

HSC Board Meeting Minutes

January 29, 2020

Hanover Seaside Club 6:00 p.m.

1. Call to Order

President Jan Sheppard called the meeting to order at 6:00 PM. Present were Cher Pridgen, Clark Whitman, Armistead Boyd, Ernie Alexander, Dan Harris and Elise Beall. Absent were Mackey Hughes and Andrew Walden,

**2.** Adoption of Agenda

 The agenda was approved without change.

**3.** Approval of Minutes from December

 The minutes from the December 2, 2019 Board meeting were approved without change.

**4.** Managers' Report – Victor Brown

 Victor reported that no regular meals (breakfast/dinner) were served during December.

One room was rented for 9 nights. 8 parties with a total of 410 people were held in the dining room. Victor said that the reports brought to light that the monthly parties for the Quiet Birds group were resulting in losses. Victor says he has contacted the group’s leader to advise him the price of their parties will be increasing. Loss for Quiet Birds in November was $168.66 and $35.66 in December. Elise reported Party/Event Report showed total revenue for November $1,423.88 and December $4,149.85. These numbers include the losses for the Quiet Birds. Dan Harris led a discussion which resulted in agreement that every party will have a completed, signed contract and all dining room rental will be paid in advance and non-refundable. Elise will assist Victor in writing the Quiet Birds contract since they meet every month. Also, Dan Harris inquired about an expense of $761.88 for events in the December report, which was explained to be the cost of the annual member Christmas Party where no fees are charged to members. Victor commented that the parties are having a positive effect in employee morale and keeping then engaged with us during the off season. Victor reported all painting and maintenance will be completed on the 2nd floor before the Valentine Party. They will then begin painting and maintenance on the 3rd floor. Victor stated that one of the advantages of the Jonas system is that he has the ability to see comparative numbers back to the prior year. He pointed out we did almost $6,000 in Dec 2018 and $7,300 in December 2019. Elise expressed thanks for the completion of the Party/Event reports for November and December. She stated that once we have a year’s worth of these, and they are in the spreadsheet that Operations is preparing, we are really learning a lot. Elise expressed doubts that Victor had access to labor costs in the reports. Clark stated that finance would be completing the labor cost section as they have access to the final payroll information and returning to the Club Manager for completion.

**5.** Secretary/Treasurer’s Report – Clark Whitman

 A. Signing of Director and Officer Conflict of Interest Statement (annual)

 Conflict of Interest Statements were signed by all present. Jan Sheppard will obtain signatures from those absent.

 B. Fiscal Year-End Financial Reports (Presented reports will be filed with the BOD minutes).

 **1.** Balance Sheet report comparing Oct 31, 2019 to Oct 31, 2018 year-ends, was presented and significant changes discussed. It was noted that $116,394 had been moved from the Restricted Cash accounts section into the Unrestricted accounts. In April $116,394 from two maturing CDs was transferred into a higher yielding Money Market fund in the Unrestricted Cash group of accounts. Armistead Boyd pointed out that the $111,038 from the 605-property insurance settlement, had been earmarked by the previous Board to be used for the future 605 reconstruction, was also a part of the same Money Market account. A discussion as to how best to restructure the Cash section ensued. Ernie Alexander requested the account titles disclose any interest rate and maturity date that apply. Clark said he would rework the Cash section to address these issues before distributing the January 2020 financial reports.

 It was noted the Fixed Assets reduction of $113,570 came in large part from removal of 605 S. Lumina building from the asset listings.

The reduction in Current Liability section of $103,756 came as a result in changing the Member Year to align with Fiscal Year resulted in Deferred Revenue-Dues being Zero at Fiscal Year End.

1. The P&L 2019 Actual compared to 2019 Budget Variance Report had the following notable

 variances.

 Revenue section. Overall Revenue was favorable $21,018.

 **Favorable** $27,746 in Dues Annual Dining Room from unused dining room minimum fees.

 **Favorable** $26,500 in Initiation Fees from New 4@$5000=$20,000 Children of members

 20 @$1000, 1 @ $1500=$21,500 for a total of $41,500 actual verses $15,000 Budget.

 **Unfavorable** ($30.971) Food Income was 16% below the Budgeted $196,000.

 **Unfavorable** ($4,463) Rental Income was 3.5% below the Budgeted $130,000 from lower occupancy

 rate than expected.

 **Unfavorable** ($8,331) from unbudgeted Member Account Adjustments made to member accounts

 during Tam to Jonas software transition.

 Cost of Goods Sold section. Overall COG was unfavorable ($25,407).

 **Unfavorable** ($9,598) Food Costs or (12.75%) unfavorable to Budget. Overall Food Costs were

 72% of Food Revenue.

 **Unfavorable** ($9,225) from unbudgeted Property Tax Expense – 605.

 Expenses section. Overall Expenses were favorable $42,909.

 **Unfavorable** ($14,219) Salaries – Admin from decision to staff front desk full time.

 **Favorable** $7,500 on Bonus as no Bonuses were paid.

 **Favorable** $5,283 Repair & Maintenance or 5% favorable overall.

  **Unfavorable** ($4,630) for Unbudgeted 2018 Income Tax for profit from 605 rentals.

 **Favorable** $43,997 for Net Gain on Insurance settlement after disposition of 605 building.

 Net Profit/(Loss) was an actual loss of ($43,193) verses a budgeted loss ($81,714) for a favorable

 variance of $38,521.

 During the P&L review Ernie Alexander ask if in the future the 605 accounting could be separated out

 for the 601 activity in order to more clearly see if the 605 property is profitable or not.

 Clark committed to look into the best way to achieve this.

 **3.** The Cash Flow Statement for 2019 was presented. The report begins with annual Loss of ($43,193). Adjusts out non-cash items (Depreciation and (Gain)/Loss on Sale of Non-Current Assets) adding back $37,536. Adjusts for movement in Working Capital by showing the Increase or Decrease to the Balance Sheet items to calculate the Net Cash Flow from Operating Activities of ($126,159). The Net Cash Flow from Investing Activities of $91,064.

There was no Net Cash Flow from Financing Activities as the Club did not have loan activity from Nov. 1, 2018 to Oct. 31, 2019.

 The Net (Decrease) In Cash was ($35,094).

During the review a question was raised by Ernie Alexander about the Accounts Receivable change value from the Balance Sheet not matching the Cash Flow Statement. It was explained that the Cash Flow Statement combines similar accounts, after checking Ernie saw that report was correct but asking if the two Excel sheets could be linked. Clark said that he would plan to do so for future reports.

Clark noted that the Fiscal Year End reports had been submitted to Earney and Company, LLC, along with the other required information, in order for them to begin preparing the Club’s Federal and State filings.

 **4.** The 2019-2020 Budget by Month was presented. Clark pointed out that some accounts were allocated over the year in an equal amount per month (1/12 of the annual amount) while the operational account were allocated on seasonal trend basis to better match the actual seasonality on the club’s operational activities.

Elise Beall pointed out the Operations Committee had certain accounts assigned to them that should be the Facilities Committees responsibility. Clark committed to revisit the accounts assignments by committee and realign as needed.

 **5.** November and December Financial Reports, Balance Sheet and P&L variance to Budget, for month-ends November & December were presented. November report reflect the results of 6 parties and the Flotilla event. December shows the results of 8 parties and the Member’s Christmas Event. The Cash accounts were down from November due to the $64,000 payment of County and City Property Taxes. The annual invoicing of dues ($392,000), dining room minimum ($61,800) and locker rental ($5,250) totaling $459,000 went out on December 13th with a due date of January 25th. As of the meeting date all but $95,000 had been paid. Elise said she put something on the Blog about fees being past due at this time. A discussion about past due members receiving a late fee charge occurred but no action was taken.

**C**. Update of Computer Equipment Upgrade quotes. 3 Companies have been requested for quotes on the needed new equipment and ongoing services (maintenance and off-site backup). The first is our current provider,

Your Computer Friends. Also quoting are Atlantic Computer Services and Computer Warriors. Once all quotes are received, they will be compared and presented to the Finance Committee for their recommendation which will then be presented to the Board for a Final decision.

**6.** **Committee Reports**

**A. Operations Committee** – Cher Pridgen/Elise Beall

 **Human Resource Sub-Committee** - Dan Harris is heading this sub-committee working on start to finish process for hiring employees that will include an employee handbook, job application form and a performance evaluation form. Elise sent everyone a copy of the job application and performance evaluation form for your review. Before the next Board Meeting, you will receive a copy of the Handbook. Please review this carefully so we can move forward for our new hires for the upcoming season. Megan Beall will be holding a workshop with all employees to explain the new process.

 **Meals and Lodging Sub-Committee** – Only working on parties and events since no meals or rooms at this time. We compared Party/Events analysis for November and December and the Mean of 34% for Food and 34% for Labor fall right in line where we want them to be, so we don’t plan on making any changes on how things are being done at this time. Also working on a Managers Report for Victor to present each month with specific requirements. Our committee is working on developing a spreadsheet where Manager’s report will be entered each month so we can have access to monthly/yearly comparisons.

 **Contracts, parties, weddings Sub-Committee** – Cher stated that this committee will be meeting next week so they will report at the next BOD meeting. They plan to discuss developing an Experience/Satisfaction Survey Form for Members and Employees to utilize. Jan stated we are going to apply for a Business Membership at Costco. Garrett has stated that he can get better quality meats and desserts for less money using Costco. Clark will be handling this.

 **Social Sub-Committee** – Cher stated the committee met and went over our calendar of events for the Season. Members of the committee signed up for various events but we will still need volunteers to help. Cher will advise Elise when to ask for volunteers. Our first event, Valentines Dinner has enough volunteers. We do plan to add one new event, Octoberfest. This is planned for October 3 downstairs casual event with German Food and beer.

 **House Sub-Committee** – Elise stated they have not met, but have sent out all information for room rentals online. Room reservation forms have been online for the last 5 years, so all should go smoothly. Club Members request should be postmarked March 2, Guest requests March 9.

The committee will meet on March 22 to assign rooms. Committee will also be addressing a few policy changes including new guidelines for payment of room reservations during the off season.

 **B. Finance Committee** – Clark Whitman

 All finance committee issues were included in the Treasurer’s report above.

**C. Facilities Committee** – Dan Harris

 Dan Harris advised several issues need to be addressed- water pressure issue downstairs.

 Replacing the sound side shower (Bo recommends we hire a marine contractor for this project).

 Repairing lights across the street, Taylor Brown was at a Wrightsville Beach meeting & met

 Tim Owen who informed him that the DOT & Wrightsville Beach are responsible for these repairs.

 We are looking to hire a part time maintenance person.

 Parking lot maintenance – ESS&N Company has done this is the past. We signed a contract with

 them to clean the lot once a quarter at a cost of $200 per cleaning. The first one was done in

 November 2019 & the next one will be in March 2020

 Kitchen bi-swing doors are being replaced.

 First Spring Clean Up Day will be March 28. They have enough people. Second Clean Up Day will

 be April 25. Elise will ask for Volunteers and also ask them to bring tools needed.

 There will now be 2 chairpersons for Clean Up and Hurricane committees to increase efficiency.

 Dan & Bo spoke about siding issues on the kitchen side of the building. This is being addressed &

 cost should be $1,500,

 Mark Wilson is working on plans to replace our walk to the beach. Since we already have rails, we

 can rebuild with rails. Width can be increased to 6 ft. Plans will be submitted at next meeting.

 Bo discussed the broken parking lot arm & recommended replacing it with a 17Ft Aluminum arm,

 ½ hp motor at a cost of $6,500. We should be able to use all other existing components. He asked and

 received approval to move forward with this project.

 Dan stated that Security is a subcommittee of Facilities and report will be next meeting. Unfortunately,

 Danny cannot return so we will be looking for a new Security Guard.

**D. Governance Committee** – Mackey Hughes No Report

**E. Auxiliary Building Committee** – Armistead Boyd

  **1**. Variance update – The meeting with Wrightsville Beach Board of Adjustments is scheduled for February 27. Attorney Alex Hall, a Club Member, will represent us pro bono. If all goes well, we will know that day if our 7 1/2ft variance request is approved. We can then move forward to submit our plans to contractors for bids on the project. Armistead states these should be in by end of April and we can begin to move forward. In the meantime, we have scheduled Geo Technical work with ECS and contacted a structural engineer to save time while we are waiting for bids. Once all this happens, we will schedule a called meeting with the membership to vote on approval of contractor and financing.

 **2.** Finance update no report.

**7. Old Business**

 A. Jonas update- Jan reported we are still working on a few issues but online access for Membership portal will be ready soon.

**8. New Business** –

 A. Donna Meacham resigned so we need to hire a new Controller. She agreed to complete all the end of year work on Payroll before she departs. Jan suggested we ask Earney & Co. for suggestions for replacement candidates.

**9**. Next meeting – Next BOD meeting will be Tuesday, February 25th at 6:00 p.m.

10. Executive Session Entered

 During Executive Session by recommendation from the Membership committee the following 8 members received as change in status form Seasonal to Regular Membership by the Board. They are

Ashby Armistead, Betty Jean Lanier, David and Linda Russ, Lee and Helen Pearson, Richard Cobb, Robert and Mary Herbert Gaddy, Steve and Kayren Hobbs, Leland and Kathy Bujaiski

Also, a decision was made that any member’s change of status request related to age on file as of 1/29/2020 would be honored as to dues being frozen and reduced to half.

Executive Session Ended

**11.** Meeting Adjourned

Respectfully submitted,

*Clark Whitman*

Secretary Treasurer