

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

December 2022 and the Six Months Ended

12/31/22

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
December 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					
1,263,582	1,272,422	(8,840)	1,272,994	(9,412)	Membership	7,456,772	7,499,056	(42,284)	7,522,501	(65,729)
16,051	6,374	9,677	6,824	9,227	Recreation	59,529	33,170	26,359	50,528	9,001
954,127	911,952	42,175	875,005	79,122	Golf Fees	3,421,458	3,313,850	107,608	3,230,936	190,522
75,510	64,410	11,100	67,746	7,764	Sports Pavilion	367,904	325,670	42,234	340,254	27,650
3,350	(2,520)	5,870	2,213	1,137	Special Events	67,351	55,550	11,801	39,769	27,582
99,841	91,147	8,694	93,746	6,095	Ancillary Revenue	432,384	387,627	44,757	440,470	(8,086)
12,171	12,311	(140)	25,722	(13,551)	Merchandise Sales (net)	42,413	44,908	(2,495)	60,610	(18,197)
43,613	41,416	2,197	33,483	10,130	Food and Beverage (net)	188,278	182,294	5,984	169,611	18,667
0	0	0	1,204	(1,204)	Interest Income - Operating	2,226	0	2,226	1,824	402
231	0	231	122	109	Other Income	814	0	814	1,540	(726)
2,468,476	2,397,512	70,964	2,379,059	89,417	Operating Revenues Total	12,039,129	11,842,125	197,004	11,858,043	181,086
					Operating Expenses					
1,352,464	1,345,599	(6,865)	1,255,882	(96,582)	Wages And Benefits	7,953,519	8,005,848	52,329	7,288,828	(664,691)
192,857	167,779	(25,078)	183,049	(9,808)	Utilities	1,327,380	1,336,789	9,409	1,238,458	(88,922)
88,209	86,870	(1,339)	73,906	(14,303)	Repair and Maintenance	886,204	947,978	61,774	784,717	(101,487)
195,815	41,180	(154,635)	68,383	(127,432)	Landscape Maintenance	1,582,928	1,513,780	(69,148)	1,435,989	(146,939)
49,123	38,375	(10,748)	45,031	(4,092)	Supplies and Services	375,314	281,770	(93,544)	285,419	(89,895)
31,687	20,522	(11,165)	11,045	(20,642)	Equipment	147,031	85,561	(61,470)	50,127	(96,904)
77,517	64,870	(12,647)	74,879	(2,638)	Taxes and Insurance	383,388	365,540	(17,848)	360,331	(23,057)
60,335	47,548	(12,787)	44,754	(15,581)	Interest & Financial Expense	254,726	226,188	(28,538)	210,204	(44,522)
68,776	58,857	(9,919)	54,546	(14,230)	Operating Expenses	328,158	306,084	(22,074)	239,715	(88,443)
6,448	19,015	12,567	12,492	6,044	Legal and Professional	65,886	145,290	79,404	116,828	50,942
18,683	18,569	(114)	15,473	(3,210)	Employee Related Expenses	90,487	88,923	(1,564)	66,267	(24,220)
2,141,914	1,909,184	(232,730)	1,839,440	(302,474)	Operating Expenses Total	13,395,021	13,303,751	(91,270)	12,076,883	(1,318,138)
326,562	488,328	(161,766)	539,619	(213,057)	Operating Cash Inflow/(Outflow)	(1,355,892)	(1,461,626)	105,734	(218,840)	(1,137,052)
					Capital Related					
129,416	43,907	85,509	120,793	8,623	Investment Income - Reserves	377,387	263,439	113,948	273,833	103,554
(4,572)	(6,338)	1,766	(5,000)	428	Investment Fees	(28,394)	(38,030)	9,636	(42,441)	14,047
0	0	0	0	0	Investment - Realized Gain (Loss)	(50,376)	0	(50,376)	1,309,406	(1,359,782)
(406,223)	0	(406,223)	(62,319)	(343,904)	Investment - Unrealized Gain (Loss)	(832,470)	0	(832,470)	(1,476,837)	644,367
0	0	0	0	0	Club Contributed Capital	14,622	0	14,622	0	14,622
315,000	399,000	(84,000)	466,200	(151,200)	Asset Preservation Fee	2,022,200	2,272,200	(250,000)	2,625,750	(603,550)
0	0	0	0	0	Gain/(Loss) on Asset Disposal	46,691	(28,959)	75,650	(93,834)	140,525
(394,805)	(372,466)	(22,339)	(349,879)	(44,926)	Depreciation Expense	(2,257,031)	(2,145,929)	(111,102)	(2,087,263)	(169,768)
(361,184)	64,103	(425,287)	169,795	(530,979)	Capital Related Total	(707,371)	322,721	(1,030,092)	508,614	(1,215,985)
(34,622)	552,431	(587,053)	709,414	(744,036)	Revenues Over/(Under) Expenses	(2,063,263)	(1,138,905)	(924,358)	289,774	(2,353,037)

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

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - December was unfavorable to Budget by \$587K and unfavorable to Prior Year (hereinafter PY) by \$744K. Year to date (hereinafter YTD) was unfavorable to budget by \$924K and unfavorable to prior year by \$2,353K.

NET OPERATING CASH INFLOW/(OUTFLOW) - December was unfavorable to Budget by \$162K and unfavorable to PY by \$213K. YTD was favorable to Budget by \$106K and unfavorable to PY by \$1,137K.

OPERATING REVENUES - December revenues were favorable to Budget by \$71K and favorable to PY by \$89K. YTD was favorable to Budget by \$197K and favorable to PY by \$181K.

Golf Fees - December revenues were favorable to Budget by \$42K and favorable to PY by \$79K. YTD was favorable to Budget by \$108K and to PY by \$191K. December rounds were favorable to Budget by 626(2.3%) and unfavorable to PY by 466 (-1.6%). YTD rounds were favorable to Budget by 2,201 and unfavorable to PY by 2,442.

Sports Pavilion - December revenues were favorable to Budget by \$11K and favorable to PY by \$8K. YTD favorable to Budget by \$42K and favorable to PY by \$28K..

EXPENSES - December Operating Expenses were unfavorable to budget by \$233K and unfavorable to PY by \$302K. YTD was unfavorable to Budget by \$91K and unfavorable to PY by \$1,318K.

Utilities - December expenses were unfavorable to Budget by \$25K and unfavorable to PY by \$10K. YTD favorable to Budget by \$9K and unfavorable to PY by \$89K.

Landscape Maintenance - December expenses were unfavorable to Budget by \$155K and unfavorable to PY by \$127K. YTD is unfavorable to Budget by \$69K and unfavorable to PY by \$147K.

Supplies and Services - December expenses were unfavorable to Budget and PY by \$11K and \$4K, respectively. YTD expenses are unfavorable to Budget and PY by \$94K and \$90K, respectively.

Equipment - December expenses were unfavorable to Budget and PY by \$11K and \$21K, respectively. YTD expenses are unfavorable to Budget and PY by \$61K and \$97K, respectively.

Taxes & Insurance - December expenses are unfavorable to Budget and PY by \$13K and \$3K, respectively. YTD expenses are unfavorable to Budget by \$18K and unfavorable to PY by \$23K. The December variances were mainly related to the timing of Fleet vehicle registrations.

Legal & Professional - December expenses were favorable to Budget and PY by \$13K and \$6K, respectively. YTD expenses are favorable to Budget by \$79K and favorable to PY by \$51K.

CAPITAL RELATED REVENUES & EXPENSES - December was unfavorable to Budget by \$425K and unfavorable to PY by \$531K. YTD is unfavorable to Budget by \$1,030K and unfavorable to PY by \$1,216K.

Investment Income - December revenues were favorable to the Budget by \$86K and favorable to PY by \$9K. YTD was favorable to Budget by \$114K and favorable to PY by \$104K.

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 December there were \$406K in realized/unrealized loss, compared to loss of \$62K in PY. YTD total losses are \$883K as compared to \$167K loss in PY.

APF Fees - December APF fees were unfavorable to Budget by \$84K and unfavorable to PY by \$151K. YTD is unfavorable to Budget by \$250K and unfavorable to PY by \$604K.

Recreation Centers of Sun City West, Inc.

Balance Sheets for month ending December 31, 2022 and June 30, 2022

	<u>December-22</u>	<u>June-22</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	7,764,457	13,376,880
Accounts Receivable (net)	160,104	175,396
Notes Receivable	559,205	587,510
Inventories	267,160	196,747
Prepaid and Other Assets	199,215	457,688
Total Current Assets	8,950,141	14,794,221
Board Reserve Funds	30,474,856	27,744,575
<u>Fixed Assets</u>		
Land & Building	109,197,918	107,412,318
Furniture, Fixtures & Equipment	25,525,768	23,947,599
Vehicles	2,136,214	2,136,214
Fixed Assets	136,859,900	133,496,131
Accumulated Depreciation	(87,146,766)	(85,208,200)
Fixed Assets-Net Book Value	49,713,134	48,287,931
Construction In Progress	883,768	949,336
Total Fixed Assets	50,596,902	49,237,267
Total Assets	90,021,899	91,776,063
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	998,259	836,847
Payroll Related Liabilities	1,036,661	1,007,175
Association Events & Other Program Payables	452,610	182,233
Charter Clubs Payables	56,243	56,243
Notes Payable	-	-
Deferred Membership Dues/Fees & Golf Revenues	38,124,032	38,276,208
Total Liabilities	40,667,805	40,358,706
<u>Members' Equity</u>		
Retained Earnings	51,417,357	50,130,876
Surplus (Deficit)	(2,063,263)	1,286,484
Total Equity	49,354,094	51,417,357
TOTAL LIABILITIES AND EQUITY	90,021,899	91,776,063

Recreation Centers of Sun City West, Inc.

Statement of Cash Flows

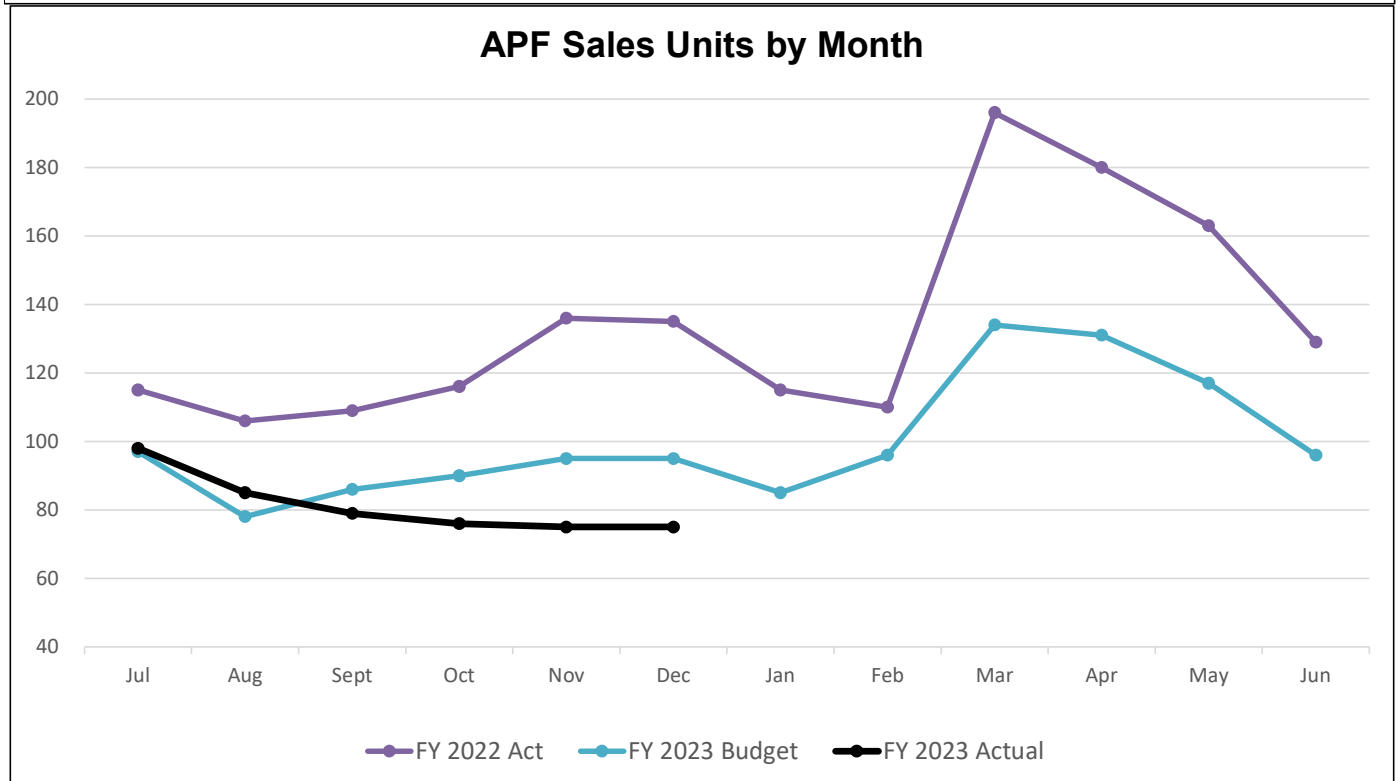
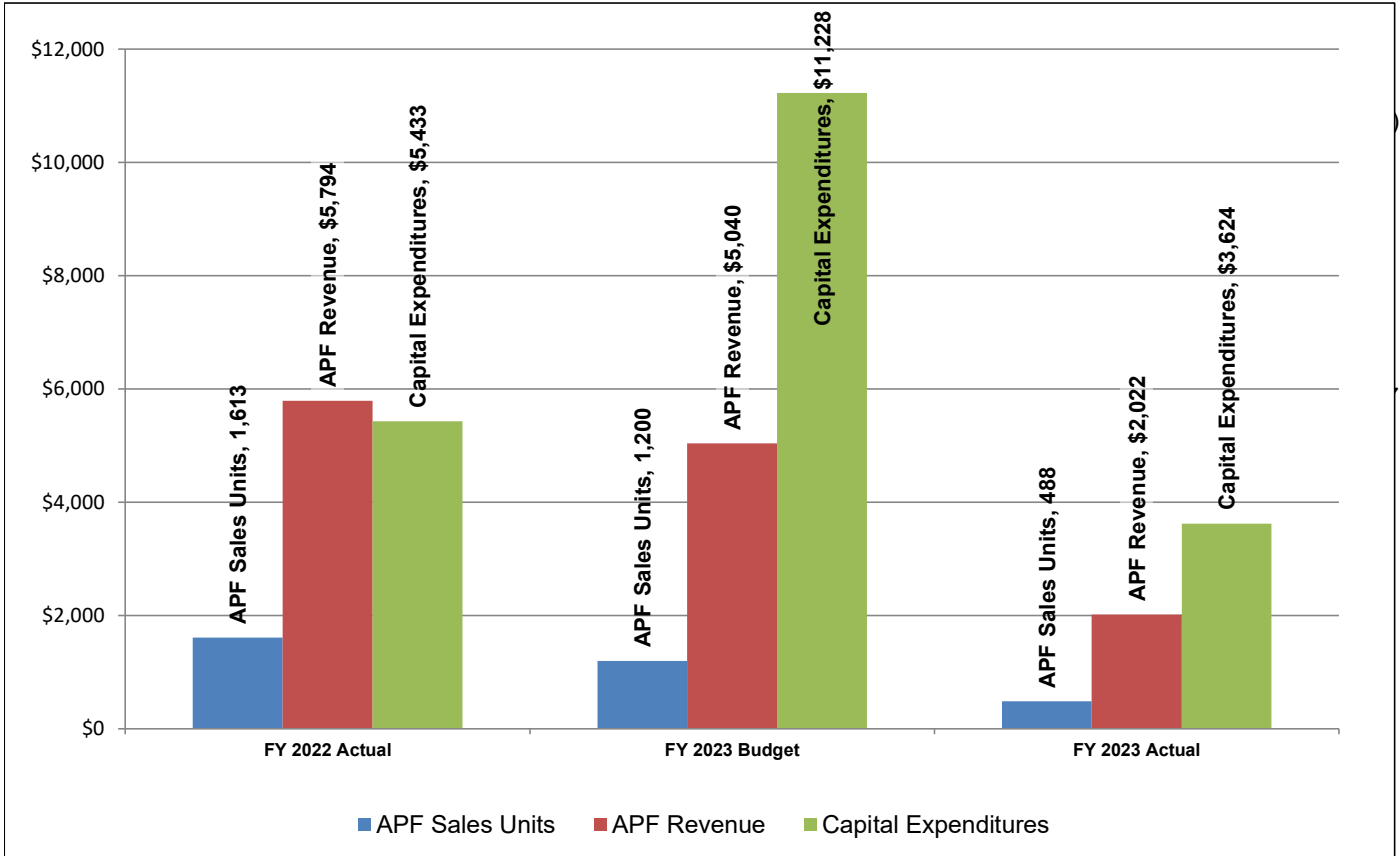
	Six Months Ended December 2022	Fiscal Year Ended June 2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ (2,063,263)	\$ 1,511,749
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	2,257,031	4,281,837
(Gain) / Loss on Disposals of Fixed Assets	(37,691)	83,671
Net (Gains) / Loss on Investments	882,846	3,493,585
Asset Preservation & Facility Investment Fees	(2,022,200)	(5,793,847)
Reserve for Uncollectible Accounts	-	-
Increase (decrease) in cash resulting from changes in		
Receivables (net)	43,597	168,694
Inventories	(70,413)	(13,538)
Prepaid expenses and other assets	258,473	(18,008)
Accounts payable and accrued expenses	461,275	(347,708)
Deferred income	(152,176)	37,375
	(442,521)	3,403,810
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(3,623,976)	(5,433,307)
Proceeds from Disposal of Fixed Assets	45,000	15,878
Asset Preservation & Facility Investment Fees	2,022,200	5,793,847
Cash Flow Funding Transfer (to) / from Reserves (Net)	3,235,740	1,988,062
Net (purchase) redemption of investments	(6,848,867)	(4,459,230)
	(5,169,903)	(2,094,749)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,612,423)	1,309,061
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	13,376,882	12,067,821
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 7,764,459	\$ 13,376,882

Recreation Centers of Sun City West, Inc.

Asset Preservation Fees & Capital Expenditures

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

December			Year to Date		
Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
75	95	(20)	488	541	(53)
\$ 315	\$ 399	\$ (84)	\$ 2,022	\$ 2,272	\$ (250)
\$ 395	\$ 1,123	\$ (728)	\$ 3,624	\$ 5,053	\$ (1,429)



Recreation Centers of Sun City West, Inc.

Cash and Investment Balances

<u>Account</u>	<u>December 2022</u>	<u>% Total</u>	<u>June 2022</u>	<u>% Total</u>	<u>Change</u>
General Fund					
Petty Cash/Change Funds	13,580	0.17%	11,145	0.08%	2,435
Short-term Operating Cash Investments	3,957,884		-	0.00%	3,957,884
Checking and Sweep Account	3,792,992	48.85%	13,365,735	99.92%	(9,572,743)
Total Cash and Cash Equivalents	<u>7,764,457</u>	<u>100.00%</u>	<u>13,376,880</u>	<u>100.00%</u>	<u>(5,612,423)</u>
Reserve Fund					
<u>Cash/Money Market/CD's</u>					
JP Morgan	-	0.00%	-	0.00%	-
CapTrust	197,807	0.65%	228,900	0.83%	(31,093)
Total Cash Investments	<u>197,807</u>	<u>0.65%</u>	<u>228,900</u>	<u>0.83%</u>	<u>(31,093)</u>
<u>Mutual Fund Investments</u>					
Vanguard					
Fixed	-	0.00%	-	0.00%	-
Equities	-	0.00%	-	0.00%	-
CapTrust					
Fixed	27,268,414	89.48%	25,015,093	90.16%	2,253,321
Equities	3,008,635	9.87%	2,500,583	9.01%	508,053
Total Fund Investments	<u>30,277,049</u>	<u>99.35%</u>	<u>27,515,675</u>	<u>99.17%</u>	<u>2,761,374</u>
Total Reserve Funds	<u>30,474,856</u>	<u>100.00%</u>	<u>27,744,575</u>	<u>100.00%</u>	<u>2,730,281</u>
TOTAL FUNDS	<u><u>38,239,313</u></u>		<u><u>41,121,455</u></u>		<u><u>(2,882,142)</u></u>

<u>Investment Activity</u>	<u>FY2022-23 YTD</u>	<u>FY2021-22 YTD</u>	<u>Inception (FY15)</u>
Beginning Balance	27,744,575	25,656,994	-
Investment Transfers-In	3,235,740	5,098,324	23,348,324
Investment Earnings	377,387	496,120	3,518,038
Advisor Fees	-	(13,277)	(181,015)
Realized Gains (Losses)	(50,376)	1,306,812	4,650,773
Un-Realized Gains (Losses) ***	<u>(832,470)</u>	<u>(4,800,397)</u>	<u>(3,591,544)</u>
Ending Balance	<u>30,474,856</u>	<u>27,744,575</u>	<u>27,744,576</u>

*** Unrealized Gains (Losses) are the difference between the basis (cost) of Investments & the market value at any point in time. Reserve 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 2020-21	\$ 3,350	4	9	6	23	21	17	21	10	13	12	7	14	157	80	51%
FY 2021-22	\$ 3,350	6	8	11	25	23	21	23	11	7	14	5	14	168	94	56%
FY 2022-23 Bud	\$ 3,500	6	8	11	25	23	21	23	11	7	14	6	14	169	94	56%
FY 2022-23	\$ 3,500	8	7	21	28	18	25							107	107	100%
														% of Budget YTD	114%	
														% of Prior Year YTD	114%	
Kachina Golf Card Sales																
FY 2020-21	\$ 895	11	19	40	86	125	78	61	63	54	22	25	24	608	359	59%
FY 2021-22	\$ 895	11	21	49	99	153	67	88	60	58	29	23	16	674	400	59%
FY 2022-23 Bud	\$ 895	11	21	49	99	153	67	88	60	58	29	23	16	674	400	59%
FY 2022-23	\$ 895	15	14	63	94	152	74							412	412	100%
														% of Budget YTD	103%	
														% of Prior Year YTD	103%	
Coyote Golf Card Sales																
FY 2020-21	\$ 325	13	5	17	75	143	140	101	69	50	38	17	11	679	393	58%
FY 2021-22	\$ 325	15	7	22	106	166	121	108	68	51	38	26	14	742	437	59%
FY 2022-23 Bud	\$ 325	15	7	22	106	166	121	108	68	51	38	26	14	742	437	59%
FY 2022-23	\$ 325	8	11	37	123	186	128							493	493	100%
														% of Budget YTD	113%	
														% of Prior Year YTD	113%	
CNP Frequent Play Card Sales																
FY 2020-21	\$ 1,400	0	1	0	0	3	2	3	1	0	0	0	1	11	6	55%
FY 2021-22	\$ 1,400	0	1	0	2	4	1	4	2	0	1	0	0	15	8	53%
FY 2022-23 Bud	\$ 1,500	0	1	0	2	4	1	4	2	0	1	0	0	15	8	53%
FY 2022-23	\$ 1,500	0	0	0	1	0	3							4	4	100%
														% of Budget YTD	50%	
														% of Prior Year YTD	50%	
Twilight Golf Card Sales																
FY 2020-21	\$ 1,250	2	3	1	3	9	9	6	7	2	0	1	4	47	27	57%
FY 2021-22	\$ 1,250	3	5	3	8	9	9	9	4	5	1	1	2	59	37	63%
FY 2022-23 Bud	\$ 1,300	3	5	3	8	9	9	9	4	5	1	6	2	64	37	58%
FY 2022-23	\$ 1,300	1	5	4	11	12	12							45	45	100%
														% of Budget YTD	122%	
														% of Prior Year YTD	122%	

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 2020-21	\$90/\$99	98	100	136	173	213	229	231	244	238	202	129	105	2,098	949	45%
FY 2021-22	\$90/\$99	84	102	113	213	283	205	293	263	292	195	146	116	2,305	1,000	43%
FY 2022-23 Bud	\$ 90	84	102	113	213	283	232	338	309	336	218	146	116	2,490	1,027	41%
FY 2022-23	\$90/\$99	90	122	122	250	297	231							1,112	1,112	100%
														% of Budget YTD		108%
														% of Prior Year YTD		111%

Members (with No Golf Card)														Average
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	31,533	31,453
FY 2022-23		31,590	31,503	31,394	31,429	31,298	21,290							29,751

Unlimited Golf Card Holders														Average
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	163	161	164	164	166	158
FY 2022-23		168	167	170	178	180	181							174

Kachina Golf Card Holders														Average
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	674	666	641
FY 2022-23		669	668	680	676	676	675							674

Coyote Golf Card Holders														Average
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	733	733	708
FY 2022-23		731	726	725	753	782	789							751

CNP Freq Play Card Holders														Average
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	15	15	15	15	14	14
FY 2022-23		14	13	14	15	14	16							14

Twilight Golf Card Holders														Average
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	57	59	59	61	61	56
FY 2022-23		60	59	60	65	68	70							64

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 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	72,711	44%
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	20,610	290,409	135,120	47%
FY 2022-23 Bud		15,038	10,817	17,910	23,257	22,684	21,091	26,612	24,936	28,453	14,197	16,241	16,900	238,136	110,797	47%
FY 2022-23		18,916	7,410	22,531	29,729	28,560	27,123							134,269	134,269	100%
														% of Budget YTD	121%	
														% of Prior Year YTD	99%	
Transfer Fee (Home Sale)																
FY 2020-21	\$ 275	147	104	134	132	142	139	106	136	182	149	175	133	1,679	798	48%
FY 2021-22	\$ 275	126	124	121	119	151	133	130	116	202	196	162	130	1,710	774	45%
FY 2022-23 Bud	\$ 275	131	108	111	122	123	123	108	127	163	173	150	129	1,568	718	46%
FY 2022-23	\$ 275	95	88	82	80	83	82							510	510	100%
														% of Budget YTD	71%	
														% of Prior Year YTD	66%	
Asset Preservation Fees																
FY 2020-21	\$ 3,500	115	81	105	111	135	118	97	119	151	140	166	107	1,445	665	46%
FY 2021-22	\$ 3,700	115	106	109	116	139	135	115	110	196	180	163	129	1,613	720	45%
FY 2022-23 Bud	\$ 4,200	97	78	86	90	95	95	85	96	134	131	117	96	1,200	541	45%
FY 2022-23	\$ 4,200	98	85	79	76	75	75							488	488	100%
														% of Budget YTD	90%	
														% of Prior Year YTD	68%	