



**Audited  
2019  
Annual Report**

Fairfield Bay Community Club, Inc.  
P.O. Box 1370  
Fairfield Bay, Arkansas 72088  
(501) 884-6010

## **A MESSAGE FROM THE BOARD COMMUNITY CLUB HIGHLIGHTS 2019**

Enclosed is your notice of the annual meeting of the Fairfield Bay Resort and Community. It is to be held on Thursday, July 16, 2020 at the Lion's Club Building. If you are a member in good standing, a ballot is also enclosed with the names and resumes of the four candidates running for the three positions open on the Board of Directors.

### **Understanding Your Dues and Fees**

It is very important that the Resort members understand how the monthly payments that they make to the resort are used. Some members in the community misunderstand the monthly payments they make to the Resort by referring to their entire payment as their Resort "dues". However, these monthly payments include not only their monthly Resort dues but also home owner fee's for sewer, garbage pickup and road improvements, all of which are collected in one manner or another in every city. The current Resort dues are \$40.00/month and have not have increased in over 7 years, despite inflationary increases in the resort operating costs. For those homes connected to the Resort sewer system, the monthly sewer fee is \$49.00. The sewer fee has only increased by \$3.00 over the last 8 years. The garbage collection fee is \$13.00 /month and was increased by \$1.00/month in each of the last 3 years. The resort also collects a monthly Road Improvement fee of \$8.00. The Road Improvement fee was increased by \$2.00 last year with \$1.00 of that increase being used to pay on the loan for the repair of the West Cliff dike. The Road fee had been \$6.00 the previous 5 years.

### **Resort Operations**

Each year brings new challenges and opportunities to the Board as we work to maintain and improve Resort operations and our financial position. Both the Resort General Manager and Chief Financial Officer moved on in mid-2019. The General Manager position was filled by Mr. Tommy Hoffman, a former Chief Financial Officer for the Resort. Mr. Mike Penrod, a Certified Public Accountant, is our new Chief Financial Officer. Both have done an outstanding job working late hours and weekends to keep the Resort working efficiently during the transition period and the special circumstances presented by the Covid-19 pandemic.

Perhaps one of the most beneficial accomplishments for the Resort Board and Resort members has been to enhance the transparency of the Boards' discussions and its outreach to members for input prior to making decisions on many topics. In an effort to allow more members to attend and participate, once each quarter the Resort Board monthly meeting is scheduled to meet later in the day.

Here are just a few of the accomplishments and changes in the past operational year:

- We repurposed the Lions Club building into a multipurpose facility serving not only the Lions Club but also the Chamber of Commerce, the Resort Recreation Department children's programs and the local Artist group.
- We addressed the increasing losses of the Lake Area Weekly Newspaper by enhancing and promoting the online version of the newspaper, as well as, improving the quality of the newspaper print edition.
- We improved the Bowling Alley with a lane cleaner, oiling machine and automatic scoring machines.
- A self-insurance grinder pump program was implemented and will be funded entirely by the home owners with grinder pumps.
- A new Golf marketing program and membership fee structure was implemented.
- We entered into an agreement with H2O Sportz and Marine to open a boat dealership and repair facility near the marina. The agreement includes a lease agreement that will provide our marina with new rental boats annually. Much improved boat maintenance facilities will be a result as well.
- The Resort Board continues to work with two private housing developers on creating very desirable lake front and lake view lots for construction on new homes.

### **2020 Challenges**

At the time of writing this annual report in early April, there is much uncertainty on the impact the COVID-19 virus will have on both our individual members health and the financial health of the Resort.

Much of the infrastructure in Fairfield Bay was installed over 50 years ago and is in need of substantial replacement or major repair. The very low density of homes in Fairfield Bay also contributes to the cost of our replacing and maintaining our sewers, sewer treatment plants, sewer lift stations and our roads. The projects and costs associated with infrastructure issues will be addressed in the upcoming 5 year plan.

The Marina is of the age where it could need replacement in the near future. The Styrofoam type material used to keep the Marina floating is also very old and will not likely support the Marina building for many more years.

An ongoing challenge is the increase in the number of lots for which dues are not being paid.

### **2020 Opportunities**

There will be many opportunities to enhance the quality of life for our members and visitors. Similarly, there will be opportunities to enhance revenue collected at our amenities. For example, the demand remains high for those wishing to dock their boats at our Marina. As such, additional boat slips will be added in 2020 which will increase Marina revenues.

A Five Year Plan is being prepared which identifies funding priorities not only for infrastructure improvements and replacement but for initiatives which will position our community to grow.

Our Resort members can stay abreast of all the happenings in the Bay at any of the following websites:

Member's forum, [www.facebook.com/groups/204128932992652/](https://www.facebook.com/groups/204128932992652/)

[www.fairfieldbaynews.com](http://www.fairfieldbaynews.com)

[www.visitfairfieldbay.com](http://www.visitfairfieldbay.com)

Tom Welch, President • Bill Fisher, Vice President  
David Byard, Secretary • Ernie Campbell, Treasurer  
Directors: Shelley Dent, Doug Forsman, Nancy Mueller

**FAIRFIELD BAY COMMUNITY CLUB, INC.**  
**AUDITED CONSOLIDATED BALANCE SHEETS**  
December 31, 2019 and 2018

	2019	2018
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	\$ 226,268	\$ 323,286
Accounts receivable, net	336,074	313,019
Inventory	197,680	200,238
Prepaid expenses	133,661	148,061
<b>Total Current Assets</b>	893,683	984,604
<b>Other Assets</b>		
Real estate acquired through foreclosure, net	592,625	594,984
Property, plant and equipment, net	6,720,014	6,757,904
Goodwill, net	110,124	128,052
Other assets	990	990
<b>Total Other Assets</b>	7,423,753	7,481,930
<b>TOTAL ASSETS</b>	<b>\$ 8,317,436</b>	<b>\$ 8,466,534</b>
<b>LIABILITIES AND MEMBERS' EQUITY</b>		
<b>Current Liabilities</b>		
Accounts payable	\$ 145,112	\$ 47,626
Accrued expenses and other liabilities	295,117	267,247
Note payable	1,141,453	1,214,085
Current portion of capital lease obligations	34,794	39,565
Current maturities of long-term debt	203,445	222,988
Deferred revenue	302,696	264,340
<b>Total Current Liabilities</b>	2,122,617	2,055,851
<b>Long-term Liabilities</b>		
Deferred income taxes	380,933	365,848
Long-term portion of capital lease obligations,		
less current maturities	-	38,582
Long-term debt, less current maturities	677,080	700,124
<b>Total Long-term Liabilities</b>	1,058,013	1,104,554
<b>Total Liabilities</b>	3,180,630	3,160,405
<b>Members' Equity</b>	5,136,806	5,306,129
<b>TOTAL LIABILITIES AND MEMBERS' EQUITY</b>	<b>\$ 8,317,436</b>	<b>\$ 8,466,534</b>

**FAIRFIELD BAY COMMUNITY CLUB, INC.**  
**AUDITED CONSOLIDATED STATEMENTS OF REVENUES AND EXPENSES**  
For the Years Ended  
December 31, 2019 and 2018

	<b>2019</b>	<b>2018 (As Restated)</b>
<b>REVENUES</b>		
Member assessments	\$ 2,377,656	2,370,672
Sales and service	2,284,191	2,518,992
Utility user fees	1,897,259	1,783,023
Tapping fees	4,850	1,200
Finance charges	1,894	2,576
Other income	509,126	129,551
Loss on disposal of assets	(42,439)	(230)
<b>Total Revenues</b>	7,032,537	6,805,784
<b>EXPENSES</b>		
Direct cost of sales	918,869	928,754
Salaries and wages	2,402,772	2,439,382
Employee benefits	322,669	358,656
Outside contracts	103,147	91,204
Insurance	382,179	378,983
Interest	111,071	102,655
Utilities	382,487	381,621
Repairs and maintenance	601,061	617,015
Rent	49,721	70,424
Depreciation and amortization	719,527	814,714
Professional fees	161,674	137,368
Other general and administrative expense	1,031,598	893,989
<b>Total Expenses</b>	7,186,775	7,214,765
<b>Excess of Expenses Over Revenues before Income Taxes</b>	(154,238)	(408,981)
<b>INCOME TAX (EXPENSE) BENEFIT</b>	(15,085)	79,769
<b>EXCESS OF EXPENSES OVER REVENUES</b>	\$ (169,323)	\$ (329,212)

**FAIRFIELD BAY COMMUNITY CLUB, INC.**  
**SCHEDULES OF OPERATIONS BY**  
**FUNCTIONAL ACTIVITY**

For the Years Ended  
December 31, 2019 and 2018

	<b>2019</b>	<b>2018</b> <b>(As Restated)</b>
<b>MEMBER ASSESSMENTS</b>	<u>\$ 2,377,656</u>	<u>\$ 2,370,672</u>
<b>MARINA AND CAMPGROUNDS</b>		
Revenue	1,358,522	1,413,142
Expenses	<u>(1,188,296)</u>	<u>(1,229,393)</u>
	170,226	183,749
<b>LITTLE RED</b>		
Revenue	231,749	328,885
Expenses	<u>(482,050)</u>	<u>(551,370)</u>
	(250,301)	(222,485)
<b>GOLF COURSE AND UTV RENTALS</b>		
Revenue	268,907	296,771
Expenses	<u>(702,626)</u>	<u>(691,599)</u>
	(433,719)	(394,828)
<b>RECREATION AND COOL POOL</b>		
Revenue	242,997	228,733
Expenses	<u>(642,706)</u>	<u>(620,511)</u>
	(399,709)	(391,778)
<b>PUBLIC WORKS</b>		
Revenue	875,289	780,957
Expenses	<u>(1,116,568)</u>	<u>(1,204,406)</u>
	(241,279)	(423,449)
<b>WASTEWATER SYSTEM</b>		
Revenue	1,068,672	1,054,102
Expenses	<u>(1,110,202)</u>	<u>(1,133,425)</u>
	(41,530)	(79,323)
<b>NEWSPAPER</b>		
Revenue	129,106	140,852
Expenses	<u>(182,448)</u>	<u>(162,954)</u>
	(35,900)	(18,929)
<b>OTHER INCOME AND EXPENSES, NET</b>		
Administration	(974,575)	(1,156,717)
Public Subsidies	(92,062)	(94,416)
Owner Services	(60,457)	(54,414)
Marketing	(168,974)	(123,456)
Condominiums	(3,614)	(3,607)
<b>EXCESS OF EXPENSES OVER</b>		
<b>REVENUES BEFORE INCOME TAX</b>	<u>(154,238)</u>	<u>(408,981)</u>
INCOME TAX (EXPENSE) BENEFIT	(15,085)	79,769
<b>EXCESS OF EXPENSES OVER</b>		
<b>REVENUES</b>	<u>\$ (169,323)</u>	<u>\$ (329,212)</u>

## Please Help Us Serve You!

We want to stay in touch with you and keep you informed of everything at Fairfield Bay.

Please send an email to [Owner.Services@ffbresort.com](mailto:Owner.Services@ffbresort.com) and let us know your current e-mail address and phone number. We will NOT share this information and you can choose what, if any, communications you want to receive through e-mail.

If you're not already a member and you have a Facebook account, go to <https://www.facebook.com/groups/156429535303269/> and join our member Facebook group, *Fairfield Bay Members' Forum*.

The *Fairfield Bay Members' Forum* is the one place for members to communicate with other members, to find the latest information from the Board of Directors, and to keep up with everything happening at Fairfield Bay. Please join us today.

Thank you for helping us.

Board of Directors

In order to avoid the \$2 statement fee, you may set up your account on automatic draft and/or have your statement emailed to you instead of receiving a hard copy. Please call our Owner Services Department at 501-884-6010 if you would like to save this \$2 each statement.

**NOTICE OF ANNUAL MEETING  
OF MEMBERSHIP  
TO BE HELD ON JULY 16, 2020**

Notice is hereby given that the annual membership meeting of the Fairfield Bay Community Club, Inc. will be held on Thursday, July 16, 2020 at the Lion's Club at Fairfield Bay, Arkansas beginning at 5:00 p.m. for the following purposes:

1. To elect these three (3) Directors to serve a term of three (3) years.
2. To transact such other business as may properly come before the meeting.

The Board of Directors has fixed the close of business April 2, 2020, as the record date for the determination of members in good standing entitled to notice of and to vote at the annual meeting or any adjournment thereof.

Please promptly return your ballot in the enclosed envelope, which requires no postage if mailed in the United States. Members who expect to attend the meeting in person are nevertheless asked to return their ballot. The ballot must be postmarked no later than June 25, 2020, and received by July 1, 2020 to assure they are represented at the meeting.

Fairfield Bay, Arkansas  
May 28, 2020

David Byard  
Secretary, Board of Directors  
Fairfield Bay Community Club, Inc.