

## FINANCE COMMITTEE MEETING MINUTES

April 16, 2019

Motion made and carried to approve the attached Agenda for the April 16, 2019 meeting, which includes a list of participants.

Motion made and carried to approve the Minutes for the March 19, 2019 meeting.

Heather Malone reported that the preliminary results of the audit should be available Thursday April 18. Lindsey will finish the audit before she leaves, and another representative of the CPA firm will report to a joint meeting of the Board and this Committee next month. The auditors clarified the proper accounting for the Paris cove dredging expense as operating, because the dredging reserve account was completely invested in CDs, with no current cash available in that account. The next \$300,000 yearly contribution to this reserve will not be completely invested in CDs to avoid this issue going forward. Currently pertinent water depths are being taken monthly in order to plan the upcoming dredge. Maintenance Director Donnie Harrell is investigating various dredging options to minimize the costs, including mechanical dredging off a barge.

Amanda Wells presented the March 31, 2019 Income Statement, both Month to Date and Year to Date, and covered the highlights. Net operating profit and net profit are both in excess of the budget, and last year's results. Heather reported that the Bar and Grill has been successful in keeping the cost of goods sold below the 35% target margin. She also highlighted and explained certain expense items, including salaries, contract labor, and special events. The Balance Sheet for March 31, 2019 and the prior year was presented and discussed. A question was raised about the depreciation on the Lakes and Dams. Amanda followed up with an email to the Committee the next day, explaining that the 1972 dam cost \$980,000 and it will be fully depreciated in 2022.

A Cash Flow Statement for March 31, 2019 was presented and discussed. An Income Statement for the Bar and Grill and Special Events was presented and discussed. It showed a loss for both the month and for the year to date. Heather explained that the Bar and Grill typically makes money during the summer season and loses money during the off season. The Windjammer Snack Shack plans are moving forward and permits have been applied for. The Committee inquired how the current year Bar and Grill results compare to last year. Amanda provided that comparison by email the next day. Current year results are very similar to last year's results, with the exception that the cost of goods sold is less this year.

Amanda presented a Capital Improvements summary table, including the amounts budgeted and the amounts spent so far. Heather reported that the cameras at Woodlands have been installed and are working well. The Committee also reviewed a 2019 Weighted Budget, instead of the one-twelfth per month previous presentation. The yearly totals remain the same.

Heather presented some financial information provided by the Lake Forest Golf and Country Club. It was not completely responsive to our requests for information, and the most recent year was unaudited. They are requesting an additional 14 years to their current 16 year lease renewal term (which already brings their \$1 a year lease to 50 years total.) They believe a 30 year commitment from the CA would enable them to secure a \$2,000,000 loan to build an event space. Heather explained what

our attorney had advised us about the detrimental effects on the CA if they defaulted on their bank loans. Their failure to provide all the information we requested, including a Business Plan, was discouraging.

A Motion was made and carried that this Committee recommends to the full Board that based on the limited information provided, much of which was unaudited, that the CA cease discussions with Lake Forest about extending our lease until such time as all the information we requested has been provided.

Motion made and carried to adjourn the meeting.