

Long Term Financial Planning and Emergency Fund Notes

2023-01-18

Hi Paul, John & Leighton

Commodore Patterson has asked me to make a brief report on some history of the club Long Term Planning and Financing.

For Many years I have been tirelessly trying to get a Long Term Financial Planning Committee up and running for the long term betterment of the club and securing the club's financial future.

As we all have positions on the MC, one can see that the club has a substantial amount of assets on it's property in order to make the club functional. It is quite easy to see that the club is easily in excess of a Million dollars in assets. Just taking the docks alone into account has a replacement value well over \$300,000.

Long term planning has been an on going foresight for a long time, but often met with poor execution on several attempts. I have a copy of history notes and surveys dating back as far as 1983, which was provided to me from Dave and Chris Margetts.

While reading through these historic notes, you will notice a desire for changes and improvements but not all aspects were ever followed through. One in particular was that the improvements and future asset replacements were to be financially supported by fee increases (see 1997 survey results).

Please pay attention to the Planning Committee (1998) Discussion points. There are a lot of points that were brought up about the club's infrastructure that is still being discussed to this day. This is 24 years later and still these identified issues have not been addressed.

In 2016 I attempted to get a Long Term Financial Planning Committee (LTFPC) off the ground, but once again, it was met with great resistance by many members. Only one issue members were agreeing on was that there was a need for an emergency fund in order to replace the single largest uninsured capital asset in the event that it would fail. That asset was identified to be the septic field bed. A quick walk-through of our field bed with a contractor was done, and an estimate of \$35,000 was verbally given. Another attempt to get a LTFPC off the ground was done once again in 2017 without success.

There are also many items that would reach a high cost that could stop the operation of the club. The Mast A frame is another critical piece of equipment that is in need of some attention which was identified in notes dated back in 2008.

History of the funds set aside with Edward Jones. (These are notes based on my own personal recollection.)

On my return to living in Blind River in 1997, I began a campaign to have all initiation fees set aside for future capital expenditures. My argument point was that initiation fees were dues collected for the club assets which you were now part owner of, so therefore I felt that those fees should be set aside for future capital replacement. This campaign went on for many years until Colleen Penniston became treasurer and the practice came into effect around 2002. Prior to this, all collected initiation fees were being put into the general operating costs of the club.

When I became Commodore in 2016, Dave Margetts (VC) and myself met with Edward Jones and set aside \$35,000 in a GIC which would be cashable during the club's operating season. Therefore, every fall, a cashable 1 year GIC was purchased with a locked in 6 month period. The analogy being that the club is shut down during the winter months so there would not be any required emergency funds during that 6 month period. Anything that would go wrong (such as a fire) would be an insured asset.

The goal of the \$35,000 was that the emergency fund would grow at an annual rate of 2.5% which was a core rate of inflation at the time. Following the annual growth rate of 2.5% as mentioned, the Emergency funds should be \$40,589 as of November 2022.

Therefore, I highly recommend that these funds shall be removed from any future budgetary items.

Mike Dupuis
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