



TREASURER REPORT 2016 FINANCIAL RESULTS

February 8, 2017

We are in the process of closing our books for 2016 and our independent auditors are working to complete their audit work. We anticipate issuing our annual report with audited financial statements (balance sheet, income statement, and cash flows) along with footnote disclosures in early March.

Although the audit is not finalized, we anticipate our overall loss to be \$160,000. This is comprised of a loss from operating activities of \$255,000 and income from non-operating activities of \$95,000. For 2015, our overall loss was \$82,000 which was comprised of a loss from operating activities of \$233,000 and income from non-operating activities of \$151,000.

The 2016 loss from operating activities is primarily due to two areas: 1) Membership levels across all categories were 23 members short of where we expected to be as of the end of the year thereby causing a shortfall in dues by \$67,000, and 2) Food & Beverage revenues were lower than budgeted while product costs and payroll were higher than expected and overall, were \$164,000 behind budget.

While non-operating activities (primarily new member entry fees, capital funding revenues and depreciation expense) generated income, entry fees were lower than expected given the lower level of new members from what was expected.

On a positive note, the golf operation had a good year and contributed positively to the bottom line. We are current on all obligations, including term debt incurred for the clubhouse remodel.

In addition, we increased our cash position by \$324,000 for the year to \$855,000, although we have not paid for the lake dredging project (\$140,000) which was anticipated to be completed and paid for in 2016.

Although the operating losses we have had over the past five years have reduced our member equity by approximately 30 percent from average equity levels 5-10 years ago and also decreased our cash reserves, we believe our current member equity and cash reserve levels give us a relatively strong balance sheet and overall solid financial footing.

We continue to strive for a breakeven operations budget. The capital budget for 2017 will be roughly the same as in 2016 (around \$440,000) and is based on the receipt of scheduled note payments from members already admitted plus monthly capital assessment revenue.