**From:** Kevin Farrell [mailto:kevinbfarrell@comcast.net]
**Sent:** Monday, November 28, 2011 11:44 AM
**To:** 'Rolando Cuadrado'; 'Bill Manning'
**Cc:** 'CHarris999@aol.com'; 'hoops@mho.com'; 'ryla.board@gmail.com'
**Subject:** RE: club costs/slot

**A thoughtful and passionate discussion, indeed.**

**It sounds like a bit of clarification is in order.  Below is the original email I sent to Jim H. accompanying the updated RM RYLA budgets.  The points I made. In addition some clarifications and one repetition may be helpful:**



      **At the bottom of the spreadsheets are the assumption made including staffing over the two counselors per team.  For YRYLA week one it is 3 and for week two it is 4.  If that is not correct than another budget update is appropriate.**

      **Each year I try to take a bottoms up approach to what the expenditures will be and so the cost review is intended to be automatic.  The areas of cost control that seem to be the most challenging are:**

o     **Number of staff over the two counselors per team**

o     **Discretionary expenditures by conference chairs and head JCs.  I really never know what they are until the expense reports come in at the end of the conference.  This is not to say at all or in any way that there is waste going on; just that is hard to control**

o     **The counselor meals before (YRYLA which is my bad) and after the conferences…hard to say we should not treat our volunteers to a meal after  the week.**

      **Every expense that Rolo, Jim and I could think of was budgeted, including estimated counselor mileage reimbursement @$ 0.25 per mile.  This does not mean we did not miss something; however, I don’t think it will be significant and if so, can eliminate some end of conference expenses if it is all that bad.**

      **The YRYLA conference budgets show week one with 80 conferees losing about $4,700 and week two with an estimated 120 conferees making about $4,700 which suggests the YRYLA breakeven is at 100 conferees…as Rolo stated.  The presumption is that one week would be at 120 and the other week would be at minimum of 80.**

      **Based on this overall slight surplus among the three conferences and increasing the probability of higher YRYLA numbers with a lower scholarship fee is where this suggestion to revisit the $500 fee came from.**

      **Lastly, I believe that for the 2012 conferences, there is not a cash flow issue.  In addition to cash in the bank today of $28,000, we have paid deposits of $23,000 of which $15000 is for the 2012 conferences.  And, the expensive Four-Way Test key rings  for next year are in hand and paid for.**

For your consideration

Best Regards,

Kevin

303.332.2934

**CONFIDENTIALITY NOTICE:**  This electronic message is for exclusive use by the person(s) to whom it is addressed and may contain information that is confidential or privileged and exempt from disclosure under applicable law.  If you are not an intended recipient please be aware that any disclosure, dissemination, distribution or copying of the communication or the use of its contents is prohibited.  If you have received this message in error please immediately notify me of your inadvertent receipt and delete this message from all the data storage systems. Thank you.

**IRS Circular 230 Disclosure:**To ensure compliance with requirements imposed by the IRS we inform you that any U.S. federal tax advice contained in this communication (including any attachments) is not intended or written to be used and cannot be used for the purpose of (i) avoiding penalties under the Internal Revenue Code or (ii) promoting, marketing or recommending to another party any transaction or matter addressed herein.

**From:** Rolando Cuadrado [mailto:rolandocuadrado@gmail.com]
**Sent:** Monday, November 28, 2011 4:00 AM
**To:** Bill Manning
**Cc:** CHarris999@aol.com; hoops@mho.com; ryla.board@gmail.com
**Subject:** Re: club costs/slot

I appreciate all of Bill's points.

To clarify his question in point #1, the info at hand indicates approximately breaking even at 200 (not 180) YRYLA kids. That's not YRYLA on its own breaking even, but rather breaking even when pooled with 240 big RYLA kids. So if we sell out all three camps, as intended, the ratio of YRYLA to RYLA becomes closer, and we begin to lose money. Fixed costs are indeed less per conferee, as Bill states, but the RYLA/YRYLA cost imbalance works against us. Every kid added to YRYLA brings up the average cost across all of RMRYLA. Since the breakeven at $450 and 200 YRYLA kids is based on underestimated costs, I feel that a safer fee is $475.

I agree with everyone's comments that we should make the fee as low as possible. I just want us to be sure that we are doing it responsibly, with a full understanding of the real costs.

Rolo

On Sun, Nov 27, 2011 at 10:51 PM, Bill Manning <bill@manningfa.com> wrote:

An interesting discussion indeed.  Thanks to Jim, Rolo and Curt for the dialogue. The opportunity to send more kids to YRYLA is very exciting to the Clubs and long overdue. This is a classic case study of supply/demand/wherewithal.  It should be a fascinating study in our brand loyalty as well.

1)       Rolo is correct in saying the staff positions are underestimated by past standards. I’m not sure I understand Rolo’s point that if we add kids to YRYLA above 180 the program loses money.  That is a business disconnect as in theory adding kids should spread the fixed costs over more paying conferees.  In theory, more kids should result in less incremental cost per person.

2)       To Curt’s point on YRYLA expenses, over a year ago we had this same discussion during a Board meeting at Singing River Ranch. Patricia moved that YRYLA expenses be reviewed to reduce costs.  How did that go?  Subject to review: staff to conferee ratios and facilitator costs. It was noted that the camp also provides facilitators that raises the fees charged by the camp, something we do not have control over absent choosing a new camp.

3)       When businesses price their services it is wise to keep in mind price points or break points.  In our case, raising the fees for two slots from $800 to $1000 creates a break point.  Break points cause customers to give pause and justify their expenditure.  We might see some Clubs reluctant to add slots.

4)       Rotarians love programs that support kids.  They love even more supporting younger kids.  We’ve heard this from many Clubs wanting more slots for YRYLA.  Rather than adding slots, the increase in fees may result in a Club reallocating their slots to even out the RYLA and YRYLA slots.  In theory, this would result in a decrease in RYLA attendance.  I don’t have a problem with this reduction at RYLA as long as the corresponding increase at YRYLA results in a net gain. In my mind, having more than 360 kids participating is a victory regardless of which camp they attend.

5)       I’m struggling with asking a Club to pay more than $100 over our cost to send a kid to RYLA.  Just doesn’t meet that 4-way Test thing. Though we should be able to run these programs at $400 per, I would vote for Jim’s motion of $450 per camper at all three camps.

As always, your commitment and passion for these programs is heartwarming.

Bill Manning

Manning Financial Advisors

32065 Castle Court, Ste. 300

Evergreen, CO 80439

303-674-8836

Bill@Manningfa.com

**From:** CHarris999@aol.com [mailto:CHarris999@aol.com]
**Sent:** Saturday, November 26, 2011 3:08 PM
**To:** hoops@mho.com; rolandocuadrado@gmail.com
**Cc:** ryla.board@gmail.com; bill@manningfa.com
**Subject:** Re: club costs/slot

Greetings all!

This is certainly an interesting discussion!

I wasn't part of the original discussion on raising the fees from $400 to $500.  I would likely have been an opponent.  My business sense tells me that increasing fees by 25% while hoping to increase enrollment by up to 33% (360 to 480) are contrary concepts.  I know of no business, with the exception of perhaps Netflix, that has made a decision to try to sell more while dramatically increasing fees.  Nearly every club has a fixed budget for RYLA.  Extra monies are usually the result of not receiving slots they budgeted for.  Now we are expecting them to not only dramatically increase their desired slots, but to fund them at $50 to $100 more per slot.

From the Evergreen club's perspective, last year we had 7 RYLA and 3 YRYLA slots for a total of $4,000.  With an increase to $475/slot, our costs are now $4,750.  If we add another 3 YRYLA slots, our total RYLA expense will now be $6,175, or over a 54% increase from what our club spent last year.  I don't know about other clubs, but this could be a tough sell at our club.  (An increase to *only* $450 is still an increase of 46%.)  Bottom line is that we should try to keep the fees as low as reasonably possible.  I view that as our fiduciary responsibility to our clubs.

Has anybody recently taken a hard look at YRYLA expenses to see if there are ways to reduce the costs without a significant impact on the program from the conferees' perspective?

Curt Harris

In a message dated 11/26/2011 9:41:53 A.M. Mountain Standard Time, hoops@mho.com writes:

Rolo and other members of the board

I totally hear what Rolo is saying and love the compromise. It may be important to have a conference call, but we have a revenue from last year of about $17,000 from $2011. While I do not want to spend it totally down, I personally do not mind using some of that money for $2012. I agree with Rolo that we do need to be fiscally responsible and not keep spending ourselves into a hole.

What am I missing in this concept?  I can agree to a different figure than $450, but would like to help the clubs out since that $17,00 is the clubs money.

Jim

On Nov 26, 2011, at 7:20 AM, Rolando Cuadrado wrote:

Jim & Board,

I prefer to be agreeable, so I was very tempted to just reply with a simple "Rolo approves". Then I realized that we have a fiduciary resposibility to fully understand the numbers first.

Yes, at $450 we could barely break even IF we only have 200 kids at YRYLA. If we have more than that, we begin to lose money.

Also, staff expenses (room & board) are underestimated in the spreadsheet's assumptions. YRYLA staff of 28 is an overly conservative number. In 2011 the staff consisted of 24 counselors plus 2 Head JCs, 1 Chair, 1 Jim, 2 staff JCs, and 1 photographer, for a total of 31. Which 3 of these positions will be cut in 2012?

For Week 1, a staff of 19:80 is an even greater underestimate. With 8 teams we would have 16 counselors, 2 Head JCs, 1 Chair. 19 assumes NO staff JCs, NO "Jim" (or other "staff" Rotarian), and NO photographer.

The above numbers do not account for expenses for overnight guest facilitators (Jim, Junior, Peter, etc.).

I appreciate Diane's concern, but I do not feel that $450 is a responsible fee. It may indeed entice more clubs to send more kids, but then it increases the likelihood of filling the 240 slots, at which point we would definitely lose money.

Since we all agree that RYLA and YRYLA should have the same fee, perhaps a compromise at $475 is a workable solution. This would still show the clubs that we are acknowledging the tougher economy, while not risking the finances of the entire RMRYLA program.

Rolo

On Fri, Nov 25, 2011 at 1:10 PM, James Hoops <hoops@mho.com> wrote:

Boar members

I had a conversation with Diane Kessel concerning the expansion of Young RYLA. She was elated that there is going to be more kids able to experience Young RYLA. She was not aware that there was that clubs had that much interest in getting slots for middle school kids. She was also very curious about the cost per club being raised by $100. I briefly explained to her the reasoning and she thought that it would be advisable to contact all of the club presidents and explain why the cost was increased so much.

I looked back at the financial report Kevin presented at the board meeting and then called him about the large amount of money that we would have in reserve. I asked kevin if we could charge each club $450 instead of $500. Kevin went back to the numbers to give information as to the possibility of changing the cost to $450. I suggest that you go back to that financial report at the board meeting. Kevin updated the forecast for 2012 and concluded that on a conservative basis we would make $2000 in 2012. We have a surplus from 2011 - we made money.

This is the first year that we are seeking an added 120 slots at Young RYLA. While we did a survey to see if it was justified to increase a second week, we found that there still would be interest that might not happen. In this time of fiscal problems for everyone and the chance that we might not fill all three conferences. I am suggesting that we move the cost back to $450/slot. In conversations with Dave Amen, who knows the clubs better than anyone, he has indicated that the $450 fee could increase the number of requests and would be good to do. The break even point for YRYLA is 180 kids in the combined totals. I would hope to get 240! We have worked hard to be fiscally responsible and we are not looking to make a profit.

I realize that this might be temporary and we might have to go to the clubs again in 2013 for another increase, but we should be looking out for all of the clubs to help them. I know in my club lowering the cost could increase the number of requests that we make. I believe that the clubs would appreciate our effort to keep the cost to them down.

I also know that the clubs have been told that the cost would be $500, but I believe that the clubs would be very happy to find out that we revisited the costs and we have dropped it to $450. I would like to request that the entire board vote to bring the cost back to $450. It demonstrates that we are working to keep the cost to the club at a minimum. Yes, I believe that the conferences are worth twice what we are asking, but that is not the point. This will demonstrate that we operate with integrity.

I will convene a board meeting on a conference call if needed, but if we can do this by responses to this email, let us get it done. If anyone feels that the conference call is needed please respond right away.

Please respond to this email by 8:00 AM on Tuesday November 29th with a vote of approval or disapproval.

Thanks,
Jim Hoops

--

Rolando Cuadrado, President

Rotary Club of Summit County

(970) 389-9801
RolandoCuadrado@gmail.com