

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

September 2023 and the Three Months Ended

09/30/23

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
September 30, 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					
1,197,351	1,196,798	553	1,132,279	65,072	Membership	3,602,640	3,591,696	10,944	3,408,211	194,429
5,029	15,678	(10,649)	14,931	(9,902)	Recreation	12,145	22,651	(10,506)	21,571	(9,426)
373,740	360,271	13,469	348,447	25,293	Golf Fees	999,910	1,005,162	(5,252)	963,588	36,322
53,901	69,411	(15,510)	66,105	(12,204)	Sports Pavilion	101,273	112,944	(11,671)	127,301	(26,028)
16,158	4,375	11,783	2,930	13,228	Special Events	15,503	3,721	11,782	2,928	12,575
99,671	75,972	23,699	77,789	21,882	Ancillary Revenue	164,130	166,301	(2,171)	173,485	(9,355)
(4,014)	7,415	(11,429)	7,063	(11,077)	Merchandise Sales (net)	1,662	17,970	(16,308)	17,114	(15,452)
40,466	28,753	11,713	28,847	11,619	Food and Beverage (net)	91,364	66,675	24,689	74,235	17,129
0	0	0	0	0	Interest Income - Operating	77,476	70,867	6,609	826	76,650
0	54	(54)	97	(97)	Other Income	267	138	129	247	20
1,782,302	1,758,727	23,575	1,678,488	103,814	Operating Revenues Total	5,066,370	5,058,125	8,245	4,789,506	276,864
					Operating Expenses					
1,407,274	1,393,996	(13,278)	1,273,306	(133,968)	Wages And Benefits	4,138,974	4,258,041	119,067	3,842,768	(296,206)
273,834	247,228	(26,606)	240,028	(33,806)	Utilities	859,915	741,635	(118,280)	720,030	(139,885)
225,337	215,690	(9,647)	178,384	(46,953)	Repair and Maintenance	641,201	595,321	(45,880)	527,086	(114,115)
569,034	527,138	(41,896)	627,184	58,150	Landscape Maintenance	810,311	714,597	(95,714)	814,127	3,816
67,710	77,757	10,047	72,504	4,794	Supplies and Services	161,049	198,045	36,996	193,675	32,626
34,081	3,201	(30,880)	15,650	(18,431)	Equipment	61,218	84,406	23,188	47,148	(14,070)
65,339	64,951	(388)	60,977	(4,362)	Taxes, Licenses and Insurance	196,724	202,098	5,374	189,401	(7,323)
31,569	32,971	1,402	31,887	318	Interest & Financial Expense	103,593	95,109	(8,484)	91,339	(12,254)
27,814	79,379	51,565	61,194	33,380	Operating Expenses	137,338	186,172	48,834	166,610	29,272
9,611	10,097	486	8,328	(1,283)	Legal and Professional	52,904	50,808	(2,096)	46,750	(6,154)
8,495	21,743	13,248	8,789	294	Employee Related Expenses	39,482	62,687	23,205	42,799	3,317
2,720,098	2,674,151	(45,947)	2,578,231	(141,867)	Operating Expenses Total	7,202,709	7,188,919	(13,790)	6,681,733	(520,976)
(937,796)	(915,424)	(22,372)	(899,743)	(38,053)	Operating Cash Inflow/(Outflow)	(2,136,339)	(2,130,794)	(5,545)	(1,892,227)	(244,112)
					Capital Related					
91,041	46,017	45,024	47,685	43,356	Investment Income - Reserves	261,735	136,657	125,078	141,611	120,124
(5,000)	(5,107)	107	(5,000)	0	Investment Fees	(15,000)	(14,555)	(445)	(14,250)	(750)
0	0	0	(15,214)	15,214	Investment - Realized Gain (Loss)	(257,070)	0	(257,070)	(15,214)	(241,856)
(599,086)	0	(599,086)	(1,211,576)	612,490	Investment - Unrealized Gain (Loss)	(508,375)	0	(508,375)	(1,320,091)	811,716
0	0	0	0	0	Club Contributed Capital	0	0	0	14,622	(14,622)
321,100	359,220	(38,120)	331,100	(10,000)	Asset Preservation Fee	1,253,960	1,191,336	62,624	1,072,900	181,060
81,269	82,009	(740)	96,052	(14,783)	Estimated Reserve Fund Allocation	242,984	245,008	(2,024)	287,921	(44,937)
23,425	0	23,425	0	23,425	Gain/(Loss) on Asset Disposal	20,650	0	20,650	30,000	(9,350)
(425,891)	(440,440)	14,549	(363,568)	(62,323)	Depreciation Expense	(1,257,173)	(1,235,256)	(21,917)	(1,107,477)	(149,696)
(513,142)	41,699	(554,841)	(1,120,521)	607,379	Capital Related Total	(258,289)	323,190	(581,479)	(909,978)	651,689
(1,450,938)	(873,725)	(577,213)	(2,020,264)	569,326	Revenues Over/(Under) Expenses	(2,394,628)	(1,807,604)	(587,024)	(2,802,205)	407,577

Recreation Centers of Sun City West, Inc.
Financial Statement Notes
September 30, 2023

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - September was unfavorable to Budget by \$577K and favorable to Prior Year (hereinafter PY) by \$569K. Year to date (hereinafter YTD) was unfavorable to budget by \$587K and favorable to prior year by \$408K.

NET OPERATING CASH INFLOW/(OUTFLOW) - September was unfavorable to Budget by \$22K and unfavorable to PY by \$38K. YTD was unfavorable to Budget by \$6K and unfavorable to PY by \$532K.

OPERATING REVENUES - September revenues were favorable to Budget by \$24K and favorable to PY by \$104K. YTD was favorable to Budget by \$8K and favorable to PY by \$277K.

Recreation - September revenues were unfavorable to Budget by \$11K and unfavorable to PY by \$10K. YTD revenues were unfavorable to Budget by \$11K and unfavorable to PY by \$9K.

Golf Fees - September revenues were favorable to Budget by \$13K and favorable to PY by \$25K. YTD was unfavorable to Budget by \$5K and to favorable to PY by \$36K. September rounds were favorable to Budget by 1,383 and favorable to PY by 961. YTD rounds were favorable to Budget by 863 and unfavorable to PY by 285.

Sports Pavilion - September revenues were unfavorable to Budget by \$16K and unfavorable to PY by \$12K. YTD unfavorable to Budget by \$12K and unfavorable to PY by \$26K.

Special Events - September revenues were favorable to Budget by \$12K and favorable to PY by \$13K. YTD favorable to Budget by \$12K and favorable to PY by \$13K.

Ancillary Revenue - September revenues were favorable to Budget by \$24K and favorable to PY by \$22K. YTD revenues are unfavorable to budget by \$2K and unfavorable to PY by \$9K.

EXPENSES - September Operating Expenses were unfavorable to budget by \$46K and unfavorable to PY by \$142K. YTD was favorable to Budget by \$32K and unfavorable to PY by \$379K.

Wages & Benefits - September expenses were unfavorable to Budget by \$13K and unfavorable to PY by \$134K. YTD favorable to Budget by \$119K and unfavorable to PY by \$296K.

Utilities - September expenses were unfavorable to Budget by \$27K and unfavorable to PY by \$34K. YTD unfavorable to Budget by \$118K and unfavorable to PY by \$140K.

Landscape Maintenance - September expenses were unfavorable to Budget by \$42K and favorable to PY by \$58K. YTD is unfavorable to Budget by \$96K and favorable to PY by \$4K.

Supplies and Services - September expenses were favorable to Budget and PY by \$10K and \$5K, respectively. YTD expenses are favorable to Budget and PY by \$37K and \$33K, respectively.

Equipment - September expenses were unfavorable to Budget by \$31K and unfavorable to PY by \$18K. YTD expenses are favorable to Budget by \$23K and unfavorable PY by \$14K.

Operating Expense - Other - September expenses were favorable to Budget by \$52K and favorable to PY by \$33K. YTD expenses are favorable to Budget by \$49K and favorable to PY by \$29K.

CAPITAL RELATED REVENUES & EXPENSES - September was unfavorable to Budget by \$555K and favorable to PY by \$607K. YTD is unfavorable to Budget by \$581K and favorable to PY by \$652K.

Investment Income - September revenues were favorable to the Budget by \$45K and favorable to PY by \$43K. YTD was favorable to Budget by \$125K and favorable to PY by \$120K.

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 September there were \$599K in realized/unrealized losses, compared to loss of \$1,504K in PY. YTD total loss are \$765K as compared to \$1,335K loss in PY.

APF Fees - September APF fees were unfavorable to Budget by \$38K and unfavorable to PY by \$10K. YTD is favorable to Budget by \$63K and favorable to PY by \$181K.

Recreation Centers of Sun City West, Inc.

Balance Sheets for month ending September 30, 2023 and June 30, 2023

	September-23	June-23
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$3,929,438	9,002,475
Accounts Receivable (net)	169,603	174,834
Notes Receivable	485,649	496,408
Inventories	196,888	210,511
Prepaid and Other Assets	472,012	508,195
Total Current Assets	5,253,590	10,392,423
Board Reserve Funds	30,988,028	31,491,738
<u>Fixed Assets</u>		
Land & Building	111,991,830	110,005,627
Furniture, Fixtures & Equipment	26,503,823	25,945,589
Vehicles	2,074,512	2,016,297
Fixed Assets	140,570,165	137,967,513
Accumulated Depreciation	(89,886,198)	(88,953,333)
Fixed Assets-Net Book Value	50,683,967	49,014,180
Construction In Progress	6,525,872	4,023,536
Total Fixed Assets	57,209,839	53,037,716
Total Assets	93,451,457	94,921,877
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	2,292,692	1,110,992
Payroll Related Liabilities	1,482,119	1,023,672
Association Events & Other Program Payables	297,319	234,617
Charter Clubs Payables	93,740	56,243
Notes Payable		
Deferred Membership Dues/Fees & Golf Revenues	33,759,095	38,886,845
Total Liabilities	37,924,965	41,312,369
<u>Members' Equity</u>		
Retained Earnings	57,921,120	51,417,357
Surplus (Deficit)	(2,394,628)	2,192,151
Total Equity	55,526,492	53,609,508
TOTAL LIABILITIES AND EQUITY	93,451,457	94,921,877

Recreation Centers of Sun City West, Inc.

Statement of Cash Flows

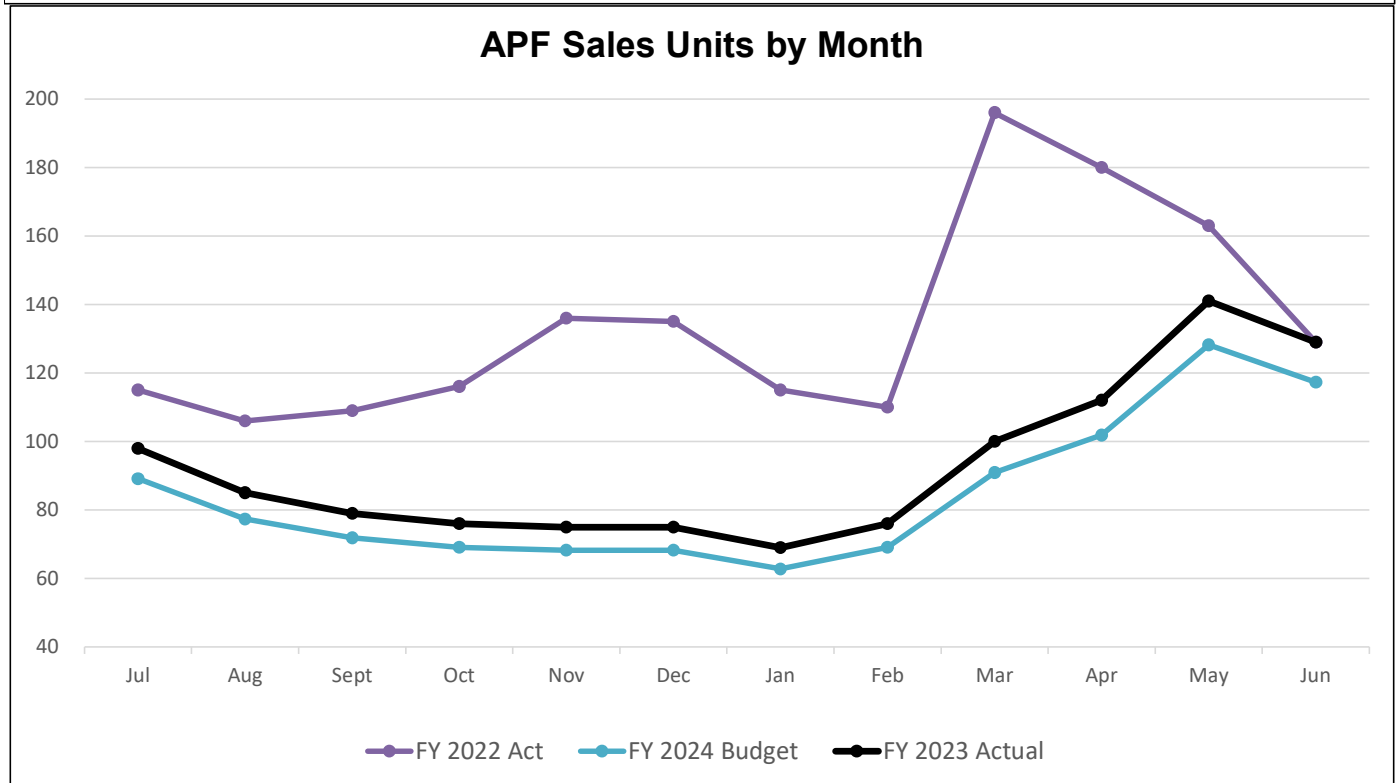
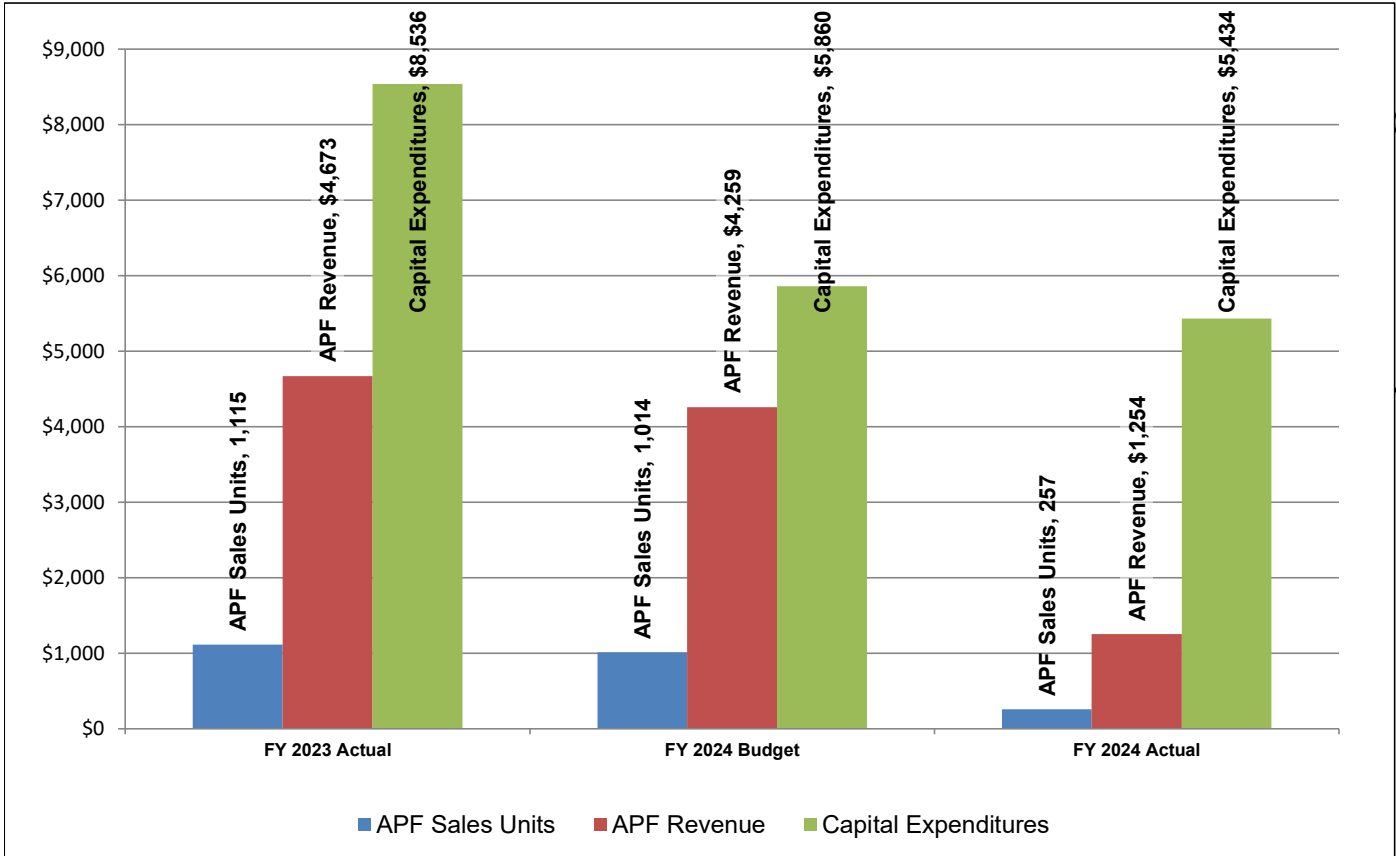
	Three Months Ended September 2023	Fiscal Year Ended June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,916,984	\$ 2,192,151
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	1,257,173	4,728,606
(Gain) / Loss on Disposals of Fixed Assets	(20,650)	(68,445)
Net (Gains) / Loss on Investments	765,445	265,765
Asset Preservation & Facility Investment Fees	(1,253,960)	(4,673,000)
Reserve for Uncollectible Accounts	-	-
Increase (decrease) in cash resulting from changes in		
Receivables (net)	15,990	91,664
Inventories	13,623	(13,764)
Prepaid expenses and other assets	36,183	(50,507)
Accounts payable and accrued expenses	1,740,346	343,027
Deferred income	(5,127,750)	610,637
	(656,616)	3,426,134
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(5,434,071)	(8,536,365)
Proceeds from Disposal of Fixed Assets	25,425	75,754
Asset Preservation & Facility Investment Fees	1,253,960	4,673,000
Cash Flow Funding Transfer (to) / from Reserves (Net)	-	3,235,740
Net (purchase) redemption of investments	(261,735)	(7,248,668)
	(4,416,421)	(7,800,539)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(5,073,037)	(4,374,405)
CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,002,477	13,376,882
CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 3,929,441	\$ 9,002,477

Recreation Centers of Sun City West, Inc.

Asset Preservation Fees & Capital Expenditures

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

September			Year to Date		
Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
70	72	(2)	257	238	19
\$ 321	\$ 359	\$ (38)	\$ 1,254	\$ 1,191	\$ 63
\$ 2,056	\$ 1,875	\$ 181	\$ 5,434	\$ 2,754	\$ 2,680



Recreation Centers of Sun City West, Inc.

Cash and Investment Balances

<u>Account</u>	<u>#####</u>	<u>% Total</u>	<u>June 2023</u>	<u>% Total</u>	<u>Change</u>
General Fund					
Petty Cash/Change Funds	12,380	0.32%	12,380	0.14%	-
Short-term Operating Cash Investments	-		4,922,617	54.68%	(4,922,617)
Checking and Sweep Account	3,917,058	99.68%	4,067,478	45.18%	(150,420)
Total Cash and Cash Equivalents	3,929,438	100.00%	9,002,475	100.00%	(5,073,037)
Reserve Fund					
<u>Cash/Money Market/CD's</u>					
JP Morgan	-	0.00%	-	0.00%	-
CapTrust	184,385	0.60%	147,401	0.47%	36,985
Total Cash Investments	184,385	0.60%	147,401	0.47%	36,985
<u>Mutual Fund Investments</u>					
Vanguard					
Fixed	-	0.00%	-	0.00%	-
Equities	-	0.00%	-	0.00%	-
CapTrust					
Fixed	28,290,189	91.29%	28,491,286	90.47%	(201,096)
Equities	2,513,454	8.11%	2,853,052	9.06%	(339,598)
Total Fund Investments	30,803,643	99.40%	31,344,337	99.53%	(540,694)
Total Reserve Funds	30,988,028	100.00%	31,491,738	100.00%	(503,710)
TOTAL FUNDS	34,917,467		40,494,213		(5,576,746)

<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	261,735	777,188	3,518,038
Advisor Fees	-	-	(181,015)
Realized Gains (Losses)	(257,070)	(416,004)	4,650,773
Un-Realized Gains (Losses) ***	(508,375)	150,239	(3,591,544)
Ending Balance	30,988,029	31,491,738	27,744,576

*** 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	25	15%
FY 2022-23	\$ 3,500	8	7	21	28	18	25	26	9	14	13	7	12	188	36	19%
FY 2023-24 Bud	\$ 3,600	7	8	20	27	17	24	24	8	13	12	6	6	171	35	20%
FY 2023-24	\$ 3,600	6	8	17										31	31	100%
														% of Budget YTD	89%	
														% of Prior Year YTD	86%	
Kachina Golf Card Sales																
FY 2021-22	\$ 895	11	21	49	99	153	67	88	60	58	29	23	16	674	81	12%
FY 2022-23	\$ 895	15	14	63	94	152	74	84	49	62	38	25	17	687	92	13%
FY 2023-24 Bud	\$ 895	15	14	59	92	148	71	82	47	59	34	23	22	666	87	13%
FY 2023-24	\$ 895	9	17	63										89	89	100%
														% of Budget YTD	102%	
														% of Prior Year YTD	97%	
Coyote Golf Card Sales																
FY 2021-22	\$ 325	15	7	22	106	166	121	108	68	51	38	26	14	742	44	6%
FY 2022-23	\$ 325	8	11	37	123	186	128	127	64	53	29	14	14	794	56	7%
FY 2023-24 Bud	\$ 325	8	11	35	123	185	128	125	63	52	28	14	6	779	54	7%
FY 2023-24	\$ 325	14	12	24										50	50	100%
														% of Budget YTD	93%	
														% of Prior Year YTD	89%	
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	1										1	1	100%
														% 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	11	19%
FY 2022-23	\$ 1,300	1	5	4	11	12	12	9	4	0	6	4	2	70	10	14%
FY 2023-24 Bud	\$ 1,339	1	5	4	11	12	12	9	4	(1)	6	4	1	66	9	14%
FY 2023-24	\$ 1,339	1	4	4										9	9	100%
														% of Budget YTD	96%	
														% of Prior Year YTD	90%	

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	299	13%
FY 2022-23	\$90/\$99	90	122	122	250	297	231	309	276	318	241	160	111	2,527	334	13%
FY 2023-24 Bud	\$ 90	40	125	125	250	300	250	300	275	320	250	175	115	2,525	290	11%
FY 2023-24	\$90/\$120	30	44	354										428	428	100%
														% of Budget YTD	148%	
														% of Prior Year YTD	128%	

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	30,699										30,712

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	182										183

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	664										661

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	774										776

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	12										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										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	53,373	18%
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	48,857	17%
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	40,861	14%
FY 2023-24		18,980	0	16,814										35,794	35,794	100%
														% of Budget YTD	88%	
														% of Prior Year YTD	73%	
Transfer Fee (Home Sale)																
FY 2021-22	\$ 275	126	124	121	119	151	133	130	116	202	196	162	130	1,710	371	22%
FY 2022-23	\$ 275	95	88	82	80	83	82	74	82	101	131	154	144	1,196	265	22%
FY 2023-24 Bud	\$ 275	96	89	83	81	84	83	75	83	103	133	156	146	1,214	269	22%
FY 2023-24	\$ 275	114	92	71										277	277	100%
														% of Budget YTD	103%	
														% of Prior Year YTD	105%	
Asset Preservation Fees																
FY 2021-22	\$ 3,700	115	106	109	116	139	135	115	110	196	180	163	129	1,613	330	20%
FY 2022-23	\$ 4,200	98	85	79	76	75	75	69	76	100	112	141	129	1,115	262	23%
FY 2023-24 Bud	\$ 5,000	89	77	72	69	68	68	63	69	91	102	128	117	1,014	238	23%
FY 2023-24	\$ 5,000	107	80	70										257	257	100%
														% of Budget YTD	108%	
														% of Prior Year YTD	98%	