

18 March 2015

CAPITAL APPEAL – PHASE 2

I am writing to explain the background to Phase 2 of the Capital Appeal in the anticipation that you will consider making a contribution to help eliminate the Club's debt burden.

Between 2005 and 2008 the Club borrowed £565,000 from members by issuing bonds. The purpose of the fund raising was to pay for the refurbishment of the kitchen, the buttry and the dining room and to rebuild the Jubilee Room. In order to repay these bonds a Development Levy of £50 per Full Member and £25 for spouse members has been added to members' subscriptions. As at 31st October 2014 £363,100 of these bonds remained outstanding. It would require a total payment of £849 per full member and £1,274 per couple spread over 11 years to 2026 to repay the outstanding bonds and related subscription concessions payable as interest on the bonds.

In Phase 1 of the Capital Appeal, members holding these bonds have very generously agreed to waive an incredible £100,875 of these bonds, and waivers are still coming in.

Assuming the Club trades as we have budgeted during this season, we expect to be able to repay £100,000 of these bonds in October from the Club's reserves. The balance of the bonds outstanding will therefore be approximately £160,000.

Phase 2 of the Capital Appeal

We are now launching Phase 2 of our Capital Appeal in which we are seeking voluntary donations from the membership as a whole for a total of £160,000.

If this Capital Appeal is successful, all the bonds will be repaid or waived during this financial year. Consequently there would be no further burden on the membership to service the bond repayments and interest, payable by way of a discount on subscriptions of bondholders from 1st November 2015.

We would then expect to be able to reduce full member subscriptions and have no further need for Development Levies. This would make a significant contribution to our objective of significantly reducing the subscription charges from their current level of £515 plus a £50 Development Levy. On current budget numbers there would be an estimated total reduction in subscription charges of £80 resulting from eliminating the Development Levy and reducing subscriptions. This will be good for existing members. We hope that this reduction in subscriptions will also help us attract new members.

Any sustained increase in the size of our membership will help us reduce subscriptions even further. A net increase of 100 full members and 50 spouse members would enable us to reduce full member subscriptions by a further £95.

Our Request

This letter is being sent to every member household, including those that have already made waivers, as well as those that do not have any obligations to pay Development Levies. We are doing this so that everyone is aware of this second phase of the Capital Appeal and can contribute if they wish.

We are hoping that all members, whether or not they currently pay the Development Levy, give serious consideration to supporting the Capital Appeal by making a donation.

Out of just 71 members approached in Phase 1, there were

- 3 donations of £10,000 or more,
- 9 donations of £3,000 or more and
- 10 other donations of which 8 were £1,000 or more.

Each of these donations was in the form of a waiver of all or part of their existing bonds.

Donors, those waiving or giving £3,000 or more and Benefactors, those waiving or giving £10,000 or more will be recognised publicly on the website, in the handbook and at the Club. We will of course similarly recognise those members who, in previous years, have waived some or all of their bonds.

Supporters, those waiving or giving £265 or more, and Participants, being all other donors, will be recognised publicly on the website.

Almost everyone in Phase 1 has agreed to be recognised even when they may have preferred to remain anonymous. This has greatly assisted in building support for the appeal.

We do understand that the financial positions of our members vary widely. We quite understand, therefore, if members are not currently in a position to give very much, or indeed anything. However, full and spouse members would have had to pay Development Levies until 2026 in the amounts indicated above. Perhaps members could bear this in mind when deciding how much to donate.

Based on our experience in Phase 1 to date we hope, without presuming in any way, that there will be further donations of £10,000+ and a good number of £3,000+. We are however very keen that this scheme is broadly supported to ensure fairness across the whole membership.

We ask that full members consider a minimum donation of £265 (less than £45 per month for 6 months during this season) and couples £395 (£66 per month ditto), which is less than a third of what they would have had to pay if the bonds had remained in place to term in 2026.

In the event that the funds raised exceed £160,000, the use of Club reserves will be reduced accordingly.

In the event that we fail to reach the £160,000 target, we cannot guarantee that any of the proposed reductions in subscriptions will happen.

We greatly appreciate the generosity of those who have contributed so far and very much hope you will feel able to donate to Phase 2 of this Capital Appeal.

How to Make a Donation

To make a donation, please click on the black Capital Appeal button on the right hand side of the home page of the website www.itchenorsc.co.uk. Donations can be made as a one-off payment or spread over instalments between now and 1 October 2015.

If you would like to combine a donation with forgiveness of some or all of your bonds you can do so during the donation process on the website.

It would be most helpful if you could respond to this appeal by Friday 17 April, even if for any reason you don't feel able to contribute.

The budgeting process under which we set subscriptions for 2016 starts in June. We need to know the outcome of this phase of the Capital Appeal well ahead of June.

Yours sincerely

Charles Hyatt
Commodore