

SANTA CLARA COUNTY FAIRGROUNDS

SCC FMC

MANAGEMENT CORPORATION, INC.

Statement of Financial Position

JUNE 30, 2019



**SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT
CORPORATION (SCCFMC)
FINANCIAL HIGHLIGHTS
YEAR TO DATE AS OF JUNE 30, 2019**

Actual revenues year to date as of June 30, 2019, totaled \$4,990,690 or \$614,809 more than budget. The favorable variance is attributable to the increase in sales of food & beverages and parking for the Amazon, Frias Concert, Cinco de Mayo and Cirque Du Soleil events.

Cost of Program Services (including cost of sales & direct costs) were unfavorable to budget by \$576,464, reflecting primarily labor allocated from expenses of maintaining facilities and labor costs resulting from additional services provided for events.

In summary, SCCFMC has a profit of \$356,808 compared to the budgeted Net Income of \$168,524 resulting in a favorable variance of \$188,284 year to date as of June, 2019:

Favorable Variance:

Parking Contribution Margin	161,676
Events Contribution Margin	30,407
Food & Beverages Contribution Margin	143,956
Other Revenue	5,220
Expenses of Maintaining Facilities	146,894
General & Administrative Expenses	3,044

Unfavorable variance:

OTB Contribution Margin	(55,445)
County Fair Contribution Margin	(63,817)
RV Park & Storage Contribution Margin	(32,364)
Anchor Licensees Contribution Margin	(102,091)
Hosted Event-Bingo Contribution Margin	(16,356)
Special Events Contribution Margin	(32,841)

Total favorable variance over budget \$ 188,284

Cash position at June 30, 2019

SCCFMC's total cash balance as of June 30, 2019 is \$629,744 compared with the prior year's (2018) cash balance total of \$921,687. The decrease in the cash balance is a result of SCCFMC's continued investment in capital improvements. SCCFMC's current ratio is 1.66 for 2019 compared to 1.58 in 2018 which reflects SCCFMC's ability to pay its current liabilities.

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION
 CONTRIBUTION MARGIN BY PROFIT CENTER
 YEAR TO DATE AS OF JUNE 30, 2019

	Anchor		Off Track		Hosted		Parking		RV Park & Storage		Events		Food & Beverages		Special Events		The County Fair		Facilities, General & Admin		Actual		Budget		Variance		
	Licensees	Betting	Event-Bingo																			Total	Total	Total	Total	Total	Total
Revenues	\$ 864,613	\$ 631,611	\$ 1,078,464	\$ 622,282	\$ 248,613	\$ 661,119	\$ 772,148	\$ 22,108	\$ 58,512	\$ 31,220	\$ 4,990,690	\$ 4,375,881	\$ 614,809									\$ 4,990,690	\$ 4,375,881	\$ 614,809			
Cost of Sales*	\$ 1,810	\$ 57,240	\$ 956,310	\$ 246,973	\$ -	\$ 278,249	\$ 259,128	\$ 27,326	\$ 43,698	\$ -	\$ 1,870,734	\$ 1,248,081	\$ 622,653									\$ 1,870,734	\$ 1,248,081	\$ 622,653			
% of Revenues	0%	9%	89%	40%	0%	42%	34%	0%	0%	0%	37%	29%										37%	29%				
Gross Profit	\$ 862,804	\$ 574,371	\$ 122,154	\$ 375,309	\$ 248,613	\$ 382,871	\$ 513,020	\$ (5,218)	\$ 14,814	\$ 31,220	\$ 3,119,957	\$ 3,127,800	\$ (7,843)									\$ 3,119,957	\$ 3,127,800	\$ (7,843)			
% of Revenues	100%	91%	11%	60%	100%	58%	66%	0%	0%	0%	63%	71%										63%	71%				
Direct Cost	\$ 8,801	\$ 508,048	\$ 28,588	\$ 37,032	\$ 28,372	\$ 156,472	\$ 222,763	\$ 42,726	\$ 170,935	\$ -	\$ 1,203,735	\$ 1,249,924	\$ (46,189)									\$ 1,203,735	\$ 1,249,924	\$ (46,189)			
% of Revenues	1%	80%	3%	6%	11%	24%	29%	0%	0%	0%	24%	29%										24%	29%				
Contribution by Profit Center	\$ 854,003	\$ 66,323	\$ 93,566	\$ 338,277	\$ 220,241	\$ 226,399	\$ 290,257	\$ (47,943)	\$ (156,121)	\$ 31,220	\$ 1,916,221	\$ 1,877,876	\$ 38,345									\$ 1,916,221	\$ 1,877,876	\$ 38,345			
% of Revenues	99%	11%	9%	54%	89%	34%	38%	0%	0%	0%	38%	43%										38%	43%				
Expenses																											
Facilities																											
% of Revenues																						\$ 864,006	\$ 1,010,900	\$ 146,894			
General & Administration																						N/A	17%	23%			
% of Revenues																						\$ 695,408	\$ 698,452	\$ 3,044			
Net Income/(Loss)																											
% of Revenues																						\$ 356,808	\$ 168,524	\$ 188,284			
																						7%	4%				

*Variable Cost

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF ACTIVITIES
Year to date as of June 30, 2019
Actual vs Budget

	2019		
	Actual	Budget	Variance
Support and revenue			
**Events	\$ 2,396,627	\$ 2,061,060	\$ 335,567
Off-Track Betting	631,611	669,950	(38,339)
Food & Beverages	772,148	484,209	287,939
County Fair	58,512	0	58,512
Hosted Event-Bingo	1,078,464	1,017,112	61,352
Special Events	22,108	117,550	(95,442)
General and Administrative	31,220	26,000	5,220
Total support & revenue	<u>\$ 4,990,690</u>	<u>\$ 4,375,881</u>	<u>\$ 614,809</u>
Expenses			
Program Services	\$ 3,074,469	\$ 2,498,005	\$ (576,464)
Facilities	864,006	1,010,900	146,894
General & Administrative	695,408	698,452	3,044
Total expenses	<u>\$ 4,633,881</u>	<u>\$ 4,207,357</u>	<u>\$ (426,524)</u>
Change in unrestricted net assets before exceptional other income	\$ 356,808	\$ 168,524	\$ 188,284
Exceptional other income	<u>0</u>	<u>0</u>	<u>0</u>
Change in unrestricted net assets	\$ 356,808	\$ 168,524	\$ 188,284
Unrestricted net assets, January 1	<u>1,463,157</u>	<u>1,463,157</u>	<u>0</u>
Unrestricted net assets, June 30	<u><u>\$ 1,819,965</u></u>	<u><u>\$ 1,631,681</u></u>	<u><u>\$ 188,284</u></u>

** Note: Events Support & Revenue includes Anchor Licensees, Parking, RV Park & RV Storage & Boats.

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF ACTIVITIES
Year to date as of June 30, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Support and revenue		
**Events	\$ 2,396,627	\$ 1,812,829
Off-Track Betting	631,611	669,976
Food & Beverages	772,148	372,515
County Fair	58,512	52,848
Hosted Event-Bingo	1,078,464	996,503
Special Events	22,108	56,458
General and Administrative	31,220	149,509
Total support & revenue	<u>\$ 4,990,690</u>	<u>\$ 4,110,639</u>
Expenses		
Program Services	3,074,469	2,362,045
Facilities	864,006	949,437
General & Administrative	695,408	516,800
Total expenses	<u>\$ 4,633,881</u>	<u>\$ 3,828,281</u>
Change in unrestricted net assets before exceptional other income	\$ 356,808	\$ 282,358
Exceptional other income	<u>0</u>	<u>0</u>
Change in unrestricted net assets	\$ 356,808	\$ 282,358
Unrestricted net assets, January 1	<u>1,463,157</u>	<u>\$ 1,305,312</u>
Unrestricted net assets, June 30	<u>\$ 1,819,965</u>	<u>\$ 1,587,670</u>

** Note: Events Support & Revenue includes Anchor Licensees, Parking, RV Park & RV Storage & Boats.

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES

Year to date as of June 30, 2019

	Program Services							Total		
	OFF Track Betting	**Events	Food & Beverages	Hosted Event-Bingo	Special Events	County Fair	Total Program Services		Facility	General & Administrative
Support and Revenue	\$ 631,611	* \$ 2,396,627	\$ 772,148	\$ 1,078,464	\$ 22,108	\$ 58,512	\$ 4,959,470	\$ -	\$ 31,220	\$ 4,990,690
Cost of Sales:										
Labor		297,547	136,945	-	6,505	-	440,997			440,997
Racing Forms	57,240						57,240			57,240
Parking		134,577			2,163		136,740			136,740
Entertainment					9,325	42,750	52,075			52,075
Equipment Rental		74,314	3,145		3,644		81,103			81,103
Food & Beverages			113,588	9,293	1,242		124,123			124,123
Sponsorship-Exchange										
Bingo-Regular				295,233			295,233			295,233
Bingo-Flash cards				652,283			652,283			652,283
Sub-Contractor		10,837			4,000		14,837			14,837
Commission		206	5,451		238		5,894			5,894
Other										
Material		9,551		(500)	209		9,260			9,260
Admission Clerks										
Awards and Trophies						48	48			48
Ticketing Services										
Judges						900	900			900
Defer Expenses										
Total Cost of Sales	57,240	527,032	259,128	956,310	27,326	43,698	1,870,734	-	-	1,870,734
Direct Expenses:										
Payroll and employee benefits	156,462	43,660	70,459				270,581	259,042		529,623
Facility	101,884	1,150				36	103,070	140,048		243,118
Repairs and maintenance	3,001	4,301	2,717				10,019	30,034	9,390	49,443
Security and sheriff	51,297	720	9,691	8,543	1,323		71,574	53,078		124,652
Depreciation								56,759		56,759
Other	29,428	40,988	32,323	3,572	11,517	6,340	124,167	63,262	13,300	200,729
Reimbursed expenses										
Total Direct Expenses	342,072	90,819	115,191	12,114	12,840	6,376	579,411	602,223	22,690	1,204,323
Gross Profit (Loss)	232,299	1,778,777	397,829	110,040	(18,058)	8,438	2,509,326	(602,223)	8,530	1,915,633
General and Administrative Expenses:										
Labor and benefits	137,805	124,221	76,350		20,142	52,572	411,091	75,115	511,409	997,614
Professional Services									64,538	64,538
Marketing	4,109	10,899		2,374	6,126	96,796	120,304		11,363	131,667
Insurance						1,741	1,741	97,449	2,556	101,747
Depreciation								72,231		72,231
Deferred Costs										
Other	24,061	4,737	31,222	14,100	3,618	13,450	91,188	16,987	82,852	191,028
Total General and Administrative Expenses	165,976	139,857	107,573	16,474	29,886	164,559	624,324	261,783	672,718	1,558,825
Change in Unrestricted Net Assets (Deficit)	\$ 66,323	\$ 1,638,920	\$ 290,257	\$ 93,566	\$ (47,943)	\$ (156,121)	\$ 1,885,002	\$ (864,006)	\$ (664,188)	\$ 356,808

** Note: Events Support & Revenue includes Anchor Licensees, Parking, RV Park & RV Storage & Boats.

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES

For the Period Ended June 30, 2018

	Program Services							Total		
	Off Track Betting	**Events	Food & Beverages	Hosted Events-Bingo	Special Events	County Fair	Total Program Services		Facility	General & Administrative
Support and Revenue	\$ 669,976	* \$ 1,812,829	\$ 372,515	\$ 996,503	\$ 56,458	\$ 52,848	\$ 3,961,130	\$ -	\$ 149,509	\$ 4,110,639
Cost of Sales:										
Labor										
Racing Forms		96,204	2,718	-	14,267		113,189			113,189
Parking	63,903	12,882					63,903			63,903
Entertainment					2,500	8,257	12,882			12,882
Equipment Rental		5,030	421		1,935		10,757			10,757
Food & Beverages			72,329	12,284	11,249		7,386			95,863
Sponsorship-Exchange										
Bingo-Regular				241,054			241,054			241,054
Bingo-Flash cards				613,381			613,381			613,381
Sub-Contractor		701			3,400	100	4,201			4,201
Commission		1,123	19,783		3,635		24,540			24,540
Other										
Material		2,570			2,400		4,970			4,970
Admission Clerks										
Awards and Trophies										
Ticketing Services										
Judges										
Defer Expenses										
Total Cost of Sales	63,903	118,510	95,251	866,718	39,386	8,357	1,192,125	-	-	1,192,125
Direct Expenses:										
Payroll and employee benefits	168,042	65,248	100,240				333,530	409,274		742,804
Facility	94,310	1,111	1,111				96,531	134,297		230,828
Repairs and maintenance	6,939	763	3,174	201			11,077	51,515	4,652	67,244
Security and sheriff	45,597	168	6,660	8,161	936		61,523	71,202		132,724
Depreciation								53,903		53,903
Other	18,103	13,594	12,740	1,768	8,668	22,401	77,276	37,238	8,789	123,302
Reimbursed expenses										
Total Direct Expenses	332,991	80,884	123,925	10,131	9,604	22,401	579,936	757,429	13,440	1,350,806
Gross Profit (Loss)	273,082	1,613,435	153,340	119,654	7,467	22,091	2,189,068	(757,429)	136,068	1,567,708
General and Administrative Expenses:										
Labor and benefits	116,425	167,039	73,288			119,089	475,841	27,498	406,267	909,606
Professional Services									36,477	36,477
Marketing	1,400			5,490	9,186	6,013	22,088		1,184	23,272
Insurance						6,000	6,000	81,168	2,668	89,836
Depreciation								66,020		66,020
Deferred Costs										
Other	23,459	15,885	13,387	8,921	5,870	18,534	86,054	17,321	56,764	160,140
Total General and Administrative Expenses	141,284	182,924	86,674	14,411	15,056	149,636	589,983	192,007	503,359	1,285,350
Change in Unrestricted Net Assets (Deficit)	\$ 131,798	\$ 1,430,512	\$ 66,665	\$ 105,243	\$ (7,588)	\$ (127,545)	\$ 1,599,085	\$ (949,437)	\$ (367,291)	\$ 282,358

** Note: Events Support & Revenue includes Anchor Licensees, Parking, RV Park & RV Storage & Boats.

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF FINANCIAL POSITION
Year to date as of June 30, 2019 and 2018

ASSETS	2019	2018
Current Assets		
Cash and cash equivalent	\$ 629,744	\$ 921,687
Accounts Receivable	429,706	429,111
Inventory	0	0
Prepaid Expenses	724,463	391,655
Total current assets	<u>\$ 1,783,912</u>	<u>\$ 1,742,453</u>
Property and Equipment, net	<u>1,406,253</u>	<u>1,253,846</u>
Total assets	<u><u>\$ 3,190,165</u></u>	<u><u>\$ 2,996,299</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 228,229	\$ 264,365
Accrued liabilities	654,595	527,656
Deferred revenue	0	0
Deferred revenue, nonmonetary exchange, current	3,000	3,000
US Bank Equipment Loan payable	13,346	0
H&E Equipment Loan	6,670	0
Loans payable, current portion	35,343	35,343
Note payable-related party current portion	8,000	8,000
Customer deposits	123,374	265,939
Total current liabilities	<u>\$ 1,072,557</u>	<u>\$ 1,104,304</u>
Long term liabilities		
Deferred revenue, nonmonetary exchange, net of current portion	230,656	230,656
Note payable-related party, net of current portion	5,533	13,533
US Bank Equipment Loan net of current portion	36,605	0
Loans payable, net of current portion	24,850	60,137
Total long-term liabilities	<u>297,644</u>	<u>304,326</u>
Total liabilities	<u>\$ 1,370,200</u>	<u>\$ 1,408,630</u>
Unrestricted net assets	<u>\$ 1,819,965</u>	<u>\$ 1,587,670</u>
Total liabilities and net assets	<u><u>\$ 3,190,165</u></u>	<u><u>\$ 2,996,299</u></u>

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF CASH FLOWS
Year to date as of June 30, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 356,808	\$ 282,358
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expenses	128,990	119,924
Accounts Receivable	(37,349)	73,903
Prepaid Expenses	(314,979)	(219,460)
Accounts payable	21,335	103,011
Accrued liabilities	54,966	36,416
Deferred revenue	(231,545)	(120,346)
Accrued Wages	104,364	64,100
Net cash provided by operating activities	<u>82,591</u>	<u>339,907</u>
Cash flows from investing activities		
Acquisition of property and equipment	(229,762)	(13,208)
Sale of property and equipment	-	-
Net cash used in investing activities	<u>(229,762)</u>	<u>(13,208)</u>
Cash flows from financing activities		
Payment of note payable-related party	-	-
Payment of loan payable	-	-
Proceeds from loan	-	-
Net cash used in financing activities	<u>-</u>	<u>-</u>
Net increase (decrease) in cash and cash equivalent	(147,171)	326,699
Cash and cash equivalent, January 1	<u>776,915</u>	<u>594,988</u>
Cash and cash equivalent, June 30	<u>\$ 629,744</u>	<u>\$ 921,687</u>