SNOWMOBILE CLUB FINANCES

"But We Get Paid by the State to Groom — Doesn't That Change Things?"

It's a fair question. Snowmobile clubs funded by state payments, membership fees, and fundraising events often assume that revenue "funds" the purchase. But here's what the math actually shows.

THE REVENUE IS THE SAME EITHER WAY

The state pays the same rate whether you own or rent the machine. That payment doesn't change. So, the only variable is **your cost.** The lower your cost, the more of that revenue the club actually keeps.

SIDE-BY-SIDE COMPARISON

OWN THE MACHINE	RENT THE MACHINE
State revenue: Same fixed rate	**State revenue:** **Same fixed rate**
Upfront cost: Full purchase price	**Upfront cost:** **$0**
Ongoing: Maintenance, annual insurance, downtime and repair risk — all on club finances	**Ongoing:** **Fixed seasonal fee — no maintenance, seasonal insurance, no repair risk, no surprises**
Depreciation: Loses 85%+ of value over 12-15 years	**Depreciation:** **No asset to depreciate**
Club funds: Tied up in a depreciating asset	**Club funds:** **Invested and compounding growth**
Net result: State payment minus total ownership cost	**Net result:** **Excess funds to bank + investment gains**

THE TRAP BOARDS FALL INTO

Clubs see state payments and think "this funds the purchase." But why throw the state's money into a depreciating asset when you could put it in the bank? That's spending a **recurring revenue stream** to cover a one-time capital expense that immediately starts losing value. Rent instead, and the difference becomes **excess funds you can bank or reinvest in the club.**

> ***Rent the machine, bank the difference, and build a stronger club***
>
> ***Own the Cash - Rent the Asset***

The Question for the Board

If the state payment is the same whether the club owns or rents the machine, and the machine declines in value, why would the club spend hundreds of thousands of dollars of its own capital up front to purchase one?

Once you factor in depreciation and maintenance, the total cost of ownership consumes most or all of the state funding. The club fronts the purchase price, but the machine loses value every year while requiring expensive upkeep. The state payment doesn't cover the cost of depreciation, or the cost of that capital tied up, and the club's other funds have to make up for the shortfall to own the asset. That doesn't happen with rental. Asset depreciation is killing the club finances, which is one reason why rental is lower cost. Theres no value in owning a depreciating asset.

In other words: state funding meant to support trail grooming is consumed by the cost of owning the equipment rather than strengthening the club's financial position if the equipment were rented.

Key takeaway for the Board decision When the state payment is fixed, the decision isn't about revenue — it's about how much of that revenue the club gets to keep or how much less the club has to subsidize the state funds. Owning costs more than renting and the math shows it. The difference is either the money stays in the club's bank or disappears into a depreciating asset.

LET THE NUMBERS DECIDE

Our free analysis models this exact scenario with your state rate, season length, and cost of capital. You'll see the net position under own, finance, and rent — side by side, with your real numbers.

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OWN THE CASH - RENT THE ASSET