

2018 ANNUAL REPORT



December 11, 2018

The Board of Governors welcomes you to the 62nd Annual Meeting of the Membership of Whitford Country Club.

As part of the annual meeting, we review the Club's financial condition, vote on an operating budget for the year ahead, vote for four Governors and By-Law changes and discuss membership projections.

Financial condition

The overall financial health of the club remains sound, despite an expected operating loss of \$42,778 for 2018. For the first time in three years, we exceeded our budgeted goal for new memberships. However, cart revenues will fall short by \$60,620 and greens fees revenue will fall short by \$35,390, mainly due to the very abnormal rainfall we received throughout the year, but especially during our normal peak season. The weather's impact on usage also helped lead to a revenue short fall in food and beverage of \$24,770. The revenue shortfalls were heavily mitigated by reducing payroll, but we were not able to overcome the foregoing shortfalls to prevent an operating loss. New memberships were projected at 32 for the year. We accepted 35 new members, of which 21 were full sports members.

We had a significant storm at the end of July, which caused significant damage to the creek bed by the green on hole number four and caused flooding to the maintenance facility. The total damage caused by this storm was \$90,700. Our flood insurance policy is covering all the damage, but we have a \$50,000 deductible. This is the first flood insurance claim that Whitford has made in its history. To make-up for the operating loss and the out of pocket expenses for the flood damage, we anticipate assessing the membership approximately 45% of one month's dues which will be charged on your January bill.

Our projected cash position at the end of 2018 will be \$425,115 versus \$279,236 from the previous year. Other assets, including member receivables and inventory are at budgeted levels, with no significant impairment. The amount due on our notes to the bank for the One Whitford project as of December 31, 2018 is \$6,007,571. During 2018, we funded debt service in the amount of \$493,353, which includes principal and interest.

Budget

The Board of Governors has crafted an operating budget for 2019 with an operating loss of \$42,051. Building the budget begins with projected new members. For 2019, we are budgeting 31 new members, with 18 of those being Full Sports members. The budget for 2018 was built on 32 new members, with 24 of those members being Full Sports.

The 2019 budget contains a small dues increase, which will be slightly more than inflation. A Full Sports Member will pay an additional \$18 per month in dues, while a House member will see an increase equal to \$3 per month. We are confident that we can meet or exceed our 2019 revenue targets with a little more help from Mother Nature than we had in 2018.

Sustaining Capital

During 2018, Whitford collected \$329,830 and spent \$185,047 on sustaining capital expenditures. The expenditures include improvements to equipment, facilities and fixtures used in our daily operation. We project to end the year with a balance of \$239,475 in our sustaining capital fund. For 2019, there will be \$10 per month added to the sustaining capital charge as we continue to grow our sinking fund for the eventual replacement of our irrigation system and any other major project that may be necessary to sustain our Club.

Long Range Capital

Long range capital is funded by initiation fees and long range capital billing. For 2018, the Club collected \$33,130 (net of incentive credits) in initiation fees and \$487,333 in long range capital billing. We should finish the year with \$34,764 in the long range capital fund.

Our Staff

We welcomed many new staff in 2018, including new key management positions. Our new General Manager, Patrick Marshalek, has made several key hires that have made a significant impact to the membership experience including our new Chef (Jason Ziglar), a new Catering and Sales Director (Dawn Gannon) and a new Membership and Marketing Coordinator (Sarah Flynn). We also welcomed a new Outside Operations Manager/Caddie Master (Broderick Cason) who made an immediate impact to grow our caddy program and enhance service as well as several other F&B personnel and racquets staff and pool staff. Of course, we are very blessed to have many outstanding longer tenured staff that have shown dedication and commitment to presenting a complete family membership experience. Please give all our staff members a BIG Thank You, especially those with employment milestones listed in this report.

A Debt of Gratitude

A community of friendship is not built by staff members alone. Whitford is bustling with activity everyday and there are many member volunteers who give hours of time to ensure members, their families and guests are getting the most out of their experience at Whitford. From Board members to committee members to parent volunteers, your contributions are invaluable to the success of the Club. Your commitment of time and energy are valued and do not go unrecognized. Thank You!

As this 62nd year of Whitford comes to a close, we wish you all a wonderful holiday season and a fantastic New Year. We are greatly looking forward to the great things to come in 2019!

Your Board of Governors

WHITFORD COUNTRY CLUB

MEMBERSHIP PROFILE

| | <u>2016</u> | <u>2017</u> | <u>2018*</u> |
|----------------------------|-------------|-------------|--------------|
| FULL SPORTS | 273 | 271 | 264 |
| FULL SPORTS OTHER / GIW | 32 | 26 | 23 |
| RACQUETS | 84 | 77 | 62 |
| HOUSE | 85 | 83 | 83 |
| AQUATICS | 90 | 75 | 74 |
| NON-RESIDENT | 14 | 14 | 12 |
| OTHER | <u>2</u> | <u>1</u> | <u>1</u> |
| TOTAL | 580 | 547 | 519 |

* Membership as of December 1, 2018.

WHITFORD COUNTRY CLUB

BALANCE SHEET

| | <u>2017*</u> | <u>2018**</u> |
|--|-----------------------------|-----------------------------|
| <u>ASSETS:</u> | | |
| <i>CURRENT</i> | | |
| CASH | \$ 279,236 | \$ 425,115 |
| ACCOUNTS RECEIVABLE | 642,535 | 650,935 |
| INVENTORY & OTHER | <u>276,458</u> | <u>301,357</u> |
| TOTAL CURRENT & OTHER ASSETS | 1,198,229 | 1,377,407 |
| PROPERTY & EQUIPMENT | <u>10,136,564</u> | <u>9,403,049</u> |
| TOTAL ASSETS | <u>\$ 11,334,793</u> | <u>\$ 10,780,456</u> |
| <u>LIABILITIES & MEMBERS' EQUITY:</u> | | |
| <i>CURRENT LIABILITIES</i> | | |
| DEBT OBLIGATIONS-CURRENT | \$ 358,156 | \$ 334,501 |
| ACCOUNTS PAYABLE | 101,430 | 115,346 |
| ACCRUED EXPENSES & OTHER | <u>159,873</u> | <u>107,615</u> |
| TOTAL CURRENT & OTHER LIABILITIES | 619,459 | 557,462 |
| DEBT OBLIGATIONS-LONG TERM | 5,899,534 | 5,781,946 |
| MEMBER EQUITY | <u>4,815,800</u> | <u>4,441,048</u> |
| TOTAL LIABILITIES & MEMBERS' EQUITY | <u>\$ 11,334,793</u> | <u>\$ 10,780,456</u> |

* 2017 Reviewed Financial Statement

** Actual through November 30, 2018; December projected.

STATEMENT OF OPERATING REVENUES & EXPENSES

| | <u>2017*</u> Actual | <u>2018***</u> Budget | <u>2018**</u> Projected | <u>2019***</u> Budget |
|---|-------------------------|--------------------------|----------------------------|--------------------------|
| <u>REVENUES</u> | | | | |
| DUES | 2,327,904 | \$ 2,308,990 | \$ 2,297,959 | \$ 2,231,742 |
| FOOD & BEVERAGE | 1,955,854 | 1,863,772 | 1,854,306 | 1,812,911 |
| CARTS | 307,929 | 320,600 | 259,982 | 293,922 |
| GREEN FEES, LOCKER, RANGE, OTHER | <u>339,754</u> | <u>333,985</u> | <u>305,692</u> | <u>335,031</u> |
| TOTAL REVENUES | 4,931,441 | 4,827,347 | 4,717,939 | 4,673,606 |
| <u>EXPENSES</u> | | | | |
| FOOD & BEVERAGE | 1,916,300 | 1,816,122 | 1,841,107 | 1,861,695 |
| CARTS | 11,682 | 12,847 | 11,279 | 13,370 |
| GREENS | 1,058,962 | 1,054,831 | 1,054,228 | 1,059,087 |
| GOLF | 391,408 | 372,611 | 355,679 | 355,561 |
| AQUATICS | 106,582 | 103,345 | 90,129 | 91,224 |
| RACQUET SPORTS | 179,149 | 165,812 | 157,192 | 152,451 |
| LOCKER ROOM | 59,391 | 55,882 | 49,632 | 54,032 |
| FACILITIES | 403,557 | 384,335 | 391,070 | 343,998 |
| GENERAL & ADMINISTRATIVE | <u>870,094</u> | <u>860,835</u> | <u>810,396</u> | <u>784,239</u> |
| TOTAL EXPENSES | 4,997,125 | 4,826,620 | 4,760,712 | 4,715,657 |
| OPERATING ASSESSMENT | 54,496 | 0 | 0 | 0 |
| EXCESS OF REVENUES OVER EXPENSES | <u>(11,188)</u> | <u>727</u> | <u>(42,773)</u> | <u>(42,051)</u> |
| <hr/> | | | | |
| CAPITAL FUNDING/DEPRECIATION & DEBT SERVICE: | | | | |
| CAPITAL CONTRIBUTION | 359,295 | 329,410 | 329,830 | 361,785 |
| CAPITAL CONTRIBUTION – LONG RANGE | 452,539 | 485,541 | 487,333 | 452,197 |
| CAPITAL GAIN/LOSS ON INSURANCE | 0 | 0 | (50,000) | 0 |
| INITIATION FEES | 36,025 | 85,275 | 33,130 | 85,275 |
| DEPRECIATION EXPENSE | (974,331) | (1,025,000) | (950,000) | (900,000) |
| CAPITAL INTEREST EXPENSE | <u>(285,375)</u> | <u>(244,718)</u> | <u>(244,943)</u> | <u>(239,247)</u> |
| TOTAL | <u>(411,847)</u> | <u>(369,492)</u> | <u>(394,650)</u> | <u>(239,990)</u> |

* 2017 Reviewed Financial Statement

** Actual through November 30, 2018; December projected.

*** Forecast

NOTES: Initiation fees for 2019 include anticipated new member fees (\$76,250) and current member installments (\$9,025)

WHITFORD COUNTRY CLUB

NET CHANGES IN CASH

CAPITAL & MAJOR MAINTENANCE PROJECTS

| | <u>2017*</u> | <u>2018**</u> | <u>2019***</u> |
|---|-----------------------|-----------------------|-----------------------|
| <u>SOURCE OF FUNDS:</u> | | | |
| EXCESS OF FUNDS OVER EXPENSES | \$ (11,188) | \$ (42,773) | \$(42,051) |
| CAPITAL FUNDING/DEPR/DEBT SVC. | (411,847) | (394,650) | (239,990) |
| NON-CASH OPERATING EXPENSE | 974,331 | 950,000 | 900,000 |
| BALANCE SHEET CHANGES | 10,253 | 90,509 | 0 |
| VOTING CERTIFICATES | <u>18,155</u> | <u>1,250</u> | <u>2,000</u> |
| TOTAL SOURCE OF FUNDS | <u>579,704</u> | <u>604,336</u> | <u>619,959</u> |
| <u>USE OF FUNDS:</u> | | | |
| <i>CAPITAL & MAJOR MAINTENANCE PROJECTS</i> | | | |
| GREENS | 117,937 | 73,077 | 69,050 |
| GOLF | 31,912 | 9,990 | 15,500 |
| HOUSE / FACILITIES / G&A | 141,046 | 62,323 | 83,200 |
| AQUATICS | 27,556 | 34,581 | 31,000 |
| RACQUET SPORTS | 22,650 | 5,076 | 37,250 |
| LONG RANGE PLAN & OTHER | 42,025 | 25,000 | 0 |
| DEBT REPAYMENT | <u>239,192</u> | <u>248,410</u> | <u>250,660</u> |
| TOTAL USE OF FUNDS | <u>622,318</u> | <u>458,457</u> | <u>486,660</u> |
| NET CHANGE IN CASH | (\$42,614) | \$145,879 | \$133,299 |

* 2017 Reviewed Financial Statement

** Actual through November 30, 2018; December projected.

*** Forecast

WHITFORD COUNTRY CLUB
IN MEMORIAM

Bern Gawley
Brian Schofield
Ethan Weis
Mary Lou Basehore

2018 BOARD OF GOVERNORS

| | |
|-------------------|-----------------------------|
| Andrew McReynolds | PRESIDENT |
| Todd Cottingham | VICE PRESIDENT – MEMBERSHIP |
| Bret Von Urff | TREASURER – FINANCE CHAIR |
| Bill Penney | SECRETARY – RISK MANAGEMENT |
| Christina Parker | COMMUNITY RELATIONS |
| Melanie McManus | AQUATICS COMMITTEE –CHAIR |
| Gene Flanagan | GREENS COMMITTEE - CHAIR |
| Bruce Cowgill | GOLF COMMITTEE - CHAIR |
| James Baker | HOUSE COMMITTEE - CHAIR |
| James Resenhoft | GOVERNOR |
| Peter Blok | RACQUET SPORTS - CHAIR |
| Chris Nunciato | GREENS COMMITTEE |
| Robert Reynolds | AQUATICS COMMITTEE |
| James Terry | GOVERNOR |
| Andrew LaRosa | GOVERNOR |

We would like to recognize and thank the following employees for their many years of service and dedication to the members of Whitford Country Club

20 Years of Service

Kristopher Givens (Greens – Full-time)

10 Years of Service

Michael Lownes (Kitchen – Full-time)