

# ADDISON RESERVE

## Letter from the Treasurer

Dear Member,

All of us at Addison Reserve are fully aware that our health and safety are our highest priorities at this current time. Notwithstanding that fact, we all need to understand the potential impact of the COVID-19 crisis on the club's financial health.

Following is a summary of the Economic Action Plan developed by Management and the Board of Governors. This plan includes two phases:

- Phase One - Where we are now involving all facilities and activities being closed down with the exception of food delivery services and some required maintenance.
- Phase Two - May occur as a result of a government mandate or other emergency issue that would close our kitchen, thereby eliminating all food delivery.

Both phases have several things in common that result in the preservation of cash and reduction of expenses. These include operational cuts, operational savings and deferral of all capital projects, such as clubhouse renovation and security upgrades.

As you know, our employees are an extremely valuable asset of ARCC and are critical to resuming operations quickly when it is safe to do so. In this regard, we have instituted temporary payroll policies to compensate and incentivize all hourly employees still working, in recognition of their dedication which makes our current delivery and maintenance programs possible. We are compensating at a lower level those employees who are not currently working due to operational closures. This plan is similar to what our peer clubs are doing and is guided by both fiscal responsibility and compassion, with the intent of protecting our Members and employees.

We started the fiscal year with several months of very profitable operations, mostly as a result of the overwhelming success of our new Lifestyle Complex. This has provided us with a substantial cushion to offset future potential losses as a result of the COVID-19 crisis. Based on current information and assuming conditions remain the same we hope to end the year on budget.

We believe that the actions taken by our Management team are very sound, but the future still remains unknown. As a result, we will continue to manage the financial affairs of Addison Reserve on a conservative basis, including billing dues installments and quarterly fees according to our regular schedule. If there is a surplus when the fiscal year ends, the Board will determine if a refund to the membership is appropriate, based on a recommendation from the Finance Committee.

In summary, our overall financial condition is quite sound. If you have any questions, feel free to contact us.

Harvey Wertheim  
Treasurer