

2009 FINANCE REPORT

The 2009 fiscal year proved to be very challenging for the Finance Committee. Issues addressed included Clubhouse improvements, membership categories and incentive programs, Club insurance, term loan negotiations, the development of a 5 year risk analysis, initiation payments, cash flow monitoring, property taxes and budget development. Due to the change in the economy, the Committee dealt with controlling revenues and expenses while addressing necessary improvements to enhance the Club and meet operational requirements.

Approved Clubhouse improvements addressed during the winter and spring months were closely monitored and completed within budget. As recommended by the Membership Committee, the Finance Committee fully supported the change in the youth adult category from 25 to 35 years of age to 25 to 40. This resulted in an increase in participation providing the opportunity for additional potential initiation commitment. By April, it was apparent that Adult Membership revenue would be significantly less than budget due to a reduction in active participation from 632 in 2008 to 582 in 2009. This resulted in the Board's decision to request management to develop a 5 Year Risk Analysis Report.

Upon review of all expense categories, the Committee agreed to tender the Club's insurance package. A decision was made to accept the Signature Golf program which provides the Club with the most diversified coverage at the best price. The Club is eligible for a 7.5% reduction in cost for 2010 based on "good" performance. The Committee also met with representatives of the Royal Bank of Canada to review our Line and Credit and Term Loan. Through the negotiation process, an agreement was made to provide the Club with a \$400,000 Line of Credit in the form of a revolving demand facility at prime plus .5%. In addition, a \$700,000 variable rate term facility was approved at prime plus .8%. The term loan is based on monthly interest payments plus an annual 10% principle payment of \$70,000. During the season, the Club received initiation payments from 22 existing members paying their initiations over time, as well as 29 new initiations committing to \$ 9,000 per adult. This includes the 8 initiations as per the Hole 3/4 agreement with Mair Mills.

As mentioned in previous Financial Reports, property taxes for golf courses have increased dramatically due to the Municipal Property Assessment Corporation (MPAC) establishing a different means of appraising golf course properties. Our Club is a member of the National Golf Course Owners Association. The NGCOA is actively lobbying MPAC and the Ontario Government on behalf of its members. A final decision has yet to be made. This season was the third of a four year conversion from buying to leasing our equipment. The leasing costs are recognized annually in our Operating Budget. This conversion to leasing is enabling the Club to benefit from the latest technology while addressing cash flow.

In September, the Finance Committee addressed the 2010 budget. Due to the reduction in adult members, a decision was made to increase the adult dues from \$1,750 in 2009 to \$1,950 in 2010. To accommodate this increase, it was agreed to expand the payment plan from three to four installments. The 2009 Financial Statements will be available to the membership upon request.

As Treasurer and Finance Committee Chair, I wish to sincerely thank Bob Allan, Glenn Grosset, Gary Hooper, John White, Office/Accounting Manager, Jill FitzPatrick and G. M., Jim Malley for their valuable input and commitment to the many challenging issues addressed this season.

Respectfully submitted ,
Barbara Bartlett

Treasurer and Finance Committee- Chair