

Dear Members:

Since being elected, the new board has spent a great deal of time working on the budget for the upcoming season. After much deliberation, the board has come to the conclusion that the way we generate and allocate revenue needs to be restructured because we are exposing the club to unnecessary risk by relying mainly on lodge usage income to fund maintenance, upgrades and a disproportionate amount of our fixed costs.

The current system works well when membership is high and the lodge operates at or near capacity on weekends and holidays, generating cash to maintain and upgrade the facility. Membership and lodge usage has been trending downward over the past few years and we are barely breaking even, much less generating enough revenue to prevent the lodge from falling into disrepair or invest in major capital projects.

With this in mind, we set out to create a new model wherein our ability to cover fixed costs and maintain the facility are not dependent on lodge use, with a secondary objective of simplifying the finances so that they are transparent and easy to monitor and adjust from one year to the next. In doing so we used the Club's vision statement, mission statement and findings from the 2009/2010 Member Survey as guiding principles.

Here is what we came up with:

1. Fund fixed costs through Membership Dues. By fixed costs we mean only the lodge bills that the club is obligated to pay whether the lodge is open or closed and the administrative costs associated with running the Club. For example, if the lodge were to be uninhabitable for two weeks during peak season we would still have to cover taxes, insurance, enough oil to keep the pipes from freezing, enough electricity to keep the alarm functioning, a stipend to meet our contract with our staff, etc.

The primary benefit of this change is that we are insulating the club from not covering our fixed costs in the event that there is a dramatic decline in usage (e.g., an exceptionally warm winter or one or two of our most active individuals or families leaving the club). It is a risk adverse policy, which is fair to all members, protects our main asset and is independent of lodge use.

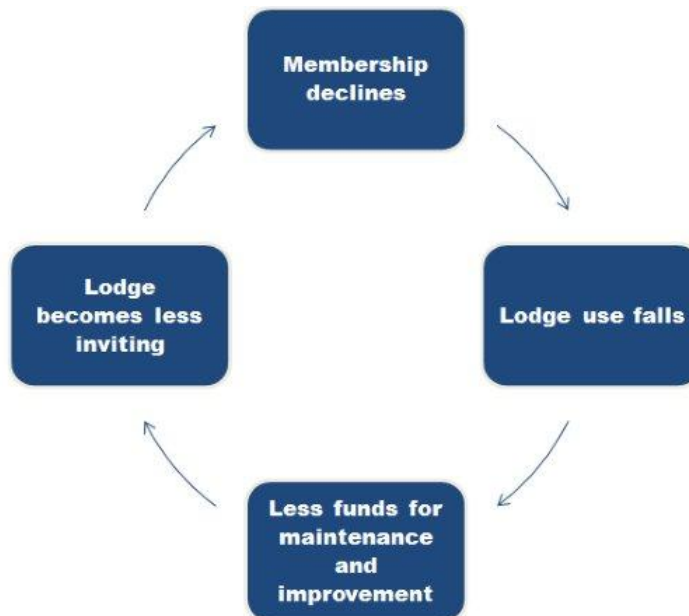
2. Eliminate the voucher program. The voucher program was initiated to bring in lodge fees and/or activity revenue ahead of the ski season (cash flow) in order to cover our fixed costs and operating expenses. Now that fixed costs will be covered through member dues which are received in the beginning of the season,

there is no reason to require members to purchase vouchers in advance.

3. Fund variable costs through Lodge Fees. Lodge fees will be set to cover the costs associated with staying at the lodge (food, dishwashing, house cleaning, portions of electricity, oil, etc.) plus a small sum to cover associated wear and tear on the facility. The fees, which are being reduced across the board, were established based on a conservative financial projection and historic lodge activity.

Guest rates are being increased so that they are (simply) double the member rates. This not only highlights the financial benefit of becoming a member, but when coupled with policies that encourage members to invite guests to the lodge and strict cost control could generate a healthy cash surplus to be applied to club funds.

4. Use annual assessments and revenue generated through guest fees to cover maintenance and upgrades. We have an obligation to maintain and improve the lodge so that it is a comfortable and welcoming environment for current and future members. Historically lodge use generated enough revenue to meet this obligation. However, with lodge use trending downward along with membership, we cannot rely on count on lodge fees to meet this obligation. If we do not take control of our finances we put the lodge at risk of falling into a cycle of disrepair...



With this in mind, we created two separate vehicles for funding maintenance and

upgrades.

a. Discretionary Maintenance Fund or DMF. The DMF is an annual \$5,000 budget earmarked for lodge maintenance and minor upgrades. **This fund does not accrue**, meaning that any funds not spent in a given year will be rolled into the following year's DMF. Each year the DMF assessment will be calculated by subtracting the sum of unspent DMF funds and any surplus cash from \$5,000.

Example:

2010/2011 DMF = \$5,000 (or \$45 for an individual membership and \$75 for a family membership)

2011/2012 DMF = \$5,000 - (unspent DMF funds + cash on hand)

b. Capital Improvement Fund or CMF. The CMF is a separate assessment that that will generate \$30,000 over six years. This fund is earmarked for large capital projects such as a new heating system and removal of the in-ground oil tank (if that proves to be necessary). Should we be able to increase the number of memberships from our current level, the cost per membership would be less.

These changes are reflected in the dues and rate schedules outlined below.

River Hills Ski Club, Inc. of Stamford 2010 / 2011 Membership Dues & Assessments				
	Annual Dues <i>(due Sept. 30th 2010)</i>	Assessment: Discretionary Maintenance Fund <i>(due Jan. 1st 2011)</i>	Assessment: Capital Improvement Fund <i>(due Jan. 1st 2011)</i>	Total Membership Obligation
Individual Membership	\$270	\$45	\$45	\$360
Family Membership	\$450	\$75	\$70	\$595

River Hills Ski Club, Inc. of Stamford 2010 / 2011 Lodge Rates					
	Winter Weekend <i>(2 nights accommodations, 2 b'fasts, 1 dinner)</i>	Winter Weekday <i>(1 night accommodation, 1 b'fast)</i>	Winter Holiday Weekday <i>(1 night accommodation, 1 b'fast, 1 dinner)</i>	Winter 3-Day Holiday Weekend <i>(3 nights accommodations, 3 b'fasts, 2 dinners)</i>	Summer Rate <i>(weekend or weekday, 1 night accommodation only)</i>
Member Adult	\$40	\$15	\$30	\$70	\$10
Member Child	\$25	\$15	\$20	\$45	\$10
Guest Adult	\$80	\$30	\$60	\$140	\$20
Guest Child	\$50	\$30	\$40	\$90	\$20

We understand that this is a lot to take in...because it was a lot for us on your Board

to come to terms with. None of us want to spend more money, and with over \$30,000 in the bank and no debt, one could argue that we should just leave well enough alone. However it is this Boards view that in taking on these issues now, while we are dealing from a position of strength, we will remove a great deal of uncertainty down the road.

We hope that our fellow club members approach this with an open mind and recognize that the plan we have put in place is not only a fair and effective way of adapting to our changing circumstances, but has the added benefits of making the club's general finances more transparent and easy to manage.

In the interest of transparency and understanding, we will be making a presentation to the membership at the next General Meeting, scheduled for Tuesday, September 7th (Long Ridge Tavern, 7:30pm). At that time we will discuss in depth the changes, rationale and benefits for River Hills to move forward in this direction. If you are unable to attend that meeting or wish to have a one-on-one conversation in advance of the meeting, feel free to contact any Board member.

Best wishes,
John Olshan
President