

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

May 2022 and the Eleven Months Ended

05/31/22

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
May 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					
1,264,376	1,252,709	11,667	1,264,062	314	Membership	13,986,394	13,836,356	150,038	13,494,101	492,293
4,286	4,890	(604)	3,342	944	Recreation	99,048	94,360	4,688	18,857	80,191
579,853	476,011	103,842	569,547	10,306	Golf Fees	8,902,001	7,954,184	947,817	8,371,318	530,683
48,276	24,111	24,165	13,266	35,010	Sports Pavilion	688,575	453,922	234,653	396,860	291,715
(4,135)	70	(4,205)	(6,390)	2,255	Special Events	239,141	111,670	127,471	(26,708)	265,849
76,915	50,195	26,720	69,251	7,664	Ancillary Revenue	1,051,570	765,671	285,899	900,871	150,699
16,063	7,275	8,788	11,327	4,736	Merchandise Sales (net)	143,466	179,086	(35,620)	136,575	6,891
28,314	9,846	18,468	23,160	5,154	Food and Beverage (net)	383,797	181,407	202,390	146,450	237,347
0	0	0	0	0	Interest Income - Operating	2,537	270	2,267	0	2,537
166	430	(264)	257	(91)	Other Income	6,199	4,290	1,909	(23,408)	29,607
2,014,114	1,825,537	188,577	1,947,822	66,292	Operating Revenues Total	25,502,728	23,581,216	1,921,512	23,414,916	2,087,812
					Operating Expenses					
1,209,943	1,293,538	83,595	1,231,364	21,421	Wages And Benefits	13,572,373	13,977,142	404,769	13,191,089	(381,284)
248,374	217,166	(31,208)	223,607	(24,767)	Utilities	2,233,242	2,329,156	95,914	2,184,049	(49,193)
188,844	118,290	(70,554)	161,005	(27,839)	Repair and Maintenance	1,416,316	1,256,920	(159,396)	1,308,571	(107,745)
140,819	86,840	(53,979)	80,551	(60,268)	Landscape Maintenance	1,963,596	1,477,940	(485,656)	1,369,787	(593,809)
39,987	40,998	1,011	49,408	9,421	Supplies and Services	547,500	472,503	(74,997)	450,330	(97,170)
11,836	23,250	11,414	20,681	8,845	Equipment	161,137	186,570	25,433	181,318	20,181
66,187	61,784	(4,403)	58,778	(7,409)	Taxes and Insurance	695,100	683,128	(11,972)	618,016	(77,084)
39,439	30,280	(9,159)	40,536	1,097	Interest & Financial Expense	493,096	394,880	(98,216)	448,021	(45,075)
50,133	50,200	67	52,180	2,047	Operating Expenses	484,069	464,103	(19,966)	412,877	(71,192)
26,157	17,410	(8,747)	12,674	(13,483)	Legal and Professional	251,844	341,550	89,706	130,226	(121,618)
12,455	17,080	4,625	10,630	(1,825)	Employee Related Expenses	115,194	146,590	31,396	137,343	22,149
2,034,174	1,956,836	(77,338)	1,941,414	(92,760)	Operating Expenses Total	21,933,467	21,730,482	(202,985)	20,431,627	(1,501,840)
(20,060)	(131,299)	111,239	6,408	(26,468)	Operating Cash Inflow/(Outflow)	3,569,261	1,850,734	1,718,527	2,983,289	585,972
					Capital Related					
40,769	31,833	8,936	34,980	5,789	Investment Income - Reserves	453,324	401,163	52,161	752,052	(298,728)
(5,000)	(5,000)	0	(7,736)	2,736	Investment Fees	(67,350)	(55,000)	(12,350)	(30,689)	(36,661)
0	0	0	138	(138)	Investment - Realized Gain (Loss)	1,306,812	0	1,306,812	3,076,372	(1,769,560)
195,250	0	195,250	106,339	88,911	Investment - Unrealized Gain (Loss)	(4,136,093)	0	(4,136,093)	(1,861,065)	(2,275,028)
0	0	0	0	0	Club Contributed Capital	10,025	0	10,025	875	9,150
536,100	414,400	121,700	581,000	(44,900)	Asset Preservation Fee	5,350,447	4,073,700	1,276,747	4,683,000	667,447
0	(1,759)	1,759	0	0	Gain/(Loss) on Asset Disposal	(82,034)	(27,335)	(54,699)	(16,319)	(65,715)
(369,354)	(359,082)	(10,272)	(342,206)	(27,148)	Depreciation Expense	(3,905,817)	(3,872,466)	(33,351)	(3,604,195)	(301,622)
397,765	80,392	317,373	372,515	25,250	Capital Related Total	(1,070,686)	520,062	(1,590,748)	3,000,031	(4,070,717)
377,705	(50,907)	428,612	378,923	(1,218)	Revenues Over/(Under) Expenses	2,498,575	2,370,796	127,779	5,983,320	(3,484,745)

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

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - May was favorable to Budget by \$429K and unfavorable to Prior Year (hereinafter PY) by \$1K. Year to date (hereinafter YTD) was favorable to budget by \$128K and unfavorable to prior year by \$3,485K.

NET OPERATING CASH INFLOW/(OUTFLOW) - May was favorable to Budget by \$111K and unfavorable to PY by \$26K. YTD was favorable to Budget by \$1,719K and favorable to PY by \$586K.

OPERATING REVENUES - May revenues were favorable to Budget by \$189K and favorable to PY by \$66K. YTD was favorable to Budget by \$1,922K and favorable to PY by \$2,088K.

Membership - May revenues were favorable to the Budget by \$12K and even to PY. YTD was favorable to Budget by \$150K and favorable to PY by \$492K.

Golf Fees - May revenues were favorable to Budget by \$104K and favorable to PY by \$10K. YTD was favorable to Budget by \$948K and to PY by \$531K. May rounds were favorable to Budget by 4,045(+19.8%) and unfavorable to PY by 47 (-.02%). YTD was favorable to Budget by 42,450 and favorable to PY by 6,970.

Sports Pavilion - May revenues were favorable to Budget by \$24K and favorable to PY by \$35K. YTD favorable to Budget by \$235K and favorable to PY by \$292K.

EXPENSES - May Operating Expenses were unfavorable to budget by \$77K and unfavorable to PY by \$93K. YTD was unfavorable to Budget by \$203K and unfavorable to PY by \$1,502K.

Wages & Benefits - May expenses were favorable to Budget by \$84K and favorable to PY by \$21K. YTD favorable to Budget by \$405K and unfavorable to PY by \$381K.

Utilities - May expenses were unfavorable to Budget by \$31K and unfavorable to PY by \$25K. YTD favorable to Budget by \$96K and unfavorable to PY by \$49K.

Repairs & Maintenance - May expenses were unfavorable to Budget by \$71K and unfavorable to PY by \$28K. YTD is unfavorable to Budget by \$159K and unfavorable to PY by \$108K.

Landscape Maintenance - May expenses were unfavorable to Budget by \$54K and unfavorable to PY by \$60K. YTD is unfavorable to Budget by \$486K and unfavorable to PY by \$594K, due to increased cost of seed for golf courses and common areas. Facts and findings presented and approved by the Board for seed increase.

Equipment - May expenses were favorable to Budget and PY by \$11K and \$9K, respectively. YTD expenses are favorable to Budget and PY by \$25K and \$20K, respectively. This is mostly due to timing of when items are coming in compared to when budgeted.

CAPITAL RELATED REVENUES & EXPENSES - May was favorable to Budget by \$317K and favorable to PY by \$25K. YTD is unfavorable to Budget by \$1,591K and unfavorable to PY by \$4,071K.

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 May there were \$195K in realized/unrealized gains, compared to gain of \$106K in PY. YTD total losses are \$2,826K as compared to \$1,215K gain in PY.

APF Fees - May APF fees were favorable to Budget by \$122K and unfavorable to PY by \$45K. YTD is favorable to Budget by \$1,277K and favorable to PY by \$667K.

Recreation Centers of Sun City West, Inc.

Balance Sheets for month ending May 31, 2022 and June 30, 2021

	<u>May 2022</u>	<u>June 2021</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$14,342,044	\$ 12,067,821
Accounts Receivable (net)	150,171	204,677
Notes Receivable	627,000	726,923
Inventories	196,402	183,209
Prepaid and Other Assets	519,731	439,680
Total Current Assets	15,835,348	13,622,310
Board Reserve Funds	28,365,820	28,766,992
<u>Fixed Assets</u>		
Land & Building	106,160,972	104,770,462
Furniture, Fixtures & Equipment	23,819,430	22,231,095
Vehicles	2,136,214	1,947,956
Fixed Assets	132,116,616	128,949,513
Accumulated Depreciation	(84,845,640)	(81,378,227)
Fixed Assets-Net Book Value	47,270,976	47,571,286
Construction In Progress	1,812,739	614,061
Total Fixed Assets	49,083,715	48,185,347
Total Assets	93,284,883	90,574,647
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	810,407	\$ 745,350
Payroll Related Liabilities	1,326,768	1,433,646
Association Events & Other Program Payables	220,030	196,660
Charter Clubs Payables	56,243	54,543
Notes Payable		-
Deferred Membership Dues/Fees & Golf Revenues	38,241,984	38,013,572
Total Liabilities	40,655,432	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)	2,498,575	2,477,587
Total Equity	52,629,451	50,130,876
TOTAL LIABILITIES AND EQUITY	93,284,883	90,574,647

Recreation Centers of Sun City West, Inc.

Statement of Cash Flows

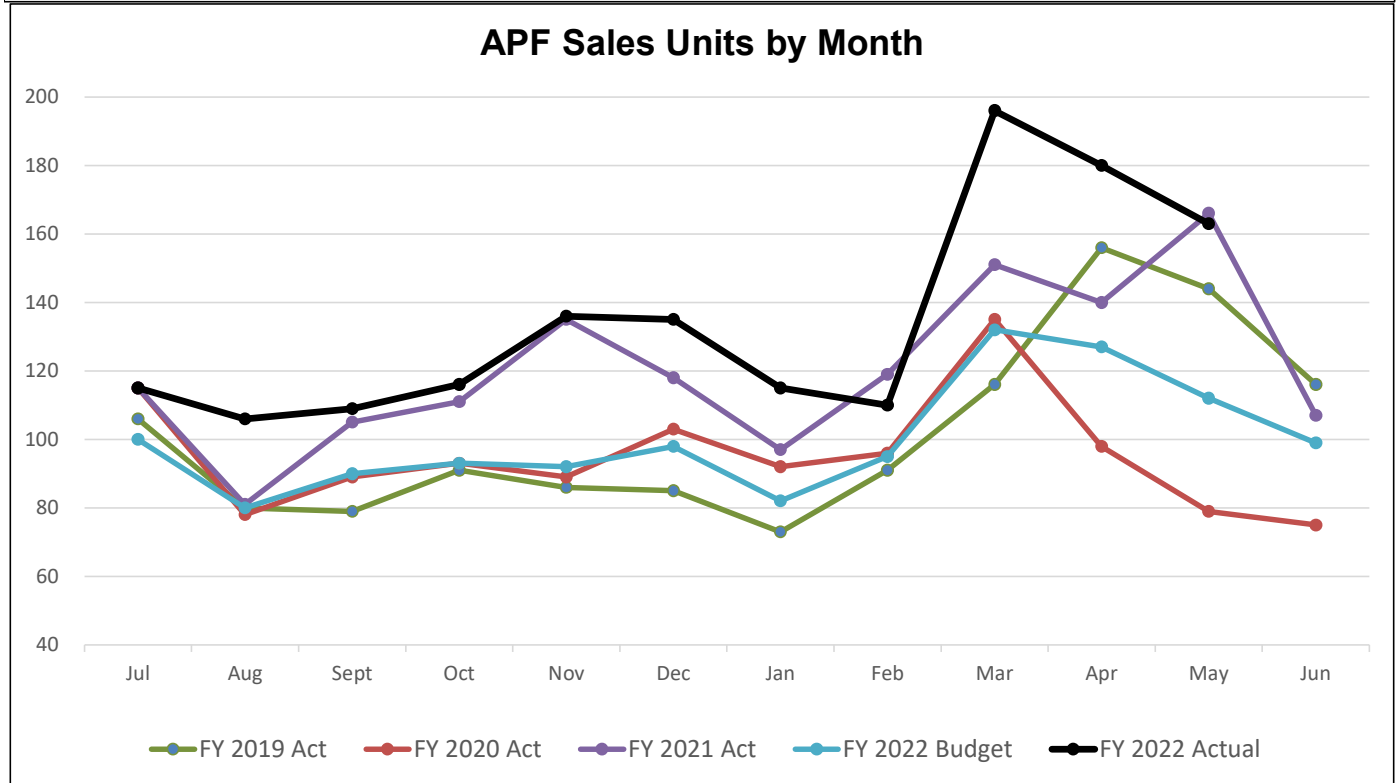
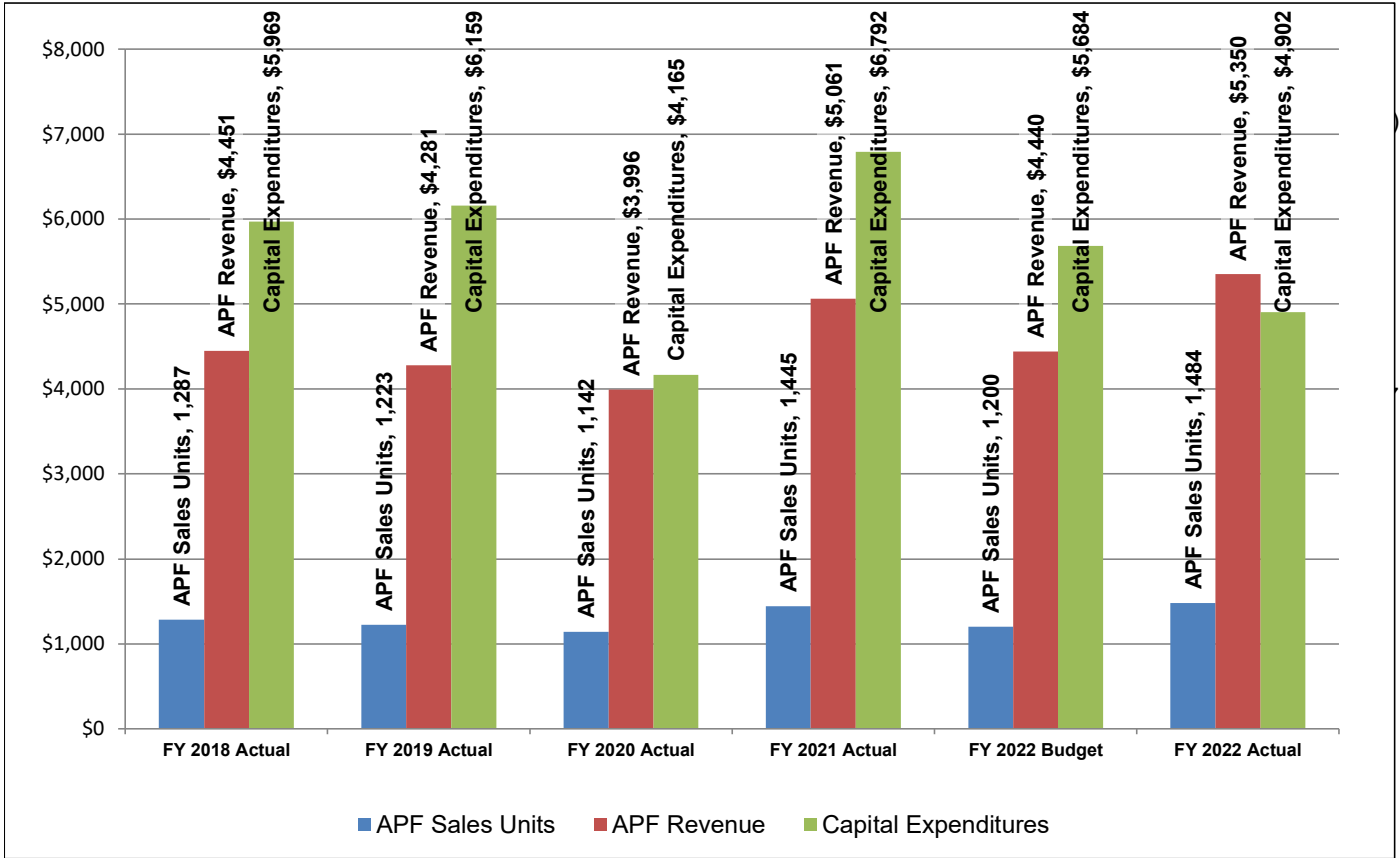
	Eleven Months Ended May 2022	Fiscal Year Ended June 2021
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 2,498,575	\$ 2,477,587
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	3,905,817	3,949,075
(Gain) / Loss on Disposals of Fixed Assets	82,034	16,319
Net (Gains) / Loss on Investments	2,829,281	(1,405,832)
Asset Preservation & Facility Investment Fees	(5,350,447)	(1,552,722)
Reserve for Uncollectible Accounts	-	-
 Increase (decrease) in cash resulting from changes in		
Receivables (net)	154,429	240,960
Inventories	(13,193)	39,423
Prepaid expenses and other assets	(80,051)	(88,762)
Accounts payable and accrued expenses	(16,751)	(2,407,071)
Deferred income	228,412	3,825,003
Net cash provided by (used in) operating activities	4,238,106	5,093,981
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(4,902,097)	(6,792,483)
Proceeds from Disposal of Fixed Assets	15,878	1,700
Asset Preservation & Facility Investment Fees	5,350,447	1,552,722
Cash Flow Funding Transfer (to) / from Reserves (Net)	1,988,062	657,217
Net (purchase) redemption of investments	(4,416,171)	(771,601)
Net cash provided by (used in) investing activities	(1,963,880)	(5,352,445)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	2,274,226	(258,464)
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	12,067,821	12,326,285
 CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 14,342,047	\$ 12,067,821

Recreation Centers of Sun City West, Inc.

Asset Preservation Fees & Capital Expenditures

May			Year to Date		
Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
163	112	51	1,484	1,101	383
\$ 536	\$ 414	\$ 122	\$ 5,350	\$ 4,074	\$ 1,277
\$ 461	\$ 305	\$ 156	\$ 4,902	\$ 5,290	\$ (388)

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



Recreation Centers of Sun City West, Inc.

Cash and Investment Balances

<u>Account</u>	<u>May 2022</u>	<u>% Total</u>	<u>June 2021</u>	<u>% Total</u>	<u>Change</u>
General Fund					
Petty Cash/Change Funds	13,680	0.10%	13,330	0.11%	350
Checking and Sweep Account	14,328,364	99.90%	12,054,491	99.89%	2,273,873
Total Cash and Cash Equivalents	<u>14,342,044</u>	<u>100.00%</u>	<u>12,067,821</u>	<u>100.00%</u>	<u>2,274,223</u>
Reserve Fund					
<u>Cash/Money Market/CD's</u>					
JP Morgan	-	0.00%	3,109,998	10.81%	(3,109,998)
CapTrust	207,757	0.73%	-	0.00%	207,757
Total Cash Investments	<u>207,757</u>	<u>0.73%</u>	<u>3,109,998</u>	<u>10.81%</u>	<u>(2,902,241)</u>
<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	25,433,178	89.66%	-	0.00%	25,433,178
Equities	2,724,885	9.61%	-	0.00%	2,724,885
Total Fund Investments	<u>28,158,063</u>	<u>99.27%</u>	<u>25,656,994</u>	<u>89.19%</u>	<u>2,501,069</u>
Total Reserve Funds	<u>28,365,820</u>	<u>100.00%</u>	<u>28,766,992</u>	<u>100.00%</u>	<u>(401,172)</u>
TOTAL FUNDS	<u><u>42,707,864</u></u>		<u><u>40,834,813</u></u>		<u><u>1,873,052</u></u>

<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)	1,306,812	3,076,373	4,650,773
Un-Realized Gains (Losses) ***	(4,136,093)	(1,670,540)	(2,927,240)
Ending Balance	<u>28,365,820</u>	<u>25,656,993</u>	<u>28,365,820</u>

*** 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	127	92%
FY 2020-21	\$ 3,350	4	9	6	23	21	17	21	10	13	12	7	14	157	143	91%
FY 2021-22 Bud	\$ 3,350	5	3	13	27	17	11	12	9	11	3	7	7	125	118	94%
FY 2021-22	\$ 3,350	6	8	11	25	23	21	23	11	7	14	5		154	154	100%
															% of Budget YTD	131%
															% of Prior Year YTD	108%
Kachina Golf Card Sales																
FY 2019-20	\$ 895	13	23	48	123	82	62	66	42	24	5	12	25	525	500	95%
FY 2020-21	\$ 895	11	19	40	86	125	78	61	63	54	22	25	24	608	584	96%
FY 2021-22 Bud	\$ 895	12	21	51	123	79	57	68	37	28	14	16	15	521	506	97%
FY 2021-22	\$ 895	11	21	49	99	153	67	88	60	58	29	23		658	658	100%
															% of Budget YTD	130%
															% of Prior Year YTD	113%
Coyote Golf Card Sales																
FY 2019-20	\$ 325	4	11	23	130	156	95	114	31	25	3	13	20	625	605	97%
FY 2020-21	\$ 325	13	5	17	75	143	140	101	69	50	38	17	11	679	668	98%
FY 2021-22 Bud	\$ 325	4	12	23	139	169	78	107	30	29	16	12	11	630	619	98%
FY 2021-22	\$ 325	15	7	22	106	166	121	108	68	51	38	26		728	728	100%
															% of Budget YTD	118%
															% of Prior Year YTD	109%
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	10	91%
FY 2021-22 Bud	\$ 1,400	4	4	4	4	4	4	4	4	4	4	4	4	48	44	92%
FY 2021-22	\$ 1,400	0	1	0	2	4	1	4	2	0	1	0		15	15	100%
															% of Budget YTD	34%
															% of Prior Year YTD	150%
Twilight Golf Card Sales																
FY 2019-20	\$ 1,200	0	1	3	8	10	3	4	0	0	0	3	4	36	32	89%
FY 2020-21	\$ 1,250	2	3	1	3	9	9	6	7	2	0	1	4	47	43	91%
FY 2021-22 Bud	\$ 1,250	0	0	2	9	7	1	3	0	1	3	3	1	29	28	97%
FY 2021-22	\$ 1,250	3	5	3	8	9	9	9	4	5	1	1		57	57	100%
															% of Budget YTD	201%
															% of Prior Year YTD	133%

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	1,614	93%
FY 2020-21	\$90/\$99	98	100	136	173	213	229	231	244	238	202	129	105	2,098	1,993	95%
FY 2021-22 Bud	\$90/\$99	42	47	69	145	182	148	189	171	168	113	107	82	1,463	1,381	94%
FY 2021-22	\$90/\$99	84	102	113	213	283	205	293	263	292	195	146		2,189	2,189	100%
														% of Budget YTD	159%	

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	31,568	31,730	31,485	31,662			31,446

Unlimited Golf Card Holders														Average
FY 2019-20	118	119	128	128	130	133	134	137	137	137	137	139	140	132
FY 2020-21	141	141	142	143	144	144	150	148	148	150	150	150	149	146
FY 2021-22	149	147	152	153	154	160	163	163	161	164	149			156

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	666	669	678	592			631

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	718	718	721	665			700

CNP Freq Play Card Holders														Average
FY 2019-20	5	5	5	4	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	12	9
FY 2021-22	12	12	12	12	13	13	14	15	15	15	15	12		13

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

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	189,520	98%
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	149,747	91%
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	83,269	95%
FY 2021-22		18,340	13,191	21,842	28,362	27,664	25,721	32,454	30,408	34,699	17,313	19,806		269,799	269,799	100%
														% of Budget YTD	324%	
														% of Prior Year YTD	180%	
Transfer Fee (Home Sale)																
FY 2019-20	\$ 250	135	105	117	127	114	140	132	122	166	119	98	112	1,487	1,375	92%
FY 2020-21	\$ 275	147	104	134	132	142	139	106	136	182	149	175	133	1,679	1,546	92%
FY 2021-22 Bud	\$ 275	133	109	112	123	125	125	110	128	165	176	152	131	1,589	1,458	92%
FY 2021-22	\$ 275	126	124	121	119	151	133	130	116	202	196	162		1,580	1,580	100%
														% of Budget YTD	108%	
														% of Prior Year YTD	102%	
Asset Preservation Fees																
FY 2019-20	\$ 3,500	115	78	89	93	89	103	92	96	135	98	79	75	1,142	1,067	93%
FY 2020-21	\$ 3,500	115	81	105	111	135	118	97	119	151	140	166	107	1,445	1,338	93%
FY 2021-22 Bud	\$ 3,700	100	80	90	93	92	98	82	95	132	127	112	99	1,200	1,101	92%
FY 2021-22	\$ 3,700	115	106	109	116	139	135	115	110	196	180	163		1,484	1,484	100%
														% of Budget YTD	135%	
														% of Prior Year YTD	111%	