

*From the Desk of Michael J. Schnitt
Commodore, SHYC*



*The Sachem's Head Yacht Club
P.O. Box 124
Guilford CT 06437*

Establishment of Finance Sub-Committee and Operating Reserve Account

January 29, 2020

My Fellow Members,

Happy New Year! I hope you all had a happy and healthy holiday season! Please see below for some important developments including an ask for support via an optional contribution to a newly established reserve account.

Finance Sub-Committee

It is with great pleasure that I announce to you that we have formed a Finance Sub-Committee in order to oversee all financial matters at the Club including budgeting, cash flow management, capital improvements, dues, and assessments. The initial make-up of the five-person committee consists of Matt Wilson, Mike Schnitt, Whitney Peterson, Cutter Smith, and Wesley Cain. Many thanks to all of them for volunteering to be shepherds of the club in this regard. It is our hope and intention that with a more formalized review of the Club's financial operation, with an eye towards the next several years as well as added communication to the membership regarding our financial status, that we can better manage the Club's financial health and ensure that we are in good shape for the long-run (and not just living on a year-to-year basis).

Operating Reserve Account and Request for Contributions

One of the first items that the Club needs to tackle in order to ensure long-term financial health is establishing an Operating Reserve Account. As many of you are aware, the Club holds an Annual Meeting every year on the Friday before Labor Day (to which *every* member is invited), during which the Club's financials for the year are distributed. A copy of the 2019 summary financials is enclosed with this letter. As you will see, the Club runs an approximately \$600,000 essentially *breakeven* operation each year (excluding investments in capital improvements). Many non-profit clubs like ours hold 1.0x their annual operating budget in reserves. We have less than 20% of the generally acceptable reserve amount.

Based on the recommendation of the Finance Sub-Committee, and as voted on and approved by the Executive Committee, we have formally opened and established an Operating Reserve Account. All 13 members of the Executive Committee have pledged to contribute to the Operating Reserve Account by Opening Day. I am writing to you today to ask for your support and contribution as well.

This new Operating Reserve Account will serve as a "rainy-day fund" and will not be used to enhance the Club's day-to-day operations. Instead it is designed to allow us to continue the status quo in a fiscally responsible manner. The money will be held in a new, separate savings account so we can all track the balance over the years. The funds in this new Operating Reserve Account will not be used for capital projects or drawn down upon for annual operating costs. The funds will only be used in extreme circumstances as determined by the Executive Committee.

See next page →

To be clear, given our current cash position, capital investments in the Club, such as replacing the damaged West Porch, replacing the remaining sections of floating docks, saving Brigham's Light, or reinforcing our breakwater against rising sea levels will be covered via a separate Assessment this year (and in future years, as needed). Contributing to this optional Operating Reserve Account will not relieve you of an Assessment obligation. We are still working out the details, but for planning purposes, we do expect to issue an Assessment this Spring for necessary capital improvements. We expect this 2020 Assessment to be in the \$300 range for Family Members, and in the \$225 range for Single Members (discounted appropriately for Senior Members).

I want to re-iterate, contributing to this fundraising campaign for the Operating Reserve Account is optional. However, we do encourage all members to participate at some level at which you feel comfortable so that we are all invested in the successful future of our dear SHYC.

Our goal is to fund this new account to reach 1.0x our operating budget, and the opportunity to contribute will be available on an indefinite basis. To help us gain momentum with this effort, we will be giving a SHYC lapel pin to all those who contribute at least \$250 prior to Opening Day, which is June 20, 2020.

How to Contribute to the Operating Reserve Account

You can contribute to the Club's Operating Reserve Account any time of year. Below are the three primary ways to contribute. If you would like to speak about other options, please contact Treasurer Matt Wilson or Commodore Mike Schnitt.

Contribution amounts will not be published on an individual basis; however, we will update the membership on overall amounts raised and participation levels. As a reminder, the Club is *not* a 501(c)3 corporation, so these contributions are not tax deductible.

Option 1 with your Dues: Your annual SHYC dues bill, which you will receive by email in February, will include an option for you to add a separate contribution to the Operating Reserve Account. You can include this additional contribution amount by simply increasing the amount of your check.

Option 2 by Mail: Contribution can be sent by mail to the address below. Please make your check out to "Sachem's Head Yacht Club" and indicate "Operating Reserve Account" on the memo line.

Attn: Matt Wilson, Treasurer
Sachem's Head Yacht Club
PO Box 124
Guilford, CT 06437

Option 3 by Email: Send an email to Treasurer Matt Wilson at shyctreasurer@gmail.com indicating how much you would like to contribute and how/when you would like to be billed for this amount.

Please help us get on the right track for the long-term! Your contributions will be greatly appreciated and go a long way in ensuring the Club is financially healthy for the next 125 years!

Thank you,



Michael J. Schnitt
Commodore, SHYC
theCommodoreSHYC@gmail.com

Sachem's Head Yacht Club

Balance Sheet

As of January 31, 2020

Accrual Basis

ASSETS	<u>1/31/20</u>
Current Assets	
Checking/Savings	
GSB Money Market	15,046
Guilford Savings CD	49,325
Operating Account	3,512
Petty Cash	500
Total Checking/Savings	<u>68,383</u>
Accounts Receivable	
Accounts Receivable	8,353
Total Accounts Receivable	<u>8,353</u>
Total Current Assets	<u>76,736</u>
Fixed Assets	
Boats - New/Used	131,175
Furniture and Fixtures	100,542
Leasehold Improvements	736,753
Less - Accumulated Depreciation	(421,369)
Total Fixed Assets	<u>547,101</u>
TOTAL ASSETS	<u><u>623,837</u></u>
LIABILITIES & EQUITY	
Liabilities	
Current Liabilities	
Accounts Payable	
Accounts Payable	(19,208)
Total Accounts Payable	<u>(19,208)</u>
Other Current Liabilities	
CT Dues Tax	4,892
CT Sales Tax Payable	(12)
Sales Tax Payable	135
Total Other Current Liabilities	<u>5,015</u>
Total Current Liabilities	<u><u>(14,193)</u></u>
Total Liabilities	<u><u>(14,193)</u></u>
Equity	
Paid in Capital	349,383
Retained Earnings	309,380
Net Income	(20,733)
Total Equity	<u>638,030</u>
TOTAL LIABILITIES & EQUITY	<u><u>623,837</u></u>

Sachem's Head Yacht Club
Profit & Loss
February 2019 through January 2020

Accrual Basis

Ordinary Income/Expense	<u>Feb '19 - Jan '20</u>
Income	
Clothing & Merchandise	1,824
Dock Space	7,300
Entertainment	107,205
Galley	62,033
Initiation Fees	40,680
Interest Income	140
Late Fees	1,475
Membership Dues	253,058
Rebuilding of Facilities	1,000
Rental of Facilities	7,000
Sailing	71,759
Swimming	8,360
Tennis	34,670
Miscellaneous, net	<u>2,777</u>
Total Income	<u>599,281</u>
Expense	
Awards	4,670
Boats & Docks	119,973
Entertainment	91,285
Galley	65,311
House	191,889
Other General	19,706
Sailing	78,785
Swimming	7,197
Tennis	<u>41,198</u>
Total Expenses	<u>620,014</u>
Net Ordinary Income	<u><u>(20,733)</u></u>