

OFF SOUNDINGS CLUB



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January 12, 1995

Peter McFadden, Commodore
Off Soundings Club
85 Willowbrook Road
Storrs, Connecticut 06268

Dear Peter:

As you requested, the Ad Hoc Budget Committee met during December to discuss the finances of the Club. The Committee consisted of Allen Anderson, Rear Commodore, Ernie Messer, Treasurer, Neal O'Connell, Secretary, Carl Fast, Entertainment Chairman, and myself as Chair. The conclusions of the group were as follows:

1. **Dues:** The current dues structure should be maintained in light of the decline in membership in recent years, and the upward trend in expenses. It was suggested that even with efforts toward cost control, the effect of fewer dues paying members on our revenues may soon begin to erode our cash reserve.
2. **Cash Reserve:** There was unanimous agreement that some level of cash reserve should be maintained as a buffer against unforeseen expenses such as the need to charter a committee boat or other surprises. It was further agreed that establishing a target range for that balance would be helpful for future administrations, and that our recommendation is that we should shoot for between \$15,000 and \$18,000 (or just over 30% of our annual expenses). If the fund balance falls substantially short of this range, appropriate remedial action in expenses, revenues or both are indicated. If the cash reserve begins to exceed this range, it is suggested that the Club seek first to bring it back into the range by benefiting the membership by, for instance, subsidizing part of the Annual Dinner. Any continual trend in an increasing cash reserve would suggest a possible dues or race entry fee reduction.

3. Recommendations for Committee Chairs and Flag

Officers: The group also agreed that providing those individuals with responsibility for major expenses with philosophical guidance from the Board would be helpful. Three major expense areas are:

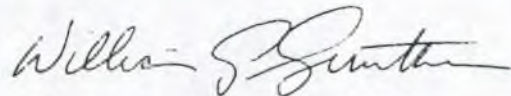
- a. **Annual Dinner:** We believe that this function should be run as a break even or a very slight surplus.
- b. **Entertainment:** Although entertainment expense will fluctuate with the weather, this area should similarly be run on average to break even or surplus slightly.
- c. **Race Expenses:** It seems that racing, as our principal activity, has always been intended to be subsidized in part by dues. Recently the cost of lodging, food, and liquor for the Race Committee has increased substantially. The Ad Hoc Committee shares your high regard for the efforts and caliber of the Off Soundings Club Race Committee, and believe that their sacrifice in time should be rewarded. At your request, I have spoken with Wes Maxwell regarding these expenses. Wes is aware of the substantial cost increases and has some good ideas as to how we might realize some savings without penalizing the Race Committee. He has already lined up a house at Block Island for the committee, rather than hotel rooms. This could afford the opportunity of eating dinner in one night to further control costs. Wes also is considering "cooking out" one night on Shelter Island, weather permitting. Although we are sure that these things will save money, it is premature for Wes to be able to predict how much of a reduction will be possible.

In summary, the group recommends no change in our revenue structure and an increased focus on specific expenses which seem to be trending up. Ernie has kindly agreed to restructure and recategorize expenses in such a way that it might be easier for those responsible for certain expenses to monitor them. In addition to the expenses discussed above, the Ad Hoc Committee discussed insurance, printing, and Shelter Island charges as areas for further investigation. It would appear that if revenues from dues and race entries remain level, the

annual dinner and entertainment both show a \$200.00 to \$300.00 surplus, and race committee expenses for food, lodging and liquor do not exceed \$4,400.00, a normal year should produce about a break even. This assumes donations of not more than \$1,450.00 annually. Any further attrition in membership (which has been about 2% per year) would create a \$450.00 decrease in revenues for each 10 members lost. Since this has been our experience in recent years, and we are set up to essentially break even as we stand now, we should heed our Treasurer's wake up call for more careful scrutiny of expenses.

We hope that the suggestions contained herein are useful for our upcoming board meeting, and that they may with the Board's blessing provide some useful guidelines for future administrations.

Sincerely,

A handwritten signature in cursive script, appearing to read "William G. Gunther".

William G. Gunther

cc: Allen Anderson
Ernie Messer
Neal O'Connell
Carl Fast