved unanimously by the committee.

Alan Sukoneck opened the floor to comments from residents that were to be 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. **December 31, 2016 Audit and Feb 28, 2017 turnover audit Status:** Documentation for the 12/31/16 journal entries has been requested by Doreen. She has not heard back from Stroemer. Scott has also reached out requesting the same details. The turnover audit for the first two months of 2017 was to be completed by July 31. Per ICON, Stroemer has all documents necessary to complete the turnover audit. The audit invoice for 2016 was \$15,000 higher than 2015. This does not include the tax return. Scott will contact Stroemer to see what caused the large increase.
2. **Allocation of revenue and expense between Golf only and Social Members:** Final 2016 allocations by Stroemer assigned more profit to golf vs. social than ICON's calculations. Doreen is to request documentation of the variance from Stroemer. Alan reviewed proposed golf/social allocation %'s to be used for the 2018 budget. Scott submitted the proposed golf/social allocations to the BoD on 6/12/17 for their review. Alan indicated that we still needed to check the allocations of a few other accounts (i.e.: insurance, electricity, etc.)
3. **Status of Lennar turnover of financial records and documents:** Alan indicated that the record turnover would be incomplete if Lennar/Stroemer does not turnover documentation for year- end journal entries. Previous requests to Lennar/Stroemer going back more than two years have not been acknowledged.
4. **Credit Cards:** Paul and Linda reviewed their findings on the current cost of credit card expense that is about \$94K through 5/31/17 with American Express averaging about 3.25% and non-American Express cards averaging about 2.25%. Alan suggested we bring various banks in for presentations in July. The Committee discussed terminating the use of the American Express credit card due to a 35% higher cost vs. using a non-American Express card. Eliminating the use of American Express will reduce annual credit card

fees by about \$7.5K per year. Also discussed was the cost of allowing residents (estimated at \$75K per year) to pay quarterly dues by credit card. Shaun will research the number of residents that use the American Express credit card and pay dues by credit card.

5. **Investment Rates:** As of 12/31/16 RSGCC has about \$219K in the Reserve Fund that currently is earning 0.25% at BB&T Bank. Alan reviewed a Fidelity Bank advertisement and spoke with Robin from the bank's Bradenton branch (941-526-1730) who confirmed that the advertised Money Market rate of 1.25% per annum is guaranteed for six months and insured through the FDIC up to \$250K per customer. Paul made a motion and seconded by Linda to send a motion to the BoD to request that \$219K be deposited into a Reserve Fund money market account at Fidelity Bank earning 1.25%. It was unanimously passed. Shaun was asked to contact Fidelity Bank and coordinate the required paper work to open the new account.
6. **2018 Budget Time Table:** The ICON calendar for the preparation of the 2018 budget was reviewed. The original deadline of submitting project requests to the BoD by July 1, 2017 was extended to July 31, 2017.

New Business:

7. **Review of Financial Statements for the five months ended May 31, 2017:** The review of the 5/31/17 financials set forth show the cumulative net income of \$780K for the period January-May 2017. This is an increase of \$165K compared the same period of 2016 and a \$376K increase compared to budget. Some factors affecting the increase are: (1) additional memberships; (2) Lennar now paying fees on unsold homes/lots; (3) higher capital resale contributions; (4) the March 2017 billing of \$72K for unused food minimums; (5) golf course underspending budget on chemicals, fertilizer and mulch. Some areas causing a decline in net income are food and beverage revenue below budget with operating costs exceeding 2016 and the five month food cost of sales of 52.0 % exceeding the prior year of 48.2% and a budget of 46.0%.

It is important to keep in mind that the estimated \$162K social profit from January and February 2017 will revert to Lennar once the turnover audit is completed and that the \$170K underspending of the golf chemical, fertilizer and mulch budget might be spent during the rest of 2017. With the snow birds going North in the 2nd quarter the remaining seven month budget for 2017 shows six of the remaining months budgeted at a loss.

The committee asked Doreen and Shaun to explain the policy for reporting tennis and golf lesson revenue and the related payroll taxes. It was Shaun's understanding that 95% of the revenue is paid back to the instructor while RSGCC retains 5% to pay employer payroll taxes. It is estimated that RSGCC pays about 10% payroll taxes on 100% of the lesson revenue, and therefore has a deficit of about \$5 for every \$100 of lesson revenue. Shaun and Doreen will confirm the above and research where the lesson revenue is reported in the financial statements.

8. **Past Due Accounts Receivable:** The 5/22/17 past due balance of \$77K has been reduced to \$44K as of 6/12/17. During the month of May a past due account with a bank (resident foreclosure) that had a balance of \$8K was settled for \$3K and \$5K written off against the Balance Sheet allowance for bad debt.
9. **Financial Statement Formats:** Doreen is in the process of preparing the Balance Sheet and Income Statements also in a 12 month trending format, as well as reclassifying the Cable and SFH landscaping revenue and expenses out of the operation areas and reflecting the net activity of each below net income.
10. The next Finance Committee Meeting will be on Thursday July 27 , 2017 in the Card Room of the main Club House from 4:00 to 5:30PM

Adjournment: A motion was made to adjourn. It was seconded and passed. The meeting ended at 6:46 PM.

Submitted by:

Linda O'Brien