

TURNER VALLEY GOLF COURSE
2018 Financial Report to the Members
Annual General Meeting
April 27, 2019

Introduction

I hope everyone has had an opportunity to review the 2018 Audited Financial statements for the Turner Valley Golf Course. I have a few slides that I would like to present to you and I will be brief. If you have specific questions, I hope that I or JD will be able to answer them. If I go to fast let me know. I know this is History and it can be boring.

I was hoping to stand here and give all a glowing financial report but Mother Nature killed that in September of last year

Balance Sheet

Accounts Receivable increase over last year is a timing issue and has been dealt with.

Inventory is higher and is related to the early closing due to the weather. The weather prevented a couple of tournaments from being held as well as normal operations.

Restricted Cash is grant funds received but not used at yearend. These will be used by the end on May 2019. You will note the Grant advance in Liabilities to recognize our obligation to use or return these funds.

Bank and Lease Obligations

Due to the lost revenues from the weather shortened 2018 season, it was necessary to increase our overdraft facility \$100K however in reality this amounted to a \$50k increase in our total bank debt as we had repaid \$50k of our long-term debt earlier in the year.

Statement of Operations

Revenues were down as a result of a weather shortened season. Based on 2017 revenues we were down 155K in September and 30K October. Operation took actions to mitigate as much as possible the financial impact of the early course closure.

Pro shop expenses were down 22% from the previous year due to a shortened season and actions taken prior and during the season to manage expenses more effectively.

Inventory Turnover

This is a measurement of the effective use of the investment in inventory. The more the turnover the better use of the investment. The weather shortened season did affect turnover and did result in higher inventories. We try to mitigate the risk in inventory by returning certain inventories and off-season sales.

Operating Margin

I probably don't need to explain this. We are barely break even on our operations. We are very aware of this. Our operations people are doing their very best to manage revenues and expense without sacrificing the quality of the course or services provided.

Revenue and Expense Breakdown

This is to give you an idea how revenues and expenses generated by the operation areas.

The amounts do change a bit but proportionally they trend very much the same. There has been a steady decline in Membership revenue in Administration.

Revenue and Expense Breakdown

This is a little more detailed break down of revenue and expenses. Membership revenue is declining at a greater rate than we are able to generate replacement revenues mainly Green Fees. We are increasing the green fee rounds we are getting but at the same time green fee rates have been declining in the market.

You can also see we are managing our labour cost. Labour cost was down from 2014 despite minimum wage increase from \$10.50 to near \$15.00 per hour

Pro Shop

Tournament Revenue down as a couple did not take place as a result of the weather. Rentals were down for the same reason. The weather just affected Pro Shop operations generally. Labour costs were down as a result of weather and actions taken before and during the season. JD, Cory and staff did an excellent job.

Rental and lease expense of \$48K is the item that we have addressed as was explained in our previous communication to the membership. GPS System

Administration

Membership revenues were down. We had an increase in professional fees related to legal advice on certain issues and surveys for the land transfer with the Town of Turner Valley. Repairs and maintenance increases are common in all areas as we deal with aging infrastructure and equipment. IT and Telephone required upgrade as if it is not working it can cost us in lost bookings.

Food and Beverage

At the end of August Food and Beverage looked on their way to a banner year. Thanks again to Mother Nature it was not to be.

If we look at the revenue generated over weeks we were operating and use that as to estimate for the weeks missed, they may have realized another \$100k or more in revenue. Anyway, thanks to Kelly and her staff for a great year and we are looking forward to 2019.

Course and Grounds

We had an excellent course to play on last year until mother nature shut us down. All I have to say is Gary and his crew do an excellent job both summer and winter.

That is the end of the Finance presentation