



## FINANCE COMMITTEE MEETING

### FINAL REPORT

July 18, 2024

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (4):** The Chair (Niedringhaus) called the meeting to order at 3:00 pm PDT after noting that a quorum was present

**Attendees (All attendees present on either Zoom Video Conference Call or in person at Northwoods Clubhouse):**

Members: Niedringhaus, Kodres, Rudolph, Vietor, Ravano

Absent: Leibow, Falk

Staff Lead: Steve Hogan (Controller)

Board Liaison(s): Steve Mahoney (Absent)

LRPC Liaison to FC: Dan Simmons

TDA Staff: Annie Rosenfeld (General Manager), Justin Malley (Director of Finance)

Member(s): Min Yi, Member who indicated she was attending as an observer.

2. **Member and Committee Member Comments:** A request was made by the Chair for comments by any Member or Committee Member who wished to do so. No Member comments were forthcoming.

3. **Follow-up Items:**

a.) Approval of the May and June 2024 Finance Committee Minutes. The Chair indicated that reports were being prepared and would be presented for committee comment and approval.

b.) Golf budget/actuals breakout of maintenance versus operations will be reviewed during the financial presentation. Separate line items have been created.

c.) Update on how the annual assessment is reflected in the Member Equity section. Will be reviewed as part of the financial presentation.

4. **Committee Management:**

1. **Recurring Tasks - Presentation and Discussion of June 2024 Financial Results:**

Mr. Hogan reviewed June results. Highlights are:

- a. June NOR results were -\$940,682 which was unfavorable to budget by \$16,690. Year-to-date, NOR loss was \$3,264,316 and favorable to budget by \$7,466. Results are attributable to unfavorable late season weather conditions and cart path construction which impacted golf course operations. Lodge and summer F&B operations were also negatively impacted due to the golf

course's delayed opening and limited operation (9 holes only). However, Marina operations benefited with increased visitation.

- b. DHS Lodge construction continues with the foundation work progressing.
- c. Golf accounted for reduced operating revenue but savings in total costs including payroll offset the negative \$93,793 revenue budget variance with a \$77,103 favorable variance to budget in expenses.
- d. Compared to the first 6 months of 2023, revenue is down -\$78,279 and NOR is down -\$662,880 (24.5%).
- e. Operating revenue comparisons to budget:
  1. Golf: -\$103,823
  2. Tennis Center: \$8,563
  3. Marina Consolidated: \$41,611
  4. F & B: Lodge: -\$49,517; ACAC: \$10,555; POTH: \$2,022; Marina F&B: \$23,098; Summer F&B: -\$6,377

Having only 9 holes of golf available caused multiple negative impacts to food/beverage revenue and other ancillary services.

- f. Cost of Goods Sold ("COGS") was at a level of 34.5% compared to a budgeted level of 34.2%. Food COGS at 34.5% was offset by favorable variances in Beverage COGS and Retail COGS.
- g. Total payroll and burden were favorable by \$3,371 to budget. Vacant positions have been filled and there are continued savings in Oen Space/Trails.
- h. Other Operating Expenses were favorable to budget by \$70,846 with several line items offsetting positive and negative variances. A discussion was held on Defensible Space accounting (operating expense versus capital expense) to better understand the charges and plan for the 2025 budget cycle. The FC also had a brief review of employee housing expenses.

2. **General Discussions:** Labor to revenue statistics for F&B as well as the F&B comparisons to budget were major discussion topics between the FC and staff. Providing F&B services efficiently while balancing the need for member satisfaction were discussion topics. Discussions occurred on capital fund investment schedules, laddering, and how these schedules could be made to correspond with outflow need vis-à-vis the downhill ski lodge. Staff discussed data variables that could be used in the planning and reporting process with the FC. The planning process for 2025 has begun with first drafts of the operating budget due by 7/19 from managers. Capital planning is in preliminary stages. An update on the amenity access policy discussions was presented by Mr. Malley.
3. **Ski Lodge Update:** The building has been demolished and recycling of materials is occurring. Foundation work has begun.
4. **Long Range Planning Update:** Dan Simmons provided a brief update on the LRPC and their focus on the Northwoods Campus report which is coming out in the next month or so.

5. **Finance Committee Working Groups:** The Chair provided his thoughts on the groups and how he perceived their interaction with the FC, staff and Board. Ms. Kodres updated the group on the FAQ project, noting that a productive meeting with staff had occurred with the subcommittee and staff would provide edits as a next step.
  
5. **Follow-up Items:** Additional information on golf passes and guest passes/fees. Determine meeting date for Investment sub-committee.
  
6. **5501 Meeting Attendance:**
  - a. July: Falk
  - b. August: Niedringhaus
  - c. September: TBD
  
7. **Next FC Meeting:** August 15th, 3:00-4:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom.

**Adjournment:** A motion was made to adjourn (Niedringhaus) and seconded (Kodres). The meeting was concluded at 4:58 pm PDT with a unanimous vote.

Prepared and submitted by Michael Rudolph, Vice Chair, Finance Committee