

I. What Comprises the Club's Profit and Loss Statement?

A. 3 areas of Income

- 1) Membership Dues and Other Fees (including Facility and Dock Rentals)
- 2) Program Collections (including Youth Camp fees)
- 3) Directed Donations and Special Assessments

B. 5 areas of Operating Expense

- 1) Fees and expenses that keep the club in good standing (licensing, taxes, professional services)
- 2) General upkeep and maintenance (building, waterfront and grounds)
- 3) Insurances
- 4) Communications (including Breeze and web site)
- 5) Programs (Youth Camp, Social Gatherings, Logo-Wear)

C. Upgrades and Updates

- 1) Capital maintenance and/or improvement projects which insure continued enjoyment of the Club by its members.

II. Standing Profit and Loss Principles

A. General

- 1) We fully expect and are grateful for volunteer hours which help offset general expenses.
- 2) Membership Income should align with our ongoing Operating Expenses.
- 3) Social Programs should be self sustaining.
- 4) Annual Expenses should be in line with 3-5 year trends; inflation is considered as CPI dictates.
- 5) We are loyal to our providers; but as circumstances dictate, we bid projects using usual and customary procedures.

B. Operating Reserve

- 1) Income generated in excess of expenses is held in cash reserve.
- 2) Reserve funds are to be used to maintain services, programs and amenities consistent with the Club's heritage and member expectations.
 - a. Reserve funds provide ready cash for the unexpected, such as:
 - i. Environmental damage (erosion, ice, wind) not covered by insurances;
 - ii. Necessary repairs of aging structures, facilities, and utilities.
 - b. Reserve funds can also offset expected investment costs related to Club assets (2-buildings; grounds/parking lot and drive; boat launch/permanent and annual docks/seawall; tennis courts; waterfront/sailboats/Club boat; well and septic).
- 3) Board's Goal: maintain a *minimum* cash reserve of \$40,000.
 - a. In addition to \$18,000 in Bank CDs.
 - b. Board is developing a process to plan for future capital outlays related to anticipated capital needs.

C. Dues and Fees:

- 1) By-Laws provide the Board discretion to raise Dues +10% annually.
- 2) The Board is also granted discretion to level annual special assessments (not to exceed annual dues).
- 3) The Board has deferred such increases given the status of the Operating Reserve (above minimum threshold).
- 4) The last Dues increase was applied to membership in 2005.