

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

FINANCE COMMITTEE MEETING

July 27, 2017

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 4:02 PM by Chairperson, Alan Sukoneck

Determination of Quorum: Quorum was established.

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

Absent: Ron Dubin

Board Liaison: Scott Hancock (present) and Anita Tierney (by telephone).

Others in Attendance: Shaun Fitzer, ICON LCAM and Doreen Cole, ICON, VP of Finance. Five residents were also in attendance.

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

Approval of Minutes: The minutes of the June 29, 2017 and July 14, 2017 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 was an opening remark about the term "deficit" when related to the tennis portion of the financials. After discussion as to the unviability of a "profit" status from such an operation, it was ascertained that tennis comprises one of several "social" sections of River Strand. The finance committee and Icon management will work to more positively present the actual contribution of the tennis department. As the meeting proceeded, questions arose, and, or explanations were provided to the residents, and viable directions for progress were validated.

OLD Business:

1. **Feb 28,2017 Audit Status and 2016 Audit Bill:** The question as to the status of the audit report for the final Lennar financial report for the period 1/1/17-2/28/17 was relayed by Icon as "very close". Scott has not received a reply to his correspondence with Stroemer & Company LLC to check on the status of competition. After last month's meeting Scott corresponded with Stroemer & Company, LLC as to why the 2016 audit was \$15,000 more than the 2015 audit. Scott did not get a response.
2. **Allocation of Revenue and Expenses between Golf/Social and Social Only Members:** Both Alan and Tim have spent many hours analyzing the allocation of all revenue and expenses between Golf and Social members. The purpose was twofold: to ascertain if Lennar's assumptions were correct, and, if not, to have a basis to challenge same in a more logical and supported fashion in "final" negotiations for settlement. Also, to utilize reasonable and accurate current ratios in developing the 2018 budget. Scott submitted the proposed allocations to the BoD on June 12, 2107. As of yet the BoD has not had any questions on the proposal.

3. **Status of Opening Fidelity Bank 1.25% Money Market Account:** At the Committee's June 29, 2017 meeting it was unanimously approved to recommend to the BoD that a Money Market account with a six month guaranteed rate of 1.25% be opened for the RSGCC Reserve account in the amount of \$225,000. The recommendation was submitted at the BoD meeting held on July 18, 2018. The BoD did not act upon the recommendation. A request was to be made of Pat Cattanach, GM, to have a cash flow accompany the 2018 budget, so that the finance committee could recommend investing current excess funds.
4. **Credit Card Rates and use of Credit Card for Paying Dues:** It is the unanimous opinion of the finance committee to recommend to the BoD that the American Express credit card no longer be accepted anywhere within River Strand because their fee of 3.23% is about 1% higher than what RSGCC pays for the use of Visa and Master Card. Dropping American Express will save RSGCC approximately \$7,500 per year. That motion was approved and seconded.

The committee questioned Shaun Fitzer if the administrative office is steering new residents into paying quarterly dues by credit card vs paying by the least costly method of direct debit "ACH" (automated clearing house). Shaun said he would review the presentation made to new residents. It was discussed to amend our policy to not allow the charging of "quarterly dues" to a credit card going forward. As an alternative, the committee suggests utilizing the availability of "ACH" (automated clearing house), or an alternative software firm that can process more promptly (full next day cash net of a fee) and less costly. (While the committee wanted to recommend stopping the charging of quarterly dues to a credit card for new members, it was learned that by doing so the current Icon billing software would have to have the new member also opt out of having an open member account that is paid by credit card. Therefore, a recommendation was put on hold.)

5. **2018 Budget Calendar:** The budget calendar was reviewed with the Departmental Manager's budgets due by July 31, 2017.

New Business:

6. **Financial Statements for Six Months Ended June 30, 2017.** Shaun reviewed the current delinquent accounts receivable and the actions being taken to minimize River Strand's potential bad debt losses. Progress is being made and turnover to collections attorneys is being made much more promptly. Interest is being charged to accounts more than 60 days delinquent. Accounts receivable as of 6/30/17 were \$34K while \$74K as of 5/22/17.

The finance committee requested that ICON present the written procedures in place for overtime, and the tracking thereof. Payrolls are made bi-monthly and further review of those procedures will begin to be evaluated by the finance committee.

There was discussion of what percentage of golf and tennis lessons is retained by the instructor. Icon was requested to confirm that the Tennis Pro retains 95% of the lesson revenue while the Golf Pro retains 100%. In both cases RSGCC pay's payroll taxes on 100% of the revenue so RSGCC has a deficit of at least 5% on tennis lessons and 10% on golf lessons. The issue will be evaluated so that as a minimum, the club will recover payroll taxes and related costs thereon. There was also discussion on "meal discounts" to employees and having written policies established.

7. The 6/30/17 financials reported cumulative net income of \$752K vs. a budget of \$322K and a prior year profit of \$579K. The increase was primary from (1) additional memberships; (2) Lennar paying dues 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 and operating costs exceeding 2016 and food cost of sales % exceeding budget and the prior year. It is important to keep in mind that the estimated \$162K social profit from January and February will revert to Lennar once the turnover audit is completed and the \$201K underspending of golf chemical, fertilizer and mulch will be spent in the second half of 2017. With the snow birds going North in the second quarter of 2017 the remaining six months of 2017 budget reflect five of those months budgeted at a loss.

Adjournment: A motion was made to adjourn. It was seconded and passed. The meeting ended at 5:30 PM.

Submitted by:

Paul Bondy, Secretary

