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Dear Patrick and the Board of Directors:

Several others, including the eminent Dr. Jeff Smith, have written splendid letters analyzing the state of affairs at the Louis August Jonas Foundation (LAJF). I agree wholeheartedly with Jeff's letter and J.C. Calderon's Petition. So I will not belabor the points they have made. For clarity, while I have spoken with many alumni in the past few weeks, the contents of this letter represent my point of view alone.

The Board has agreed to put the sale of the Red Hook property on hold for six months, and several Board members have asked how we should make best use of this time. *Let's build a broad consensus on the strategic direction for Camp Rising Sun.*

**Alumni are unhappy – but also more engaged than ever**

First, we must face the fact that many alumni are dissatisfied. The CRS “We’ve Gotta Talk” FB group, formed a week ago by a handful of people, now has over *1,800 members!* Hundreds of emails, phone calls, and web postings testify to a level of dissatisfaction – but also *engagement* – that is totally unprecedented in the 36 years I’ve been associated with the Foundation.

I believe that the LAJF is at a tipping point where EITHER the alumni could take some drastic steps (e.g., schism) that would weaken our organization permanently, OR we can find our “New Coke” moment, come together as a community, and build a sustainable future together.

For those who do not remember “New Coke,” the Coca-Cola Corporation tried to phase out the original version of Coke in the 1980s – and consumers for the first time had to reconcile themselves to a world without Coke as they knew it. They suddenly realized how much they would miss it! I think we are dealing with this kind of phenomenon in the alumni community today. People who may not have given it much thought are suddenly realizing how much they would miss Camp Rising Sun if it no longer existed. Grown men are crying at the thought of it.

So it falls to us as leaders of the community to harness this emotion and energy, for the good of future generations of campers.

The Petition was posted on a dedicated website just a few days ago, and already has more than 200 signatures. The alumni who have set up the “savecrs.org” website intend to set up at least four “threads” of discussion online. I would like to see them *co-moderated with representatives from the Board.*

## Co-moderation of four dialogues

The Board should enthusiastically embrace the opportunity to co-moderate four “threads” in an online forum. This can be supplemented by in-person meetings, conference calls, and so on. The co-moderator from the Board’s side may be a Board member or other alumni leader of your choosing; in each case, I believe a co-moderator will emerge from the ranks of the “concerned alumni.” I believe the two persons will work together, even if they disagree, because of their common love of Camp.

These dialogues should include:

1. **Program** – What “experiments” are worth trying?
2. **Facilities** – What are the accurate figures for “deferred maintenance” at the camp sites? What are the realistic options for new sites?
3. **Finances** – What is the true cost situation? How can LAJF get to a sustainable financial situation?
4. **Governance** – How can the Board achieve greater accountability and alumni engagement?

### 1. PROGRAM

The Program Committee should co-host a discussion the future of the program and whether 4 weeks is an appropriate time frame for the CRS Program. I have heard nothing but skepticism from alumni and selectors, some of whom are considering just “skipping” 2015 rather than send a camper to a 4-week program.

Similarly, there is widespread opposition to a co-located boys and girls camp. This was the discussion we had in 1985 – I wrote a lengthy article in the Sundial at the time – and we decided then that the risk of co-education was not worth it. Since then, trends in the education of women and girls have broadly backed up the decision we made then. Some countries would refuse to send campers to a co-ed camp (e.g., Jordan, according to one of our former ED’s).

But perhaps when we look at all the data, *together*, we will see the wisdom of a co-ed (or partly co-ed) program. Let’s do it.

### 2. FACILITIES

The Board has described the existing campsites as having significant, necessary “deferred maintenance” issues. People say we have a “dump” on our hands, a “money pit.” Yet the Board has at present *no members who are competent professionals* in the field of building, real estate, or equipment maintenance. The numbers that have been relied upon were developed for a different purpose seven years ago.

*The B&G Committee disagrees vehemently with the Board's statements about the state of the property.* The Committee has gone on record, and several members have resigned in protest.

Another important point was emphasized to me by a former Treasurer of the LAJF: It does not make sense to sell your house before lining up the property that you're going to move to. It's just foolish to do that.

Therefore, let's bring together the relevant *experts* and agree on what the true range of values are, give or take ~10%. It makes no sense to dispose of an asset before you know what the true facts are concerning its value. As part of this, the Board must make public and defend the numbers it has used in analyzing the situation to date. "Trust us" is not going to work.

There is a television show called "Love it or List it." We could broadly follow the recipe they use, where one realtor fixes up the house and a second realtor tempts the owners to list the house and buy a different property.

The Program Committee should establish the requirements (size, layout, facilities, safety). Then:

- ◆ The "**love it**" team should examine the existing facilities, and determine how much it would cost to meet the needs of the camp program. This would include addressing functional issues like leaking roofs, as well as qualitative issues like the traffic on the road at the Red Hook site.
- ◆ Meanwhile, the "**list it**" team needs to investigate the *market value* of the assets, and find an attractive property somewhere else that could meet the needs of the program as well or better than what the "love it" team. This team must address all the financial questions (e.g., cost of remodeling the new property for our needs; excise taxes) as well as qualitative (e.g., Lyme disease in the new location).

The "list it" option may also have negative impact on alumni engagement and giving, and this must be weighed in the balance as well.

I should also mention that several people have pointed out that balance sheet issues should be solved on the balance sheet, and operational issues should be solved on the P&L. The organization today has too much overhead – so that should be solved by cutting cost (see below). Any necessary deferred maintenance issues should be addressed on the balance sheet, e.g., one might consider a *low-interest loan*, as Regis High School has recently done. LAJF has no debt, and would likely qualify for excellent terms. In any case, a not-for-profit should not take away from its mission to deal with aging facilities.

In any case, at the end of the process, the BOD will need to decide LAJF should "love it or list it." But all the facts and analysis will be readily available to any stakeholder who wants to review it. And the decision will be – *and will be seen to be* – one that emerges from a public dialogue, not closed-door sessions.

### 3. FINANCES

The Board has put forward an analysis using Monte Carlo simulation that shows the Foundation being bankrupt in 8 to 10 years, using certain assumptions.

However, financial experts from the F&I Committee, both past and present, disagree with the assumptions that went into the model. Specifically, the spending levels have been set too high, at about *twice* what a commercial camp would cost to run. The Board should make public the specifics of what it is spending on various categories such as fund raising and overhead, and how this compares to not-for-profit benchmarks. The disclosure to date has not been sufficient.

In addition, the choice of Monte Carlo, while fine for internal F&I deliberations, was unfortunate in that a broad audience has as much chance of understanding a Monte Carlo simulation as they would of understanding the details of nuclear fission.

Let's use a simple, "straight line" spreadsheet that sets out the basic numbers of what is, at the end of the day, a very simple operation. Let people interact with the numbers, play with the assumptions. We can bring the relevant players together and agree on what is realistic on both cost and revenue sides.

- ◆ For cost, we can use *competitor benchmarking*. If a NYS commercial camp of our size can run for \$1,000 to \$1,200 per camper per week, let's analyze why we cannot.
- ◆ For revenue, we should think about what demographics (i.e., our alumni group is growing and aging, and this will help us) and alumni engagement (see more below) will do for our efforts. "Hiring a professional," while the right answer for many organizations, may not make sense for LAJF given our small scale. *Grass roots efforts* can help make progress, and can be solidified by efforts in the next section.
- ◆ Finally, as another former Treasurer told me, let's return (as soon as practical) to the *fiscal prudence* that foundations across the country practice, and refrain from spending any more than 5.5% of a 3-year rolling average of the Endowment.

I am sending along with this letter a very simple, 14-line spreadsheet that you can use to analyze various scenarios. For example, if you set the endowment to \$12.5 million, the annual budget to \$1.4 million, fund raising to \$500,000, endowment returns to 7.0%, fund raising growth rate to 4.0%, and inflation to 2.0%, then LAJF lasts easily through 2050. Perhaps you don't like those assumptions – you can plug in your own. But it gives all of us an easy way to interact with the numbers.

#### 4. GOVERNANCE

The Board and its small “MAC” have functioned as a self-perpetuating group for decades. To meet today’s challenges, I believe LAJF needs greater transparency and accountability in its governance. I believe that many alumni would be happy to donate to CRS, but not under the current structure.

Therefore, I propose expanding the number of Members of the LAJF dramatically. From ~10 today to an unlimited number. Some have suggested that all alumni be granted the status of “member” (as colleges and universities do), and/or we could have tiers of membership that would be earned by donating \$100, \$1,000, and so forth, similar to other not-for-profits like the American Red Cross, public television, or the Metropolitan Opera. Members might derive certain benefits such as a free CRS t-shirt, discounted tickets for the Annual Reunion, or a weekend program for their family at CRS.

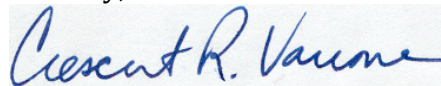
The point is that the Membership would accomplish several things:

- ◆ **Fund Raising** would be buttressed. Those who want to have influence need to “put their money where their mouth is.” The dollars can really add up: if 1,000 people gave \$1,000 per year, that would be \$1 million annually, *equivalent to a \$20 million increase in the endowment*
- ◆ **Accountability** would be established for the Board and its actions. This is critical if we are to attract significant donors, family foundations, etc.

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Patrick, I look forward to discussing these initiatives with you, and discussing who should co-moderate the various threads, if you agree that’s a good way forward. I am also open, of course to additional or different suggestions for how we can bring together the disparate groups of alumni and friends of CRS from around the world.

Warmly,



Chris Varrone  
CRS 78-80, 84-86C, 91-05BOD

**Attachment** Financial Spreadsheet