

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

FINANCE COMMITTEE MEETING

September 28, 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; Linda O'Brien; and Fred Lansky.

Absent: No one

Board Liaison: Scott Hancock was absent; other Board members present were Terry Lyons; Chuck Glasser; and Anita Tierney.

Others in Attendance: Shaun Fitzer, ICON LCAM; 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 August 24, 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 that the second draft of the golf reserve study was received and a copy of same would be promptly forwarded to the finance committee for their review. There has been no report yet relative to the defect study which is now due sometime in September. There was an extensive explanation and numerous conversations related to the reserve studies. The comparison of "component straight line funding" versus "cash flow pooling" and the benefits, and conceivable constraints of each were discussed. The finance committee was unanimously in favor of the "cash flow pooling" method, but legal advice must be requested regarding the comingling of existing funds, and the potential required breakout of social versus golf. As the meeting proceeded, other questions arose, and, or explanations were provided to the residents, and viable directions for progress were validated.

OLD Business (Continued):

1. **Feb 28, 2017 Audit Status and 2016 Audit Bill:** At the last three previous meeting, Icon management stated that the two month audit was "very close", but as of this date, even after continued requests to Stroemer, CPA's and Lennar, there is still "no answer", nor has there been any progress of a valid answer as to the increase in the audit fee from the prior year. It was strongly suggested that our BoD go "higher up the ladder" and be firmer in our request for answers from Lennar. It was confirmed that RSM (new accounting firm) was still planning to begin their audit procedures next week as had been planned.
2. **2108 Budget Process & Reserve & Defect Studies:** In October the BoD will be conducting numerous work sessions open to all members to review the 2018 budget and golf and social

reserve studies in order to approve the 2018 Budget in at a November member meeting. The BoD has asked the Finance committee to review the latest draft of the reserve study and submit comments back to Scott.

3. **Credit Card Rates and use of Credit Card for Paying Dues:** The BoD had on their agenda for their September 26, 2107 meeting to act upon the finance committee's proposal to no longer accept payment for quarterly dues by credit cards, thereby saving an estimated net \$75K per year (subsequently estimated at \$60K. The BoD postponed their decision until their meeting on October 4, 2017. Shaun reviewed the method of paying quarterly dues through BB&T bank similar to how all RSGCC members currently pay their quarterly dues to Heritage Harbour.
4. **Policies and procedures for Employee overtime pay, Employee meals, and Golf/Tennis lesson fees:** Drafts submitted by Icon of the current policies were distributed to committee. The committee felt that policy of having the Golf professional retain 100% of the lesson fee (with declaring the revenue as payroll) should also be offered to the Tennis professionals and requested that Icon draft a proposal for the BoD review. The use of employee food discounts (50% and once a day) was also discussed, and Doreen said that Icon will start reporting the employee discount in the September 2017 financial statements.

New Business:

5. **Accounts Receivable as of August 31, 2017.** Shaun reviewed the current delinquent accounts receivable approximating \$88K. As of 8/31/17, approximately \$46K is due up to the 90 day period (including \$11K due from Lennar), and another \$22K is foreclosure related. There is another \$13K due for club suspension to six homeowners next month. Continued progress is being made and the turnover to collections attorneys is being made much more promptly. Interest is also being charged to accounts more than 60 days delinquent
6. **Investment for Excess Cash Funds:** BB&T indicates an availability of procuring short term investments (with other banks CDARS) of up to \$250K per FDIC insured. Once RSGCC has established reserve accounts, such funds may be able to be invested in secure, longer term investments. Shaun was going to obtain the paper work from BB&T to establish an investment account with BB&T. A 4 week CDAR through BB&T was currently paying 0.85%. The committee felt that approximately \$249K of the reserve funds should be invested in a 4 week CDAR. As of August 31, 2017 \$249, 067 of operating funds were invested in a six month guaranteed 1.25% money market account at Fidelity Bank.
7. **Financial Statements for the Eight Months Ended August 31, 2017.** The 8/31/17 financials reported eight month cumulative net income of \$686K versus a budget of \$224K and a prior year profit of \$620K. The increase in net income were primarily from (1) additional memberships (\$26K); (2) Lennar paying dues and maintenance costs on unsold homes (\$81k); (3) higher capital resale contributions (\$81K); (4) higher transfer fees of (\$20K); (5) the March 2017 billing of \$72K for unused food minimums; (6) golf course underspending budget on chemicals (\$66K), fertilizer (\$74K) and mulch (\$30K). Some areas causing a decline in net income are (1) golf cart rentals down (\$88K); (2) food and beverage operating costs exceeding 2016 and food cost of sales at 54%

exceeding both the budget and the prior year. Again, it is important to keep in mind that the estimated \$149K social profit from January and February may revert to Lennar once the turnover audit is completed and the \$170K underspending of golf chemical, fertilizer and mulch may be spent in the remaining five months of 2017. With the snow birds going North in the second quarter of 2017 the remaining four months of 2017 budget reflect three of those months budgeted at a loss. It also was suggested to Ms. Cole consider revising the balance sheet to two pages so that total assets may readily be compared to total liabilities and equity. It also will require a reformatting of both the balance sheet and income statements to include a specific period of 1/1/17-2/28/17 when the final audit is received.

8. **December 31, 2016 Golf and Social Equity Analysis:** Alan reviewed an analysis he had prepared to breakdown the 12/31/16 \$587,922 cumulative equity since 2006 into golf and social balances. He was able to breakdown the balance into 5 components made up of (1) developer capital contribution; (2) golf net income; (3) loss on sale of equipment; (4) depreciation expense and (5) prior period adjustments. Alan was not able to break all the areas out by golf and social. Terry Lyons will ask Lennar and Stroemer for the needed information.
9. **Club Financial reporting requirements:** Alan reviewed a recent RSM newsletter that discussed the possible need to include in the RSGCC financial statements the financial activity from Clubs (such as Men's and Lady's golf leagues) that have a bank account that was established with RSGCC's federal ID number. Alan and Tim will find out the annual Club annual volume and then review with RSM as how to proceed.
10. **Next Meeting:** The Finance Committee's next meeting will be on October 26, 2017 at 3:30PM in the main conference room.

Adjournment: A motion was made to adjourn. It was seconded and passed. The meeting ended at 5:38 PM.

Submitted by:
Paul Bondy, Secretary

