



**SALTAIRE YACHT CLUB, INC.**

April 14, 2010

Dear Club Member,

Financially, 2009 was another difficult year for the Yacht Club. We started the year owing over \$15,000 of short term loans to Board members, paid back the loans after dues payments were received, and then were forced to borrow again in the fall so we could pay our bills.

Each year we project an excess of revenue over expenses of between \$40,000 and \$60,000. Unfortunately, over most of the past decade, there have been significant unexpected expenses that quickly depleted this cushion. In 2008 we planned to use most of our excess revenue to re-grade the tennis courts to improve drainage in order to prevent the Hard-tru from washing onto the neighbors' property. After the job was finished we found that the new courts were unstable, requiring additional investments to fix the problem.

Toward the end of the 2008 season, the Suffolk County Department of Health informed us that, in order to continue to provide food service to members, we needed to upgrade our facility, redesign and re-plumb our kitchen and, most significantly, install a 5,000 pound grease trap as part of our septic system. This was a major undertaking, requiring many hours of work from various Board members. Having spent \$10,000 on the kitchen in 2008, the Club was forced to spend over \$50,000 in 2009. Financially, the "unexpected" has become our norm.

Those unexpected expenses have hindered our ability to keep the rest of our programs in top form. During 2010 we need to undertake long deferred and necessary work on the sailing fleet. We must put the Club in a position where it no longer has to rely on short term loans from members. No individual, business or Club can operate year after year with cash outlays exceeding revenue. We must build a reserve against the unexpected, and in order to accomplish this we need to increase house dues by \$100 per family and to slightly increase tennis dues.

As RoseAnn indicates in her letter, the Club's physical plant, especially the north room (the bar), needs major work. Nick Petchek, an architect who has extensive experience with Saltaire structures, has reviewed the status of our facility and has recommended that we re-post this room and restore the basic structure to its original design. The Board voted unanimously to undertake this work through the combination of an assessment and bank loan.

Because this work will benefit members for many years to come, we did not feel it was fair for present members to bear the entire burden of this expense. With that in mind, the Board voted for a \$400 per household assessment to be paid over 2 years; the remainder of the cost will be covered by the longer term bank financing mentioned above.

Former Commodore Richard Hochman has done a multi-year projection of our budget requirements based on both our short term and long term needs. He believes these budget and fee reforms are necessary to put the Club on a firm financial footing. We thank him for his efforts and involvement in this project. We appreciate your understanding as we continue to work to improve the infrastructure and operations of the Club.

Sincerely yours,

SALTAIRE YACHT CLUB, Inc.

Steven Kunreuther, Treasurer

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