

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

January 2022 and the Seven Months Ended

01/31/22

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
January 31, 2022

Current Month					Year-to-Date					
Actual	Budget	Variance Favorable / (Unfavorable)	P/Y Act	Variance Favorable / (Unfavorable)		Actual	Budget	Variance Favorable / (Unfavorable)	P/Y Act	Variance Favorable / (Unfavorable)
Operating Revenues										
1,292,378	1,274,102	18,276	1,222,285	70,093	Membership	8,814,880	8,770,601	44,279	8,446,039	368,841
13,904	6,985	6,919	465	13,439	Recreation	64,431	66,560	(2,129)	7,643	56,788
1,195,993	1,068,906	127,087	999,220	196,773	Golf Fees	4,426,927	3,900,190	526,737	4,119,978	306,949
86,583	64,627	21,956	46,998	39,585	Sports Pavilion	426,837	273,830	153,007	244,251	182,586
1,129	12,760	(11,631)	(9,201)	10,330	Special Events	40,897	62,310	(21,413)	(20,539)	61,436
123,640	99,633	24,007	99,794	23,846	Ancillary Revenue	564,107	437,780	126,327	487,914	76,193
14,660	28,305	(13,645)	9,093	5,567	Merchandise Sales (net)	72,383	115,175	(42,792)	49,098	23,285
48,985	27,046	21,939	21,423	27,562	Food and Beverage (net)	218,596	113,378	105,218	63,769	154,827
0	0	0	0	0	Interest Income - Operating	1,824	180	1,644	0	1,824
876	380	496	(395)	1,271	Other Income	5,300	2,370	2,930	(25,080)	30,380
2,778,148	2,582,744	195,404	2,389,682	388,466	Operating Revenues Total	14,636,182	13,742,374	893,808	13,373,073	1,263,109
Operating Expenses										
1,318,570	1,304,257	(14,313)	1,252,013	(66,557)	Wages And Benefits	8,607,399	8,940,600	333,201	8,356,066	(251,333)
182,041	189,000	6,959	164,709	(17,332)	Utilities	1,420,496	1,560,823	140,327	1,422,219	1,723
102,472	88,970	(13,502)	76,925	(25,547)	Repair and Maintenance	887,193	824,870	(62,323)	834,787	(52,406)
111,344	54,555	(56,789)	69,104	(42,240)	Landscape Maintenance	1,547,332	1,189,405	(357,927)	1,121,711	(425,621)
49,898	42,908	(6,990)	38,309	(11,589)	Supplies and Services	335,314	301,973	(33,341)	269,149	(66,165)
23,371	15,880	(7,491)	5,512	(17,859)	Equipment	73,497	120,030	46,533	98,087	24,590
62,124	63,800	1,676	54,515	(7,609)	Taxes and Insurance	422,454	413,840	(8,614)	365,841	(56,613)
63,688	49,390	(14,298)	41,883	(21,805)	Interest & Financial Expense	273,894	220,315	(53,579)	228,029	(45,865)
68,989	50,176	(18,813)	41,864	(27,125)	Operating Expenses	308,704	275,194	(33,510)	252,415	(56,289)
20,784	35,779	14,995	7,415	(13,369)	Legal and Professional	137,612	259,303	121,691	91,859	(45,753)
10,160	11,081	921	8,092	(2,068)	Employee Related Expenses	76,425	96,302	19,877	93,143	16,718
2,013,441	1,905,796	(107,645)	1,760,341	(253,100)	Operating Expenses Total	14,090,320	14,202,655	112,335	13,133,306	(957,014)
764,707	676,948	87,759	629,341	(135,366)	Operating Cash Inflow/(Outflow)	545,862	(460,281)	1,006,143	239,767	306,095
Capital Related										
20,854	31,833	(10,979)	36,126	(15,272)	Investment Income - Reserves	294,687	256,831	37,856	556,171	(261,484)
(5,000)	(5,000)	0	0	(5,000)	Investment Fees	(47,441)	(35,000)	(12,441)	(15,081)	(32,360)
0	0	0	0	0	Investment - Realized Gain (Loss)	1,309,406	0	1,309,406	3,076,066	(1,766,660)
(700,985)	0	(700,985)	(220,670)	(480,315)	Investment - Unrealized Gain (Loss)	(2,177,822)	0	(2,177,822)	(1,674,967)	(502,855)
424,900	303,400	121,500	339,500	85,400	Asset Preservation Fee	3,050,650	2,349,500	701,150	2,667,000	383,650
800	0	800	(40,955)	41,755	Gain/(Loss) on Asset Disposal	(93,034)	(25,576)	(67,458)	(13,380)	(79,654)
(355,962)	(363,363)	7,401	(337,704)	(18,258)	Depreciation Expense	(2,443,224)	(2,430,143)	13,081	(2,240,999)	(202,225)
(615,393)	(33,130)	(582,263)	(223,703)	(391,690)	Capital Related Total	(106,778)	115,612	(222,390)	2,354,810	(2,461,588)
149,314	643,818	(494,504)	405,638	(256,324)	Revenues Over/(Under) Expenses	439,084	(344,669)	783,753	2,594,577	(2,155,493)

Recreation Centers of Sun City West, Inc.
Financial Statement Notes
January 31, 2022

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - January was unfavorable to Budget by \$495K and unfavorable to Prior Year (hereinafter PY) by \$256K. Year to date (hereinafter YTD) was favorable to budget by \$784K and unfavorable to prior year by \$2,155K.

NET OPERATING CASH INFLOW/(OUTFLOW) - January was favorable to Budget by \$88K and unfavorable to PY by \$135K. YTD was favorable to Budget by \$1,006K and favorable to PY by \$306K.

OPERATING REVENUES - January revenues were favorable to Budget by \$195K and favorable to PY by \$388K. YTD was favorable to Budget by \$894K and favorable to PY by \$1,263K.

Membership - January revenues were favorable to the Budget by \$18K and favorable to PY by \$70K. YTD was favorable to Budget by \$44K and favorable to PY by \$369K.

Golf Fees - January revenues were favorable to Budget by \$127K and favorable to PY by \$197K. YTD was favorable to Budget by \$527K and to PY by \$307K. January rounds were favorable to Budget by 5,356 (+16%) and favorable to PY by 5,291 (16%). YTD was favorable to Budget by 24,129 and favorable to PY by 2,693.

Sports Pavilion - January revenues were favorable to Budget by \$22K and favorable to PY by \$40K. YTD favorable to Budget by \$153K and favorable to PY by \$183K. Sports Pavilion was negatively impacted in PY due to COVID social distancing measures.

Food & Beverage - Favorable increases due to positive response to Lizard Acres Pub.

EXPENSES - January Operating Expenses were unfavorable to budget by \$108K and unfavorable to PY by \$253K. YTD was favorable to Budget by \$112K and unfavorable to PY by \$957K.

Wages & Benefits - January expenses were unfavorable to Budget by \$14K and unfavorable to PY by \$66K. YTD favorable to Budget by \$343K and unfavorable to PY by \$251K.

Utilities - January expenses were favorable to Budget by \$7K and unfavorable to PY by \$17K. YTD favorable to Budget by \$140K and favorable to PY by \$2K.

Repairs & Maintenance - January expenses were unfavorable to Budget by \$14K and unfavorable to PY by \$26K. YTD is unfavorable to Budget by \$62K and unfavorable to PY by \$52K.

Landscape Maintenance - January expenses were unfavorable to Budget by \$56K and unfavorable to PY by \$42K. YTD is unfavorable to Budget by \$358K and unfavorable to PY by \$426K. Due to Seed for Golf Courses and common areas. Facts and findings presented and approved by the Board.

CAPITAL RELATED REVENUES & EXPENSES - January was unfavorable to Budget by \$615K and unfavorable to PY by \$392K. YTD is unfavorable to Budget by \$222K and unfavorable to PY by \$2,462K.

Investment Gains and Losses - Due to the unpredictable nature of the market, we do not assign a Budget to this line item. For the month of January there were \$701K in realized/unrealized losses, compared to loss of \$221K in PY. YTD total losses are \$868K as compared to \$1,401K gain in PY.

APF Fees - January APF fees were favorable to Budget by \$122K and favorable to PY by \$85K. YTD is favorable to Budget by \$701K and favorable to PY by \$384K.

Recreation Centers of Sun City West, Inc.

Balance Sheets for month ending January, 2022 and June 30, 2021

	January 2022	June 2021
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$10,569,194	\$ 12,067,821
Accounts Receivable (net)	145,884	204,677
Notes Receivable	677,223	726,923
Inventories	233,937	183,209
Prepaid and Other Assets	185,453	439,680
Total Current Assets	11,811,691	13,622,310
Board Reserve Funds	30,168,048	28,766,992
<u>Fixed Assets</u>		
Land & Building	105,619,297	104,770,462
Furniture, Fixtures & Equipment	22,945,860	22,231,095
Vehicles	2,121,834	1,947,956
Fixed Assets	130,686,991	128,949,513
Accumulated Depreciation	(83,408,360)	(81,378,227)
Fixed Assets-Net Book Value	47,278,631	47,571,286
Construction In Progress	1,205,688	614,061
Total Fixed Assets	48,484,319	48,185,347
Total Assets	90,464,058	90,574,647
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	746,087	\$ 745,350
Payroll Related Liabilities	1,145,928	1,433,646
Association Events & Other Program Payables	507,791	196,660
Charter Clubs Payables	55,343	54,543
Notes Payable	-	-
Deferred Membership Dues/Fees & Golf Revenues	37,438,949	38,013,572
Total Liabilities	39,894,098	40,443,771
<u>Members' Equity</u>		
Retained Earnings	50,130,876	47,653,289
Retained Earnings - Encumbrance	-	-
Retained Earnings - Repair & Replacement Rqmt	-	-
Retained Earnings - Future Capital Requirements	-	-
Surplus (Deficit)	439,084	2,477,587
Total Equity	50,569,960	50,130,876
TOTAL LIABILITIES AND EQUITY	90,464,058	90,574,647

Recreation Centers of Sun City West, Inc.

Statement of Cash Flows

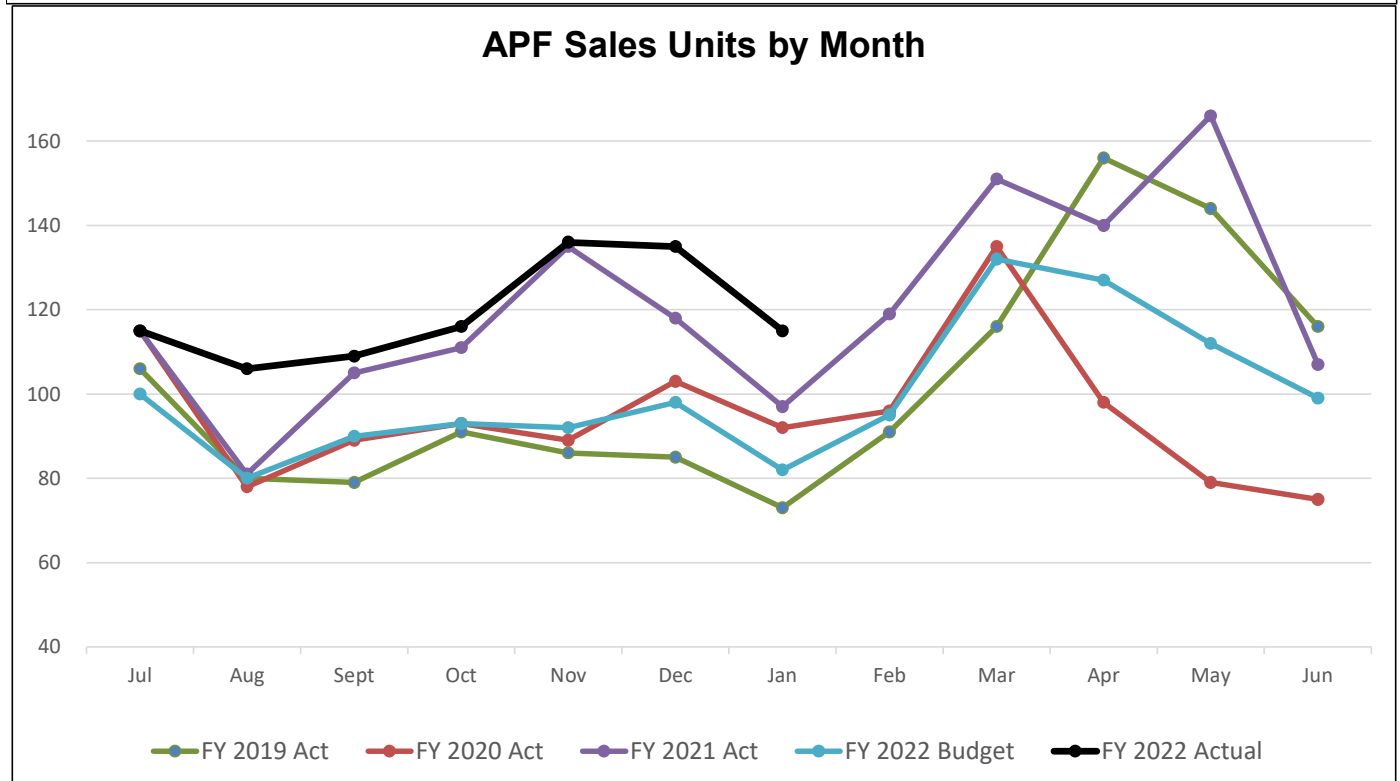
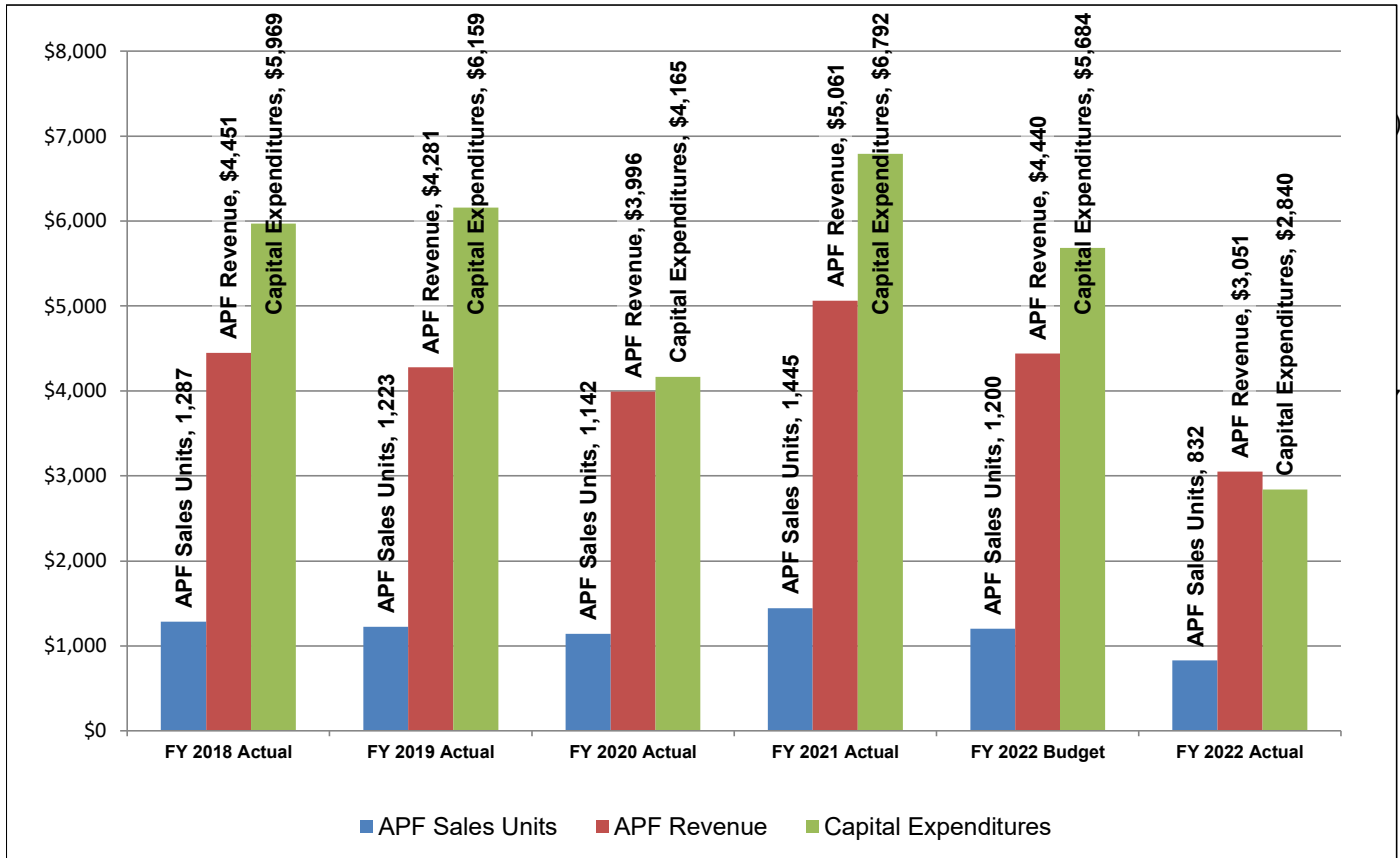
	Seven Months Ended January 2022	Fiscal Year Ended June 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 439,084	\$ 2,477,587
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	2,443,224	3,949,075
(Gain) / Loss on Disposals of Fixed Assets	93,034	16,319
Net (Gains) / Loss on Investments	868,416	(1,405,832)
Asset Preservation & Facility Investment Fees	(3,050,650)	(1,552,722)
Reserve for Uncollectible Accounts	-	-
Increase (decrease) in cash resulting from changes in		
Receivables (net)	108,493	240,960
Inventories	(50,728)	39,423
Prepaid expenses and other assets	254,227	(88,762)
Accounts payable and accrued expenses	24,950	(2,407,071)
Deferred income	(574,623)	3,825,003
Net cash provided by (used in) operating activities	555,427	5,093,981
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(2,840,110)	(6,792,483)
Proceeds from Disposal of Fixed Assets	4,878	1,700
Asset Preservation & Facility Investment Fees	3,050,650	1,552,722
Cash Flow Funding Transfer (to) / from Reserves (Net)	1,988,062	657,217
Net (purchase) redemption of investments	(4,257,534)	(771,601)
Net cash provided by (used in) investing activities	(2,054,054)	(5,352,445)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,498,627)	(258,464)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,067,821	12,326,285
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 10,569,194	\$ 12,067,821

Recreation Centers of Sun City West, Inc. Asset Preservation Fees & Capital Expenditures

APF Sales Units
APF Revenue (000's)
Capital Expend. (000's)

January			Year to Date		
Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
115	82	33	832	635	197
\$ 425	\$ 303	\$ 122	\$ 3,051	\$ 2,350	\$ 701
\$ 453	\$ 156	\$ 297	\$ 2,840	\$ 4,378	\$ (1,538)

92



Recreation Centers of Sun City West, Inc.

Cash and Investment Balances

<u>Account</u>	<u>January 2022</u>	<u>% Total</u>	<u>June 2021</u>	<u>% Total</u>	<u>Change</u>
General Fund					
Petty Cash/Change Funds	13,700	0.13%	13,330	0.11%	370
Checking and Sweep Account	10,555,494	99.87%	12,054,491	99.89%	(1,498,997)
Total Cash and Cash Equivalents	10,569,194	100.00%	12,067,821	100.00%	(1,498,627)
Reserve Fund					
<u>Cash/Money Market/CD's</u>					
JP Morgan	-	0.00%	3,109,998	10.81%	(3,109,998)
CapTrust	190,735	0.63%	-	0.00%	190,735
Total Cash Investments	190,735	0.63%	3,109,998	10.81%	(2,919,263)
<u>Mutual Fund Investments</u>					
Vanguard					
Fixed	-	0.00%	22,527,519	78.31%	(22,527,519)
Equities	-	0.00%	3,129,475	10.88%	(3,129,475)
CapTrust					
Fixed	27,065,291	89.72%	-	0.00%	27,065,291
Equities	2,912,022	9.65%	-	0.00%	2,912,022
Total Fund Investments	29,977,313	99.37%	25,656,994	89.19%	4,320,319
Total Reserve Funds	30,168,048	100.00%	28,766,992	100.00%	1,401,056
TOTAL FUNDS	40,737,242		40,834,813		(97,570)

<u>Investment Activity</u>	<u>FY2021-22 YTD</u>	<u>FY2020-21</u>	<u>Inception (FY15)</u>
Beginning Balance	25,656,994	23,491,345	-
Investment Transfers-In	5,098,324	-	23,348,324
Realized Gains (Losses)	1,309,406	3,076,373	4,653,367
Un-Realized Gains (Losses) ***	(2,177,822)	(1,670,540)	(968,969)
Ending Balance	30,168,048	25,656,993	30,168,048

*** Unrealized Gains (Losses) are the difference between the basis (cost) of Investments & the market value at any point in time. Reserves Funds are invested based on a long-term investment strategy (Fi12) and over time Unrealized Gains (Losses) have historically fluctuated both up and down depending on the time period measured (e.g. monthly, annually, since inception).

Unrealized Gains (Losses) are recorded due to accounting rules which produce "Paper" gains/(losses), Realized Gains/(losses) occur at the time investments are sold.

Recreation Centers of Sun City West, Inc.

Summary Item Purchases and Counts of Various Products

Fiscal Year	Rate	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	YTD	% YTD
Golf - Unlimited Card Sales																
FY 2019-20	\$ 3,125	6	4	17	25	18	15	12	12	10	2	6	11	138	85	62%
FY 2020-21	\$ 3,350	4	9	6	23	21	17	21	10	13	12	7	14	157	80	51%
FY 2021-22 Bud	\$ 3,350	5	3	13	27	17	11	12	9	11	3	7	7	125	76	61%
FY 2021-22	\$ 3,350	6	8	11	25	23	21	23						117	94	80%
														% of Budget YTD		124%
														% of Prior Year YTD		118%
Kachina Golf Card Sales																
FY 2019-20	\$ 895	13	23	48	123	82	62	66	42	24	5	12	25	525	351	67%
FY 2020-21	\$ 895	11	19	40	86	125	78	61	63	54	22	25	24	608	359	59%
FY 2021-22 Bud	\$ 895	12	21	51	123	79	57	68	37	28	14	16	15	521	343	66%
FY 2021-22	\$ 895	11	21	49	99	153	67	88						488	400	82%
														% of Budget YTD		117%
														% of Prior Year YTD		111%
Coyote Golf Card Sales																
FY 2019-20	\$ 325	4	11	23	130	156	95	114	31	25	3	13	20	625	419	67%
FY 2020-21	\$ 325	13	5	17	75	143	140	101	69	50	38	17	11	679	393	58%
FY 2021-22 Bud	\$ 325	4	12	23	139	169	78	107	30	29	16	12	11	630	425	67%
FY 2021-22	\$ 325	15	7	22	106	166	121	108						545	437	80%
														% of Budget YTD		103%
														% of Prior Year YTD		111%
CNP Frequent Play Card Sales																
FY 2019-20	\$ 1,400	0	0	1	2	0	0	1	0	0	0	0	0	4	4	100%
FY 2020-21	\$ 1,400	0	1	0	0	3	2	3	1	0	0	0	1	11	9	82%
FY 2021-22 Bud	\$ 1,400	4	4	4	4	4	4	4	4	4	4	4	4	48	28	58%
FY 2021-22	\$ 1,400	0	1	0	2	4	1	4						12	12	100%
														% of Budget YTD		43%
														% of Prior Year YTD		133%
Twilight Golf Card Sales																
FY 2019-20	\$ 1,200	0	1	3	8	10	3	4	0	0	0	3	4	36	29	81%
FY 2020-21	\$ 1,250	2	3	1	3	9	9	6	7	2	0	1	4	47	33	70%
FY 2021-22 Bud	\$ 1,250	0	0	2	9	7	1	3	0	1	3	3	1	29	23	78%
FY 2021-22	\$ 1,250	3	5	3	8	9	9	9						46	46	100%
														% of Budget YTD		201%
														% of Prior Year YTD		139%

Recreation Centers of Sun City West, Inc.

Summary Item Purchases and Counts of Various Products

Fiscal Year	Rate	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	YTD	% YTD
Range Ball Key Sales																
FY 2019-20	\$ 90	47	54	74	145	185	178	254	221	192	100	164	116	1,730	937	54%
FY 2020-21	\$90/\$99	98	100	136	173	213	229	231	244	238	202	129	105	2,098	1,180	56%
FY 2021-22 Bud	\$90/\$99	42	47	69	145	182	148	189	171	168	113	107	82	1,463	822	56%
FY 2021-22	\$90/\$99	84	102	113	213	283	205	293						1,293	1,293	100%
														% of Budget YTD		157%

Members (with No Golf Card)														Average	
FY 2019-20		31,028	30,077	30,082	30,337	30,501	30,585	30,801	30,872	31,127	31,299	31,211	31,163	30,757	
FY 2020-21		31,317	31,021	31,043	31,044	31,257	31,230	31,446	31,714	32,025	32,233	31,463	31,662	31,455	
FY 2021-22		31,531	31,257	31,259	31,217	31,288	31,441	31,465						31,351	

Unlimited Golf Card Holders														Average	
FY 2019-20		118	119	128	128	130	133	134	137	137	137	139	140	132	
FY 2020-21		141	141	142	143	144	144	150	148	148	150	150	149	146	
FY 2021-22		149	147	152	153	154	160	163						154	

Kachina Golf Card Holders														Average	
FY 2019-20		523	523	521	518	519	521	524	530	528	521	525	523	523	
FY 2020-21		523	533	547	572	583	570	576	584	586	587	589	592	570	
FY 2021-22		591	586	588	617	652	642	664						620	

Coyote Golf Card Holders														Average	
FY 2019-20		632	629	625	621	599	610	625	628	630	621	620	628	622	
FY 2020-21		631	631	636	671	677	656	670	653	659	673	675	665	658	
FY 2021-22		666	670	677	698	733	711	721						697	

CNP Freq Play Card Holders														Average	
FY 2019-20		5	5	5	4	4	4	4	4	4	4	4	4	4	
FY 2020-21		4	5	5	5	7	9	12	12	12	12	12	12	9	
FY 2021-22		12	12	12	12	13	13	14						13	

Twilight Golf Card Holders														Average	
FY 2019-20		31	32	33	32	34	37	36	36	36	36	36	38	35	
FY 2020-21		37	40	38	40	40	40	43	47	49	49	49	48	43	
FY 2021-22		49	50	52	55	56	57	59						54	

Recreation Centers of Sun City West, Inc.

Summary Item Purchases and Counts of Various Products

Fiscal Year	Rate	Jul	Aug	Sep	Oct	Nov	Dec	Jan	Feb	Mar	Apr	May	Jun	Total	YTD	% YTD
Bowling Lineage																
FY 2019-20		12,406	7,300	19,767	26,711	26,007	24,179	31,125	30,106	11,919	0	0	3,291	192,811	147,495	76%
FY 2020-21		5,309	6,381	12,692	17,802	16,486	14,040	18,097	17,767	20,614	12,536	8,023	14,846	164,594	90,808	55%
FY 2021-22 Bud		4,437	5,370	8,677	8,842	7,401	6,655	9,968	9,877	9,309	7,131	5,601	4,517	87,786	51,350	58%
FY 2021-22		18,340	13,191	21,842	28,362	27,664	25,721	32,454						167,573	167,573	100%
														% of Budget YTD		326%
														% of Prior Year YTD		185%
Transfer Fee (Home Sale)																
FY 2019-20	\$ 250	135	105	117	127	114	140	132	122	166	119	98	112	1,487	870	59%
FY 2020-21	\$ 275	147	104	134	132	142	139	106	136	182	149	175	133	1,679	904	54%
FY 2021-22 Bud	\$ 275	133	109	112	123	125	125	110	128	165	176	152	131	1,589	837	53%
FY 2021-22	\$ 275	126	124	121	119	151	133	130						904	904	100%
														% of Budget YTD		108%
														% of Prior Year YTD		100%
Asset Preservation Fees																
FY 2019-20	\$ 3,500	115	78	89	93	89	103	92	96	135	98	79	75	1,142	659	58%
FY 2020-21	\$ 3,500	115	81	105	111	135	118	97	119	151	140	166	107	1,445	762	53%
FY 2021-22 Bud	\$ 3,700	100	80	90	93	92	98	82	95	132	127	112	99	1,200	635	53%
FY 2021-22	\$ 3,700	115	106	109	116	139	135	115						835	835	100%
														% of Budget YTD		131%
														% of Prior Year YTD		110%