

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

August 2023 and the Two Months Ended

08/31/23

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
August 31, 2023

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					
1,205,100	1,198,094	7,006	1,139,742	65,358	Membership	2,405,289	2,394,898	10,391	2,275,933	129,356
3,828	5,141	(1,313)	4,896	(1,068)	Recreation	7,116	6,973	143	6,640	476
316,216	322,362	(6,146)	306,833	9,383	Golf Fees	626,170	644,891	(18,721)	615,141	11,029
4,036	0	4,036	19,735	(15,699)	Sports Pavilion	47,373	43,533	3,840	61,196	(13,823)
(401)	650	(1,051)	529	(930)	Special Events	(654)	(654)	0	(2)	(652)
34,719	47,953	(13,234)	50,571	(15,852)	Ancillary Revenue	64,458	90,329	(25,871)	95,696	(31,238)
4,498	4,882	(384)	4,651	(153)	Merchandise Sales (net)	5,677	10,555	(4,878)	10,052	(4,375)
16,882	10,909	5,973	18,473	(1,591)	Food and Beverage (net)	50,899	37,922	12,977	45,390	5,509
77,476	70,867	6,609	826	76,650	Interest Income - Operating	77,476	70,867	6,609	826	76,650
57	40	17	72	(15)	Other Income	267	84	183	150	117
1,662,411	1,660,898	1,513	1,546,328	116,083	Operating Revenues Total	3,284,071	3,299,398	(15,327)	3,111,022	173,049
					Operating Expenses					
1,358,591	1,426,411	67,820	1,267,364	(91,227)	Wages And Benefits	2,731,701	2,864,045	132,344	2,569,461	(162,240)
291,842	228,435	(63,407)	221,784	(70,058)	Utilities	586,081	494,407	(91,674)	480,007	(106,074)
244,317	209,938	(34,379)	182,886	(61,431)	Repair and Maintenance	415,864	379,631	(36,233)	348,703	(67,161)
152,390	101,581	(50,809)	76,721	(75,669)	Landscape Maintenance	241,279	187,459	(53,820)	186,942	(54,337)
48,239	60,774	12,535	58,221	9,982	Supplies and Services	93,342	120,288	26,946	121,173	27,831
24,613	76,453	51,840	20,615	(3,998)	Equipment	27,136	81,205	54,069	31,500	4,364
65,483	70,905	5,422	66,041	558	Taxes, Licenses and Insurance	131,385	137,147	5,762	128,424	(2,961)
32,088	30,612	(1,476)	29,541	(2,547)	Interest & Financial Expense	72,026	62,138	(9,888)	59,450	(12,576)
67,709	51,853	(15,856)	43,608	(24,101)	Operating Expenses	109,524	106,793	(2,731)	105,415	(4,109)
32,280	34,962	2,682	31,956	(324)	Legal and Professional	43,294	40,711	(2,583)	38,422	(4,872)
14,628	21,111	6,483	18,472	3,844	Employee Related Expenses	30,987	40,944	9,957	34,012	3,025
2,332,180	2,313,035	(19,145)	2,017,209	(314,971)	Operating Expenses Total	4,482,619	4,514,768	32,149	4,103,509	(379,110)
(669,769)	(652,137)	(17,632)	(470,881)	(198,888)	Operating Cash Inflow/(Outflow)	(1,198,548)	(1,215,370)	16,822	(992,487)	(206,061)
					Capital Related					
82,061	44,258	37,803	45,863	36,198	Investment Income - Reserves	170,694	90,640	80,054	93,925	76,769
(5,000)	(4,341)	(659)	(4,250)	(750)	Investment Fees	(10,000)	(9,448)	(552)	(9,250)	(750)
(125,868)	0	(125,868)	0	(125,868)	Investment - Realized Gain (Loss)	(257,070)	0	(257,070)	0	(257,070)
(110,469)	0	(110,469)	(821,538)	711,069	Investment - Unrealized Gain (Loss)	90,711	0	90,711	(108,516)	199,227
0	0	0	14,622	(14,622)	Club Contributed Capital	0	0	0	14,622	(14,622)
435,860	386,502	49,358	354,800	81,060	Asset Preservation Fee	932,860	832,116	100,744	741,800	191,060
81,119	81,660	(541)	96,195	(15,076)	Estimated Reserve Fund Allocation	161,714	162,999	(1,285)	191,869	(30,155)
(4,775)	0	(4,775)	30,000	(34,775)	Gain/(Loss) on Asset Disposal	(2,775)	0	(2,775)	30,000	(32,775)
(417,641)	(397,408)	(20,233)	(369,290)	(48,351)	Depreciation Expense	(831,283)	(794,816)	(36,467)	(743,910)	(87,373)
(64,713)	110,671	(175,384)	(653,598)	588,855	Capital Related Total	254,851	281,491	(26,640)	210,540	44,311
(734,482)	(541,466)	(193,016)	(1,124,479)	389,997	Revenues Over/(Under) Expenses	(943,697)	(933,879)	(9,818)	(781,947)	(161,750)

Recreation Centers of Sun City West, Inc.
Financial Statement Notes
August 31, 2023

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - August was unfavorable to Budget by \$193K and favorable to Prior Year (hereinafter PY) by \$390K. Year to date (hereinafter YTD) was unfavorable to budget by \$10K and unfavorable to prior year by \$162K.

NET OPERATING CASH INFLOW/(OUTFLOW) - August was unfavorable to Budget by \$18K and unfavorable to PY by \$295K. YTD was favorable to Budget by \$17K and unfavorable to PY by \$206K.

OPERATING REVENUES - August revenues were favorable to Budget by \$2K and favorable to PY by \$116K. YTD was unfavorable to Budget by \$15K and favorable to PY by \$173K.

Golf Fees - August revenues were unfavorable to Budget by \$6K and favorable to PY by \$9K. YTD was unfavorable to Budget by \$19K and to favorable to PY by \$11K. August rounds were unfavorable to Budget by 130 and unfavorable to PY by 500. YTD rounds were unfavorable to Budget by 520 and unfavorable to PY by 1,246.

Ancillary Revenue - August revenues were unfavorable to Budget by \$13K and unfavorable to PY by \$16K. YTD revenues are unfavorable to budget by \$26K and unfavorable to PY by \$31K.

Food & Beverage - August revenues were favorable to Budget by \$6K and unfavorable to PY by \$2K. YTD favorable to Budget by \$13K and favorable to PY by \$6K.

EXPENSES - August Operating Expenses were unfavorable to budget by \$19K and unfavorable to PY by \$315K. YTD was favorable to Budget by \$32K and unfavorable to PY by \$379K.

Wages & Benefits - August expenses were favorable to Budget by \$68K and unfavorable to PY by \$91K. YTD favorable to Budget by \$132K and unfavorable to PY by \$162K.

Utilities - August expenses were unfavorable to Budget by \$63K and unfavorable to PY by \$70K. YTD unfavorable to Budget by \$92K and unfavorable to PY by \$106K.

Repairs & Maintenance - August expenses were unfavorable to Budget by \$34K and unfavorable to PY by \$61K. YTD is unfavorable to Budget by \$36K and unfavorable to PY by \$67K.

Landscape Maintenance - August expenses were unfavorable to Budget by \$51K and unfavorable to PY by \$76K. YTD is unfavorable to Budget by \$54K and unfavorable to PY by \$54K.

Equipment - August expenses were favorable to Budget by \$52K and unfavorable to PY by \$4K. YTD expenses are favorable to Budget and PY by \$54K and \$4K, respectively.

CAPITAL RELATED REVENUES & EXPENSES - August was unfavorable to Budget by \$175K and favorable to PY by \$589K. YTD is unfavorable to Budget by \$27K and favorable to PY by \$44K.

Investment Income - August revenues were favorable to the Budget by \$38K and favorable to PY by \$36K. YTD was favorable to Budget by \$80K and favorable to PY by \$77K.

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 August there were \$236K in realized/unrealized losses, compared to loss of \$822K in PY. YTD total loss are \$166K as compared to \$109K loss in PY.

APF Fees - August APF fees were favorable to Budget by \$49K and favorable to PY by \$81K. YTD is favorable to Budget by \$101K and favorable to PY by \$191K.

Recreation Centers of Sun City West, Inc.

Balance Sheets for month ending August 31, 2023 and June 30, 2023

	August-23	June-23
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$5,246,240	9,002,475
Accounts Receivable (net)	167,035	174,834
Notes Receivable	481,060	496,408
Inventories	194,132	210,511
Prepaid and Other Assets	380,109	508,195
Total Current Assets	6,468,576	10,392,423
Board Reserve Funds	31,496,073	31,491,738
<u>Fixed Assets</u>		
Land & Building	110,405,824	110,005,627
Furniture, Fixtures & Equipment	26,363,312	25,945,589
Vehicles	2,016,297	2,016,297
Fixed Assets	138,785,433	137,967,513
Accumulated Depreciation	(89,693,125)	(88,953,333)
Fixed Assets-Net Book Value	49,092,308	49,014,180
Construction In Progress	6,487,575	4,023,536
Total Fixed Assets	55,579,883	53,037,716
Total Assets	93,544,532	94,921,877
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	948,048	1,110,992
Payroll Related Liabilities	1,317,903	1,023,672
Association Events & Other Program Payables	243,252	234,617
Charter Clubs Payables	56,243	56,243
Notes Payable		
Deferred Membership Dues/Fees & Golf Revenues	34,001,663	38,886,845
Total Liabilities	36,567,109	41,312,369
<u>Members' Equity</u>		
Retained Earnings	57,921,120	51,417,357
Surplus (Deficit)	(943,697)	2,192,151
Total Equity	56,977,423	53,609,508
TOTAL LIABILITIES AND EQUITY	93,544,532	94,921,877

Recreation Centers of Sun City West, Inc.

Statement of Cash Flows

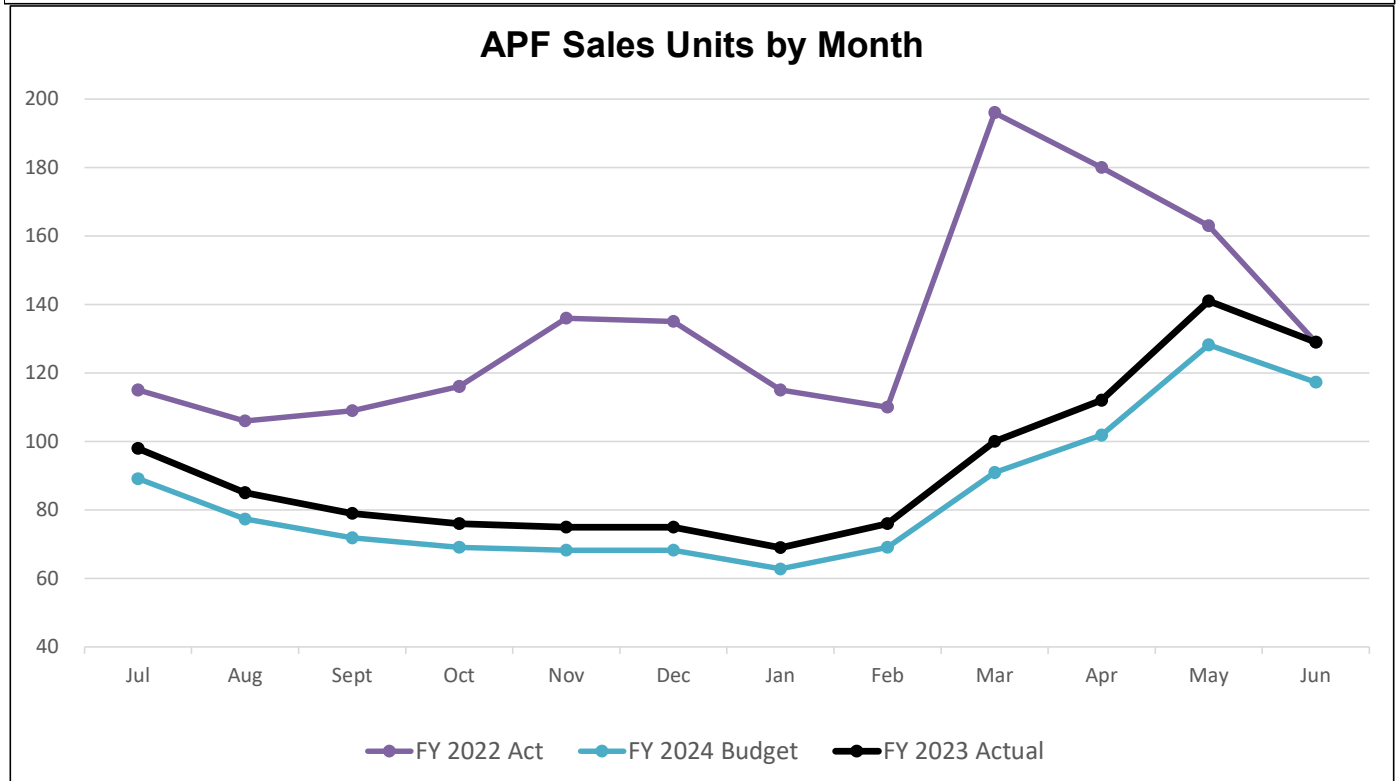
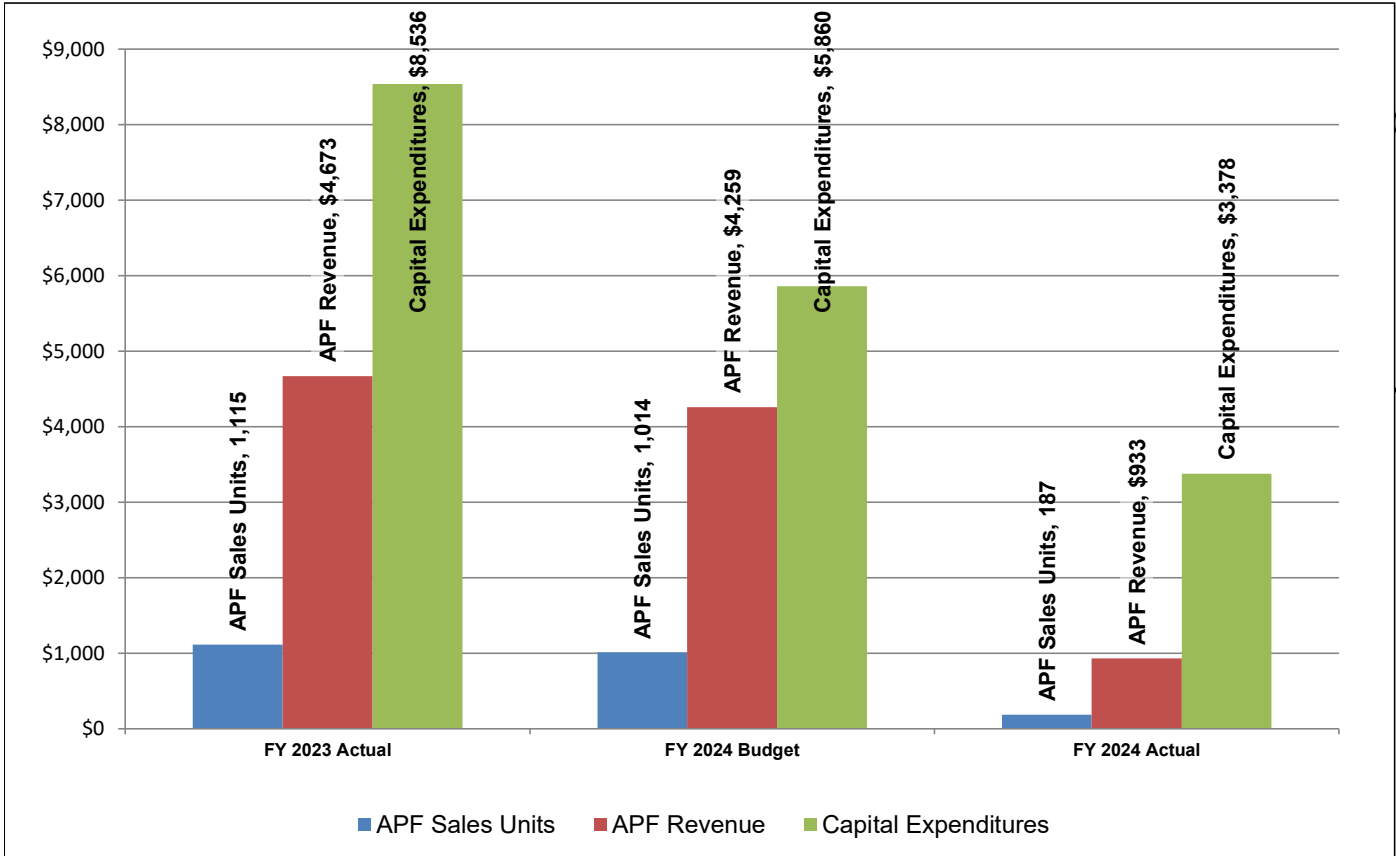
	The Two Months Ended August 2023	Fiscal Year Ended June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 3,367,915	\$ 2,192,151
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	831,283	4,728,606
(Gain) / Loss on Disposals of Fixed Assets	2,775	(68,445)
Net (Gains) / Loss on Investments	166,359	265,765
Asset Preservation & Facility Investment Fees	(932,860)	(4,673,000)
Reserve for Uncollectible Accounts	-	-
Increase (decrease) in cash resulting from changes in		
Receivables (net)	23,147	91,664
Inventories	16,379	(13,764)
Prepaid expenses and other assets	128,086	(50,507)
Accounts payable and accrued expenses	139,922	343,027
Deferred income	(4,885,182)	610,637
	(1,142,176)	3,426,134
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(3,378,223)	(8,536,365)
Proceeds from Disposal of Fixed Assets	2,000	75,754
Asset Preservation & Facility Investment Fees	932,860	4,673,000
Cash Flow Funding Transfer (to) / from Reserves (Net)	-	3,235,740
Net (purchase) redemption of investments	(170,694)	(7,248,668)
	(2,614,057)	(7,800,539)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(3,756,233)	(4,374,405)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,002,477	13,376,882
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 5,246,244	\$ 9,002,477

Recreation Centers of Sun City West, Inc.

Asset Preservation Fees & Capital Expenditures

August			Year to Date		
Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
80	77	3	187	166	21
\$ 436	\$ 387	\$ 49	\$ 933	\$ 832	\$ 101
\$ 1,152	\$ 293	\$ 859	\$ 3,378	\$ 879	\$ 2,499

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>August 2023</u>	<u>% Total</u>	<u>June 2023</u>	<u>% Total</u>	<u>Change</u>
General Fund					
Petty Cash/Change Funds	12,380	0.24%	12,380	0.14%	-
Short-term Operating Cash Investments	-		4,922,617	54.68%	(4,922,617)
Checking and Sweep Account	5,233,860	99.76%	4,067,478	45.18%	1,166,382
Total Cash and Cash Equivalents	<u>5,246,240</u>	<u>100.00%</u>	<u>9,002,475</u>	<u>100.00%</u>	<u>(3,756,235)</u>
Reserve Fund					
<u>Cash/Money Market/CD's</u>					
JP Morgan	-	0.00%	-	0.00%	-
CapTrust	146,398	0.46%	147,401	0.47%	(1,003)
Total Cash Investments	<u>146,398</u>	<u>0.46%</u>	<u>147,401</u>	<u>0.47%</u>	<u>(1,003)</u>
<u>Mutual Fund Investments</u>					
Vanguard					
Fixed	-	0.00%	-	0.00%	-
Equities	-	0.00%	-	0.00%	-
CapTrust					
Fixed	28,720,899	91.19%	28,491,286	90.47%	229,613
Equities	2,628,777	8.35%	2,853,052	9.06%	(224,275)
Total Fund Investments	<u>31,349,676</u>	<u>99.54%</u>	<u>31,344,337</u>	<u>99.53%</u>	<u>5,338</u>
Total Reserve Funds	<u>31,496,073</u>	<u>100.00%</u>	<u>31,491,738</u>	<u>100.00%</u>	<u>4,335</u>
TOTAL FUNDS	<u><u>36,742,313</u></u>		<u><u>40,494,213</u></u>		<u><u>(3,751,900)</u></u>

<u>Investment Activity</u>	<u>FY2023-24 YTD</u>	<u>FY2022-23 YTD</u>	<u>Inception (FY15)</u>
Beginning Balance	31,491,738	27,744,575	-
Investment Transfers-In	-	3,235,740	23,348,324
Investment Earnings	170,694	777,188	3,518,038
Advisor Fees	-	-	(181,015)
Realized Gains (Losses)	(257,070)	(416,004)	4,650,773
Un-Realized Gains (Losses) ***	90,711	150,239	(3,591,544)
Ending Balance	<u>31,496,074</u>	<u>31,491,738</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 2021-22	\$ 3,350	6	8	11	25	23	21	23	11	7	14	5	14	168	14	8%
FY 2022-23	\$ 3,500	8	7	21	28	18	25	26	9	14	13	7	12	188	15	8%
FY 2023-24 Bud	\$ 3,600	7	8	20	27	17	24	24	8	13	12	6	6	171	15	9%
FY 2023-24	\$ 3,600	6	8											14	14	100%
														% of Budget YTD	94%	
														% of Prior Year YTD	93%	
Kachina Golf Card Sales																
FY 2021-22	\$ 895	11	21	49	99	153	67	88	60	58	29	23	16	674	32	5%
FY 2022-23	\$ 895	15	14	63	94	152	74	84	49	62	38	25	17	687	29	4%
FY 2023-24 Bud	\$ 895	15	14	59	92	148	71	82	47	59	34	23	22	666	28	4%
FY 2023-24	\$ 895	9	17											26	26	100%
														% of Budget YTD	92%	
														% of Prior Year YTD	90%	
Coyote Golf Card Sales																
FY 2021-22	\$ 325	15	7	22	106	166	121	108	68	51	38	26	14	742	22	3%
FY 2022-23	\$ 325	8	11	37	123	186	128	127	64	53	29	14	14	794	19	2%
FY 2023-24 Bud	\$ 325	8	11	35	123	185	128	125	63	52	28	14	6	779	19	2%
FY 2023-24	\$ 325	14	12											26	26	100%
														% of Budget YTD	137%	
														% of Prior Year YTD	137%	
CNP Frequent Play Card Sales																
FY 2021-22	\$ 1,400	0	1	0	2	4	1	4	2	0	1	0	0	15	1	7%
FY 2022-23	\$ 1,500	0	0	0	1	0	3	3	1	0	0	0	0	8	0	0%
FY 2023-24 Bud	\$ 1,500	0	0	0	1	4	3	3	1	0	0	0	0	11	0	0%
FY 2023-24	\$ 1,500	0	0											0	0	
														% of Budget YTD		
														% of Prior Year YTD		
Twilight Golf Card Sales																
FY 2021-22	\$ 1,300	3	5	3	8	9	9	9	4	5	1	1	2	59	8	14%
FY 2022-23	\$ 1,300	1	5	4	11	12	12	9	4	0	6	4	2	70	6	9%
FY 2023-24 Bud	\$ 1,339	1	5	4	11	12	12	9	4	(1)	6	4	1	66	5	8%
FY 2023-24	\$ 1,339	1	4											5	5	100%
														% of Budget YTD	91%	
														% of Prior Year YTD	83%	

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 2021-22	\$90/\$99	84	102	113	213	283	205	293	263	292	195	146	116	2,305	186	8%
FY 2022-23	\$90/\$99	90	122	122	250	297	231	309	276	318	241	160	111	2,527	212	8%
FY 2023-24 Bud	\$ 90	40	125	125	250	300	250	300	275	320	250	175	115	2,525	165	7%
FY 2023-24	\$90/\$120	30	44											74	74	100%
														% of Budget YTD		45%
														% of Prior Year YTD		35%

Members (with No Golf Card)														Average
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	31,290	31,407	31,400	31,368	31,218	30,926	30,869	31,308
FY 2023-24		30,718	30,720											30,719

Unlimited Golf Card Holders														Average
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	182	181	184	185	184	185	179
FY 2023-24		184	183											184

Kachina Golf Card Holders														Average
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	670	662	661	668	669	662	670
FY 2023-24		656	662											659

Coyote Golf Card Holders														Average
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	809	802	799	791	776	775	772
FY 2023-24		779	774											777

CNP Freq Play Card Holders														Average
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	15	14	14	12	11	11	14
FY 2023-24		11	11											11

Twilight Golf Card Holders														Average
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	71	70	66	70	71	69	67
FY 2023-24		69	68											69

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 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	31,531	11%
FY 2022-23		18,916	7,410	22,531	29,729	28,560	27,123	33,830	31,822	34,595	16,939	18,352	20,318	290,125	26,326	9%
FY 2023-24 Bud		19,105	0	21,756	30,726	29,846	27,994	34,668	32,740	35,210	17,808	19,935	20,721	290,509	19,105	7%
FY 2023-24		18,980	0											18,980	18,980	100%
														% of Budget YTD	99%	
														% of Prior Year YTD	72%	
Transfer Fee (Home Sale)																
FY 2021-22	\$ 275	126	124	121	119	151	133	130	116	202	196	162	130	1,710	250	15%
FY 2022-23	\$ 275	95	88	82	80	83	82	74	82	101	131	154	144	1,196	183	15%
FY 2023-24 Bud	\$ 275	96	89	83	81	84	83	75	83	103	133	156	146	1,214	186	15%
FY 2023-24	\$ 275	114	92											206	206	100%
														% of Budget YTD	111%	
														% of Prior Year YTD	113%	
Asset Preservation Fees																
FY 2021-22	\$ 3,700	115	106	109	116	139	135	115	110	196	180	163	129	1,613	221	14%
FY 2022-23	\$ 4,200	98	85	79	76	75	75	69	76	100	112	141	129	1,115	183	16%
FY 2023-24 Bud	\$ 5,000	89	77	72	69	68	68	63	69	91	102	128	117	1,014	166	16%
FY 2023-24	\$ 5,000	107	80											187	187	100%
														% of Budget YTD	112%	
														% of Prior Year YTD	102%	