

FINANCE Committee Report – By Brittany Kaiser

The club is in a great position financially. With a full membership and being able to hold events with less regulations than the past few years, we have been able to cash flow each month. Our year to date cash flow, as of the end of August, was \$305,428. We received a PPP loan of \$474,000 in 2021, all of which was forgiven. Total cash assets at the end of August totalled \$1,323,694. Our current liabilities are \$922,596.

We have been discussing long-term future projects, and ways to make sure the club is prepared to fund them without having to assess a huge capital assessment to our membership. Ideas include pulling from savings, refinancing our current building loan, as well as a potential membership assessment as needed.

Finally, The Filbert Orchards no longer have farming expenses associated with them. Shadow Hills will receive **40%** of the profits in 2022. The profits will continue to grow as the trees mature and produce more and more filberts/hazelnuts.

The finance committee will be looking over and approving the budget for next year over the next couple of months. All in all, the club is looking great financially.

Shadow Hills Country Club Profit & Loss Statement

| | Actual 2018 | Actual 2019 | Actual 2020 | Actual 2021 | YTD Aug-22 |
|---------------------------------------|------------------|------------------|------------------|------------------|------------------|
| OPERATING REVENUE | | | | | |
| Dues Revenue | 1,907,287 | 2,061,823 | 2,133,502 | 2,333,028 | 1,854,178 |
| Clubhouse Food & Beverage | 654,198 | 880,108 | 554,500 | 782,476 | 657,639 |
| Banquet Food & Beverage | 801,342 | 672,669 | 124,852 | 437,036 | 534,528 |
| Swimming Pool | 48,139 | 48,580 | 85,256 | 67,931 | 63,346 |
| Pro Shop | 685,171 | 751,832 | 577,693 | 730,130 | 608,400 |
| Other Income | 42,913 | 48,164 | 71,286 | 49,995 | 18,824 |
| GROSS OPERATING REVENUE | 4,139,050 | 4,243,276 | 3,527,089 | 4,400,596 | 3,536,915 |
| Cost of Good Sold | (642,002) | (671,645) | (421,512) | (636,878) | (556,022) |
| NET OPERATING REVENUE | 3,497,048 | 3,571,631 | 3,105,577 | 3,763,718 | 2,980,893 |
| OPERATING EXPENDITURES | | | | | |
| Clubhouse Food & Beverage | 639,871 | 655,410 | 573,834 | 734,973 | 604,052 |
| Banquet Food & Beverage | 338,166 | 303,961 | 113,448 | 228,430 | 217,046 |
| Swimming Pool | 68,955 | 67,394 | 88,596 | 97,926 | 80,723 |
| Golf Course & Green | 904,199 | 905,262 | 874,466 | 907,149 | 648,217 |
| Clubhouse | 260,757 | 288,219 | 253,860 | 336,023 | 225,429 |
| Pro Shop | 503,161 | 521,803 | 541,699 | 560,753 | 422,580 |
| Administrative | 347,423 | 347,084 | 341,308 | 368,242 | 275,794 |
| Club Services | 230,165 | 236,414 | 238,892 | 254,378 | 172,577 |
| TOTAL OPERATING EXPENDITURES | 3,292,697 | 3,305,547 | 3,026,103 | 3,487,874 | 2,646,418 |
| NET OPERATING INCOME (LOSS) | 204,351 | 266,084 | 79,474 | 275,844 | 334,475 |
| Initiation Fees | 40,235 | 37,750 | 32,250 | 72,058 | 70,750 |
| Assessment | 217,971 | 356,778 | 234,121 | 377,482 | 171,215 |
| Filbert Orchard Harvest Income | 0 | 0 | 0 | (2,652) | 0 |
| Depreciation and Amortization | (427,550) | (432,517) | (446,220) | (455,161) | (314,622) |
| Interest Expense - Mortgage | (79,041) | (94,894) | (94,092) | (92,116) | (59,197) |
| Interest Expense - Private Loans | (19,847) | (17,974) | (15,833) | (13,931) | (8,827) |
| NET INCOME (LOSS) | (63,881) | 115,227 | (210,300) | 161,524 | 193,794 |
| Less: Capital Acquisitions | (94,042) | (315,654) | (181,156) | (478,425) | (84,871) |
| Principal Portion of Debt Service-OPB | (150,000) | (91,170) | (61,186) | (63,982) | (44,875) |
| Principal Payments- Other Loans | (74,630) | (80,656) | (70,745) | (72,899) | (49,825) |
| Depreciation and Amortization | 427,550 | 432,517 | 446,220 | 455,161 | 314,622 |
| Transfers to Reserves/Building Repair | (82,098) | (88,500) | (383,000) | (461,750) | (47,887) |
| Transfers from Reserves | 66,772 | 86,733 | 34,615 | 280,286 | 24,470 |
| PPP Funds | 0 | 0 | 475,000 | 474,000 | 0 |
| NET CASH FLOW | 31,670 | 56,497 | 69,446 | 273,905 | 305,428 |

Hazelnut Report from our Farming Partner Damola Adeniji

2022 Yields (5th Year Orchard)

| Variety | Pounds Harvested | Pounds/Acre |
|----------|------------------|-------------|
| Yamhill | 38,780* | 1,762 |
| Wepsters | 22,000* | 1,222 |

Notes from the Farmer:

Over the last year the Orchard has come to life, tripling its returns from last year's harvest. We expect the orchard will roughly double in yield through year 7. At which point the returns will level out for a year. Our orchard is planted to double density so in the coming years half of our trees will be removed to make room for growth. The yield will level off as the trees get accustomed to the new environment/sun exposure. Shadow Hills will continue to reap the rewards of these trees for many years to come.

*Total raw pounds



5 Year Projection Based on 2022 Yields

| Year | Avg. Pounds/Acre | Planted Acreage | Estimated Yield |
|------|------------------|-----------------|-----------------|
| 2022 | 1500 | 40 | 60,000 |
| 2023 | 3000 | 40 | 120,000 |
| 2024 | 4000 | 40 | 160,000 |
| 2025 | 5000 | 40 | 200,000 |
| 2026 | 6500 | 40 | 260,000 |

7 Year Price Look Back

| Year | Wepsters \$/LB | Yamhills \$/LB |
|------------------------|----------------|----------------|
| 2021 | .98 | .91 |
| 2020 | 1.11 | 1.01 |
| 2019 | 1.06 | 1.05 |
| 2018 | .89 | .89 |
| 2017 | 1.09 | 1.08 |
| 2016 | 1.60 | 1.55 |
| 2015 | 1.70 | 1.62 |
| Avg Price last 7 years | 1.20 | 1.15 |
| 2022 Guaranteed Price | 0.47 | 0.47 |

2022 Price:

- Historic Low prices has many growers concerned.
- However, the Avg. price over the last 7 years shows this year may be an outlier.
- Control the Controllables. We will continue to push the orchard and trust the price will come back in our favor.



2022 Pricing

| | |
|---|--------|
| In-shell varieties Jefferson, Barcelona and Ennis: | \$0.40 |
| Mid-range kernel varieties Yamhill, Lewis, Dorris, Santiam, Willamette, Wepster, Clark, etc.: | \$0.47 |
| High yield kernel varieties McDonald, Sacajawea, Casina: | \$0.53 |

Membership Committee- Headed by Steve Gahan

In short, membership is full to the brim, with a substantial wait list. Minimal “Top of mind awareness marketing” is planned for the coming year, with the emphasis being on our Event and Wedding opportunities.

Membership:

Currently have a full golf membership – 475 per Bylaws

Golf membership wait list of approximately 70
Social membership – 105

To capitalize on the current membership demand, our Initiations fees were increased substantially
Increased initiation:

Junior Executive - \$2,500 to \$4,700
Family Golf - \$4,000 to \$7,500
Company Multiple - \$8,000 to \$15,000

We do not foresee changes in membership, as interest in becoming a member of Shadow Hills Country Club remains strong.

Green Report from Tom Onstadt

There were a series of meaningful events that helped define the Shadow Hills Green Committee in 2022. First, Ryan, our longtime superintendent was promoted to General Manager which in turn opened up his old position. The Hiring Committee went through a thorough interviewing process and were elated to find a candidate that had the background and experience to step right into Ryan's position as superintendent, Eric Wiggins. 2022 Spring was almost ideal as far as weather was concerned which helped Eric transition into great course conditions almost seamlessly.

Along with all the customary work the Greens Crew does everyday (mow, rake, cut pin positions, turf maintenance etc.) they also completed more than a handful of projects. - Ryan and his team finished up the greenside bunker renovation project which also included 2 of the bunkers on the practice facility. - Removal and Re-seed old cart paths. - Completion of push-cart wash pad. - New, bigger and better fountains were installed in the irrigation pond to enhance water movement. - Landscaping around the club entrances and around the new clock on the practice range. - Resurfaced walking bridges on holes 14,15 and 16.

This fall the crew will start a few additional projects that will push into 2023 and beyond. 9 holes of bunker renovation will begin within the next month and while that's going on the lighting on the Sovern entrance will be finished as well as the landscaping around the new pushcart wash pad (as soon as the fencing is installed). Eric has also planned to complete new irrigation GPS maps of the entire golf course and raise sprinkler heads throughout the course along with nozzle change outs. Later this fall Shadow Hills has hired an irrigation consultant to give us an estimate on the cost of replacing our current golf course irrigation system. This will be a sizable operation for the members of Shadow Hills, so it's vital we start planning for this expenditure asap. The finance committee is working on a plan that will begin the process of funding this project 5-8 years down the road.

Golf Committee report for annual meeting

October 2022

Golf Committee Report from Marilyn France

We are a busy golf course—approximately 48,000 rounds are projected for this year. The Golf Committee's role is to help ensure the integrity and enjoyment of the game for all our members. As a committee, we work closely with Gary and the Pro Shop in discussing pace of play, tee sheet management, course rules, power cart use, care of the course and scheduling of events.

This year we kicked off the new "Silver Tees" for players of all levels. New score cards were also introduced. Ron Willis continued in his role of Men's Handicap Chair and Addie Vandehey and Linda Robertson took charge of Women's Handicap. In the upcoming year, the USGA will be updating certain rules of golf and this information will be presented to our members.

One of the unrecognized roles of the Golf Committee is to review the many requests Shadow Hill receives for golf round donations. One of the tenets of Shadow's mission statement involves giving back to our community. We as a Committee approved donation requests to charities for their fund- raising auctions including CASA of Lane County, Relief Nursery, Relay for Life, LOVE Inc to name a few. Shadow Hills also works with local boy's and girl's high school golf teams each spring as a practice/play facility and has hosted the Mid-Western high school tournament.

Thank you to the members of the Golf Committee in the donation of their time, energy and commitment to the members of Shadow Hills and our fantastic golf course.

BIG THANKS to: Barry Bokn, Ron Willis, John Jensen, Tom Morgan, Gary Davis

Long Range Planning Committee from Phil Burns

It has been an interesting year navigating supply chain challenges and increased prices on pretty much everything which created a scenario where our group had to pivot from the original plan for 2022.

Our committee focuses on three different categories for club improvements which are Building and Non-Golf Course items, Golf Course improvements and Greens Equipment. The major reason for our pivot this year was due to the price increase in Greens Equipment. We purchased a fairway mower that more than doubled in price. But due to the importance of our core product being the golf course we deemed this was necessary even with the price increase.

Regarding the Non-Golf related items this is where we pivoted. We ended up focusing on operational improvements for our food and beverage department and our outside service staff in the pull cart washing area. With the increased business we have seen of a full schedule of outside events as well as a full membership utilizing our current food and beverage facilities the staff were finding it challenging to be able to store items for both categories of service. This included both cold storage as well as dry storage. Due to this we have added an outdoor storage shed and refrigeration unit to allow for the food and beverage staff to improve their operations.

Pertaining to the pull cart washing area the golf committee brought forth the idea of creating a cart cleaning station to clean up the south access to the golf course. This area ended up being quite wet as well as covered in grass from cleaning of the pull carts. We have installed a cleaning area with a drain that allows us to keep the water and grass from affecting this walkway. And lastly, we were able to add landscape lighting to the trees along the eastern side of the Sovern Entrance to the club.

There are a few more projects we are focusing on for the remainder of this year and next year to keep an eye out for. We plan on finishing some landscaping around the north parking lot to improve the overall appearance, design and add parking lot stripping to the Cart Barn parking area, get started on the cleanup and renew of the fairway bunkers to match the greenside bunkers we recently completed, new restroom on the back 9, and purchase more greens equipment including a utility cart, triplex green/tee/approach mower, bunker rake, and articulator.

We appreciate the investments we are making to improve our operations and experience at the club and are looking forward to finishing our 2022 projects and getting started on our 2023 projects here shortly.