

SANTA CLARA COUNTY FAIRGROUNDS



MANAGEMENT CORPORATION, INC.

Statement of Financial Position

OCTOBER 31, 2019



**SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT
CORPORATION (SCCFMC)
FINANCIAL HIGHLIGHTS
YEAR TO DATE AS OF OCTOBER 31, 2019**

Actual revenues year to date as of Oct. 31, 2019, totaled \$8,338,083 or \$226,450 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, Fright Nite , Puptoberfest, Cirque Du Soleil events and grant funding from the County of Santa Clara.

Expenses year to date as of Oct. 31, 2019, totaled \$8,253,127 or \$544,863 more than budget. Primary overages were a result of additional labor costs, equipment rentals and security expenses for the Annual 2019 Santa Clara County Fair.

In summary, SCCFMC has a profit of \$84,955 compared to the budgeted Net Income of \$403,369 resulting in an unfavorable variance of (\$318,414) year to date as of Oct. 31, 2019:

Favorable Variance:

Parking Contribution Margin	47,789
Food & Beverages Contribution Margin	38,205
Other Revenue	221,826
Events Contribution Margin	32,935
Expenses of Maintaining Facilities	90,932

Unfavorable variance:

OTB Contribution Margin	(86,338)
County Fair Contribution Margin	(290,450)
RV Park & Storage Contribution Margin	(86,467)
Anchor Licensees Contribution Margin	(226,089)
Bingo Contribution Margin	(16,185)
General & Administrative Expenses	(22,985)
Hosted Events Contribution Margin	<u>(21,587)</u>

Total unfavorable variance over budget **(\$ 318,414)**

Cash position at October 31, 2019

SCCFMC's total cash balance as of October 31, 2019 is \$77,794 compared with the prior year's (2018) cash balance total of \$588,271. The decrease in the cash balance is a result of SCCFMC's continued investment in capital improvements and payments for expenses in connection with the County Fair. SCCFMC's current ratio is 0.9199 for 2019 compared to 1.65 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 OCTOBER 31, 2019

	Anchor		Off Track		Bingo		Parking		RV Park & Storage		Events		Food & Beverages		Hosted Events		The County Fair		Facilities, General & Admin		Actual		Budget		Variance				
	Licenses	Betting																			Total	Total	Total	Total	Total	Total	Total	Total	
Revenues	\$ 1,385,677	\$ 985,629	\$ 1,600,387	\$ 790,603	\$ 390,134	\$ 984,418	\$ 60,293	\$ 976,114	\$ 917,002	\$ 247,826	\$ 8,338,083	\$ 8,111,633	\$ 226,450																
Cost of Sales*	\$ 2,405	\$ 92,207	\$ 1,442,297	\$ 319,823	\$ -	\$ 404,829	\$ 62,131	\$ 327,749	\$ 570,070	\$ -	\$ 3,221,511	\$ 2,389,948	\$ (831,563)																
% of Revenues	0%	9%	90%	40%	0%	41%	34%	0%	0%	0%	39%	29%																	
Gross Profit	\$ 1,383,272	\$ 893,423	\$ 158,090	\$ 470,780	\$ 390,134	\$ 579,589	\$ (1,838)	\$ 648,365	\$ 346,932	\$ 247,826	\$ 5,116,572	\$ 5,721,685	\$ (605,113)																
% of Revenues	100%	91%	10%	60%	100%	59%	66%	0%	0%	0%	61%	71%																	
Direct Cost	\$ 15,871	\$ 834,258	\$ 48,975	\$ 62,305	\$ 39,421	\$ 245,226	\$ 342,178	\$ 74,994	\$ 685,198	\$ -	\$ 2,348,425	\$ 2,567,177	\$ (218,752)																
% of Revenues	1%	85%	3%	8%	10%	25%	35%	0%	0%	0%	28%	32%																	
Contribution by Profit Center	\$ 1,367,401	\$ 59,165	\$ 109,115	\$ 408,475	\$ 350,713	\$ 334,363	\$ 306,187	\$ (76,832)	\$ (338,266)	\$ 247,826	\$ 2,768,147	\$ 3,154,508	\$ (386,361)																
% of Revenues	99%	6%	7%	52%	90%	34%	31%	0%	0%	0%	33%	39%																	
Expenses																													
Facilities																													
% of Revenues																													
General & Administration																													
% of Revenues																													
Net Income/(Loss)																													
% of Revenues																													

*Variable Cost

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

	2019		
	Actual	Budget	Variance
Support and revenue			
Events	\$ 984,418	\$ 802,878	\$ 181,540
Anchor Licensees	1,385,677	1,605,730	(220,053)
Parking	790,603	596,195	194,408
RV Park & Storage	390,134	488,670	(98,536)
Off-Track Betting	985,629	1,069,320	(83,691)
Food & Beverages	976,114	817,253	158,861
County Fair	917,002	1,151,652	(234,650)
Bingo	1,600,387	1,436,385	164,002
Hosted Events	60,293	117,550	(57,257)
Facilities	116,000		116,000
General and Administrative	131,826	26,000	105,826
Total support & revenue	<u>\$ 8,338,083</u>	<u>\$ 8,111,633</u>	<u>\$ 226,450</u>
Expenses			
Program Services	\$ 5,569,936	\$ 4,957,125	\$ (612,811)
Facilities	1,534,524	1,625,456	90,932
General & Administrative	1,148,668	1,125,683	(22,985)
Total expenses	<u>\$ 8,253,127</u>	<u>\$ 7,708,264</u>	<u>\$ (544,863)</u>
Change in unrestricted net assets before exceptional other income	\$ 84,955	\$ 403,369	\$ (318,414)
Exceptional other income	<u>0</u>	<u>0</u>	<u>0</u>
Change in unrestricted net assets	\$ 84,955	\$ 403,369	\$ (318,414)
Unrestricted net assets, January 1	<u>1,317,290</u>	<u>1,317,290</u>	<u>0</u>
Unrestricted net assets, October 31	<u>\$ 1,402,245</u>	<u>\$ 1,720,659</u>	<u>\$ (318,414)</u>

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF ACTIVITIES
Year to date as of October 31, 2019 and 2018

	<u>2019</u>	<u>2018</u>
Support and revenue		
Events	\$ 984,418	\$ 683,878
Anchor Licensees	1,385,677	1,545,962
Parking	790,603	514,815
RV Park & Storage	390,134	388,464
Off-Track Betting	985,629	1,065,983
Food & Beverages	976,114	627,560
County Fair	917,002	1,022,764
Bingo	1,600,387	1,291,725
Hosted Events	60,293	70,388
Facilities	116,000	0
General and Administrative	131,826	135,638
Total support & revenue	<u>\$ 8,338,083</u>	<u>\$ 7,347,177</u>
Expenses		
Program Services	5,569,936	4,481,591
Facilities	1,534,524	1,685,588
General & Administrative	1,148,668	947,665
Total expenses	<u>\$ 8,253,127</u>	<u>\$ 7,114,845</u>
Change in unrestricted net assets before exceptional other income	\$ 84,955	\$ 232,332
Exceptional other income	<u>0</u>	<u>0</u>
Change in unrestricted net assets	\$ 84,955	\$ 232,332
Unrestricted net assets, January 1	<u>1,317,290</u>	<u>\$ 1,305,312</u>
Unrestricted net assets, October 31	<u>\$ 1,402,245</u>	<u>\$ 1,537,644</u>

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

Year to date as of October 31, 2019

	Program Services										Total		
	Off Track Betting	Events	Anchor Licenses	Parking	RV Pack & RV Storage	Food & Beverages	Bingo	Hosted Events	County Fair	Total Program Services		Facilities	General & Administrative
Support and Revenue	\$ 985,629	\$ 984,418	\$ 1,385,677	\$ 790,603	\$ 390,134	\$ 976,114	\$ 1,600,387	\$ 60,293	\$ 917,002	\$ 8,090,257	\$ 116,000	\$ 131,826	\$ 8,338,083
Cost of Sales:													
Labor		327,593	2,405	113,955		166,131		10,864	114,546	735,493			735,493
Racing Forms	92,207									92,207			92,207
Parking		10,844		141,946				2,288	26,545	181,622			181,622
Entertainment								34,048	292,254	326,302			326,302
Equipment Rental		40,588		63,923		4,395		3,644	46,289	158,839			158,839
Food & Beverages						148,146	18,116	5,810	16,142	188,214			188,214
Sponsorship-Exchange													
Bingo-Regular							456,820		8,686	465,506			465,506
Bingo-Flash cards							967,862		6,550	974,412			974,412
Sub-Contractor		15,023						4,000	20,832	39,855			39,855
Commission		206				9,077		238	13,186	22,707			22,707
Other													
Material		10,575					(500)	1,240		11,315			11,315
Admission Clerks									16,728	16,728			16,728
Awards and Trophies									1,537	1,537			1,537
Ticketing Services													
Judges													
Defer Expenses													
Total Cost of Sales	92,207	404,829	2,405	319,823	-	327,749	1,442,297	62,131	570,070	3,221,511	-	-	3,221,511
Direct Expenses:													
Payroll and employee benefits	272,794			41,755	27,200	118,769				460,518	448,408		908,926
Facilities	192,349								18,967	212,466	267,469		479,935
Repairs and maintenance	3,001					6,107				13,409	48,712	(1,425)	60,696
Security and sheriff	84,954					13,408	13,527	1,323	169,347	283,278	94,478		377,756
Depreciation											101,423		101,423
Other	18,591	13,966	1,075	20,550	12,221	50,024	6,072	17,039	153,758	293,295	112,541	27,836	433,673
Reimbursed expenses			(500)							(500)			(500)
Total Direct Expenses	571,689	20,138	575	62,305	39,421	188,307	19,598	18,362	342,072	1,262,467	1,073,030	26,411	2,361,908
Gross Profit (Loss)	321,734	559,451	1,382,697	408,475	350,713	460,058	138,491	(20,200)	4,860	3,606,279	(957,030)	105,415	2,754,664
General and Administrative Expenses:													
Labor and benefits	209,644	201,804	2,601			105,303		31,747	117,128	668,226	119,496	859,681	1,647,403
Professional Services			5,774							5,774		108,863	114,637
Marketing	8,110	15,546					6,637	17,128	175,451	222,872		19,625	242,497
Insurance									13,370	13,370	184,509	4,298	202,177
Depreciation											124,172		124,172
Deferred Costs													
Other	44,816	7,738	6,921		22,740	48,568		7,758	37,177	175,718	33,316	129,789	338,823
Total General and Administrative Expenses	262,569	225,088	15,296	-	29,377	153,871	29,377	56,632	343,126	1,085,959	461,493	1,122,257	2,669,709
Change in Unrestricted Net Assets (Deficit)	\$ 59,165	\$ 334,363	\$ 1,367,401	\$ 408,475	\$ 350,713	\$ 306,187	\$ 109,115	\$ (76,832)	\$ (338,266)	\$ 2,520,321	\$ (1,418,524)	\$ (1,016,842)	\$ 84,955

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORPORATION
SUPPLEMENTAL SCHEDULE OF REVENUES AND EXPENSES
For the Period Ended October 31, 2018

	Program Services										Total		
	OFF Track Betting	Events	Anchor Licensees	Parking	RV Storage	Food & Beverages	Bingo	Hosted Events	County Fair	Total Program Services		Facility	General & Administrative
Support and Revenue	\$ 1,065,983	\$ 683,878	\$ 1,545,962	\$ 514,815	\$ 388,464	\$ 627,560	\$ 1,291,725	\$ 70,388	\$ 1,022,764	\$ 7,211,539	\$ -	\$ 135,638	\$ 7,347,177
Cost of Sales:													
Labor		184,037				9,827		21,397	88,181	303,442			303,442
Racing Forms	101,199									101,199			101,199
Parking		12,960		41,764					32,555	87,278			87,278
Entertainment								5,450	171,514	176,964			176,964
Equipment Rental		15,322		6,648		1,275		12,419	25,746	61,410			61,410
Food & Beverages						93,716	13,503	11,451	21,514	140,184		104	140,184
Sponsorship-Exchange													
Bingo-Regular							362,292		28,089	390,381			390,381
Bingo-Flash cards							873,851		4,750	878,601			878,601
Sub-Contractor		701						3,400	200	4,301			4,301
Commission				4,305		31,195		3,635	2,250	41,385			41,385
Other									5,800	5,800			5,800
Material		2,976					507	2,400	1,045	6,928			6,928
Admission Clerks									12,389	12,389			12,389
Awards and Trophies									7,565	7,565			7,565
Ticketing Services									5,743	5,743			5,743
Judges									5,375	5,375			5,375
Defer Expenses													
Total Cost of Sales	101,199	215,996	-	52,717	-	136,014	1,250,153	60,152	412,716	2,228,946	-	104	2,229,050
Direct Expenses:													
Payroll and employee benefits													
Facility	260,636			109,186	12,800	165,450				548,071	651,230		1,199,301
Repairs and maintenance	192,355				1,111					194,577	245,453		440,029
Security and sheriff	10,214				9,640		201			20,056	53,640	3,982	77,677
Depreciation	76,288				8,361		11,605	2,424		99,440	54		99,494
Other	30,146			6,972	9,557	28,505	8,447	14,683	209,578	330,519	90,605		90,605
Reimbursed expenses											314,187		668,419
Total Direct Expenses	569,639	14,250	10,255	116,157	22,357	213,066	20,253	17,107	209,578	1,192,663	1,355,167	27,694	2,575,525
Gross Profit (Loss)	395,145	453,632	1,535,706	345,940	366,107	278,480	21,320	(6,871)	400,471	3,789,930	(1,355,167)	107,839	2,542,602
General and Administrative Expenses:													
Labor and benefits	194,612	243,087				123,474			186,104	747,277	45,830		1,476,003
Professional Services													77,960
Marketing	2,600	2,880					7,784	9,186	118,072	140,521			146,567
Insurance									10,298	10,298			150,854
Depreciation													111,481
Deferred Costs													
Other	40,681	5,513				23,050	13,658	6,697	72,288	161,887	34,614	150,905	347,405
Total General and Administrative Expenses	237,893	251,480	-	-	-	146,524	21,441	15,883	386,762	1,059,982	330,421	919,867	2,310,270
Change in Unrestricted Net Assets (Deficit)	\$ 157,252	\$ 202,152	\$ 1,535,706	\$ 345,940	\$ 366,107	\$ 131,956	\$ (122)	\$ (22,753)	\$ 13,709	\$ 2,729,948	\$ (1,685,588)	\$ (812,027)	\$ 232,332

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF FINANCIAL POSITION
Year to date as of October 31, 2019 and 2018

ASSETS	2019	2018
Current Assets		
Cash and cash equivalent	\$ 77,794	\$ 588,271
Accounts Receivable	415,096	463,449
Inventory	0	
Prepaid Expenses	682,905	368,730
Total current assets	<u>\$ 1,175,796</u>	<u>\$ 1,420,451</u>
Property and Equipment, net	<u>1,778,055</u>	<u>1,270,976</u>
Total assets	<u><u>\$ 2,953,850</u></u>	<u><u>\$ 2,691,427</u></u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 478,802	\$ 191,854
Accrued liabilities	458,776	344,326
Restricted Fund-Heritage Foundation	5,500	0
Deferred revenue, nonmonetary exchange, current	3,000	3,000
US Bank Equipment Loan payable	13,346	0
Loans payable, current portion	35,343	35,343
Note payable-related party current portion	8,000	8,000
Customer deposits	275,412	276,678
Total current liabilities	<u>\$ 1,278,179</u>	<u>\$ 859,201</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	25,398	0
Loans payable, net of current portion	11,838	50,394
Total long-term liabilities	<u>273,426</u>	<u>294,583</u>
Total liabilities	<u>\$ 1,551,605</u>	<u>\$ 1,153,783</u>
Unrestricted net assets	<u>\$ 1,402,245</u>	<u>\$ 1,537,644</u>
Total liabilities and net assets	<u><u>\$ 2,953,850</u></u>	<u><u>\$ 2,691,427</u></u>

SANTA CLARA COUNTY FAIRGROUNDS MANAGEMENT CORP
STATEMENT OF CASH FLOWS
Year to date as of October 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 84,955	\$ 232,332
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expenses	225,594	202,553
Accounts Receivable	(176,740)	(181,144)
Prepaid Expenses	(280,137)	(196,584)
Accounts payable	271,908	30,500
Accrued liabilities	33,301	(19,878)
Restricted Funds	5,500	
Deferred revenue	(79,507)	111,102
Accrued Wages	(85,827)	(72,631)
Net cash provided by operating activities	<u>(953)</u>	<u>106,251</u>
Cash flows from investing activities		
Acquisition of property and equipment	(698,168)	(112,967)
Sale of property and equipment	-	-
Net cash used in investing activities	<u>(698,168)</u>	<u>(112,967)</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	(699,121)	(6,717)
Cash and cash equivalent, January 1	<u>776,915</u>	<u>594,988</u>
Cash and cash equivalent October 31	<u>\$ 77,794</u>	<u>\$ 588,271</u>