

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

Month Ended

July 31, 2020

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
July 31, 2020

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)
					<u>Operating Revenues</u>					
1,201,123	1,196,736	4,387	1,178,975	22,148	Membership	1,201,123	1,196,736	4,387	1,178,975	22,148
121	5,182	(5,061)	6,208	(6,087)	Recreation	121	5,182	(5,061)	6,208	(6,087)
274,818	239,957	34,861	228,639	46,180	Golf Fees	274,818	239,957	34,861	228,639	46,180
8,828	15,527	(6,700)	23,444	(14,616)	Sports Pavilion	8,828	15,527	(6,700)	23,444	(14,616)
2,669	440	2,229	733	1,936	Special Events	2,669	440	2,229	733	1,936
43,550	28,998	14,552	36,048	7,502	Ancillary Revenue	43,550	28,998	14,552	36,048	7,502
2,653	7,859	(5,206)	8,380	(5,726)	Merchandise Sales (net)	2,653	7,859	(5,206)	8,380	(5,726)
3,457	7,622	(4,165)	11,289	(7,831)	Food and Beverage (net)	3,457	7,622	(4,165)	11,289	(7,831)
-	-	-	-	-	Interest Income - Operating	-	-	-	-	-
166	318	(152)	202	(36)	Other Income	166	318	(152)	202	(36)
1,537,386	1,502,640	34,746	1,493,918	43,469	Operating Revenues Total	1,537,386	1,502,640	34,746	1,493,918	43,469
					<u>Operating Expenses</u>					
1,157,369	1,247,594	90,225	1,151,172	(6,197)	Wages & Benefits	1,157,369	1,247,594	90,225	1,151,172	(6,197)
236,756	269,408	32,652	261,508	24,752	Utilities	236,756	269,408	32,652	261,508	24,752
125,792	148,639	22,847	148,764	22,973	Repairs & Maintenance	125,792	148,639	22,847	148,764	22,973
78,780	144,120	65,340	196,839	118,058	Landscape Maintenance	78,780	144,120	65,340	196,839	118,058
38,649	51,690	13,041	52,070	13,420	Supplies & Services	38,649	51,690	13,041	52,070	13,420
30,220	42,990	12,770	35,005	4,785	Equipment	30,220	42,990	12,770	35,005	4,785
54,372	60,194	5,822	49,863	(4,510)	Taxes & Insurance	54,372	60,194	5,822	49,863	(4,510)
23,814	16,870	(6,944)	17,975	(5,839)	Interest & Financial Expense	23,814	16,870	(6,944)	17,975	(5,839)
34,444	40,412	5,968	33,725	(718)	Operating Expenses	34,444	40,412	5,968	33,725	(719)
19,619	15,665	(3,954)	16,027	(3,592)	Legal & Professional	19,619	15,665	(3,954)	16,027	(3,592)
12,878	23,180	10,302	15,172	2,294	Employee Related Expenses	12,878	23,180	10,302	15,172	2,294
1,812,693	2,060,761	248,069	1,978,119	165,427	Operating Expenses Total	1,812,693	2,060,761	248,069	1,978,119	165,426
(275,306)	(558,121)	282,815	(484,202)	208,895	Operating Cash Inflow/(Outflow)	(275,306)	(558,121)	282,815	(484,201)	208,895
					<u>Capital Related</u>					
30,182	31,500	(1,318)	37,214	(7,033)	Investment Income - Reserves	30,182	31,500	(1,318)	37,214	(7,033)
-	(2,703)	2,703	-	-	Investment Fees	-	(2,703)	2,703	-	-
-	-	-	-	-	Investments-Realized - Gain/Loss)	-	-	-	-	-
748,115	-	748,115	58,416	689,698	Investments Unrealized - Gain/ (Loss)	748,115	-	748,115	58,416	689,698
-	-	-	-	-	Club Funded	-	-	-	-	-
402,500	371,000	31,500	402,500	-	Asset Preservation Fee	402,500	371,000	31,500	402,500	-
-	-	-	(19,700)	19,700	Gain/(Loss) on Asset Disposal	-	-	-	(19,700)	19,700
(312,910)	(308,515)	(4,395)	(291,082)	(21,828)	Depreciation Expense	(312,910)	(308,515)	(4,395)	(291,082)	(21,828)
867,886	91,283	776,604	187,349	680,537	Capital Related Total	867,886	91,283	776,604	187,349	680,537
592,580	(466,838)	1,059,418	(296,852)	889,433	Revenues Over (Under) Expenses	592,580	(466,838)	1,059,418	(296,852)	889,432

Recreation Centers of Sun City West, Inc.
Financial Statement Notes
July 31, 2020

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - July and YTD was favorable to Budget by \$1.1M and favorable to prior year (hereinafter PY) by \$889K.

NET OPERATING INCOME - July and YTD was favorable to Budget by \$283K and favorable to PY by \$209K.

REVENUES - July and YTD revenues were favorable to Budget by \$35K and favorable to PY by \$43K.

Member Dues and Fees - July revenues were favorable to Budget by \$4K and favorable to PY by \$22K. July Landlord Fees, Transfer Fees, Administrative Fees, and Disclosure Fees are favorable to budget while Associate Fees, Tenant Card Fees and Late Fees are unfavorable to Budget. The COVID-19 closure of Recreation Centers to Guests has led to \$13K decrease in Guest Card Fees compared to PY. Reopening has been for Members Only with No Guest Allowed. Guests were allowed starting June 9th at Sports Pavilion and Golf Courses.

Golf Fees - July revenues were favorable to Budget by \$35K and PY by \$46K. Rounds were favorable to Budget by 3,340 (28.1%) and PY by 3,126 (25.8%). Additional details can be found in Monthly Golf Report.

Sports Pavilion - Revenues for July were unfavorable to Budget by \$7K and PY by \$15K. Sports Pavilion re-opened June 9th bowling on every other lane and with Social Distancing Measures in place.

Special Events - July revenues were favorable to Budget by \$2K and PY by \$2K driven by the receipt of a Golf Tournament Sponsorship.

Ancillary Revenue - July and YTD revenues were favorable to Budget by \$15K and PY by \$8K. July Budget favorability mainly driven by increased Golf Cart Rentals and Driving Range Revenue.

EXPENSES - July and YTD Operating Expenses were favorable to budget by \$248K and favorable to PY by \$165K.

Payroll - July expenses were favorable to budget by \$90K and unfavorable to PY by \$6K. The budget variance was base wage related. Led by Golf Maintenance / Landscaping due to staffing shortages, the Recreation Centers and Golf Operations were favorable due to facility closures / reduced staffing. Pension was unfavorable to budget and PY due to July being a three paycheck month.

Utilities - July expenses were favorable to budget and PY by \$33K and \$25K respectively. The variances were both attributable to electricity costs. Electricity costs at the recreation centers led the way with favorable variances of \$15K and \$12K. Golf maintenance was the other main driver, favorable by \$12K for both budget and PY.

Repairs & Maintenance - July expenses were favorable to both budget and PY by \$23K. Both variances were primarily Grounds Repairs, partially attributable to no significant monsoon storms. The other significant contributors were R&M associated with plumbing, electrical, and HVAC.

Landscape Maintenance - July expenses were favorable to budget and PY by \$65K and \$118K, respectively. Both variances were driven by tree repairs, chemicals & fertilizer, and sprinkler repairs. The PY July tree repairs were the highest month of the year, which would have influenced the budget spread for the current year. Chemical and fertilizer costs are primarily timing, based on vendor incentives and the timing of turf transition.

CAPITAL RELATED REVENUES & EXPENSES - July and YTD was favorable to Budget by \$777K and favorable to PY by \$681K, respectively.

Unrealized Gains and Losses - Due to the unpredictable nature of the market, we did not assign a Budget to this line item. For the month of July there was \$748K in unrealized gains, this compares to an unrealized gain of \$58K in PY.

APF Fees - July and YTD APF fees were favorable to Budget by \$32K and even with PY.

Recreation Centers of Sun City West, Inc.

Balance Sheets for months ending July 31, 2020 and June 30, 2020

	July 2020	June 2020
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$ 10,952,735	\$ 12,326,285
Accounts Receivable (net)	278,864	288,465
Notes Receivable-Clubs & Other	853,954	884,095
Inventories	222,426	222,631
Prepaid and Other Assets	315,132	350,918
Total Current Assets	12,623,112	14,072,394
Board Reserve Funds	28,025,072	27,246,776
<u>Fixed Assets</u>		
Land & Building	101,896,242	101,896,242
Furniture, Fixtures & Equipment	20,206,508	20,206,508
Vehicles	1,638,752	1,638,752
Fixed Assets	123,741,502	123,741,502
Accumulated Depreciation	(79,588,374)	(79,275,464)
Fixed Assets-Net Book Value	44,153,129	44,466,039
Construction in Progress	2,371,397	893,920
Total Fixed Assets	46,524,525	45,359,958
Total Assets	\$ 87,172,709	\$ 86,679,128
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	\$ 1,394,196	\$ 923,566
Payroll Related Liabilities	950,204	1,251,428
Association Events & Other Program Payables	378,314	375,366
Charter Clubs Payables	45,131	41,193
Notes Payable	2,245,716	2,245,716
Deferred Membership Dues/Fees & Golf Revenues	6,666,503	6,941,794
Total Liabilities	11,680,064	11,779,063
<u>Members' Equity</u>		
Retained Earnings	45,768,559	42,617,907
Retained Earnings - Encumbrance	2,541,947	2,541,947
Retained Earnings - Repair & Replacement Rqmt	25,447,858	25,447,858
Retained Earnings - Future Capital Requirements	1,141,700	1,141,700
Surplus (Deficit)	592,580	3,150,653
Total Equity	75,492,645	74,900,065
Total Liabilities and Equity	\$ 87,172,709	\$ 86,679,128

Recreation Centers of Sun City West, Inc.

Statement of Cash Flows

	Month Ended July 2020	Fiscal Year Ended June 2020
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 592,580	\$ 3,081,831
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	312,910	3,662,950
(Gain) / Loss on Disposals of Fixed Assets	-	53,104
Net (Gains) / Loss on Investments	(748,115)	(1,088,840)
Asset Preservation & Facility Investment Fees	(402,500)	(3,995,800)
Reserve for Uncollectible Accounts	-	15,000
Increase (decrease) in cash resulting from changes in		
Receivables (net)	39,741	(104,487)
Inventories	205	13,256
Prepaid expenses and other assets	35,786	(41,584)
Accounts payable and accrued expenses	176,292	2,528,179
Deferred income	(275,291)	218,635
	(268,391)	4,342,245
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(1,477,477)	(4,164,886)
Proceeds from Disposal of Fixed Assets	-	-
Asset Preservation & Facility Investment Fees	402,500	3,995,800
Cash Flow Funding Transfer to Reserves (Net)	-	(49,697)
Net (purchase) redemption of investments	(30,182)	(599,698)
	(1,105,159)	(818,482)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(1,373,550)	3,523,763
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,326,285	8,802,521
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 10,952,735	\$ 12,326,285

Recreation Centers of Sun City West, Inc.

Cash and Investment Balances

<u>Account</u>		<u>July 2020</u>	<u>% Total</u>	<u>June 2020</u>	<u>% Total</u>	<u>Change</u>
General Fund						
Total Cash and Cash Equivalents		10,952,735	100.00%	12,326,285	100.00%	(1,373,550)
Reserve Fund						
<u>JP Morgan Investments</u>						
Money Market		-	0.00%	1,250,879	4.59%	(1,250,879)
Certificates of Deposit		-	0.00%	2,504,552	9.19%	(2,504,552)
Bond Funds		3,758,242	13.41%	-	0.00%	3,758,242
Total JP Morgan Investments		3,758,242	13.41%	3,755,430	13.78%	2,812
<u>Vanguard Investments</u>						
Core Bond Fund Admiral	VCOBX	3,127,640	11.16%	3,070,033	11.27%	57,607
Total Bond Market Index Fund Admiral	VBTLX	3,596,494	12.83%	3,541,218	13.00%	55,276
Intermediate-Term Inv Grade Bond Adm	VFIDX	3,378,958	12.06%	3,318,104	12.18%	60,854
Short-Term Inv Grade Bond Admiral	VFSUX	2,612,516	9.32%	2,593,112	9.52%	19,404
Long-Term Inv Grade Bond Admiral	VWETX	1,787,078	6.38%	1,685,533	6.19%	101,545
Extended Market Index Fund Admiral	VEXAX	2,104,563	7.51%	1,991,474	7.31%	113,089
500 Index Fund Admiral	VFIAX	4,768,203	17.01%	4,513,715	16.57%	254,487
Total International Stock Index Admiral	VTIAX	2,891,378	10.32%	2,778,155	10.20%	113,223
Total Vanguard Investments		24,266,830	86.59%	23,491,345	86.22%	775,485
Total Reserve Funds		28,025,072	100.00%	27,246,776	100.00%	778,297
TOTAL FUNDS		38,977,807		39,573,061		(595,253)

<u>Vanguard Investment Activity</u>	<u>FY2020-21 YTD</u>	<u>FY2019-20</u>	<u>Inception (FY15)</u>
Beginning Balance	23,491,345	21,838,201	-
Investment Transfers-In	-	-	18,250,000
Investment Earnings	27,371	592,886	2,258,784
Advisor Fees	-	(28,581)	(137,049)
Realized Gains (Losses)	-	287,813	267,588
Un-Realized Gains (Losses) ***	748,115	801,026	3,627,507
Ending Balance	24,266,830	23,491,345	24,266,830

*** 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).

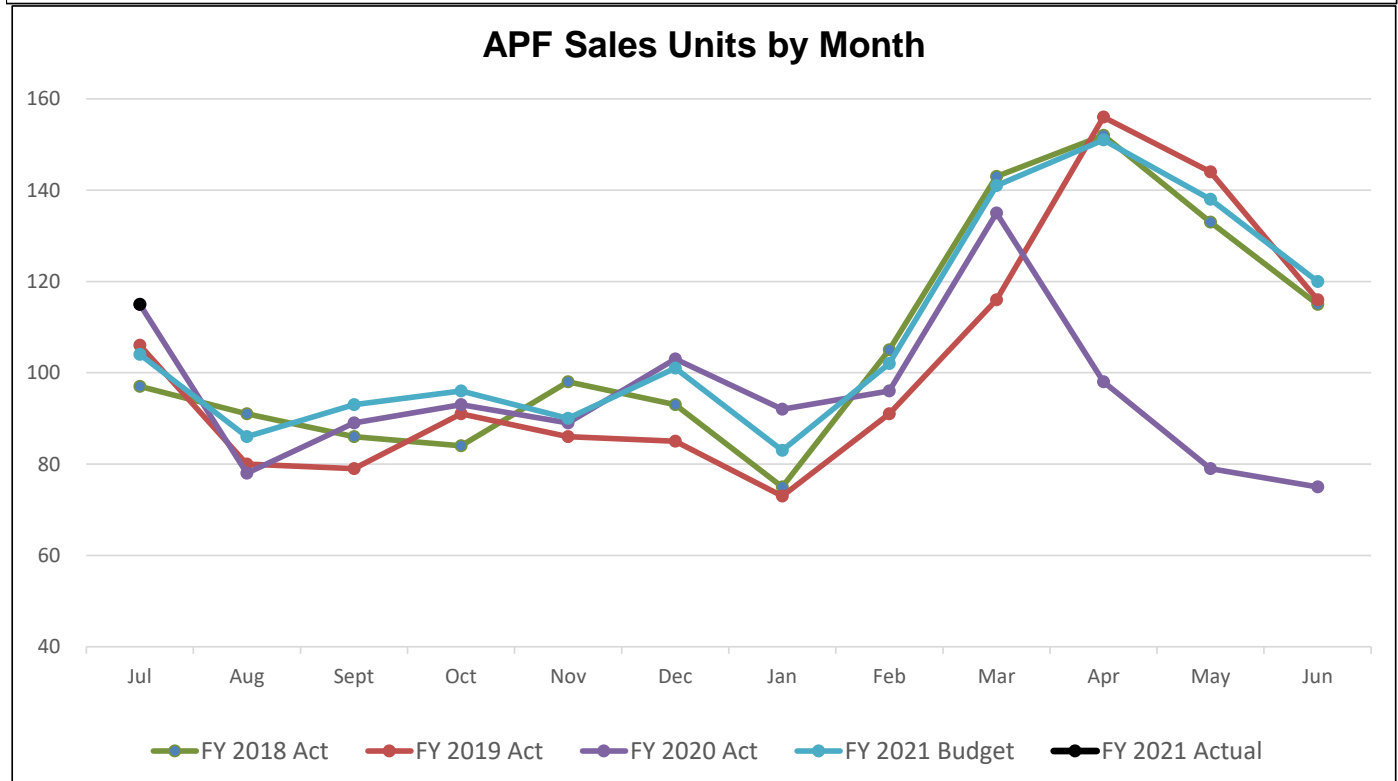
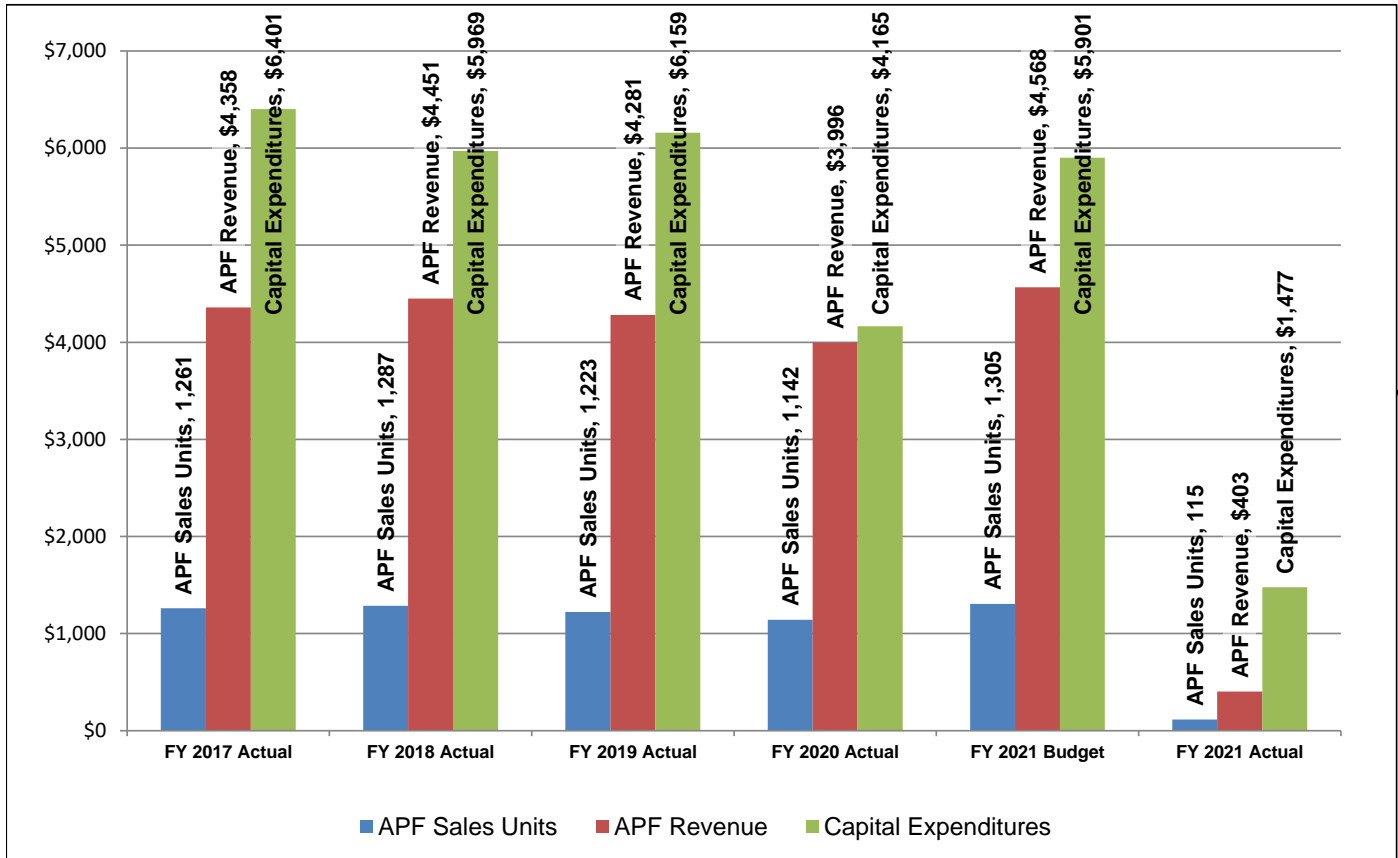
Unrealized Gains (Losses) are recorded due to accounting rules which produce "Paper" gains/(losses), Realized Gains/(losses) occur at the time investments are sold.

Recreation Centers of Sun City West, Inc.

Asset Preservation Fees & Capital Expenditures

July			Year to Date		
Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
115	104	11	115	104	11
\$ 403	\$ 371	\$ 32	\$ 403	\$ 371	\$ 32
\$ 1,477	\$ 1,265	\$ 212	\$ 1,477	\$ 1,265	\$ 212

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



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 2018-19	\$ 3,125	5	2	10	28	13	11	11	7	12	5	9	4	117	5	4%
FY 2019-20	\$ 3,125	6	4	17	25	18	15	12	12	10	2	6	11	138	6	4%
FY 2020-21 Bud	\$ 3,350	5	2	13	27	18	13	12	7	11	4	8	6	124	5	4%
FY 2020-21	\$ 3,350	4												4	4	100%
														% of Budget YTD	80%	
														% of prior Year YTD	67%	
Kachina Golf Card Sales																
FY 2018-19	\$ 895	12	23	55	124	86	52	69	32	26	25	18	14	536	12	2%
FY 2019-20	\$ 895	13	23	48	123	82	62	66	42	24	5	12	25	525	13	2%
FY 2020-21 Bud	\$ 895	14	21	52	114	80	54	62	33	28	18	19	9	503	14	3%
FY 2020-21	\$ 895	11												11	11	100%
														% of Budget YTD	81%	
														% of prior Year YTD	85%	
Coyote Golf Card Sales																
FY 2018-19	\$ 325	4	10	24	152	160	72	112	29	26	26	12	7	634	4	1%
FY 2019-20	\$ 325	4	11	23	130	156	95	114	31	25	3	13	20	625	4	1%
FY 2020-21 Bud	\$ 325	4	13	24	143	175	76	100	32	33	20	9	5	632	4	1%
FY 2020-21	\$ 325	13												13	13	100%
														% of Budget YTD	325%	
														% of prior Year YTD	325%	
CNP Frequent Play Card Sales																
FY 2018-19	\$ 1,400	0	0	1	3	0	0	1	0	0	0	0	0	5	0	0%
FY 2019-20	\$ 1,400	0	0	1	2	0	0	1	0	0	0	0	0	4	0	0%
FY 2020-21 Bud	\$ 1,400	0	1	1	1	0	0	1	0	0	0	0	0	4	0	0%
FY 2020-21	\$ 1,400	0												0	0	
														% of Budget YTD		
														% of prior Year YTD		
Twilight Golf Card Sales																
FY 2018-19	\$ 1,200	0	0	2	11	6	0	4	0	0	3	3	2	31	0	0%
FY 2019-20	\$ 1,200	0	1	3	8	10	3	4	0	0	0	3	4	36	0	0%
FY 2020-21 Bud	\$ 1,250	0	0	2	9	7	1	3	0	1	3	3	1	29	0	0%
FY 2020-21	\$ 1,250	2												2	2	100%
														% of Budget YTD		
														% of prior Year YTD		

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 2018-19	\$ 90	51	42	84	142	185	152	133	137	132	117	86	75	1,336	51	4%
FY 2019-20	\$ 90	47	54	74	145	185	178	254	221	192	100	164	116	1,730	47	3%
FY 2020-21 Bud	\$90/\$99	38	47	64	189	185	141	148	139	142	113	77	58	1,341	38	3%
FY 2020-21	\$90/\$99	82												82	82	100%
															% of Budget YTD	216%
															% of prior Year YTD	174%

Members (with No Golf Card)														Average
FY 2018-19	29,517	29,582	29,628	29,716	29,646	29,835	30,087	30,300	30,488	30,767	31,039	31,160		30,147
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													31,317

Unlimited Golf Card Holders														Average
FY 2018-19	120	121	120	116	112	113	114	115	117	117	117	117	117	117
FY 2019-20	118	119	128	128	130	133	134	137	137	137	137	139	140	132
FY 2020-21	141													141

Kachina Golf Card Holders														Average
FY 2018-19	495	496	501	510	520	524	527	525	522	525	525	528	528	517
FY 2019-20	523	523	521	518	519	521	524	530	528	521	525	523	523	523
FY 2020-21	523													523

Coyote Golf Card Holders														Average
FY 2018-19	613	613	610	611	606	612	625	629	623	628	631	632	632	619
FY 2019-20	632	629	625	621	599	610	625	628	630	621	620	628	628	622
FY 2020-21	631													631

CNP Freq Play Card Holders														Average
FY 2018-19	3	2	2	5	5	5	6	6	6	5	5	5	5	5
FY 2019-20	5	5	5	4	4	4	4	4	4	4	4	4	4	4
FY 2020-21	4													4

Twilight Golf Card Holders														Average
FY 2018-19	22	22	23	26	26	26	29	29	29	30	28	31	31	27
FY 2019-20	31	32	33	32	34	37	36	36	36	36	36	38	38	35
FY 2020-21	37													37

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 2018-19		12,618	7,331	19,799	27,155	26,385	23,546	31,690	29,237	28,618	15,514	15,823	14,572	252,286	12,618	5%
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	12,406	6%
FY 2020-21 Bud		5,114	2,038	20,450	27,167	25,101	22,448	32,343	28,493	30,204	15,295	12,057	10,397	231,107	5,114	2%
FY 2020-21		5,309												5,309	5,309	100%
																% of Budget YTD 104%
																% of prior Year YTD 43%
Transfer Fee (Home Sale)																
FY 2018-19	\$ 250	123	108	94	117	109	103	95	115	153	193	172	138	1,520	123	8%
FY 2019-20	\$ 250	135	105	117	127	114	140	132	122	166	119	98	112	1,487	135	9%
FY 2020-21 Bud	\$ 275	121	107	107	118	117	123	108	127	165	190	170	139	1,592	121	8%
FY 2020-21	\$ 275	147												147	147	100%
																% of Budget YTD 121%
																% of prior Year YTD 109%
Asset Preservation Fees																
FY 2018-19	\$ 3,500	106	80	79	91	86	85	73	91	116	156	144	116	1,223	106	9%
FY 2019-20	\$ 3,500	115	78	89	93	89	103	92	96	135	98	79	75	1,142	115	10%
FY 2020-21 Bud	\$ 3,500	104	86	93	96	90	101	83	102	141	151	138	120	1,305	104	8%
FY 2020-21	\$ 3,500	115												115	115	100%
																% of Budget YTD 111%
																% of prior Year YTD 100%