THE INTERPETATION OF THE FINANCE COMMITTEE MEETING REPORT OF JUNE 26, 2019

An earlier posted Article conveyed insight why **"we must"** become **"pro-active".** Our club's **"viability"** becomes uncertain after reading the **"Mid-Year Financials".** The commentary from our recent article **"Will Michelle Howard's Petition draw a Grievance charge"** dealing with the **"Rickey"** issue, received positive comments from readers requesting more statistical information. By highlighting the **Finance Committee Report** we provide more statistics, promoting needed **nonstop action from members.** Analyzing the information disclosed financial **"misconduct".** The wording of **"over budget/on budget"** has little meaning without seeing the budget and comparing it with last year. Reading the "mid-year financial report" is viewing a confession for **"falling-off the cliff".** Business as usual in **"unusual times"** brings misfortunes. The **Hovanec confession** starts with;

"While overall results indicate that the Club has positive variance to budget YTD, it is due to the additional revenue from membership dues over budget ($57,844) and not hiring a 3rd golf pro ($30,000).Without these factors, ***the Club would have a large deficit due to expense overruns".*** **"Mumbo/Jumbo"** demands scrutinizing.

The **"Finance Committee Minutes"** strengthened our disclosures. Our **"exposé"** describes necessary major changes to be made at Clubs during Golf and Country Club **"Declines".** The degenerations came about from overbuilding in a changing environment. **Every recommendation made for change is dead-on mark. Voting-out Mandatory Rules. Members must pay their fair share. Hiring Professionals.** Non-resident membership paying half dues cannot sustain a club, while mandatory membership paying full dues is diminishing by abandonments due to unsustainable dues increases. **"BAD MONEY DRIVES OUT GOOD MONEY".** The Club using their new power of ***"Article V Section I"*** **"leasing instead of purchasing"** avoids member voting, but it is a costly and an immature way to increase debt. Leasing is practical in businesses that can deduct the increased costs from income tax. Delaire is **"not a for profit corporation",** pays no income taxes. Our debt is too large to begin with and is a major factor creating dues increases. Endorsing a new **$8 million dollar debt** for a **"5 year strategic Plan"** worsens property values and creates more abandonments of full paying mandatory members, starting a new **"CATCH 22".**

ANALYSING THE MID-YEAR FINANCIALS WITH BIGGEST EXPENSES YET TO COME

1. **Increased dues of $57,844 compared to Budget expected to continue with more non-residents joining in 2019. We already have 109 non-residents representing 38% of our membership and our bottom line is still bleeding red ink!**
2. **Food & Beverage: Food sales YTD down by $10,099 while food cost increased $30,533.**
3. **Payroll: YTD $30,629 over budget**
4. **Month of May only: Parking service $4728 over budget. Buffet/station décor $3974 over budget. Food Inventory $68,000 /$15,000 over May 2018. $4405 over budget for fermentation pump repair**
5. **Golf Course Maintenance: YTD $7559 under budget. Without seeing the budget the number is meaningless. Important Question: how does it compare to last year? Why was that number withheld???**
6. **Golf Operations: YTD $35,507 payroll costs over budget**
7. **Administrative & General: YTD expenses are $73,072 over budget. Hovanec claims $40,432 of the YTD expenses were due to legal costs. The Clubs litigious ways forced increases from carriers for their D&O policy, from $14,400/ to $32,000 with deductibility increasing's ranging from $25,000 to $250,000, pending litigation still to come, a $250,000 deductible leaves the club vulnerable.**

YTD expenses listed in the **"Mid-Year Financial Report"** predict that management will show a "**large**" **"negative bottom line year-end".** With increased membership in excess of 400, we still lose money. That bears out we cannot afford half paying dues members without initiation fees and giving them free golf carts. It also **"invalidates"** the **$3400 Benefit analysis, which has never seen the light of day. "Mandatory Members Beware"** voting for a new **$8 million dollar debt** will worsen our ability to stay viable. First and foremost, **ALL members must pay their fair share. Increase non-resident dues to same as Residents. Borrowing $8 million with a bleeding bottom line will end in bankruptcy.** We can no longer depend on Mandatory Members who pay full dues to make-up shortfalls, they are a declining membership via abandonment now **283 down from 326.** New assessments will be coming to pay for the **underground infrastructure** and increased dues if the **$8 million dollar "5 Year Strategic Plan" passes. Our dues are already too high!!** How can we survive?

MAKE DELAIRE GREAT AGAIN

ABOLISH MANDATORY MEMBERSHIP