

BUDGET & FINANCE QUESTIONS/COMMENTS ON JULY 2021 FINANCIALS

The following summarizes input from B&F as it pertains to the July financials.

Only comment on the OPA July financials is...wow! Comparing the July 2021 YTD positive variance of \$970K to July 2019 YTD positive variance of \$309K, what else can you say. Kudos to the GM, OPA staff, and Ortt Co!

For Public Relations what is the favorable expense variance of \$7.6K. **Promotion expense, which is partially related to timing of expenses**

Will the significant favorable wages/benefits variance continue for Public Works? **No, currently for Public Works, salaries are right on target through 7/31 YTD. Payroll costs are favorable ~ \$20K. The big drivers of favorability to date are the drainage and refuse removal line items that are primarily timing.**

What is Misc. Revenue and what makes up League Fees for Pickleball. Anecdotal data on Pickleball. Sunday morning 8/22 all Pickleball Courts were occupied. One side had 20 paddles lined up waiting to play, not sure how many in waiting on the other side. Did not see any tennis players at that time in any of the lower courts.

Misc revenue is facility rental, appears to be \$2K for tournament in early July. League fees of \$1,512 to date should be reclassified to drop-ins. I have that on the list to do this month (August). So total drop ins to date are really ~ \$7,500

Questions on the Cap Summary re: Golf Maintenance/Fans. \$2,653 posted to Replacements. Several new green side cooling fans have been purchased/installed this year. Is that what the \$2,653 is for? Surely, they cost more than \$2,653 and wouldn't the expense come out of New Capital? Also, should confirm these new fans are captured in the updated Reserve Study.

The actual fans were purchased some time ago (prior fiscal year). The \$2,653 in FY22 costs are strictly the boring/electrical costs associated with installation.

What is Deferred Other of \$248K on the Balance Sheet?

Classes where we have not recognized revenue to date for Recreation and Aquatics classes, Summer Camp payment for August, golf gift certificates and rain checks, aquatics coupons that are still outstanding.

For the month of July Matt Ortt had \$22K in credit card fees. Is there an opportunity to reduce these somehow?

Not really. There are certain processors that are compatible with certain software. With that said, we have Heartland as our processor for all MOC operations. I was part of the negotiations when we arranged 40 basis points + interchange pricing which is good.

The 2%-2.5% range of gross sales is fairly typical, and of course you are going to see a big \$ number in one of the largest sales volume months of the year. The number to focus on is really your percentage of sales.

In the Yacht Club, \$0.00 posted for Insurance both for the month and YTD. However, there is a significant insurance expense, \$2,453/mo, \$7,360/ytd, posted to the Beach Club's ledger where there was none last year. Could this just be mis-allocated to the Beach Club?

I would recommend not focusing on the MOC insurance numbers. Those numbers are strictly "cash basis." I then take these payments and allocate them monthly via a straight-line basis, utilizing a prepaid expense on OPA's balance sheet.

If you look at the OPA July P&L that was distributed, insurance costs and their management fees are the primary components of the "Other Cost" that is categorized on their P&Ls.

In the Yacht Club, notwithstanding YTD Net Profit \$ exceeding last year by \$153K, Net Profit as a percentage of Sales, is lower than last year, 26.04 % vs, 28.18% for 2020. Total Expenses as a percentage of sales, 42.57% vs 38.37% are up driven mostly by labor costs, specifically for Kitchen Staff. What is contributing to the significant increase in Kitchen Staff labor? Did we question this already?

So for YTD, keep in mind that the PPP funding was applied directly against the payroll expense lines in FY21. Therefore, this would result in significantly less net labor costs during the year of the PPP (FY21), and would also support a lower percentage of total expenses as a percentage of sales.

Define Multi labor classification within Matt Ortt organization?

Multi stands for "multi-purpose" which primarily consists of bussers and barbacks.