



November 20, 2009

Members of Kinston Country Club:

On behalf of the KCC Board of Directors, I am delighted to report to you that we have approved a balanced Club budget for 2010 that will keep our amenities and services intact and, assuming we maintain an average Membership level of 396 throughout 2010 and do not encounter any catastrophic expenses, will do so without an increase in your dues or assessment.

If you attended any of our informational meetings in September, you learned about the financial challenges the Club has faced and hopefully can appreciate the magnitude of this achievement. This action would not have occurred without the time, effort, input, contributions, support and sacrifices of many people including our Finance Committee, the ad hoc volunteers to our Finance Committee, our Directors, the many Members who communicated their thoughts to us and who have continued to regularly utilize our amenities, our bank, Club Management and all of our Department Supervisors and their respective staffs. Thank you to all of you for the part you played in this endeavor.

While there are many components to the 2010 Club budget, the following will summarily highlight certain key areas and assumptions:

- The budget is based on an average number of 396 total Members throughout 2010.
- Our operating hours will remain as they currently are and please know that we will strive to add, expand and/or restore services if demand and usage warrant such action.
- Budgeted expenses for 2010 have been reduced \$513,209 from 2009 budgeted expenses.
- 61% of that amount is related to reductions in personnel and labor costs which include:
  - A reduction in total employee head count.
  - Consolidation of positions in several areas.
  - No pay increases for 2010.
  - Elimination of the Club's Simple IRA Program and corresponding 3% match.
  - Requiring employees who participate in the Club's group health plan to pay 50% of the premium cost (previously 12.5%).
- As a result of these labor cost reductions, our total personnel cost for 2010 is projected to be 47.92% of expenses versus an industry average of 56%.
- Management initiated a successful property tax appeal in May that resulted in our taxes being cut in half (a \$35,000 savings) for 2010.
- Modifying our bank loan to an interest only instrument for 2010.

- The only capital expenditure budgeted is a federally mandated pool drainage repair.
- Membership retention and growth remain essential parts of keeping the Club financially stable.

That last bullet point cannot be overstated. The most important factor for KCC's ongoing success and viability is Membership retention and attraction, a responsibility that must be shared by all of us. Since our informational meetings, Clubhouse usage has increased and a nice social buzz has once again returned to the Club on Thursday and Friday evenings. With the holidays forthcoming, let's keep that momentum going by always thinking of the Club as one of your main social, dining or business options. We need your continued support and patronage.

In addition to the approval and implementation of our 2010 budget and as a result of Member feedback received during our September meetings, the Club will also be embarking on a capital campaign in 2010 intended to strengthen our longer-term financial health. KCC Members John Marston and Ely Perry have enthusiastically agreed to spearhead this project and you will learn much more about it and how you can help after the first of the year.

So happy holidays KCC Members and thank you for being part of our wonderful Club. Here's hoping that this is the beginning of a great holiday season and a new year filled with much good news and good cheer.

On behalf of the Board of Directors,

*William Connolly III*

William Connolly, III  
Club President

PS – To help maximize the enjoyment of the holiday season for you and your family, you deserve to take time to participate in one or more of the following festive events:

- Thanksgiving Day Buffet – Thursday, November 26 (there is still space available although two time slots are booked)
- KCC Tree Lighting – Thursday, December 3 (bring the family and help us start a new tradition at KCC)
- Member Christmas Dance – Saturday, December 12 (music by Pizazz)
- Santa's Brunch – Sunday, December 20 (over 100 signed up already)
- Sunday Night Supper – December 20 (a KCC holiday tradition)
- Teen Christmas Dance – Monday, December 21 (always a popular party for the teens; music by Spare Change)
- New Year's Eve Dinner Special – Thursday, December 31

More information about these events can be found by accessing the newsletter link at [www.kinstoncc.com](http://www.kinstoncc.com) or by calling the Club office. Again, happy holidays!