



MEADOWCREEK  
GOLF COURSE

April 10, 2015

MCRA Members:

The annual meeting of the association will be held at 5PM on Friday, June 5 at the Osprey Meeting Room. We encourage you to attend as we will be discussing a number of important items, as well as reviewing our results for the 2014 season, and plans for 2015.

This year there is one seat open on the board of directors for election. Andy McClusky has completed his term and has generously offered to stand for re-election for a second term. The secretary will be accepting additional nominations from the membership until May 10<sup>th</sup>. Please contact our secretary, Joe Martin to submit any nominations or questions. Voting will take place at the annual meeting.

Please find attached the agenda for the annual meeting, 2015 budget as well as a copy of the accountants financial report for 2014. We have also included a copy of a working document on the MCRA Financial Forecast. These reports will be discussed at the meeting.

We look forward to seeing you on June 5!



**MeadowCreek Resort Association  
Annual membership meeting  
June 5, 2015 5PM  
Osprey meeting room**

- **President's Remarks**
- **Operations**
  - **Golf**
  - **Osprey and Pool**
- **Facilities Projects for 2015**
  - **Osprey Improvements**
  - **Sign Lighting**
- **Financial Review and Projections**
  - **Accountants report for 2014**
  - **Budget for 2015**
  - **Financial Forecast for the MCRA**
- **Secretaries Report**
  - **Approval of minutes for 2014 annual meeting**
  - **Membership Issues**
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- **Marketing Report**
- **Election Results**
- **Adjourn to Dinner at the Osprey**

**MEADOWCREEK  
Resort Association, Inc.**

**Financial Statements**

**For the Year Ended December 31, 2014**

MEADOWCREEK  
Resort Association, Inc.

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**MEADOWCREEK  
Resort Association, Inc.  
Balance Sheet  
December 31, 2014**

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ASSETS		
CURRENT ASSETS		
Cash in Bank, Checking	\$ 15,906.41	
Cash - Capital Assessments	25,249.81	
Accounts Receivable	<u>4,581.00</u>	
Total Current Assets		\$ 45,737.22
PROPERTY PLANT AND EQUIPMENT		
Common area property	177,571.00	
Irrigation system	114,175.94	
Equipment	113,969.34	
Building/facilities	152,070.00	
Capital Assessment Equipment	30,230.70	
Accumulated depreciation	<u>(171,242.00)</u>	
Total Property, Plant and Equipment		<u>416,774.98</u>
TOTAL ASSETS		<u>\$ 462,512.20</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable	\$ 3,480.10	
Income Taxes payable	-	
Payroll taxes payable	(124.11)	
Gift Card Liability	<u>24,440.97</u>	
Total Current Liabilities		27,796.96
LONG-TERM LIABILITIES		
Note Payable	15,100.00	
Total Long-Term Liabilities		15,100.00
EQUITY		
Stock	600,000.00	
Capital Investment	55,000.00	
Retained Earnings:		
- Unappropriated	<u>(235,384.76)</u>	
Total Equity		<u>419,615.24</u>
TOTAL LIABILITIES & EQUITY		<u>\$ 462,512.20</u>

**MEADOWCREEK  
Resort Association, Inc.  
Income Statement  
For the Year Ended December 31, 2014**

		<u>Ratio</u>
<b>REVENUE</b>		
Membership Dues	\$ 90,500.00	19.18%
Rec Memberships	45,042.00	9.55%
Golf/Green Fees/Osprey	312,162.03	66.16%
Indiv/Business Support	4,055.45	0.86%
Other Income	20,067.21	4.25%
Interest Income	<u>23.11</u>	<u>0.00%</u>
Total Revenue	<u>471,849.80</u>	<u>100.00%</u>
<b>EXPENSES</b>		
Salaries and wages	204,602.79	43.36%
Payroll taxes	22,817.21	4.84%
Accounting/Payroll fees	2,064.40	0.44%
Advertising	4,683.66	0.99%
Credit Card Fees	8,946.87	1.90%
Dues	3,170.23	0.67%
Equipment rental	690.80	0.15%
Fertilization/Pesticides	16,467.59	3.49%
Fuel	18,807.00	3.99%
Golf Cart maintenance	2,084.50	0.44%
Insurance	8,094.00	1.72%
Irrigation system expenses	8,177.98	1.73%
Legal/Professional fees	1,025.00	0.22%
Other Expenses	610.16	0.13%
Office Expenses	735.81	0.16%
Osprey Expenses	58,026.54	12.30%
Outside Services	1,200.00	0.25%
Postage	292.40	0.06%
Pro Shop Expenses	37,636.62	7.98%
Repairs & Maint - Equip	28,317.60	6.00%
Sand/Gravel/Sod	10,476.60	2.22%
Shop supplies	5,895.03	1.25%
Taxes - Income	30.00	0.01%
Taxes - Property	4,183.42	0.89%
Taxes - Sales	20,603.51	4.37%
Telephone	5,421.94	1.15%
Tools	686.88	0.15%
Utilities	20,671.19	4.38%
Worker's Comp Ins.	<u>-</u>	<u>0.00%</u>
Total Expenses	<u>496,419.73</u>	<u>105.21%</u>
Net Operating Income	<u>(24,569.93)</u>	<u>-5.21%</u>
Depreciation	(49,528.00)	-10.50%
Gain- Sale of Assets	<u>-</u>	<u>0.00%</u>
Net Income	<u>\$ (74,097.93)</u>	<u>-15.70%</u>

**MEADOWCREEK**  
**Resort Association, Inc.**  
**Statement of Changes in Retained Earnings**  
**For the Year Ended December 31, 2014**

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	Beginning Balance	Additions	Deletions	Ending Balance
Stock	\$ 597,500.00	\$ 2,500.00	\$ -	\$ 600,000.00
Capital Investment	-	55,000.00	-	55,000.00
Retained Earnings:				
- Unappropriated	(161,286.83) (1)	(74,097.93)	-	\$ (235,384.76)

(1) Current year income (loss)



**MEADOWCREEK**  
**Resort Association, Inc.**  
**Statement of Cash Flows**  
**For the Year Ended December 31, 2014**

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**CASH FLOWS FROM OPERATING ACTIVITIES**

Net Operating Income (Loss)	\$ (24,569.93)
Non-cash items included in net income:	
<Increase> Decrease in:	
Accounts receivable	(5,431.00)
Prepaid expenses	2,635.47
Increase <Decrease> in:	
Accounts payable	3,480.10
Payroll taxes payable	-
Benefits payable	-
Gift Card Liability	24,440.97
Income taxes payable	-

<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>	<b>555.61</b>
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**CASH FLOWS FROM INVESTING ACTIVITIES**

Property, Plant and Equipment purchases	(30,230.70)
Payments on Note Payable	<u>(10,400.00)</u>

<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>	<b>(40,630.70)</b>
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**CASH FLOWS FROM FINANCING ACTIVITIES**

Equity Contributions	2,500.00
Capital Assessments	<u>55,000.00</u>

Cash Flows From Financing Activities	57,500.00
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<b>NET INCREASE (DECREASE) IN CASH</b>	<b>17,424.91</b>
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Cash and cash equivalents - Beginning of year	<u>23,731.31</u>
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Cash and cash equivalents - End of year	<u><b>\$ 41,156.22</b></u>
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**MCRA 2015 Operating Budget  
January 2015**

Cash Basis - 2014 Budget YTD 11/30/2014							2015 Proposed Budget	Notes
INCOME	Description	YTD	%	Budgeted 14	Notes			
4000	Membership Dues	\$90,500	105%	\$86,500			\$90,500	
4005	Recreation Membership	\$45,042	100%	\$45,000			\$48,000	
4020	ProShop Golf	\$245,655	84%	\$294,000			\$250,000	
4030	Osprey Goods Sold	\$67,307	125%	\$54,000			\$67,307	
4040	Irrigation Fees	\$1,931	39%	\$5,000			\$5,000	
4024	Advertising T Boxes etc.	\$5,000	111%	\$4,500			\$0	
4070	Other Income (gifts, tips, asset sales, int., events)	\$8,845	0%	\$0			\$4,750	Sale of Property to Fillmore
	<b>TOTAL INCOME</b>	<b>\$464,280</b>	<b>95%</b>	<b>\$489,000</b>			<b>\$465,557</b>	
EXPENSE	Description	YTD	%	Budgeted 14	Notes			
BUSINESS		\$53,039	101%	\$52,484			\$54,214	
BO100	Admin Expenses							
	BO101 Advertising	\$22,086	140%	\$15,793			\$15,556	
	BO102 Postage	\$4,684	208%	\$2,250			\$2,500	
	BO103 Reg fees/Dues/Admin	\$242	96%	\$252			\$250	
	BO105 Phones	\$2,486	98%	\$2,539			\$2,486	
	BO106 Supplies	\$5,223	122%	\$4,297			\$3,195	Assumes \$75/mos Nortel Maint Fee Drops 5/15
	BO107 Processing Fees	\$86	70%	\$123			\$125	
	BO108 Computers/Software	\$8,732	152%	\$5,758			\$7,000	
	BO109 Web Hosting	\$633	0%	\$0			\$0	
	BO109 Web Hosting	\$0	0%	\$574			\$0	
BO200	Contract Services	\$1,200	50%	\$2,400			\$4,000	Assumes 20 hrs/month average
BO300	Insurance	\$8,094	120%	\$6,736			\$7,103	
	BO301 Officer Liability	\$2,701	338%	\$800			\$1,800	
	BO302 General Liability	\$5,393	91%	\$5,936			\$5,303	
BO400	Professional Services	\$1,025	68%	\$1,500			\$1,500	
	BO401 Attorney	\$0	0%	\$0			\$0	
	BO402 Accountant	\$1,025	68%	\$1,500			\$1,500	
BO500	Taxes	\$20,634	79%	\$26,055			\$26,055	
	BO501 Property	\$0	0%	\$5,000			\$5,000	
	BO502 State	\$30	100%	\$30			\$30	
	BO503 Federal	\$0	0%	\$1,025			\$1,025	
	BO504 Sales Tax	\$20,604	103%	\$20,000			\$20,000	
		<b>\$253,332</b>	<b>96%</b>	<b>\$263,284</b>			<b>\$244,426</b>	
MAINTENANCE								
MX101	Shop Propane	\$1,372	128%	\$1,075			\$1,120	
MX102	Shop Electricity	\$2,145	100%	\$2,149			\$2,309	
MX103	Shop Trash	\$911	63%	\$1,450			\$1,210	
MX104	Shop Tools	\$500	64%	\$785			\$360	
MX105	Shop R&M	\$578	116%	\$500			\$415	
MX106	Shop Supplies	\$1,361	288%	\$473			\$230	
MX107	Office Supplies	\$62	62%	\$100			\$100	
MX108	Equipment R&M	\$24,675	101%	\$24,493			\$24,600	
MX109	Equipment Rental	\$500	83%	\$600			\$500	
MX110	Diesel	\$6,633	72%	\$9,165			\$8,465	
MX111	Unleaded	\$10,467	105%	\$9,965			\$10,150	
MX112	Lubricants	\$0	0%	\$0			\$0	
MX113	Kimberland Station R&M	\$0	0%	\$600			\$800	
MX114	Kimberland Station Electricity	\$9,909	118%	\$8,381			\$7,610	
MX115	45th Pump Station R&M	\$1,317	155%	\$850			\$100	
MX116	45th Pump Station Electricity	\$5,954	92%	\$6,500			\$5,300	
MX117	Irrigation R&M	\$7,156	65%	\$10,950			\$7,050	
MX118	Course Supplies	\$2,520	124%	\$2,040			\$1,200	
MX119	Course Tools	\$135	39%	\$350			\$150	
MX120	Fertilizer	\$7,391	85%	\$8,710			\$9,040	
MX121	Pesticide & Amendments	\$10,937	124%	\$8,850			\$8,600	
MX122	Top Dressing Sand	\$5,429	109%	\$5,000			\$5,400	
MX123	Bunker Sand	\$2,995	115%	\$2,600			\$0	
MX124	Drainage material	\$0	0%	\$1,000			\$500	

	MX125 Seed & Sod	\$2,053	293%	\$700		\$1,500			
	MX126 Miscellaneous	\$1,202	437%	\$275		\$500			
	MX127 Dues & Fees	\$635	99%	\$640		\$970			
	PR100 Payroll Greens Staff	\$147,130	97%	\$151,735		\$143,098			Management and Groundskeepers (includes new assistant superintendent)
PS200	Cars	\$2,084	62%	\$3,349		\$3,349			
	CT101 Batteries	\$983	93%	\$1,058		\$1,058			
	CT102 Repairs & Maintenance	\$1,101	48%	\$2,291		\$2,291			
		\$84,008	90%	\$93,009		\$83,575			
PROSHOP		\$28,190	91%	\$31,080	Inc. PS-102 Food/Beverage of \$148.20	\$28,000			
	PS101 Merchandise	\$2,484	79%	\$3,134		\$3,134			
	PS103 Electricity	\$60	67%	\$90		\$90			
	PS104 Phones/other Utilities	\$1,710	337%	\$508	Inc. PS-107 Misc. Donation to Foodick of \$160.00	\$1,000			Four Points Communication
	PS105 Supplies	\$4,033	108%	\$3,751		\$3,751			
	PS106 General Maintenance	\$47,531	87%	\$54,446		\$47,600			
	PS107 ProShop Payroll	\$80,740	124%	\$64,946		\$67,660			
OSPREY		\$39,063	136%	\$28,756		\$28,656			
	OS101 Cost of Goods	\$495	131%	\$379		\$495			
	OS102 Pool Chemical	\$1,387	58%	\$2,376		\$4,000			Paint for pool, plus general repairs
	OS103 Pool Supplies/Maintenance	\$227	15%	\$1,544		\$0			
	OS104 Kitchen Propane	\$2,539	89%	\$2,859		\$2,859			
	OS105 Electricity	\$8,428	114%	\$7,409		\$8,650			Assumes consolidation of kitchen and pool gas supply
	OS106 Pool Propane	\$6,248	135%	\$4,624	Pergola cover	\$3,000			Repair and replacement (barbecue cover, dishwasher)
	OS107 Supplies	\$22,353	131%	\$17,000		\$20,000			
OTHER		\$2,201	0%	\$0	inc. PR Processing; Payroll for Accounting of \$451.27	\$2,600			
	Total Expenses	\$471,119	99%	\$473,723		\$452,475			
	NET PROFIT	-\$6,839		\$15,277		\$13,082			
3060	CAPITAL INVESTMENT (Assessment)	\$55,000	110%	\$50,000					
	CAPITAL OUTLAY								
	Payment for Land Acquisition	\$0	0%	\$0					
	Equipment Golf Carts	\$0	0%	\$0					POS Hardware
	Equipment Greens/Fairways/Ruff	\$25,897	98%	\$26,500	Rough\$12K, Green\$10K, Top Dsr \$1K, Blwr \$3.5K, all used	\$700			Accounting Laptop
	Facilities	\$4,000	40%	\$10,000	Pool Cover	\$5,200			Parcel K Loan Pynt
		\$29,897	138%	\$36,500		\$8,600			Total Capital
	REMAINING CAPITAL RESERVES	\$25,103		\$13,500					
	Total Expense include capital	\$501,016							



## **The Financial Forecast for the MCRA**

### **February 25, 2015**

The Meadowcreek Golf Resort properties were acquired by the association in June of 2011 for \$610,000. This exact amount of funds were raised by sale of shares to our 60 members, plus donations from a few residents who supported the effort but did not wish to join. The restaurant portion of the clubhouse was immediately sold to the Robinson LLC for \$150,000. These funds formed the seed money to begin operations of the resort. The purchase agreement allowed for operation of the resort by the seller for the 2011 season. The MCRA did make approximately \$30,000 of investments in capital improvements for new cart batteries, mowers and repairs during this season with no offsetting revenue.

The MCRA has operated the resort for three seasons independently, preparing for our fourth year in a few months. Through great efforts of our board of directors, members, volunteers and employees, we have followed very strict budgets and each year have made significant capital improvements. Our expenses to operate the resort are well below industry standards, and capital expenditures have been marginally adequate to maintain the operation.

Our revenue from operations has consisted of approximately \$90,000 from membership dues, and \$320,000 in public use of the resort. Last year our income was supplemented by the MCPOA recreation fees of \$48,000. Most of the public revenue comes from paid golf rounds, which are stable at 4000 per year. Last year, the membership supported a special assessment of \$1000 per member, creating a capital fund of \$55,000.

As of December 31, 2014, the MCRA cash reserve for operations had fallen to \$15,906 and we had \$25,156 in the capital account. If we had not raised the special assessment funds, we would have been out of funds and unable to continue our operations. Our cash deficit would have been \$13,844 (\$55,000 special assessment minus \$41,146 cash remaining 12/31/2014).

It is the conclusion of the board, that our current expense budget has very little that can be trimmed to improve our financial performance. Assuming the MCPOA is willing to continue the recreation fee, it appears that our annual income is approximately \$75,000 short of supporting our operations and providing a modest amount of capital replenishment. This problem would increase by \$50,000 to \$125,000 should the MCPOA cancel the recreation fee.

The 2015 budget has been prepared with no capital investments and bare bones expenses for operations. This approach will possibly break even on operations but will never cover depreciation and emergency expenses in a sustainable fashion.

In planning for the 2016 season and beyond, it is imperative that we find a way to increase our revenue by at least \$75,000 by some reliable plan.

#### **Options to be discussed:**

- **Dues Increase** An increase of \$1000 per year would yield \$60,000 per year and \$1250 would meet the \$75,000.
- **Recurring Annual Assessment** The amounts would be similar to the dues increase, however would apply to the dues free (Hopkin's) members as well, slightly lowering the burden to each dues paying member.
- **Increase Paid Rounds** Our average paid rounds fee is \$30/play, requiring 2000 additional rounds to generate \$60,000, and 2500 rounds to achieve the target of \$75000. These number would be between a 50% and 62.5% increase in paid rounds. The national average growth in paid rounds the last two years has been 1%. We are a rural golf course, with five competing courses within our catchment area. Price cutting has not proven to be an effective measure in our four years of experience
- **Recruit new members** Forty one new members with class A shares would generate \$75000 in new revenue. The MCRA has experienced significant turn over in new members, almost exclusively with the new members purchasing existing shares. This process brings no new revenue to the operation. Offering class C shares which are not equity might bring in some new members, but unlikely to generate a 69% increase in dues paying members

- **Ancillary Services** The board is in the process of developing a business plan to use MCRA personnel and equipment to offer landscape maintenance services and snow clearance services to members and residents of the community. Planning is the early phases at this time and potential demand for these services and revenue needs to be carefully evaluated.
- **Tournaments, special events** Our experience, with a few exceptions such as the IGA program, have not generated substantial revenue. These programs are highly desirable, but experience suggests they will not play a major role in resolving the revenue shortfall. Our ability to attract corporate events which would be more profitable is limited by our lack of onsite housing options.

There may be additional solutions to be discussed. Of the above options, only two are completely within the control of the membership. The solution may be in a combination of the options listed. The increase in paid rounds is the most attractive, but also the least likely to be achieved.





## **Class C Membership Agreement**

April 10, 2015

On behalf of the board of directors and the entire membership of the MeadowCreek Resort Association, we are pleased to welcome you to our association. We hope that you will enjoy all of the amenities and social opportunities which the resort has to offer our members. The purpose of this agreement is to understand the benefits and limitations of the class C membership. In summary:

- Class C membership does not provide equity or voting privileges to the member
- This is considered a membership with a three year term, as an annual contract, automatically renewed in January of each year. The member would have the option to continue the contract at three years or cancel at anytime. Dues already paid would not be refundable but otherwise the contract is fully able to be terminated by the member.
- The annual cost of membership is dues of \$1200. Dues are payable at the time of joining for the first year, and invoiced in January of each subsequent year
- Class C Benefits
  - Individual season golf pass
  - Membership discount on season cart rental or trail pass
  - Use of Osprey Swimming Pool complex, tennis and pickleball courts
  - Use of Winter Nordic trails, walking paths



- Participation in all MCRA social activities, dinners and meetings
  - Attendance at MCRA business meetings
- A stock option will be offered at the conclusion of the initial three year term
  - Dues paid over the term of a class C membership for three years will be available as credit towards purchase of stock
  - MCRA reserves the right to determine the terms and cost of a stock option at the time this becomes available to a class C member

Again, we welcome you to our association and look forward to your full participation in the organization. Please review this agreement and let us know if you have any questions. We would request that you sign this agreement and return a copy to us for our records. You may either mail this document, or drop it off in the Pro Shop.

James Atkinson

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President, MCRA

Class C Member