

[RASC Council] New Post: Fee Increase

From: Charles Ennis

13 Jul 2022 7:10 AM

Since attending my first National Council meeting in 2014, I've frequently been involved in discussions regarding fee increases. Too often in the past these discussions went on and on, the actual decision being delayed again and again in the hope that the tide could be stemmed, or some miracle would occur to decrease costs and rendering a decision regarding a fee increase unnecessary. And as the discussion went on, the costs continued to rise and earned revenue continued to shrink. Eventually a governing body must decide. Putting off a decision just makes it even more painful in the future as the amount required to catch up will be even greater.

Earned revenue is the revenue from fees, sales, and other annual sources of revenue. In recent years the percentage of our revenue which is earned has shrunk: As previously reported by the then President Robyn Foret, the approved 2022 Budget illustrated a Member Services cost of \$315,126.29 and a projected revenue, based on the fee structure at that time, of \$261,450.00. Earned revenue is meant to cover Member Services, which includes occupancy cost, utilities, office costs (supplies, equipment), printing, SkyNews costs, and so on. Ideally this dependable revenue should cover our core costs and it currently does not. This forces us to supplement with grant, bequest, and donation revenue which is anything but dependable. Project grants can be used to support specific staff or program expenditure, and our Society has used them for this. However, grants and donations are not something you can rely on: The amounts available vary from year to year and there is no guarantee that your grant application will be approved. Income from investments varies from year to year. There is no way to predict what donations may be made in the future. Donations should be supporting programs, not subsidizing membership.

In the attached spreadsheet you can see the revenue from 2000 onwards. The percentage of operating costs covered by total earned revenue has shrunk from 90% to 36%. The percentage of operating costs covered by membership fees has shrunk from 26% to 12%. The percentage of operating costs covered by publications has shrunk from 62% to 13%.

I thank the National Council for the many suggestions and strategies for staving off fee increases put forward in this discussion. It is a very useful reminder to the senior members of the Board and an education for our newer Directors. We've considered them all carefully. While they all have their merits, no one has, in my opinion, offered anything that hasn't been offered and considered many times before. All of them require shrinking the coverage of membership services even further and increasing reliance on unreliable sources of revenue. This isn't a responsible approach. If the cost to the Society of servicing and supporting a member exceeds the membership fee, then the member could be said to be receiving an excessive "Personal Benefit", and we must avoid that as the CRA will not like that at all.

To increase our earned revenue, the Board has decided to raise membership fees and the prices of core publications (e.g., Observers' Handbook, Journal, and SkyNews subscriptions and cover price).

Regards, Charles Ennis

President, RASC

From: Martin Cogswell

13 Jul 2022 12:55 PM

Greetings Charles – The info provided gives a fair breakdown of sources of income & shows the only increasing source of income is membership fees (& irregular donations which as you pointed out can't be counted on). But the info provided does not detail the expense side of the story, which would also help folks understand what is going on. It appears that since 2017 there have been huge year over year increases in operating expenses – now the source of pressure for membership fee increase. Can you provide similar breakdown for expenses, so folks can understand/appreciate the issue?

Regards,

Marty Cogswell, Sarnia

Hi Marty:

I'll contact the Treasurer and see what we can come up with. The spreadsheet was compiled from RASC's audited statements. These are posted online in the annual report, which also shows operating expenses. CRA posts a condensed version of all charities' audited statements (the T3010) publicly online.

| Year | Publication Sales | Membership Fees | Interest & Transfers from Investments | Donations & Grants | Other SkyNews Inc. Rent to 2008 | Total Revenue | Total Expenses | Net Proceeds |
|-----------------------------------|----------------------|--------------------|--|-----------------------|--|------------------|-------------------|------------------|
| <i>Percentage of 2000 Revenue</i> | | | | | | | | |
| | <i>62.25%</i> | <i>25.95%</i> | <i>4.11%</i> | <i>4.06%</i> | <i>3.63%</i> | <i>100%</i> | | |
| 2000 | 230,993 | 96,278 | 15,262 | 15,049 | 13,482 | 371,064 | 361,687 | 9,377 |
| 2001 | 256,328 | 111,395 | 10,865 | 8,747 | 14,678 | 393,266 | 368,496 | 24,770 |
| 2002 | 266,630 | 128,551 | 12,206 | 53,235 | 15,058 | 475,680 | 443,000 | 32,680 |
| 2003 | 247,884 | 130,723 | 8,795 | 1,711 | 15,495 | 404,767 | 428,163 | -23,396 |
| 2004 | 248,447 | 136,768 | 4,520 | 20,218 | 15,690 | 425,418 | 465,383 | -39,965 |
| 2005 | 238,732 | 143,046 | 15,364 | 22,690 | 15,973 | 489,107 | 445,750 | 43,357 |
| 2006 | 173,763 | 140,557 | 21,684 | 54,672 | 24,332 | 415,013 | 376,944 | 38,069 |
| 2007 | 182,085 | 140,648 | 12,500 | 51,689 | 25,814 | 412,734 | 421,309 | -8,575 |
| 2008 | 208,318 | 144,375 | -1,462 | 31,216 | 41,134 | 423,581 | 481,572 | -57,991 |
| 2009 | 279,554 | 176,791 | 24,667 | 29,947 | 4,164 | 1,028,393 | 514,964 | 513,429 |
| 2010 | 196,155 | 172,192 | 32,914 | 17,595 | 11,109 | 447,864 | 427,759 | 20,105 |
| 2011 | 191,195 | 166,432 | 3,102 | 57,793 | 5,895 | 453,417 | 408,390 | 45,027 |
| 2012 | 212,479 | 180,076 | 36,204 | 14,821 | 18,220 | 461,800 | 471,571 | -9,771 |
| 2013 | 200,164 | 177,485 | 82,122 | 30,927 | 11,839 | 502,537 | 444,730 | 57,807 |
| 2014 | 198,006 | 178,370 | 64,079 | 18,626 | 5,336 | 464,417 | 453,229 | 11,188 |
| 2015 | 218,599 | 199,452 | 15,084 | 19,854 | 9,749 | 462,738 | 509,825 | -47,087 |
| 2016 | 257,625 | 211,842 | 60,582 | 17,516 | 7,028 | 563,584 | 499,293 | 64,291 |
| 2017 | 238,594 | 212,743 | 33,508 | 21,420 | 48,427 | 554,682 | 598,010 | -43,318 |
| 2018 | 226,619 | 209,637 | -12,912 | 185,565 | 5,503 | 614,412 | 751,430 | -137,018 |
| 2019 | 251,231 | 228,200 | 62,775 | 277,847 | 6,099 | 826,152 | 943,322 | -117,170 |
| 2020 | 241,459 | 243,050 | 11,345 | 338,480 | 9,001 | 843,335 | 818,876 | 24,459 |
| 2021 | 276,507 | 256,505 | 65,448 | 1,340,749 | 180,864 | 2,120,073 | 1,015,042 | 1,105,031 |
| <i>% 2021 Revenue</i> | <i>13.04%</i> | <i>12.10%</i> | <i>3.09%</i> | <i>63.24%</i> | <i>8.53%</i> | <i>100.00%</i> | <i>47.88%</i> | <i>52.12%</i> |

Financials: RASC Revenue and Expense since 2000

Compare Membership Income vs Expenses

