

Semi-Annual Membership Meeting

November 12, 2018

Agenda

- Welcome and Opening Remarks
 - Membership Growth
 - Capital Spend Update
 - 2018 Financial Performance
 - 2019-2022 Financial Plan
 - Discussion of Ballot Items
 - Q&A
 - Adjourn
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- Please Remember to Vote at the table in the Lounge!

Dan Carretta

RHCC Membership Growth

	09/2016	12/2017	9/2018	9/2016-9/2018 Growth
Full Categories	208	247	279	+71 34%
Social Categories	137	136	126	(11) (8%)
Sports Categories	<u>85</u>	<u>99</u>	<u>123</u>	<u>+38 45%</u>
Total Operating Members	430	482	528	+98 23%
River Hills Resident Members	0	133	165	+165
Dining Members	40	41	53	+13 33%
LOA Members	<u>4</u>	<u>5</u>	<u>5</u>	<u>+1</u>
Total Dues Paying Members	474	661	751	+277 58%

Capital Spend Reconciliation

- 20 Lifetime Memberships sold in 2017/2018 generating \$1,200,000
- Capital Spend

Exterior Clubhouse Renovation	\$355,000
Pool Refurbishment	\$335,000
Interior Clubhouse Renovation	\$161,000
Cart Path Repair	\$94,000
Flat Roof Replacement	\$90,000
Salsco Roller/Aerator/Sprayer	\$43,000
A/C Unit Replacements	\$38,000
Tennis-Resurface/Awning/Pro Shop Interior	\$23,000
Clubhouse Door Repairs	\$19,000
Range Mats	\$19,000
Refrigerating Units	\$13,000
Ice Machine/Refrigerator	<u>\$9,000</u>
Total	\$1,199,000

Future Capital Spend Needs

- 2019 Estimated Capital Needs of \$600,000
- Golf
 - Replace Exterior Siding/Repair Water Damage on Golf Shop
 - Repair Foundation Wall at Cart Barn
 - Cart Path Repairs
 - Irrigation System (year 1 of 9 year replacement plan – 2 holes/year)
 - Course Drainage Issues (year 1 of 9 year plan – 2 holes/year)
 - Driving Range Nets
- Clubhouse/Tennis
 - Exterior Patio Furniture
 - Repave Parking Lot
 - Pro Shop Interior/Exterior Work
- Seeking \$600,000 Loan from the Bank
- 2020-2025 Capital Needs of \$200,000 Annually
- 2026 Anticipated Need of \$1.5MM for Roof Replacement, Interior Finishes and Furnishings and Pool House Refurbishments.

RHCC Financial Performance

INCOME	2016	2017	2018 Forecast	FAV (UNFAV) 2018-2019
MEMBERSHIP	\$1,630,688	\$1,695,519	\$1,789,931	+\$94,412 +5.6%
GOLF	431,579	460,154	510,162	+50,008 +10.9%
F & B	1,139,710	1,214,856	1,384,094	+169,238 +13.9%
OTHER	178,227	49,943	40,833	
TOTAL INCOME	\$3,380,204	\$3,420,472	\$3,725,020	+\$304,548 +8.9%
TOTAL EXPENSES ¹	\$3,040,740	\$3,111,979	\$3,345,845	\$(233,866) +7.5%
GROSS OPERATING PROFIT	\$339,464	\$308,493	\$379,175	+\$70,682 +22.9%
MORTGAGE INTEREST	100,178	76,146	72,376	
LEASE INTEREST	11,431	10,365	25,284	
DEPRECIATION	360,429	334,763	345,174	
NET INCOME	\$(132,574)	\$(112,781)	\$(63,659)	+\$49,122 +43.6%

¹-COGS, Payroll, Operating Expenses, Undistributed Expenses

2019-2022 Financials Key Assumptions

- Proposed Dues Increase is Approved
- Annual Membership Growth

Associate Full	45 (2017-58, 2018-55)
Associate Sports	25 (2017-26, 2018-33)
RH Residents	30

- Retention Rates through 2022
 - Associate Full- 57% Retention
 - Associate Sports- 65% Retention
 - RH Residents-53% Retention
- 2% Annual Income in Operating Expenses
- COGS-Food at 40%

RHCC Financial Plan 2019-2022

INCOME	2018 FORECAST	2019	2020	2021	2022
MEMBERSHIP	\$1,789,931	\$2,045,262	\$2,253,504	\$2,506,506	\$2,672,868
GOLF	510,162	556,009	581,538	606,174	624,861
F & B	1,384,094	1,472,821	1,533,019	1,594,572	1,657,273
OTHER	40,833	20,015	16,781	16,784	16,787
TOTAL INCOME	\$3,725,020	\$4,094,107	\$4,384,842	\$4,724,036	\$4,971,789
TOTAL EXPENSES	\$3,345,845	\$3,466,847	\$3,578,918	\$3,694,746	\$3,814,397
GROSS OPERATING PROFIT	\$379,175	\$627,260	\$805,924	\$1,029,290	\$1,157,392
MORTGAGE INTEREST	72,376	68,757	65,319	62,053	58,950
LEASE INTEREST	25,284	24,020	22,819	21,678	20,594
DEPRECIATION	345,174	372,979	372,979	372,979	372,979
NET INCOME	\$(63,659)	\$161,504	\$344,807	\$572,580	\$704,869

Ballot Item #1

- In order to become a Dining Member, one must belong to the Club for a minimum of 10 years. Current Dining Members will be grandfathered and not impacted by this change. This change is necessary in order to help manage dining room access for all membership categories. This revision will become effective on November 19th, 2018.

Ballot Item #2

- In 2019, many of our new River Hills Resident Members, Associate Full Members and Associate Sports Members will have their 2 Year Promotional Dues Pricing expire. There will be a total of two increases in dues, this being their first increase.
- Their Dues will change as follows:
 - RH Residents will move from Semi-Annual Dues of \$400.00 to \$700.00
 - Associate Full Dues will move from \$274.00/month to \$374.00/month
 - Associate Sports Dues will move from \$144.00/month to \$204.00/month
- We have determined that the Club needs approximately \$200,000 annually to meet the forecasted Capital needs and properly maintain the Club and not require us to creatively fund Capital projects in the future. Thus, we are proposing that \$17,000 per month be allocated from our Operating Cash Flow to a Capital Reserve Account, in order to meet our ongoing Capital needs. In order to fund this monthly allocation to a Capital Reserve Account, we are recommending an increase in Dues, as follows:

Membership Type	Current Monthly Dues	Monthly Dues Effective January 1, 2019
Full Members	\$449.00/month	\$469.00/month (4.4%)
Sports Members	\$249.00/month	\$264.00/month (6.0%)
Social Members	\$149.00/month	\$159.00/month (6.7%)

- It is important to recognize that the Club has not had a Dues increase since 2014, despite rising Wages, Healthcare Costs and Operating Costs. These Dues increases will enable the Club to fund over \$200,000 of annual Capital improvements.

Thank You

Questions