

SANTA CLARA COUNTY FAIRGROUNDS

SCCFMC

MANAGEMENT CORPORATION, INC.

Statement of Financial Position

SEPTEMBER 30, 2019



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

Actual revenues year to date as of Sept. 30, 2019, totaled \$7,641,607 or \$194,186 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, Cirque Du Soleil events and grant funding from the County of Santa Clara.

Expenses year to date as of Sept. 30, 2019, totaled \$7,591,183 or \$536,288 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 \$50,423 compared to the budgeted Net Income of \$392,526 resulting in an unfavorable variance of (\$342,103) year to date as of Sept. 30, 2019:

Favorable Variance:

Parking Contribution Margin	29,700
Food & Beverages Contribution Margin	27,695
Other Revenue	221,782
Expenses of Maintaining Facilities	81,889

Unfavorable variance:

OTB Contribution Margin	(90,511)
County Fair Contribution Margin	(295,634)
Events Contribution Margin	(30,560)
RV Park & Storage Contribution Margin	(62,027)
Anchor Licensees Contribution Margin	(180,383)
Bingo Contribution Margin	(2,388)
General & Administrative Expenses	(13,531)
Hosted Events Contribution Margin	<u>(28,137)</u>

Total unfavorable variance over budget **(\$ 342,103)**

Cash position at September 30, 2019

SCCFMC's total cash balance as of September 30, 2019 is \$75,794 compared with the prior year's (2018) cash balance total of \$568,006. 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 1.009 for 2019 compared to 1.69 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 SEPTEMBER 30, 2019

	Anchor	Off Track	Bingo	Parking	RV Park &	Events	Food &	Hosted	The	Facilities, General &		Actual	Budget	Variance
										Storage	County Fair			
Revenues	\$ 1,267,804	\$ 909,497	\$ 1,452,946	\$ 685,742	\$ 357,299	\$ 839,920	\$ 908,797	\$ 51,256	\$ 920,563	\$ 247,783	\$ 7,641,607	\$ 7,447,421	\$ 194,186	
Cost of Sales*	0.1659	0.1190	0.1901	0.0897	0.0468	0.1099	0.1189	0.0067	0.1205	0.0324				
% of Revenues	2,125 \$	84,199 \$	1,297,163 \$	293,768 \$	- \$	360,781 \$	304,391 \$	55,934 \$	573,301 \$	- \$	2,971,662 \$	2,198,593 \$	(773,069)	
	0%	9%	89%	43%	0%	43%	33%		0%		39%	30%		
Gross Profit	\$ 1,265,680	\$ 825,297	\$ 155,783	\$ 391,974	\$ 357,299	\$ 479,138	\$ 604,406	\$ (4,678)	\$ 347,262	\$ 247,783	\$ 4,669,945	\$ 5,248,828	\$ (578,883)	
% of Revenues	100%	91%	11%	57%	100%	57%	67%	0%	0%	61%	70%			
Direct Cost	\$ 11,922	\$ 768,740	\$ 42,574	\$ 56,614	\$ 37,131	\$ 225,614	\$ 310,595	\$ 73,261	\$ 679,827	\$ -	\$ 2,206,277	\$ 2,374,699	\$ 168,422	
% of Revenues	1%	85%	3%	8%	10%	27%	34%	0%	0%	29%	32%	32%		
Contribution by Profit Center	\$ 1,253,758	\$ 56,557	\$ 113,210	\$ 335,360	\$ 320,168	\$ 253,525	\$ 293,811	\$ (77,939)	\$ (332,565)	\$ 247,783	\$ 2,463,668	\$ 2,874,129	\$ (410,461)	
% of Revenues	99%	6%	8%	49%	90%	30%	32%	0%	0%	32%	39%	39%		
Expenses														
Facilities											\$ 1,383,213	\$ 1,465,102	\$ 81,889	
% of Revenues											N/A	18%	20%	
General & Administration											\$ 1,030,032	\$ 1,016,501	\$ (13,531)	
% of Revenues											N/A	13%	14%	
Net Income/(Loss)											\$ 50,423	\$ 392,526	\$ (342,103)	
% of Revenues											1%	5%		

*Variable Cost

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

	2019		
	Actual	Budget	Variance
Support and revenue			
Events	\$ 839,920	\$ 727,974	\$ 111,946
Anchor Licensees	1,267,804	1,445,157	(177,353)
Parking	685,742	515,721	170,021
RV Park & Storage	357,299	428,536	(71,237)
Off-Track Betting	909,497	980,540	(71,043)
Food & Beverages	908,797	771,440	137,357
County Fair	920,563	1,151,652	(231,089)
Bingo	1,452,946	1,282,851	170,095
Hosted Events	51,256	117,550	(66,294)
Facilities	116,000		116,000
General and Administrative	131,783	26,000	105,783
Total support & revenue	\$ 7,641,607	\$ 7,447,421	\$ 194,186
Expenses			
Program Services	\$ 5,177,939	\$ 4,573,292	\$ (604,647)
Facilities	1,383,213	1,465,102	81,889
General & Administrative	1,030,032	1,016,501	(13,531)
Total expenses	\$ 7,591,183	\$ 7,054,895	\$ (536,288)
Change in unrestricted net assets before exceptional other income	\$ 50,423	\$ 392,526	\$ (342,103)
Exceptional other income	0	0	0
Change in unrestricted net assets	\$ 50,423	\$ 392,526	\$ (342,103)
Unrestricted net assets, January 1	1,463,157	1,463,157	0
Unrestricted net assets, September 30	\$ 1,513,579	\$ 1,855,683	\$ (342,103)

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

	<u>2019</u>	<u>2018</u>
Support and revenue		
Events	\$ 839,920	\$ 602,833
Anchor Licensees	1,267,804	1,399,432
Parking	685,742	445,956
RV Park & Storage	357,299	341,391
Off-Track Betting	909,497	977,702
Food & Beverages	908,797	598,835
County Fair	920,563	1,028,720
Bingo	1,452,946	1,151,681
Hosted Events	51,256	74,755
Facilities	116,000	0
General and Administrative	131,783	125,638
Total support & revenue	<u>\$ 7,641,607</u>	<u>\$ 6,746,942</u>
Expenses		
Program Services	5,177,939	4,123,493
Facilities	1,383,213	1,527,087
General & Administrative	1,030,032	816,037
Total expenses	<u>\$ 7,591,183</u>	<u>\$ 6,466,618</u>
Change in unrestricted net assets before exceptional other income	\$ 50,423	\$ 280,324
Exceptional other income	<u>0</u>	<u>0</u>
Change in unrestricted net assets	\$ 50,423	\$ 280,324
Unrestricted net assets, January 1	<u>1,463,157</u>	<u>\$ 1,305,312</u>
Unrestricted net assets, September 30	<u>\$ 1,513,579</u>	<u>\$ 1,585,636</u>

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

Year to date as of September 30, 2019

	Program Services										Total		
	OFF Track Betting	Events	Anchor Licenses	Parking	RV Park & RV Storage	Food & Beverages	Bingo	Hosted Events	County Fair	Total Program Services		Facilities	General & Administrative
Support and Revenue	\$ 909,497	\$ 839,920	\$ 1,267,804	\$ 685,742	\$ 357,299	\$ 908,797	\$ 1,452,946	\$ 51,256	\$ 920,563	\$ 7,393,824	\$ 116,000	\$ 131,783	\$ 7,641,607
Cost of Sales:													
Labor		286,123	2,125	100,023		154,875		6,745	114,546	664,437			664,437
Racing Forms	84,199									84,199			84,199
Parking		10,844		133,901				2,288	26,545	173,578			173,578
Entertainment								34,048	292,254	326,302			326,302
Equipment Rental		38,011		59,844		4,341		3,644	49,620	155,459			155,459
Food & Beverages						136,959	15,346	3,731	16,142	172,179			172,179
Sponsorship-Exchange													
Bingo-Regular							404,543		8,686	413,229			413,229
Bingo-Flash cards							877,773		6,550	884,323			884,323
Sub-Contractor		15,023						4,000	20,832	39,855			39,855
Commission		206				8,216		238	13,186	21,845			21,845
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	84,199	360,781	2,125	293,768	-	304,391	1,297,163	55,934	573,301	2,971,662	-	-	2,971,662
Direct Expenses:													
Payroll and employee benefits	229,883			38,813	25,600	106,492			18,967	400,788	406,176		806,964
Facilities	170,505	1,150								190,622	235,748		426,370
Repairs and maintenance	3,001	4,301			3,647					10,949	46,275	6,475	63,700
Security and sheriff	77,854	720			11,768	11,088		1,323	169,347	272,099	85,178		357,276
Depreciation													
Other	34,986	11,525	11,922	17,801	11,531	46,095	5,572	15,887	152,463	307,782	103,032	17,657	428,471
Reimbursed expenses													
Total Direct Expenses	516,229	17,696	11,922	56,614	37,131	168,002	16,659	17,210	340,778	1,182,240	965,455	24,132	2,171,827
Gross Profit (Loss)	309,068	461,442	1,253,758	335,360	320,168	436,404	139,124	(21,888)	6,485	3,239,922	(849,455)	107,651	2,498,117
General and Administrative Expenses:													
Labor and benefits	205,096	186,859				98,415		31,747	115,179	637,296	111,878	779,232	1,528,406
Professional Services										217,088		95,468	95,468
Marketing	7,339	14,139					6,055	16,546	173,009	13,504		13,504	230,591
Insurance									13,289	13,289	162,744	3,863	179,896
Depreciation											110,695		110,695
Deferred Costs													
Other	40,076	6,919				44,177	19,860	7,759	37,574	156,365	32,440	113,835	302,639
Total General and Administrative Expenses	252,511	207,918	-	-	-	142,593	25,915	56,051	339,050	1,024,037	417,757	1,005,900	2,447,695
Change in Unrestricted Net Assets (Deficit)	\$ 56,557	\$ 253,525	\$ 1,253,758	\$ 335,360	\$ 320,168	\$ 293,811	\$ 113,210	\$ (77,939)	\$ (332,565)	\$ 2,215,885	\$ (1,267,213)	\$ (898,249)	\$ 50,423

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

For the Period Ended September 30, 2018

	Program Services										General & Administrative	Total	
	OTF Track Betting	Events	Anchor Licenses	Parking	RV Park & RV Storage	Food & Beverages	Bingo	Hosted Events	County Fair	Total Program Services			Facilities
Support and Revenue	\$ 977,702	\$ 602,833	\$ 1,399,432	\$ 445,956	\$ 341,391	\$ 598,835	\$ 1,151,681	\$ 74,755	\$ 1,028,720	\$ 6,621,304	\$ -	\$ 125,638	\$ 6,746,942
Cost of Sales:													
Labor		156,914				9,827		21,397	88,181	276,319			276,319
Racing Forms	92,560									92,560			92,560
Parking		9,036		30,340						71,930			71,930
Entertainment								5,450		171,514			176,964
Equipment Rental		11,448		6,048		1,010		12,419		56,671			56,671
Food & Beverages						88,674	13,503	11,451		135,142			135,142
Sponsorship-Exchange													
Bingo-Regular							316,147		28,089	344,236			344,236
Bingo-Flash cards							784,975		4,750	789,725			789,725
Sub-Contractor		701						3,400	200	4,301			4,301
Commission				1,123		30,290		3,635		37,297			37,297
Other									5,800	5,800			5,800
Material		2,976					219	2,400		5,800			6,641
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	92,560	181,075	-	37,511	-	129,801	1,114,844	60,152	412,716	2,028,658	-	-	2,028,658
Direct Expenses:													
Payroll and employee benefits	238,107			95,138	9,600	149,893				492,738	581,795		1,074,532
Facilities	171,429	1,111			1,111					173,650	238,071		411,722
Repairs and maintenance	10,214				3,850	201				14,265	94,442	5,593	114,300
Security and sheriff	69,127	763			7,227	10,243		1,992		89,351	101,619		190,969
Depreciation											267		267
Other	27,306	10,551	7,999	6,240	8,200	24,879	6,837	14,683	212,256	318,951	218,968	14,094	552,013
Reimbursed expenses													
Total Direct Expenses	516,183	12,424	7,999	101,378	17,800	186,960	17,281	16,675	212,256	1,088,954	1,235,162	19,687	2,343,803
Gross Profit (Loss)	368,960	409,333	1,391,433	307,066	323,592	282,075	19,556	(2,072)	403,749	3,503,692	(1,235,162)	105,950	2,374,481
General and Administrative Expenses:													
Labor and benefits	174,746	227,728				110,983			185,962	699,419	41,247	599,420	1,340,086
Professional Services												62,559	62,559
Marketing							7,784	9,186	121,959	141,180		3,918	145,097
Insurance	2,252								10,298	10,298	124,164	1,537	136,000
Depreciation											99,986		99,986
Deferred Costs													
Other	38,359	4,848				21,235	12,101	6,621	71,821	154,985	26,528	128,916	310,428
Total General and Administrative Expenses	215,357	232,576	-	-	-	132,218	19,884	15,806	390,040	1,005,881	291,926	796,350	2,094,157
Change in Unrestricted Net Assets (Deficit)	\$ 153,603	\$ 176,758	\$ 1,391,433	\$ 307,066	\$ 323,592	\$ 149,856	\$ (328)	\$ (17,878)	\$ 13,709	\$ 2,497,811	\$ (1,527,087)	\$ (690,399)	\$ 280,324

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

ASSETS	2019	2018
Cash and cash equivalent	\$ 75,794	\$ 568,006
Accounts Receivable	527,612	546,907
Inventory	0	
Prepaid Expenses	728,660	378,144
Total current assets	\$ 1,332,066	\$ 1,493,056
	1,785,758	1,272,992
Total assets	\$ 3,117,823	\$ 2,766,049
LIABILITIES AND NET ASSETS		
Accounts payable	\$ 436,578	\$ 206,146
Accrued liabilities	521,047	364,122
Restricted Fund-Heritage Foundation	5,500	0
Deferred revenue, nonmonetary exchange, current	3,000	3,000
US Bank Equipment Loan payable	13,346	0
H&E Equipment Loan	295	0
Loans payable, current portion	35,343	35,343
Note payable-related party current portion	8,000	8,000
Customer deposits	296,141	266,099
Total current liabilities	\$ 1,319,251	\$ 882,710
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	33,690	0
Loans payable, net of current portion	15,115	53,514
Total long-term liabilities	284,994	297,703
Total liabilities	\$ 1,604,244	\$ 1,180,412
	\$ 1,513,579	\$ 1,585,636
Total liabilities and net assets	\$ 3,117,823	\$ 2,766,049

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

	<u>2019</u>	<u>2018</u>
Cash flows from operating activities		
Change in net assets	\$ 50,423	\$ 280,324
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Depreciation expenses	199,742	181,525
Accounts Receivable	(135,255)	(264,602)
Prepaid Expenses	(320,024)	(205,949)
Accounts payable	229,683	44,792
Accrued liabilities	81,564	1,608
Restricted Funds	5,500	
Deferred revenue	(57,930)	100,524
Accrued Wages	(74,806)	(71,250)
Net cash provided by operating activities	<u>(21,103)</u>	<u>66,973</u>
Cash flows from investing activities		
Acquisition of property and equipment	(680,019)	(93,956)
Sale of property and equipment	-	-
Net cash used in investing activities	<u>(680,019)</u>	<u>(93,956)</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	(701,121)	(26,983)
Cash and cash equivalent, January 1	<u>776,915</u>	<u>594,988</u>
Cash and cash equivalent September 30	<u><u>\$ 75,794</u></u>	<u><u>\$ 568,006</u></u>