



FINANCE COMMITTEE MEETING

FINAL REPORT

November 21, 2024

Northwoods Clubhouse, Mezzanine Room and Zoom

1. **Call to Order / Call for Quorum (4):** The Vice Chair (Rudolph) called the meeting to order at 3:10 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: Leibow, Rudolph, Vietor, Ravano

Absent: Niedringhaus, Falk, Kodres

Staff Lead: Justin Malley (Director of Finance)

Board Liaison(s): Not Present

LRPC Liaison to FC: Simmons

TDA Staff: Annie Rosenfeld (General Manager),

Member(s): Jay Wertheim (Prospective Finance Committee candidate)

2. **Member and Committee Member Comments:** A request was made by the Vice 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 October 2024 Finance Committee Minutes. The Vice Chair indicated that all drafts had been circulated for comment prior to the meeting. A motion to approve the Minutes was made with Ms. Vietor providing a 1st with Ms. Ravano providing a 2nd. A unanimous approval resulted, and the Minutes would be forwarded for inclusion in the Board package.

b.) Cost of Goods Sold ("COGS") review is ongoing. We will see some discussion in the financial review for this month and further detail will occur by December year end.

c.) Payroll errors from vendor transition. This issue has been reviewed by Finance Staff. McClintock is also researching discrepancies and will be part of the mid-year audit. The issue is not deemed material but will need further investigation to determine a resolution and any action items.

d.) Ski Lodge: Delays have been encountered with foundation work and underground water issues. Current projections indicate that the delays can be made up and project is generally on track for completion dates.

4. Committee Management:

1. Recurring Tasks - Presentation and Discussion of October 2024 Financial

Results: Mr. Malley reviewed October results. Highlights are:

- a. October NOR results of -\$1,301,765 was unfavorable to budget by \$29,864 or (-2.3%). Year-to-date, NOR loss was \$6,234,434 and unfavorable to budget by -\$18,812 (0.3%). Although results are basically flat to budget, on a YoY basis, NOR variance for YTD 2024 is unfavorable versus 2023 same period by \$886,572. Primary factors are flat revenue growth while expenses have shown a 3.6% increase (or \$706,589 higher) when compared to the same period in the prior year.
- b. Reviewing various operating revenue streams with comparisons to budget for the month of October:
 1. Golf revenue was unfavorable to budget by approximately \$24,000 principally due a decision to close the back 9 holes to do cart path re-paving. Golf retail sales were favorable to budget by \$11k and partially offset the negative variance.
 2. Tennis Center revenue was favorable to plan by \$27,000. Tennis lessons, daily usage fees and rentals all contributed to the positive variance.
 3. The Marina was favorable to budget by \$2,000 with nominally higher usage and rentals.
 4. Trout Creek Rec Center was unfavorable to budget by \$7,000 with both Daily Usage fees and retail sales being unfavorable but partially offset by favorable lessons and rentals.
 5. Bikeworks was favorable by \$25,000 with retail revenue (\$17,000 favorable to plan) being a significant portion (68%) of favorable variance. Sales of e-Bike inventory at the end of season was the main contributor to the positive variance.
 6. The Equestrian Center had a \$8,000 favorable comparison to budget for the month. Additional boarding revenue, thought to be a carryover from the Wild West event, contributed to 75% of the positive variance.
 7. Food and Beverage missed budget by approximately \$10,000 unfavorable. The principal variance was a -\$27,000 unfavorable variance to budget at the Lodge. When compared to same period YTD with prior year, total F&B revenue was approximately \$20,500 higher. The FC has had ongoing discussions with the Administrative Staff trying to better understand the causal factors for F&B performance and potential mechanisms for improvement. For example, the BOGO offers are being reviewed to simplify member pricing services and potentially expand offerings it is justified. Also, the Finance Staff will be taking a closer look at beverage categories and “shrinkage”. It is also suggested that Marketing should look at mechanisms to publish “positive news” to the membership and Truckee community about eateries in Tahoe Donner.
- c. Cost of Goods Sold (“COGS”) was at a level of 26.5% compared to a budgeted level of 12.8%. All COGS (Food, Beverage and Retail) were over budget

which is a variance from the reported favorable overall variance. Also, the total budgeted amount of 12.8% was questioned relative to the low COGS. Staff will follow up on potential discrepancies as well as why the individual categories were significantly higher than budgeted (Food COGS and Retail COGS in particular).

- d. **Operating Labor and Other Expenses:** Total payroll and burden were favorable by about \$20,000. Other Operating Expenses were unfavorable to budget by \$6,000. Staff expenses were unfavorable by \$16,000 due to workforce housing. In addition, Administration expenses were favorable by \$19k due to timing.
2. **Long Range Planning Update:** Mr., Simmons will be leaving the LRPC and a new liaison needs to be appointed for the FC. More information will be forthcoming at the next meeting.
3. **Finance Committee Working Groups:** Director Koenes needed to come up to speed on the details to address next steps for the investment working group. Additionally, Stifel will be visiting TD in January 2025 to review investment performance.
5. **Task Plan Update:** Discussion occurred on ways to support the Board and staff. Various suggestions will be incorporated in the 2025 FC task plan.
6. **Follow-up Items:**
 - a. Staff to review COGS reporting for the month and report back on findings next month.
 - b. The Director of Finance will provide an update on the payroll error status.
 - c. Capital Policies Working Group: Annie and Don to work with Board to put together a plan on policy revisions and establish a meeting schedule (carryover from the September FC meeting)
 - d. Review 2025 DRAFT task plan for the Finance Committee.
 - e. Update on the LRPC committee member change request submitted to the Board.
7. **5501 Meeting Attendance:**
 - a. December: Vietor
 - b. January 2025: TBD
 - c. February 2025: TBD
8. **Next FC Meeting:** December 19, 2:00-3:30 pm, Northwoods Clubhouse, Mezzanine Room + Zoom. **PLEASE NOT TIME CHANGE OF MEETING**

Adjournment: The meeting was concluded and adjourned at 4:35 pm with the departure of Ms Ravano and a quorum was no longer available.

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