

Fox Valley Golf Club
Board of Directors Meeting Minutes
Tuesday October 1, 2019 6:00pm at the Club

Present: Mike Zimmer, Brandon Warman, Cindy Roberts, Jason Haack, Mike Zwiebel, Mike Faggio, Jon Wittmann, Rich Scott, Scott Bushman

Excused: Jeremy Wilkinson, Josh Hounsell, Dan Haak

Absent: None

Minutes: Minutes of the August 27, 2019 meeting were approved.

Correspondence: None

Treasurer Report:

Fox Valley Golf Club
Treasurer's Report
October 1, 2019

From: Rich Scott
Treasurer

The treasurer's report is for the first ten months of fiscal 2019 which are November through August of 2019.

Executive Summary:

Total Gross Revenue year to date for 2019 when compared to 2018 is up about \$111,500. We are up in bar and dining by \$69,540, dues by \$15,300, and cart rental by \$14,400. We are up across the board on our revenue year to date.

Total net income for 2019 when compared to 2018 is about \$45,000 more than last year. At the end of August 2018 we had net operating profit of \$102,000 versus this year we have \$147,800. We still need to make some minor adjustments to fixed assets for new assets added for depreciation purposes for 2019. That will happen in the next two months when we get closer to year end. I still believe we will finish the year in 2019 better than 2018. This is despite the fact that we had about \$21,000 of additional costs in the course because of the storm damage issues in the month of August over last August.

Total overall costs of goods sold and expenses are up about \$58,100 over last year.

Detail Report:

We have dues revenue of approximately \$536,100 adjusted for all the various memberships. Last year total dues revenue final adjusted was \$520,100. Therefore we have had about \$16,000 jump in dues revenue for 2019.

Comparing 2019 to 2018 through the first ten months of our fiscal year, our net income of \$147,800 is about \$45,000 ahead of 2018. We still need to make some depreciation adjustments for fixed asset additions in 2019. For 2018, we showed a profit of about \$102,800. We have made some nice gains in revenue in the dues where we are up \$15,300, over last year's dues revenue or 2.9% increase. Bar revenue has increase by \$24,100 or 17.5% over last year at this time. Dining revenue is up \$45,300 or 56% over last year. Cart rental is up \$13,400 or about a 17% increase.

The bar area has produced a profit for the first ten months of about \$65,700. Last year the bar area had a profit of about \$40,300 at this time.

In the dining area, we have a loss of about \$60,200 in 2019 versus a loss of \$36,000 in 2018. Our cost of food year to date was running around 49.7% in 2019 and in 2018 it ran about 56.9%. We target to be in the 50% range or lower for percentage of cost of food to revenue and we have done that so far in 2019. Our labor costs are up over \$37,800 in the dining area over last year which is big part of the additional loss for 2019.

Course costs for the first eleven months of 2018 are about \$6,000 more than last year or 1.72%. In the pro shop area, our operating net income is up over last by about \$14,100 for the first eleven months of 2018, with the bulk of the increase coming from reduction in expenses. Pro shop merchandise sales year to date are at \$72,735 and that is about an \$11,260 decrease over last year. We are behind in green fees from last year by \$11,500. In the administration area of the club we have increased our total costs before donations for club improvements, gain on sale equipment, and interest income by \$27,900 with the bulk of that coming from increase in labor cost when compared to last year.

When you combine bar and dining we show a net profit of \$5,500 in 2019 versus in 2018 it was \$7,300. I would hope by the end of our year we will have a net profit with bar and dining combined.

Our line of credit at September 30, 2019 was \$110,000 and we had cash of \$23,000. Last year at September 30, 2018 we were at \$130,000 on the line and cash of \$32,800. Our long term debt is up over last year by \$48,600 as we paid down the mortgage by \$73,300 and we had a decrease in member notes of \$3,300 and paid off the tractor loan of \$18,300. However we added \$143,700 for the tee box project at the end of 2018. We have continued to aggressively paid down the loans for the club so far in 2019.

Summary:

August 31, 2019 is a very good indicator of where the club will end up for the fiscal 2019 year. We are ten months into the year now and have a pretty good idea of where we will be as far as dues and established club revenue. I am hoping our September and October will be better than last year and keep us on the upswing as we finalize our year.

If I had to venture a guess on where we will end up at the end of this year for 2019, I think we could end up with a profit in the \$50,000 to \$75,000 range. Last year we had a net profit of \$84,000. What is helping us in 2019 is we have a lot less depreciation in 2019 when compared to 2018. We still are working on the insurance settlement from the storm and that will impact our financials as well since we have expended some dollars already for clean-up and other issues from the storm. Also we are collecting prepayments for 2019 as well through the end of September. That helps when it comes to budgeting for 2020. From a cash flow standpoint, I think we will hopefully have a decrease in our long term debt by October 31st when compared to last October 31st of around \$90,000 because of the tee box project debt we took on in October of 2018.

The key now is trying to finish off the year as best we can with hopefully a longer fall golf season. Thanks to all the members for their continued patronage and help when our club has needed it. It makes me proud to say I am a member of "The Fox".

As we look to next year's budget, we will need to grow our revenue numbers once again as we have added costs associated with the servicing the membership in 2019. We hope to see some nice membership gains again as we move into the 2020 golf season.

Greens and Grounds: Scott reported that it's wet but can't do much about it. 2010 rainfall was 38." Last year broke that record with 39." This year we broke that record again with over 40 inches already.

Mike Zwiebel asked about fall aerating. Scott has it scheduled for early next week. Verti-cutting can go into October after the Whipper In. The tee boxes have already been done. The tee box on hole #12 looks better now that the trees are gone.

Golf Activities Committee: Brandon reported that a few events are left if the rains stop. The Mr. & Mrs. has been rescheduled twice. The committee will determine if it should be rescheduled.

Tough Day is scheduled for this Saturday and the men's closer is Thursday. Carts have not been allowed on the course due to it being too wet. Scott thought maybe by early next week we might be able to allow carts. It was suggested that the men's closer and Tough Day could be rescheduled for the following week.

Jason had a question about Carolyn. Last winter she approached us when she left Irish Waters. There was a discussion about the season in April. The biggest bonuses for our club were more exposure and have more lessons for golfers and youth golfers. A few dress code issues for some students were addressed. Warm up time for the lessons was included. A discussion will be held during the off season. She is here every day except for bad weather days. We didn't charge her anything this year. There is some labor involved, range balls etc. The Laundries joined as they learned about the course. Mike Zwiebel suggested doing something with her like a Monday outing or something. She helps with the junior program and has given lesson coupons.

Building Committee: Tom Koken called John Wittmann to discuss the sewer smell. He came out with another engineer and they went through the entire building to try and figure it out and came up with a 2 page list. He will get together with his plumber friend. He recommended getting rid of the old plumbing that isn't being used. The smell doesn't occur on Wednesdays, but it happens on Thursday and Fridays. Tom Koken and Doug West will attend a future meeting for a report.

Business Development and Marketing Committee Report: Golf promo went well and there are good feels for next year. The focus was on events. Membership push has dwindled at this point. Most new members are referred. 1 person found us online. Jason provided a list of new members.

Policy, Bylaws and Member Service Committee: Mike Zwiebel - no elections for many years. Ed should look at the bylaws to see if we are filling the board members correctly.

Personnel: None

Bar and Dining Committee: Mike Faggio reported that new bartenders and servers will start this month. He is somewhat comfortable with the number of staff members he has.

The Bar and Dining committee will meet next week to discuss this year's events. What worked and what didn't. They will look at ways to increase revenue. Friday nights are becoming busier and reservations are needed. Many of the business card people are trying to use their money before year end and are trying to make reservations in Fridays.

Old Business: None

New Business: Carts, Insurance and equipment were discussed.

Regarding Carts - Scott Bushman received 2 bids for 50 carts. One bid for 2015 model year and another for 2020's. He looked at both of them. The cost is \$2,950 for the 2015 model or \$5,250 for the 2020's. We will sell 10 carts ourselves. Jim's Carts came yesterday and offered 800/each for 30 of them at and they'll pay whenever we want and will pick them up. We has some spare tires for the carts that are being sold to members. Josh is selling them for \$1000 to 1,200 to members. Scott isn't sure if 50 carts will fit into the winter storage shed. We may have to ask members for storage space. The 2015 carts had new batteries in 2018. The club covers are good

for about 5 years. They replaced Velcro with a magnate. The plastic is better too. Carts are worry-free for about 4 years. They will look at it further.

Scott reported that the roller is worn out. \$18,000 to \$18,500 is the cost of a new one. Mower will survive another year.

Insurance – Jon Wittman met with an independent adjuster twice to discuss the storm damage to the club. He took pics of the trees and stumps. Tim Bauman is our insurance agent who offered a settlement of \$39,000 less a \$1,000 deductible. He said they wouldn't pay for stump removal, just brush removal. The Independent adjuster gave his report and 50% of the trees were in the range of \$500/tree. Debris is not for replanting. We submitted 900 volunteer and employee clean-up hours to the adjuster and he gave us credit for some of that time. If we had used a contractor for all clean-up the contractor's quote would have been more. Tim brought this to the adjuster and we were seeking a settlement for \$80,000 which was shot down. They won't pay for stump removal and gave money for the members and employee hours at \$25/hour. Jon suggested we settle for \$60,000 to \$65,000. This was presented to attorney Steve Cerasoli for his opinion. Our current insurance policy may not be the best policy for our golf course and it will cover up to \$300,000 if you lose the irrigation or vandalism. The board may look at another insurance company in the future.

Mike Zimmer suggested we not accept the \$39,000 offer and possibly seek litigation. Jon suggested we wait for counsel's advice first.

Next Meeting: The next meeting is the annual stockholders meeting scheduled for Thursday December 12, 2019 at 6:00pm at the Club.

Adjourn: Motion by Wittman with a second by Roberts. M/C

Executive Session: None

Respectfully Submitted:
Edward Bekx
Secretary to the Board