MGC Financial Update – Fall 2022

"Keeping us All on the Same Page"

Our Fall Update is a sustaining effort to keep members apprised of our club's financial progress. This initiative began last fall with the "MGC Financial Story – Let's all Get on the Same Page". That document was mailed to all members and presented at our (delayed) 2020 Annual Meeting in September, again at our (regular) 2021 Annual meeting in December, and we followed that up with a Spring 2022 update. We will continue these semi-annual updates going forward - so let's get to it.

Here's what has happened since our Spring update which is accessible via the instructions at the bottom of this document:

1. MGC enjoyed another great year in 2022, driven again by increased membership, increased outside play, increased cart fee revenue, and increased merchandise sales in the Golf Shop. Our Clubhouse even managed to generate revenue similar to last year, despite supply chain and staffing issues requiring us to close two days a week for most of the season. However, as good as the last two years have been, the economy is uncertain and we expect it to negatively impact revenue beginning next year. We must be most thoughtful about finances and debt management going forward – not exactly a new story. As with Covid, we are entering another period of uncertainty, but there doesn't appear to be a silver lining in this one.
2. Our recent financial success allowed us to reduce long-term liabilities by $670,000 in the past 12 months. We paid down the principal on our bank loan by $592,000 and our equipment lease balances by $78,000. Despite this significant progress, we still have more than half of our original construction debt left (current loan balance $2,628,491) and a $2 million list of capital improvement/infrastructure needs not including a new clubhouse.
3. To add more financial competition, we had several large unplanned expenses during the summer, including, but not limited to a Greywalls main irrigation pump ($14,045), mower repairs ($5,000), roof and plumbing repairs in the clubhouse and the list goes on. We need to be financially prepared for more of that going forward given the age of our buildings and equipment.
4. Even after applying an additional $500,000 on loan principal earlier in the year and the other financial demands previously mentioned, our cash balance has recovered to the point where we need to decide how to apply it. Last year, paying down loan principal was the obvious best use of surplus cash. This year, escalating interest rates and inflation have balanced the considerations. Paying down debt is always a good strategy, but with inflationary cost increases occurring daily, investing cash in capital improvements and infrastructure needs is cheaper now than what it will cost "tomorrow". We are developing a roster of internal investment priorities as we close out the year to best utilize this current opportunity. Our membership survey input will be blended into the list as well. You will see some of this investment in our member experience by the time we open in the spring, pending availability of contracted services.
5. We will provide another financial update in the May/June timeframe to bring you up to date on our winter and early spring activities. By then, we will have preliminary membership and outside play numbers, which will be good indicators of what our 2023 will look like.

In keeping with the spirit of our financial updates, here are the 5 things we want everyone to remember:

1. The success of the last few years provided unanticipated financial breathing room and we have been very thoughtful about how we managed it.
2. Past success does not guarantee future success as economies slow and interests change. We must and will continue to practice sound financial stewardship to best ensure the long-term viability of MGC.
3. Outside play is a fortunate necessity for club finances, member dues rates, and our community economy. It is also a balancing act to be closely managed toward maximizing member access.
4. We are committed to keeping members apprised of our financial status, the reasons behind the decisions we make, and all things MGC.
5. We truly thank every one of you for being a critical part of the exciting future of MGC. If you have any questions or concerns regarding our finances, please contact a board member.

MGC Board of Directors

How to Access the Spring 2022 Financial Update from the Members-Only Section of our Website:

- Go to "golfgreywalls.com"
- Click on "Members"
- Click on "Only Members" or "Members Only" (device dependent)
- Enter the password and click on "Submit"
- If you do not know the password, please contact the Business Office at 906-225-0721, ext. 3
- Select the box titled "Spring 2022 Financial Update"