



FINANCE COMMITTEE MEETING DRAFT REPORT

June 11, 2020

Mezzanine Room | Northwoods Clubhouse

ATTENDANCE Via Zoom Video Conference Call

Members: Mahoney (Chair), Ravano, Eyton-Lloyd, Watson, Bonzon, Melia

Absent: Dundas, Anderson, Miller

Ex-officio Members: Dunn (Interim DFA)

Board Liaisons: Connors, Koenes

GPC Liaison: Lindgren

TDA Members: Colbert

TDA Staff: Bennett

AGENDA ITEMS

1. **Call to Order / Call for Quorum:** Meeting called to order by Mahoney, Chair, at 3:02 p.m. 6 Member quorum present.
2. **Approval of Agenda:** Motion to approve Agenda, Eyton-Lloyd 1st, Bonzon 2nd; passed 6-0.
3. **Approval of Committee Report, April 9, 2020:** Motion to approve Report, Ravano 1st, Bonzon 2nd; passed 6-0.
4. **Member and Committee Member Comments:** None
5. **Financial Update:**
 - a: 2020 Re-Forecast: Dunn provided an overview of the progress of re-forecasting the financials for 2020, highlighting several of the larger differences versus the approved 2020 budget. These included the cancelation of the day camps and special events, the reduction in banqueting revenues, lower Recreation Fee sales, lower daily access fees, and reduced activity at the Lodge and the equestrian facility. On the expenses side, payroll is significantly lower than budget YTD and will remain so for the full year. This, combined with lower COGS, should allow TD to end the financial year on or slightly ahead of budget, provided December's weather is good for skiing, and also allow TD not to have to use the contingency fund.

Dunn also walked through some accounting issues he feels need to be revised, such as the recognition of recreation fees into income and overhead expense using a monthly allocation formula which reflects the budget rather than forecasted expenses, which are significantly different from budget this year and mean that TD has over accrued income YTD. Dunn proposed to run a true-up now rather than wait until year end which has been the

prior practice. Dunn also recommended that management revisit the daily use fees to help reduce the losses of some amenities. Finally, Dunn took the opportunity to comment on the outstanding support he has received from Melanie Rives. Mahoney agreed and suggested that Rives be a permanent invitee to the Finance Committee meetings.

b. 2021 Budget Process: Dunn proposes to run the 2021 budget process in a bottoms-up manner since this year's expenses will not serve as a valid or useful benchmark. With personnel expenses being 75% of total expenses, he feels that focussing closely on head-count by department will produce the best result for 2021. Dunn also said he is building an interactive model that will allow for "what if?" questions and scenarios.

c. Accounting Systems: Dunn shared his early impressions of TD's accounting systems, highlighting that both the software and the hardware were fragile and either at or beyond their useful lives. He intends to start a fuller review process now, leading to solid recommendations by year end, followed by a bidding process and implementation. Together with consultants to help with the changeover including cloud backup, he opined that the cost range would be in the \$200-400k range. Connors expressed his thanks for Dunn's early contributions as well as his concurrence with the plan to move to new accounting systems.

6. Recurring Tasks: Review of Financial Resolutions: Bonzon advised the Committee that the working group planned to start meeting next week and that there were 6 policies requiring review during 2020, which he felt was very manageable.

7. Special Tasks Reports:

a. Improving Periodic Reporting: Mahoney reported that the issue had been deferred pending the arrival of the Interim DFA, and he would like to get on Dunn's calendar to start the conversation. Dunn agreed that the current reports were currently overwhelming and that he is thinking about whether he can condense the real information down to 10 pages.

b. Downhill Ski Lodge Task Force: Mahoney informed the Committee that the project was behind plan due to management focusing on the safe and quick re-opening of amenities and to the unavailability of key staff (e.g., Robbie McClendon, Downhill Ski Area Manager) who have been furloughed.

c. Adjacent Real Estate Valuations: Discussion deferred to next meeting.

d. Long-Term Building Replacement Fund Alternatives: Watson informed the Committee that the work had been put on hold pending the selection of new Board Directors.

e. Replacement Reserve Fund Item Risk Assessment: Eyton-Lloyd said the work had not yet started due to the unavailability of Sloane. Connors asked the the group also look at items which are included in the Reserve Study but are seriously underfunded because the reserve funding was not commenced soon enough.

8. Quick Updates:

- a. Investment Working Group: Mahoney said that the group would like to get together with Dunn to discuss this as soon as he has the time to focus on it.
- b. Accounting software: Dunn said the the payroll and POS data still have to be physically converted to journal entries so that can be inputted into the General Ledger.
- c. FICA Tax Resolution: Ravano said she had talked with Rives and that the documents they needed would have to be retrieved from storage which Ravano intends to do next week. Ravano offered to meet with Dunn to provide the background and the way forward.
- d. Sacramento Lobbying: Ravano and Koenes told the Committee that lobbying generally had ground to a halt due to Covid-19.

9. New Business:GPC Liaison Report:

- a. Lindgren said that GPC had been focused on the trails plan and a proposal to allow e-bikes to use the trail system, that the long-term planning document was on hold until the new GM is in place, and that she was working with Miller on the land valuation issues.
- b. 5501 Committee Report: Connors reported that the last meeting had gone well, but that reconciling investments was still an area of concern for him. Watson reported that the Committee had also discussed delinquent assessments and had asked Rives to elicit more information from Platinum, our external collection firm, about the details of their process in order to determine whether we are being tough enough. Connors also asked Dunn to review the adequacy of the reserve for bad debts on delinquent assessments.

10. Next FC Meeting: July 9, 2020, 3:00 - 4:30 p.m., most likely via Zoom.

Koenes suggested that the Committee look at deferring the meeting by one week which would allow the new GM to attend. Mahoney and Bennett will check re availability.

11. Adjournment: Mahoney called for a motion to adjourn; 1st Bonzon, 2nd Melia; passed 6-0. The meeting was adjourned at 4:12 pm.

Prepared and Submitted by Terry Watson, Recorder, Finance Committee