

# State Of The Miami Ski Club Address

In July 2001, I had the pleasure of writing the very first *Address*, reporting on the previous year's accomplishments and shortcomings. I felt that the Club needed a vehicle by which the membership would be informed of our financial picture and a breakdown of how we have gotten there. That same year, we incorporated the annual *Address* into our Bylaws, which now require the President to provide an accounting of the fiscal year he/she presided over. This is our ninth year of such reporting, and I am pleased to share this information with you.

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## Introduction

Do you recall the ancient Arabic curse: "may you live in interesting times"? Well, it feels like we are doing just that. My previous presidency came on the heels of very large financial losses, and as soon as we started to recover from that, we were hit with 9/11 and travel of all kinds came to a virtual halt. We managed to adjust to that harsh reality and still come out ahead. In some respects, we are now having to do the same again. 2007/08 was not a good year for the Club financially, and in 2008/09 we were hit with an economic picture which was witness to many business failures, a collapsing banking system and a total lack of confidence in the short term financial future. Needless to say, this climate had everyone hunkered down, keeping their expenditures to a minimum. And let's face it, travel and skiing are not on top of most people's lists of priorities. And so we had to adjust again.

## Finances

Overall, 2008/09 was a good year for the Club. We got a good handle on the changing times and kept our expenditures in check, while finding new means of offsetting costs and generating additional revenues. But in the end, the key to our success was the incredibly close scrutiny paid to our trips. This is one area where we make a relatively modest income, disproportionately offset by the huge risks of penalties, cancellation fees and unfilled spaces. It is a very bad business model, and the only way to make it work is through constant diligence and a sharp eye on due dates and impending penalties. Ultimately, it was this attention to detail which allowed us to make an income off the trips.

When we closed the books on 2008/09, we were showing a modest income of \$5,910. Even though this number is not very high, it was a major accomplishment in many respects. For one, it reversed the trend of the previous two years of losses, and it proved that we can be successful even in a time of economic crisis, cost cutting, severely reduced travel and discretionary spending. An even more dramatic way of looking at the financial outcome of 08/09 is to view it as a \$46,504 improvement over the previous fiscal year. As happy as we were with those results, there was an unexpected setback. A couple of months ago, we were made aware of an outstanding charge of \$5,018,

going back to the 2008 trip to Quebec City. As it turns out, there were charges for transportation provided by the resort, which were never factored into the pricing of the trip, nor into the payment of invoices. We did our research and it became obvious that those were legitimate charges which we were responsible for. This adversely impacted the 07/08 figures previously reported, putting the Quebec trip \$4,742 into the red and bumping the overall 2007/08 losses to \$40,594.

## Membership

Our dues intake for 2008/09 was \$21,602, which was an insignificant increase from the \$21,559 reported the previous year. However, this is never an accurate measure of our membership, as the renewals can fall into two different fiscal years. In other words, 08/09 memberships which come in early will go into the 07/08 accounting, while membership renewals arriving after June 1 will be counted toward the 08/09 income. As they say, timing is everything! In an attempt to have more year specific numbers, we have implemented a more detailed way of tracking renewals. This seems easy, but in reality is not, as it spans different fiscal years. The bad news is, it will take a couple of years of the membership-year specific accounting, before we can draw any conclusions. Problem with statistics - you need several years worth of data before the numbers gain any relevance. One interesting observation on our membership: even though we had some ups and downs, on the average, our membership numbers have been holding fairly steady over the last 7 years.

## Trips

The Miami Ski Club was built on trips, and for most of the 40 years of our existence, that model worked rather well. No more. The Club demographics have changed, we have far fewer members than in our heyday, and a smaller percentage of our members ski. To compound this issue, group discounts are not nearly as lucrative as in the not-so-distant past, cancellation penalties are stiffer and time frames are increasingly less and less favorable to group bookings. Obviously, this has to impact how we do things and how the Club operates in general. For our trip pricing to be competitive, we can add only a very small margin allocated to Club income. As a rule, our income from trips has to be

derived from volume, where we receive comps, which are over and above the base trip budget. Again, when we took 100 people on a ski trip, we received more free positions than we can get now with the smaller groups we typically take skiing these days. Obviously, the larger trips have a much greater income potential. However, this year included another element, which was the super-human diligence in renegotiating contracts and looking for other options, even after we had our bookings all set. Remember that as far as ski trips are concerned, the contracts are really negotiated in the prior fiscal year, so the 2008/09 trip contracts were drawn up at the tail end of 07/08. In essence, every other year the EC (and the VP in particular) takes over contracts executed by their predecessors. This year (08/09), we were fortunate enough to have a VP willing to scrutinize every detail of the trip, do extensive financial analysis and go back to renegotiate many aspects of our contracts. As a result, we did exceptionally well with our trips, despite the significantly decreased number of skiers. As we had to cancel Park City (due to lack of interest), we only had three trips to contend with. Breckenridge, which in the end still managed to generate \$267 in net income; the Jackson Hole trip that came in \$2,816 in the black, and finally our largest trip of the season, Snowmass, which contributed \$6,001 to our bottom line. Again, this is a huge improvement over the trip losses experienced in 07/08.

### **Special events**

Over the last nine years, we have been shifting the financial focus away from trips and more toward our special events, which this time included the Keys Weekend, Fantasy Fest, Dine-a-rounds, theater nights and so on. This is a very interesting category for us, as our income is very small from each event, but we have a very large quantity of these, and in the end, they really add up. In 2008/09, we put on more special events, totalling \$25,654, and ultimately contributing \$3,865 to our bottom line. Again, the key here was the close attention paid to the expenses and making sure that none of the events operated at a loss, achieving a 218% income increase over the previous year.

### **Membership events**

These are the Springfest, Picnic, Snowballs and the Holiday Party, which have historically been our big ticket expenditures. We feel that these events are extremely important for the membership, and we continued to select nice venues with good food, but with a keen eye on value. Here is how we managed the Membership Events in 08/09: The final event of the year is Springfest, which is free to all our trip participants. In 07/08, we spent \$7,920 (at the Riviera Country Club), and collected \$1,040 in guest fees, putting us \$6,880 out of pocket. By contrast, this year (08/09), we spent only \$2,673 (only 34% of last year). However, the biggest difference was the amount we collected in guest fees, which totalled \$1,770, a 70% increase from the previous year. In the end, our out of pocket cost of the 08/09 Springfest was a mere \$903, which is only 13% of last year's cost. This was our most significant saving. The next item are the Snowballs. In 2007/08 we only had one Snowball and the Holiday Party, costing us a total of \$8,285.

By contrast, in 08/09 we spent \$2,544 more, as we put on three Snowballs. However, to offset these costs, we did some creative thinking and came up with new ideas which turned out to be a lot of fun and at the same time generated some income. This was our Casino Royale and Bazaar nights, which collectively brought in \$1,755 to offset the costs. In the end, our out of pocket for the Snowballs was only \$789 more than the previous year, while adding a third event. This was a huge accomplishment, and it will be a very difficult act to follow in 09/10!

### **Expenditures**

Outside of the trips and membership events, our biggest expense is printing and mailing. This is primarily the Newsletter, then trip sheets, forms and promotion of events. In order to reduce these costs, we are making an ongoing effort to clean up our database and reduce the volume of wasted printing and postage. Overall, we spent \$7,584, which is better than a 27% saving over the previous year. Our other operating costs include the D&O insurance, accountant fees, office supplies, phone and web services. These expenditures have gone up by roughly 7%, primarily due to phone and insurance rate increases.

### **Bottom line**

At the close of the 2008/09 fiscal year, the Club was fully liquid with \$70,114 in our bank accounts, and with a (fully refundable) \$20,268 deposit on the Russia trip and \$500 on the Picnic, totalling \$90,882. This is in contrast to the previous year's \$35,239 cash in our accounts and \$45,422 in deposits, which came to a total of \$80,661. Overall, I think we have done extremely well, especially in view of the bleak economic picture, and an overall tendency to reduce personal spendings. As much as I would like to take credit for these accomplishments, it was truly a team effort, and I must say that we have an excellent, highly dedicated team managing our affairs. We have very open communications, constant cross checking and an overall spirit of cooperation, which goes a long way toward making things happen.

### **The future**

We are not kidding ourselves by thinking the new fiscal year will be any easier. The economy is still in the dumps and everyone is reluctant to part with their money. Maybe we are getting more used to the way things are, and the initial sign-up on our 2010 ski trips seems to reflect it. So far, we had a good start. By a fluke, the postponed Bahamas weekend ended up falling into the current fiscal year. We already closed out the Austro-Hungarian Empire tour with a nice income, and a couple of our ski trips are nearly sold out already. We managed to greatly reduce the Picnic costs this year, and we are doing our best to come up with new ideas for our Membership events. But in the end, it is you who will make a difference in the Club. Your attendance at events, participation on trips and pitching in with some volunteer effort is what will see the Club not only through the 2009/10 year, but well into the future.

*George Ondricek*  
*MSC President*