

**To: Sunland Homeowners
Association
Board of Directors**

Subject: Current Membership and
Financial Status of Sunland Golf and
Country Club and Potential Impact on
the Homeowners of Sunland

By: Jim E Ratliff Sunland Homeowner And Current President of The Golf Club

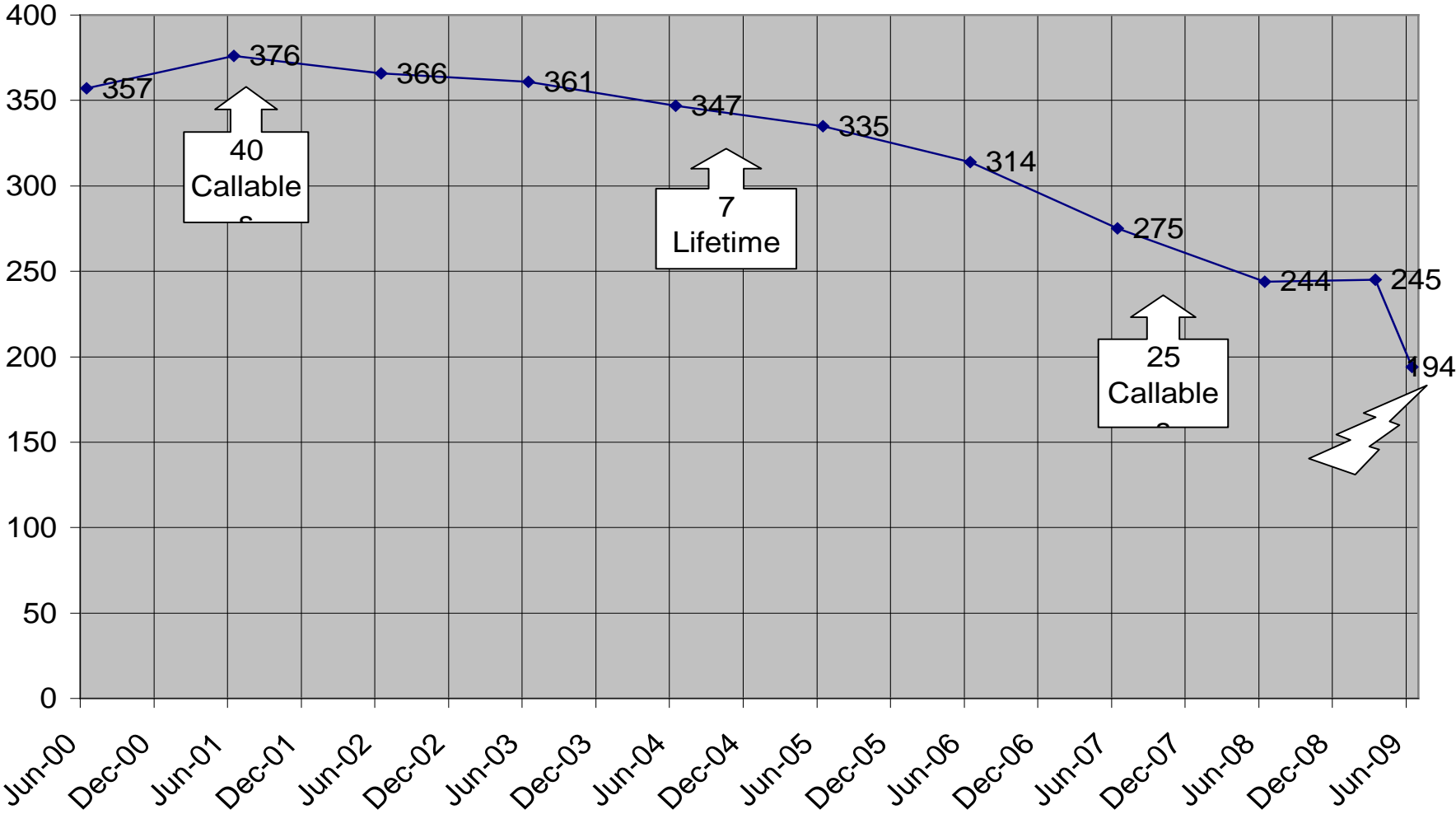
Prelude

- In today's economic environment most golf courses are experiencing problems.

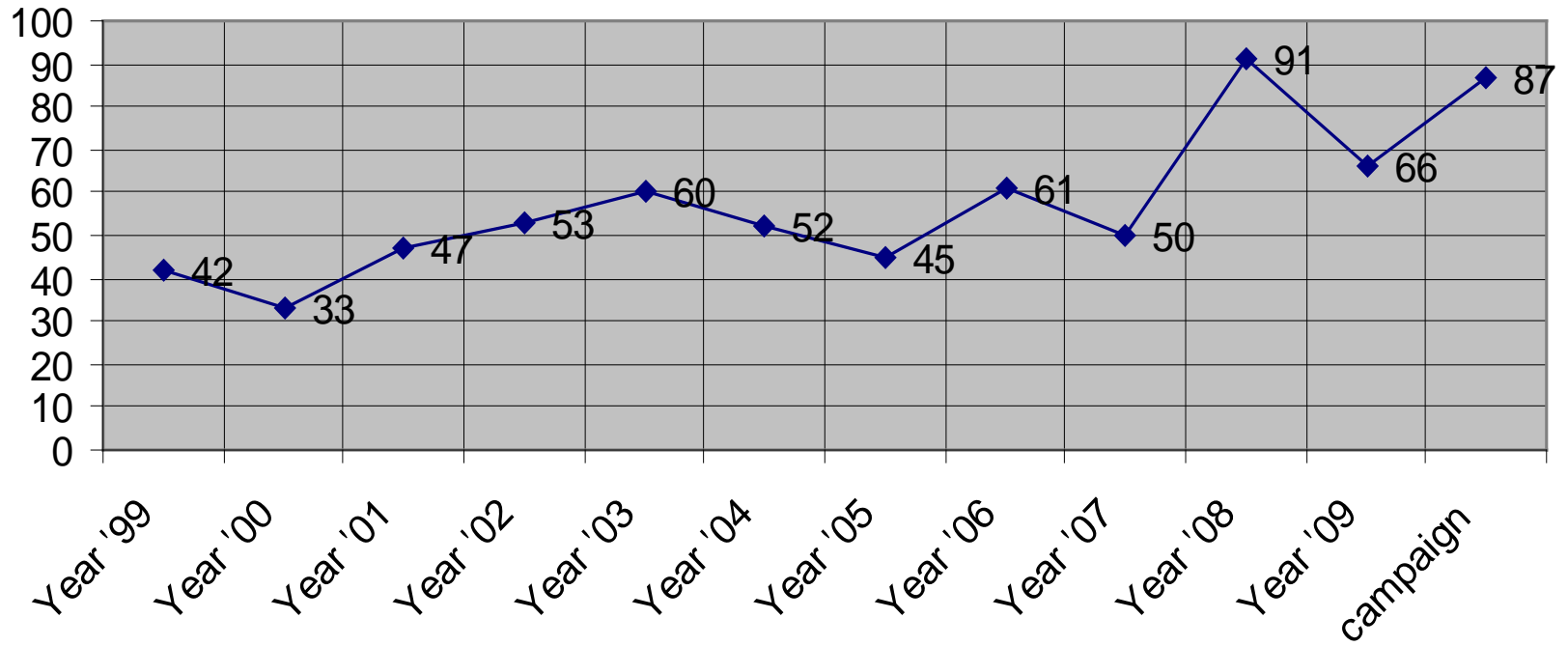
Including:

- Reduced memberships at private clubs
- Less round played at public courses.

SunLand Golf Memberships

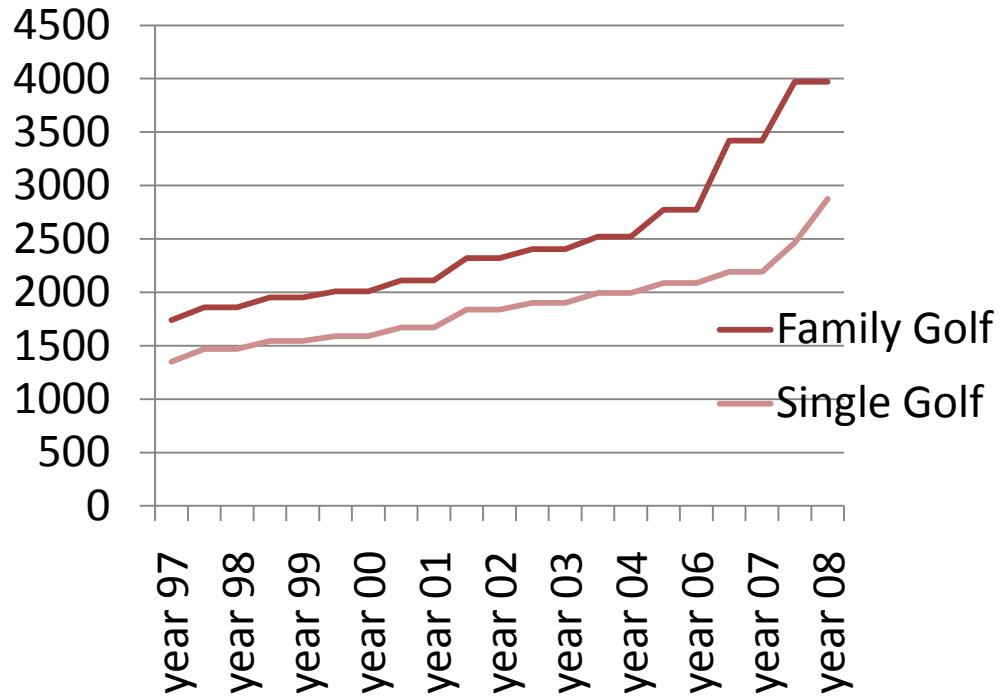


Social Memberships



Annual Golf Dues

Year	Family	Single
97	1740	1350
98	1860	1470
99	1953	1544
00	2010	1590
01	2110	1670
02	2321	1837
03	2403	1900
04	2522	1994
05	2641	2088
06	2773	2191
07	3419	2464
08	3970	2875



Memberships

Type	Projection	Actual	Campaign
Golf	220	195	
Family	105	83	
Single	115	112	
Social	86	66	21
Associate			20

Annual Dues

Type	2008	2009 Budget	Current Projection	Variance
Golf	\$771,192	\$834,400	\$687,835	(146,565)
Social	\$26,000	\$23,964	\$19,765	(4,199)
Associate		\$000	Reserve	

Departmental Financial Targets 2009/10

Sunland Café Product revenue will cover all costs (net \$0 or better)

Pro Shop & Range Product revenue will cover all costs (net \$0 or better)

Expense	2007/2008	2008/2009	2009/2010
Administration	\$211,126	\$251,517	\$233,581
Course	\$509,105	\$496,542	\$473,249
Irrigation Notes	2007/2008	2008/2009	2009/2010
Interest	\$47,235	\$36,660	\$36,560
Principle Payment	\$93,358	\$130,527	\$203,617

Past Efforts (Although Necessary)

Dues increases-Probably added to membership decline.

Expense Control

- Current levels do not support proper level of golf course maintenance.
- Provide minimum level of administration support for members.
- Provide no level of reserve for building repair or other unbudgeted expense.
- Provide no reserve for golf course equipment.

Current actions

- Increase 2009 dues to present members
- Aggressive membership recruitment
- Under 55 program
- Open play
- Appropriate expense control

The results of the above actions are not clear and will take time to determine. The dues increase has obvious risk to membership reduction.

Conclusions

- Although no one is predicting it, it is highly probable the financials clearly indicate that it is very possible for the golf club to fail.
- When bank balances don't meet expenses (mostly payroll). The course is no longer maintained and the club must close. Picture the terrible impact to our beautiful Sunland residential area if this would occur and also the effect on our home values and our ability to sell them.

Implications for Sunland Home Owners

- Possible club closure presents much more of a problem to homeowners than golf members only and must be prevented. Two thirds of golf members are homeowners.

Control

- the recognition that because there is no contractual agreement between the two organizations, closure, sale or other disposition of the club property could happen without any influence or control by the homeowners.

Prevention

Short Term

- Ask homeowners to contribute toward maintenance of the golf course.

Example

- \$25 per month by every property owner will assume proper golf course care and financial stability so the club can continue to have a competitive product (membership) to sell and the environment improves.

Important

- This amount is only a fraction of what the cost would be to each property owner if closure occurs.

Long Term

- Recommendations form a joint group to aggressively pursue formulation of a single organization with control over both functions (maybe the water district also) so that property owners have a level of control and this type of situation will not occur again.