

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

FINANCE COMMITTEE MEETING
November 30, 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 3:29 PM by Chairperson, Alan Sukoneck

Determination of Quorum: Quorum was established.

Committee Members Present: Alan Sukoneck, Linda O'Brien. Tim Curran by phone.

Absent: Paul Bondy and Fred Lansky

Board Liaison: Scott Hancock was present; other Board members present were Mike Fisher and Anita Tierney.

Others in Attendance: Shaun Fitzer, ICON LCAM; and two residents were also in attendance.

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

Approval of Minutes: The minutes of the October 26, 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.

OLD Business (Continued):

1. **Feb 28, 2017 Audit Status and 2016 Audit Bill:** The two month audit was completed by Stroemer. 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 2013, 2016 and the two month period ending 2/28/2017 and how allocation percentages were figured going back to 2014. RSM (new accounting firm) has begun their audit work for the 10 month period ending 12/31/2017.
2. **Defect Study Update:** The engineering company has submitted the study to the Board for their review. The study will be given to Lennar after the Board completes their review.
3. **Policies and procedures for Golf/Tennis lesson fees and Employee meals:** Discussions continued from prior meetings on this topic. It was pointed out the need for consistency in policies for both Golf and Tennis. 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 BoD should make the decision as to the need to make any changes as it really isn't an issue for the Finance Committee.

4. **Club financial reporting requirements:** At last month's meeting 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. RSM's 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. It has been decided, RSM would need to include them in our financials, clubs would need to follow all controls and supply RSM all information needed for audit and tax returns.

New Business:

5. **Dining Room Events:** Alan requested that ICON develop a written policy as to how the event pricing ("KIT") is entered into the POS system and who monitors that the correct entry is entered into the POS system. An error was found for the Thanksgiving dinner, which cost RS about \$700 in lost revenue, because ICON included sales tax in the base price of the event.
6. **Financial Statements for the ten Months Ended October 31, 2017.** The 10/31/17 financials reported ten months cumulative net income of \$540K versus a budget of \$158K and a prior year profit of \$667K. The increase in net income were primarily from (1) Lennar paying dues and maintenance costs on unsold homes (\$96k); (2) higher capital resale contributions (\$104K); (3) additional memberships (\$40K); (4) higher transfer fees (\$17K); (5) the March 2017 billing of \$74K for unused food minimums; (6) golf course underspending budget on chemicals (\$69K), fertilizer (\$59K) and mulch (\$23K). Some areas causing a decline in net income are (1) golf cart rentals down (\$120K); (2) food and beverage operating costs exceeding 2016 and food cost of sales 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 reverts to Lennar. It was brought to our attention that about \$7,000 of Stroemer fees were not accrued as of 2/28/17. Shaun will verify. If this is the case, Lennar would owe RS a refund of \$7,000. It was also agreed that ICON would prepare a listing of all vendor billings for work performed prior to February 28 that were received after February 28 and not accrued by Stroemer. Anita has volunteered to assist in the review of the February 28 vendor invoice cut off. Some of the under spending of golf chemical, fertilizer and mulch may be spent in the remaining two months of 2017.
7. **Accounts Receivable as of October 31, 2017.** Shaun reviewed the dues delinquent accounts receivable of approximating \$ 38K. This balance is comprised of \$17K over 30 days and \$21K over 90 days. Two accounts have been turned over to the attorney, \$2K past due have had their privileges suspended and \$14K past due have received second warning letter.
8. **Investment of Excess Cash Funds:** Alan and Tim have put together a cash investment summary the shows the type of account, investment bank, bank balances, interest rates, due dates and club bank accounts that agrees with the month end financial reports. Scott will include the cash investment report with his monthly treasurer's report to the BoD.

9. **Next Meeting:** The Finance Committee's next meeting will be on December 28, 2017 at 3:30PM in the main conference room.

Adjournment: A motion was made to adjourn at 4:56 pm. It was seconded and passed.

Submitted by:
Linda O'Brien