

**GABRIOLA GOLF CLUB  
TREASURER'S REPORT  
Year ended September 30,2011**

**General Comments**

The operating results for the Club were disappointing due to a decline in membership, a drastic drop in green fee rounds which in turn impacted negatively on bar sales, pro shop and driving range revenue. Factors affecting revenues were the adverse weather, continuing economic problems, ferry rates and a disruption in normal ferry service this summer. Our Club is no different from others all suffering from declining volumes essentially for the same reasons.

**Net income**

Total revenue of \$ 357,149 decreased from the previous year by \$ 43,697 and this years loss of \$21,159 compared with a profit last year of \$ 11,044, a decrease of \$ 32,203.

The decrease in revenues is found in liquor \$ 10,786, Food \$ 4,169, Pro shop \$ 4,045, membership dues \$ 14,013, Green fees \$ 15,838, Initiation fees \$ 5,375 and these are offset mainly by the special septic levy of \$ 10,440.

F&B cost of sales ratio is better than last year by 2 % points or 5%, good especially with less revenue. The pro shop cost ratio of 69.9% is higher than last year's of 48.8%. Norm is app 60% and last year's ratio was a bit low due to an inventory correction of the previous year.

Salaries and wages increased \$ 6,739 or 4.5% due mainly to rate increases and a small increase in hours.

Other expenses (excluding salaries) decreased by \$ 5,918 and this included an increase in amortization of \$ 5,669. Golfing supplies of decreased by \$ 4,235; last year included an inventory adjustment of a prior year.

The gain on sale of assets is the sale of used golf carts with no book value.

**Balance Sheet/Cash Flow**

The cash for the year decreased by \$47,225. due to the purchase of capital assets \$ 76,548 (septic, carts and POS) less net bank financing of \$ 33,112. The septic cost of \$33,255 was partially offset by the special levy \$ 10,440. The cost of the carts of \$ 41,140 was financed by a bank loan and the proceeds from the sale of used carts \$ 3,010.

The bank balance of \$ 33,363 at the end of September will not be enough to fund our off-season losses until the club starts to receive next year's dues. It is estimated that the club will draw \$ 10,000 from the line of credit until then.

**Outlook for 2011/12.**

The board is focusing on increasing the number of memberships and green fee rounds, closely controlling expenses while keeping the increase in annual dues to the cost of living index.

The financial objective is to at least break even. The starting point is the loss of this year \$ 21,159 and, excluding the sale of assets and the special levy, an improvement of \$ 34,600

would be required. This would provide for a capital reserve fund equivalent to the amortization of \$ 25,000 for the purchase of future capital less the annual loan repayment of \$ 7,600. This is quite ambitious for one year given the economic uncertainty and changing weather patterns. The current budget is a substantial improvement and includes an increase of 12 new members, an increase in green fees of \$ 10,000 and \$ 12,000 in Bar, Food and Pro shop. The proposed annual dues are being presented to the membership for approval. The budget still falls short of breakeven but will generate enough cash to meet the debt payments and provide \$ 11,600 toward a capital reserve.

**Statement of Operations Five year Summary.**  
**\$( thousands)**

		<u>2007</u>	<u>2008</u>	<u>2009</u>	<u>2010</u>	<u>2011</u>
Revenue	Golf	265	262	272	262	237
	F&B	<u>126</u>	<u>126</u>	<u>139</u>	<u>139</u>	<u>120</u>
	Total	<u>391</u>	<u>388</u>	<u>411</u>	<u>401</u>	<u>357</u>
Expenses	Cost of sales, F&B	71	64	70	58	49
	Payroll	133	157	142	148	155
	Lease related	70	73	71	74	73
	Other expenses	<u>108</u>	<u>108</u>	<u>97</u>	<u>110</u>	<u>101</u>
	Total	<u>382</u>	<u>402</u>	<u>380</u>	<u>390</u>	<u>378</u>
Surplus (Deficit)		<u>9</u>	<u>(14)</u>	<u>31</u>	<u>11</u>	<u>(21)</u>

Pierre Gendreau  
Treasurer