

Stamford Golf Authority

Financial Report
December 31, 2021

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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, 2021, and 2020, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Authority, as of December 31, 2021 and 2020, and the results of its operations and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America (GAAS). Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are required to be independent of the Authority and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

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.

Responsibilities of Management for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about the Authority's ability to continue as a going concern within one year after the date that the financial statements are available to be issued.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and therefore is not a guarantee that an audit conducted in accordance with GAAS will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional

omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the financial statements

In performing an audit in accordance with GAAS, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the financial statements.
- Obtain an understanding of internal control relevant to the audit 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 Authority's internal control. Accordingly, no such opinion is expressed.
- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the financial statements.
- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about Authority's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control-related matters that we identified during the audit.

GMA & ASSOCIATES, LLC

Stamford, Connecticut
June 28, 2022

Stamford Golf Authority

**Statements of Financial Position
December 31, 2021 and 2020**

	2021	2020
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 1,841,023	\$ 1,611,334
Cash - board restricted (Note 1)	16,632	16,330
Prepaid expenses and other current assets	96,811	43,342
Total current assets	1,954,466	1,671,006
Capital assets, net of depreciation (Note 3)	4,446,257	4,625,741
Total assets	\$ 6,400,723	\$ 6,296,747
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 122,118	\$ 128,056
Unearned revenue	42,750	40,150
Current maturities of capital lease obligations (Note 4)	183,804	102,251
Current maturities of long-term debt (Note 5)	291,969	283,098
Total current liabilities	640,641	553,555
Noncurrent liabilities:		
Security deposits	16,632	16,330
Capital lease obligations, less current maturities (Note 4)	547,938	653,060
Long-term debt, less current maturities (Note 5)	1,761,675	2,047,207
Total noncurrent liabilities	2,326,245	2,716,597
Total liabilities	2,966,886	3,270,152
Net position:		
Board designated for net Investment in capital assets	1,660,872	1,540,125
Unrestricted	1,772,965	1,486,470
Total net position	3,433,837	3,026,595
Total liabilities and net position	\$ 6,400,723	\$ 6,296,747

See notes to financial statements.

Stamford Golf Authority

**Statements of Activities and Changes in Net Position
Years Ended December 31, 2021 and 2020**

	2021	2020
Operating revenues:		
Greens	\$ 2,040,134	\$ 2,123,403
Driving range	1,304,516	1,191,885
Cart rental	415,502	376,499
Permits	131,881	95,467
Non-resident frequent use cards	52,200	29,250
Rent - restaurant	106,500	32,000
Other miscellaneous income	33,143	48,639
Rent - tennis facility	20,000	20,000
Rent - pro shop	16,000	8,000
	<u>4,119,876</u>	<u>3,925,143</u>
Operating expenses:		
Salaries	1,352,668	1,181,473
Depreciation and amortization	598,132	468,525
Grounds maintenance	210,794	145,369
Rent - City of Stamford	210,632	178,926
Seed, fertilizer and chemicals	184,149	209,240
Insurance	161,944	135,930
Payroll taxes	135,423	119,211
Utilities	123,768	139,895
Equipment maintenance and rental	107,893	92,251
Building repairs and maintenance	96,195	77,478
Employee medical insurance	94,468	85,056
Office supplies and expense	79,919	87,184
Irrigation system	63,814	13,497
Driving range supplies	39,825	31,479
Professional fees	36,245	51,384
Activity supplies	33,227	24,692
Gasoline	30,353	17,052
Pension expense	24,650	25,531
Telephone	14,729	14,465
Security	5,207	5,862
Training and education	4,135	2,150
	<u>3,608,170</u>	<u>3,106,650</u>
Change in net assets from operations	<u>511,706</u>	<u>818,493</u>
Nonoperating revenues (expenses):		
Gain on forgiveness of debt	-	257,475
Interest and dividend income	3,045	1,341
Interest expense	(107,509)	(92,034)
	<u>(104,465)</u>	<u>166,782</u>
Change in net assets	<u>407,242</u>	<u>985,275</u>
Net position, beginning of year	<u>3,026,595</u>	<u>2,041,320</u>
Net position, end of year	<u>\$ 3,433,837</u>	<u>\$ 3,026,595</u>

See notes to financial statements.

Stamford Golf Authority

Statements of Cash Flows

Years Ended December 31, 2021 and 2020

	2021	2020
Cash flows from operating activities:		
Receipts from customers and users	\$ 4,122,476	\$ 3,939,593
Payments to suppliers	(1,683,313)	(1,457,274)
Payments to employees	(1,351,330)	(1,186,901)
Net cash provided by operating activities	1,087,833	1,295,418
Cash flows from capital and related financing activities:		
Purchase of capital assets	(274,017)	(68,975)
Principal payments on notes payable	(284,438)	(2,541,512)
Payment for debt issuance cost	-	(62,212)
Proceeds from issuance of notes payables	-	2,757,475
Principal payments on capital leases	(160,423)	(160,928)
Interest paid on debt	(107,509)	(92,034)
Net cash used in capital and related financing activities	(826,387)	(168,186)
Cash flows from investing activities:		
Interest on cash and cash equivalents	3,045	1,341
Net increase in cash and cash equivalents	264,491	1,128,573
Cash and cash equivalents:		
Beginning	1,627,664	499,091
Ending	\$ 1,892,155	\$ 1,627,664
Reconciliation of operating income to net cash provided by operating activities:		
Operating income	\$ 515,957	\$ 818,493
Adjustments to reconcile operating income to net cash provided by operating activities:		
Depreciation and amortization	598,132	468,525
Changes in assets and liabilities:		
(Decrease) increase in prepaid expenses and other current assets	(18,969)	10,223
Decrease in accounts payable and accrued expenses	(5,939)	(32,603)
Increase in security deposit payable	302	16,330
(Decrease) increase in unearned revenue	(36,150)	14,450
Net cash provided by operating activities	\$ 1,053,333	\$ 1,295,418
Supplemental schedule of non-cash capital financing activities:		
Equipments financed with capital lease	\$ 136,854	\$ 151,959

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 rental activities of its facility. 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 \$16,632 and \$16,330 as of December 31, 2021, and 2020, respectively for cash held in escrow for tenant subleasing property at the Sterling Farms Recreation Complex from the Authority.

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, 2021 and 2020:

	<u>2021</u>	<u>2020</u>
Deposits with financial institutions	<u>\$ 1,841,023</u>	<u>\$ 1,611,334</u>

Of these bank balance deposits with financial institutions, approximately \$1,676,000 and \$1,845,000 were uninsured and uncollateralized as of December 31, 2021 and 2020, respectively.

Note 3. Capital Assets

Capital asset activity for the years ended December 31, 2021 and 2020, was as follows:

	<u>December 31, 2021</u>				
	Useful Life (Years)	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:					
Golf course development and improvements	12-40	\$ 4,096,287	\$ 92,626	\$ -	\$ 4,188,913
Tennis courts	15	66,994	-	-	66,994
Fencing	15	60,793	10,850	-	71,643
Automobile	5	32,434	76,261	-	108,695
Maintenance equipment and golf carts	5-12	1,679,746	127,362	-	1,807,108
Building improvements	4-20	728,065	22,624	-	750,689
Office furniture and fixtures	5-10	59,043	5,155	-	64,198
Driving range	10	2,666,895	75,993	-	2,742,888
Irrigation system	12	1,807,604	-	-	1,807,604
Total capital assets being depreciated		11,197,861	410,871	-	11,608,732
Less accumulated depreciation		(6,572,120)	(590,355)	-	(7,162,475)
Net capital assets		<u>\$ 4,625,741</u>	<u>\$ (179,484)</u>	<u>\$ -</u>	<u>\$ 4,446,257</u>

Stamford Golf Authority

Notes to Financial Statements

Note 3. Capital Assets (Continued)

	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		\$ 4,868,945	\$ (243,204)	\$ -	\$ 4,625,741

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 \$557,881 and \$591,869 and at December 31, 2020 and 2020, respectively.

Future minimum rental payments under capital leases at December 31, 2021, were as follows:

2022	\$ 217,831
2023	178,177
2024	176,330
2025	127,447
2026	119,873
Thereafter	12,273
Total minimum lease payments	831,931
Less amounts representing interest	(100,189)
Present value of minimum capital lease payments	731,742
Less current portion	(183,804)
Capital lease obligation, net of current portion	\$ 547,938

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 2021 and 2020, the rent is 5.5% 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, 2021, and 2020, totaled \$210,794 and \$178,926, 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 \$751,000.

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, 2021, and 2020:

	<u>2021</u>	<u>2020</u>
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.	\$ 2,103,694	\$ 2,388,131
Less: Unamortized debt issuance costs	<u>(50,050)</u>	<u>(57,826)</u>
Term loan net of issuance cost	2,053,644	2,330,305
Less: current maturities	<u>(291,969)</u>	<u>(283,098)</u>
	<u>\$ 1,761,675</u>	<u>\$ 2,047,207</u>

Aggregate maturities required on long-term debt as of December 31, 2021, are due in future years as follows:

2022	\$ 291,969
2023	301,119
2024	310,556
2025	320,288
2026	330,325
Thereafter	549,437
	<u>\$ 2,103,694</u>

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). Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined, subject to limitations based on the use of loan proceeds for payroll costs and mortgage interest, 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. The Authority filed the application for loan forgiveness, and in December 2020, the Authority was notified by the SBA, the loan was forgiven for the full amount of \$257,475 and is reported on the Statements of Activities and Changes in Net Position as a gain on forgiveness of debt.

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). 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. 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, 2021, are as follows:

2022	\$	100,000
2023		93,000
2024		81,000
	\$	<u>274,000</u>

Note 7. 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, 2021 and 2020, were \$24,650 and \$25,531, respectively.

Note 8. 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 9. Subsequent Events

Subsequent events have been evaluated through June 28, 2022, the date the financial statements were available to be issued.