

Foxwood Hills POA October 2018 Financial Analysis:

Total Cash	Current Month	Previous Month	Previous Year
Operating	\$ 344,218	\$ 415,146	\$ 417,133
Reserves	\$ 372, 347	\$ 377,826	\$ 277,328

Accounts Receivable	Current Month / YTD	Previous Month/ YTD	Previous Year / YTD
A/R Balance	\$ 2,780,818	\$ 2,722,026	\$ 2,344,937
Total Collected	\$ 14,302 / \$ 535,880	\$ 17,755 / \$ 521,578	\$ 36,492 / \$1,100,418

Restaurant	Current Month/YTD	Previous Month/YTD	Previous Year MTY/YTD
Total Revenue	\$ 8,561 / \$ 102,523	\$12,782 / \$ 93,962	\$ 8,182 / \$73,745
Total Expenses	\$ 22,827 / \$182,005	\$ 27,510 / \$ 157,937	\$12,481 / \$ 119,695
Net Surplus/(Deficit)	(\$ 14,266) / (\$79,482)	(\$ 14,368) / (\$63,975)	(\$4,299) / (\$ 45,950)

POA	Current Month/YTD	Previous Month/YTD	Previous Year MTY/YTD
Total Operating Expense	\$77,644 / \$801,909	\$ 94,855 / \$667,809	\$78,399 / \$798,588
Operating Surplus/Deficit	(\$ 54,781) / (\$163,506)	(\$64,318) / (\$52,270)	(\$ 33,725) / \$375,575

For the month of October, POA has collected about \$14K and \$536K YTD (April – Oct) in dues and other POA income other than the restaurant. The monthly collection went down by \$3,453 from previous month, and it went down by \$ 22,190 from previous year. YTD collection amount went down by \$564,538 compared to previous year. This is about 50% drop. Sperlonga should increase this number significantly once it's in place. While the revenues dropped 50% last year, the total operating expenses are about the same. Thus, the operating surplus/deficit is down by \$539K from surplus of \$375K last year to deficit of \$163K this year.

Significant Changes:

Inventory for the restaurant went down by about \$7K and it caused the COGS – Food to be \$9,802 for the month which is more than the monthly revenue for the restaurant. We might want to look at inventory and check the inventory count process. We would suggest looking into the internal control of the inventory count process including the accuracy of the cost and the timing of the count.

Significant Expenses:

5443 Legal Fees: There was an increase of about \$34K to YTD expenses due to Nexsen Pruet Invoice that was invoiced as prior to 10/1/18.

5478.1 Insurance – Workers Comp: About \$ 10K of workers comp expense was mis-classified for during the year and it did not show on the income statement. I have reclassified this and some others that was not included in the last month's financials.

Year to Date Comparisons from October 2017 to October 2018

Annual Revenue

2017	\$1 100 418
2018	\$ 535 880

Annual revenue dropped by 50% from 2017 to 2018 due to members NOT paying their annual dues and assessments. **We also had a \$140k write off due to tax foreclosures. GM has been working to verify validity of open accounts to ensure correct amount is reported. Additional collection efforts forthcoming - mailed statements, calls, legal, credit reporting, etc.**

Restaurant Revenue

2017	\$ 73 745
2018	\$102 523

Annual revenue for the restaurant & lounge has increased by \$ 28 778; that is approximately 39% increase. Thank you for those who support the restaurant & lounge.

Restaurant Expenses

2017	\$ 19 695
2018	\$182 005

Restaurant Expenses have increased by \$11 435; increase primarily due to increase staff and COGS

Profit – Loss for Restaurant

2017	\$119 655 – \$ 73 745	\$ - 45 910
2018	\$182 005 - \$102 523	\$ - 79 482

Restaurant has been at an operating loss for a few years, in the past we were able to compensate the loss with the members paying their dues and no major legal expenses due to lawsuits. Now with the 50% reduction in membership dues being paid and the additional expense of legal fees, we are having more difficulties covering the expenses of the restaurant.

G & A Expenses

2017	\$245 611
2018	\$347 777

We have an increase in G&A expenses primarily due to the additional legal expenses incurred from the lawsuits. If we remove **the additional legal expenses of \$120 961.00 – then our actual operating costs would be less than 2017 by \$ 18 795.** Which shows our POA management and BOD are cutting costs where possible. **Many expenses budgeted for are on hold due to the exorbitant legal expenses and negative revenue of the Restaurant due to staff growth for increased service and food restocks after two large storms that took out the power.**

Maintenance Expenses

2017	\$ 68 969
2018	\$ 50 078

We have a cost reduction of \$ 18 891 from 2017, primarily in payroll. **This is mainly due to the reduction of the part-time employee from 2017 and Daniel being on worker's comp since Summer. We've hired a new full time employee so this gap will reduce through the rest of the fiscal year. We will budget for 3 full time, one part -time next year with Pete retiring in June/July.**

Security Expenses

2017	\$ 85 381
2018	\$ 77 652

Cost savings of \$ 7 729 from 2017

Pool Expenses

2017	\$ 18 693
2018	\$ 25 596

Increase of pool expenses by \$ \$6 903; primarily due to the increase of staff members for the summer compared to 2017 and pool repairs needed during the year. Salt cell, oxygen sensor, extended hours, baby pool repairs, etc.

Not including the Reserve accounts; just looking at operating costs

Total Operating Costs

2017	\$ 553 071
2018	\$ 697 963

If we minus the additional legal fees (\$ 120 961) incurred this year as previously mentioned above, that would increase our 2018 annual operating costs by \$ 23 931.

For a 2018 Total operating cost of \$ 577 002 which is only a 4% increase from last year