

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

October 2023 and the Four Months Ended

10/31/23

Recreation Centers of Sun City West, Inc.
Summary of Revenues & Expenses
October 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					
1,213,467	1,228,365	(14,898)	1,151,865	61,602	Membership	4,816,106	4,820,061	(3,955)	4,560,077	256,029
15,961	7,835	8,126	7,462	8,499	Recreation	28,105	30,486	(2,381)	29,033	(928)
623,817	630,039	(6,222)	584,098	39,719	Golf Fees	1,623,727	1,635,201	(11,474)	1,547,685	76,042
96,169	80,921	15,248	77,067	19,102	Sports Pavilion	197,442	193,865	3,577	204,368	(6,926)
21,559	11,919	9,640	9,436	12,123	Special Events	37,062	15,640	21,422	12,364	24,698
67,247	71,922	(4,675)	74,929	(7,682)	Ancillary Revenue	231,378	238,223	(6,845)	248,414	(17,036)
11,634	10,375	1,259	9,880	1,754	Merchandise Sales (net)	13,296	28,345	(15,049)	26,997	(13,701)
40,476	30,710	9,766	29,141	11,335	Food and Beverage (net)	131,841	97,385	34,456	103,375	28,466
2,205	1,470	735	1,400	805	Interest Income - Operating	79,681	72,337	7,344	2,226	77,455
281	90	191	162	119	Other Income	549	228	321	409	140
2,092,816	2,073,646	19,170	1,945,440	147,376	Operating Revenues Total	7,159,187	7,131,771	27,416	6,734,948	424,239
					Operating Expenses					
1,518,045	1,509,020	(9,025)	1,431,864	(86,181)	Wages And Benefits	5,657,019	5,767,061	110,042	5,274,629	(382,390)
261,262	221,508	(39,754)	215,063	(46,199)	Utilities	1,121,173	963,143	(158,030)	935,093	(186,080)
170,181	196,342	26,161	169,317	(864)	Repair and Maintenance	811,386	791,663	(19,723)	696,405	(114,981)
318,796	533,463	214,667	446,398	127,602	Landscape Maintenance	1,129,108	1,248,060	118,952	1,260,524	131,416
69,110	68,802	(308)	70,426	1,316	Supplies and Services	230,159	266,847	36,688	264,097	33,938
20,107	14,871	(5,236)	35,413	15,306	Equipment	81,325	99,277	17,952	82,562	1,237
68,742	60,836	(7,906)	56,906	(11,836)	Taxes, Licenses and Insurance	265,466	262,934	(2,532)	246,307	(19,159)
46,212	42,410	(3,802)	40,640	(5,572)	Interest & Financial Expense	149,805	137,519	(12,286)	131,979	(17,826)
56,278	73,725	17,447	53,000	(3,278)	Operating Expenses	193,615	259,897	66,282	219,611	25,996
12,469	8,368	(4,101)	8,357	(4,112)	Legal and Professional	65,373	59,176	(6,197)	55,107	(10,266)
22,025	6,053	(15,972)	13,181	(8,844)	Employee Related Expenses	61,509	68,740	7,231	55,984	(5,525)
2,563,227	2,735,398	172,171	2,540,565	(22,662)	Operating Expenses Total	9,765,938	9,924,317	158,379	9,222,298	(543,640)
(470,411)	(661,752)	191,341	(595,125)	124,714	Operating Cash Inflow/(Outflow)	(2,606,751)	(2,792,546)	185,795	(2,487,350)	(119,401)
					Capital Related					
96,551	53,860	42,691	55,813	40,738	Investment Income - Reserves	358,286	190,517	167,769	197,424	160,862
(5,000)	(5,107)	107	(5,000)	0	Investment Fees	(20,000)	(19,662)	(338)	(19,250)	(750)
19,756	0	19,756	(35,161)	54,917	Investment - Realized Gain (Loss)	(237,313)	0	(237,313)	(50,376)	(186,937)
(406,600)	0	(406,600)	(70,489)	(336,111)	Investment - Unrealized Gain (Loss)	(914,974)	0	(914,974)	(1,390,580)	475,606
0	0	0	0	0	Club Contributed Capital	0	0	0	14,622	(14,622)
392,100	345,578	46,522	316,100	76,000	Asset Preservation Fee	1,646,060	1,536,914	109,146	1,389,000	257,060
81,584	82,367	(783)	96,207	(14,623)	Estimated Reserve Fund Allocation	324,568	327,375	(2,807)	384,127	(59,559)
11,682	0	11,682	7,691	3,991	Gain/(Loss) on Asset Disposal	32,332	0	32,332	37,691	(5,359)
(429,190)	(449,025)	19,835	(370,429)	(58,761)	Depreciation Expense	(1,686,363)	(1,684,281)	(2,082)	(1,477,906)	(208,457)
(239,117)	27,673	(266,790)	(5,268)	(233,849)	Capital Related Total	(497,404)	350,863	(848,267)	(915,248)	417,844
(709,528)	(634,079)	(75,449)	(600,393)	(109,135)	Revenues Over/(Under) Expenses	(3,104,155)	(2,441,683)	(662,472)	(3,402,598)	298,443

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

EXCESS OF REVENUES OVER/(UNDER) EXPENSES - October was unfavorable to Budget by \$75K and unfavorable to Prior Year (hereinafter PY) by \$109K. Year to date (hereinafter YTD) was unfavorable to budget by \$662K and favorable to prior year by \$298K.

NET OPERATING CASH INFLOW/(OUTFLOW) - October was favorable to Budget by \$191K and favorable to PY by \$125K. YTD was favorable to Budget by 186K and unfavorable to PY by \$119K.

OPERATING REVENUES - October revenues were favorable to Budget by \$19K and favorable to PY by \$147K. YTD was favorable to Budget by \$27K and favorable to PY by \$424K.

Membership - October revenues were unfavorable to the Budget by \$15K and favorable to PY by \$62K. YTD was unfavorable to Budget by \$4K and favorable to PY by \$256K.

Recreation - October 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.

Sports Pavilion - October 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 - October revenues were favorable to Budget by \$15K and favorable to PY by \$19K. YTD favorable to Budget by \$4K and unfavorable to PY by \$7K.

Food & Beverage - October revenues were favorable to Budget by \$10K and favorable to PY by \$11K. YTD favorable to Budget by \$24K and favorable to PY by \$28K.

EXPENSES - October Operating Expenses were favorable to budget by \$172K and unfavorable to PY by \$23K. YTD was favorable to Budget by \$158K and unfavorable to PY by \$544K.

Wages & Benefits - October expenses were unfavorable to Budget by \$9K and unfavorable to PY by \$86K. YTD favorable to Budget by \$110K and unfavorable to PY by \$382K.

Utilities - October expenses were unfavorable to Budget by \$40K and unfavorable to PY by \$46K. YTD unfavorable to Budget by \$158K and unfavorable to PY by \$186K.

Repairs & Maintenance - October expenses were favorable to Budget by \$26K and unfavorable to PY by \$1K. YTD is unfavorable to Budget by \$20K and unfavorable to PY by \$115K.

Landscape Maintenance - October expenses were favorable to Budget by \$215K and favorable to PY by \$128K. YTD is favorable to Budget by \$119K and favorable to PY by \$131K.

Operating Expense - Other - October expenses were favorable to Budget by \$17K and unfavorable to PY by \$3K. YTD expenses are favorable to Budget by \$66K and favorable to PY by \$26K.

Employee Related Expenses - October expenses were unfavorable to Budget by \$16K and unfavorable to PY by \$9K. YTD is favorable to Budget by \$7K and unfavorable to PY by \$6K.

CAPITAL RELATED REVENUES & EXPENSES - October was unfavorable to Budget by \$267K and unfavorable to PY by \$234K. YTD is unfavorable to Budget by \$848K and favorable to PY by \$418K.

Investment Income - October revenues were favorable to the Budget by \$43K and favorable to PY by \$41K. YTD was favorable to Budget by \$268K and favorable to PY by \$161K.

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 October there were \$387K in realized/unrealized losses, compared to loss of \$106K in PY. YTD total loss are \$1,152K as compared to \$1,441K realized/unrealized loss in PY.

APF Fees - October APF fees were unfavorable to Budget by \$47K and favorable to PY by \$76K. YTD is favorable to Budget by \$109K and favorable to PY by \$257K.

Recreation Centers of Sun City West, Inc.

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

	<u>October-23</u>	<u>June-23</u>
<u>ASSETS</u>		
<u>Current Assets</u>		
Cash and Cash Equivalents	\$1,901,002	9,002,475
Accounts Receivable (net)	165,487	174,834
Notes Receivable	496,626	496,408
Inventories	205,554	210,511
Prepaid and Other Assets	328,372	508,195
Total Current Assets	3,097,041	10,392,423
Board Reserve Funds	30,697,736	31,491,738
<u>Fixed Assets</u>		
Land & Building	112,223,443	110,005,627
Furniture, Fixtures & Equipment	26,545,021	25,945,589
Vehicles	2,074,512	2,016,297
Fixed Assets	140,842,976	137,967,513
Accumulated Depreciation	(90,315,387)	(88,953,333)
Fixed Assets-Net Book Value	50,527,589	49,014,180
Construction In Progress	7,015,522	4,023,536
Total Fixed Assets	57,543,111	53,037,716
Total Assets	91,337,888	94,921,877
<u>LIABILITIES AND EQUITY</u>		
<u>Liabilities</u>		
Accounts Payable-Trade & Other	1,159,702	1,110,992
Payroll Related Liabilities	1,154,200	1,023,672
Association Events & Other Program Payables	291,058	234,617
Charter Clubs Payables	93,740	56,243
Notes Payable		
Deferred Membership Dues/Fees & Golf Revenues	33,822,223	38,886,845
Total Liabilities	36,520,923	41,312,369
<u>Members' Equity</u>		
Retained Earnings	57,921,120	51,417,357
Surplus (Deficit)	(3,104,155)	2,192,151
Total Equity	54,816,965	53,609,508
TOTAL LIABILITIES AND EQUITY	91,337,888	94,921,877

Recreation Centers of Sun City West, Inc.

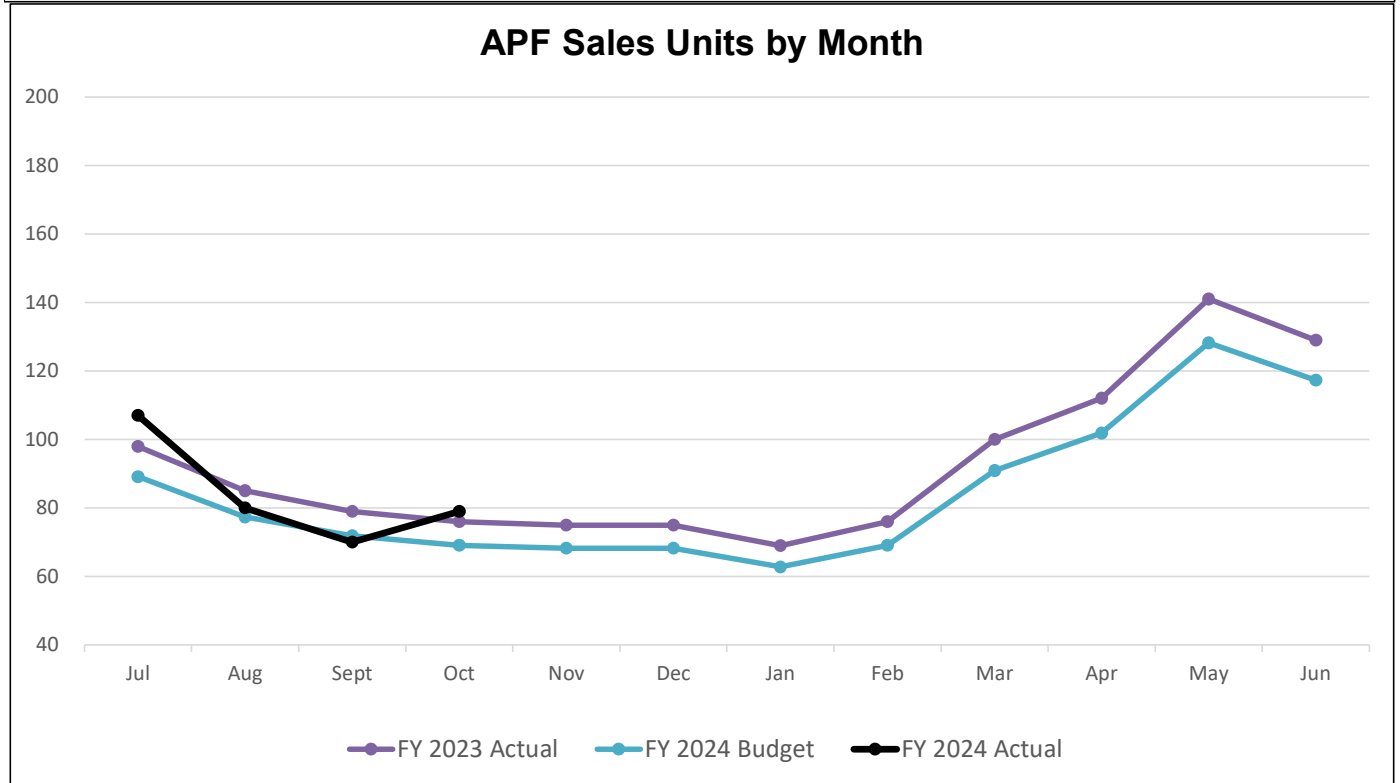
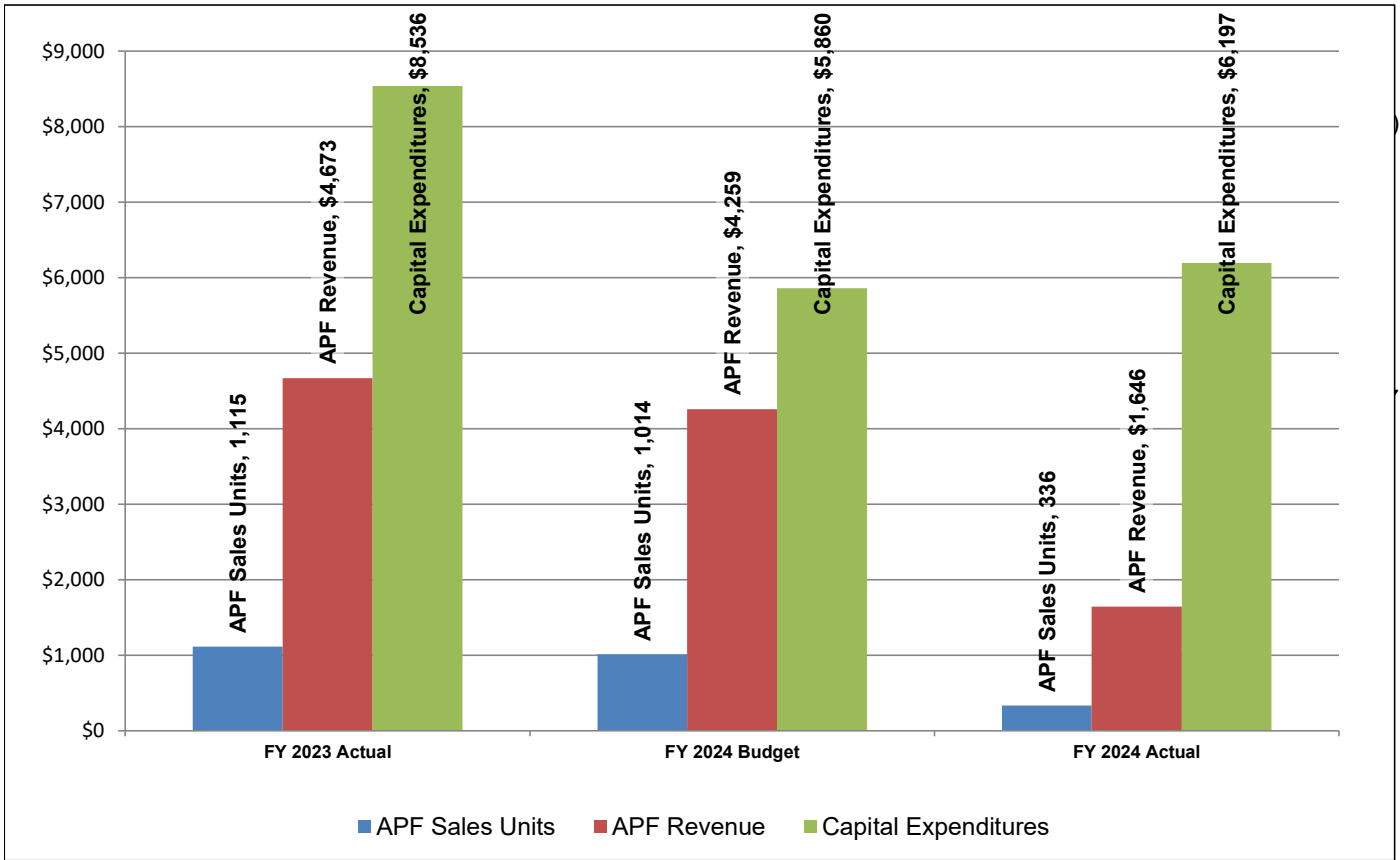
Statement of Cash Flows

	Four Months Ended October 2023	Fiscal Year Ended June 2023
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 1,207,457	\$ 2,192,151
Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities:		
Depreciation and amortization	1,686,363	4,728,606
(Gain) / Loss on Disposals of Fixed Assets	(20,650)	(68,445)
Net (Gains) / Loss on Investments	1,152,287	265,765
Asset Preservation & Facility Investment Fees	(1,646,060)	(4,673,000)
Reserve for Uncollectible Accounts	-	-
 Increase (decrease) in cash resulting from changes in		
Receivables (net)	9,129	91,664
Inventories	4,957	(13,764)
Prepaid expenses and other assets	179,823	(50,507)
Accounts payable and accrued expenses	273,176	343,027
Deferred income	(5,064,622)	610,637
Net cash provided by (used in) operating activities	(2,218,140)	3,426,134
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of land improvements, buildings and equipment	(6,196,532)	(8,536,365)
Proceeds from Disposal of Fixed Assets	25,425	75,754
Asset Preservation & Facility Investment Fees	1,646,060	4,673,000
Cash Flow Funding Transfer (to) / from Reserves (Net)	-	3,235,740
Net (purchase) redemption of investments	(358,285)	(7,248,668)
Net cash provided by (used in) investing activities	(4,883,332)	(7,800,539)
 NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS	(7,101,472)	(4,374,405)
 CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD	9,002,477	13,376,882
 CASH AND CASH EQUIVALENTS, END OF PERIOD	\$ 1,901,005	\$ 9,002,477

Recreation Centers of Sun City West, Inc.

Asset Preservation Fees & Capital Expenditures

	October			Year to Date		
	Actual	Budget	Var over/(under)	Actual	Budget	Var over/(under)
APF Sales Units	79	69	10	336	307	29
APF Revenue (000's)	\$ 392	\$ 346	\$ 47	\$ 1,646	\$ 1,537	\$ 109
Capital Expend. (000's)	\$ 762	\$ 1,055	\$ (293)	\$ 6,197	\$ 3,809	\$ 2,388



Recreation Centers of Sun City West, Inc.

Cash and Investment Balances

<u>Account</u>	<u>October 2023</u>	<u>% Total</u>	<u>June 2023</u>	<u>% Total</u>	<u>Change</u>
General Fund					
Petty Cash/Change Funds	13,700	0.72%	12,380	0.14%	1,320
Short-term Operating Cash Investments	-		4,922,617	54.68%	(4,922,617)
Checking and Sweep Account	1,887,302	99.28%	4,067,478	45.18%	(2,180,176)
Total Cash and Cash Equivalents	<u>1,901,002</u>	<u>100.00%</u>	<u>9,002,475</u>	<u>100.00%</u>	<u>(7,101,473)</u>
Reserve Fund					
<u>Cash/Money Market/CD's</u>					
JP Morgan	-	0.00%	-	0.00%	-
CapTrust	209,045	0.68%	147,401	0.47%	61,644
Total Cash Investments	<u>209,045</u>	<u>0.68%</u>	<u>147,401</u>	<u>0.47%</u>	<u>61,644</u>
<u>Mutual Fund Investments</u>					
Vanguard					
Fixed	-	0.00%	-	0.00%	-
Equities	-	0.00%	-	0.00%	-
CapTrust					
Fixed	28,050,244	91.38%	28,491,286	90.47%	(441,042)
Equities	2,438,448	7.94%	2,853,052	9.06%	(414,604)
Total Fund Investments	<u>30,488,692</u>	<u>99.32%</u>	<u>31,344,337</u>	<u>99.53%</u>	<u>(855,646)</u>
Total Reserve Funds	<u>30,697,736</u>	<u>100.00%</u>	<u>31,491,738</u>	<u>100.00%</u>	<u>(794,002)</u>
TOTAL FUNDS	<u><u>32,598,738</u></u>		<u><u>40,494,213</u></u>		<u><u>(7,895,475)</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	358,286	777,188	3,518,038
Advisor Fees	-	-	(181,015)
Realized Gains (Losses)	(237,313)	(416,004)	4,650,773
Un-Realized Gains (Losses) ***	(914,974)	150,239	(3,591,544)
Ending Balance	<u>30,697,737</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	50	30%
FY 2022-23	\$ 3,500	8	7	21	28	18	25	26	9	14	13	7	12	188	64	34%
FY 2023-24 Bud	\$ 3,600	7	8	20	27	17	24	24	8	13	12	6	6	171	62	36%
FY 2023-24	\$ 3,600	6	8	17	33									64	64	100%
														% of Budget YTD	103%	
														% of Prior Year YTD	100%	
Kachina Golf Card Sales																
FY 2021-22	\$ 895	11	21	49	99	153	67	88	60	58	29	23	16	674	180	27%
FY 2022-23	\$ 895	15	14	63	94	152	74	84	49	62	38	25	17	687	186	27%
FY 2023-24 Bud	\$ 895	15	14	59	92	148	71	82	47	59	34	23	22	666	179	27%
FY 2023-24	\$ 895	9	17	63	100									189	189	100%
														% of Budget YTD	105%	
														% of Prior Year YTD	102%	
Coyote Golf Card Sales																
FY 2021-22	\$ 325	15	7	22	106	166	121	108	68	51	38	26	14	742	150	20%
FY 2022-23	\$ 325	8	11	37	123	186	128	127	64	53	29	14	14	794	179	23%
FY 2023-24 Bud	\$ 325	8	11	35	123	185	128	125	63	52	28	14	6	779	177	23%
FY 2023-24	\$ 325	14	12	24	139									189	189	100%
														% of Budget YTD	107%	
														% of Prior Year YTD	106%	
CNP Frequent Play Card Sales																
FY 2021-22	\$ 1,400	0	1	0	2	4	1	4	2	0	1	0	0	15	3	20%
FY 2022-23	\$ 1,500	0	0	0	1	0	3	3	1	0	0	0	0	8	1	13%
FY 2023-24 Bud	\$ 1,500	0	0	0	1	4	3	3	1	0	0	0	0	11	1	8%
FY 2023-24	\$ 1,500	0	0	1	1									2	2	100%
														% of Budget YTD	210%	
														% of Prior Year YTD	200%	
Twilight Golf Card Sales																
FY 2021-22	\$ 1,300	3	5	3	8	9	9	9	4	5	1	1	2	59	19	32%
FY 2022-23	\$ 1,300	1	5	4	11	12	12	9	4	0	6	4	2	70	21	30%
FY 2023-24 Bud	\$ 1,339	1	5	4	11	12	12	9	4	(1)	6	4	1	66	20	30%
FY 2023-24	\$ 1,339	1	4	4	8									17	17	100%
														% of Budget YTD	85%	
														% of Prior Year YTD	81%	

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	512	22%
FY 2022-23	\$90/\$99	90	122	122	250	297	231	309	276	318	241	160	111	2,527	584	23%
FY 2023-24 Bud	\$ 90	40	125	125	250	300	250	300	275	320	250	175	115	2,525	540	21%
FY 2023-24	\$90/\$120	30	44	354	241									669	669	100%
														% of Budget YTD		124%
														% of Prior Year YTD		115%

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	30,764									30,725

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	184									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	677									665

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	793									780

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									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	64									68

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	81,735	28%
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	78,586	27%
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	71,587	25%
FY 2023-24		18,980	0	16,814	30,684									66,478	66,478	100%
														% of Budget YTD	93%	
														% of Prior Year YTD	85%	
Transfer Fee (Home Sale)																
FY 2021-22	\$ 275	126	124	121	119	151	133	130	116	202	196	162	130	1,710	490	29%
FY 2022-23	\$ 275	95	88	82	80	83	82	74	82	101	131	154	144	1,196	345	29%
FY 2023-24 Bud	\$ 275	96	89	83	81	84	83	75	83	103	133	156	146	1,214	350	29%
FY 2023-24	\$ 275	114	92	71	76									353	353	100%
														% of Budget YTD	101%	
														% of Prior Year YTD	102%	
Asset Preservation Fees																
FY 2021-22	\$ 3,700	115	106	109	116	139	135	115	110	196	180	163	129	1,613	446	28%
FY 2022-23	\$ 4,200	98	85	79	76	75	75	69	76	100	112	141	129	1,115	338	30%
FY 2023-24 Bud	\$ 5,000	89	77	72	69	68	68	63	69	91	102	128	117	1,014	307	30%
FY 2023-24	\$ 5,000	107	80	70	79									336	336	100%
														% of Budget YTD	109%	
														% of Prior Year YTD	99%	