



# **COHASSET GOLF CLUB**

P.O. BOX 247  
COHASSET, MASSACHUSETTS 02025-0247

## **FINANCIAL STATEMENTS**

for the year ended  
DECEMBER 31, 2017

**Independent Auditor's Report**

To the Executive Committee and Members  
Cohasset Golf Club

We have audited the accompanying financial statements of the Cohasset Golf Club which comprise the statement of financial position as of December 31, 2017 and December 31, 2016 and the related statements of activities 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 audits 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 entity'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 entity'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 Cohasset Golf Club as of December 31, 2017 and December 31, 2016 and the results of its activities and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

*Condon O'Meara McGinty & Donnelly LLP*

March 2, 2018

**COHASSET GOLF CLUB**  
**Statement of Financial Position**

**Assets**

	<b>December 31</b>	
	<b>2017</b>	<b>2016</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 3,341,611	\$ 2,949,954
Accounts receivable, net	205,299	137,796
Deferred dues receivable	545,032	529,653
Current portion of entrance fees receivable	196,960	240,983
Current portion of certificates of membership receivable	8,379	16,093
Inventories, at cost	36,126	28,579
Prepaid expenses	43,523	62,002
<b>Total current assets</b>	<b>4,376,930</b>	<b>3,965,060</b>
<b>Entrance fees receivable, net of current portion</b>	<b>322,255</b>	<b>351,682</b>
<b>Certificates of membership receivable, net of current portion</b>	<b>6,820</b>	<b>16,005</b>
<b>Property and equipment, at cost</b>	22,587,831	20,798,700
Less accumulated depreciation	12,308,091	11,598,035
<b>Net property and equipment</b>	<b>10,279,740</b>	<b>9,200,665</b>
<b>Total assets</b>	<b>\$ 14,985,745</b>	<b>\$ 13,533,412</b>

**Liabilities, Certificates of Membership and Net Assets**

<b>Current liabilities</b>		
Accounts payable	\$ 244,947	\$ 194,304
Contract payable	441,638	-
Taxes payable and accrued	123,255	113,527
Deposits	5,000	11,000
Deferred dues revenue	545,032	529,653
Current portion of long-term debt	147,676	138,656
<b>Total current liabilities</b>	<b>1,507,548</b>	<b>987,140</b>
<b>Long-term debt, net of current portion</b>	<b>3,001,408</b>	<b>3,149,226</b>
<b>Total liabilities</b>	<b>4,508,956</b>	<b>4,136,366</b>
<b>Net assets</b>		
Certificates of membership	4,715,061	4,911,311
Unrestricted net assets	5,761,728	4,485,735
<b>Total certificates of membership and net assets</b>	<b>10,476,789</b>	<b>9,397,046</b>
<b>Total liabilities, certificates of membership and net assets</b>	<b>\$ 14,985,745</b>	<b>\$ 13,533,412</b>

See notes to financial statements.

## COHASSET GOLF CLUB

## Statement of Activities

	Year Ended	
	December 31	
	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
Membership dues and privileges	\$ 3,133,565	\$ 3,033,425
Golf operations	326,962	347,051
Golf car rentals	144,944	144,094
Food and beverage	1,149,119	1,301,455
Unused minimum	100,539	120,247
House charges	24,203	30,075
Clubhouse and locker rentals	29,925	30,629
Tennis	12,894	14,298
Interest	21,209	20,349
Late fees and members' interest	56,711	56,631
Other	2,000	2,605
Total revenue	<u>5,002,071</u>	<u>5,100,859</u>
<b>Costs and expenses</b>		
Cost of sales	<u>509,101</u>	<u>592,301</u>
Payroll and related expenses		
Salaries and wages	2,206,554	2,203,116
Payroll taxes and employee benefits	411,193	448,636
Employees' meals	50,858	51,145
Total payroll and related expenses	<u>2,668,605</u>	<u>2,702,897</u>
Other expenses		
Golf course maintenance	533,425	494,599
Golf operations	205,870	178,028
Food and beverage	117,764	131,101
Clubhouse and locker rooms	394,661	376,286
Tennis	27,879	17,417
Administrative and general	204,606	204,745
Total other expenses	<u>1,484,205</u>	<u>1,402,176</u>
Total costs and expenses	<u>4,661,911</u>	<u>4,697,374</u>
Excess of revenue over expenses before fixed charges	<u>340,160</u>	<u>403,485</u>
<b>Fixed charges</b>		
Real estate taxes	116,231	109,302
Insurance	78,490	78,768
Interest	145,858	146,384
Total fixed charges	<u>340,579</u>	<u>334,454</u>
Excess (deficiency) of revenue over expenses before depreciation	(419)	69,031
<b>Depreciation</b>	<u>(802,501)</u>	<u>(787,003)</u>
(Deficiency) of revenue to cover expenses before other additions and deduction	(802,920)	(717,972)
<b>Other additions and deduction</b>		
Entrance fees	677,157	822,519
Capital improvement fee	111,720	114,462
Special assessment – water remediation project	160,877	197,453
Clubhouse renovation assessment	1,152,938	-
(Loss) on sale of furniture	(23,779)	-
Increase in unrestricted net assets	<u>1,275,993</u>	<u>416,462</u>
<b>Unrestricted net assets, beginning of year</b>	<u>4,485,735</u>	<u>4,069,273</u>
<b>Unrestricted net assets, end of year</b>	<u>\$ 5,761,728</u>	<u>\$ 4,485,735</u>

See notes to financial statements.

**COHASSET GOLF CLUB**

**Statement of Cash Flows**

	<b>Year Ended</b>	
	<b>December 31</b>	
	<u><b>2017</b></u>	<u><b>2016</b></u>
<b>Cash flows from operating activities</b>		
Increase in unrestricted net assets	\$ 1,275,993	\$ 416,462
Adjustments to reconcile increase in unrestricted net assets to net cash provided by operating activities		
Depreciation	802,501	787,003
Amortization of deferred mortgage costs	1,241	1,241
Loss on sale of furniture	23,779	-
(Increase) decrease in current assets		
Accounts receivable	(67,503)	(29,482)
Inventories	(7,547)	(1,668)
Prepaid expenses	18,479	(10,808)
(Increase) decrease in entrance fees receivable	73,450	(47,399)
Decrease in certificates of membership receivable	16,899	18,050
Increase (decrease) in current liabilities		
Accounts payable	50,643	15,488
Taxes payable and accrued	9,728	6,831
Deposits	(6,000)	-
Net cash provided by operating activities	<u>2,191,663</u>	<u>1,155,718</u>
<b>Cash flows from investing activities</b>		
Expenditures for property and equipment	(1,909,458)	(922,377)
Increase (decrease) in contract payable	441,638	(63,575)
Proceeds from sale of furniture	4,103	-
Net cash (used in) investing activities	<u>(1,463,717)</u>	<u>(985,952)</u>
<b>Cash flows from financing activities</b>		
Proceeds from long-term debt	-	470,642
Payments on long-term debt	(140,039)	(53,918)
(Decrease) in certificates of membership	<u>(196,250)</u>	<u>(198,750)</u>
Net cash provided by (used in) financing activities	<u>(336,289)</u>	<u>217,974</u>
<b>Net increase in cash and cash equivalents</b>	<b>391,657</b>	<b>387,740</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>2,949,954</b></u>	<u><b>2,562,214</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$3,341,611</b></u>	<u><b>\$2,949,954</b></u>
<b>Supplemental disclosure of cash flows information:</b>		
Cash paid for interest	<u>\$ 144,617</u>	<u>\$ 145,143</u>

See notes to financial statements.

**COHASSET GOLF CLUB****Notes to Financial Statements  
December 31, 2017 and December 31, 2016****Note 1 – Nature of organization and summary of significant accounting policies****Nature of organization**

The Cohasset Golf Club (the “Club”) is a nonprofit organization established in 1894. The principal activity of the Club is the golf course and clubhouse for its members, families and guests. The Club is located in Cohasset, Massachusetts.

**Membership dues, entrance fees, assessments and capital improvement fees**

Membership dues are recognized as revenue in the applicable membership period. Each December, the Club bills approximately one third of the following year’s membership dues. The amount billed is reflected as both deferred dues receivable and deferred dues revenue on the statement of financial position. Golf privileges are recorded as revenue when billed.

The Club permits new members under age 35 (Junior member) to defer payment of the entrance fee evenly on a yearly basis to age 40. These payments are recorded as revenue when received. Junior members may elect to lock in the current entrance fee when first joining the Club. The fee is then paid evenly over the number of years remaining until the junior member becomes 40 years old, not to be less than 10% each year. Entrance fees for other members are recorded as revenue in the year their membership begins. Effective in 2010, social members may elect to pay their entrance fee over three years. Unpaid entrance fees accrue interest at 5% per annum if not paid in full after the first year. Unbilled Junior member entrance fees as of December 31, 2017 totaled approximately \$1,047,000.

Effective January 1, 2015, the Club implemented a \$240 annual capital improvement fee for regular, social and legacy members and \$120 annual fee for non-resident and senior single/family members billed in monthly installments. The capital improvement fee is recorded as revenue when billed.

During August 2015, the membership approved a \$1,700,000 water remediation project on certain golf course holes as well as other golf course enhancements. In connection therewith, effective January 1, 2016, the membership approved a monthly assessment of \$29 for regular and social members and \$14.50 for seniors and non-resident members for the next eleven years. The assessment will be used to repay the loan that was borrowed to fund the project. Such assessments are based on current membership levels and could fluctuate based on changes in membership.

During November 2016, the membership approved a \$3,200,000 clubhouse renovation and improvement project. In connection therewith, effective January 1, 2017, the membership approved an annual assessment of \$557 for regular, social, legacy and nonresident and \$279 for Senior and Junior members. Members were given the option of making a one-time payment of the full assessment, four payments billed quarterly at a discount in 2017 or paying the assessment in monthly installments over the next nine years. The assessment is structured to repay the loan, including interest, over the period of the loan beginning in 2017. Approximately 255 members elected to pay the full assessment during 2017, which totaled approximately \$1,008,000.

**COHASSET GOLF CLUB****Notes to Financial Statements  
December 31, 2017 and December 31, 2016****Note 1 – Nature of organization and summary of significant accounting policies (continued)****Cash equivalents**

The Club considers highly liquid investments with original maturities of 90 days or less to be cash equivalents.

**Allowance for doubtful accounts**

As of December 31, 2017 and December 31, 2016, the Club has a \$5,000 allowance for doubtful accounts for receivables that may not be collectible. Such estimate is based on management's experience, the aging of the receivables, subsequent receipts and current economic conditions.

**Property and equipment**

Property and equipment are stated at cost. Depreciation is provided using the straight-line method over the estimated useful lives of the assets ranging from 2 to 50 years. During 2017, the Club sold furniture with a cost basis of \$120,327 and accumulated depreciation of \$92,445 and received \$4,103 in cash resulting in a loss on the sale of \$23,779. During 2016, fully depreciated assets totaling \$37,000 were removed from the accounts and records of the Club.

**Deferred mortgage costs**

Deferred mortgage costs are being amortized over the term of the mortgage.

**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 amounts reported in the financial statements. Actual results could differ from these estimates.

**Concentrations of credit risk**

The Club's financial instruments that are potentially exposed to concentrations of credit risk consist primarily of cash, cash equivalents and accounts receivable. The Club places its cash and cash equivalents with what it believes to be a quality financial institution. From time to time, the Club maintains cash on deposit at a financial institution in excess of the federally insured limit. Any cash account balance in excess of the FDIC insurance limit is covered by the depositors insurance fund. The Club has not experienced any losses in such accounts to date. The Club's accounts receivable consist principally of amounts due from members. The Club believes no significant concentrations of credit risk exist with respect to its cash, cash equivalents and accounts receivable.

## COHASSET GOLF CLUB

### Notes to Financial Statements December 31, 2017 and December 31, 2016

#### **Note 1 – Nature of organization and summary of significant accounting policies (continued)**

##### **Subsequent events**

Management has evaluated events and transactions for potential recognition or disclosure through March 2, 2018, which is the date the financial statements were available to be issued. This evaluation did not result in any subsequent event that necessitated additional disclosures and/or adjustments.

#### **Note 2 – Certificates of membership**

Members were required to purchase two (2) certificates of membership of \$7,500 and \$5,000 or \$3,750 and \$2,500, depending on level of membership. The members had the option of paying for the certificate in full or paying in installments with interest. On termination of membership, the certificates are payable without interest within sixty days of withdrawal. Notwithstanding the foregoing, any charges owed to the Club by the withdrawing member shall be deducted from the amount of the certificates. Members joining the Club after December 31, 2004 will receive payment for their certificates, without interest, only after a new replacement member has been accepted for membership. Effective January 1, 2011, certificates are no longer being issued. As of December 31, 2017, the accounts receivable for certificates of membership are due as follows: Year 2018 \$8,379, Year 2019 \$5,208 and year 2020 \$1,612.

#### **Note 3 – Property and equipment**

A summary of property and equipment at December 31, 2017 and December 31, 2016 is as follows:

	2017	2016
Land and improvements	\$ 6,612,418	\$ 6,612,418
Building and building improvements	6,799,659	6,799,659
Furniture, fixtures and equipment	7,793,880	7,376,123
Improvements in progress	1,381,874	10,500
Total property and equipment	22,587,831	20,798,700
Less accumulated depreciation	12,308,091	11,598,035
Net property and equipment	\$10,279,740	\$ 9,200,665



## COHASSET GOLF CLUB

### Notes to Financial Statements (continued) December 31, 2017 and December 31, 2016

#### Note 4 – Long-term debt

During September 2009, in connection with the golf course improvements project, the Club obtained a \$2,500,000 promissory note (the “Note”) of which only \$2,177,618 was borrowed. During May 2017, the bank approved a reduction in the interest rate from 4.50% to 4.25% per annum, effective June 18, 2017. The Note expires on June 18, 2048, at which time the entire outstanding principal balance plus accrued interest thereon will be due and payable. The new rate of 4.25% per annum will be fixed for the first 10 years with subsequent 5-year adjustments at the then 5-year FHLB advance rate plus 2.5% per annum. The rate of interest shall not be greater than 4.5% per annum for years 11-15; shall not be greater than 5% per annum for years 16-20; shall not be greater than 5.25% for years 21-25 and shall not be greater than 5.5% per annum for year 26 to maturity (June 18, 2048).

The Note is secured by the Club’s property and the Club is entitled to pay up to \$400,000 in principal payments per calendar year with no prepayment penalty. The loan has a prepayment penalty and is required to meet certain financial covenants as defined in the loan document. As of December 31, 2017, the Club has \$1,981,981 outstanding under this Note.

During August 2013, the Club obtained approval from the membership to obtain a \$2,900,000 Commercial Construction Mortgage Loan for future capital projects. During May 2017, the bank approved a reduction in the fixed interest rate to 4.25% per annum effective June 13, 2017 through the date of maturity, September 13, 2026. This loan is secured by a valid second mortgage lien on the Club’s property and has a prepayment penalty as outlined in the loan document. The funds from this loan were used in connection with the renovation and improvement of certain holes on the golf course. As of December 31, 2017, the Club has \$1,200,982 outstanding under this loan.

The required minimum annual principal payments as of December 31, 2017 are as follows:

<u>Year</u>	<u>Amount</u>
2018	\$ 147,676
2019	154,166
2020	160,594
2021	168,000
2022	175,384
2023 and thereafter	<u>2,377,143</u>
Total	3,182,963
Less: current portion	147,676
Unamortized deferred mortgage costs	<u>33,879</u>
Net long term	<u>\$3,001,408</u>

**COHASSET GOLF CLUB****Notes to Financial Statements (continued)  
December 31, 2017 and December 31, 2016****Note 4 – Long-term debt (continued)**

During October 2015, the Club obtained a \$1,000,000 promissory note for future capital projects. The Club will begin borrowing on this loan once it is determined that it is deemed necessary. The rate of interest was amended and approved by the bank during May 2017 at a fixed rate of 4.25% per annum for a period of ten years. The Club will make payments of interest only during the first three years and thereafter payments of principal and interest sufficient to amortize the outstanding principal balance of the promissory note over a 10 year period. The entire outstanding principal balance plus accrued interest thereon and other charges payable under this note are due in full on October 7, 2028. The promissory note is subject to prepayment penalties as outlined in the agreement and is secured by a commercial mortgage, security agreement and financing statement, as outlined in the promissory note. At December 31, 2017, the Club had no borrowings on this promissory note.

**Note 5 – Clubhouse renovation improvement project (the “Project”)**

During May 2017, the Club entered into an agreement with a general contractor to renovate the clubhouse, including alterations to the Grille Room, Porch Room and Kitchen, new exterior deck and new finishes to the Lobby Foyer and Cohasset Room for approximately \$1,886,000. As of December 31, 2017, approximately \$1,360,000 of the work under this contract has been completed, of which \$441,638 (including retainage) remains to be paid and is reflected as a contract payable on the statement of financial position.

**Note 6 – 401(k) plan**

The Club maintains a 401(k) plan for eligible employees who may contribute up to the maximum amount allowed by law. The Club makes matching contributions equal to 100% of the first 3% of the employee’s compensation deferred and at least 50% of the next 2% deferred. Such matching contributions vest for the benefit of the employees on a sliding scale over a six-year period. The Club’s contributions totaled \$35,248 and \$43,655 for the years ended December 31, 2017 and December 31, 2016, respectively.

**Note 7 – Tax status**

The Club is exempt from federal income taxes under Section 501(c)(7) of the Internal Revenue Code except for a tax on its net unrelated business income. The Club’s unrelated business income consists of interest income and non-member use of the Club’s facilities.