

MGC Interim Financial Update – June 2023

“Keeping us All on the Same Page”

The Interim Update is our 4th bi-annual effort to keep MGC members on the same financial page. Our first update (“MGC Financial Story – Let’s all Get on the Same Page”) in the fall of 2021 provided the foundation of our financial statements. From there, we’ve used the fall update to let you know how the season went financially. Our interim update in late spring/early summer discusses the financial impacts of the season to the club - how we applied or invested any operational surplus. You will find the previous updates in the “Archived Financial Updates” section of the Members Only page of our website (access instructions at the bottom).

Now that the “housekeeping” is out of the way, let’s get up to date:

1. If you’ve read the previous updates, you know 2022 was another great year financially and generated additional surplus capital. It was the third record year in a row for MGC and couldn’t have come at a better time. However, we still have significant debt, very expensive deferred maintenance items from years when we weren’t so successful, a long list of capital improvements, annual unplanned repairs as Greywalls approaches age 20, and as we are all personally aware, rising costs of pretty much everything due to inflation. So we’ve got that going for us.
2. We are committed to being good stewards of any operational surplus we are fortunate to generate. This means constantly balancing resource allocation between keeping our club in working order by addressing those not-so-apparent deferred maintenance projects, providing visible value by investing in things that make us proud to be members, while managing our debt and ensuring we can keep the lights on if the economy turns and our membership and outside play numbers dwindle. So far so good – which is nice.
3. Here’s what’s happened with some important numbers over the last 24 months:
 - Our net operating surplus grew each year from \$383,000 in 2020 (plus \$153,000 in PPP funds) to \$429,000 in 2021, and \$555,000 last year. This three year bonanza was apportioned to three primary areas: infrastructure investment, debt reduction, and reserve funding for the Heritage irrigation system replacement.
 - The most recent and obvious infrastructure developments are the Golf Shop renovation and the Men’s Locker Room facelift. During the last two years, we have made building and grounds improvements and repairs too numerous to list. Since 2021, total fixed assets have increased from \$7.4 million to more than \$8 million, an internal investment in excess of \$600,000.
 - As of April 2021, our long-term debt was \$3.3 million, with lease obligations totaling another \$360,000. As of April 2023, our long-term debt is \$2.6 million, with outstanding lease balances of \$178,000. In addition to our scheduled bank payments, we applied \$500,000 of our operating surplus directly to loan principal in March of 2022. We have reduced our debt and outstanding lease payments by \$883,000 in the last two years alone.
 - The third allocation of our surplus is to our Heritage irrigation replacement project, if we can ever find someone to do the work for the quote we can’t seem to get. Currently we have \$1 million in insured CDs earning just under 5% for the next year, while we try to get some elusive water contractors nailed down.

4. Outside play continues to be a fortunate critical necessity. Without it, our financial equation could not be balanced without dues pricing MGC out of existence. Conversely, because of our strong annual outside revenue, dues were not raised for our members in 2023, but outside play fees were. Additionally, the number of tee times blocked specifically for members were increased again in 2023. So, while “outside-play” has been a bit of a dirty word at times, we hope most members realize it’s actually quite a good thing. We’d like to send out a big THANK YOU to all members who make the effort to thank these folks for coming to play our course, making them feel welcome, and even playing with them -- you’re helping to keep our dues down!

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 and thus 2023 membership dues were not raised, but outside play rates were.
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 and Finance Committee

How to Access the 2023 Interim 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 “2023 Interim Financial Update”