
Operating Budget
Fiscal Year Ending
April 30, 2017

Presented to the Gunstock Area
Commission

April 27, 2016



Executive Summary

The budget presented herein represents Gunstock Management's best prediction of expected receipts and expenditures for the fiscal year beginning May 1, 2016 and ending April 30, 2017.

The fiscal year ending April 30, 2016 has proven to be the most challenging and financially damaging in decades. Therefore, preparation of the FY 2017 budget presented unique challenges, particularly as related to cash flow management. The budget was prepared in a manner to recognize the cash challenge and with a goal of replenishing cash to an acceptable level by the end of FY 2017. Most notably, there will be little or no capital expenditures (other than those already approved and committed) for at least the first 6 months of the year. *Oct 2016*

The budget estimates total revenues for the year at approximately \$12.1 million, total expenses of \$10.74 million, and a net profit of \$1.32 million. Earnings before interest, depreciation, and debt amortization are \$3.392 million, or 28.4% of total revenues.

From a visitation perspective, the budget predicts flat attendance in the summer for the Aerial Treetop Courses, ZipTour, and Segways, which equates to about 22,000 visitors. It contemplates a 20% increase in Discover Passes (which now include use of the Alpine Coaster), and approximately 43,000 paid coaster visits over the course of the year. It also is based on 170,000 skiers and 20,000 tubing guests in the winter.

This budget contemplates a Revenue Anticipation Note of \$950,000 to be secured in May, with draws occurring in June, September and October, and repayment made in February 2017.

Budget Methodology

Due to the extraordinary circumstances of the 2016 fiscal year, management took a different approach to producing the budget compared to prior years. In past years, department managers would each prepare a draft of their budgets which were then compiled together and "whittled down" until the targets were met. This year, the targets were set in advance, and department managers were instructed to produce budgets that met the targets. In order to accomplish this, managers got together in work groups to hash out what they could do to enhance revenues and/or prioritize expenses within the targets.

Another tool that was used this year was the Volume Based Operating Plan (VBOP) strategy. Using data from prior years, managers can reasonably predict guest visitation for each day of operation well in advance. Based on each day's expected business volumes, staffing schedules can be created that match the needs of the day. As the season progresses, daily VBOP can be altered in real-time based on variables such as weather. This approach allows profit center managers to better manage their profit margins, and allows support managers to staff appropriate to expected levels of business.

Budget Assumptions

At the beginning of the budget process, senior management develops operating assumptions to be used for budget preparations. The assumptions detail the dates and hours of each operating season, a calendar list of known activities and events, and attendance estimates for camping, Adventure Park activities, skiing and tubing. The assumptions are based on historical performance, modified by known changes in programming, events or new operations. The key assumptions used in this year's budget are as follows:

Summer Season

The summer season officially kicks off on May 21st with the return of the seasonal campers and overnight camping begins May 27th.

The Mountain Adventure Park is scheduled to open on May 27th with weekend operations until June 24th when it commences daily operations. The Alpine Coaster is slated to come on line in early July. The park remains open daily until September 5th, and resumes weekend operations until October 10th. If business warrants, the ZipTour may accept guests until the Ski Sale on November 5th.

Events scheduled to date include:

| | |
|--------------|--|
| June 4-5 | Fishing Derby(s) |
| July 2-3 | Craft Fair |
| July 10 | Miss Winnepesaukee Pageant |
| July 16-17 | NASCAR Weekend – Lenox 301 |
| July 23 | NEW EVENT – Craft Beer Relay |
| July 25 | Extreme Field Day (for kids) |
| August 4-6 | 18 th Annual Soulfest |
| August 19-21 | Timberman Triathlon (Timber Village at Gunstock) |
| Sept 2-4 | Craft Fair |
| Sept 3 | Belknap County Public Safety Field Day |
| Sept 24-25 | NASCAR Weekend – Sylvania 300 |
| November 5 | Gunstock Ski Club Ski Sale |

In addition to this calendar, there are currently 25+/- private events scheduled at the resort, including weddings, business meetings, and Adventure Park outings. Gunstock's sales team is actively soliciting group business for the summer, emphasizing the Adventure Park offerings.

Winter Season

Ski season officially kicks off with Supervisor Training days in October. This year there will be two full days of supervisor training which includes all seasonal supervisors. New hire all-mountain training sessions occur in November.

Snowmaking will begin as soon as temperatures allow after the first of November.

Opening day is projected for Friday, December 2nd, with limited operations through December 15th. Conditions permitting, night skiing will open on December 16th and tubing will open the

following day. We will be closed on Christmas Day, and Christmas Holiday rates will begin on Monday December 26th and continue through January 2nd.

Closing dates are projected to be Saturday, March 18th for night skiing, Sunday, March 19th for Tubing, and depending on traffic volume, our last day of the season will be Sunday, April 2nd.

Note that all of these opening and closing dates are weather, condition, and crowd dependent.

We have used 170,000 skier visits for our budget projections (140,000 day and 30,000 night), which corresponds with five and ten year averages. The budget number for tubing visits is 20,000.

Revenue Projections

In general terms, revenue is forecast based on a combination of:

- Prior years' results, adjusted for attendance assumptions. For the winter season, this includes an analysis of "per capita" income compared with prior years, adjusted for forecasted changes in pricing structures.
- Direct business booked as of the time of budget preparation. This can include private parties/events, group sales or large events such as Soulfest and the Craft Beer Relay.
- Any proposed changes to existing business lines, pricing, or strategy.
- Any new ventures such as additional attractions (i.e. the Alpine Coaster) or programming

The Director of Resort Services has the primary responsibility for forecasting all profit centers with the exception of functions and special events, which are forecast by the Director of Marketing. The Director of Finance projects miscellaneous and other income. Once compiled, projections are reviewed and approved by the General Manager in consultation with the Senior Management Team. Once the budget is adopted, performance is monitored on an ongoing basis by the profit center managers and the Revenue Enhancement Team. While this operating budget is based on average results, each profit center manager has "stretch" goals to strive for.

Ski Season Revenue

Ski Ticket Income: Working with our on-line sales partner Liftopia, we have developed a yield strategy to increase our per-capita by \$1.60 per visit without raising the "rack rate" pricing. This will be accomplished by:

- Increase the early buy on-line ticket price by \$4 to \$5. This strategy is being strongly supported by Liftopia. These tickets will be available both on their platform and on the Gunstock.com store. This past year, on-line tickets outperformed on-site sales by \$2.93 per ticket.
- Target and correct price management for products such as multi-day, night, and combo tickets.

- Develop a new "After School" high school ski club program to take advantage of the new 3pm night start time. The year one goal will be 5 participating clubs with 60 students.

These initiatives should yield a per capita income of \$24.18 for total revenue of \$4.11 million.

Season Pass Income: Season pass income had grown 7.7% from 2013 before a disappointing in-season result this year due to lack of snow. The results of this year's spring sale are still not known, but the trend has been slower than prior years, which is not unusual after a bad snow year. However, the Resort Services Manager and the new Sales and Marketing Manager will be working on an aggressive sales strategy for the summer and in-season sales by:

- Developing a campaign to market the benefits of season pass ownership
- Create an affinity/loyalty program to reward pass holder loyalty and increase their visit numbers
- Aggressively pursue alternative pass products such as the "Take 50" card.

Learning Center: The total Ski Learning Center budget is \$585,000 for the year. There are several sales and marketing initiatives that will be employed specifically targeted to increasing lesson income:

- A re-focus of our winter marketing efforts with a strong "best place to learn" message
- Establishment of a "You Visit" campaign. This is a "virtual" tour of the resort designed to educate, prepare and excite first time visitors to the resort
- Increased follow-up and upsell to additional lessons for participants
- Increase participation in the Mountain Magic learn-to programs while maintaining retention rates
- Increase participation in school outreach programs through actively visiting/presenting to school districts – goal is 5 new schools with 200 new students
- Re-develop adult programs such as the 50+, Women's, and Uphill/Side Country programs
- Offer a Saturday family race league series

Retail: The Retail operation continues to thrive in both summer and winter. In the summer season, retail consists of the Camp Store at the Camping Center, and Mountainside Outfitters, which offers hiking and active gear, GoPro sales and rentals, logo and souvenir items, snacks and drinks, etc. In winter the Camp Store converts to a Nordic equipment retailer, and Mountainside Outfitters offers a full array of hard and soft goods, accessories, helmets, goggles, and logo souvenirs. Sales are projected at \$971,975.

Rental & Repair: Base rental income is based on historical averages. In addition to the base income, the increase in school outreach visits should benefit outreach rentals as well. An attractive program is being developed to entice students to rent equipment from us as part of their package. Total income is forecast at \$752,000.

Base Camp: Space in Base Camp (aka the Children's Center) was expanded last year by removing an existing locker room and repurposing it as programming space to allow more participants on weekends and busy periods. Despite the poor season, these extra spots were filled nearly every weekend mid-winter. This year the layout will be further improved allowing for even more children on peak days. Initiatives will be taken this summer to improve early registration and on-line registration processes. Total income is forecast at \$345,000.

Cross Country: Cross country income was budgeted the same as FY 2016. Cross Country has proven very consistent as long as there is some measure of natural snow. If not, the department can gear down to a very small staff, so losses are minimized.

Summer Revenue

The summer of 2016 will feature the first operating season of the new Alpine Coaster. This major attraction is expected to drive significant revenue, not only through the Adventure Park, but through other services such as Retail, Food and Beverage, Events, and Camping.

Another addition to this summer is a new event – the Craft Beer Relay. This is a fun mix of a team relay through a 5K obstacle course coupled with a craft beer festival featuring local brews, food and entertainment. The relay is open to up to 500 teams of four, and total attendance is estimated around 3,600 people. The event will be held on July 23rd.

Camping: Camping income is budgeted at \$528,500, which is about 4.5% higher than the average of the past few seasons. Some of the increase will be driven by a small price increase on the weekend rates. The balance of the increase is expected to come from new initiatives in programming and new events.

New this summer, there will be activities for kids and families programmed into each week of the summer in an effort to increase length of stay and repeat visits. The Craft Beer Relay weekend should drive a good increase in sales for that weekend. Seasonal sites remain fully booked again this year.

Functions and Events: As outlined previously in this narrative, we have a strong schedule of events and functions on the books, and our sales staff continues to look for new opportunities. Total income from site rentals and events is about \$73,000. It should be noted however that a significant portion of the income generated through events and functions appears in other profit centers, including Tram and Tow, Camping, Adventure Park, and Foodservice.

Summer Attractions

The Mountain Adventure Park continues to perform very well. The addition of the Alpine Coaster is expected to provide a significant lift in the "Discover Pass" that was introduced last year. In addition to the Coaster, the Discover Pass gives unlimited access to: Summer Tubing, Stunt Jump, Water Wars, bungee trampoline, spider climber, climbing wall, Big Air Bag tube jump, slack line park, bike rentals, paddleboat and paddleboard rentals. The Discover Pass is offered as a stand-alone product or as an add-on to one of the major attractions.

Because this is a start-up season for the coaster, we are budgeting very conservatively for this first year of operation. Our expectation is that sales will easily reach the target numbers, but we felt it prudent not to over-budget in year one.

Income for the Adventure Park is projected at \$2.135 million, broken down as follows:

- Aerial Treetop Adventures \$312K
- ZipTour Zip Lines \$874K
- Segway Tours \$ 75K
- Discover Passes \$211K
- Winter Tubing \$314K
- Alpine Coaster \$350K

Other Revenue

Budgeted amount is \$263,000, primarily made up of lease income (\$82k), Capital Contributions (leasehold improvements by Centerplate) (\$40k), locker rentals (\$48k), advertising sponsorships (\$55k), and other misc. (\$38k)

Payroll and Tax Expense

Wages are calculated for each department by the Directors working with their department managers. Historical results are reviewed, and any changes from prior years are noted. A summary of wages by department are attached to this report.

Repairs, Maintenance, Supplies, and Merchandise Expense

There are numerous small account lines that aggregate into this major account category, but some of the more significant contributors include:

- \$105,000 for repair and maintenance of lifts and tows.
- \$175,000 for upkeep of buildings and grounds.
- \$139,000 for repair and maintenance of vehicles, ATV's, snowmobiles, construction equipment, and grooming equipment.
- \$107,000 for R&M of snowmaking plant and equipment. This includes maintenance of mountain piping, valves, pumps, and annual service of three large air compressors.
- \$72,500 for gasoline and diesel fuel.
- \$67,500 for heating oil, kerosene, and propane to heat buildings
- \$52,000 for sewage disposal (paid to the town of Gilford)
- \$178,000 in service charges to process credit card sales (interchange fees). These fees have increased steadily in concert with additional sales, and as we are using more on-line and electronic payment methods.
- \$71,700 for audits, legal counsel, I.T., and planning services.

- \$28,775 for office and IT supplies and postage
- \$539,000 for purchase of merchandise for resale

As explained in the methodology section of this report, each line item in these categories is carefully scrutinized and discussed with department managers in individual meetings with their Director, the Director of Finance, and the G.M. Budgets are first compared to historical results, then adjusted based on knowledge of changes in pricing or services, unusual or exceptional one-time expenses, and the individual department manager's business plan.

Sales and Marketing Expense

Promoting a year-round resort requires a robust and diverse sales and marketing plan. Also, the market area and clientele for summer and winter activities are not always the same, so the overall marketing plan needs to adapt as the year progresses. This year a total of \$450,000 has been set aside for marketing expenses that include production and delivery of print campaigns, direct mail, brochures, TV, radio, social media, e-mail lists, websites, reporting services, and market research.

Fringe Benefits Expense

During Fiscal 2016 a major overhaul of Gunstock's employee categories was conducted in an effort to comply with provisions of the Affordable Care Act, particularly as they applied to seasonal workers who were working in both the summer and winter season's. The result was the creation of five distinct categories of employees as follows:

- Group 1 – Full Time Year Round – full time employees who are scheduled to work without a break in service for 2080 hours (or more) per year.
- Group 2 – Prime Time Year Round – Positions scheduled to work no more than 1,664 hours per year. Group 2 employees may be required to take a consecutive 4 week break in service in between seasons, or work reduced hours during non-operational periods.
- Group 3 – Part Time Year Round – Positions scheduled to work less than 1,248 hours per year but without a mandatory break in service.
- Group 4 – Seasonal – Positions which are scheduled to work a minimum of 18 shifts during an operating season, not to exceed 1,200 hours in a rolling calendar year. Group 4 employees are required to take a consecutive 6 week break in service after each operating season.
- Group 5 – On-Call and Temporary – Employees who work only periodically during a season or only for special events. Employees in this category will not work more than 30 consecutive days.

These categories allow for a tiered benefit program based on category. In addition to these changes, the health insurance benefit was modified to increase the employee contribution from 20% to 30% and the deductible was raised. Current benefit programs (if eligible) include:

- * Health and Dental Insurance – (currently 70% employer paid – 30% employee paid)
- * Short Term Disability Insurance (100% employer paid)

* Life Insurance (1x salary to a \$100,000 maximum, employer paid)

3% * 457:B and Profit Sharing Plan with discretionary funding by the Gunstock Commission. For budget purposes, the plan is budgeted at 5% of annual salary for eligible employees.

Our health insurance program renews at the end of September. We are not contemplating any further changes in the benefit structure, and we have included a 10% premium increase for our plan year beginning October 1, 2016.

Fringe benefits also include the cost of Worker's Compensation insurance. Our Worker's Comp claims made have been declining slowly but steadily in the past two years due to a systematic process to reduce claim frequency and severity. Working with an industry expert, we have been analyzing the root cause of our most significant and frequent claims, and modifying training, work environments and processes to reduce and hopefully eliminate many claims. Finally these efforts have begun to bear fruit, and we expect our premiums to be slightly reduced beginning with our new plan year. Recently our plan anniversary has been changed to July 1 from January 1. This will enable us to know our premium for an entire fiscal year when preparing the budget.

Total fringe benefit costs are budgeted at \$800K, which represents a 19% decrease compared to the FY 16 budget. Much of this decrease are due to the changes made in FY 2016 to employee benefit programs.

Electric Expense

Electricity is budgeted at \$781,245, which represents an 8.4% decrease compared to the FY 2016 budget. Electric rates skyrocketed over the winter months in 2014, and we were locked into a rate of 10.69 cents per Kwh last winter. In April, we were able to negotiate a new contract which lowered the rate to 9.425 cents. This will save Gunstock \$75,000 this winter compared to the old contract.

The electric budget is based on consumption data compiled for the past 10 years, although the past three years are weighted more heavily due to our investment in more energy efficient technology. This year's budget assumes total annual consumption of 5.353 million Kwh of electricity.

Our typical electric bill is based on a combination of monthly demand and monthly kilowatt/hour usage. Eversource bills us monthly for transmission and distribution services. Some of these service fees are based on overall demand and others on usage. Obviously, the charges are greatest in the months we make snow, and considerably less in the summer than in the winter.

The monthly calculations are lowered by \$3,500 each month to reflect the reimbursement we receive from tenants on the cell tower who receive their power from us. The reimbursement is calculated from meter readings each month and may vary slightly, but \$3,500 is a good historical average.

Once the master electric budget is calculated, it is allocated to profit centers and overhead departments based on a formula of estimated usage by department for each operating season. Adjustments are made which reduce the Campground budget to reflect payments made by seasonal campers for their electric use. An adjustment is also added to the Cross Country budget for snowmaking costs, which are billed to the Gunstock Nordic Association through a separate meter, then reimbursed by Gunstock.

Depreciation Expense

Depreciation expense is budgeted at \$1.654 million. Depreciation is calculated on a straight line basis over the expected useful life of the asset. Although depreciation is a non-cash item it has a major impact on our calculated net income. The Gunstock Commissioners and Management believe it is important to produce a budget with a positive net profit that includes depreciation expense. Insuring profits cover the cost of depreciation enables us to replace aging assets in a systematic and planned manner and insures the long term health of the organization. This year's depreciation schedule includes an allowance for the new Alpine Coaster and the newly purchased fleet of Segway X-2s.

Insurance Expense

Gunstock's insurance renewal period coincides with the fiscal year end. Budget expense for FY 17 is \$219k slightly less than the FY 16 budget of \$232K. The decrease is due to credits we expect to receive as a result of our decreased sales in FY 16. Our Property coverage will increase slightly this year, primarily as a result of adding in the Alpine Coaster.

Insurance expense consists of the following items:

- * General Liability - \$1 million limit w/\$15,000 (\$75,000 aggregate) deductible
- * Umbrella Liability - \$9 million per occurrence \$21 million aggregate w/\$10,000 deductible
- * Property Insurance - \$31.5 million blanket coverage w/\$10,000 deductible
- * Business Interruption/Lost Income Insurance - \$4 million with a \$25,000 deductible
- * Crime Insurance - \$100/200,000 w/\$1,000 deductible
- * Auto Insurance - \$1 million – various deductibles based on scheduled autos, trucks and buses
- * Directors and Officers/Employment Practices \$3 million aggregate coverage w/\$10,000/\$25,000 deductibles
- * Cyber Crimes Insurance - \$1,000,000 with a \$10,000 deductible. Cyber coverage protects us from loss and expense if our credit card or customer data were ever breached and we were deemed to be at fault.

A provision of \$15,000 is included in the budget to cover out-of-pocket deductible expenses.

Insurance expense is allocated to departments based on their revenues and/or exposure. An expense allowance for deductibles is placed into Administrative Expenses.

Interest Expense

Interest expense is estimated based on our current schedule of notes and loans payable, and includes interest on the Revenue Anticipation Note. A schedule of notes and loans is attached to this report. For FY 2017 interest is estimated at \$241,929 and includes interest expense for the Alpine Coaster loan and the Segway equipment lease.

Net Income

Net income is projected at \$1,321,529, which is 10.95% of revenue.

EBIDA (Earnings before Interest, Depreciation and Amortization)

EBIDA is the cash generated through operating activities after depreciation (a non-cash expense) and principal and interest on debt have been removed. This budget would generate EBIDA of \$3.34 Million. After paying down debt principal and interest, and assuming other balance sheet items remain constant, (i.e. balances in accounts payable, receivables, inventories, etc.) end of year cash would improve by just under \$2 million.

Cash Flow

The addition of the Adventure Park has improved summer cash flow significantly, but most revenue is still generated in winter months between December and March. During the summer months the resort incurs significant expenses to prepare for the winter season, including:

- Maintenance of Lifts, Snowmaking Systems and Winter Mobile Equipment
- Maintenance of Lodges and other Buildings and Grounds
- Deposits on Insurance
- Payment of employee related insurances and fringe benefits
- Repayment of Notes and Bonds
- Capital Projects and Capital Equipment Purchases

Due to this seasonal fluctuation of cash flow, a Revenue Anticipation Note of \$950,000 will be needed for cash flow purposes beginning in June. Without the RAN, cash deficits occur in June, September, October, November and December. With the RAN in place, there is sufficient cash available to operate through the fall and into the winter season. The RAN will be secured prior to the end of May or early June, and will be repaid by the end of February.

It should be noted that this seasonal Revenue Anticipation Note is not unusual. The Gunstock Area Commission, upon approval from the Belknap County Convention, has issued RANS annually for more than two decades, and has consistently repaid them by the end of the February school vacation week. The following table details the RAN amounts authorized for the past 10 years.

RAN HISTORY

| Year | RAN Amount |
|------|--------------|
| 2006 | \$ 950,000 |
| 2007 | \$ 950,000 |
| 2008 | \$ 950,000 |
| 2009 | \$ 950,000 |
| 2010 | \$ 1,200,000 |
| 2011 | \$ 800,000 |
| 2012 | \$ 950,000 |
| 2013 | \$ 950,000 |
| 2014 | \$ 750,000 |
| 2015 | \$ 650,000 |
| 2016 | \$ 950,000 |

Capital Plan

Given the tenuous cash situation, management is recommending that any capital expenditures other than those already approved be deferred for at least the first six months of the year. Management will provide a listing of capital items that have been proposed, as well as a priority recommendation should capital funds become available. In the meantime, if an emergency capital expenditure is necessary, it could be funded from the Capital Reserve Fund.

Notes Payable and Capital Equipment Leases

A Notes Payable spreadsheet is included as Attachment 6 to this report. It details principal and interest payable on all existing bonds, notes, and capital equipment purchases.

Cash Position

As of April 30, 2016, Gunstock's fund balances are estimated to be (rounded to the nearest thousand) as follows:

| | |
|---|-----------|
| Operating Cash (Unrestricted) | \$400,000 |
| Commission Restricted Reserve (Operating) | \$213,000 |
| Commission Restricted Reserve (Capital) | \$258,000 |

The Gunstock Commissioners have established two reserve funds to insulate the resort from bad seasons or unexpected events, and ultimately to protect the county's taxpayers. The funds are restricted by the Commission and cannot be accessed by management without specific authorization by them. Targets have been established for both funds, and at the direction of the Commissioners, management has been systematically adding to them whenever possible.

Management was authorized to use operating reserve funds to make necessary payments this spring. \$200,000 was transferred into operating cash to make a scheduled bond payment on April 15th.

Conclusion

This will be a difficult and trying year given the lack of operating cash available. Managing cash flow, particularly between May and December, will be critical to the success of this budget. This budget was built in a manner to hopefully replenish cash to more normal levels by the end of the fiscal year. The management of the resort has weathered situations like this on more than one occasion, and feels confident we can get through this difficult time.

Attachments

The following documents are attached in support of this budget presentation:

1. FY 2017 Budget – Profit and Loss Comparison Summary
2. Revenue Per Skier Visit Comparisons – Budget to Six Years Actual
3. 2017 Budget Labor Expense Summary
4. 2017 Department Budget (non-wage) Expense Summary
5. Estimated Cash Flow Projections FY 2017
6. Notes Payable FY 2017 Budget



**Gunstock Area Commission - FY 17 Budget
Profit and Loss Comparison Summary**

| | Budget FY17 | Budget FY16 | Est. 4/20 FY16 | Actual FY15 | Actual FY 14 |
|--|------------------|------------------|-------------------|------------------|------------------|
| Total Revenue | 12,063,342 | 11,565,725 | 9,096,039 | 11,441,820 | 11,535,416 |
| Total Labor and PR Tax (profit centers) | 2,576,266 | 2,581,813 | 2,164,862 | 2,555,169 | 2,618,154 |
| Total R&M, Supplies, (no ins or dep) | 567,952 | 539,816 | 544,132 | 578,168 | 586,812 |
| COGS-Merchandise | 538,935 | 525,005 | 507,472 | 633,622 | 486,699 |
| Profit Center Income | 8,380,189 | 7,919,091 | 5,879,573 | 7,674,861 | 7,843,751 |
| Fringe Benefits (profit centers) | 511,702 | 565,857 | 457,252 | 459,820 | 380,691 |
| Electric (profit centers) | 729,289 | 799,772 | 846,742 | 720,665 | 620,119 |
| Depreciation (profit centers) | 1,149,159 | 1,019,380 | 1,016,254 | 967,824 | 917,637 |
| Insurance (profit centers) | 164,604 | 177,864 | 177,164 | 169,584 | 206,712 |
| Profit Centers Operating Margin (Gross Income) | 5,825,435 | 5,356,218 | 3,382,161 | 5,356,968 | 5,718,592 |
| Facility labor and PR Tax | 466,226 | 534,637 | 439,406 | 603,937 | 566,788 |
| Facility R&M and Supplies | 314,928 | 335,965 | 332,595 | 383,568 | 367,198 |
| Facility Fringe Benefits | 111,756 | 172,676 | 129,690 | 177,057 | 148,895 |
| Facility Electric | 33,191 | 34,611 | 31,100 | 23,955 | 22,343 |
| Facility Depreciation | 144,017 | 132,876 | 130,111 | 147,716 | 136,911 |
| Total Facility Expense | 1,070,118 | 1,210,765 | 1,062,902 | 1,336,233 | 1,242,135 |
| Marketing Labor and PR Tax | 334,331 | 240,782 | 200,658 | 228,855 | 221,762 |
| Advertising | 450,000 | 477,284 | 425,686 | 464,316 | 480,618 |
| Marketing Fringe Benefits | 35,065 | 43,143 | 29,290 | 37,194 | 34,383 |
| Marketing Electric | 5,722 | 6,673 | 6,023 | 4,896 | 5,601 |
| Total Marketing Expense | 825,118 | 767,882 | 661,657 | 735,261 | 742,364 |
| Administration Labor and PR Tax | 909,278 | 994,063 | 957,677 | 934,712 | 835,732 |
| Administration Expenses | 886,129 | 961,853 | 840,625 | 1,021,536 | 1,097,089 |
| Administration Interest | 241,929 | 196,810 | 225,906 | 205,135 | 217,317 |
| Administration Fringe Benefits | 142,609 | 209,104 | 173,321 | 189,157 | 160,680 |
| Administration Electric | 13,043 | 11,819 | 11,339 | 8,796 | 10,454 |
| Administration Depreciation | 360,962 | 358,524 | 359,128 | 370,202 | 360,218 |
| Administration Insurance | 54,720 | 54,409 | 45,772 | 60,040 | 71,863 |
| Total Administration Expense | 2,608,670 | 2,786,582 | 2,613,768 | 2,789,578 | 2,753,353 |
| Summary | | | | | |
| Total Revenue | 12,063,342 | 11,565,725 | 9,096,039 | 11,441,820 | 11,535,416 |
| Total Payroll and Tax | 4,286,101 | 4,351,295 | 3,762,603 | 4,322,673 | 4,242,436 |
| Total R&M and Supplies | 2,219,009 | 2,314,918 | 2,143,038 | 2,447,588 | 2,531,717 |
| Total COGS-Merchandise | 538,935 | 525,005 | 507,472 | 633,622 | 486,699 |
| Total Fringe Benefits | 801,132 | 990,780 | 789,553 | 863,228 | 724,649 |
| Total Electric | 781,245 | 852,875 | 895,204 | 758,312 | 658,517 |
| Total Depreciation | 1,654,138 | 1,510,780 | 1,505,493 | 1,485,742 | 1,414,766 |
| Total Insurance | 219,324 | 232,273 | 222,936 | 229,624 | 278,575 |
| Total Interest | 241,929 | 196,810 | 225,906 | 205,135 | 217,317 |
| Total Net Income | 1,321,529 | 590,989 | (956,166) | 495,896 | 980,740 |
| Total Net Income % of Gross Revenue | 10.95% | 5.11% | -10.51% | 4.33% | 8.50% |
| EBIDA | 3,382,596 | 2,473,579 | 950,233 | 2,361,773 | 2,787,823 |
| EBIDA % of Gross Revenue | 28.12% | 21.39% | 10.45% | 20.64% | 24.17% |
| MOA - Obligation to Belknap County* *Included in Total R&M and Supplies | 175,000 | 175,000 | 175,000 | 175,000 | 175,000 |
| Gunstock Interest Payments | 241,929 | 196,810 | 217,971 | 211,816 | 220,703 |
| Principal Payments (Excluding RAN) | 1,106,646 | 818,575 | 720,010 | 754,913 | 787,228 |
| Net Increase in Cash Balance (before capital) | 2,044,021 | 1,458,194 | 12,252 | 1,395,044 | 1,779,892 |



Fiscal 2017 Proposed Budget

Revenue Comparisons - Budget to Past 6 Years

| | Budget FY 17 | Estimated FY 16 | Actual FY 15 | Actual FY 14 | Actual FY 13 | Actual FY 12 | Actual FY 11 |
|-----------------------------|---------------|-----------------|---------------|---------------|---------------|--------------|--------------|
| Total Skier Visits | 170,000 | 120,000 | 181,219 | 182,595 | 172,692 | 125,215 | 188,522 |
| Ticket Revenue | \$ 5,910,000 | \$ 4,104,283 | \$ 5,768,054 | \$ 5,910,142 | \$ 5,647,155 | \$ 4,332,961 | \$ 5,833,639 |
| Ski Learning Center Revenue | \$ 585,000 | \$ 405,539 | \$ 519,832 | \$ 580,731 | \$ 545,674 | \$ 475,225 | \$ 558,229 |
| Restaurant Income | \$ 440,000 | \$ 315,209 | \$ 407,282 | \$ 368,463 | \$ 308,047 | \$ 224,233 | \$ 293,894 |
| Adventure Park Income | \$ 2,135,675 | \$ 1,653,069 | \$ 1,708,753 | \$ 1,697,494 | \$ 1,488,408 | \$ 527,776 | 0 |
| Retail Income | \$ 951,975 | \$ 857,694 | \$ 1,035,352 | \$ 758,921 | \$ 640,411 | \$ 447,073 | \$ 533,659 |
| Rental Income | \$ 752,000 | \$ 500,108 | \$ 728,875 | \$ 755,833 | \$ 732,805 | \$ 532,611 | \$ 759,084 |
| Children's Center | \$ 345,000 | \$ 287,265 | \$ 336,013 | \$ 291,423 | \$ 238,810 | \$ 203,491 | \$ 231,103 |
| Cross Country | \$ 78,840 | \$ 55,080 | \$ 107,055 | \$ 133,564 | \$ 120,689 | \$ 87,186 | \$ 128,719 |
| Programs/Events | \$ 73,305 | \$ 79,726 | \$ 55,016 | \$ 168,664 | \$ 147,731 | \$ 159,190 | \$ 158,135 |
| Camping | \$ 528,500 | \$ 505,111 | \$ 496,043 | \$ 525,265 | \$ 496,484 | \$ 505,507 | \$ 501,238 |
| Miscellaneous | \$ 263,047 | \$ 323,955 | \$ 279,545 | \$ 341,856 | \$ 309,349 | \$ 384,259 | \$ 268,328 |
| Total Revenue | \$ 12,063,342 | \$ 9,087,039 | \$ 11,441,820 | \$ 11,532,356 | \$ 10,675,563 | \$ 7,879,512 | \$ 9,266,028 |
| Lift/Lesson/Rental/Retail | \$ 8,543,975 | \$ 6,154,889 | \$ 8,388,126 | \$ 8,297,050 | \$ 7,804,855 | \$ 5,991,361 | \$ 7,915,714 |
| Per Skier Visit | \$ 50.26 | \$ 51.29 | \$ 46.29 | \$ 45.44 | \$ 45.20 | \$ 47.85 | \$ 41.99 |

| FYE 2017 Budget Budget Labor Summary | Total Payroll (no tax or fringe) | | Projected | Variance | Variance |
|---|----------------------------------|-----------|-----------|------------------|----------------|
| | 2017 | 2016 | 2016 | Budget to Budget | 2016 Budget |
| | Budget | Budget | Actual | | To 2015 Actual |
| Lifts- R & M | 173,932 | 178,362 | 173,581 | (4,430) | 351 |
| Lifts-Services | 431,544 | 364,234 | 277,513 | 67,310 | 154,031 |
| Snowmaking | 222,442 | 229,778 | 214,501 | (7,336) | 7,941 |
| Grooming | 69,911 | 69,428 | 50,878 | 483 | 19,033 |
| Safety | 180,132 | 183,004 | 149,659 | (2,872) | 30,473 |
| Terrain Park | 43,625 | 54,389 | 44,788 | (10,764) | (1,163) |
| Admissions | 135,881 | 233,842 | 162,828 | (97,961) | (26,947) |
| Resort Services | 61,067 | - | 7,375 | 61,067 | 53,692 |
| SLC-Instructor | 152,443 | 132,088 | 102,479 | 20,355 | 49,864 |
| SLC-Race | 38,000 | 39,383 | 32,036 | (1,383) | 5,964 |
| Adventure Park | 357,938 | 375,092 | 350,600 | (17,154) | 7,338 |
| Retail | 94,519 | 94,500 | 86,325 | 19 | 8,194 |
| Rental | 114,766 | 114,564 | 93,657 | 202 | 21,109 |
| Base Camp | 177,124 | 183,563 | 132,451 | (6,439) | 44,673 |
| XC | 32,255 | 34,955 | 20,875 | (2,700) | 11,380 |
| Events | 44,645 | 50,598 | 50,945 | (5,951) | (6,300) |
| Camping | 62,964 | 60,735 | 60,071 | 2,229 | 2,893 |
| Facilities Maint | 280,816 | 345,412 | 288,548 | (64,596) | 12,268 |
| Mobile Maintenance | 152,253 | 148,811 | 141,340 | 3,442 | 10,913 |
| Marketing | 310,573 | 223,672 | 186,106 | 86,901 | 124,467 |
| Administration | 821,897 | 896,763 | 868,916 | (74,866) | (47,019) |
| Security | 27,100 | 31,400 | 24,842 | (4,300) | 2,258 |
| Subtotal: | 3,985,827 | 4,044,571 | 3,500,314 | (58,744) | 485,513 |

NOTES:

Lift Services now includes operation of the Alpine Coaster

Wages for Guest Experience Manager (from Admin) and Group Coordinator (from Admissions) moved to Marketing.

No Marketing Director Wages Jan thru April

**Dept. Budget Comparison
(non-wages)**

2016

Gunstock Area Commission - FYE April 2017

Comparative Expenses for R&M and Supply Budgets

No Inventory, Insurance, Depr. Or Electric

| | Budget vs Budget Change | 2017 Budget | 2016 Budget | Variance Bud to Bud | 2016 Actual With Est. April | Budget vs Actual Change | Variance 2017 to 2016 (actual) |
|---------------------|--|------------------------|------------------------|--------------------------------|--|--|---|
| Lifts | 6% | 104,911 | 98,643 | 6,268 | 144,829 | -40% | (39,918) |
| Snowmaking | 0% | 107,050 | 106,600 | 450 | 113,914 | -6% | (6,864) |
| Safety Services | 10% | 26,533 | 24,063 | 2,470 | 18,945 | 32% | 7,588 |
| Terrain Park | -50% | 5,000 | 10,000 | (5,000) | 4,222 | 8% | 778 |
| Admissions | 0% | 38,390 | 38,390 | - | 30,881 | 20% | 7,509 |
| Ski Learning Center | -12% | 23,585 | 26,950 | (3,365) | 15,102 | 31% | 8,483 |
| Food & Beverage | 50% | 3,600 | 2,400 | 1,200 | 9,924 | -264% | (6,324) |
| Adventure Park | 1% | 114,788 | 114,080 | 708 | 98,733 | 14% | 16,055 |
| Retail | 26% | 15,180 | 12,090 | 3,090 | 7,729 | 62% | 7,451 |
| Rental | 27% | 21,001 | 16,590 | 4,411 | 14,520 | 39% | 6,481 |
| Children's Center | 196% | 38,729 | 13,100 | 25,629 | 4,622 | 260% | 34,107 |
| Nordic | -2% | 6,100 | 6,200 | (100) | 10,457 | -70% | (4,357) |
| Events | 4% | 26,585 | 25,670 | 915 | 18,781 | 30% | 7,804 |
| Camping | -19% | 36,500 | 45,200 | (8,700) | 51,473 | -33% | (14,973) |
| Sub Total | 5% | 567,952 | 539,976 | 27,976 | 544,132 | 4% | 23,820 |
| Facilities | -11% | 175,500 | 197,650 | (22,150) | 176,511 | -1% | (1,011) |
| Mobile Maintenance | 1% | 139,428 | 138,315 | 1,113 | 156,084 | -12% | (16,656) |
| Sub Total | -8% | 314,928 | 335,965 | (21,037) | 332,595 | -5% | (17,667) |
| Marketing | -6% | 450,000 | 477,284 | (27,284) | 425,686 | 5% | 24,314 |
| Sub Total | -8% | 450,000 | 477,284 | (27,284) | 425,686 | 5% | 24,314 |
| Administration | -8% | 886,129 | 961,853 | (75,724) | 840,625 | 5% | 45,504 |
| Totals | -4% | 2,219,009 | 2,315,078 | (96,069) | 2,143,038 | 3% | 75,971 |

ESTIMATED CASH PROJECTIONS FY 2017



| | FY '17 May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | Summary |
|---------------------------------|----------------|----------------|----------------|----------------|----------------|----------------|----------------|------------------|------------------|------------------|------------------|----------------|-------------------|
| Opening Operating Cash:* | 400,000 | 232,199 | 275,692 | 400,441 | 445,571 | 308,535 | 144,777 | 97,859 | 817,381 | 1,654,881 | 2,003,281 | 2,007,885 | 1,582,867 |
| Cash In: | | | | | | | | | | | | | |
| Revenue | 167,164 | 365,087 | 798,550 | 851,131 | 315,520 | 230,720 | 368,070 | 1,774,037 | 2,762,239 | 2,967,003 | 1,428,001 | 35,820 | 12,063,342 |
| AR | 25,000 | - | - | - | - | - | - | - | - | - | - | (30,000) | (5,000) |
| RAN principal | - | 300,000 | - | - | 250,000 | 300,000 | 100,000 | - | - | (950,000) | - | - | - |
| Deferred Income - FY16 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Soulfest | - | - | - | (85,000) | - | - | - | - | - | - | - | - | (85,000) |
| Camping | - | - | (22,000) | (22,000) | - | - | - | - | - | - | - | - | (44,000) |
| MC Week | - | (12,000) | - | - | - | - | - | - | - | - | - | - | (12,000) |
| Seasonals | (10,400) | (20,800) | (20,800) | (20,800) | (20,800) | (10,400) | - | - | - | - | - | - | (104,000) |
| Season Pass FY17 | 340,000 | - | 5,000 | 10,000 | 20,000 | 100,000 | - | (277,500) | (277,500) | (277,500) | (277,500) | - | (635,000) |
| Deferred Income - FY17 | - | - | - | - | - | - | - | - | - | - | - | - | - |
| Outreach | - | - | - | - | - | - | 75,000 | 125,000 | (125,000) | (75,000) | - | - | - |
| Soulfest | - | - | - | 4,000 | 25,000 | 5,000 | 3,000 | - | 5,000 | 2,000 | 20,000 | 21,000 | 85,000 |
| MC Week | - | - | - | - | - | - | - | - | - | 2,000 | 5,000 | 5,000 | 12,000 |
| Camping | - | - | 3,500 | 2,500 | 2,500 | 1,500 | - | - | - | 5,000 | 14,000 | 15,000 | 44,000 |
| Seasonals | - | - | - | - | - | 25,000 | 16,000 | 11,000 | 13,000 | 13,000 | 13,000 | 13,000 | 104,000 |
| FY18 Preseason Pass Sale | - | - | - | - | - | - | - | - | - | - | 100,000 | 350,000 | 450,000 |
| total cash in | 521,764 | 632,287 | 764,250 | 739,831 | 592,220 | 651,820 | 562,070 | 1,632,537 | 2,377,739 | 1,686,503 | 1,302,501 | 409,820 | 11,873,342 |
| Cash Out: | | | | | | | | | | | | | |
| PR & Taxes | 185,000 | 234,000 | 325,000 | 365,000 | 280,000 | 235,000 | 260,000 | 490,000 | 595,000 | 575,000 | 490,000 | 252,000 | 4,286,000 |
| Fringe Benefits | 70,223 | 115,000 | 87,447 | 87,447 | 87,447 | 90,447 | 90,447 | 90,447 | 90,447 | 90,447 | 38,000 | 38,000 | 975,799 |
| Monthly R&M/Supplies | 60,000 | 150,000 | 160,000 | 200,000 | 200,000 | 200,000 | 200,000 | 250,000 | 360,000 | 360,000 | 360,000 | 300,000 | 2,800,000 |
| P&L Insurance | 32,909 | 20,720 | 5,720 | 20,720 | 20,720 | 20,720 | 20,720 | 20,720 | 20,720 | 20,720 | - | - | 204,389 |
| Electric | 35,000 | 62,664 | 12,067 | 15,147 | 20,775 | 17,363 | 12,967 | 23,318 | 202,500 | 250,820 | 125,938 | 49,192 | 827,751 |
| Capital Budget FY '17** | 27,960 | - | - | - | - | - | - | - | - | - | 45,000 | - | 72,960 |
| NP - Principal | 255,357 | 5,375 | 5,393 | 5,411 | 105,429 | 217,947 | 5,466 | 26,234 | 226,551 | 34,145 | 34,622 | 184,717 | 1,106,647 |
| NP - Interest | 23,116 | 1,035 | 43,874 | 976 | 14,885 | 34,101 | 19,388 | 12,296 | 45,021 | 6,971 | 29,337 | 10,929 | 241,929 |
| County MOA | - | - | - | - | - | - | - | - | - | - | 175,000 | - | 175,000 |
| total cash out | 689,565 | 588,794 | 639,501 | 694,701 | 729,256 | 815,578 | 608,988 | 913,015 | 1,540,239 | 1,338,103 | 1,297,897 | 834,838 | 10,690,475 |

* Does Not Include GAC Operating Reserves

| | |
|-------------------------|--------------|
| Beginning Cash 5/1/2016 | 400,000 |
| Total Cash In | 11,873,342 |
| Total Cash Out | (10,690,475) |
| Ending cash 4/30/2014 | 1,582,867 |

| | | | | | | | | | | | | |
|----------------------|---------|----------|---------|---------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|-----------|
| Close Cash: With RAN | 232,199 | 275,692 | 400,441 | 445,571 | 308,535 | 144,777 | 97,859 | 817,381 | 1,654,881 | 2,003,281 | 2,007,885 | 1,582,867 |
| WITHOUT RAN | 232,199 | (24,308) | 100,441 | 145,571 | (241,485) | (705,223) | (852,141) | (132,619) | 704,881 | 2,003,281 | 2,007,885 | 1,582,867 |

Gunstock Area Commission
Notes Payable
FY17 Budget

| GL# | Description | Lending Institution | May | Jun | Jul | Aug | Sep | Oct | Nov | Dec | Jan | Feb | Mar | Apr | Total | |
|--|------------------------|-----------------------------|----------------|--------------|---------------|--------------|----------------|----------------|---------------|---------------|----------------|---------------|---------------|----------------|------------------|-----------|
| <u>GS interest</u> | | | | | | | | | | | | | | | | |
| 2300 | RAN | ? | | | | | | | | | | 5,000 | | | 5,000 | |
| 2506 | \$3.8M Bond | Citizens Bank | 22,875 | | | | | | 18,500 | | | | | | 41,375 | |
| 2518 | 2013 Piston Bully | Kassbohrer | | | | | | | | 2,590 | 264 | 198 | 133 | 66 | 3,251 | |
| 2519 | Aebi Mower | Gov. Leasing/Community Bank | 241 | 223 | 205 | 187 | 169 | 151 | 132 | 114 | 95 | 76 | 57 | 38 | 1,689 | |
| 2520 | 2015 Groomer | Kassbohrer | | | | | | | | 8,849 | 1,050 | 975 | 899 | 823 | 12,596 | |
| 2521 | \$1M Coaster Note | MVSB | | | | | 13,938 | | | | | | 12,476 | | 26,414 | |
| 2522 | \$1.6M Coaster note | Bank of NH | | | | | | 17,160 | | | | | 15,444 | | 32,604 | |
| 2523 | Segway Lease | Gov. Leasing | | 430 | 418 | 407 | 396 | 385 | 374 | 362 | 351 | 339 | 328 | 316 | 4,106 | |
| 2631 | Paving Note | Northway Bank | | | | | | 6,284 | | | | | | | 6,284 | |
| 2632 | \$3.25M Bond | Wells Fargo | | | 41,563 | | | | | | 41,563 | | | | 83,125 | |
| 2634 | Summer Attraction Note | Lake Sunapee Bank | | | | | | 9,739 | | | | | | 9,686 | 19,425 | |
| 2637 | BNH - Alpine | Bank of NH | | | 375 | | | | | | 375 | | | | 750 | |
| 2638 | VB&T - Alpine | Bank of NH-From VSB | | | 931 | | | | | | 941 | | | | 1,873 | |
| | Flat Iron Capital | Insurance Financing | | 382 | 382 | 382 | 382 | 382 | 382 | 382 | 382 | 382 | | | 3,436 | |
| total GS interest | | | 23,116 | 1,035 | 43,874 | 976 | 14,885 | 34,101 | 19,388 | 12,296 | 45,021 | 6,971 | 29,337 | 10,929 | 241,927 | |
| <u>GS principal</u> | | | | | | | | | | | | | | | | |
| 2506 | \$3.8M Bond | Citizens Bank | 1,250,000 | 250,000 | | | | | | | | | | | 250,000 | |
| 2519 | Aebi Mower | Gov. Leasing/Community | 41,569 | 3,088 | 3,106 | 3,124 | 3,142 | 3,160 | 3,178 | 3,197 | 3,215 | 3,234 | 3,253 | 3,272 | 3,291 | |
| 2520 | 2015 Groomer | Kassbohrer | 215,982 | | | | | | | 7,211 | 15,010 | 15,085 | 15,161 | 15,237 | 67,704 | |
| 2521 | \$1M Coaster Note | MVSB | 1,000,000 | | | | 100,000 | | | | | | | | 100,000 | |
| 2522 | \$1.6M Coaster note | Bank of NH | 1,600,000 | | | | | 160,000 | | | | | | | 160,000 | |
| 2523 | Segway Lease | Gov. Leasing | - | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 2,269 | 27,228 | |
| 2631 | Paving Note | Northway Bank | 157,500 | | | | | 52,500 | | | | | | | 52,500 | |
| 2632 | \$3.25M Bond | Wells Fargo | 2,100,000 | | | | | | | | 175,000 | | | | 175,000 | |
| 2634 | Summer Attraction Note | Lake Sunapee Bank | 750,000 | | | | | | | | | | | 150,000 | 150,000 | |
| 2637 | BNH - Alpine | Bank of NH | 15,000 | | | | | | | | 5,000 | | | | 5,000 | |
| 2638 | VB&T - Alpine | Bank of NH. From VSB | 37,500 | | | | | | | | 12,500 | | | | 12,500 | |
| 2818 | 20013 Piston Bully | Kassbohrer | 66,349 | | | | | | | 13,538 | 13,538 | 13,538 | 13,920 | 13,920 | 68,454 | |
| total GS principal (exclusive of RAN) | | | 7,233,900 | 255,357 | 5,375 | 5,393 | 5,411 | 105,429 | 217,947 | 5,466 | 26,234 | 226,551 | 34,145 | 34,622 | 184,717 | 1,106,646 |
| COMBINED MONTHLY PRINCIPAL AND INTEREST | | | 278,473 | 6,410 | 49,266 | 6,387 | 120,314 | 252,048 | 24,854 | 38,530 | 271,572 | 41,115 | 63,958 | 195,646 | 1,348,573 | |