

Pay-for-Play Analysis

The Pay-for-Play plan was initialized in June 2015 and implements a \$2 per person, per day fee, to those that stay in the cabins. The cabins do not bring in enough income to cover their costs, and our goal is to use this supplement to help cover the consumables used by each person for their stay. We did not see fit to increase the annual dues to help with this shortage, as many members do not use the cabins at all. It would not be of value to them to charge them extra assessments to cover the cost of those that do utilize the cabins.

There has been mixed emotions about this plan, to the extent that some people have not used their cabin time this year, thinking that the addition of this fee would be cost prohibitive. While talking with members, I have also learned that there is also a huge misunderstanding as to how our dues are utilized.

So let me try to explain this more clearly.

The yearly \$475 assessment fee is not a fee to cover your 2 weeks of cabin time. In actuality, only 34% of your \$475 goes towards funding the cabins. The rest of your assessment fee goes to items such as roadwork, fencing, water systems, equipment, vehicle expense, gasoline & propane, stocking the general store, the fish pond, administrative services, postage for mailings, and a whole list of other items needed to operate the Ranch as it is. Take some time to review our yearly budget, and you will get an understanding of how much money is spent, and where.

I have put together an analysis to show you how your dues are distributed to support the expenses of the cabins. The first thing to note is that during the year of 2014, the cabins expenses totaled \$47,821. Your reservation fees (\$50) covered \$5745.00 of that. With outside cabin rentals, we were able to recoup another \$4003, leaving a deficit of approx. \$38,000 to cover the cabin costs in 2014.

Please review the analysis spreadsheet:

Line 24 – Total cost to Operate Cabins: \$47,820.89

Line 8 – Total Cabin Income: \$9,748.04

Line 25 – Cabin Deficit \$38,072.85

This deficit is paid out of our Ranch income to keep the cabins minimally operational.

We have 296 members that are responsible to pay the \$475 per year. Again – only 34% of the \$475 goes to cover the cabin costs.

Bottom line: Out of the assessments you pay each year, you pay \$161.56 for your 2 weeks of cabin time.

So let's say for example, you will want to stay and use your cabin time for one week. \$80.78 comes out of your dues to pay for this. Then add on the \$50 reservation fee, and for one week, you are paying a modest \$130.78. Add on the \$2 per person per day fee for a family of four, and you add on an additional \$56.00. Your total cost for the week is \$186.78. That's \$6.67 per day per person!

Another example - say you are bringing a family of 10 – add your \$80.78 plus the \$50 res fee, and the additional \$140 to cover the per person per day fee, and find it will now cost \$270.78 for the entire week. That comes out to \$3.87 per person per day!

One more example - let's say you are bringing a group of 20 people up for the week. Add your \$80.78 plus the \$50 res fee, then the additional \$280 for a total of \$410.78 for the week. That comes out to \$2.93 per person per day! This is a huge value! Where in the world can a family or group of 4 or 10 or 20, stay for a week's vacation for this kind of money???

The cabins are rustic, that is for sure. It's also part of their charm. However, every cabin has complete kitchens, multiple bedrooms, outdoor grills, and all have access to 100s of ATV miles, swimming and fishing. Although primitive, I'm sure most of you will agree that they are great for just enjoying a family get-away while exploring the great outdoors. This is the stuff family memories are made of.

I hope you are able to see by the numbers that there is significant costs with renting the cabins, and that they cost more to operate than they bring in. We just can't go on giving away the farm (ranch) per se. The Pay-for-Play plan was put into effect to help offset the consumables. The fee is minimal. If you put it in perspective, you will see it is one of the best values around. I hope I have shown you that today and that you can now rest easier knowing how affordable your cabin time really is!

DSR Cabin Income and Expense 2014

	Category	Amount	Totals	% of Tot Cat.	% of Tot Inc.
1	Total Ranch Income		\$ 174,269.17		
2	Total Ranch Expense		\$ 172,065.41		
3	Annual Member Dues		\$ 475.00		

4	Cabin Income				
5	Cabin Rentals - others	\$ 4,003.04		41%	2%
6	Cabin Reservations	\$ 5,745.00		59%	3%
7					
8	Total Cabin Income		\$ 9,748.04		
9					
10	Cabin Costs				
11	Cabin Maintenance	\$ 10,283.58		22%	6%
12	Cabin Supplies (consumables)	\$ 3,103.77		6%	2%
13	Laundry	\$ 1,261.24		3%	1%
14	Propane (60% of total Propane)	\$ 6,505.56		14%	4%
15	Trash Trailer	\$ 351.00		1%	0%
16	Admin. (Cabin Res, 30% of total)	\$ 3,393.00		7%	2%
17	Bank Card Fees	\$ 1,256.08		3%	1%
18	Internet (for reservations)	\$ 58.88		0%	0%
19	Mgmt Fee (P & N @ 50%)	\$ 15,000.00		31%	9%
20	Summer Help	\$ 985.00		2%	1%
21	Worker's Comp (50%)	\$ 652.78		1%	0%
22	Water Systems / Repairs/ Tests	\$ 4,970.00		10%	3%
23					
24	Total Cost to Operate Cabins		\$ 47,820.89		
25	Cabin Deficit		\$ (38,072.85)		

26					
27	% of cabin cost to total ranch expenses		28%		
28	% of cabin cost to total ranch income		27%		
29	% of cabin income to total ranch income		6%		
30	Amt of your dues that go to cover cabin costs		1%		
31	Total portion of your dues that goes to cabin expenses			\$4.72	
32	Portion of dues used for 1 cabin week			\$2.36	