

RECREATION CENTERS OF SUN CITY WEST



Arizona's Premier Active Adult Golf Community

FINANCIAL REPORT

March 2017 and for the 9 Months Ended

March 31, 2017

Recreation Centers of Sun City West, Inc.
Monthly Financial Reports
March 2017 and for the 9 Months Ended March 31, 2017

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REVENUES OVER/UNDER EXPENSES: For the Month of March 2017 revenues exceeded expenses by \$1,427,466 which is better than budget by \$291,396, however, compared to prior year we were worse by \$204,012.

Variance Analysis – Month of March 2017

TOTAL REVENUES: Total revenues of \$3,338,952 are above budget by \$115,008 and below prior year by \$200,267.

OPERATING REVENUES: Operating revenues are flat compared to budget and above prior year by 2.35%. Golf fees and membership are driving the favorable variance to prior year.

MEMBERSHIP: Overall membership revenues of \$1,151,364 are flat compared to budget and 2.62% above prior year. Membership Dues are 2.84% above prior year, variances in other areas were insignificant.

GOLF FEES: March golf rounds of 42,670 are above budget by 1,317 and below prior year by 49. Average revenue per round of \$29.47 is below budget by \$0.40 and above prior year by \$1.25. March average rounds per day were 1,413 compared to prior year of 1,411. Daily maximum rounds were 1,613 compared to prior year of 1,728.

SPECIAL EVENTS: Revenue of \$67,537 is above budget by \$20,486 but below prior year by \$18,197. The number of shows was consistent with prior year, the Texas Tenors show in March 2016 had net income of \$38,000.

CAPITAL RESTRICTED REVENUES:

INVESTMENT UNREALIZED GAIN (LOSS): Vanguard investments increased in market value by \$13,011 in March. The variance to prior year was a result of significant market growth in March of 2016 (up 7%) which drove unrealized gains of \$333K. Unrealized Gains and Losses are recorded in accordance with accounting rules and produce "Paper" gains / losses. Realized gains / losses occur when investments are sold. See page 11 for additional investment detail.

ASSET PRESERVATION FEE: March unit sales of 139 are 13 better than budget and below prior year by five.

EXPENSES:

WAGES & BENEFITS: Overall March expense was \$78,837 (6.56%) below budget and \$29,203 (2.67%) above prior year. Budget variance is due to lower health insurance expense, staffing vacancies, and retirements. The variance to prior year is driven mainly by a true up in the pension fund done in 2016 \$18,555. An increase in March wages is offset by decreases in overtime and health insurance expense.

OPERATING EXPENSES: Expenses for the month are below budget by 51.73% and 38.42% below prior year. Current year budget assumed similar expenditure pattern. Compared to prior year, advertising expense is down \$6,500, and patio furniture purchased last year totaled \$27,165. Some of the variances are timing related such as the periodic replenishment of the the postage machine.

UTILITIES: March expense was favorable to budget by \$24,002 (12.61%) and prior year by \$15,439 (8.50%). Part of the budget variance is due to savings related to the RH Johnson pool closure. Electric is trending lower in the Golf Maintenance as a result of reduced watering.

REPAIR & MAINTENANCE: Expenses for the month of \$59,480 are favorable to budget and prior year by \$38,086 and \$27,858 respectively. These variances were a result of the capitalization of a previously expensed well repair.

LEGAL & PROFESSIONAL: Expenses for the month of \$7,951 are \$8,355 below budget and \$10,219 below prior year. Prior year included the Storm Drain Analysis final payment \$3,446, and Level II Reserve Study \$5,000.

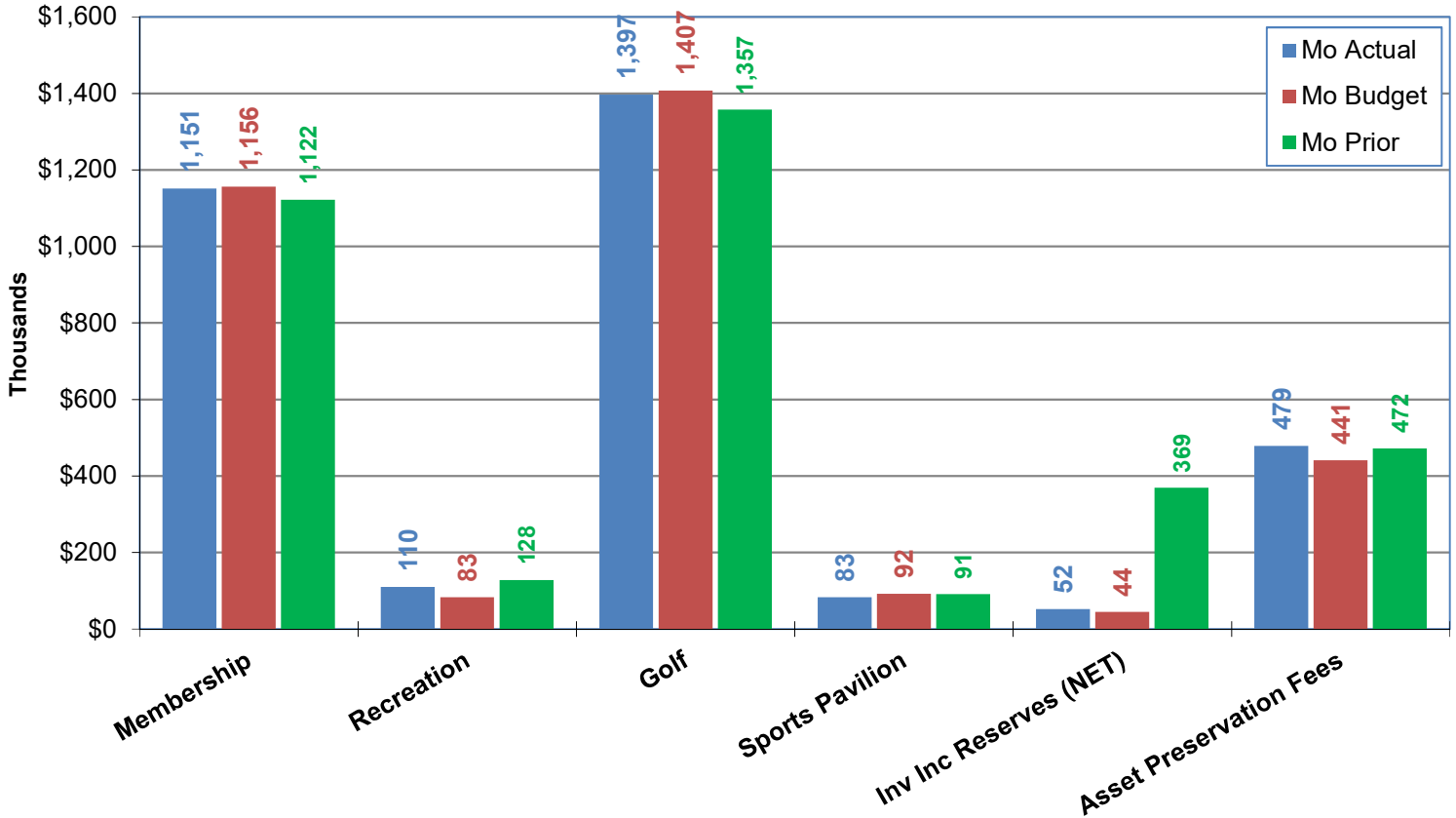
LANDSCAPE MAINTENANCE: Expenses for the month of \$67,141 are higher than budget and prior year by \$16,512 and \$24,398 respectively. The primary driver of the variances is timing of chemical and fertilizer purchases.

EMPLOYEE RELATED EXPENSES: Expenses for the month of \$17,848 are \$2,346 below budget and \$10,206 over prior year. \$5,500 of the prior year variance is timing.

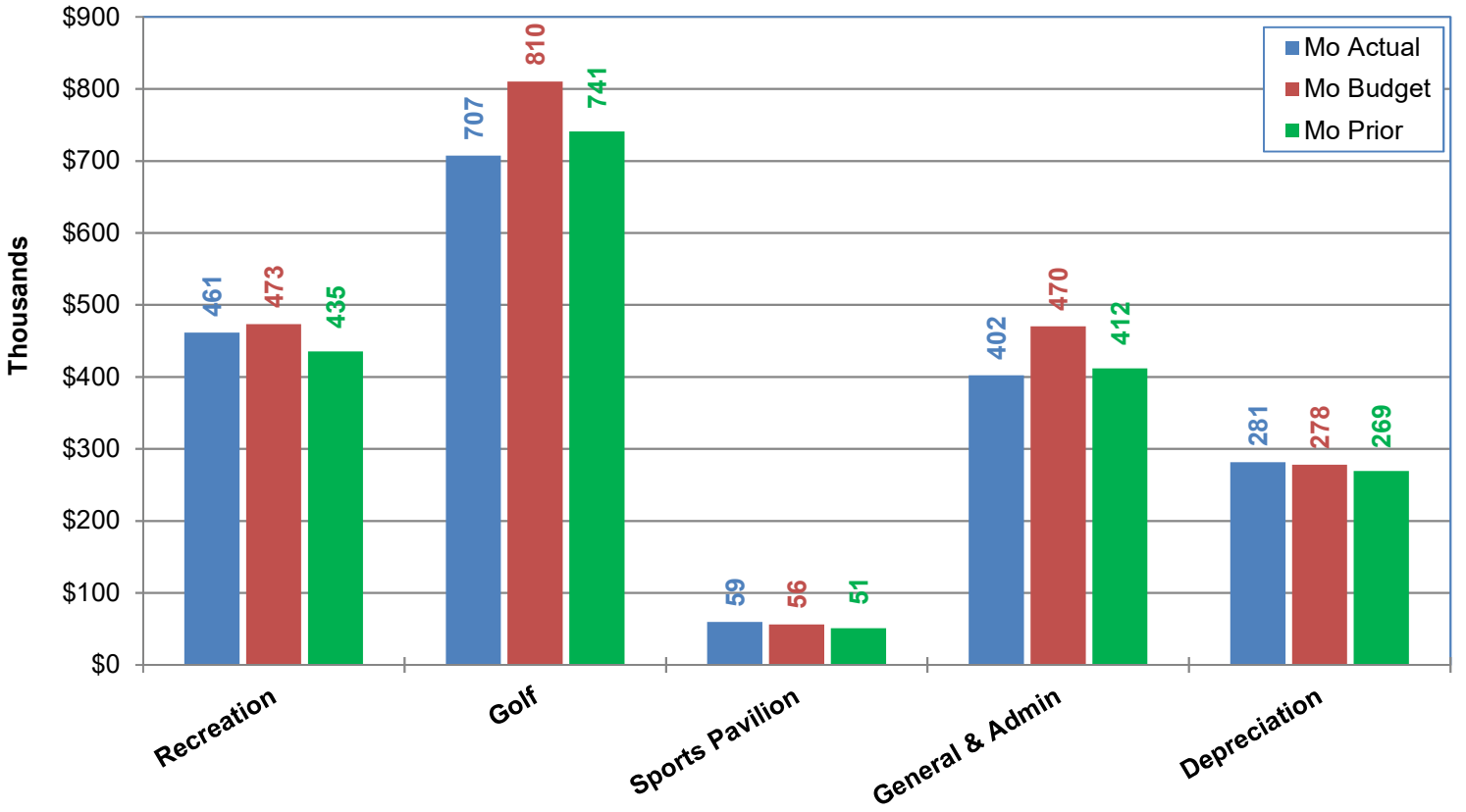
Recreation Centers of Sun City West, Inc.
March 31, 2017
FY17 Actual vs FY17 Budget and FY17 Actual vs FY16 Actual

| | <u>FY16/17 Actual vs Budget</u> | | | | <u>FY16/17 vs FY15/16 Actual</u> | | |
|---|---------------------------------|------------------|-----------------|----------------|----------------------------------|------------------|-----------------|
| | Actual | Budget | \$ Var | % Var | Actual | \$ Var | % Var |
| <u>REVENUES -Operating</u> | | | | | | | |
| Membership | 1,151,364 | 1,155,852 | (4,488) | -0.39% | 1,121,942 | 29,422 | 2.62% |
| Recreation | 11,323 | 9,882 | 1,441 | 14.58% | 9,561 | 1,762 | 18.43% |
| Golf Fees | 1,257,665 | 1,235,199 | 22,466 | 1.82% | 1,205,654 | 52,011 | 4.31% |
| Sports Pavilion | 75,387 | 81,948 | (6,561) | -8.01% | 80,941 | (5,554) | -6.86% |
| Special Events | 67,537 | 47,051 | 20,486 | 43.54% | 85,734 | (18,197) | -21.23% |
| Ancillary Revenue | 98,286 | 112,502 | (14,216) | -12.64% | 105,780 | (7,494) | -7.08% |
| Merchandise Sales | 43,194 | 54,850 | (11,656) | -21.25% | 48,765 | (5,571) | -11.42% |
| Food and Beverage | 35,926 | 38,815 | (2,889) | -7.44% | 37,514 | (1,589) | -4.24% |
| Investment Income | 322 | 1,042 | (720) | -69.08% | 462 | (140) | -30.25% |
| Other Income | 20,548 | 1,514 | 19,034 | 1257.17% | 1,767 | 18,780 | 1062.53% |
| REVENUES-Operating Total | 2,761,552 | 2,738,655 | 22,897 | 0.84% | 2,698,122 | 63,430 | 2.35% |
| <u>REVENUES-Capital Restricted</u> | | | | | | | |
| Investment - Income/Fees (net) | 39,117 | 44,289 | (5,172) | -11.68% | 36,270 | 2,847 | 7.85% |
| Invest Unrealized Gain (Loss) | 13,011 | 0 | 13,011 | 0.00% | 333,127 | (320,117) | -96.09% |
| Asset Preservation Fees | 478,596 | 441,000 | 37,596 | 8.53% | 471,700 | 6,896 | 1.46% |
| REVENUES-Capital Restricted Total | 577,401 | 485,289 | 92,112 | 18.98% | 841,097 | (263,697) | -31.35% |
| REVENUES-TOTAL | 3,338,952 | 3,223,944 | 115,008 | 3.57% | 3,539,219 | (200,267) | -5.66% |
| <u>EXPENSES</u> | | | | | | | |
| Wages and Benefits | 1,122,322 | 1,201,159 | 78,837 | 6.56% | 1,093,119 | (29,203) | -2.67% |
| Operating Expenses | 40,721 | 84,355 | 43,634 | 51.73% | 66,128 | 25,407 | 38.42% |
| Utilities | 166,299 | 190,301 | 24,002 | 12.61% | 181,739 | 15,439 | 8.50% |
| Repair and Maintenance | 59,480 | 97,566 | 38,086 | 39.04% | 87,338 | 27,858 | 31.90% |
| Interest & Financial Exp | 48,380 | 50,922 | 2,542 | 4.99% | 47,561 | (819) | -1.72% |
| Legal and Professional | 7,951 | 16,306 | 8,355 | 51.24% | 18,170 | 10,219 | 56.24% |
| Taxes and Insurance | 38,775 | 44,175 | 5,400 | 12.22% | 41,848 | 3,073 | 7.34% |
| Supplies and Services | 61,194 | 54,282 | (6,912) | -12.73% | 52,194 | (9,000) | -17.24% |
| Landscape Maintenance | 67,141 | 50,629 | (16,512) | -32.61% | 42,742 | (24,398) | -57.08% |
| Employee Related Exp | 17,848 | 20,194 | 2,346 | 11.62% | 7,642 | (10,206) | -133.54% |
| Depreciation Expense | 281,377 | 277,985 | (3,392) | -1.22% | 269,261 | (12,116) | -4.50% |
| EXPENSES Total | 1,911,486 | 2,087,874 | 176,388 | 8.45% | 1,907,742 | (3,745) | -0.20% |
| Revenues Over (Under) Expenses | 1,427,466 | 1,136,070 | 291,396 | 25.65% | 1,631,478 | (204,012) | -12.50% |

REVENUES



EXPENSES



REVENUES OVER/UNDER EXPENSES: For the 9 months ending March 31, 2017, revenues exceeded expenses by \$3,322,723 which is better than budget by \$1,522,246 and better than prior year by \$913,963. Expenses, less depreciation, are better than the same period last year by \$45,105.

Variance Analysis – For the 9 Months ending March 31 2017

TOTAL REVENUES: Total revenues of \$20,998,947 are above budget by \$469,310 and above last year by \$1,003,977.

OPERATING REVENUES: Operating revenues are slightly below budget (-1.28%) with Membership and Golf Fees being the primary drivers. Compared to prior year Membership, Golf Fees and Ancillary revenues are driving a (2.44%) increase.

MEMBERSHIP: Overall membership revenues of \$9,792,974 are slightly below budget (-.87%) and above prior year (2.13%). Membership dues are the driving force behind the budget and prior year variances. Current year new owner resales of 1,116 are above both budget and prior year.

GOLF FEES: Revenue of \$5,774,352 is (-4.20%) below budget and (2.20%) above prior year. YTD Golf Rounds of 213,147 are under budget by 6,362 and prior year by 7,932. Member and prime time rounds are down while public rounds are up. Revenue per round of \$27.09 is less than budget of \$27.46 while over prior year of \$25.56.

ANCILLARY: Year to date March revenue of \$626,037 is above budget by \$30,455 (5.11%) and prior year by \$44,270 (7.61%), the positive variance is driven by range ball key card sales (972) and a software rebate.

CAPITAL RESTRICTED REVENUES:

INVESTMENT INCOME/FEES – Interest and dividends received from bond and equity investments are tracking better than budget and well above prior year. Prior year variance is driven by lower dollars invested as we were transitioning into the program throughout the year. Current year variance is driven by better than estimated returns.

INVESTMENT UNREALIZED GAIN (LOSS) – YTD Unrealized gains of \$337,667 versus prior year of \$35,663 were primarily a function of general market performance. For the current fiscal year the market is up 12% as compared to last year when the market was flat. Unrealized Gains / Losses are recorded in accordance with accounting rules and produce "Paper" gains / losses. Realized gains / losses occur when investments are sold. See page 11 for additional investment detail.

ASSET PRESERVATION FEE: Year to date sales of 872 are better than budget by 82 but less than last year by 13. Strong APF sales the past three months have closed the gap over prior year. Market analysis shows The Sun City West real estate market is considered strong with continued growth through next year.

EXPENSES:

WAGES & BENEFITS: Overall expenses are \$537,641 (5.37%) below budget and \$101,960 (-1.09%) above prior year. Lower overtime, retirement of long-term employees, and staff vacancies are the main reasons for lower than anticipated wage expense this year. Employee benefits, driven by health and life insurance costs, are higher than last year, but were anticipated in the current year budget.

OPERATING EXPENSES: Expenses of \$491,191 are well below both budget of \$769,706 and prior year of \$664,493. The budget variance is primarily equipment purchases and advertising. Prior year purchases of golf carts and patio furniture is the primary reason for reduced expenses this year over last.

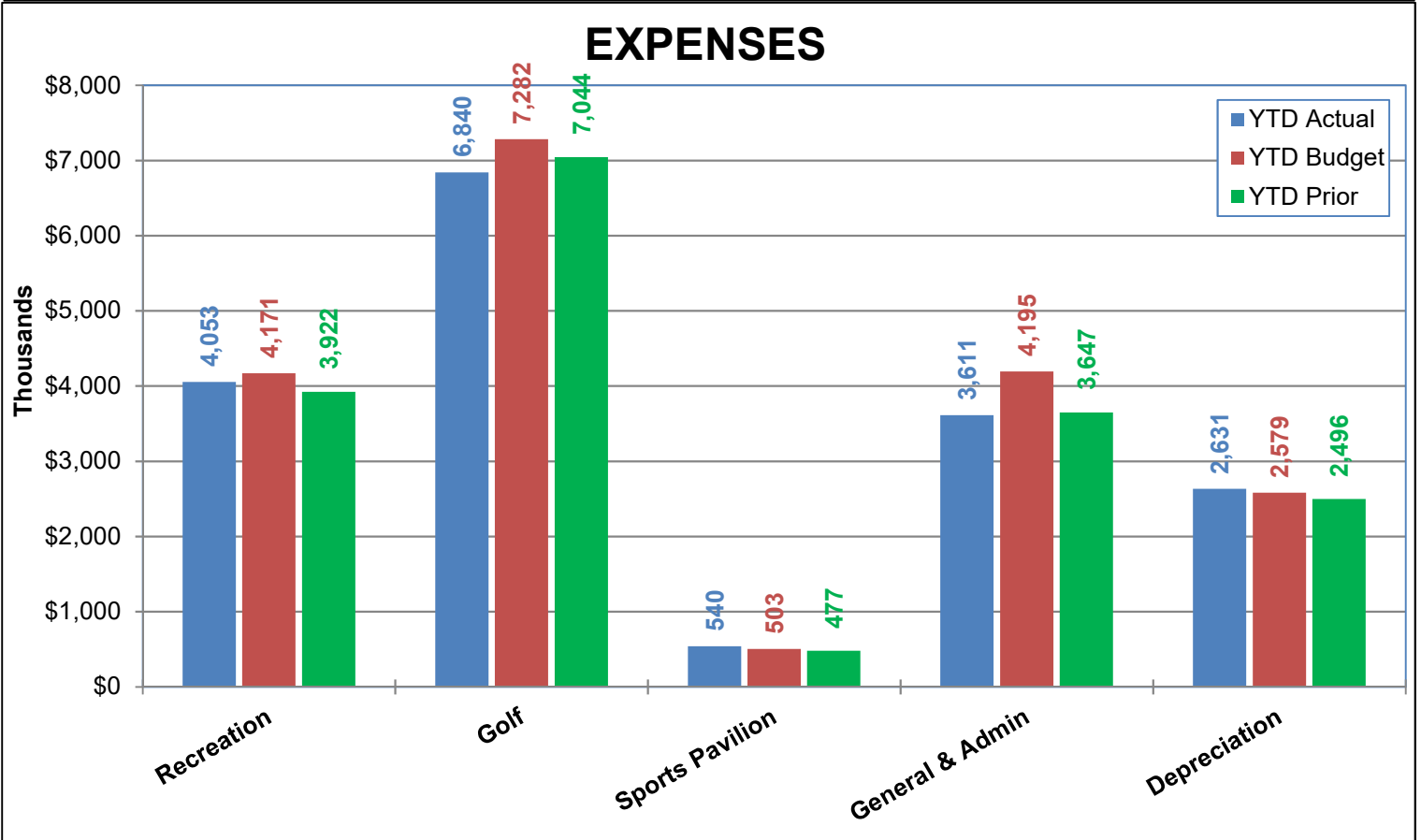
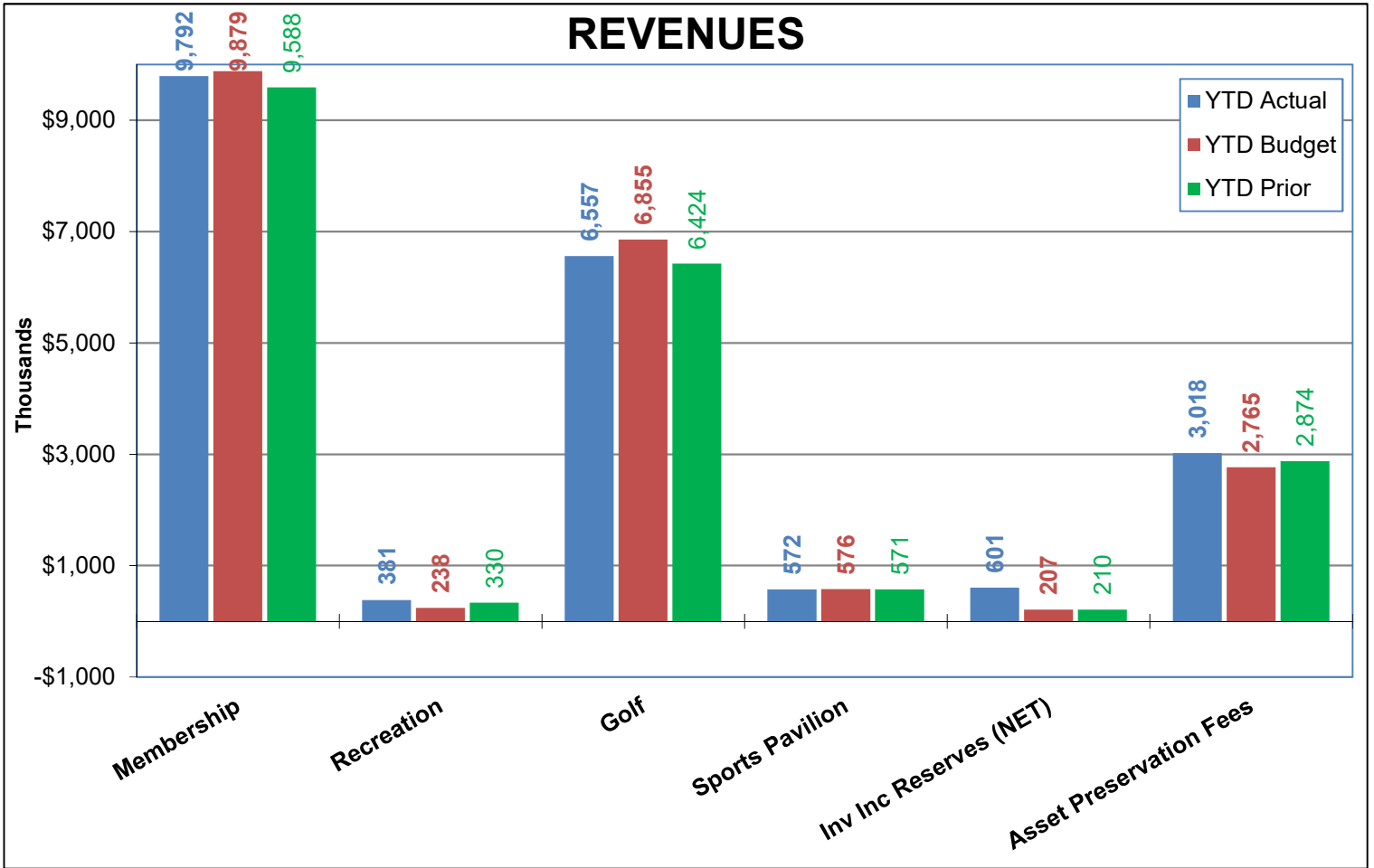
LEGAL AND PROFESSIONAL: Expenses of \$128,230 are below budget and prior year by \$34,574 and \$60,630 respectively. The budget variance is legal fees and the prior year variance is due to a few non-recurring legal and professional fees incurred last year.

LANDSCAPE MAINTENANCE: Expenses are above prior year by \$92,224 (-10.18%). Transfer pipeline repairs, tree maintenance, and driving range expenses are the primary drivers of the variance. Note that driving range revenue is above prior year.

EMPLOYEE RELATED EXPENSES: Expenses are favorable to budget by \$53,942, primarily driven by professional development, employee safety, and recruitment expense savings.

Recreation Centers of Sun City West, Inc.
For the 9 Months Ended March 31, 2017
FY17 Actual vs FY17 Budget and FY17 Actual vs FY16 Actual

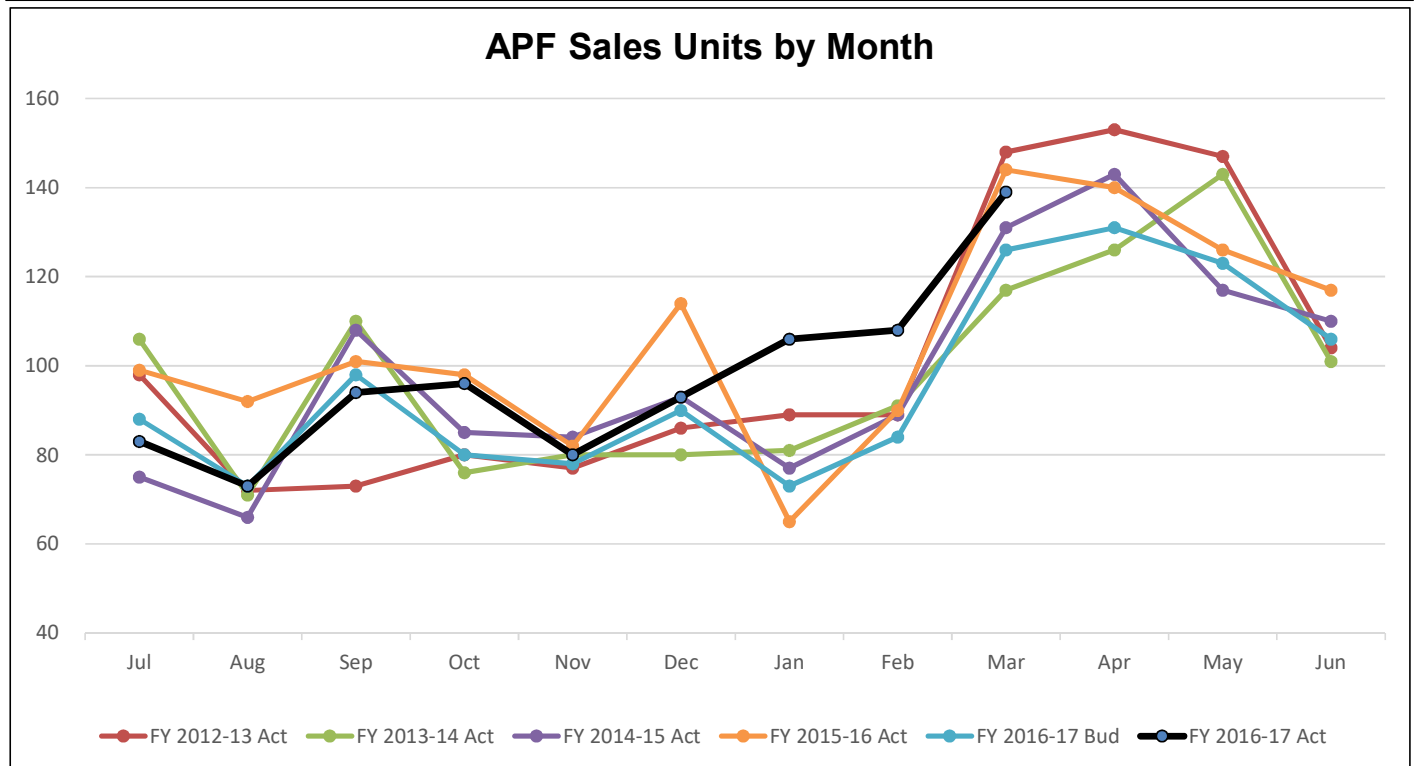
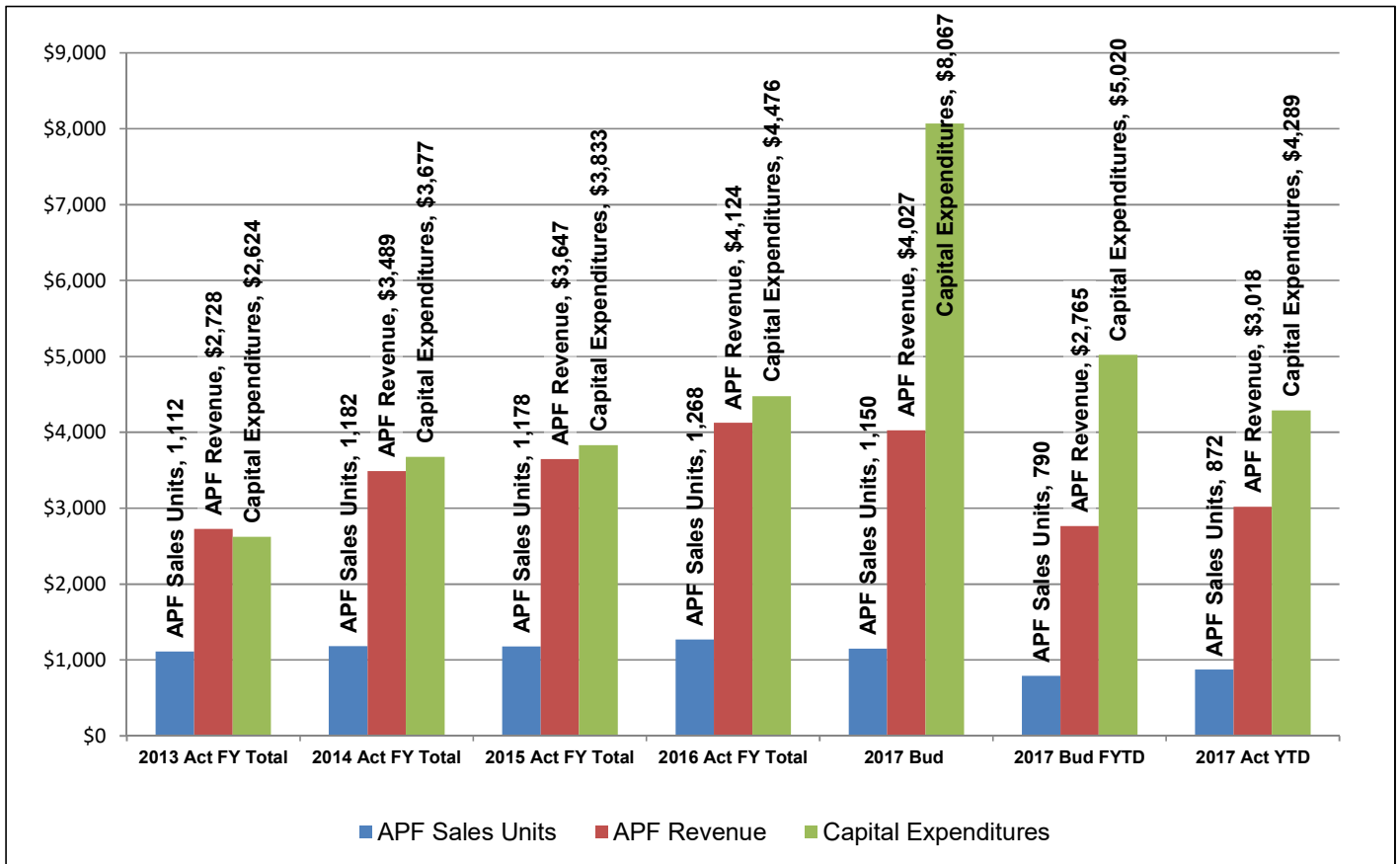
| | <u>FY16/17 Actual vs Budget</u> | | | | <u>FY16/17 vs FY15/16 Actual</u> | | |
|---|---------------------------------|-------------------|------------------|----------------|----------------------------------|------------------|----------------|
| | Actual | Budget | \$ Var | % Var | Actual | \$ Var | % Var |
| <u>REVENUES - Operating</u> | | | | | | | |
| Membership | 9,792,974 | 9,879,294 | (86,320) | -0.87% | 9,588,322 | 204,653 | 2.13% |
| Recreation | 101,417 | 87,242 | 14,175 | 16.25% | 84,240 | 17,178 | 20.39% |
| Golf Fees | 5,774,352 | 6,027,312 | (252,960) | -4.20% | 5,650,143 | 124,209 | 2.20% |
| Sports Pavilion | 491,923 | 503,640 | (11,717) | -2.33% | 495,534 | (3,612) | -0.73% |
| Special Events | 134,805 | 55,605 | 79,200 | 142.43% | 126,564 | 8,241 | 6.51% |
| Ancillary Revenue | 626,037 | 595,582 | 30,455 | 5.11% | 581,767 | 44,270 | 7.61% |
| Merchandise Sales | 167,011 | 199,954 | (32,943) | -16.48% | 166,658 | 354 | 0.21% |
| Food and Beverage | 188,581 | 196,299 | (7,718) | -3.93% | 189,133 | (552) | -0.29% |
| Investment Income | 9,089 | 9,374 | (285) | -3.04% | 8,740 | 349 | 4.00% |
| Other Income | 47,016 | 3,254 | 43,762 | 1344.85% | 30,024 | 16,992 | 56.59% |
| REVENUES-Operating Total | 17,333,205 | 17,557,556 | (224,351) | -1.28% | 16,921,123 | 412,081 | 2.44% |
| <u>REVENUES-Capital Restricted</u> | | | | | | | |
| Investment - Income/Fees (net) | 263,502 | 207,081 | 56,421 | 27.25% | 164,584 | 98,918 | 60.10% |
| Invest Unrealized Gain (Loss) | 337,667 | 0 | 337,667 | - | 35,663 | 302,004 | 846.83% |
| Asset Preservation Fees | 3,017,896 | 2,765,000 | 252,896 | 9.15% | 2,873,600 | 144,296 | 5.02% |
| REVENUES-Capital Restricted Total | 3,665,742 | 2,972,081 | 693,661 | 23.34% | 3,073,847 | 591,896 | 19.26% |
| REVENUES-TOTAL | 20,998,947 | 20,529,637 | 469,310 | 2.29% | 19,994,970 | 1,003,977 | 5.02% |
| <u>EXPENSES</u> | | | | | | | |
| Wages and Benefits | 9,467,483 | 10,005,123 | 537,641 | 5.37% | 9,365,523 | (101,960) | -1.09% |
| Operating Expenses | 494,191 | 769,706 | 275,516 | 35.79% | 664,493 | 170,303 | 25.63% |
| Utilities | 1,780,333 | 1,818,655 | 38,322 | 2.11% | 1,775,682 | (4,651) | -0.26% |
| Repair and Maintenance | 958,873 | 1,021,786 | 62,913 | 6.16% | 940,824 | (18,049) | -1.92% |
| Interest & Financial Exp | 273,450 | 298,717 | 25,267 | 8.46% | 275,940 | 2,490 | 0.90% |
| Legal and Professional | 128,230 | 162,804 | 34,574 | 21.24% | 188,859 | 60,630 | 32.10% |
| Taxes and Insurance | 378,587 | 413,782 | 35,195 | 8.51% | 400,646 | 22,059 | 5.51% |
| Supplies and Services | 439,267 | 509,174 | 69,907 | 13.73% | 456,276 | 17,008 | 3.73% |
| Landscape Maintenance | 998,407 | 970,430 | (27,977) | -2.88% | 906,183 | (92,224) | -10.18% |
| Employee Related Exp | 126,026 | 179,968 | 53,942 | 29.97% | 115,526 | (10,500) | -9.09% |
| Depreciation Expense | 2,631,377 | 2,579,015 | (52,362) | -2.03% | 2,496,258 | (135,119) | -5.41% |
| EXPENSES Total | 17,676,224 | 18,729,160 | 1,052,937 | 5.62% | 17,586,210 | (90,014) | -0.51% |
| Revenues Over (Under) Expenses | 3,322,723 | 1,800,477 | 1,522,246 | -84.55% | 2,408,760 | 913,963 | -37.94% |



Asset Preservation Fees & Capital Expenditures

| | March | | | Year to Date | | |
|-----------------------|--------|---------|------------------|--------------|---------|------------------|
| | Actual | Budget | Var over (under) | Actual | Budget | Var over (under) |
| APF Sales Units | 139 | 126 | 13 | 872 | 790 | 82 |
| APF Revenue (000) | \$479 | \$441 | \$38 | \$3,018 | \$2,765 | \$253 |
| Capital Expend. (000) | \$769 | \$1,245 | (\$476) | \$4,289 | \$5,020 | (\$731) |

APF Sales Units
 APF Revenue (000)
 Capital Expend. (000)



Recreation Centers of Sun City West, Inc.

Balance Sheets for months ending March 31, 2017 and June 30, 2016

| | March 2017 | June 2016 |
|---|----------------------|----------------------|
| <u>ASSETS</u> | | |
| <u>Current Assets</u> | | |
| Cash and Cash Equivalents | \$ 8,624,507 | \$ 10,162,989 |
| Accounts Receivable | 1,107,086 | 879,596 |
| Reserve for Uncollectible Accounts | (185,343) | (154,130) |
| Notes Receivable-Clubs & Other | 462,560 | 470,544 |
| Inventories | 315,555 | 249,175 |
| Prepaid and Other Assets | 10,917 | 264,292 |
| Total Current Assets | 10,335,282 | 11,872,466 |
| Board Reserve Funds | 22,311,468 | 18,865,538 |
| <u>Fixed Assets</u> | | |
| Land | 5,196,987 | 5,196,987 |
| Land Improvements | 38,284,722 | 37,544,399 |
| Water Rights | 2,234,499 | 2,234,499 |
| Buildings | 46,174,458 | 45,069,214 |
| Furniture & Fixtures | 1,147,840 | 1,051,347 |
| Machinery & Equipment | 16,424,732 | 15,588,770 |
| Vehicles | 1,532,286 | 1,421,601 |
| Construction in Progress | 1,856,653 | 536,962 |
| Accumulated Depreciation | (73,524,215) | (70,973,885) |
| Total Fixed Assets | 39,327,961 | 37,669,894 |
| Total Assets | \$ 71,974,712 | \$ 68,407,898 |
| <u>LIABILITIES AND EQUITY</u> | | |
| <u>Liabilities</u> | | |
| Accounts Payable-Trade & Other | \$ 911,908 | \$ 914,030 |
| Payroll Related Liabilities | 891,590 | 1,082,028 |
| Association Events & Other Program Payables | 419,681 | 329,308 |
| Charter Clubs Payables | 151,821 | 118,326 |
| Deferred Membership Dues/Fees & Golf Revenues | 6,771,627 | 6,458,845 |
| Total Liabilities | 9,146,628 | 8,902,537 |
| <u>Members' Equity</u> | | |
| Retained Earnings | 36,940,986 | 35,824,423 |
| Retained Earnings - Encumbrance | 854,076 | 697,275 |
| Retained Earnings - Repair & Replacement Rqmt | 17,082,893 | 15,507,485 |
| Retained Earnings - Future Capital Requirements | 4,627,406 | 2,883,000 |
| Surplus (Deficit) | 3,322,723 | 4,593,178 |
| Total Equity | 62,828,084 | 59,505,361 |
| Total Liabilities and Equity | \$ 71,974,712 | \$ 68,407,898 |

Recreation Centers of Sun City West, Inc.
Cash and Investment Balances

| <u>Account</u> | <u>March 2017</u> | <u>% Total</u> | <u>June 2016</u> | <u>% Total</u> | <u>Change</u> |
|---|--------------------------|----------------|--------------------------|----------------|-------------------------|
| General Fund | | | | | |
| Petty Cash/Change Funds | 9,550 | 0.11% | 10,587 | 0.10% | (1,037) |
| Checking and Sweep Account | 8,614,957 | 99.89% | 10,152,403 | 99.90% | (1,537,446) |
| Total Cash and Cash Equivalents | <u>8,624,507</u> | <u>100.00%</u> | <u>10,162,990</u> | <u>100.00%</u> | <u>(1,538,483)</u> |
| Reserve Fund | | | | | |
| <u>JP Morgan Investments</u> | | | | | |
| Money Market | 7,936,888 | 35.57% | 4,411,563 | 23.38% | 3,525,326 |
| Certificates of Deposit | - | 0.00% | 245,000 | 1.30% | (245,000) |
| Mortgageback Securities | 100,123 | 0.45% | 522,734 | 2.77% | (422,611) |
| Total JP Morgan Investments | <u>8,037,011</u> | <u>36.02%</u> | <u>5,179,297</u> | <u>27.45%</u> | <u>2,857,714</u> |
| <u>Vanguard Investments</u> | | | | | |
| Cash (Vanguard Prime MM Fund) | 2,102 | 0.01% | 15,006 | 0.08% | (12,904) |
| Total Bond Market Index Fund Admiral | 2,192,914 | 9.83% | 2,235,192 | 11.85% | (42,278) |
| Intermediate-Term Bond Index Fund Adm | 2,179,246 | 9.77% | 2,236,497 | 11.85% | (57,251) |
| Intermediate-Term Inv Grade Bonds Adm | 2,209,135 | 9.90% | 2,226,108 | 11.80% | (16,973) |
| Short-Term Inv Grade Bonds Admiral | 2,212,792 | 9.92% | 2,206,663 | 11.70% | 6,129 |
| Extended Market Index Fund Admiral | 1,177,234 | 5.28% | 993,874 | 5.27% | 183,360 |
| 500 Index Fund Admiral | 2,669,432 | 11.96% | 2,334,684 | 12.38% | 334,748 |
| Total International Stock Index Admiral | 1,631,602 | 7.31% | 1,438,216 | 7.62% | 193,386 |
| Total Vanguard Investments | <u>14,274,457</u> | <u>63.98%</u> | <u>13,686,240</u> | <u>72.55%</u> | <u>588,217</u> |
| Total Reserve Funds | <u>22,311,468</u> | <u>100.00%</u> | <u>18,865,537</u> | <u>100.00%</u> | <u>3,445,931</u> |
| TOTAL FUNDS | <u><u>30,935,975</u></u> | | <u><u>29,028,527</u></u> | | <u><u>1,907,448</u></u> |

| <u>Vanguard Investment Activity</u> | <u>FY2016-17</u> | <u>FY2015-16</u> | <u>Inception</u> |
|-------------------------------------|-------------------|-------------------|-------------------|
| Beginning Balance | 13,686,240 | 3,559,182 | - |
| Investment Transfers-In | - | 9,650,000 | 13,250,000 |
| Investment Earnings | 269,800 | 259,894 | 543,406 |
| Advisor Fees | (19,304) | (15,355) | (34,659) |
| Realized Gains (Losses) | 55 | (5) | (10,131) |
| Un-Realized Gains (Losses) *** | 337,666 | 232,524 | 525,841 |
| Ending Balance | <u>14,274,457</u> | <u>13,686,240</u> | <u>14,274,457</u> |

*** Unrealized Gains (Losses) are the difference between the basis (cost) of Investments & the market value at any point in time. Reserves Funds are invested based on a long-term investment strategy (Fi12) and over time Unrealized Gains (Losses) have historically fluctuated both up and down depending on the time period measured (e.g. monthly, annually, since inception).

Unrealized Gains (Losses) are recorded due to accounting rules which produce "Paper" gains/(losses), Realized Gains/(losses) occur at the time investments are sold.

RECREATION CENTERS OF SUN CITY WEST INC.

Statement of Cash Flows

| | 9 Months Ended March 2017 | Fiscal Year Ended June 2016 |
|---|--------------------------------------|--|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenues over expenses | \$ 3,322,723 | \$ 4,593,178 |
| Adjustments to reconcile excess of revenues over expenses to net cash provided by operating activities: | | |
| Depreciation and amortization | 2,631,377 | 3,358,759 |
| Loss/(Gain) on Disposals of Fixed Assets | (20,850) | 11,706 |
| Unrealized Losses/(Gains) on Investments | (337,667) | (232,525) |
| Asset Preservation & Facility Investment Fees | (3,017,896) | (4,124,300) |
| Reserve for Uncollectible Accounts Increase | | |
| Increase (decrease) in cash resulting from changes in | | |
| Receivables (net) | (188,293) | (357,058) |
| Inventories | (66,380) | (45,077) |
| Prepaid expenses and other assets | 253,376 | (5,810) |
| Accounts payable and accrued expenses | (68,692) | (593,747) |
| Deferred income | 312,782 | 83,449 |
| | <hr/> | <hr/> |
| Net cash provided by (used) operating activities | 2,820,480 | 2,688,575 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | |
| Purchase of land improvements, buildings and equipment | (4,289,445) | (4,475,520) |
| Proceeds from Disposal of Fixed Assets | 20,850 | 3,700 |
| Asset Preservation & Facility Investment Fees | 3,017,896 | 4,124,300 |
| Cash Flow Funding Transfer to Reserves | (2,844,761) | (2,118,247) |
| Net (purchase) redemption of investments | (263,502) | (242,328) |
| | <hr/> | <hr/> |
| Net cash used in investing activities | (4,358,962) | (2,708,095) |
| NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS | (1,538,482) | (19,520) |
| CASH AND CASH EQUIVALENTS, BEGINNING OF PERIOD | 10,162,989 | 10,182,509 |
| | <hr/> | <hr/> |
| CASH AND CASH EQUIVALENTS, END OF PERIOD | \$ 8,624,507 | \$ 10,162,989 |
| | <hr/> <hr/> | <hr/> <hr/> |

Recreation Centers of Sun City West, Inc.
Summary of All Revenues & Expenses
March 2017 and for the 9 Months Ended March 31, 2017

| Current Month | | | | | Year-to-Date | | | | | |
|------------------|------------------|----------------|------------------|------------------|---|-------------------|-------------------|------------------|-------------------|------------------|
| Actual | Budget | Variance | P/Y Act | P/Y Var | | Actual | Budget | Variance | P/Y Act | P/Y Var |
| | | | | | Operating Revenues | | | | | |
| 1,151,364 | 1,155,852 | (4,488) | 1,121,942 | 29,422 | Membership | 9,792,974 | 9,879,294 | (86,320) | 9,588,322 | 204,653 |
| 11,323 | 9,882 | 1,441 | 9,561 | 1,762 | Recreation | 101,417 | 87,242 | 14,175 | 84,240 | 17,178 |
| 1,257,665 | 1,235,199 | 22,466 | 1,205,654 | 52,011 | Golf Fees | 5,774,352 | 6,027,312 | (252,960) | 5,650,143 | 124,209 |
| 75,387 | 81,948 | (6,561) | 80,941 | (5,554) | Bowling | 491,923 | 503,640 | (11,717) | 495,534 | (3,612) |
| 67,537 | 47,051 | 20,486 | 85,734 | (18,197) | Special Events | 134,805 | 55,605 | 79,200 | 126,564 | 8,241 |
| 98,286 | 112,502 | (14,216) | 105,780 | (7,494) | Ancillary Revenue | 626,037 | 595,582 | 30,455 | 581,767 | 44,270 |
| 43,194 | 54,850 | (11,656) | 48,765 | (5,571) | Merchandise Sales | 167,011 | 199,954 | (32,943) | 166,658 | 354 |
| 35,926 | 38,815 | (2,889) | 37,514 | (1,589) | Food and Beverage | 188,581 | 196,299 | (7,718) | 189,133 | (552) |
| 322 | 1,042 | (720) | 462 | (140) | Interest Income - Operating | 9,089 | 9,374 | (285) | 8,740 | 349 |
| 20,548 | 1,514 | 19,034 | 1,767 | 18,780 | Other Income | 47,016 | 3,254 | 43,762 | 30,024 | 16,992 |
| 2,761,552 | 2,738,655 | 22,897 | 2,698,122 | 63,430 | Operating Revenues Total | 17,333,205 | 17,557,556 | (224,351) | 16,921,123 | 412,081 |
| | | | | | Capital Restricted Revenue | | | | | |
| 39,117 | 44,289 | (5,172) | 36,270 | 2,847 | Investment Income - Reserves | 282,751 | 231,061 | 51,690 | 174,225 | 108,526 |
| 0 | 0 | 0 | 0 | 0 | Investment Fees | (19,304) | (23,980) | 4,676 | (9,645) | (9,660) |
| 0 | 0 | 0 | 0 | 0 | Investments-Realized - Gain/Loss) | 55 | 0 | 55 | 4 | 52 |
| 13,011 | 0 | 13,011 | 333,127 | (320,117) | Investments Unrealized - Gain/ (Loss) | 337,667 | 0 | 337,667 | 35,663 | 302,004 |
| 46,677 | 0 | 46,677 | 0 | 46,677 | Club Funded | 46,677 | 0 | 46,677 | 0 | 46,677 |
| 478,596 | 441,000 | 37,596 | 471,700 | 6,896 | Asset Preservation Fee | 3,017,896 | 2,765,000 | 252,896 | 2,873,600 | 144,296 |
| 577,401 | 485,289 | 92,112 | 841,097 | (263,697) | Capital Restricted Revenue Total | 3,665,742 | 2,972,081 | 693,661 | 3,073,847 | 591,896 |
| 3,338,952 | 3,223,944 | 115,008 | 3,539,219 | (200,267) | Revenues Total | 20,998,947 | 20,529,637 | 469,310 | 19,994,970 | 1,003,977 |
| | | | | | Operating Expenses | | | | | |
| 1,122,322 | 1,201,159 | 78,837 | 1,093,119 | (29,203) | Wages And Benefits | 9,467,483 | 10,005,123 | 537,641 | 9,365,523 | (101,960) |
| 40,721 | 84,355 | 43,634 | 66,128 | 25,407 | Operating Expenses | 494,191 | 769,706 | 275,516 | 664,493 | 170,303 |
| 166,299 | 190,301 | 24,002 | 181,739 | 15,439 | Utilities | 1,780,333 | 1,818,655 | 38,322 | 1,775,682 | (4,651) |
| 59,480 | 97,566 | 38,086 | 87,338 | 27,858 | Repair and Maintenance | 958,873 | 1,021,786 | 62,913 | 940,824 | (18,049) |
| 48,380 | 50,922 | 2,542 | 47,561 | (819) | Interest & Financial Expense | 273,450 | 298,717 | 25,267 | 275,940 | 2,490 |
| 7,951 | 16,306 | 8,355 | 18,170 | 10,219 | Legal and Professional | 128,230 | 162,804 | 34,574 | 188,859 | 60,630 |
| 38,775 | 44,175 | 5,400 | 41,848 | 3,073 | Taxes and Insurance | 378,587 | 413,782 | 35,195 | 400,646 | 22,059 |
| 61,194 | 54,282 | (6,912) | 52,194 | (9,000) | Supplies and Services | 439,267 | 509,174 | 69,907 | 456,276 | 17,008 |
| 67,141 | 50,629 | (16,512) | 42,742 | (24,398) | Landscape Maintenance | 998,407 | 970,430 | (27,977) | 906,183 | (92,224) |
| 17,848 | 20,194 | 2,346 | 7,642 | (10,206) | Employee Related Expenses | 126,026 | 179,968 | 53,942 | 115,526 | (10,500) |
| 281,377 | 277,985 | (3,392) | 269,261 | (12,116) | Depreciation Expense | 2,631,377 | 2,579,015 | (52,362) | 2,496,258 | (135,119) |
| 1,911,486 | 2,087,874 | 176,388 | 1,907,742 | (3,745) | Operating Expenses Total | 17,676,224 | 18,729,160 | 1,052,937 | 17,586,210 | (90,014) |
| 1,427,466 | 1,136,070 | 291,396 | 1,631,478 | (204,012) | Revenues Over (Under) Expenses | 3,322,723 | 1,800,477 | 1,522,246 | 2,408,760 | 913,963 |

Recreation Centers of Sun City West, Inc.

Summary Item Purchases and Counts of Various Products

| Fiscal Year | Rate | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | YTD | % YTD |
|-------------------------------------|----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|---------------------|-------|
| Annual Golf Card Sales | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 2,900 | 1 | 1 | 9 | 21 | 14 | 5 | 13 | 2 | 6 | 10 | 6 | 8 | 96 | 72 | 75% |
| FY 2013-14 | \$ 2,900 | 2 | 2 | 12 | 24 | 13 | 10 | 15 | 10 | 5 | 7 | 8 | 7 | 115 | 93 | 81% |
| FY 2014-15 | \$ 2,950 | 0 | 4 | 10 | 29 | 20 | 14 | 17 | 9 | 14 | 8 | 6 | 4 | 135 | 117 | 87% |
| FY 2015-16 | \$ 2,950 | 0 | 1 | 11 | 27 | 22 | 15 | 14 | 11 | 10 | 5 | 7 | 7 | 130 | 111 | 85% |
| FY 2016-17 Bud | \$ 3,025 | 1 | 3 | 14 | 28 | 17 | 12 | 17 | 12 | 8 | 8 | 10 | 8 | 138 | 112 | 81% |
| FY 2016-17 | \$ 3,025 | 5 | 2 | 12 | 25 | 19 | 18 | 12 | 7 | 10 | | | | 110 | 110 | 100% |
| | | | | | | | | | | | | | | | % of Budget YTD | 98% |
| | | | | | | | | | | | | | | | % of Prior Year YTD | 99% |
| Kachina Golf Card Sales | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 995 | 16 | 21 | 72 | 155 | 82 | 53 | 56 | 30 | 38 | 28 | 18 | 21 | 590 | 523 | 89% |
| FY 2013-14 | \$ 995 | 12 | 14 | 69 | 131 | 81 | 46 | 46 | 36 | 33 | 21 | 14 | 16 | 519 | 468 | 90% |
| FY 2014-15 | \$ 1,015 | 11 | 19 | 57 | 121 | 56 | 44 | 45 | 30 | 32 | 15 | 11 | 10 | 451 | 415 | 92% |
| FY 2015-16 | \$ 1,015 | 8 | 19 | 41 | 83 | 63 | 34 | 42 | 26 | 22 | 11 | 11 | 5 | 365 | 338 | 93% |
| FY 2016-17 Bud | \$ 895 | 6 | 13 | 50 | 92 | 51 | 31 | 34 | 24 | 18 | 15 | 10 | 10 | 354 | 319 | 90% |
| FY 2016-17 | \$ 895 | 18 | 21 | 54 | 88 | 82 | 44 | 50 | 30 | 26 | | | | 413 | 413 | 100% |
| | | | | | | | | | | | | | | | % of Budget YTD | 129% |
| | | | | | | | | | | | | | | | % of Prior Year YTD | 122% |
| Coyote Golf Card Sales | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 295 | 8 | 14 | 32 | 180 | 169 | 58 | 73 | 24 | 10 | 23 | 3 | 3 | 597 | 568 | 95% |
| FY 2013-14 | \$ 295 | 4 | 7 | 31 | 164 | 175 | 86 | 90 | 35 | 19 | 17 | 9 | 6 | 643 | 611 | 95% |
| FY 2014-15 | \$ 300 | 3 | 7 | 27 | 162 | 183 | 72 | 90 | 40 | 32 | 18 | 8 | 3 | 645 | 616 | 96% |
| FY 2015-16 | \$ 300 | 4 | 6 | 29 | 148 | 180 | 77 | 83 | 76 | 38 | 17 | 3 | 3 | 664 | 641 | 97% |
| FY 2016-17 Bud | \$ 310 | 4 | 6 | 29 | 158 | 186 | 74 | 89 | 40 | 31 | 18 | 7 | 2 | 644 | 617 | 96% |
| FY 2016-17 | \$ 310 | 4 | 16 | 25 | 154 | 192 | 70 | 94 | 36 | 35 | | | | 626 | 626 | 100% |
| | | | | | | | | | | | | | | | % of Budget YTD | 101% |
| | | | | | | | | | | | | | | | % of Prior Year YTD | 98% |
| | | | | | | | | | | | | | | | | 0% |
| CNP Frequent Play Card Sales | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 1,300 | 2 | 0 | 1 | 2 | 1 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 6 | 6 | 100% |
| FY 2013-14 | \$ 1,300 | 0 | 1 | 1 | 0 | 2 | 0 | 0 | 0 | 0 | 0 | 0 | 0 | 4 | 4 | 100% |
| FY 2014-15 | \$ 1,400 | 1 | 0 | 2 | 1 | 1 | 0 | 0 | 1 | 0 | 0 | 0 | 0 | 6 | 6 | 100% |
| FY 2015-16 | \$ 1,400 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 100% |
| FY 2016-17 Bud | \$ 1,400 | 0 | 1 | 1 | 1 | 1 | 0 | 1 | 0 | 0 | 0 | 0 | 0 | 5 | 5 | 100% |
| FY 2016-17 | \$ 1,400 | 0 | 1 | 1 | 0 | 1 | 0 | 1 | 0 | 0 | | | | 4 | 4 | 100% |
| | | | | | | | | | | | | | | | % of Budget YTD | 80% |

Recreation Centers of Sun City West, Inc.

Summary Item Purchases and Counts of Various Products

| Fiscal Year | Rate | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | YTD | % YTD |
|-------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|-----|-------|
|-------------|------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-------|-----|-------|

Unlimited Golf Card Holders

Average

| | | | | | | | | | | | | | | |
|----------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| FY 2014-15 | | 110 | 109 | 109 | 111 | 120 | 122 | 124 | 129 | 132 | 133 | 134 | 130 | 122 |
| FY 2015-16 | | 131 | 131 | 131 | 131 | 133 | 136 | 133 | 131 | 127 | 124 | 125 | 127 | 130 |
| FY 2016-17 Bud | | 125 | 125 | 125 | 126 | 132 | 134 | 134 | 135 | 135 | 134 | 135 | 134 | 131 |
| FY 2016-17 | | 131 | 130 | 131 | 127 | 124 | 126 | 127 | 129 | 130 | | | | 128 |

Kachina Golf Card Holders

Average

| | | | | | | | | | | | | | | |
|----------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| FY 2014-15 | | 503 | 511 | 507 | 480 | 468 | 461 | 460 | 457 | 452 | 447 | 445 | 437 | 469 |
| FY 2015-16 | | 433 | 435 | 428 | 428 | 399 | 394 | 393 | 387 | 380 | 374 | 378 | 376 | 400 |
| FY 2016-17 Bud | | 381 | 385 | 381 | 370 | 353 | 348 | 348 | 344 | 339 | 335 | 335 | 331 | 354 |
| FY 2016-17 | | 377 | 375 | 382 | 396 | 412 | 420 | 427 | 431 | 430 | | | | 406 |

Coyote Golf Card Holders

Average

| | | | | | | | | | | | | | | |
|----------------|--|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|
| FY 2014-15 | | 630 | 627 | 622 | 607 | 630 | 608 | 609 | 619 | 629 | 629 | 627 | 622 | 622 |
| FY 2015-16 | | 623 | 623 | 626 | 626 | 625 | 624 | 627 | 624 | 631 | 623 | 618 | 616 | 624 |
| FY 2016-17 Bud | | 648 | 646 | 645 | 637 | 649 | 637 | 639 | 643 | 651 | 647 | 644 | 640 | 644 |
| FY 2016-17 | | 612 | 619 | 613 | 620 | 638 | 639 | 643 | 644 | 642 | | | | 630 |

Bowling Lineage

| | | | | | | | | | | | | | | Total | YTD | % YTD |
|----------------|--|--------|-------|--------|--------|--------|--------|--------|--------|--------|--------|--------|--------|---------|---------|-------|
| FY 2013-14 | | 8,737 | 6,612 | 18,422 | 25,291 | 23,985 | 21,040 | 29,558 | 28,502 | 30,053 | 17,393 | 10,579 | 10,385 | 230,557 | 192,200 | 83% |
| FY 2014-15 | | 8,693 | 5,920 | 18,160 | 24,471 | 23,100 | 22,377 | 28,777 | 27,980 | 30,092 | 18,441 | 12,110 | 11,474 | 231,593 | 189,568 | 82% |
| FY 2015-16 | | 9,421 | 5,631 | 18,345 | 24,858 | 24,556 | 22,487 | 30,737 | 29,696 | 30,288 | 15,500 | 12,029 | 11,623 | 235,171 | 196,019 | 83% |
| FY 2016-17 Bud | | 10,154 | 6,058 | 19,022 | 25,679 | 24,384 | 22,024 | 30,200 | 29,111 | 30,364 | 18,458 | 13,120 | 11,767 | 240,341 | 196,996 | 82% |
| FY 2016-17 | | 11,044 | 5,748 | 18,644 | 24,155 | 23,211 | 22,222 | 30,549 | 27,876 | 30,982 | | | | 194,431 | 194,431 | 100% |

FY 2015 and 2016 were restated to include prepaid unused games

% of Budget YTD **99%**

% of Prior Year YTD **99%**

Recreation Centers of Sun City West, Inc.

Summary Item Purchases and Counts of Various Products

| Fiscal Year | Rate | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | May | Jun | Total | YTD | % YTD |
|--|----------|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|-----|---------------------|-------|-------|
| <u>New Owner Resale (Transfer Fees)</u> | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 230 | 90 | 76 | 80 | 91 | 86 | 97 | 95 | 101 | 164 | 162 | 146 | 111 | 1,299 | 880 | 68% |
| FY 2013-14 | \$ 235 | 117 | 71 | 101 | 79 | 94 | 106 | 82 | 100 | 135 | 153 | 158 | 106 | 1,302 | 885 | 68% |
| FY 2014-15 | \$ 240 | 77 | 73 | 116 | 92 | 90 | 116 | 93 | 104 | 169 | 162 | 138 | 124 | 1,354 | 930 | 69% |
| FY 2015-16 | \$ 240 | 123 | 109 | 123 | 105 | 95 | 125 | 83 | 82 | 169 | 158 | 153 | 127 | 1,452 | 1,014 | 70% |
| FY 2016-17 Bud | \$ 250 | 105 | 85 | 108 | 95 | 94 | 114 | 91 | 100 | 164 | 164 | 153 | 121 | 1,392 | 955 | 69% |
| FY 2016-17 | \$ 250 | 97 | 99 | 113 | 112 | 110 | 131 | 142 | 130 | 182 | | | | 1,116 | 1,116 | 100% |
| | | | | | | | | | | | | | | % of Budget YTD | 117% | |
| | | | | | | | | | | | | | | % of Prior Year YTD | 110% | |
| <u>Asset Preservation Fees</u> | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 2,500 | 98 | 72 | 73 | 80 | 77 | 86 | 89 | 89 | 148 | 153 | 147 | 104 | 1,216 | 812 | 67% |
| FY 2013-14 | \$ 3,000 | 106 | 71 | 110 | 76 | 80 | 80 | 81 | 91 | 117 | 126 | 143 | 101 | 1,182 | 812 | 69% |
| FY 2014-15 | \$ 3,100 | 75 | 66 | 108 | 85 | 84 | 93 | 77 | 89 | 131 | 143 | 117 | 110 | 1,178 | 808 | 69% |
| FY 2015-16 | \$ 3,300 | 99 | 92 | 101 | 98 | 82 | 114 | 65 | 90 | 144 | 140 | 126 | 117 | 1,268 | 885 | 70% |
| FY 2016-17 Bud | \$ 3,500 | 88 | 73 | 98 | 80 | 78 | 90 | 73 | 84 | 126 | 131 | 123 | 106 | 1,150 | 790 | 69% |
| FY 2016-17 | \$ 3,500 | 83 | 73 | 94 | 96 | 80 | 93 | 106 | 108 | 139 | | | | 872 | 872 | 100% |
| | | | | | | | | | | | | | | % of Budget YTD | 110% | |
| | | | | | | | | | | | | | | % of Prior Year YTD | 99% | |
| <u>New Owners - Member Dues</u> | | | | | | | | | | | | | | | | |
| FY 2012-13 | \$ 385 | 167 | 132 | 146 | 166 | 163 | 156 | 190 | 186 | 317 | 306 | 270 | 216 | 2,415 | 1,623 | 67% |
| FY 2013-14 | \$ 408 | 190 | 126 | 200 | 150 | 175 | 187 | 153 | 186 | 251 | 264 | 298 | 189 | 2,369 | 1,618 | 68% |
| FY 2014-15 | \$ 408 | 125 | 141 | 198 | 165 | 185 | 201 | 176 | 194 | 314 | 307 | 245 | 245 | 2,496 | 1,699 | 68% |
| FY 2015-16 | \$ 420 | 144 | 173 | 192 | 191 | 184 | 221 | 155 | 199 | 305 | 265 | 262 | 242 | 2,533 | 1,764 | 70% |
| FY 2016-17 Bud | \$ 435 | 145 | 135 | 177 | 153 | 166 | 184 | 153 | 176 | 279 | 265 | 258 | 208 | 2,299 | 1,568 | 68% |
| FY 2016-17 | \$ 435 | 160 | 153 | 177 | 183 | 167 | 206 | 240 | 240 | 323 | | | | 1,849 | 1,849 | 100% |
| | | | | | | | | | | | | | | % of Budget YTD | 118% | |
| | | | | | | | | | | | | | | % of Prior Year YTD | 105% | |