

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

**FINANCE COMMITTEE MEETING**

**October 26, 2017**

**MINUTES**

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

**Call to Order:** The meeting was called to order at 3:34 PM by Chairperson, Alan Sukoneck

**Determination of Quorum:** Quorum was established.

**Committee Members Present:** Alan Sukoneck; Tim Curran and Fred Lansky.

**Absent:** Paul Bondy and Linda O'Brien

**Board Liaison:** Scott Hancock was present; other Board member present was Mike Fisher.

**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 September 28, 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 third draft of the golf reserve study was received and reviewed by the finance committee. The first draft of the defect study was received by the Board. Scott Hancock explained the process to be employed by Delta Engineering to complete the study and provide cost estimates after all negotiations are complete with Lennar. There was an extensive explanation and numerous conversations related to the reserve studies. The committee then discussed the legal requirement to keep the developer statutory component reserves separate from any future Cash Flow reserves to be established by the Board. 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:** The two month audit was completed by Stroemer; CPA's reflecting an increase to the Golf operating fund of \$166k and \$12k to the repair reserve. Resolution to the increase in prior year audit fee of \$15,000 is still open. Partial responses to questions once again addressed to Stroemer have been received. Another request will be generated indicating the items still missing. This request will include the need to receive copies of the management representation letters provided to Stroemer from Lennar/agents for 2016 and the two month period ending 2/28/2017. RSM (new accounting firm) has begun their audit work for the 10 month period ending 12/31/2017.
2. **2108 Budget Process & Reserve & Defect Studies:** Numerous BoD work sessions open to all members to review the 2018 budget and golf and social reserve studies have been conducted to

facilitate the approval of the 2018 Budget at the November 14<sup>th</sup> 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. **Policies and procedures for Golf/Tennis lesson fees and Employee meals:** Discussions continued from prior meetings on this topic. It was pointed out to ICON the need for consistency in policies for both Golf and Tennis. The committee felt that the 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. To determine the materiality of the revenue and payroll taxes the committee requested ICON provide 2016 and 2017 year to date totals for both to further evaluate the impact on the association operating costs. It was suggested that if immaterial ICON should make the decision as to the need to make any changes. The use of employee food discounts (50% and once a day) was also discussed, and Doreen said that Icon has started reporting the employee discount in the October 2017 financial statements.
4. **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. The accounts and balances were identified and the information submitted to RSM. Their comments indicate that these balances must be included in the 12/31/2017 balance sheet and their internal controls reviewed. The information was shared with the BoD and we are awaiting their decision as to direction as to whether the golf groups will be required to establish their own accounts or continue to use the existing accounts which will become part of the Association financial statements.
5. **December 31, Golf and Social 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. This analysis was done because Lennar/Stroemer has not provided this required information. 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. This schedule has been reviewed by Tim Curran to make certain the process employed and assumptions applied would withstand a review by the new auditors. If the information is not provided this updated schedule will be used. Terry Lyons once again has requested the information from Lennar/Stroemer.

#### **New Business:**

6. **Accounts Receivable as of September 30, 2017.** Shaun reviewed the current delinquent accounts receivable approximating \$ 36K. This balance is comprised of \$22K which is foreclosure related and \$8K due from six homeowners up for suspension at month end. Doreen agreed to work to collect the outstanding receivable from Lennar of \$244k. The turnover of delinquent accounts to

the collection attorneys is being made much more promptly. Interest is also being charged to accounts more than 60 days delinquent.

7. **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. The Current investments are as follows:  
\$250,000 – Fidelity bank money market account current interest rate 1.25% (Operating account)  
\$250,000 – CDAR – expires 11/24/17 - .85% (Operating Account)  
\$250,000-CDAR – expires 11/24/17 - .85% (Reserve Account)

Based on the BoD reserve funding requirements and current cash flow requirements it is anticipated an additional \$500,000 will be transferred from the BB&T operating account into the BB&T Golf Reserve account in mid-November 2017. The plan is to put this into a 6 month CDAR which would expire in May of 2018 at an interest rate as of last week of 1.1%

8. **Financial Statements for the nine Months Ended September 30, 2017.** The 9/30/17 financials reported nine month cumulative net income of \$705K versus a budget of \$198K and a prior year profit of \$620K. The increase in net income were primarily from (1) Lennar paying dues and maintenance costs on unsold homes (\$89k); (2) higher capital resale contributions (\$87K); (3) additional memberships (\$32K); (4) higher transfer fees of (\$21K); (5) the March 2017 billing of \$74K for unused food minimums; (6) golf course underspending budget on chemicals (\$72K), fertilizer (\$74K) and mulch (\$27K). Some areas causing a decline in net income are (1) golf cart rentals down (\$105K); (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 audited \$79K social profit from January and February will revert to Lennar. underspending of golf chemical, fertilizer and mulch may be spent in the remaining three months of 2017. With the snow birds going North in the second quarter of 2017 the remaining three months of 2017 budget reflect two of those months budgeted at a loss. Ms. Cole revised 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 now that the final audit was received.
9. **Next Meeting:** The Finance Committee's next meeting will be on November 30, 2017 at 3:30PM in the main conference room.

**Adjournment:** A motion was made to adjourn at 4:55pm. It was seconded and passed.

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Submitted by:  
Tim Curran