

Stamford Golf Authority

Financial Report
December 31, 2023

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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, 2023 and 2022, 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, 2023 and 2022, 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 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 the 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 5, 2024

Stamford Golf Authority

**Statements of Financial Position
December 31, 2023 and 2022**

	2023	2022
Assets		
Current assets:		
Cash and cash equivalents (Note 2)	\$ 2,397,421	\$ 2,437,508
Cash - board restricted (Note 1)	16,980	16,918
Prepaid expenses and other current assets	7,006	32,917
Total current assets	2,421,407	2,487,343
Capital assets, net of depreciation (Note 3)	4,674,497	4,237,096
Total assets	\$ 7,095,905	\$ 6,724,439
Liabilities and Net Position		
Current liabilities:		
Accounts payable and accrued expenses	\$ 151,820	\$ 165,785
Unearned revenue	34,750	39,000
Current maturities of capital lease obligations (Note 4)	260,958	226,903
Current maturities of long-term debt (Note 5)	301,175	232,612
Total current liabilities	748,702	664,299
Noncurrent liabilities:		
Security deposits	16,980	16,918
Capital lease obligations, less current maturities (Note 4)	554,768	566,842
Long-term debt, less current maturities (Note 5)	1,172,650	1,535,626
Total noncurrent liabilities	1,744,398	2,119,387
Total liabilities	2,493,099	2,783,686
Net position:		
Board designated for net investment in capital assets	2,384,947	1,675,113
Unrestricted	2,217,857	2,265,640
Total net position	4,602,803	3,940,753
Total liabilities and net position	\$ 7,095,905	\$ 6,724,439

See notes to financial statements.

Stamford Golf Authority

**Statements of Activities and Changes in Net Position
Years Ended December 31, 2023 and 2022**

	2023	2022
Operating revenues:		
Greens	\$ 2,085,308	\$ 1,931,105
Driving range	1,592,620	1,340,869
Cart rental	471,259	423,120
Permits	134,949	126,749
Non-resident frequent use cards	58,500	44,000
Rent	140,588	113,500
Other miscellaneous income	27,216	28,965
	<u>4,510,439</u>	<u>4,008,307</u>
Operating expenses:		
Salaries	1,375,871	1,229,933
Depreciation and amortization	506,440	535,006
Rent - City of Stamford	213,486	219,573
Rent - Other	29,424	-
Grounds maintenance	262,920	197,118
Seed, fertilizer and chemicals	246,637	190,229
Utilities	142,136	164,650
Insurance	166,735	162,221
Payroll taxes	120,280	124,993
Equipment maintenance and rental	158,289	101,061
Building repairs and maintenance	111,533	85,759
Office supplies and expense	116,295	80,601
Employee medical insurance	98,788	71,846
Driving range supplies	54,938	50,843
Irrigation system	28,761	36,629
Gasoline	29,634	36,326
Activity supplies	38,152	28,980
Professional fees	40,198	28,700
Pension expense	20,044	18,566
Security	7,725	13,794
Telephone	13,924	12,744
Training and education	5,171	1,939
	<u>3,787,380</u>	<u>3,391,508</u>
Change in net assets from operations	<u>723,059</u>	<u>616,798</u>
Nonoperating revenues (expenses):		
Interest and dividend income	22,387	6,380
Interest expense	(83,396)	(116,262)
	<u>(61,010)</u>	<u>(109,883)</u>
Change in net assets	662,050	506,916
Net position, beginning of year	<u>3,940,753</u>	<u>3,433,837</u>
Net position, end of year	<u><u>\$ 4,602,803</u></u>	<u><u>\$ 3,940,753</u></u>

See notes to financial statements.

Stamford Golf Authority

Statements of Cash Flows

Years Ended December 31, 2023 and 2022

	2023	2022
Cash Flows from Operating Activities		
Net Income	\$ 662,050	\$ 506,916
Adjustments to reconcile net income to net cash provided by operating activities:		
Depreciation and amortization	498,663	535,006
Changes in assets and liabilities:		
Increase cash - board restricted	(62)	(286)
(Decrease) increase in prepaid expenses and other current assets	25,912	56,117
Decrease in accounts payable and accrued expenses	(13,965)	43,667
Increase in security deposit payable	62	286
(Decrease) increase in unearned revenue	(4,250)	(3,750)
Net cash provided by operating activities	1,168,410	1,137,955
Cash flows from investing activities:		
Purchase of capital assets	(663,407)	(133,414)
Net cash used in investing activities	(663,407)	(133,414)
Cash flows from financing activities:		
Payments for finance lease obligations	(250,676)	(122,651)
Payments for note payable	(294,414)	(285,406)
Net cash used in financing activities	(545,090)	(408,057)
Net (decrease) increase in cash and cash equivalents	(40,087)	596,484
Cash and cash equivalents:		
Beginning	2,437,508	1,841,023
Ending	\$ 2,397,421	\$ 2,437,508
Supplemental schedule of non-cash capital financing activities:		
Equipments financed with capital lease	\$ 272,659	\$ 189,726

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 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 \$16,980 and \$16,918 as of December 31, 2023, and 2022, 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.

Leases: Effective July 1, 2022, the Authority followed the lease accounting guidance in FASB ASC Topic 842. Under Topic 842, a lease is a contract or part of a contract that conveys the right to control the use of an identified asset for a period in exchange for consideration. The Authority leases the land and buildings of the complex from the City of Stamford, Connecticut. based on a variable lease payments arrangement that is subject to a percentage of annual gross revenue (Note 4). In accordance with ASC 842-10, lease payments should exclude variable lease payments that do not depend on an index or a rate. The Authority's variable lease payments are contingent on future sales, do not represent a present obligation to the Authority, and therefore, do not meet the definition of right of use asset or lease liability.

Note 2. Cash and Cash Equivalents and Investments

Cash and cash equivalents and investments consisted of the following at December 31, 2023 and 2022:

	<u>2023</u>	<u>2022</u>
Deposits with financial institutions	<u>\$ 2,414,402</u>	<u>\$ 2,454,426</u>

Of these bank balance deposits with financial institutions, approximately \$2,203,000 and \$2,207,000 were uninsured and uncollateralized as of December 31, 2023 and 2022, respectively.

Stamford Golf Authority

Notes to Financial Statements

Note 3. Capital Assets

Capital asset activity for the years ended December 31, 2023 and 2022, was as follows:

December 31, 2023					
	Useful Life (Years)	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:					
Golf course development and improvements	12-40	\$ 4,226,963	\$ 432,650	\$ -	\$ 4,659,613
Tennis courts	15	66,994	63,936	-	130,930
Fencing	15	75,093	-	-	75,093
Automobile	5	108,695	-	-	108,695
Maintenance equipment and golf carts	5-12	1,993,528	263,689	-	2,257,217
Building improvements	4-20	750,689	116,683	-	867,372
Office furniture and fixtures	5-10	112,861	18,969	-	131,830
Driving range	10	2,742,888	40,138	-	2,783,026
Irrigation system	12	1,849,089	-	-	1,849,089
Total capital assets being depreciated		11,926,800	936,065	-	12,862,865
Less accumulated depreciation		(7,689,704)	(498,663)	-	(8,188,367)
Net capital assets		<u>\$ 4,237,096</u>	<u>\$ 437,402</u>	<u>\$ -</u>	<u>\$ 4,674,497</u>

December 31, 2022					
	Useful Life (Years)	Beginning Balance	Additions	Deletions/ Transfers	Ending Balance
Capital assets:					
Golf course development and improvements	12-40	\$ 4,188,913	\$ 38,050	\$ -	\$ 4,226,963
Tennis courts	15	66,994	-	-	66,994
Fencing	15	71,643	3,450	-	75,093
Automobile	5	108,695	-	-	108,695
Maintenance equipment and golf carts	5-12	1,807,108	186,420	-	1,993,528
Building improvements	4-20	750,689	-	-	750,689
Office furniture and fixtures	5-10	64,198	48,663	-	112,861
Driving range	10	2,742,888	-	-	2,742,888
Irrigation system	12	1,807,604	41,485	-	1,849,089
Total capital assets being depreciated		11,608,732	318,068	-	11,926,800
Less accumulated depreciation		(7,162,475)	(527,229)	-	(7,689,704)
Net capital assets		<u>\$ 4,446,257</u>	<u>\$ (209,161)</u>	<u>\$ -</u>	<u>\$ 4,237,096</u>

Stamford Golf Authority

Notes to Financial Statements

Note 4. Commitments

Finance Leases: The Authority leases maintenance equipment, golf carts and certain building improvements under capital leases. The book value of these assets was \$581,791 and \$538,808 and at December 31, 2023 and 2022, respectively.

Future minimum rental payments under capital leases at December 31, 2023, were as follows:

2024	\$	295,978
2025		271,217
2026		228,223
2027		64,886
Total minimum lease payments		<u>860,304</u>
Less amounts representing interest		<u>(44,577)</u>
Present value of minimum capital lease payments		815,727
Less current portion		<u>(260,958)</u>
Capital lease obligation, net of current portion	\$	<u><u>554,769</u></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 expires on June 30, 2034. For the years ending 2023 and 2022, 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 expenses for the years ended December 31, 2023, and 2022, totaled \$213,486 and \$219,573, respectively.

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, 2023, was approximately \$255,000.

Stamford Golf Authority

Notes to Financial Statements

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 years at \$7,777 per year. The Term Loan debts consists of the following as of December 31, 2023, and 2022:

	<u>2023</u>	<u>2022</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.	\$ 1,508,322	\$ 1,810,512
Less: Unamortized debt insurance costs	(34,497)	(42,274)
Term loan net of insurance cost	1,473,825	1,768,238
Less: current maturities	(301,175)	(232,612)
	<u>\$ 1,172,650</u>	<u>\$ 1,535,626</u>

Aggregate maturities required on long-term debt as of December 31, 2023, are due in future years as follows:

2024	\$ 310,614
2025	320,348
2026	330,387
2027	340,740
2028	206,233
	<u>\$ 1,508,322</u>

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, 2023 and 2022, 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.

Stamford Golf Authority

Notes to Financial Statements

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 2026. The Authority also leases tennis facilities under a lease that expires in November 2028. The total future minimum rental commitments as of December 31, 2023, are as follows:

2024	<u><u>\$ 133,500</u></u>
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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 the 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, 2023 and 2022, were \$20,044 and \$18,566, 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.

Note 9. Subsequent Events

Subsequent events have been evaluated through July 5, 2024, the date the financial statements were available to be issued.