



Minutes of the 2016 Annual Meeting

The 2016 Annual Meeting of the Hanover Seaside Club was held at 2:00PM, Saturday, Feb 20, 2016 at the Northeast Branch of the New Hanover County library in the Executive Development Center on 1241 Military Cutoff Road, Wilmington, NC.

In Attendance: Cockrum (President); Beall (Vice President); Tinga (Secretary Treasurer); Godwin, Johnson, Morgan, McFadyen, C.Wessell, J.Wessell, (Board members); Grady Windham (CPA); and Regular Members.

1. Meeting was opened by President Cockrum.
2. Approval of 2016 Annual Meeting Agenda - John Cockrum, President. Cockrum called for additions to the agenda as follows:
 - a. Approval of 2015-2016 budget
 - b. Approval of 2017 dues
 - c. Agenda with additions approved on voice vote
3. Approval of minutes of Feb 2015 Annual Meeting - John Cockrum, President
 - a. Cockrum noted that minutes as presented were approved by the Board in November 2015 and posted on website and called for additions or corrections.
 - b. Beall noted that listed deadline for dues payment for consideration for room lottery should read March 1 not April 1 and called to amend the minutes to correct the error. No discussion.
 - c. Amended minutes were approved on voice vote.
4. Old Business
 - a. 2015 Financial Report - Linda Tinga, Secretary/Treasurer
 - i. Tinga presented report (attached) and addressed questions from members.
 1. *What have we done to reduce losses in Dining Room?* McFadyen responded: *Raise prices, study purchasing, consider changing menus, increase participation.*
 2. *How many of those who did not use any of their dining room minimum are from out of town?* No data.
 3. *Why are parties down?* McFadyen responded. *We're not sure, but we believe refurbishing will help.*
 - ii. Tinga presented recommendations for Board (in attached report) and more questions arose:
 1. *Why did payroll expenses increase?* Cockrum responded: *Piecework janitorial now a part of payroll.*
 2. *Do employees punch time card?* Response: *Hourly employees do.*
 3. Several recommendations from members
 - a. Track number of meals served
 - b. Make menu more varied
 - c. Continuity on committees to stay problem focused

- b. Remarks from Grady Windham – CPA. Windham noted the following in regards to the investigation of recordkeeping issues surrounding the former Secretary-Treasurer Wilson Horton:
 - i. Windham’s firm had performed a lengthy investigation, including:
 - 1. Preparation of a six page spreadsheet with questions raised and his response
 - 2. Meeting with many people and spending many hours looking at accusations, questions, old minutes
 - 3. Extensive analysis of underreported income and expenditures, managing to reconcile all to the best extent possible, and no additional work necessary
 - ii. Conclusions
 - 1. No further work is necessary
 - 2. The Hanover Seaside Club is better off for the issues having been raised, given that now we have
 - a. Accountability
 - b. Transparency
 - c. GAPP compliant books
 - d. Double entry bookkeeping system
 - e. Excellent documentation
 - f. Ongoing effort at clarifying and documenting financial policy
 - 3. He sees no additional benefit to further work or investigation
 - 4. We’re better off, and the issue is over
- c. Other Old Business—President Cockrum read the following statement after thanking BOD for engagement in this issue:
 - i. *The Board has reviewed the Windham and Henderson report dated February 8, 2016 and verbal comments made by Grady Windham, CPA, this date on the financial discrepancies at the Hanover Seaside Club. As suggested by Windham and Henderson, no further investigative activity is warranted: therefore, the Board accepts this conclusion and moves to terminate the investigation.*
 - ii. *The Board wishes to thank Jan Sheppard for bringing to the attention of the Board financial irregularities. Her questions prompted the Board to adopt new financial policies and procedures and to improve transparency in all Board actions.*

5. New Business

- a. 2016 Elections
 - i. Nominating Committee Report-Jake Wessell, Chair
 - 1. President-John Cockrum
 - 2. Vice President-Elise Beall
 - 3. Secretary-Treasurer-Steve Lee and Jan Shepherd
 - 4. Board Member-Susan Collins and Andrew Walden
 - ii. Nominations from the Floor-John Cockrum. President opened the floor for nominations
 - 1. President—None—Cockrum announced that Cockrum was elected by acclamation
 - 2. Vice-President—None—Cockrum announced that Beall was elected by acclamation
 - 3. Secretary-Treasurer—No additional nominees
 - 4. Board Member—Brad Walls was nominated and seconded
 - iii. Comments by candidates with questions from members answered by candidates -John Cockrum, President presided and gave each candidate two minutes to speak.

- iv. Recognition of new regular members voting for the first time
- v. Secret balloting for election of new Officers and Board members – Elected conducted by Grady Windham, CPA and assisted by Teller Committee appointed by President Cockrum
- b. Presentation of budget for 2015-2016-Linda Tinga (budget is attached)
 - i. Tinga presented the budget and entertained questions
 - 1. *Why is fee income lower in the proposal?* Tinga responded: *We don't anticipate taking in as many new members this coming year.*
 - ii. President Cockrum moved to approve the proposed budget as recommended, approved, and distributed by the Board. Approved by voice vote.
- 6. 2017 Dues-President Cockrum reported a motion from the Board: *The Board moves that dues for 2017 remain same as for 2016 which is \$475 and that \$50 of each member's dues are assigned to the emergency fund.*
 - i. Discussion followed, centering on the question: *Are the dues actually \$475 or \$425?* The question was seen as important for deciding the dues of those members whose dues would be frozen when reaching REG/SEASONAL 70 or 75 status
 - ii. Rewording clarifying the motion offered by President Cockrum on behalf of the Board: *The dues for 2017 will remain the same as 2016. The annual dues will be \$425 with an additional dues payment of \$50 going to the emergency fund.* Further discussion ensued. The reworded motion was put to a vote. The motion was approved.
- 7. Other New Business - John Cockrum, President
 - a. Establish date for 2017 Annual Meeting -John Cockrum. By acclamation, the meeting space and date for the 2017 Annual Meeting was set at Northeast Branch of the New Hanover County library in the Executive Development Center on 1241 Military Cutoff Road, Wilmington, NC on Saturday, January 21, 2017 at 2:00PM.
 - b. Recognitions-On behalf of the Board, Bo Wessell recognized the following for their service to the Club:
 - i. Linda Tinga—four years of service as Secretary-Treasurer
 - ii. Jake Wessell—two years as a Board Member highlighted by Constitution work and Policy Committee spearheading.
 - iii. Jim Morgan—two years as a Board Member highlighted by special attention to all issues surrounding the rental house at 605 South Lumina.
 - c. President Cockrum cited some high points of the past year:
 - i. Committees are functioning well as tools for accomplishing necessary tasks
 - ii. DropBox is working as an effective tool for communication among Board Members
 - iii. New Regular members have an opportunity to participate
 - iv. The Club is now being guided by policies, with more to come.
 - d. Return results of elections for 2016-Grady Windham, CPA, announced by President Cockrum:
 - i. President-John Cockrum
 - ii. Vice President-Elise Beall
 - iii. Secretary-Treasurer-Steve Lee
 - iv. Board Members-Susan Collins and Brad Walls
 - e. Adjourn - John Cockrum, President

Hanover Seaside Club
Profit & Loss for Last Year
November 2014 through October 2015

Accrual Basis
Nov '14 - Oct 15

Ordinary Income/Expense	
Income	
4000 · Dues/Membership Income	357,823.84
4005 · Fee Income	43,030.00
4010 · Food Income	157,692.16
4020 · Rental Income	154,196.07
4030 · Event Income-Non Food	1,601.07
4050 · Supporting Income	8,060.32
4070 · Gift to Club	10,000.00
4999 · POS Clearing Account	0.00
Total Income	<u>732,403.46</u>
Cost of Goods Sold	
5010 · COGs Food	93,081.11
5015 · COGs Supplies	5,666.36
5020 · COGs Rental 601 Lodging	3,435.56
5025 · COGs Rental 605 Cottage	20,767.92
5030 · COGs Event Costs	1,095.58
5050 · COGs Supporting Costs	2,822.77
Total COGS	<u>126,869.30</u>
Gross Profit	<u>605,534.16</u>
Expense	
5100 · Payroll Expenses	153,742.52
5106 · Honorarium-Sec/Officers	2,800.00
5116 · Auto & Truck Expense	1,194.05
5120 · Bank Charges	248.38
5130 · Capital Improvements	755.85
5135 · Cash Over/Short	-23.95
5140 · Casual Labor	302.00
5170 · Computer Expenses	1,326.39
5220 · Dues & Subscriptions	289.00
5245 · Equipment, Furniture & Fixtures	5,356.59
5260 · Finance Charge Expense	77.90
5300 · Insurance	49,614.00
5320 · Interest Expense	5,339.06
5322 · Janitorial, 601 Non-Lodging	3,191.46
5325 · Late Fees	261.69
5330 · Licenses & Fees	651.00
5335 · Mailing Services	1,996.80
5360 · Maintenance & Repairs	54,292.08
5370 · Merchant Services	13,605.14
5380 · Office Expenses and Supplies	1,693.45
5385 · Printing, Ink, and Copy Paper	1,564.87
5440 · Postage & Delivery	1,214.22
5450 · Software Subscriptions	781.35
5455 · Spoilage, Food	504.08
5460 · Professional Fees	31,539.00
5500 · Tax Expense-990 Tax	22.00
5505 · Tax Expense-Property Tax	65,353.24
5600 · Utilities	50,580.09
6001 · Depreciation	89,964.00
66900 · Reconciliation Discrepancies	-0.95
6998 · Voided Checks	0.00
6999 · Uncategorized Expense	306.08
Total Expense	<u>538,541.39</u>
Net Ordinary Income	<u>66,992.77</u>
Net Income	<u><u>66,992.77</u></u>

Pending EOY tax adjustment by CPA

Hanover Seaside Club
Budget Approved by Board Nov 2015
November 2015 through October 2016

Accrual Basis
Nov '15 - Oct 16

Ordinary Income/Expense	
Income	
4000 · Dues/Membership Income	357,750.00
4005 · Fee Income	23,000.00
4010 · Food Income	159,400.00
4020 · Rental Income	151,100.00
4030 · Event Income-Non Food	1,400.00
4050 · Supporting Income	7,800.00
Total Income	<u>700,450.00</u>
Cost of Goods Sold	
5010 · COGs Food	91,500.00
5015 · COGs Supplies	8,985.00
5020 · COGs Rental 601 Lodging	2,300.00
5025 · COGs Rental 605 Cottage	14,040.00
5030 · COGs Event Costs	1,450.00
Total COGS	<u>118,275.00</u>
Gross Profit	<u>582,175.00</u>
Expense	
5100 · Payroll Expenses	159,830.00
5106 · Honorarium-Sec/Officers	2,800.00
5116 · Auto & Truck Expense	1,200.00
5119 · Background Checks	175.00
5120 · Bank Charges	300.00
5170 · Computer Expenses	1,250.00
5220 · Dues & Subscriptions	300.00
5245 · Equipment, Furniture & Fixtures	35.00
5250 · Furnishings and Decorations	6,143.00
5300 · Insurance	53,600.00
5320 · Interest Expense	3,780.00
5322 · Janitorial, 601 Non-Lodging	3,400.00
5330 · Licenses & Fees	175.00
5335 · Mailing Services	2,500.00
5360 · Maintenance & Repairs	46,240.00
5370 · Merchant Services	15,000.00
5380 · Office Expenses and Supplies	2,000.00
5385 · Printing, Ink, and Copy Paper	2,100.00
5440 · Postage & Delivery	1,100.00
5450 · Software Subscriptions	3,400.00
5455 · Spoilage, Food	500.00
5460 · Professional Fees	23,000.00
5505 · Tax Expense-Property Tax	65,383.95
5600 · Utilities	52,800.00
6001 · Depreciation	89,632.00
Total Expense	<u>536,643.95</u>
Net Ordinary Income	<u>45,531.05</u>
Net Income	<u><u>45,531.05</u></u>

We continued to operate well within our budget and have reached our goal for our Emergency Fund.

My goal continues to Give members **maximum value and transparency** for every dollar invested in our Club

Total Memberships in 2015

● 820

Number of Members in 2015

- Regular Members 231
- Regular 70s 13
- Regular 75s 9
- Honorary Life R 30
- Seasonal 494
- Seasonal 70s 11
- Seasonal 75s 8
- Seasonal Life 24

Stabilized membership and costs in 2015

- Without collecting significant initiation fees (6 children joined, approximately \$6,000)(4 new members, \$20,000)
- Dues *did not* increase, however
- \$50* charged to emergency fund.
- Meal costs will increase 2016.

Treasurer's Report

- 2015 Key Events

Key Events

- Continue updating the POS system
- Emergency funds now exceed goal of \$200,000.00.
- 18% staff gratuity approved on parties.

Food Income.

2015 dining room loss	-\$25,208
Unused dining room minimums	+\$18,297
2013- 2014 food revenue	-\$6,991

Food sales decline over each of last two years.

Food Income Comparison

	<u>2015</u>	<u>2014</u>
Food Income	103,361	115,267
Payroll Expenses	44,571	39,742
Cost, Food/Supplies	68,537	77,191
Net Income	-25,208	-10,184
Unused DR Min	+18,297	+16,000
Profit/ Loss	- 6,991	+5,816

Food Service Trends

- Food Sales have declined each of the last three years.
- Percent of Unused Dining Room Minimums increasing.
- Approximately 1/3 of Club members do not use their Dining Rm Minimum.

Party income declining

- 2012 - \$54,973
- 2013 - \$31,133
- 2014 - \$16,775
- 2015 - \$13,032

Unanticipated Costs

Nothing Significant
impacted 2015 budget.

**Bank Balance
increased by end of
fiscal year.**

2012 - \$193,130

2013 - \$245,705

2014 - \$270,663

**Bank Balance
increased by end of
fiscal year.**

2012 - \$193,130

2013 - \$245,705

2014 - \$270,663

2015- \$347,120

Current Assets

as of October 31, 2015

- **Unrestricted Funds increased-**
 - **\$270,663 - \$347,120**
 - **Restricted Funds increased -**
 - **\$158,023 - \$200,250**

- Our Bank Balance has increased by \$100,000 the last two years as well as our Restricted Funds.

Net income up!

October 31, 2015:

\$66,992.00

Recommendations for 2016

- Allow Committee Chairs greater discretion in selecting their Committee Members.
- Finance committee review all expenditures.
- More POS training for bookkeeper, Treasurer, and Staff.
- Implement additional cost controls.
- Know your food and labor costs