

Stamford Golf Authority

Financial Report
December 31, 2020

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Independent Auditor's Report

To the Board of Directors
Stamford Golf Authority

Report on the Financial Statements

We have audited the accompanying financial statements of Stamford Golf Authority (the Authority), which comprise the statements of financial position as of December 31, 2020 and 2019, and the related statements of activities and changes in net position, and cash flows for the years then ended and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Authority's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Authority's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Stamford Golf Authority as of December 31, 2020, and 2019 and the changes in its net position, and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Management has omitted the management discussion and analysis that accounting principles generally accepted in the United States of America require to be presented to supplement the basic financial statements. Such missing information, although not a part of the basic financial statements, is required by the Governmental Accounting Standards Board who considers it to be an essential part of financial reporting for placing the basic financial statements in an appropriate operational, economic, or historical context. Our opinion on the basic financial statements is not affected by this missing information.

GMA & ASSOCIATES, LLC

Stamford, Connecticut
May 21, 2021

Stamford Golf Authority

**Statements of Financial Position
December 31, 2020 and 2019**

	2020	2019
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,611,334	\$ 499,091
Cash - board restricted (Note 1)	16,330	-
Prepaid expenses and other current assets	43,342	53,565
Total current assets	1,671,006	552,656
Capital assets, net of depreciation (Note 3)	4,625,741	4,868,945
Total assets	\$ 6,296,747	\$ 5,421,601
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 128,056	\$ 160,659
Unearned revenue	40,150	25,700
Current maturities of capital lease obligations (Note 4)	102,251	131,840
Current maturities of long-term debt (Note 5)	283,098	229,435
Total current liabilities	553,555	547,634
Noncurrent liabilities:		
Security deposits	16,330	-
Capital lease obligations, less current maturities (Note 4)	653,060	632,439
Long-term debt, less current maturities (Note 5)	2,047,207	2,200,208
Total noncurrent liabilities	2,716,597	2,832,647
Total liabilities	3,270,152	3,380,281
Net position:		
Board designated for net Investment in capital assets	1,540,126	1,675,024
Unrestricted	1,486,470	366,296
Total net position	3,026,595	2,041,320
Total liabilities and net position	\$ 6,296,747	\$ 5,421,601

See notes to financial statements.

Stamford Golf Authority

**Statements of Activities and Changes in Net Position
Years Ended December 31, 2020 and 2019**

	2020	2019
Operating revenues:		
Greens	\$ 2,123,403	\$ 1,671,730
Driving range	1,191,885	1,011,478
Cart rental	376,499	390,273
Permits	95,467	90,039
Rent - tennis facility	20,000	20,000
Rent - restaurant	32,000	65,750
Non-resident frequent use cards	29,250	35,100
Rent - pro shop	8,000	23,142
Other miscellaneous income	48,639	34,974
	<u>3,925,143</u>	<u>3,342,486</u>
Operating expenses:		
Salaries	1,181,473	1,212,384
Depreciation and amortization	468,525	460,453
Seed, fertilizer and chemicals	209,240	163,385
Rent - City of Stamford	178,926	330,514
Grounds maintenance	145,369	138,071
Utilities	139,895	129,814
Insurance	135,930	124,050
Payroll taxes	119,211	121,668
Equipment maintenance and rental	92,251	94,252
Office supplies and expense	87,184	74,390
Employee medical insurance	85,056	91,827
Building repairs and maintenance	77,478	66,297
Professional fees	51,384	43,236
Driving range supplies	31,479	28,589
Pension expense	25,531	24,436
Activity supplies	24,692	27,677
Gasoline	17,052	24,984
Telephone	14,465	12,274
Irrigation system	13,497	35,993
Security	5,862	8,701
Training and education	2,150	8,290
	<u>3,106,650</u>	<u>3,221,285</u>
Change in net assets from operations	<u>818,493</u>	<u>121,201</u>
Nonoperating revenues (expenses):		
Gain on forgiveness of debt	257,475	-
Gain on disposal of equipment	-	80,799
Interest and dividend income	1,341	753
Interest expense	(92,034)	(139,834)
	<u>166,782</u>	<u>(58,282)</u>
Change in net assets	<u>985,275</u>	<u>62,919</u>
Net position, beginning of year	<u>2,041,320</u>	<u>1,978,401</u>
Net position, end of year	<u>\$ 3,026,595</u>	<u>\$ 2,041,320</u>

See notes to financial statements.

Stamford Golf Authority

Statements of Cash Flows

Years Ended December 31, 2020 and 2019

	2020	2019
Cash flows from operating activities:		
Receipts from customers and users	\$ 3,939,593	\$ 3,345,987
Payments to suppliers	(1,457,274)	(1,540,003)
Payments to employees	(1,186,901)	(1,232,175)
Net cash provided by operating activities	1,295,418	573,809
Cash flows from capital and related financing activities:		
Purchase of capital assets	(68,975)	(98,247)
Principal payments on notes payable	(2,541,512)	(211,149)
Payment for debt issuance cost	(62,212)	-
Proceeds from issuance of notes payables	2,757,475	-
Principal payments on capital leases	(160,928)	(114,411)
Interest paid on debt	(92,034)	(139,834)
Net cash used in capital and related financing activities	(168,186)	(563,641)
Cash flows from investing activities:		
Interest on cash and cash equivalents	1,341	753
Net increase in cash and cash equivalents	1,128,573	10,921
Cash and cash equivalents:		
Beginning	499,091	488,170
Ending	\$ 1,627,664	\$ 499,091
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 818,493	\$ 121,201
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	468,525	460,453
Changes in assets and liabilities:		
(Decrease) increase in prepaid expenses and other current assets	10,223	(22,818)
(Decrease) increase in accounts payable and accrued expenses	(32,603)	27,661
(Decrease) increase in security deposit payable	16,330	(16,188)
Increase (decrease) in unearned revenue	14,450	3,500
Net cash provided by operating activities	\$ 1,295,418	\$ 573,809
Supplemental schedule of non-cash capital financing activities:		
Equipments financed with capital lease	\$ 151,959	\$ 726,916

See notes to financial statements.

Stamford Golf Authority

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies

Nature of business: The Stamford Golf Authority (the Authority) operates the Sterling Farms Recreation Complex, excluding the theater, Curtain Call, Inc., located at 1349 Newfield Avenue, Stamford, Connecticut. The Authority operates an 18-hole golf course, driving range, and tennis courts. The Authority is considered a related organization to the City of Stamford, Connecticut.

A summary of the Authority's significant accounting policies follows:

Basis of presentation: The financial statements are presented on the accrual basis of accounting under which revenues are recognized when earned and expenses are recognized when incurred.

The Authority is a separate governmental unit that, under the criteria of the Governmental Accounting Standards Board, need not be combined with any other component unit to form the reporting entity.

Use of estimates: The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Proprietary fund accounting: The Authority has implemented Statement No. 62 of the Governmental Accounting Standards Board (GASB), *Codification of Accounting and Financial Reporting Guidance Contained in Pre-November 30, 1989 FASB and AICPA Pronouncements*. This Statement provides guidance on the applicability of accounting pronouncements from other standards setting organizations.

Cash and cash equivalents: For the purpose of reporting cash flows, the Authority considers all highly liquid debt instruments purchased with an original maturity of three months or less to be cash equivalents.

Restricted cash and investments: Restricted cash includes a balance of \$16,330 and \$0 as of December 31, 2020 and 2019, respectively for cash held in escrow for tenant subleasing property at the Sterling Farms Recreation Complex from the Authority.

Investments: GASB Statement No. 72, *Fair Value Measurement and Application*, requires that investments be categorized according to the fair value hierarchy established by this Statement. The hierarchy is based on valuation inputs used to measure the fair value of the asset. Level 1 inputs are quoted market prices for identical assets; Level 2 inputs are significant other observable inputs; Level 3 inputs are significant unobservable inputs.

Certificates of deposit are recorded at amortized cost, which approximates fair value.

Stamford Golf Authority

Notes to Financial Statements

Note 1. Nature of Business and Significant Accounting Policies (Continued)

Capital assets: Golf course improvements, equipment and other facilities are recorded at cost. Costs incurred in the development of the golf course include clearing building fairways and greens, changing the contour of the earth, building sand traps, installing water mains, and creating water hazards, laterals and drainage systems. These costs are depreciated using the straight-line method over their estimated useful lives. When depreciable assets are sold or disposed of, the cost and accumulated depreciation accounts are reduced by the applicable amounts, and any profit or loss is credited or charged to income. Expenditures for maintenance and repairs are charged to expenses as incurred and expenditures for significant improvements are capitalized.

Revenue recognition and unearned revenue: The Authority's revenue is mainly derived from golf fees, cart rentals, driving range usage and rental income. The Authority records its revenue at the time the golfer plays a round of golf or purchases and uses buckets of balls at the driving range. Unearned revenue represents purchases of gift certificates, and gift cards and frequent use cards not utilized by fiscal year-end.

Income taxes: The Authority is exempt from tax under the municipal government provisions of the Internal Revenue Code and is exempt from any Connecticut income tax. Therefore, no provision for income taxes is recorded in the financial statements.

Concentration of credit risk: Financial instruments that potentially subject the Authority to concentrations of credit risk consist primarily of temporary cash investments. The Authority places its temporary cash investments in high credit financial institutions, although the Authority does not have a formal custodial credit risk policy or a policy to minimize the risk of loss resulting from over-concentration of assets in a specific issue. A portion of temporary cash investments may exceed Federal Deposit Insurance Corporation (FDIC) insured limits from time to time. The Authority has not experienced any losses from such concentrations.

Pending Accounting Pronouncements GASB Statement No. 87, Leases. The objective of this Statement is to better meet the information needs of financial statement users by improving accounting and financial reporting for leases by governments. This Statement increases the usefulness of governments' financial statements by requiring recognition of certain lease assets and liabilities for leases that previously were classified as operating leases and recognized as inflows of resources or outflows of resources based on the payment provisions of the contract. It establishes a single model for lease accounting based on the foundational principle that leases are financings of the right to use an underlying asset. Under this Statement, a lessee is required to recognize a lease liability and an intangible right-to-use lease asset, and a lessor is required to recognize a lease receivable and a deferred inflow of resources, thereby enhancing the relevance and consistency of information about governments' leasing activities. Because of the COVID-19 pandemic, GASB delayed the effective date of this statement. This statement is effective beginning December 15, 2021. The Association is currently evaluating the potential impact of adopting this Statement on its financial statements.

Stamford Golf Authority

Notes to Financial Statements

Note 2. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consisted of the following at December 31, 2019 and 2018:

	2020	2019
Deposits with financial institutions	<u>\$ 2,111,602</u>	<u>\$ 511,526</u>

Of these bank balance deposits with financial institutions, approximately \$1,845,000 and \$261,000 were uninsured and uncollateralized as of December 31, 2020 and 2019, respectively.

Note 3. Capital Assets

Capital asset activity for the years ended December 31, 2020 and 2019, was as follows:

	December 31, 2020				
	Useful Life (Years)	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:					
Golf course development and improvements	12-40	\$ 4,080,422	\$ 15,865	\$ -	\$ 4,096,287
Tennis courts	15	66,994	-	-	66,994
Fencing	15	60,793	-	-	60,793
Automobile	5	-	32,434	-	32,434
Maintenance equipment and golf carts	5-12	1,548,771	130,975	-	1,679,746
Building improvements	4-20	719,366	8,699	-	728,065
Office furniture and fixtures	5-10	50,043	9,000	-	59,043
Driving range	10	2,652,958	13,937	-	2,666,895
Irrigation system	12	1,797,578	10,026	-	1,807,604
Total capital assets being depreciated		10,976,925	220,936	-	11,197,861
Less accumulated depreciation		(6,107,980)	(464,140)	-	(6,572,120)
Net capital assets		<u>\$ 4,868,945</u>	<u>\$ (243,204)</u>	<u>\$ -</u>	<u>\$ 4,625,741</u>

Stamford Golf Authority

Notes to Financial Statements

Note 3. Capital Assets (Continued)

	December 31, 2019				
	Useful Life (Years)	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:					
Golf course development and improvements	12-40	\$ 4,039,203	\$ 41,219	\$ -	\$ 4,080,422
Tennis courts	15	53,484	13,510	-	66,994
Fencing	15	60,793	-	-	60,793
Maintenance equipment and golf carts	5-12	1,113,301	726,854	(291,384)	1,548,771
Building improvements	4-20	691,146	28,220	-	719,366
Office furniture and fixtures	5-10	50,043	-	-	50,043
Driving range	10	2,652,958	-	-	2,652,958
Irrigation system	12	1,782,213	15,365	-	1,797,578
Total capital assets being depreciated		10,443,141	825,168	(291,384)	10,976,925
Less accumulated depreciation		(5,909,767)	(460,453)	262,243	(6,107,980)
Net capital assets		<u>\$ 4,533,374</u>	<u>\$ 364,715</u>	<u>\$ (29,141)</u>	<u>\$ 4,868,945</u>

Note 4. Commitments

Leases: The Authority leases maintenance equipment, golf carts and certain building improvements under capital leases. The book value of these assets was \$591,869 and \$794,165 and at December 31, 2020 and 2019, respectively.

Future minimum rental payments under capital leases at December 31, 2020, were as follows:

2021	\$ 136,696
2022	183,363
2023	145,707
2024	139,307
2025	99,599
Thereafter	<u>156,141</u>
Total minimum lease payments	860,813
Less amounts representing interest	<u>(105,502)</u>
Present value of minimum capital lease payments	755,311
Less current portion	<u>(102,251)</u>
Capital lease obligation, net of current portion	<u>\$ 653,060</u>

Lease: The Authority leases the land and buildings of the complex from the City of Stamford, Connecticut. The lease agreement was renewed on June 30, 2020 and expire on June 30, 2034. For the years ending 2020 and 2019, the rent is 5.5% and 11%, respectively, of the annual gross revenue of the Authority and is payable in four equal installments. A fifth adjusting payment is due in May of the subsequent year for any amount due to or from the City of Stamford, Connecticut. Rent expense for the years ended December 31, 2020 and 2019, totaled \$178,926 and \$330,514, respectively.

Stamford Golf Authority

Notes to Financial Statements

Note 4. Commitments (Continued)

Employment agreements: The Authority has employment agreements with certain employees which expire in December 2024. The agreements provide for minimum base salary levels, which are payable in accordance with each respective agreement. The aggregate future minimum commitment for salaries at December 31, 2020 was approximately \$1,226,000.

Note 5. Debt and Line of Credit

In June 2020, the Authority signed an 8-year term loan (Term Loan) with another bank and used the proceeds of \$2,500,000, to pay-in-full, its term loan with the prior bank. The Authority incurred closing cost of \$62,212 related to the new Term Loan, of which it is being amortized over 8 year at \$7,777 per year. The Term Loan debts consists of the following as of December 31, 2020 and 2019:

	<u>2020</u>	<u>2019</u>
Term loans secured by the assets of the Association, at interest rates of 3.875%, 4.625%, 5.00%, and 5.125%, per annum. All loans were paid in full in July 2020.	\$ -	\$ 2,429,643
Term loans secured by the assets of the Association, requiring 96 principal and interest monthly payments of \$29,409 per month at fixed interest rate of 2.99%, per annum, maturing in July 2028.	2,388,131	-
Less: Unamortized debt insurance costs	(57,827)	-
Term loan net of insurance cost	2,330,304	2,429,643
Less: current maturities	(283,098)	(229,435)
	<u>\$ 2,047,207</u>	<u>\$ 2,200,208</u>

Aggregate maturities required on long-term debt as of December 31, 2020, are due in future years as follows:

2021	\$ 283,098
2022	291,969
2023	301,119
2024	310,556
2025	320,288
Thereafter	881,101
	<u>\$ 2,388,131</u>

Stamford Golf Authority

Notes to Financial Statements

Note 5. Debt and Line of Credit (Continued)

In 2020, The Authority signed a revolving Line of Credit (LOC) with the new bank. The LOC is for \$300,000 at prime plus .5% with a floor rate of 4.75%, maturing in July 2028. As of December 31, 2020, no amounts were outstanding on the LOC.

The Term Loan and LOC have debt service coverage ratio and other covenants that are defined in both debt agreements.

Note 6. Gain on forgiveness of debt

In April 2020, the Authority entered into a \$257,475 loan under the Paycheck Protection Program (PPP). The PPP was established under the congressionally approved Coronavirus Aid, Relief, and Economic Security Act (the CARES Act) and is administered by the U.S. Small Business Administration (SBA). The PPP loan, to the Authority, was made through the Authority's bank. The terms of the PPP loan is for two years at an interest rate of 1.00%. Payments are deferred for the first six months of the term of the loan. Under the terms of the CARES Act, the PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted. Such forgiveness will be determined, subject to limitations, based on the use of the loan proceeds for: payroll costs mortgage interest paid, rent or utility costs and the maintenance of employee and compensation levels. The Authority used the twenty-four-week forgiveness period and applied for forgiveness of the PPP loan in accordance with the terms of the PPP. In July 2020, the Authority filed its application for loan forgiveness with its bank. In December 2020, the Authority was notified by the SBA that the loan was forgiven for the full amount of \$257,475. The Authority recognized the gain on forgiveness of debt and reported it on the Statements of Activities and Changes in Net Position.

Note 7. Rental Income

The Authority leases space to a restaurant facility under a lease that expires in October 2024. The Authority leases the golf pro shop to a golf professional under a lease that will expire in December 2024. The Authority also leases tennis facilities under a lease that expires in April 2022. The total future minimum rental commitments as of December 31, 2020 are as follows:

2021	\$	140,868
2022		126,505
2023		119,143
2024		96,000
	\$	<u>482,516</u>

Stamford Golf Authority

Notes to Financial Statements

Note 8. Defined Contribution Retirement Plan

The Stamford Golf Authority Retirement Plan is a defined contribution pension plan established by the Authority to provide benefits at retirement to all eligible employees. Plan members may elect to contribute a portion of their compensation subject to allowable maximum limitation under current law. The Authority contributes up to 5% of annual covered salary based on an employee's years of service.

Plan provisions and contribution requirements are established and may be amended by the Authority's Board of Directors. Total employer contributions to the plan for the years ended December 31, 2019 and 2018, were \$25,531 and \$24,436, respectively.

Note 9. Risk Management

The Authority is exposed to various risks of loss that include, but are not limited to, theft or impairment of assets, errors and omissions, injury to employees and others, and natural disasters.

The Authority purchases commercial insurance for all risks of loss, including blanket and umbrella policies. Coverage has not been materially reduced, nor have settled claims exceeded commercial coverage in any of the past three years.

The Authority has a medical expense reimbursement plan (MERP). The purpose of this plan is to encourage and help provide full and complete medical care for each participating employee and his/her spouse and dependents.

Note 10. Subsequent Events

Subsequent events have been evaluated through May 21, 2021, the date the financial statements were available to be issued.

The recent global outbreak of COVID-19 has disrupted economic markets and the economic impact, duration and spread of the COVID-19 virus is uncertain at this time. The operational and financial performance of the Authority may be significantly impacted by COVID-19, which may in turn impact the Authority's revenue and profitability.