

Strategic Leadership Workshop



MASS GOLF



Sustainable Governance

The Seven Characteristics of Highly-Effective Boards

Steve Mona

Director of Governance & Leadership



Club Benchmarking Role

- Develop governance model for private clubs
- Develop strategic plan for private clubs
- Develop Board Policy Manual for private clubs
- Review By-laws for private clubs

Sustainable Governance

The Seven Characteristics of Highly-Effective Boards

1. Define the Leadership Roles
2. Utilize Objective Data
3. Establish Key Performance Indicators
4. Communicate According to Plan
5. Establish Accountability
6. Create a Culture of Continuous Learning
7. Plan for Succession



Define the Leadership Roles

1. Duties and Responsibilities of the Board
2. Duties and Responsibilities of the General Manager/COO
3. Codified in Document (Board/GM Compact) Annually Reviewed and Approved by Board

Utilize Objective Data

1. For Measuring Progress and Informing the Decision-Making Process
2. Used in Developing Dashboard of Key Metrics to Measure Health of Club
3. Board and GM/COO Should Agree on Data to be Used (Annual Financial Audit, Membership Loyalty Surveys, Membership Growth, etc.)

Establish Key Performance Indicators

1. Specifies the Top Strategic Priorities of the Club (Membership Growth, Dues Revenue, Member Loyalty Surveys, etc.)
2. Measurable in a Time Period Appropriate for the KPI (monthly, quarterly, annually, etc.)
3. KPI Document Annually Reviewed and Approved by Board

Communicate According to Plan

1. Determine which stakeholder groups (Board, Committee Members, Past Presidents, Members, Staff, etc.) are to be communicated with and on what interval
2. Determine what is to be communicated to which groups and by what means (financials, performance against KPIs, survey results, etc.)
3. Codified in Document (Strategic Communication Plan) Annually Reviewed and Approved by Board

Establish Accountability

1. Service standards the Board wishes to see the GM/COO adhere to in running the daily operation of the Club should be written and approved by the Board annually (Board/GM Policy Parameters)
2. Specifics regarding GM/COO performance evaluations should be documented and approved by the Board annually
3. Specifics regarding Board performance, including Board Governance Survey, should be documented and approved by the Board annually

Create a Culture of Continuous Learning

1. Annual development plan for the Board as whole and Board Members as individuals (depending on tenure, position, etc.) should be documented, reported on and approved by the Board annually.
2. Board development should be part of the formal Board agenda on a quarterly basis
3. GM/COO (and key management staff) development plan should be documented and approved annually by the Board.

Plan for Succession

1. Board succession plan should be reviewed and approved by the Board annually, in concert with the Nominating Committee
2. Identification, cultivation (usually through committee system) and recruitment of future Board members, particularly those from underrepresented groups of members, should be considered a strategic priority of the Board.
3. GM/COO succession plan should be reviewed and approved by the Board annually

Questions?

- Please contact Steve Mona at smona@clubbenchmarking.com with questions or comments



The Club Governance Survey Best Practices & Beyond

Dave Duval

Executive Consultant



- Graduate of Bentley University. MBA from Babson College
- Certified Public Accountant
- Served as a partner in venture capital partnerships for 20+ years combining proven business expertise in strategy, finance, management and governance with substantial volunteer leadership of private clubs and homeowner associations
- Worked with general managers, board peers, and industry consultants for 20+ years to improve financial performance and planned outcomes of member-owned clubs and associations
- Officer of two private clubs and three Homeowner Associations including President of The Quechee Club in Vermont and Treasurer of Charles River Country Club in Massachusetts.

Merriam-Webster: Best Practices

A “Best Practice” is “a procedure that has been shown by research and experience to produce optimal results and that is established or proposed as a standard suitable for widespread adoption.”



Purpose of the Survey & Analysis

- To gather information and compile survey findings in a report which advances the industry's awareness and understanding of best practices for club governance.
- To serve as a self-evaluation tool that will provoke thought, fuel productive discussions and contribute to widespread adoption of governance best practices in the club industry.

What is Governance?

- Governance is the process of decision-making and implementation of decisions
- The World Bank cites eight elements of “good” governance. We agree!



Cornerstones: The 4 Ps

- **People, Purpose, Process and Performance**
- People come first in the Four P's because people exist on every side of the business equation
- **People** determine a **purpose**, develop a consistent **process**, and evaluate their **performance** outcomes and impacts
- Purpose (the Mission Statement in your Strategic Plan)

• Credit: Disson Okumu – Institute of Corporate Governance of Uganda

Survey History & Observations

- Annual since 2017
- GMs and Board Members Invited
- Non-Adoption of Best Practices
- Definitional Issues
- Follow-up Questions
- Participant Comments

8 Financial Warning Signs

Declining
FME's

Dues Less Than
50%
of Total Revenue

Capital Base
Decreasing

Net Worth
Decreasing

Capital Levies Below
Annual Depreciation
& Debt Service

Total Debt Greater
Than Total Annual
Dues Revenue

Amortization Period
More Than
10 Years

Debt Refinancing

Definitional issues are exposed when participants are presented with specimens.



Board Orientation Agenda

- Purpose of the Board
- Legal Responsibilities (and Exposures)
- Lessons Learned from Boards, Clients and Peers
- Governance Survey
- Best Practices and the Annual Agenda
- Private Club Finances & Financial Planning
- Roles & Responsibilities: Officers, Executive Committee, Committees & Management
- Reminder to Tour the Facility
- How Can We Help?

Components of a Holistic Strategic Plan

- **Clear Mission** – needs to be documented and ideally “tangible” in the club’s culture – the club lives it
- **Clear Vision** – every club needs to be DRIVING forward with purpose - also tangible in club’s culture
- **Core Values** (Understanding Choices)
 - ✓ High Service <-> Pedestrian Service
 - ✓ High Quality <-> Pedestrian Quality
 - ✓ Large Club <-> Small Club
 - ✓ Broad Amenities <-> Narrow Amenities
 - ✓ Quality of Service & Level of Amenities <-> Price



Components of a Holistic Strategic Plan

- **SWOT** – Member input, especially from newer and prospective members
- **Strategic Key Performance Indicators** – Standard, strategic, Board level Club Benchmarking KPIs
- **Key Strategic Goals** – this year, next 2-5 years
 - ✓ Negate weaknesses
 - ✓ Mitigate threats
 - ✓ Leverage opportunities
 - ✓ Build on strengths

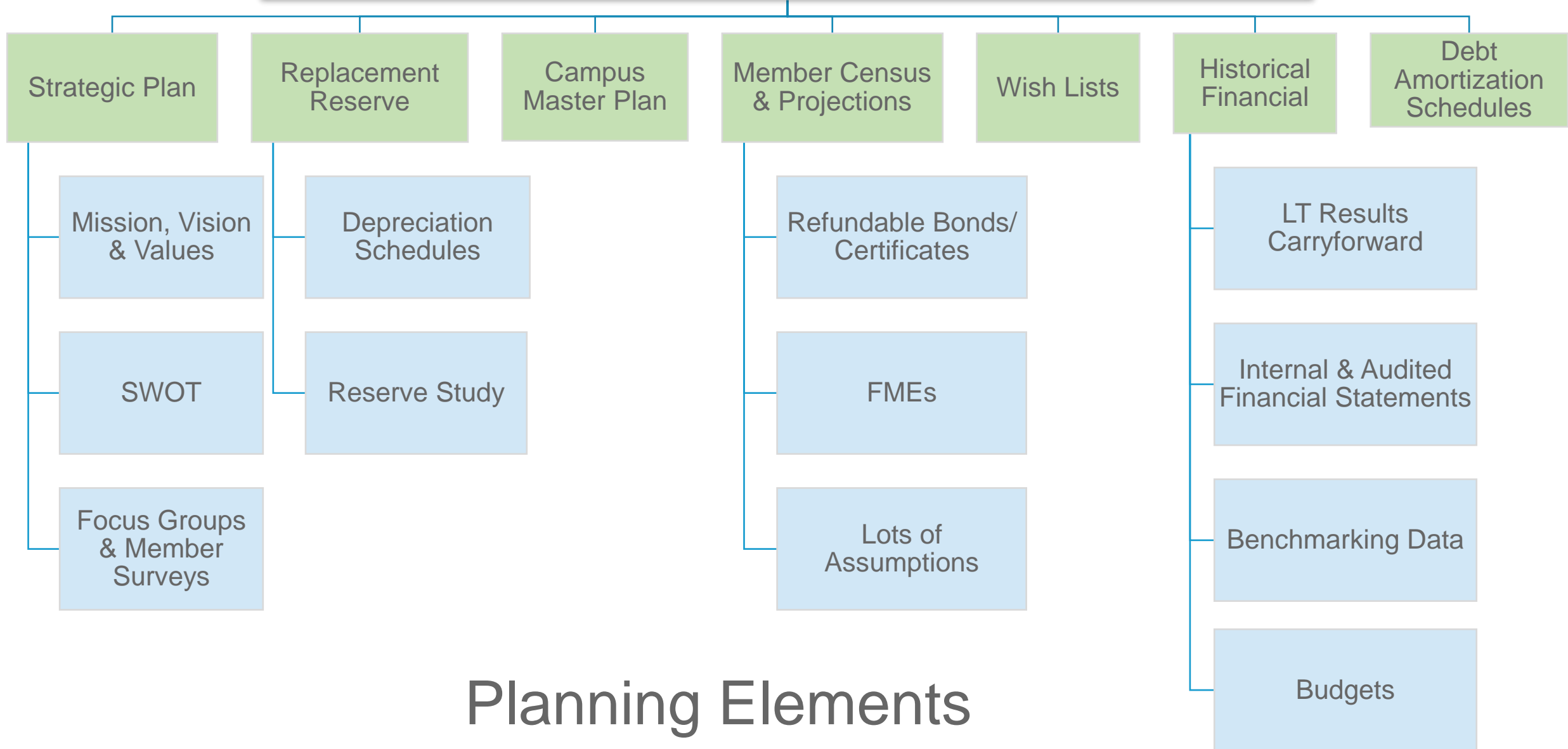


Components of a Holistic Strategic Plan

- **Funded Long-Term Integrated Financial Plan**
- Conscious deliberation regarding **Optimal, Sustainable Member Count**
- **Capital Reserve Study** – professional and objective, 20-year view. How do resources meet needs?
- **Governance Foundation** that allows for embracement, implementation and continuous evolution of the plan through administrative transitions. Board members are **stewards of the plan**, not managers of the club
- **Fact Based Governance Culture** based on sound understanding. Staff runs the club, board sets policy, oversees strategy and fosters culture



Long Term Integrated Financial Plan



Sample Comments

- This is so fabulous to answer and see really what is complete and what is outstanding.
- Well done! Great survey and checklist.
- Great survey! Actually going to provide this survey to the incoming President as a checklist.
- Thank you for the great, thought provoking initiative!
- Thank you very much for putting this together. VERY interested in the outcomes...
- Even just answering these questions leads to better governance, especially when you come across a question and can say “Aha - great question, better think about instituting this...”.
- Well done, using as Board education through a self-evaluation tool to raise awareness of the responsibilities of Board members. Thank you.

Joseph Abely

Executive Consultant



- Graduate of Boston College. MBA from The Wharton School
- Certified Public Accountant
- 40-year career as partner in a major international accounting firm. CEO/COO/CFO of public, venture-backed and non-profit entities.
- Board member of a variety of public, private-equity backed, non-profit and membership organizations.
- Member of the Board of Directors of Brae Burn Country Club in West Newton, MA for 12 years. Over that period, he was Treasurer for 6 years and President for 3 years.
- Worked with talented general managers, board members and industry consultants to improve the membership experience and financial performance of clubs he served.

SURVEY SUMMARY RESULTS IN KEY AREAS

Key Topics & Related Questions

- **Getting the Best People Involved**

- Nominating. Succession Planning. Avoiding contested elections

- **Doing the Best Things**

- Learning from the Industry
- Strategic Planning & Implementation, Financial Planning & Funding
- Strengthening the Balance Sheet. Measuring the Right Things
- Using Time Wisely – Boards, Committees and Management
- Aligning Governing Documents with Contemporary Best Practices
- Communicating with All Stakeholders

The Survey

- Survey Questions Worded So...
 - “Yes” generally indicates successful adoption of a best practice.
 - “No” generally highlights opportunity for improvement.
 - "Not sure" indicates ambiguity: either individual or organizational.
 - "In process" indicates issue/area under development.
- Some questions correspond to questions on IRS Form 990; “No” response is a potential red flag.

Observations

- **We saw many examples where boards would benefit from education:**
 - Responses did not always agree with available financial data.
 - Managers and board members disagreed on key issues.
 - In our view the manager needs to have full knowledge of the club, including finances in order to effectively do his or her job.
 - “Not sure” answers in key questions.

Key Questions

- There were 14 questions we consider key in determining the future financial results and sustainability of the club.
- Yes or No/Not Sure answers have the greatest potential to impact or predict financial results.
- On a test basis we correlated yes/no/not sure answers with available financial data.
- Clubs with yes answers generally generate sufficient capital levies to fund both depreciation and debt service and were experiencing steady to increasing net PPE and increasing Net Worth.
- Conversely those with mostly no/not sure answers had the opposite financial result, which should serve as a warning sign to effected club boards.

Here's an Example

- Of the 275 respondents reporting that the amortization period for their debt was greater than 10-years:
 - 43% responded that their club was not current on capital replacement spending (against 36% for all respondents)
 - 47% responded that their club's long-term capital expenditure plan was funded (against 38% for all respondents). Potential deferred maintenance which could lead to member dissatisfaction and deter new member recruitment.

Key Questions

1. Do you have a written strategic plan?
2. Does it include a long-term financial plan?
3. Does the club have an effective nominating process for Board Members and Officers?
4. Is there appropriate succession planning for Board Members and Officers?
5. Does your nominating process actively seek to avoid contested elections?
6. Does your club have an annual orientation program for Board members?
7. What percentage does the board spend on strategy/balance sheet as compared to operations?

Key Questions

8. Does the club maintain a long-term financial plan for all funds?
9. Debt - Is your club debt-free?
10. Debt - If not debt-free, is your total debt balance less than your total annual dues revenue?
11. Debt - Was the original loan amortization period on any debt not more than 10 years?
12. Does the long-term plan reflect expected capital spending for the next 5-10 years?
13. Is the plan funded?
14. Is the club current on capital replacement spending (avoiding deferred spending)?

Survey Results

- **Do you have a written strategic plan?**

55% yes, 19% in process, 26% no/not sure.

(Less than 50% of the yes responses said members were supportive of the plan.)

- **Does your strategic plan include a Long-Term Financial Plan?**

51% yes, 23% in process, 26% no/not sure.

We believe clubs should have a funded strategic plan covering multiple years. It provides focus and clarity of goals for current and future boards, management and membership and helps mitigate focus on projects instead of a plan.

Survey Results

- **Does the club have an effective nominating process for Board & Officers?**
Approximately 80% yes, 5% are in process, 15% no/not sure.
- **Is there appropriate succession planning for Board Members and Officers?**
55% yes, 10% in process, 35% reported no/not sure.
- The nominating process should encompass needs going out several years.
While a club may be acting on a current year's slate, planning for the next 4-5 years provides an opportunity to have the right people identified.

To put the importance of succession planning in context, of 295 respondents that answered no/not sure whether there was appropriate succession planning for officers, 56% reported deferred spending in capital, compared to 43% of no's/not sures for all respondents.

Survey Results

- **Does your nominating process actively seek to avoid contested elections?**
60% yes, 33% either no or in process, 7% not sure.
- **Does your club have an annual orientation program for Board members?**
59% yes, 9% in process, 32% no or not sure.

How comprehensive and industry specific were they? Orientations go beyond the legal responsibilities. It is difficult to be an effective board member without understanding the industry.

Survey Results

- **How much focus does the board devote to strategy/balance sheet as compared to operations?**

More than 65% of respondents reported the board spends less than 50% of their time on strategic issues, 42% said they spend less than 30%.

We believe 80% or more of the board's time should be spent on strategic issues. Assuming a robust budget process, timely reporting of results, and operations performing at or above plan, the Board should be relying on their management team.

Survey Results

- **Does the club maintain a long-term financial plan for all funds?**
54% yes, 13% in process, 34% reported no/not sure.

Given the capital-intensive nature of clubs coupled with the increasing use of debt, it is critical that clubs have a long-term financial plan to reflect all future anticipated capital expenditures (replacements and enhancements) and how they will be funded over time. Ideally, funding is a combination of operating surplus, initiation fees, capital assessments and prudent use of debt.

Survey Results

- **Is your club debt-free?**

Only 23% of respondents reported they were debt free.

- **If not debt-free, is your total debt balance less than your total annual dues revenue?**

Of those reporting debt, 50% stated debt balance is less than annual dues revenue and 50% reported debt balance was greater than annual dues or they were not sure.

Debt greater than total annual dues revenue is not necessarily a negative, although if a club's capital levies do not cover debt service and depreciation expense, that is a potential warning sign.

Survey Results

- **Was the original loan amortization period on any debt 10 years or less?**

Of respondents reporting debt, 50% reported an amortization period of less than 10-years and 50% reported greater than 10-years or were unsure.

Clubs can undertake major capital projects/implement strategic plans every 10-years or so. While longer amortization periods result in lower annual payments, long amortization periods or loans with so-called “bullet” payments can hamper a club’s ability to adequately fund such future undertakings.

Survey Results

- **Does the long-term plan reflect expected capital spending for the next 5-10 years?**

59% yes, 15% in process, 26% no or not sure.

- **Is the plan funded?**

40% yes, 17% in process, 43% no or not sure.

Without a funded long-term financial plan, a club risks not having enough available capital to fund depreciation and service debt.

- **Is the club current on capital replacement spending (avoiding deferred spending)?**

47% yes, 10% in process, 43% no or not sure.

Summary

- Well over 50% of the respondents answered yes in almost every category, with some being as high as 90%. This is indicative of best practices.
- As we investigated the 14 key questions, particularly in relation to a debt management and the funding of long-term capital expenditures, yes answers were seen less frequently. This is an indication that these are areas many clubs need to address.

Future of Best Practice Audit & Governance Survey

- Continuously refine questions based on observations, participant comments and field work with Clubs
- Statistically align survey responses with CB database; draw conclusions
- Industry education
- Consistent with industry Best Practices, use results to advise on...
 - Orientations
 - Setting Annual Agendas
 - Strengthening governance models through better understanding of best practices - a component of Fiduciary Duty



Core Values & Best Practices

Informed Leadership

1. Continuously educate stakeholders (Board, Committees, Members, Staff) regarding best practices and important societal trends impacting the private club industry.
2. Conduct mandatory and comprehensive orientations for all stakeholders.
3. Adopt the fact-based, private club business model and related financial best practices and KPIs
4. Embrace data-driven leadership rooted in strong governance principles and transparent communication to all stakeholders.

Empowered Management & Team

1. Create and maintain robust talent acquisition, retention, and professional development systems.
2. Utilize proven performance management systems to set goals and measure outcomes.
3. Perform regular team engagement surveys, compare to benchmarks and act on results.

Strategic Stewardship

1. Develop and maintain an effective strategic plan.
2. Protect, preserve, and grow the assets through comprehensive capital planning that addresses obligatory and aspirational improvements within a unified facilities master plan.
3. Enhance member value by creating innovative club experiences.
4. Ensure seamless transitions of Boards, Committees and Senior Staff.

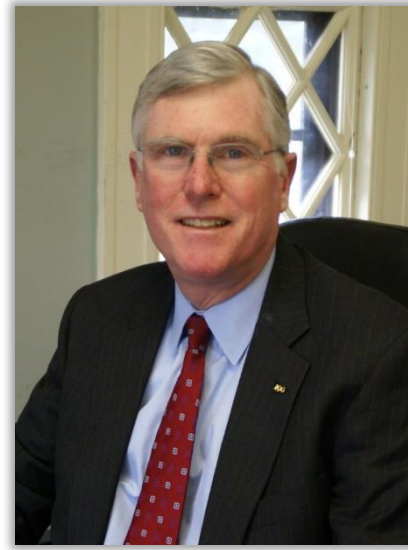
Compelling Member Experience

1. Match member expectations to club's primary purpose.
2. Measure member needs, preferences and satisfaction on a regular basis.
3. Provide a value proposition that cultivates highly engaged, loyal, and satisfied members who think like owners.
4. Present a relevant experience that easily attracts the next generation of members.

Questions?



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Where Do We Go from Here?

Implementing a Forward-Looking Capital Plan

Chris Barron, CCM Executive Director



Chris has more than 20 years of experience in the private club industry. He studied Sports Management at the University of Massachusetts, Amherst and began his club career at Vermont National Country Club where he served as General Manager for seven years. He went on to serve as General Manager for Thorny Lea Golf Club in Brockton, MA for four years.

Prior to joining Club Benchmarking as Executive Director for New England, New York State, Western Pennsylvania and Eastern Canada, Chris served as President of the New England Club Managers Association. He earned his Certified Club Manager designation (CCM) in 2014. Originally from Colchester, VT, Chris recently put down roots with his wife and two daughters in Plymouth, MA.

OPERATIONAL GOVERNANCE

1. **Overemphasis financially** on Income Statement as financial driver.
2. **Focus on cost/expenses** – reducing costs or managing increase of expenses.
3. **Focus on last month's budget vs. actual** (Income Statement). Discussing line items over budget. F&B is a lightning rod.
4. Discussion of operational issues – unhappy members, complaints, etc.
5. Fixated on the rearview mirror.

STRATEGIC GOVERNANCE

1. Income statement discussion – “Are we on track to meet the bottom line?” **DONE!**
2. Focus on **forward-looking strategy and value proposition** (member experience). F&B is viewed as an amenity.
3. Financial **focus on forward-looking capital needs and resources** (drivers of growth). Income statement recognized as the engine to drive the experience (programming and staff).
4. Discussing the future, not rehashing last month's results.



Shun Change - Stagnant

25% Shrinking

1. Too few members as a result of weak member experience

- a. Narrow breadth of lackluster services and amenities

2. Weak Balance Sheet

- a. Declining Net Worth
- b. Significant deferred capital investment
- c. Lack of adequate cash reserves
- 1. Operational Governance over Strategic Governance

3. Members think like Customers, not like Owners



Evolving Slowly

50% Sideways - Moderate Growth

1. Barely adequate to adequate number of members. Barely acceptable to acceptable member experience

- a. Lackluster to above average services and amenities

2. Average Balance Sheet

- a. Net Worth flat to slight growth in real dollars
- b. Significant to slightly deferred capital investment
- c. Some cash reserves

3. Bounce between Operational and Strategic Governance

4. Mix of members who think like Customers and like Owners



Embrace Change - Dynamic

25% Growing Purposefully

1. Full Membership Roster

- a. Compelling member services and amenities

2. Strong Balance Sheet

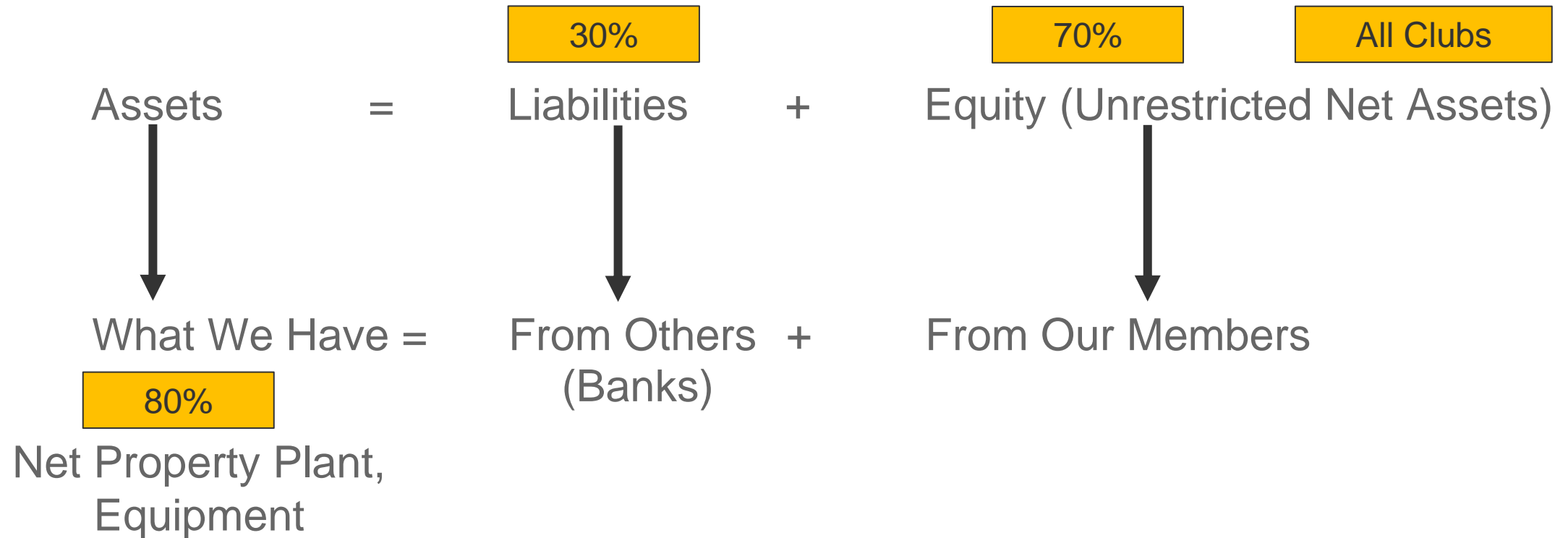
- a. Net Worth growing > 5% CAGR
- b. Fresh and up to date asset base
- c. Adequate cash reserves

3. Focus of Governance is on making the club better (can still be stuck in Operational Governance at times)

4. Most members think like Owners and take pride

The Framework: Club Benchmarking Financial Insight Model

The Balance Sheet



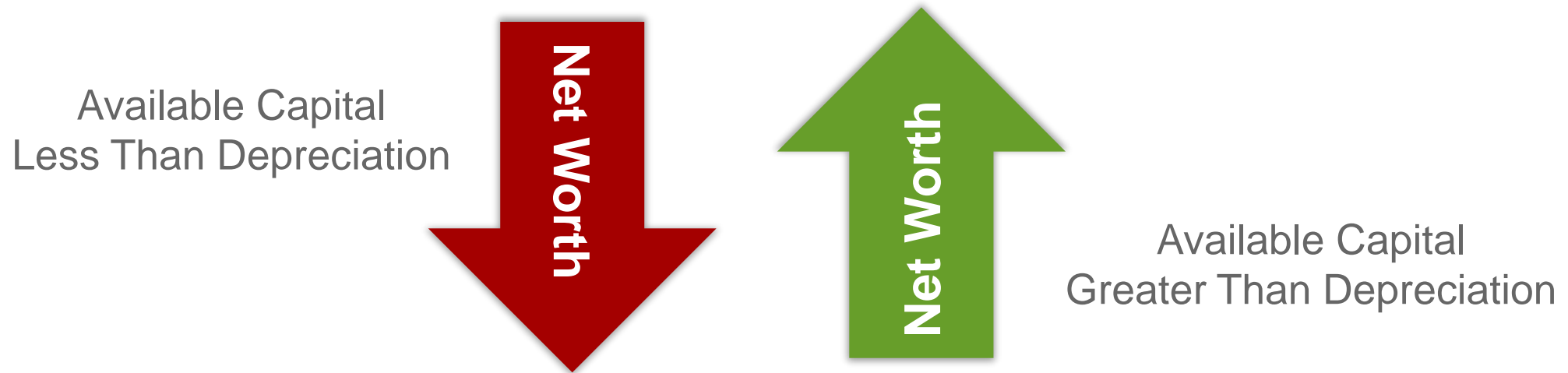
Cash to Assets Ratio

9%

Debt to Equity Ratio

20%

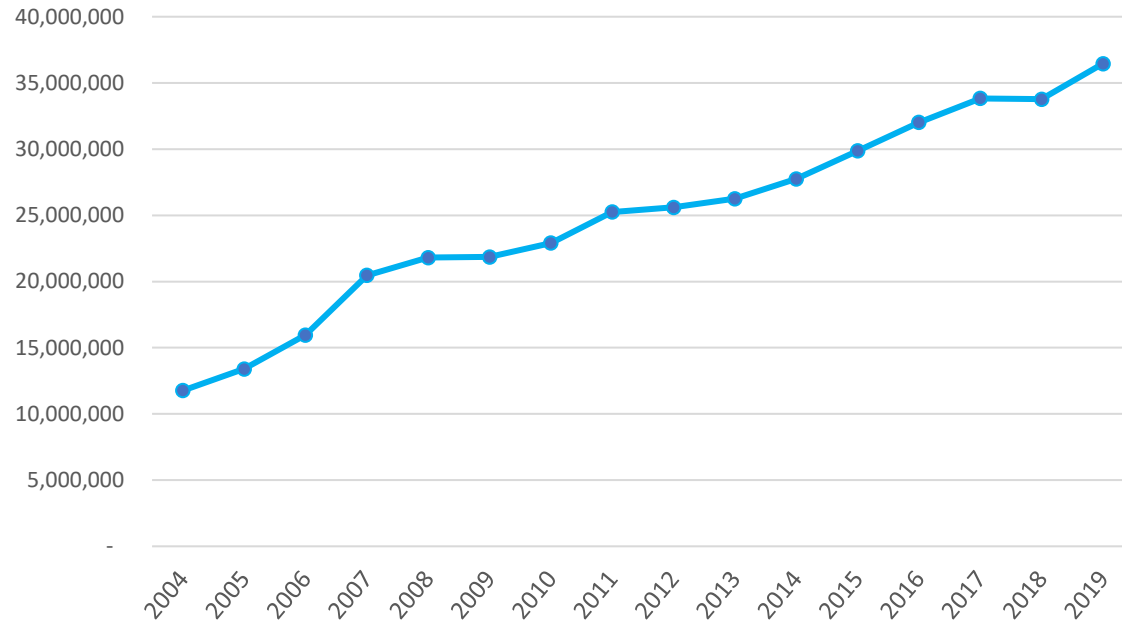
- Unrestricted Net Assets = Net Worth or Book Value of the Club
- Club operating ledgers are typically set to break-even. In that scenario, Capital Income must be greater than depreciation in order for net worth to increase



Net Worth growth requires incoming members **AND** existing members to contribute to capital

CAGR 7.8%

Best in Class Growth of Net Worth

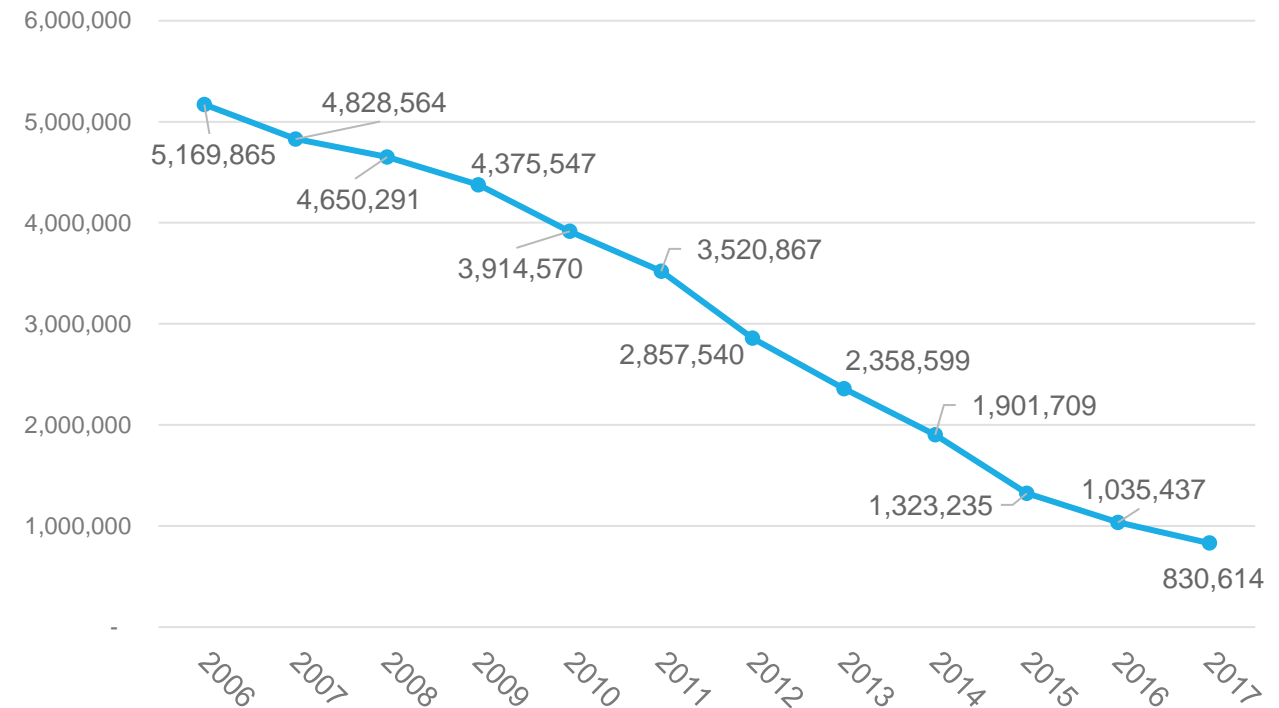


- Carmel CC has invested heavily over the last 10 years
- The club's net worth (aka members' equity) has increased at a compounded annual growth rate of 7.8%
- The club's initiation fee has increased consistently over that same time period

The Balance Sheet Strategic Outcomes

CAGR -15.1%

XYZ Country Club Net Worth



Club Built 50 Years Ago



Total Cost to Build = \$3 Million
Zero Reinvestment Over Time

Gross PPE = \$3M (ex. Land)
Accumulated Depreciation = \$3M
Net PPE = \$0
Net-to-Gross-PPE Ratio = 0%

Condition: Worn and Depleted

Property, Plant
& Equipment

Net to Gross PPE Ratio

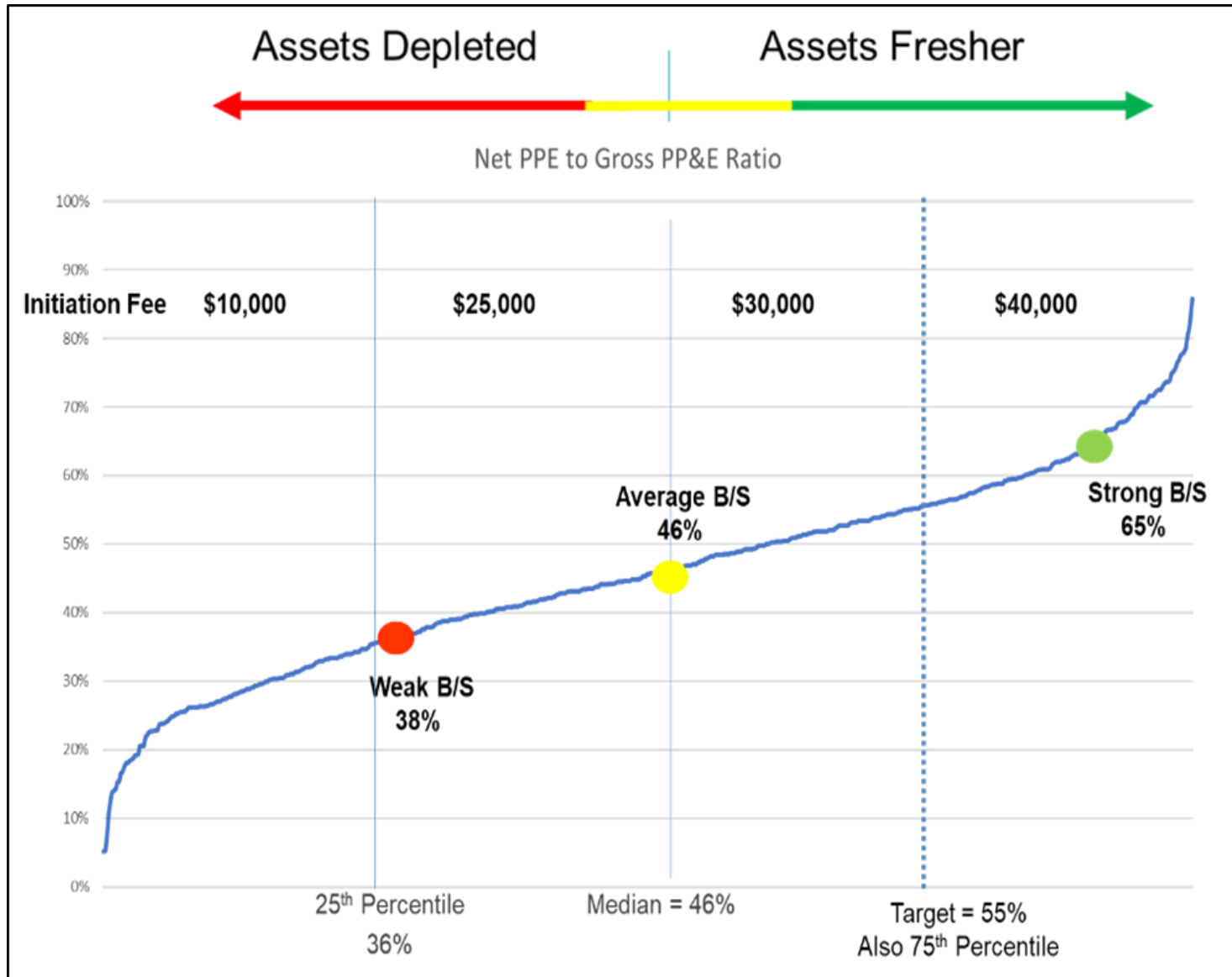
Club Built Yesterday



Total Cost to Build = \$30 Million

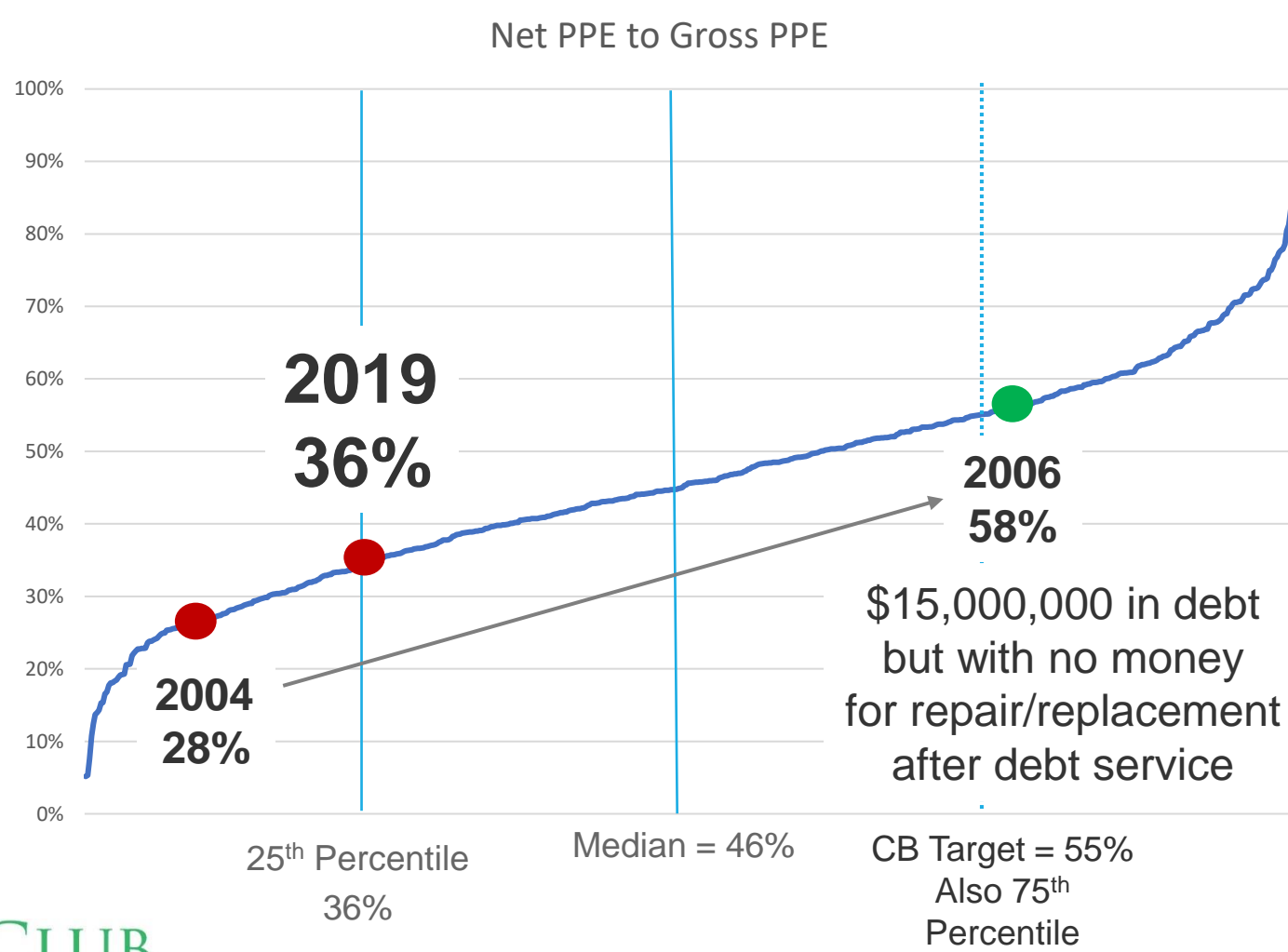
Gross PPE = \$30M (ex. Land)
Accumulated Depreciation = \$0
Net PPE = \$30M
Net to Gross PPE Ratio = 100%

Condition: Brand New



Net to Gross PPE Ratio

- Net PPE is where a club's money ends up
- Very accurate and simple test of physical plant condition
- Ratio above median indicates physical assets fresher & more up to date
- Ratio below median indicates physical assets are older and more worn
- The most important and precise assessment of your club's physical plant available is a capital reserve study which should be conducted by an objective 3rd party professional well-versed in clubs



Net to Gross PPE Ratio

- Avoid “generational” oscillations
- Debt is inappropriate for Obligatory Capital
- A forward-looking, comprehensive, accurate, capital plan is the key to sustainable financial success

The Importance of a Capital Reserve Study

- A Capital Reserve Study (CRS) is a physical inventory of every physical asset
- The aim of the CRS is to document and quantify for each asset:
 - The original cost to procure
 - The current replacement cost
 - The condition and expected remaining useful life
 - Critical Metric is the total Fully Funded Reserve Amount for all assets



**Installed in 2000
\$12,000**

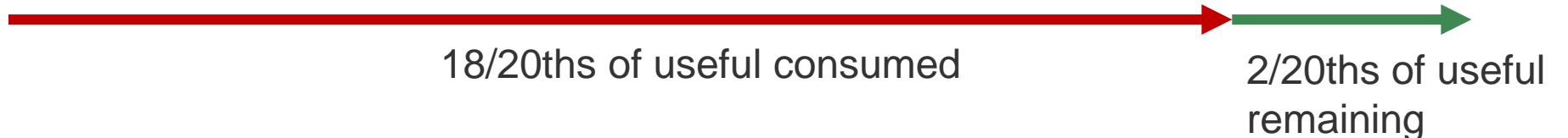
**Replacement Cost 2018
\$20,000**

**Will need
replacement in 2020**



Current Replacement Cost = \$20,000

Fully Funded Reserve = \$18,000



Obligatory Capital (Maintenance)

- Repair and Replacement of existing assets.
- Depreciation = past cost – “matching depreciation” is not enough because...
 - Assets cost more to replace than when originally acquired, and fully depreciated assets in use will need to be replaced.
- Past and existing members are obligated. Not future members.

The Source of Obligatory Capital is Recurring Capital Dues

Aspirational Capital (Growth)

- Expand existing assets (clubhouse expansion)
- Add new Assets (entire new clubhouse, pool or fitness when none existed)
- Adding new amenities – Croquet, Pickle Ball
- Current and future Members are responsible. Future members more so
- Aspirational Capital should have a Return on Investment – Capital Income is the Return

The Source of Aspirational Capital is Initiation Fee Income and Debt

Club Benchmarking recommends minimum growth in
Net Worth of 3.5% per year **to meet obligatory capital needs**
Capital income for **aspirational capital** will grow Net Worth on top of the 3.5%

We Invest for the Health of the Club

Understand Where Our Money Goes



Capital Ledger

- Less money, but this is the money that drives financial outcome
- Capital contributions first flow into the club as an increase in member equity
- From there they flow into property, plant & equipment as capital investment

If there is too little capital money, net worth declines, footprint doesn't expand and assets become depleted and irrelevant over time.



Operating Ledger

- Most of the money but doesn't drive finances, drives the day-to-day experience.
- Keeps the grass green and cut, the beer and wine cold and the food hot.
- Consumed year-in and year-out by members enjoying the club.

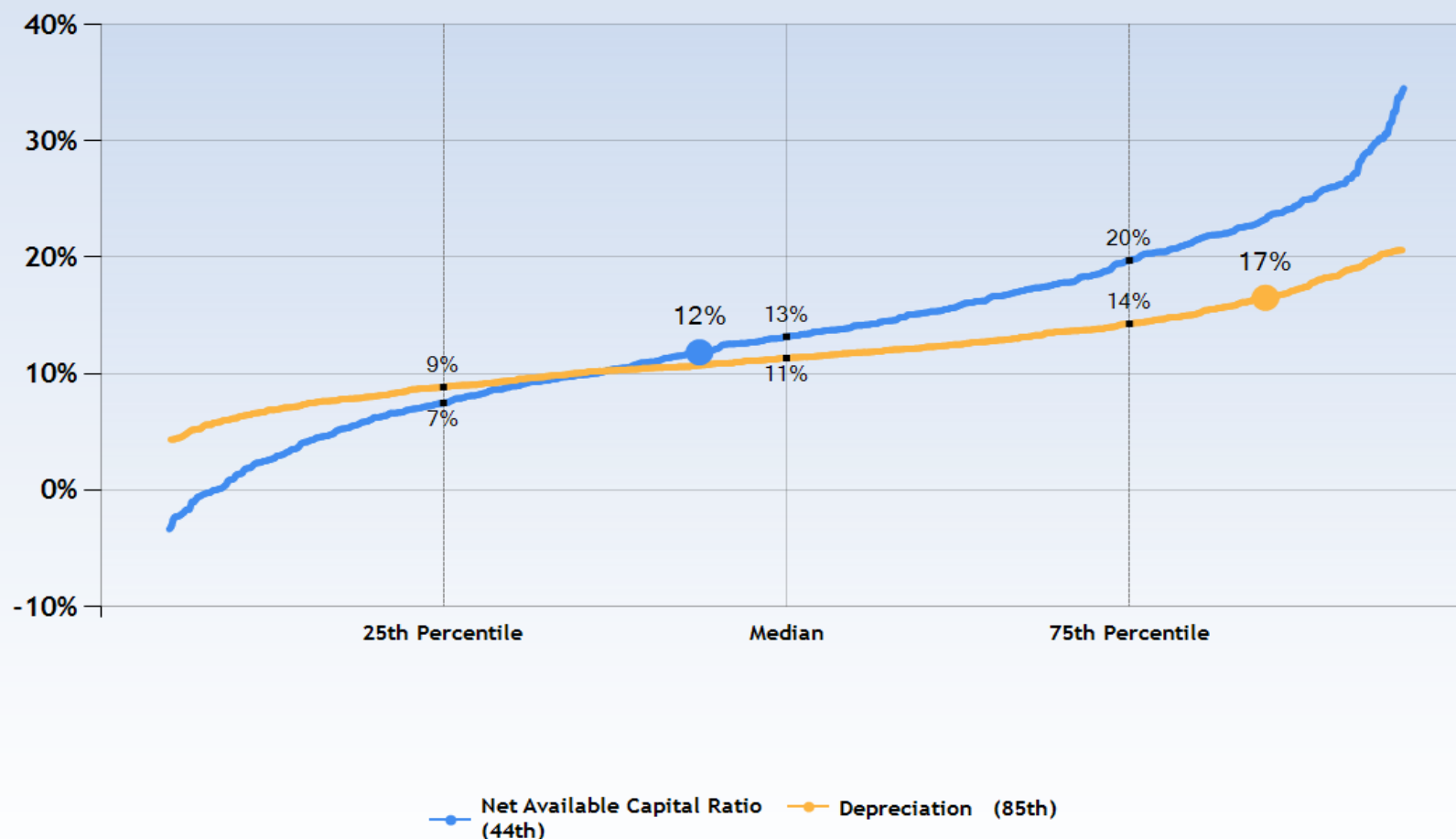
The operating ledger funds the member experience. If there is too little operating money, the member experience declines.

Are you generating enough capital to meet and exceed depreciation?

Depreciation is a past expense. Equally funding it does not generate capital needed to repair and replace the asset base.

Depreciation number does not account for assets that are fully depreciated and “off the books.” We recommend achieving at least an 18% Net Available Capital ratio.

Assessment of Net Available Capital relative to Depreciation Is your capital at least minimally covering your depreciation?



Sample Capital Strategies Model



10-Year Capital Cash Forecast - Strategy 2 (Aggressive)

Updated

XYZ Country Club

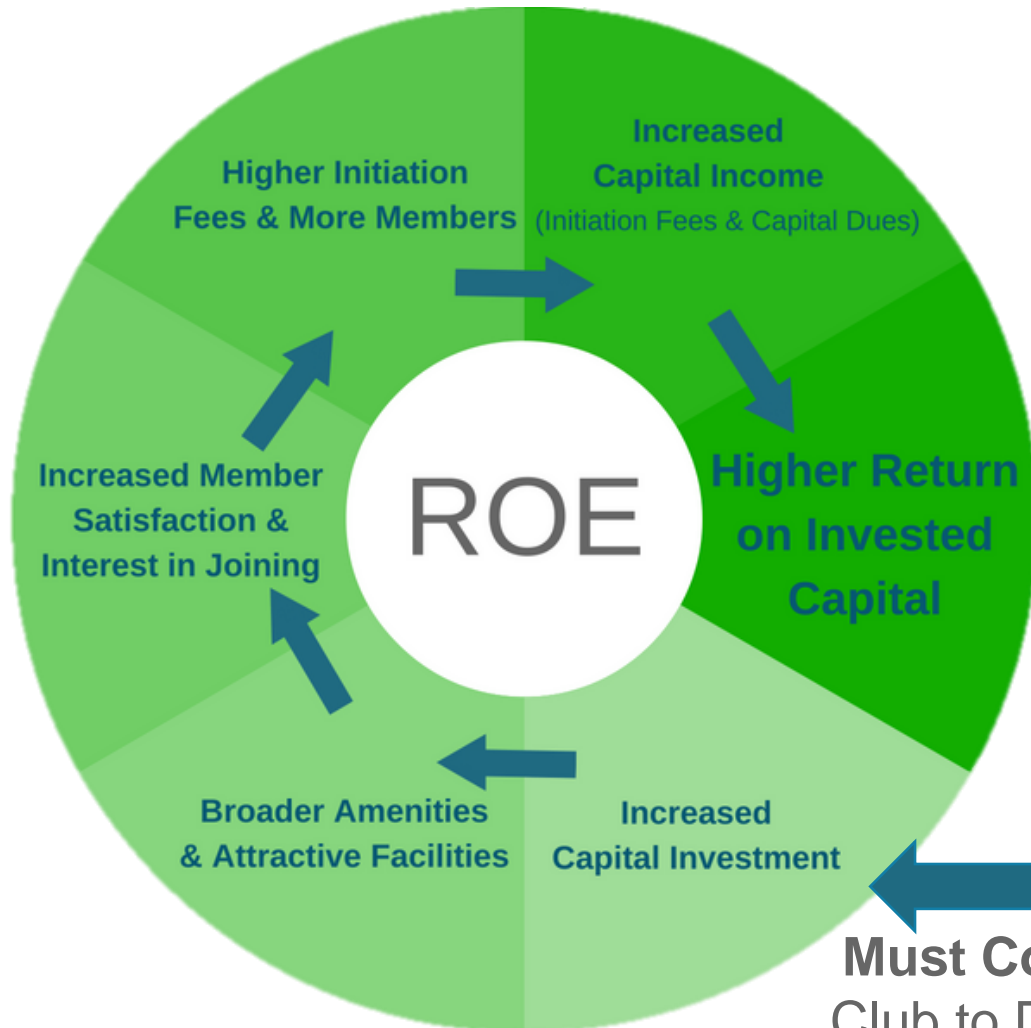
10/6/2020

	2021	2022	2023	2024	2025	2026	2027	2028	2029	2030	10 Year Total
Beginning Cash Balance	\$3,000,000	\$3,576,583	\$4,082,416	\$193,499	\$190,582	\$833,665	\$1,682,748	\$2,537,831	\$3,998,914	\$5,965,997	
Cash Flow to Operations	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	\$1,100,000	
Available Cash	\$4,100,000	\$4,676,583	\$5,182,416	\$1,293,499	\$1,290,582	\$1,933,665	\$2,782,748	\$3,637,831	\$5,098,914	\$7,065,997	
Nonoperating Revenues											
Initiation Fees	\$130,000	\$185,000	\$395,000	\$395,000	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$220,000	\$2,425,000
Refunds	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Capital Dues	\$0	\$374,250	\$769,500	\$805,500	\$826,500	\$832,500	\$838,500	\$844,500	\$850,500	\$856,500	\$6,998,250
Membership Dues and Fees	\$130,000	\$559,250	\$1,164,500	\$1,200,500	\$1,046,500	\$1,052,500	\$1,058,500	\$1,064,500	\$1,070,500	\$1,076,500	\$9,423,250
Additional Funding											
Additional Funding	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
New Loans	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Installment Payments Due	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Assessments Due	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$2,368,741
Total Additional Funding	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$236,874	\$2,368,741
Total Capital Funds	\$366,874	\$796,124	\$1,401,374	\$1,437,374	\$1,283,374	\$1,289,374	\$1,295,374	\$1,301,374	\$1,307,374	\$1,313,374	\$11,791,991
Total Sources Available	\$1,466,874	\$1,896,124	\$2,501,374	\$2,537,374	\$2,383,374	\$2,389,374	\$2,395,374	\$2,401,374	\$2,407,374	\$2,413,374	\$22,791,991
Capital Expenditures											
Capital Replacements	\$150,000	\$150,000	\$150,000	\$300,000	\$300,000	\$300,000	\$300,000	\$200,000	\$200,000	\$1,300,000	\$3,350,000
Aspirational	\$500,000	\$1,000,000	\$6,000,000	\$2,000,000	\$1,200,000	\$1,000,000	\$1,000,000	\$500,000	\$0	\$1,000,000	\$14,200,000
Total Capital Expenditures	\$650,000	\$1,150,000	\$6,150,000	\$2,300,000	\$1,500,000	\$1,300,000	\$1,300,000	\$700,000	\$200,000	\$2,300,000	\$17,550,000
Debt Service											
Principal Payments	\$143,706	\$150,068	\$156,712	\$163,650	\$170,896	\$178,462	\$186,363	\$194,614	\$203,231	\$212,228	\$1,759,930
Interest Payments	\$96,585	\$90,223	\$83,579	\$76,641	\$69,395	\$61,829	\$53,928	\$45,677	\$37,061	\$28,063	\$642,981
Accelerated Payments	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Additional Debt Service	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0	\$0
Total Debt Service	\$240,291	\$240,291	\$240,291	\$240,291	\$240,291	\$240,291	\$240,291	\$240,291	\$240,291	\$240,291	\$2,402,911
Total Expenditures	\$890,291	\$1,390,291	\$6,390,291	\$2,540,291	\$1,740,291	\$1,540,291	\$1,540,291	\$940,291	\$440,291	\$2,540,291	\$19,952,911
Net Cash Flow	\$576,583	\$505,833	-\$3,888,917	-\$2,917	\$643,083	\$849,083	\$855,083	\$1,461,083	\$1,967,083	-\$126,917	\$2,839,080
Ending Cash Balance	\$3,576,583	\$4,082,416	\$193,499	\$190,582	\$833,665	\$1,682,748	\$2,537,831	\$3,998,914	\$5,965,997	\$5,839,080	

The Investment Return Cycle

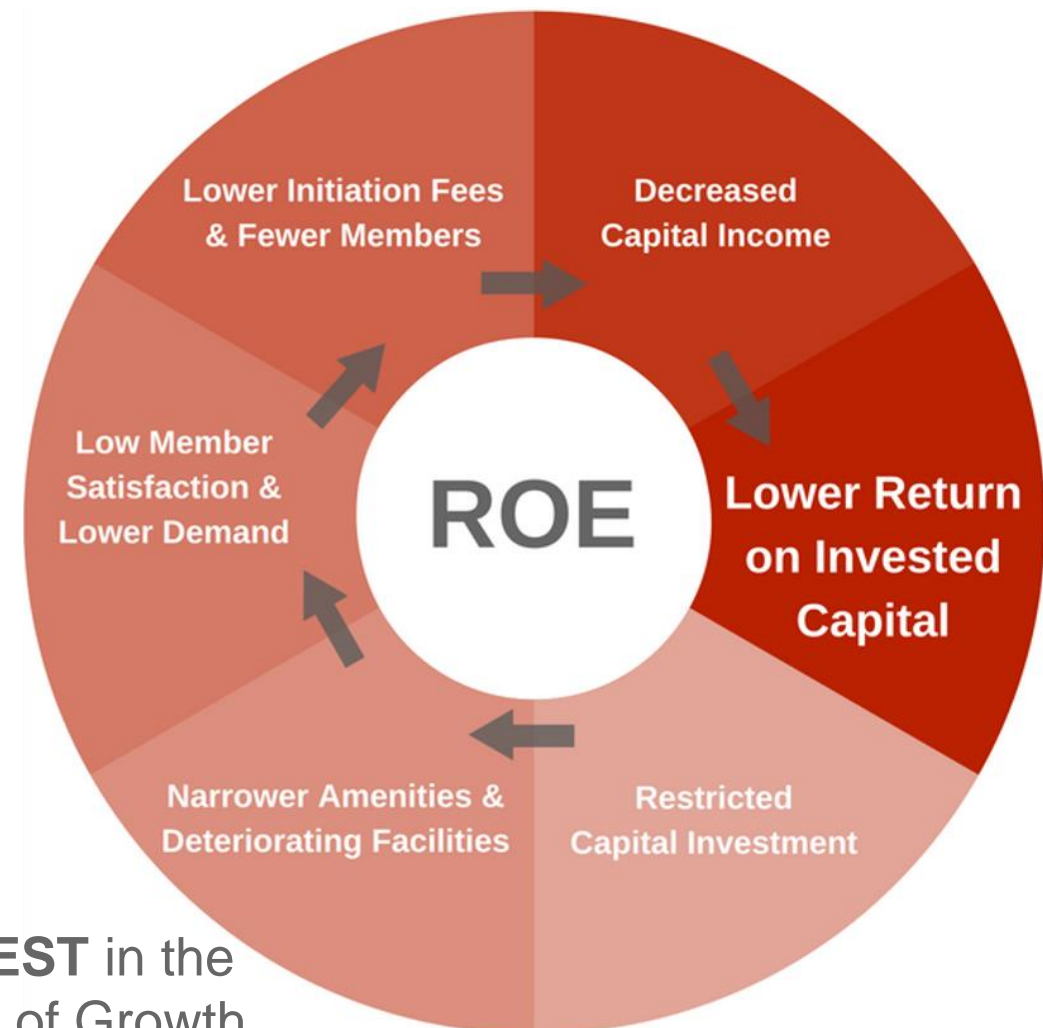
Increasing Net Worth & Relevance

If you build the right things, they will come



Decreasing Net Worth & Relevance

If you don't build it, they will never come



MEMBERS
Must Constantly INVEST in the Club to Drive the Cycle of Growth

We Invest for the Health of the Club

The Forward-Looking Capital Plan

1. The Capital Reserve Study forms the basis of forward-looking obligatory capital needs
2. The Strategic Plan (Strategic Thinking) and Vision form the basis of forward-looking aspirational needs
3. The current debt service schedule plus any future debt form the basis of principal and interest payments due during the planning period.
4. The complete, bottoms-up, plan regarding member churn forms the basis of projected initiation fee income
5. The forward-looking Capital Plan (Capital Strategies Model) is the detailed planning surrounding items 1 – 4. The objective is to proactively determine capital needs and resources and close the gap between the two. The task is to evaluate and balance timing of needs, amount of money members will need to contribute, debt load while assuring all capital needs are met proactively.

Thank You!



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*Our mission is to foster healthier clubs, more strategic boards
and more empowered managers by elevating fact over opinion.*