



# SAVANNAH LAKES VILLAGE

## LAKE THURMOND - SOUTH CAROLINA

# 2014 Preliminary Budget

## 2014 Preliminary Budget Presentation

On Wednesday October 16, 2013, the preliminary 2014 SLV Budget was presented during the regular board meeting to the SLV Community. The following slide presentation was delivered to illustrate the process of preparing the budget and the considerations required to ensure an aggressive, balanced and achievable budget for 2014 with an underlying bias towards growing our community.

The 2014 Budget will be presented at the Tuesday, November 5, 2013 Town Hall meeting at the Recreation Center, beginning at 6 p.m. The Town Hall presentation will include any changes that are made to the preliminary budget presented in this document. The SLVPOA Board of Directors will vote on the 2014 budget at the November 20 board meeting.

# ACHIEVING BALANCE



# PILLARS OF COMMUNITY

## SLV COMMUNITY



**GOLF REC CTR**

**F&B ASSESSMENTS**



# 2014 Budget Assumptions

## 2014 Assumptions:

- I. Assessment delinquency forecasted at 120 new accounts.
- II. Amenities will strive for appropriate balance of subsidies.
- III. Cap-X will only be considered for clearly defined projects based on return on investment or the preservation of existing capital.
- IV. Affordable Care Act impacts & no wage increases

# Challenges

- I. Aging community population
- II. Declining assessment base
- III. Non-producing assets
  - i. Non-paying members
  - ii. Afternoon golf tee times
- IV. Declining number of Golfers  
(state of industry & for SLV, Aging Golfers)

# Strengths

- I. Well positioned to begin 2014 with turnaround & growth initiatives already under way.
  - Organization changes made in August 2013
  - Begin implementing F&B operational plan
  - Real estate/Neighborhood development initiatives
- II. Attractive competitively priced community experience.
- III. Strong initiatives for new real estate development
- IV. Engaged & motivated Leadership Team

# Opportunities & Key Initiatives

- I. Developing Programs to increase amenity participation by providing:
  - Golf Academy – Focus: Growing the Game in SLV
  - Food Services – Greater focus on engaging members with new program offerings
- II. Synergize operations (i.e., Golf & Food services).



# Opportunities & Key Initiatives

## III. New revenue sources

- Fee structures for Golf & Rec Center
- New Revenue Stream
  - Outside Play
  - Golf Shops
  - Social fee
- Expand profit oriented residential services (i.e. small home repairs & maintenance).

IV. \_\_\_\_\_ ?



# **Opportunities & Key Initiatives**

**SLV Owns & Operates an Under Leveraged Asset that is in Short Supply & High Demand?**

# **Opportunities & Key Initiatives**

## **Prime Tee Times**

**(Mornings)**

# Capital

| <u>Description</u>          | <u>Date</u> | <u>Amount</u>    | <u>Total</u>      |
|-----------------------------|-------------|------------------|-------------------|
| <b>Equipment:</b>           |             |                  |                   |
| <b>Sand Pro Mower</b>       | <b>Mar</b>  | <b>\$ 20,000</b> |                   |
| <b>Top Dressers</b>         | <b>Mar</b>  | <b>10,000</b>    |                   |
| <b>Rough Area Mower</b>     | <b>Mar</b>  | <b>18,000</b>    |                   |
|                             |             |                  | <b>48,000</b>     |
| <b>Building:</b>            |             |                  |                   |
| <b>Tara Club House Roof</b> | <b>Jan</b>  |                  | <b>80,000</b>     |
|                             |             |                  |                   |
| <b>Total Capital</b>        |             |                  | <b>\$ 128,000</b> |

- Assumes lease option for replacement of Golf Carts in 2014
- Limiting short-term Capital spending to preservation of assets, or short term ROI.



# Revenue

| (000's)                   | Revenue            |             |                |                |              |              |
|---------------------------|--------------------|-------------|----------------|----------------|--------------|--------------|
|                           | <u>Assessments</u> | <u>Golf</u> | <u>F&amp;B</u> | <u>Rec Ctr</u> | <u>Other</u> | <u>Total</u> |
| <b>2013 Actual/Fcst</b>   | \$3,257            | \$995       | \$292          | \$144          | \$435        | \$5,123      |
| <b>Price</b>              | 155                | 89          |                | 20             | 37           | 301          |
| <b>Volume</b>             | (210)              | 370         | 47             |                |              | 207          |
| <b>New Revenue Stream</b> | -                  |             |                | 16             |              | 16           |
| <b>2014 Budget</b>        | \$3,202            | \$1,454     | \$339          | \$180          | \$472        | \$5,647      |

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# Revenue

| (000's)            | Revenue            |             |                |                |              |              |
|--------------------|--------------------|-------------|----------------|----------------|--------------|--------------|
|                    | <u>Assessments</u> | <u>Golf</u> | <u>F&amp;B</u> | <u>Rec Ctr</u> | <u>Other</u> | <u>Total</u> |
| 2013 Actual/Fcst   | 3,257              | 995         | 292            | 144            | 435          | 5,123        |
| Price              | 155                | 89          |                | 20             | 37           | 301          |
| Volume             | (210)              | 370         | 47             |                |              | 207          |
| New Revenue Stream | -                  |             |                | 16             |              | 16           |
| 2014 Budget        | 3,202              | 1,454       | 339            | 180            | 472          | 5,647        |

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**Reflects 5% Price Increase on Assessment Fees and 120 additional accounts fall into delinquency.**

# Revenue

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**Assumes price increase on Prime Tee Times with increased outside play; based on 2011 actual daily played rounds & actual 2013 annual golf packages.**



# Revenue

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|---------------------------|--------------------|-------------|----------------|----------------|--------------|--------------|
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**Gross profit margin to exceed 50% with emphasis on revenue mix and expanding banquet & special events.**

# Revenue

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|---------------------------|--------------------|-------------|----------------|----------------|--------------|--------------|
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| <b>New Revenue Stream</b> | -                  |             |                | 16             |              | 16           |
| 2014 <b>Budget</b>        | 3,202              | 1,454       | 339            | 180            | 472          | 5,647        |

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- **Simplified tiered pricing with emphasis on maximizing usage and value**
- **Introduction of Social Rate for activity based sanctioned club groups**

# Revenue

| (000's)                   | Revenue            |             |                |                |              |              |
|---------------------------|--------------------|-------------|----------------|----------------|--------------|--------------|
|                           | <u>Assessments</u> | <u>Golf</u> | <u>F&amp;B</u> | <u>Rec Ctr</u> | <u>Other</u> | <u>Total</u> |
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**Increased dock maintenance fees by 5%.**



# Proposed Fee Schedules

| <b>ADMINISTRATION</b>                      |                            | <b>2013</b> | <b>2014</b> |                  |
|--|----------------------------|-------------|-------------|------------------|
| <b>ASSESSMENTS</b>                         |                            |             |             |                  |
|  | ANNUAL DUE JANUARY 2       | \$1,103.40  | \$1,158.57  |                  |
|  | MONTHLY PAID BY BANK DRAFT | \$91.95     | \$96.54     |                  |
| <b>RECREATION CENTER (excludes tennis)</b> |                            | <b>2013</b> | <b>2014</b> | <b>PER MONTH</b> |
| <b>MEMBER</b>                              |                            |             |             |                  |
|  | DAILY                      | \$3.50      | \$4         |                  |
|  | SOCIAL DAILY               |             | \$3         |                  |
|  | MONTHLY                    |             | \$61        | \$61             |
|  | QUARTERLY                  | \$115.50    | \$146       | \$48.67          |
|  | SEMI-ANNUAL                | \$231.00    |             |                  |
|  | ANNUAL                     | \$385       | \$438       | \$36.50          |
| <b>FAMILY</b>                              |                            |             |             |                  |
|  | MONTHLY                    |             | \$98        | \$98             |
|  | QUARTERLY                  | \$184.80    | \$234       | \$78             |
|  | SEMI-ANNUAL                | \$369.60    |             |                  |
|  | ANNUAL                     | \$616       | \$701       | \$58.42          |

# Proposed Fee Schedules

| <b>TENNIS &amp; RECREATION CENTER</b>    |  | <b>2013</b> | <b>2014</b> | <b>PER MONTH</b> |
|--|--|-------------|-------------|------------------|
| <b>MEMBER</b>                            |  |             |             |                  |
| DAILY                                    |  | \$4         | \$5         |                  |
| MONTHLY                                  |  |             | \$76        | \$76             |
| QUARTERLY                                |  | \$145.50    | \$183       | \$61             |
| SEMI-ANNUAL                              |  | \$231.00    |             |                  |
| ANNUAL                                   |  | \$485       | \$548       | \$45.67          |
| <b>FAMILY</b>                            |  |             |             |                  |
| MONTHLY                                  |  |             | \$122       | \$122            |
| QUARTERLY                                |  | \$232.80    | \$293       | \$97.67          |
| SEMI-ANNUAL                              |  | \$369.60    |             |                  |
| ANNUAL                                   |  | \$776       | \$877       | \$73.08          |
| <b>DOCKS</b>                             |  | <b>2013</b> | <b>2014</b> | <b>PER MONTH</b> |
| LONG TERM LEASE (50 YEAR) LAKE FRONT LOT |  | \$14,000    | \$14,000    |                  |
| COMMUNITY DOCK ANNUAL LEASE              |  | \$850       | \$850       | \$70.83          |
| ANNUAL DOCK MAINTENANCE FEE              |  | \$600       | \$630       | \$52.50          |

# Proposed Fee Schedules

| <b>GOLF FEES</b>                           |         | <b>2013</b> | <b>2014</b> | <b>PER MONTH</b> |
|--|---------|-------------|-------------|------------------|
| <b>GREEN FEES</b>                          |         |             |             |                  |
| MEMBER - DAILY                             | 18 HOLE | \$22        | \$24        |                  |
| MEMBER - DAILY                             | 9 HOLE  | \$12        | \$13        |                  |
| MEMBER - DAILY NON-PRIME                   | 18 HOLE | \$14        | \$12        |                  |
| MEMBER - DAILY NON-PRIME                   | 9 HOLE  | \$8         | \$7         |                  |
| MEMBER-ANNUAL PER PERSON                   |         | \$2,420     | \$2,640     | \$220            |
| MEMBER-ANNUAL PER PERSON NON-PRIME         |         | \$1,540     | \$1,320     | \$110            |
| MEMBER-ANNUAL FAMILY (2 persons)           |         | \$3,872     | \$4,560     | \$380            |
| MEMBER-ANNUAL FAMILY NON-PRIME (2 persons) |         | \$2,464     | \$2,280     | \$190            |
| <b>CART RENTAL</b>                         |         |             |             |                  |
| MEMBER - DAILY                             | 18 HOLE | \$11        | \$11        |                  |
| MEMBER - DAILY                             | 9 HOLE  | \$6         | \$6         |                  |
| MEMBER-ANNUAL PER PERSON                   |         | \$1,100     | \$1,210     | \$100.83         |
| MEMBER-ANNUAL FAMILY (2 persons)           |         | \$1,750     | \$2,090     | \$174.17         |
| <b>TRAIL FEE</b>                           |         |             |             |                  |
| MEMBER - DAILY                             | 18 HOLE | \$7         | \$7         |                  |
| MEMBER - DAILY                             | 9 HOLE  | \$3.75      | \$3.75      |                  |
| MEMBER-ANNUAL PER PERSON                   |         | \$800       | \$800       | \$66.67          |
| MEMBER-ANNUAL FAMILY (2 persons)           |         | \$1,300     | \$1,330     | \$110.83         |

# Operating Expenses

|                                | <b>Act/Proj</b>                  | <b>Budget</b>                    | <b>Change</b>                    | <b>Explanation</b>                              |
|--------------------------------|----------------------------------|----------------------------------|----------------------------------|---|
| (000'S)                        | <b>2013</b>                      | <b>2014</b>                      |                                  |   |
|                                | <b><u>Operating Expenses</u></b> | <b><u>Operating Expenses</u></b> | <b><u>Operating Expenses</u></b> |   |
| <b>Assessments &amp; Other</b> | -                                | -                                | -                                |   |
| <b>Golf</b>                    | 1,513                            | 1,591                            | 78                               | <b>Tempering</b>                                |
| <b>Recreation Center</b>       | 379                              | 384                              | 5                                |   |
| <b>Food Services</b>           | 985                              | 817                              | (168)                            | <b>Improved Labor Utilization</b>               |
| <b>Community Services</b>      | 640                              | 675                              | 35                               | <b>Labor Churn</b>                              |
| <b>Dock Maintenance</b>        | 132                              | 182                              | 50                               | <b>Maintenance Costs Offset by Fee increase</b> |
| <b>Admin</b>                   | 1,454                            | 1,498                            | 44                               | <b>Tempering</b>                                |
| <b>Marketing</b>               | 95                               | 112                              | 17                               |   |
| <b>Rental Property</b>         | 12                               | 16                               | 4                                |   |
| <b>Total</b>                   | <b>5,210</b>                     | <b>5,275</b>                     | <b>65</b>                        |   |



# 2013 Forecast

| (000's)                            | 2013 Mid-Year Forecast |                 |               |              |               |
|------------------------------------|------------------------|-----------------|---------------|--------------|---------------|
|                                    | Net                    | Operating       |               |              | Inc           |
|                                    | <u>Revenue</u>         | <u>Expenses</u> | <u>EBITDA</u> | <u>Dep</u>   | <u>(Loss)</u> |
| <b>Assessments &amp; Other</b>     | 3,257                  | -               | 3,257         | -            | 3,257         |
| <b>Golf</b>                        | 995                    | 1,513           | (518)         | (379)        | (897)         |
| <b>Recreation Center</b>           | 144                    | 379             | (235)         | (129)        | (364)         |
| <b>Food Services</b>               | 292                    | 985             | (693)         | (58)         | (751)         |
| <b>Community Services</b>          | 129                    | 640             | (511)         | (29)         | (540)         |
| <b>Dock Maintenance</b>            | 267                    | 132             | 135           | (126)        | 9             |
| <b>Admin</b>                       | -                      | 1,454           | (1,454)       | (17)         | (1,471)       |
| <b>Marketing</b>                   | -                      | 95              | (95)          | -            | (95)          |
| <b>Rental Property</b>             | 39                     | 12              | 27            | (15)         | 12            |
| <b>Total</b>                       | <b>5,123</b>           | <b>5,210</b>    | <b>(87)</b>   | <b>(753)</b> | <b>(840)</b>  |
| <b>Capital Expenditures</b>        |                        |                 | (590)         |              |               |
| <b>Loan Proceeds</b>               |                        |                 | 246           |              |               |
| <b>Debt Payments</b>               |                        |                 | (225)         |              |               |
| <b>(Decrease) Increase in Cash</b> |                        |                 | <u>(656)</u>  |              |               |

# 2014 Budget

| (000's)                            | 2014 Budget  |                    |            |              |              |
|------------------------------------|--------------|--------------------|------------|--------------|--------------|
|                                    | Net Revenue  | Operating Expenses | EBITDA     | Dep          | Inc (Loss)   |
| Assessments & Other                | 3,202        | -                  | 3,202      | -            | 3,202        |
| Golf                               | 1,454        | 1,591              | (137)      | (396)        | (533)        |
| Recreation Center                  | 180          | 384                | (204)      | (127)        | (331)        |
| Food Services                      | 339          | 817                | (478)      | (90)         | (568)        |
| Community Services                 | 134          | 675                | (541)      | (31)         | (572)        |
| Dock Maintenance                   | 299          | 182                | 117        | (122)        | (5)          |
| Admin                              | -            | 1,498              | (1,498)    | (16)         | (1,514)      |
| Marketing                          | -            | 112                | (112)      | -            | (112)        |
| Rental Property                    | 39           | 16                 | 23         | (15)         | 8            |
| <b>Total</b>                       | <b>5,647</b> | <b>5,275</b>       | <b>372</b> | <b>(797)</b> | <b>(425)</b> |
| Capital Expenditures               |              |                    | (128)      |              |              |
| Loan Proceeds                      |              |                    | -          |              |              |
| Debt Payments                      |              |                    | (225)      |              |              |
| <b>(Decrease) Increase in Cash</b> |              |                    | <b>19</b>  |              |              |

# 2013 Forecast vs 2014 Budget

| (000's)                     | 2013 Mid-Year Forecast |                    |              |              |              | 2014 Budget  |                    |            |              |              | Change      |                    |            |             |            |
|-----------------------------|------------------------|--------------------|--------------|--------------|--------------|--------------|--------------------|------------|--------------|--------------|-------------|--------------------|------------|-------------|------------|
|                             | Net Revenue            | Operating Expenses | EBITDA       | Dep          | Inc (Loss)   | Net Revenue  | Operating Expenses | EBITDA     | Dep          | Inc (Loss)   | Net Revenue | Operating Expenses | EBITDA     | Dep         | Inc (Loss) |
| Assessments & Other         | 3,257                  | -                  | 3,257        | -            | 3,257        | 3,202        | -                  | 3,202      | -            | 3,202        | (55)        | -                  | (55)       | -           | (55)       |
| Golf                        | 995                    | 1,513              | (518)        | (379)        | (897)        | 1,454        | 1,591              | (137)      | (396)        | (533)        | 459         | 78                 | 381        | (17)        | 364        |
| Recreation Center           | 144                    | 379                | (235)        | (129)        | (364)        | 180          | 384                | (204)      | (127)        | (331)        | 36          | 5                  | 31         | 2           | 33         |
| Food Services               | 292                    | 985                | (693)        | (58)         | (751)        | 339          | 817                | (478)      | (90)         | (568)        | 47          | (168)              | 215        | (32)        | 183        |
| Community Services          | 129                    | 640                | (511)        | (29)         | (540)        | 134          | 675                | (541)      | (31)         | (572)        | 5           | 35                 | (30)       | (2)         | (32)       |
| Dock Maintenance            | 267                    | 132                | 135          | (126)        | 9            | 299          | 182                | 117        | (122)        | (5)          | 32          | 50                 | (18)       | 4           | (14)       |
| Admin                       | -                      | 1,454              | (1,454)      | (17)         | (1,471)      | -            | 1,498              | (1,498)    | (16)         | (1,514)      | -           | 44                 | (44)       | 1           | (43)       |
| Marketing                   | -                      | 95                 | (95)         | -            | (95)         | -            | 112                | (112)      | -            | (112)        | -           | 17                 | (17)       | -           | (17)       |
| Rental Property             | 39                     | 12                 | 27           | (15)         | 12           | 39           | 16                 | 23         | (15)         | 8            | -           | 4                  | (4)        | -           | (4)        |
| <b>Total</b>                | <b>5,123</b>           | <b>5,210</b>       | <b>(87)</b>  | <b>(753)</b> | <b>(840)</b> | <b>5,647</b> | <b>5,275</b>       | <b>372</b> | <b>(797)</b> | <b>(425)</b> | <b>524</b>  | <b>65</b>          | <b>459</b> | <b>(44)</b> | <b>415</b> |
| Capital Expenditures        |                        |                    | (590)        |              |              |              |                    | (128)      |              |              |             |                    | 462        |             |            |
| Loan Proceeds               |                        |                    | 246          |              |              |              |                    | -          |              |              |             |                    | (246)      |             |            |
| Debt Payments               |                        |                    | (225)        |              |              |              |                    | (225)      |              |              |             |                    | -          |             |            |
| (Decrease) Increase in Cash |                        |                    | <u>(656)</u> |              |              |              |                    | <u>19</u>  |              |              |             |                    | <u>675</u> |             |            |

# Conclusion/Wrap-up

- I. Support of Community
- II. Aggressive, yet achievable budget
- III. Attacks Financial Performance:
  - I. Conserves Cash
  - II. Guides SLV Back on Sustainable Track
- IV. Retains attractiveness of living in SLV and real estate growth initiatives.
- V. Balanced approach in providing “value” with bias towards the broader community.





# SAVANNAH LAKES VILLAGE

## LAKE THURMOND - SOUTH CAROLINA

# 2014 Preliminary Budget

The 2014 Budget will be presented at the Tuesday, November 5, 2013 Town Hall meeting at the Recreation Center, beginning at 6 p.m. This presentation will include any changes that are made to the preliminary budget presented in this document. The SLVPOA Board of Directors will vote on the 2014 budget at the November 20 board meeting.

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