

BOARD OF REGENTS
EASTERN MICHIGAN UNIVERSITY

SECTION: 24
DATE: November 14, 2006

RECOMMENDATION

2005-06 EAGLE CREST MANAGEMENT CORPORATION ANNUAL REPORT

ACTION REQUESTED

It is recommended that the FY 2006 Eagle Crest Management Corporation Annual Report be received and placed on file.

STAFF SUMMARY

Eagle Crest Management Corporation (ECMC) is a wholly owned, for-profit subsidiary of the Eastern Michigan University Foundation. ECMC provides management services for the University's Golf Course and Conference Center assets. In addition, ECMC provides food and beverage services, media and business services, and housekeeping/maintenance services to the Golf Course and Conference Center.

Eagle Crest Management returned a net profit for the year ending June 2006 of \$161,863. Eagle Crest Conference Center realized net earnings of \$33,602 for the year ending June 2006. Eagle Crest Golf Club resulted in a net loss of (\$243,350) for the year ending June 2006. The Golf Club had a net income from operations of \$85,534, before the debt service of \$328,884.

FISCAL IMPLICATIONS

Eagle Crest Management Corporation paid a dividend of \$20,000 to the EMU Foundation. The balance of its 2006 net earnings will be reinvested in capital improvements for the company as approved by its Board of Directors.

ADMINISTRATIVE RECOMMENDATION

The proposed Board action has been reviewed and is recommended for Board approval.

University Executive Officer

Date

Eagle Crest Management Financial Report Summary
All Owned and Managed Divisions
as of June 30, 2006

EAGLE CREST MANAGEMENT CORPORATION

ECMC had a Net Income for June of \$75K (after Dividend of \$20K), against a budget of \$102K. Total Net Income for the year was 162K - \$109K ahead of budget and \$108K ahead of last year.

<u>NET INCOME YTD</u>	<u>Company</u>	<u>Food & Beverage</u>	<u>Media Services</u>	<u>Other Admin</u>
Actual	\$ 161,863	\$ 161,252	\$ 118,914	\$ (118,303)
Budget	\$ 52,558	\$ 73,649	\$ 89,049	\$ (110,140)
Variance to Budget	\$ 109,305	\$ 87,603	\$ 29,865	\$ (8,163)
Last Year	\$ 54,013	\$ 83,069	\$ 32,169	\$ (61,225)
Var to Last Year (Before Dividend)	\$ 107,850	\$ 78,183	\$ 86,745	\$ (9,485)

Food & Beverage Sales for June were \$33K (15%) under Budget but \$3K ahead of Last June. Media sales were ahead of budget by \$6K (14%) and \$20K ahead of Last June. Total Sales for ECMC were \$27K (10%) under budget for the month, and \$25K (11%) ahead of Last June. For the Year, ECMC sales were under budget by \$191K (11%) and only \$3K short of Last Year.

<u>SALES REVENUE YTD</u>	<u>Company</u>	<u>Food & Beverage</u>	<u>Media Services</u>	<u>Mgmt Fees</u>
Actual	\$ 1,604,728	\$ 1,111,615	\$ 418,025	\$ 75,088
Budget	\$ 1,794,893	\$ 1,324,215	\$ 397,215	\$ 73,463
Variance to Budget	\$ (190,165)	\$ (212,600)	\$ 20,810	\$ 1,625
Last Year	\$ 1,606,837	\$ 1,177,559	\$ 359,400	\$ 69,878
Variance to Last Year	\$ (2,109)	\$ (65,944)	\$ 58,625	\$ 5,210

YTD Cost of Food = 23%
YTD Cost of Beverage = 22%

EAGLE CREST CONFERENCE CENTER

NET INCOME YTD

Actual	\$ 33,602
Budget	\$ 30,182
Variance to Budget	\$ 3,420
Last Year	\$ 28,369
Variance to Last Year	\$ 5,233

The Conference Center had a Net Profit for the month of June of \$15K, which was \$3K short of budget. For the Year, Net INCOME was \$35K --\$5k ahead of budget and ~\$7k ahead of last Year.

SALES REVENUE YTD

Actual	\$ 562,460
Budget	\$ 682,299
Variance to Budget	\$ (119,839)
Last Year	\$ 588,544
Variance to Last Year	\$ (26,084)

Conference Center YTD Sales were \$119K behind budget, and \$26K behind last year.

EAGLE CREST GOLF CLUB

NET INCOME YTD

	<u>Including financing expense</u>
Actual	\$ (243,350)
Budget	\$ (96,946)
Variance to Budget	\$ (146,404)
Last Year	\$ (229,396)
Variance to Last Year	\$ (13,954)

Income from
operations

\$ 85,534
\$ 231,938
\$ (146,404)
\$ 99,484
\$ (13,950)

The Golf Club posted a Net PROFIT for June of \$80K. The YTD Net Loss was \$240K. YTD Expenses were 7% below budget and 4% above last YTD. For the Year, we had a Net Income FROM OPERATIONS, (before financing expense), of \$89K, compared with \$99K Income from operations Last Year.

SALES REVENUE YTD

Actual	\$ 1,152,439
Budget	\$ 1,380,045
Variance to Budget	\$ (227,606)
Last Year	\$ 1,114,580
Variance to Last Year	\$ 37,859

Sales Year to Date are short of budget by 16% (~\$228k), but are 3% ahead of last year's sales. Outings and Guest Greens Fees are tracking below both last year and budget.

Eagle Crest Management Corporation
Balance Sheet Statements as of
June 30, 2006
(FINAL AUDITED)

Eagle Crest Management Consolidated

ASSETS

Current Assets

Total Cash
Total Investments
Accounts Rec-Trade
Less: Doubtful Accounts
Due From Conference Center
Due From Golf Club
Inter-Company Clearing
Inventory

****Total Current Assets****

Fixed Assets

Land
Equipment
Accum Depreciation
Land Improvement

****Total Fixed Assets****

Other Assets

Refundable Federal Income Taxes
Prepays Expenses

****Total Other Assets****

TOTAL ASSETS

LIABILITIES

Current Liabilities

Customer Deposits
Gift Certificates
Accounts Payable
Due To Conference Center
Due To Golf Club
Due To Marriott
PR Withholding Payable
Sales Tax Payable
Accrued PR, Vacation
Accrued Lease Payment
Accrued Insurance
Accrued China, Glass & Silver
Accrued Rent to EMUJ

Taxes Payable
EMUJ Dividend Payable
Reserve, Marketing Fund

Total Current Liabilities

Long Term Liabilities

Current Portion-LT Liability
Deferred Tax Liability
Mortgage Payable- Bank AA

Total Long term Liabilities

Capital

Shareholders' Equity
Dividends Paid
Retained Earnings
Net Income - YTD

Total Capital

TOTAL LIABILITIES & CAPITAL

	YTD Jun-06	Last YTD Jun-05	Variance	Var %
ASSETS				
Current Assets				
Total Cash	163,384	154,017	9,367	6%
Total Investments	-	-	-	-
Accounts Rec-Trade	247,650	327,018	(79,368)	-24%
Less: Doubtful Accounts	(2,500)	(14,562)	12,062	-83%
Due From Conference Center	-	-	-	-
Due From Golf Club	420,691	189,463	231,228	122%
Inter-Company Clearing	-	-	-	-
Inventory	27,344	26,514	830	3%
Total Current Assets	856,569	682,450	174,119	26%
Fixed Assets				
Land	682,000	682,000	-	0%
Equipment	970,904	943,059	27,845	3%
Accum Depreciation	(934,093)	(884,787)	(49,306)	6%
Land Improvement	50,383	50,383	-	0%
Total Fixed Assets	769,194	790,655	(21,461)	-3%
Other Assets				
Refundable Federal Income Taxes	14,000	-	14,000	-
Prepays Expenses	38,391	28,713	9,678	34%
Total Other Assets	52,391	28,713	23,678	82%
TOTAL ASSETS	1,678,154	1,501,818	176,336	12%
LIABILITIES				
Current Liabilities				
Customer Deposits	(11,179)	(5,364)	5,815	-108%
Gift Certificates	-	-	-	-
Accounts Payable	27,008	30,561	(3,553)	12%
Due To Conference Center	48,268	23,599	(24,669)	-105%
Due To Golf Club	-	-	-	-
Due To Marriott	80,539	143,307	(62,768)	44%
PR Withholding Payable	2,181	2,626	(445)	17%
Sales Tax Payable	11,896	9,170	(2,726)	-30%
Accrued PR, Vacation	81,395	82,825	(1,430)	2%
Accrued Lease Payment	9,715	9,806	(91)	1%
Accrued Insurance	-	-	-	-
Accrued China, Glass & Silver	-	-	-	-
Accrued Rent to EMUJ	0	-	-	-
Taxes Payable	-	6,000	(6,000)	100%
EMUJ Dividend Payable	20,000	-	(20,000)	-
Reserve, Marketing Fund	-	-	-	-
Total Current Liabilities	269,823	302,530	(32,707)	11%
Long Term Liabilities				
Current Portion-LT Liability	21,575	20,214	(1,361)	-7%
Deferred Tax Liability	87,400	-	(87,400)	-
Mortgage Payable- Bank AA	182,179	203,760	(21,581)	11%
Total Long term Liabilities	291,154	223,974	67,180	30%
Capital				
Shareholders' Equity	1,000	1,000	-	0%
Dividends Paid	-	(20,000)	20,000	-100%
Retained Earnings	954,313	960,301	(5,988)	-1%
Net Income - YTD	161,864	34,013	127,851	376%
Total Capital	1,117,177	975,314	141,863	15%
TOTAL LIABILITIES & CAPITAL	1,678,154	1,501,818	176,336	12%

JUNE 2006 - FINAL AUDITED

10/18/2006

Food and Beverage

<u>YTD</u>	YTD Actuals	%	Rev
	Jun-06		
Sales-Food	819,441	91%	
Sales-Beverage	123,548	14%	
Service Chgs & Misc Banquet	168,626	19%	
Total Sales	1,111,615	124%	
Cost of Good-Food	188,536	21%	
Cost of Goods-Beverage	27,450	3%	
Net Revenue	895,629	100%	
Salaries, Wages & Taxes	287,460	32%	
Benefits & 401K	52,784	6%	
Operational Expenses	155,203	17%	
Allocated Expenses	238,930	27%	
Total Expenses	734,377	82%	
Total Net Income	161,252	18%	

INCOME STATEMENT

YTD Budget

	Jun-06	% Rev	Variance	Var %
	987,886	97%	(168,445)	-17%
	155,689	15%	(32,141)	-21%
	180,640	18%	(12,014)	-7%
Total Sales	1,324,215	130%	(212,600)	-16%
Cost of Good-Food	266,729	26%	78,193	29%
Cost of Goods-Beverage	40,481	4%	13,031	32%
Net Revenue	1,017,005	100%	(121,376)	-12%
Salaries, Wages & Taxes	446,694	44%	159,234	36%
Benefits & 401K	83,456	8%	30,672	37%
Operational Expenses	183,961	18%	28,758	16%
Allocated Expenses	229,245	23%	(9,685)	-4%
Total Expenses	943,356	93%	208,979	22%
Total Net Income	73,649	7%	87,603	119%

JUNE 2006 - FINAL AUDITED

Last YTD

	Jun-05	% Rev	Variance	Var %
	875,058	95%	(55,617)	-6%
	139,598	15%	(16,050)	-11%
	162,903	18%	5,723	4%
Total Sales	1,177,559	128%	(65,944)	-6%
Cost of Good-Food	219,536	24%	31,000	14%
Cost of Goods-Beverage	35,248	4%	7,798	22%
Net Revenue	922,775	100%	(27,146)	-3%
Salaries, Wages & Taxes	355,993	39%	68,533	19%
Benefits & 401K	53,139	6%	355	1%
Operational Expenses	178,666	19%	23,463	13%
Allocated Expenses	251,908	27%	12,978	5%
Total Expenses	839,706	91%	105,329	13%
Total Net Income	83,069	9%	78,183	94%

Media and Business Center

<u>YTD</u>	YTD Actuals	%	Rev
	Jun-06		
Audio Video	352,420	90%	
Computer Lab	5,263	1%	
Video Conference	1,638	0%	
Business Center	8,111	2%	
Service Charges	50,593	13%	
Total Sales	418,025	107%	
Cost of Goods Sold	27,077	7%	
Net Revenue	390,948	100%	
Salaries, Wages & Taxes	78,246	20%	
Benefits & 401K	22,098	6%	
Operational Expenses	36,951	9%	
Allocated Expenses	134,739	34%	
Total Expenses	272,034	70%	
Total Net Income	118,914	30%	

INCOME STATEMENT

YTD Budget

	Jun-06	% Rev	Variance	Var %
	343,499	93%	8,921	3%
	13,600	4%	(8,337)	-61%
	3,600	1%	(1,962)	-55%
	18,482	5%	(10,371)	-56%
	18,034	5%	32,559	181%
Total Sales	397,215	108%	20,810	5%
Cost of Goods Sold	28,798	8%	1,721	6%
Net Revenue	368,417	100%	22,531	6%
Salaries, Wages & Taxes	87,280	24%	9,034	10%
Benefits & 401K	24,998	7%	2,900	12%
Operational Expenses	40,197	11%	3,246	8%
Allocated Expenses	126,893	34%	(7,846)	-6%
Total Expenses	279,368	76%	7,334	3%
Total Net Income	89,049	24%	29,865	34%

JUNE 2006 - FINAL AUDITED

Last YTD

	Jun-05	% Rev	Variance	Var %
	329,135	101%	23,285	7%
	12,250	4%	(6,987)	-57%
	2,600	1%	(962)	-37%
	14,495	4%	(6,384)	-44%
	920	0%	49,673	5399%
Total Sales	359,400	111%	58,625	16%
Cost of Goods Sold	34,661	11%	7,584	22%
Net Revenue	324,739	100%	66,209	20%
Salaries, Wages & Taxes	87,839	27%	9,593	11%
Benefits & 401K	24,210	7%	2,112	9%
Operational Expenses	36,941	11%	(10)	0%
Allocated Expenses	143,580	44%	8,841	6%
Total Expenses	292,570	90%	20,536	7%
Total Net Income	32,169	10%	86,745	270%

White Crest Conference Center

	YTD Actuals	%
	Jun-06	Rev
Room Rentals	556,212	99%
Office Services	6,248	1%
Service Charges		
Total Sales	562,460	100%
Cost of Good Sold	1,098	0%
Net Revenue	561,362	100%
Salaries, Wages & Taxes	81,970	15%
Benefits & 401K	26,570	5%
Operational Expenses	170,165	30%
Allocated Expenses	249,055	44%
Total Expenses	527,760	94%
Total Net Income	33,602	6%

INCOME STATEMENT

YTD Budget	% Rev	Variance	Var %
Jun-06			
645,936	95%	(89,724)	-14%
4,065	1%	2,183	54%
32,298	5%	(32,298)	-100%
682,299	101%	(119,839)	-18%
3,662	1%	2,564	70%
678,637	100%	(117,275)	-17%
132,496	20%	50,526	38%
46,042	7%	19,472	42%
196,069	29%	25,904	13%
273,848	40%	24,793	9%
648,455	96%	120,695	19%
30,182	4%	3,420	11%

For Year Ended 6/30/06

Last YTD	% Rev	Variance	Var %
Jun-05			
575,634	99%	(19,422)	-3%
12,910	2%	(6,662)	-52%
588,544	102%	(26,084)	-4%
9,213	2%	8,115	88%
579,331	100%	(17,969)	-3%
80,361	14%	(1,609)	-2%
26,147	5%	(423)	-2%
165,537	29%	(4,628)	-3%
278,917	48%	29,862	11%
550,962	95%	23,202	4%
28,369	5%	5,233	18%

Eagle Crest Golf Club

YTD Actuals	%	
Jun-06	Rev	
Greens Fees	711,581	65%
Cart Rentals	277,911	25%
Sales Pro Shop	91,923	8%
Equipment Rental	6,421	1%
Driving Range	41,858	4%
Pro Services/Lessons	734	0%
Room Rental	22,011	2%
Executive Card/Promotion		
Total Sales	1,152,439	105%
Cost of Good-Pro Shop	57,582	5%
Net Revenue	1,094,857	100%
Salaries, Wages & Taxes	183,238	17%
Benefits & 401K	19,243	2%
Direct Expenses	501,848	46%
Operational Expenses	164,779	15%
Allocated Expenses	140,215	13%
Total Expenses	1,009,323	92%
Net Income from Operations	85,534	8%
Financing Expense (1)	328,884	30%
Net Income	(243,350)	-22%

For Year Ended 6/30/06

Last YTD	% Rev	Variance	Var %
Jun-05			
724,260	68%	(12,679)	-2%
241,293	23%	36,618	15%
86,609	8%	5,314	6%
5,293	0%	1,128	21%
41,724	4%	134	0%
315	0%	419	133%
18,879	2%	3,132	17%
(3,793)		(3,793)	100%
1,114,580	105%	37,859	3%
51,717	5%	(5,865)	-11%
1,062,863	100%	31,994	3%
185,604	17%	2,366	1%
12,810	1%	(6,433)	-50%
480,678	45%	(21,170)	-4%
147,557	14%	(17,222)	-12%
136,730	13%	(3,485)	-3%
963,379	91%	(45,944)	-5%
99,484	9%	(13,950)	-14%
328,880	31%	(4)	0%
(229,396)	-22%	(13,954)	6%

(1) Had been in direct expenses. Debt on original golf course purchase.

Eagle Crest Management Corporation
Balance Sheet Statements as of
June 30, 2006

Eagle Crest Conference Center

ASSETS

Current Assets	YTD Jun-06	Last YTD Jun-05	Variance	Var %
Total Cash	2,831	4,905	(2,074)	-42%
Transfer to University	(50,000)	(50,000)	-	0%
Accounts Rec-Trade	67,991	84,407	(16,416)	-19%
Less: Doubtful Accounts	(2,500)	(7,163)	4,663	-65%
Due From Eagle Crest	48,268	30,494	17,774	58%
Prepays/Splits	2,584	1,099	1,485	135%
Total Current Assets	69,174	63,742	5,432	9%
TOTAL ASSETS	69,174	63,742	5,432	9%
Current Liabilities				
Accounts Payable	2,273	587	(1,686)	-287%
Due To Eagle Crest	-	-	-	-
Due to Golf Club	2,973	5,925	2,952	50%
Sales Tax Payable	-	7	7	100%
Accrued Wages & Taxes	1,472	-	(1,472)	-
Total Current Liabilities	6,718	6,519	(199)	-3%
Capital				
Retained Earnings	267,614	239,245	28,369	12%
Transfer to Reserve (JOR)	(238,760)	(210,391)	(28,369)	13%
Net Income - YTD	33,602	28,369	5,233	18%
Total Capital	62,456	57,223	5,233	9%
TOTAL LIABILITIES & CAPITAL	69,174	63,742	(5,432)	-9%

Eagle Crest Golf Club

ASSETS

Current Assets	YTD Jun-06	Last YTD Jun-05	Variance	Var %
Total Cash	328,884	43,625	285,259	654%
Transfer to University	100,000	100,000	-	0%
Accounts Rec-Trade	60,913	70,323	(9,410)	-13%
Less: Doubtful Accounts	(2,500)	(3,426)	926	-27%
Due From Eagle Crest	-	-	-	-
Due From Conference Center	2,973	5,925	(2,952)	-50%
Inventory	39,061	29,400	9,661	33%
Prepaid Expenses	2,092	9,800	(7,708)	-79%
Total Current Assets	531,423	255,647	275,776	108%
TOTAL ASSETS	531,423	255,647	275,776	108%
Current Liabilities				
Accounts Payable	94,489	113,960	19,471	17%
Due To Eagle Crest	420,691	179,007	(241,684)	-135%
Sales Tax Payable	1,087	972	(115)	-12%
Deposits and Gift Cert	54,003	26,754	(27,249)	-102%
Accrued Bond & Equip Pays	259,697	-	(259,697)	-
Accrued Wages	9,852	-	(9,852)	-
Accrued Pay-UBIT	18,000	18,000	-	0%
Total Current Liabilities	857,819	338,693	(519,126)	-153%
Capital				
Retained Earnings	(533,941)	(304,545)	(229,396)	75%
Transfer with JOR	450,895	450,895	-	0%
Net Income - YTD	(243,350)	(229,396)	(13,954)	6%
Total Capital	(326,396)	(83,046)	(243,350)	293%
TOTAL LIABILITIES & CAPITAL	531,423	255,647	(275,776)	-108%