

Fort Worden PDA 9 month Finance Snapshot

Updated Budget to 2020 Yearend + Assumptions, July - Apr
Board Policy Discussions

July–Dec 2020 Budget Assumptions

- Revenues
 - 50% occupancy maximum (related to room nights & occupancy as separate variables)
 - ADR @ \$450/night based on O-Row shutdown scheduling, value season rates + incentive expectations
 - ORow #4 + #5 are unavailable Nov – Dec and are preferred holiday housing rentals
 - ORow offline for 2-day Covid sanitization room flips vs. 1-day for all other housing due to reduced staff (expense variables)
 - Dorms and other group accommodations closed due to COVID
- Expense
 - Decrease due to implementation of new financial controls
 - Increase due to management staffing decisions
 - Slight increase in COGS due to all 3 restaurants open, equipment
 - July Actual costs have been recorded rather than prior estimations

July – Dec 2020 Reopening Budget

2020 Budget Projection

| | Jul 20 | Aug 20 | 8.6.20 Sept 20 | Oct 20 | Nov 20 | Dec 20 | 2020 Total |
|---|---|----------------------|----------------------|----------------------|----------------------|-----------------------|------------------------|
| REVENUES | | | | | | | |
| Accomodations | <<<<PHASE 2 ONLY ASSUMPTION>>>> Bldg 4/5 ORow Offline October - April | | | | | | |
| Leisure Revenue | \$ 28,640.00 | \$ 175,000.00 | \$ 175,400.00 | \$ 144,300.00 | \$ 109,300.00 | \$ 84,300.00 | \$ 716,940.00 |
| Other Revenue | \$ 4,694.20 | \$ 6,970.00 | \$ 8,152.00 | \$ 6,194.00 | \$ 5,989.00 | \$ 5,119.00 | \$ 37,119.00 |
| Total | \$ 33,334.20 | \$ 181,970.00 | \$ 183,552.00 | \$ 150,494.00 | \$ 115,289.00 | \$ 89,419.00 | \$ 754,058.20 |
| <i>June Board Presentation</i> | \$ - | \$ 249,603.00 | \$ 190,000.00 | \$ 130,000.00 | \$ 135,040.00 | \$ 65,000.00 | \$ 769,643.00 |
| <i>Delta (7-30 Total - June Pres)</i> | \$ 33,334.20 | \$ (67,633.00) | \$ (6,448.00) | \$ 20,494.00 | \$ (19,751.00) | \$ 24,419.00 | \$ (15,584.80) |
| Group Revenue | \$ - | \$ - | \$ 11,500.00 | \$ 12,200.00 | \$ 12,200.00 | | \$ 35,900.00 |
| Food Sales | \$ 3,450.00 | \$ 65,267.00 | \$ 46,889.00 | \$ 36,241.00 | \$ 19,453.00 | \$ 16,447.00 | \$ 187,747.00 |
| Leases | \$ 9,800.00 | \$ 9,800.00 | \$ 9,800.00 | \$ 9,800.00 | \$ 9,800.00 | \$ 9,800.00 | \$ 58,800.00 |
| Total Revenue | \$ 46,585.00 | \$ 257,037.00 | \$ 251,741.00 | \$ 208,735.00 | \$ 156,742.00 | \$ 115,666.00 | \$ 1,036,506.00 |
| <i>June Board Presentation</i> | \$ 9,800.00 | \$ 366,591.00 | \$ 267,700.00 | \$ 169,740.00 | \$ 198,090.00 | \$ 81,700.00 | \$ 1,093,621.00 |
| <i>Delta</i> | \$ 36,785.00 | \$ (109,554.00) | \$ (15,959.00) | \$ 38,995.00 | \$ (41,348.00) | \$ 33,966.00 | \$ (57,115.00) |
| EXPENSE | | | | | | | |
| COGS (Restaurants) | \$ 1,000.00 | \$ 17,222.00 | \$ 12,373.00 | \$ 9,470.00 | \$ 4,508.00 | \$ 3,668.00 | \$ 48,241.00 |
| Staffing Costs | | | | | | | |
| Operations (excludes F&B) | \$ 62,669.62 | \$ 96,283.31 | \$ 85,376.26 | \$ 77,646.06 | \$ 74,749.46 | \$ 75,849.46 | \$ 472,574.17 |
| F&B | \$ 3,572.93 | \$ 10,000.00 | \$ 21,546.93 | \$ 20,195.06 | \$ 10,827.25 | \$ 9,334.00 | \$ 75,476.16 |
| Staffing Subtotal | \$ 66,242.54 | \$ 106,283.31 | \$ 106,923.19 | \$ 97,841.12 | \$ 85,576.71 | \$ 85,183.46 | \$ 548,050.34 |
| <i>June Staffing Presentation</i> | \$ 55,985.00 | \$ 105,658.00 | \$ 101,518.00 | \$ 84,903.00 | \$ 72,828.00 | \$ 72,828.00 | \$ 493,720.00 |
| <i>Delta</i> | \$ 10,257.54 | \$ 625.31 | \$ 5,405.19 | \$ 12,938.12 | \$ 12,748.71 | \$ 12,355.46 | \$ 54,330.34 |
| Other Operating Expenses | \$ 32,025.00 | \$ 53,500.00 | \$ 53,000.00 | \$ 59,000.00 | \$ 59,000.00 | \$ 59,000.00 | \$ 315,525.00 |
| Total Expense | \$ 99,268.00 | \$ 177,006.00 | \$ 172,297.00 | \$ 166,312.00 | \$ 149,085.00 | \$ 147,852.00 | \$ 911,820.00 |
| <i>June Total Expense Presentation</i> | \$ 146,585.00 | \$ 191,638.00 | \$ 181,768.00 | \$ 158,833.00 | \$ 138,578.00 | \$ 133,418.00 | \$ 950,820.00 |
| <i>Delta</i> | \$ (47,317.00) | \$ (14,632.00) | \$ (9,471.00) | \$ 7,479.00 | \$ 10,507.00 | \$ 14,434.00 | \$ (39,000.00) |
| Net Income (Actual) | \$ (52,683.00) | \$ 80,031.00 | \$ 79,444.00 | \$ 42,423.00 | \$ 7,657.00 | \$ (32,186.00) | \$ 124,686.00 |
| <i>June Net Income Presentation Delta</i> | \$ (136,785.00) | \$ 174,954.00 | \$ 85,933.00 | \$ 10,907.00 | \$ 59,512.00 | \$ (51,718.00) | \$ 142,803.00 |
| <i>Delta (Net Actual - June)</i> | \$ 84,102.00 | \$ (94,923.00) | \$ (6,489.00) | \$ 31,516.00 | \$ (51,855.00) | \$ 19,532.00 | \$ (18,117.00) |

New Developments from June Board Meeting

- Revenues between June & July:
 - Delay in Phase 3 Reopening
 - Website booking opening delayed until 7.31.2020
 - Between June 24 – July 24 the following occurred:
 - Appx \$100k combined revenues relocated from Aug & Sep into 2021
 - Appx \$100k moved from 2020 and is currently pending new dates
 - Appx \$24k from Aug immediately cancelled
 - ADR decreased due to changes in housing availability/COVID cleaning requirements/staffing ability
 - Restaurants: includes Reveille, new schedule for Taps or Canteen
- Expense:
 - Increase in Staffing costs due to management requests
 - Increase in COGS due to 3 restaurants having limited openings + working through inventory
 - Tighter fiscal management around facilities and outside service agreements
 - Reduction in PPE expenditures due to lack of FEMA funding

Operating Cashflow Forecast

| 2020 Cashflow Forecast | | | | | |
|--------------------------------|--|------------|------------|------------|------------|
| | August | September | October | November | December |
| 1. Cash on Hand | \$ 79,597 | \$ 94,477 | \$ 64,874 | \$ 46,161 | \$ 44,771 |
| 2. Cash Receipts | | | | | |
| Advanced Deposit | \$ 33,000 | \$ - | \$ - | \$ - | \$ - |
| Lodging Services | \$ 181,970 | \$ 195,052 | \$ 162,694 | \$ 127,489 | \$ 89,419 |
| Leases | \$ 9,800 | \$ 9,800 | \$ 9,800 | \$ 9,800 | \$ 9,800 |
| Restaurants | \$ 65,267 | \$ 46,889 | \$ 36,241 | \$ 19,453 | \$ 16,447 |
| Grants or Loan | <i>Pursuing short-term financing opportunities</i> | | | | |
| 3. Total Cash Receipts | \$ 290,037 | \$ 251,741 | \$ 208,735 | \$ 156,742 | \$ 115,666 |
| 4. Total Cash Available | \$ 369,634 | \$ 346,218 | \$ 273,609 | \$ 202,903 | \$ 160,437 |
| 5. Cash Paid Out | | | | | |
| COGS | \$ 17,222 | \$ 12,373 | \$ 9,470 | \$ 4,508 | \$ 3,668 |
| Payroll Expenses | \$ 104,435 | \$ 115,971 | \$ 106,889 | \$ 94,624 | \$ 94,231 |
| General Operating | \$ 35,500 | \$ 35,000 | \$ 35,000 | \$ 35,000 | \$ 35,000 |
| Utilities | \$ 18,000 | \$ 18,000 | \$ 24,000 | \$ 24,000 | \$ 24,000 |
| Outstanding AP (Jan - July) | \$ 100,000 | \$ 100,000 | \$ 52,089 | | |
| Fund/Account Repayment | | | | | |
| 6. Total Cash Paid Out | \$ 275,157 | \$ 281,344 | \$ 227,448 | \$ 158,132 | \$ 156,899 |
| Cash Position | \$ 94,477 | \$ 64,874 | \$ 46,161 | \$ 44,771 | \$ 3,538 |

15 month Outlook by Quarter Comparison: Q1 2020 – Q1 2019

06-24-20 Presentation to 8-10-20 Presentation

Sales + Finance Short Term Goals

Additional Sales Revenue

- Initiating a COVID Cleaning Fee + Change Fee
- Updating overall fee schedule for lodging
- Increasing engagement through Airbnb/VRBO
- Daily/Weekly Departmental Sales Goals
- Time-based offers, Discounts
- Primary Focus on 2020 Leisure Sales for short term
- Driving sales of nonrefundables

Finance Interventions

- Creating a new baseline of cost minimums for 2020 housing by size
- Finalizing maintenance fee schedule to support campus needs
- Monitoring F&B outlet P&L weekly to provide team with responsive data on opening and closing days

| Current 9 Month Projection | | | | | | |
|----------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Revenue | 2020 | | | | | 2021 |
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total | Quarter 1 |
| Accommodations | \$ 234,680 | \$ - | \$ 390,540 | \$ 362,300 | \$ 987,520 | \$ 168,400 |
| F&B Revenue | \$ 239,050 | \$ - | \$ 115,606 | \$ 72,140 | \$ 426,796 | \$ 46,270 |
| Leases | \$ 28,270 | \$ 28,970 | \$ 29,400 | \$ 29,400 | \$ 116,040 | \$ 29,400 |
| Other Revenue | \$ 71,260 | \$ 29,650 | \$ 19,820 | \$ 17,300 | \$ 138,030 | \$ - |
| PPE Grant | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Grants/Donations | \$ 66,000 | \$ 49,670 | \$ 23,700 | \$ - | \$ 139,370 | \$ - |
| Total Revenue | \$ 639,260 | \$ 108,290 | \$ 579,066 | \$ 481,140 | \$ 1,807,756 | \$ 244,070 |
| Expense | 2020 | | | | | 2021 |
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total | Quarter 1 |
| Cost of Goods | \$ 24,340 | \$ - | \$ 30,595 | \$ 17,646 | \$ 72,581 | \$ 10,275 |
| Salaries & Wages | \$ 873,872 | \$ 330,108 | \$ 286,649 | \$ 295,745 | \$ 1,786,374 | \$ 273,450 |
| Repairs & Maint | \$ 13,330 | \$ 72 | \$ 13,500 | \$ 15,000 | \$ 41,902 | \$ 3,000 |
| Utilities | \$ 130,500 | \$ 39,600 | \$ 44,225 | \$ 72,000 | \$ 286,325 | \$ 33,000 |
| Contracts | \$ 54,030 | \$ 26,580 | \$ 41,500 | \$ 45,000 | \$ 167,110 | \$ 46,500 |
| General Operating | \$ 160,500 | \$ 35,780 | \$ 39,300 | \$ 45,000 | \$ 280,580 | \$ 22,500 |
| PPE/Sanitization | \$ - | \$ - | \$ - | \$ - | \$ - | \$ - |
| Total Expense | \$ 1,256,572 | \$ 432,140 | \$ 455,769 | \$ 490,391 | \$ 2,634,872 | \$ 388,725 |
| Net Revenue | \$ (617,312) | \$ (323,850) | \$ 123,297 | \$ (9,251) | \$ (827,116) | \$ (144,655) |

| June Presentation 9 Month Projection | | | | | | |
|--------------------------------------|---------------------|---------------------|-------------------|-------------------|---------------------|---------------------|
| Revenue | 2020 | | | | | 2021 |
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total | Quarter 1 |
| Accommodations | \$ 266,380 | \$ - | \$ 430,050 | \$ 330,040 | \$ 1,026,470 | \$ 141,534 |
| F&B Revenue | \$ 246,560 | \$ - | \$ 125,000 | \$ 21,000 | \$ 392,560 | \$ - |
| Leases | \$ 29,400 | \$ 29,400 | \$ 29,400 | \$ 29,400 | \$ 117,600 | \$ 29,400 |
| Other Revenue | \$ 70,770 | \$ 33,000 | \$ 16,300 | \$ 14,250 | \$ 134,320 | \$ 1,000 |
| PPE Grant | \$ - | \$ - | \$ 33,500 | \$ 9,840 | \$ 43,340 | \$ 590 |
| Grants/Donations | \$ 27,000 | \$ 90,400 | \$ 9,840 | \$ 45,000 | \$ 172,240 | \$ - |
| Total Revenue | \$ 640,110 | \$ 152,800 | \$ 644,090 | \$ 449,530 | \$ 1,886,530 | \$ 172,524 |
| Expense | 2020 | | | | | 2021 |
| | Quarter 1 | Quarter 2 | Quarter 3 | Quarter 4 | Total | Quarter 1 |
| Cost of Goods | \$ 86,813 | \$ - | \$ 39,390 | \$ 6,930 | \$ 133,133 | \$ - |
| Salaries & Wages | \$ 821,590 | \$ 265,340 | \$ 263,160 | \$ 230,560 | \$ 1,580,650 | \$ 218,484 |
| Repairs & Maint | \$ 10,950 | \$ - | \$ 21,000 | \$ 20,500 | \$ 52,450 | \$ 24,000 |
| Utilities | \$ 131,225 | \$ 57,000 | \$ 54,000 | \$ 72,000 | \$ 314,225 | \$ 86,400 |
| Contracts | \$ 54,690 | \$ 46,500 | \$ 46,500 | \$ 46,500 | \$ 194,190 | \$ 91,500 |
| General Operating | \$ 126,451 | \$ 23,262 | \$ 44,100 | \$ 47,250 | \$ 241,063 | \$ 46,500 |
| PPE/Sanitization | \$ 4,550 | \$ 900 | \$ 51,840 | \$ 7,090 | \$ 64,380 | \$ 1,770 |
| Total Expense | \$ 1,236,269 | \$ 393,002 | \$ 519,990 | \$ 430,830 | \$ 2,580,091 | \$ 468,654 |
| Net Revenue | \$ (596,159) | \$ (240,202) | \$ 124,100 | \$ 18,700 | \$ (693,561) | \$ (296,130) |

Policy Discussion

Advanced Deposit Policies and Procedures

- Policy: 35% of advanced deposit liabilities currently on balance sheet are kept in separate bank account
- Purpose: to draw down as support if receiving a mass amount of cancellations due to a circumstance beyond our control
- Refunds to Date:
 - Leisure Chargeback: \$10,000
 - Leisure Cancellations: \$95,000
 - Group Refund to Date due to COVID: \$93,000 to date
 - **Total: \$188,000**
- Currently in Advanced Deposit Account: \$33,273.12
- Request: Draw down \$33,000 from Advanced Deposit account to be used for Operations and/or Repayment to guests/groups
- Issues: Inability to repay the advanced deposit account for a minimum of 9 months + future cashflow implications related to the potential for additional refunds

Other Operating Items

Building Closures Due to Critical Repairs

- Current 2019 Budget does not support large scale deferred maintenance repairs or critical building failures
- Ex. 204 & 298 currently need complete alarm system rewiring
- Discussion:
 - Policies & Procedures around Partners + Guests effected by closures
 - Increasing Building Insurance coverage? Current buildings covered: Guardhouse, Pavilion, Theater, Chapel

F&B

- Base Operating Costs without outlets/employees: \$3,000/mo or \$36,000/year
- Current inventory (appx) of alcohol and food:
 - Alcohol: \$30,000
 - Food: \$40,000
- Keeping TAPS + Reveille open past October, even at a small loss, may prove to be less of a loss than the outlets being completely closed as their income offsets the base operating costs (see above) we cannot change + sells inventory

Discussion