

Cedar Springs Community Club Financial Review of 2020 and 2021 Budget

FISCAL YEAR 2020 REVIEW

Revenues

Primarily due to having only one cottage sale (@\$25k), total revenues came in \$30k short of budget at \$407K vs budget of \$437K. Annual dues came in on target at \$368K or \$4,380 per cottage. Income from golf course rental, hall rental, and miscellaneous were \$5K below budget due to rental restrictions as a result of Covid-19. Glen's bottle collection raised \$1,000 this year, but this has been accounted for as a credit in the Kid's Club/Discovery Camp expenses. The PAD system was a great success as all dues were collected 100% on time.

Total Expenses

Total expenses came in at \$320K which was under budget by \$66k. Reduced Social activities, Lifeguarding and the Kid's club activities resulted in savings of salaries and expenses of \$19K. Operations salaries were \$2k under budget due to the slow start on the golf course this season. Office, Newsletter and miscellaneous admin were lower by \$14k due to a variety of reasons. A number of lower operating expenses (as noted below) saved the club an additional \$30k in operating expenses.

The net result of saving \$66k in expenses offset by the \$30k shortfall in revenue meant that the club had a \$27k surplus rather than the \$9k deficit budgeted.

Community Development

Community Development consists of three components -Social (adult and teen), Kids Club, and Golf (trophies scorecards, etc., and kids' golf lessons), but exclude wages which are broken out in the wages expense in Admin and General. This year, community development was \$9k below budget, because of the restrictions on group activities and there were a further \$10k in salaries savings for Lifeguards and Kid's club.

Operating Expenses

Operating expenses were lower in 2020 by \$30k. Significant reductions included \$5k from not using the Hall, \$3k from lower utilities, \$11k in reduced equipment and tool maintenance breakdowns and \$10k in deferrals of maintenance on community property, roads and bridges (that will be incurred next year).

Overall Observations

Consequently, the net swing in actual results of \$36k from budget is about one-half related to Social and Kid's club activities being curtailed and partially due to the deferral of certain maintenance costs until next year and partially due to less use of our facilities and equipment. These events are unique to the COVID situation that we experienced this year and are not necessarily indicative of the future.

2021 BUDGET

Revenues and overall expenses

The recommendation is for no increase in annual dues. While the attached 2021 Budget indicates that there could be a shortfall of \$158 per cottage, the operating surplus from 2020 should absorb the need to increase dues for 2021. The budget setting process is also difficult to predict in light of Covid-19, but we have assumed and hoped that things will be back to normal next year, so the budget is more with last year's budget than last year's actuals. Consequently, we budgeted for the costs that we did not spend in 2020, such as social and kid's club to make sure we do have the funds for those activities if things come

back to normal. However, we did not budget for Hall rentals and golf course rentals as it is too difficult to predict what the status of social distancing will be next summer.

On the other hand, we haven't had any cottages sales in about a year, but as has been our budgeting process, we have continued to budget for two sales, which provide funds for capital projects. As you are aware, initiation fees fund our capital expenditures, not operating expenses, so future capital expenditures will be restricted by the amount of capital reserve we have. Typically, our assets depreciate at about \$60k a year, so we need at least a couple of sales on average to provide investment dollars to maintain our net asset value. The result is budgeted revenues for F2021 of \$430K.

Overall expenses are budgeted to be similar to Budget 2020. We budgeted have budgeted for higher utilities expenses for watering the golf course due to planned work on the Pegg Dam and some additional costs for maintenance that was deferred this year.

Wages

We have budgeted slightly more wages and casual labour expense as experienced in 2020, on the expectation that the golf course will open earlier next year and on the assumption that we will have a kid's club and Lifeguards program next year.

Other expenses

We are hoping to hold the line on operating expenses to be consistent with what we budgeted in 2020 on the assumption that we will be able to use our facilities to the same extent that we have in prior years. There will be undoubtedly some variances in a variety of categories, but we hope to continue with a low operating cost structure in order to keep our annual dues as low as possible.

CAPITAL SPENDING PROJECTS AND THE RESERVE FUND

Our capital spending projects for 2020 resulted in all smaller projects being completed. Major projects such as the Pegg Dam and Bridge repairs were delayed until F2021. The Bridge repairs are slated for early October.

The Pegg Dam work is expected to be done next summer, which may cause some course watering concerns next year, dependent upon the weather. The Pegg Dam committee has come up with recommendations on the best solution to deal with the state of repair of the dam and is in the final stage of receiving the permits. Consistent with the guidance provided last year, \$150K has been budgeted for work next summer on the Dam.

Overall, our capital reserve fund stands at \$306k, of which we have proposed \$249k of capital spending in F2021. Our available funds (GIC's of ~ \$250k) are sufficient to fund next year's proposed capital expenditures. Our amortized net investment in club assets is approximately \$22K per cottage, which is in line with our current \$25k initiation fee to buy into the community. Further capital projects will depend on raising funds from cottage sales. With the collection of the existing deferred initiation fees, we should still have sufficient funds in 2021 on hand for this year's capital projects. Future projects will depend in part on future cottage sales or other sources of capital.

SUMMARY

This budget allows for a substantial capital spend yet leaves us in sound financial position with an unallocated budgeted capital reserve of \$108K, some of which will be converted to cash as we collect the remaining deferred initiation fees.

This budget has attempted to meet the needs of the membership in a fair and reasonable way, without increasing dues. Looking around the community, one can see that we have made a number of significant improvements over the last number of years. We have attempted to include all of the projects that we either need in the near future or that members want, subject to our cash flow, but we had to limit some in order to not increase dues. We welcome any suggestions that the members might have for future year's projects that will make our community even better, so that we can do more long-term planning.

Fraser Gall, Treasurer, September 22, 2020

REMINDER – AS WE EMAIL DUES INVOICES. MAKE SURE WE HAVE YOUR CORRECT EMAIL ADDRESS IN OUR MAILING LIST.

Based on this budget, the 10 monthly payments will continue to be \$494.94 (including HST) this year, commencing November 1, 2020.



Cedar Springs Community Club
2081 Grand Blvd.
Burlington, ON L7P 0N1

September 22, 2020

To: Current Owner of a property in the Cedar Springs Community

Dear Current Owner,

Fiscal 2021 Dues Notice

As you are aware, on August 15, 2019 the Board of Directors voted to change the way we collect dues from members, for the 2020 and future fiscal years that commence September 1. As the amount of annual dues are not budgeted and approved by the membership until the October AGM, the board has deferred collection of dues until after they have been approved, so that the first payment is not due until November 1. The dues are payable in 10 equal monthly instalments on the first day of each month over each of the following 10 months, although members can pay the full year's dues up front. The board has authorized that your dues can be paid by a monthly pre-authorized debit ("PAD") directly out of your bank account on the 1st of each month and a majority of members have previously completed a PAD agreement.

As you are aware, the annual dues approved at last October's AGM for F2020 were set at \$4,380 plus HST of \$569.40, for a total of \$4,949.40. Assuming that the membership approves the board's recommendation of no increase in the budget for this year, the 10 PAD amounts (including HST) will continue to be \$494.94. You will be advised at the October meeting of the final approved budgeted dues. Any future change in approved annual dues will result in changes to the aforementioned amount of payments.

The following payment options are available to ensure prompt payment on your account:

Pre-Authorized Payment (Preferred Method): We will continue to apply the payments to the account you provided in your PAD agreement, so it is not necessary to complete a new PAD agreement. If there are any banking changes, or you wish to use of the PAD arrangements, you may complete the enclosed form authorizing the 10 monthly fees to be debited from your new bank account. (The standard form refers to monthly payments, but the club will not process the payment on September 1 or October 1).

or

Bylaw Appendix

The bylaws allow the board to set the number of instalments for the payment of the annual dues, and the board has so approved the changes described above. Section 4.02 of Bylaw 15 reads as follows:

Annual Membership Fees for the year shall be paid by the Shareholder in a number of installments on the dates indicated by the Board by Resolution. The Board shall approve and present to the Shareholders at the Annual Meeting, for approval, a detailed statement of the estimates of money necessary to be collected for the operations of the Club for the next year including the support, maintenance, upkeep, renovations, and improvements of the Property of the Corporation and generally for the carrying out of all the objects and purposes and undertakings of the Corporation and for all such other purposes within the objects of the Corporation as the Board may deem advisable from time to time.

The aggregate amount of the approved budget shall be equally divided by the number of Shareholders of the Corporation and the amount so approved by such division shall be the Annual Membership Fee to be paid by each of the Shareholders during that current year.

A notice specifying the amount of the Annual Membership Fee and the required dates of the payments shall be sent to all the Shareholders either delivered personally to their Lot or by mail to the address of the principal residence of the Shareholder in the register of the Shareholders of the Corporation.

AUTHORIZATION TO DEBIT AN ACCOUNT UNDER THE PRE-AUTHORIZED PAYMENT PLAN

Cedar Springs Community Club

Cottage Owner Information

Name (Billing contact) _____

Cottage Address _____

Pre-Authorization Details:

The undersigned authorizes CEDAR SPRINGS COMMUNITY CLUB (hereinafter called the "Payee") to issue on his/her behalf any cheque, payment order or request drawn on the financial institution named below to the order of the Payee, in payment of the amounts owing to the Payee under the terms of the present agreement and future contracts between the Payee and the undersigned.

Type of Service: Personal

Institution Name: _____

Branch Address: _____

City: _____

Transit: ___ ___ ___ ___ ___

Institution: ___ ___ ___

Account Number: ___ ___ ___ ___ ___ ___ ___

The above-named institution is hereby authorized to debit the account described above payable to the Payee and drawn on said account by a bank acting in the name of the Payee. The amount authorized by this Monthly transaction is _____. Any request thus drawn by the Payee's bank shall be considered as having been signed by the undersigned. For the purposes of this authorization, the word "cheque" shall be deemed to include any payment order drawn on an institution other than a bank. Furthermore if this authorization is signed by more than one person, the singular shall be interpreted as a plural wherever it occurs. This authorization can be revoked at any time by notification in writing or emailing CSCCtreasurer@gmail.com thirty (30) days prior to the end of the month and providing post-dated cheques for the remainder of the year (subject to adjustments in the event of a cottage sale).

To obtain a sample cancellation form, or for more information on your right to cancel a PAD agreement, contact your financial institution or visit www.cdnpay.ca. You [or I/We depending on the context] have certain recourse rights if any debit does not comply with this agreement. For example you [I/we] have the right to receive reimbursement for any debit that is not authorized or is not consistent with this PAD Agreement. To obtain more information on your [my/our] recourse rights, [I/we] may contact your financial institution or visit www.cdnpay.ca.

I/We will notify Cedar Springs Community Club in writing if I/We move the account from one bank or branch to another, or if there is any other changes in the account. This must be received no later than thirty (30) days prior to the end of the month.

Name: _____ Address: _____

City: _____ Province: _____ Postal Code: _____

Phone: _____ Email: _____

Cell Telephone Number _____

Signature: _____ Date: _____

PLEASE ATTACH A "VOID" CHEQUE

Please attach a sample of a cheque marked "VOID" from the above-mentioned institution. If the account requires two signatures, then the present authorization should be signed by both people.

This form must be received by the Treasurer by the October AGM for the authorization to commence for November 1, 2020. A scanned copy of a void cheque is acceptable and can be downloaded from your banking website.

Please return the completed form, via hand delivery or email to:

CEDAR SPRINGS COMMUNITY CLUB
C/O CSCC Treasurer – Fraser Gall
@ 6071 Cedar Springs Rd.
Tel: (416) 418-7214
E-mail: csc.treasurer@gmail.com