



Rotary International District 6450, Inc.

District Assembly Announcement

Meeting on June 17, 2019

May 17, 2019

TO: Club President and President-Elect

CC: Club Secretary and Executive Secretary

RE: District Assembly, June 17th

We are pleased to report to you that, with much consideration, research and study, the Rotary International District 6450 Board of Directors has unanimously proposed a new Due structure for our District. The impetus for this new structure was the desire to create a more equitable dues/fee vehicle supporting the newer or smaller clubs and encourage membership growth for all clubs.

We will present this information at a special District Assembly on Monday, June 17th, at Primera, located at: 650 Warrenville Road, Lisle, IL 60532. The Assembly will convene promptly at 7:00PM. We are inviting each club to send at least one delegate to this Assembly. The delegate(s) may be any member of your club in good standing.

Attached is documentation explaining the new structure including the effect this will have on your club. If you have ANY questions, please feel free to reach out to any of us or our District Administrator, David Phelps, at Office@Rotary6450.org. We are here to provide any and all information you will need to fully comprehend the opportunities provided to your club and our district.

Thank you, in advance, for your thoughtful consideration of this information as well as for all you do to move Rotary forward.

We look forward to seeing you on the 17th. Please see your club's data sheet following.

Kind Regards,

Pedro Cevallos
District Governor, 2018-2019

debi Ross
District Governor, 2019-2020

Dennis Gorman
District Treasurer

Questions (and Answers) about the Proposed Budget and Dues Changes

In anticipation of questions that might be asked about the proposed budget and dues changes, we have prepared the following answers to help guide you.

Q. What has changed for District dues and fees?

A. In recent years, the District has collected revenue from the Clubs in the form of both dues and fees. Dues are charged per capita for each Club member, while fees are charged per Club. With the proposed change, all District revenue from the Clubs will be based on per capita dues.

Q. Why the change?

A. The Board has unanimously approved this change in order to promote Club membership retention and membership growth.

The District is faced with increasing costs for President Elect Training (PETS), which costs need to be passed on to our Clubs. In addition, District leadership intends to increase the training offered to our Rotarians, to help foster more vibrant Clubs. To continue to charge increasing PETS fees and District Conference fees on a per Club basis results in Rotarians in smaller Clubs paying much more per person in District expenses than Rotarians in larger Clubs. For example, in a Club of 15 members, the Club currently pays about \$147 annually per member to the District, when you include fees and costs. Without the proposed change, that number would go up further. In a larger Club of 35 members, the Club currently pays about \$99 annually per member to the District. Without the proposed change, that would also increase.

Q. How will a change in dues help with member retention and growth?

A. By restructuring the District dues, we are able to reduce the burden on members of our smaller Clubs. If the Budget is approved by the Clubs, then Clubs with fewer than 25 members will be charged District dues that are less than what they are currently paying in dues and fees, a savings for the Clubs and their members. This will help those Clubs retain current members and attract new ones, as the cost of being a Rotarian for them will decrease.

Q. Will Clubs pay more to the District?

A. For most of the Clubs in the District, the change in the dues structure will result in either a decrease in Club payments to the District, or a very modest increase. For Clubs over 40 members, there will be an increase in annual payments to the District. To moderate the effects of any large increases, the Board has approved two things: 1) the per capita dues are set in four separate tiers, based on Club membership as of July 1 and January 1 of each year. As Clubs grow and move up to a new tier, their per capita dues rate decreases, so there is a savings and an incentive to add members; 2) for Clubs with 40 members or more, the District will credit 50% of any increase a Club will be obligated to pay the District in the coming fiscal year, to reduce the cost increase by half for the first year of these changes.

Q. How will the credit to those Clubs be financed?

A. The Board has agreed to use reserves that the District has accumulated to pay for the credits. The total credits are expected to be around \$7,400, and using that amount for this purpose will not materially affect the District's financial strength, as it will retain significant reserves that are sufficient for the prudent management of the District's finances.

Q. Are there any other advantages?

A. Yes. For example, the new dues structure is simpler and predictable for Clubs. Clubs will be able to easily budget base on their expected membership.

Also, as some of our smaller Clubs began to lose members, the increased per capita effect of the current dues structure had a strong negative effect on the remaining Club members, who had to pick up the slack of the departing members. This increased the momentum of the decline of smaller Clubs who had lost a few members. The new structure eliminates the financial stress of increased per capita costs for Clubs who lose members, so long as they remain in their tier.

Q. How do we know if our Club is paying more or less in District dues under the proposed budget?

A. Each Club will be provided a document that shows its current dues and fees and the proposed dues so the Club can evaluate the effect of the change on that Club.

Q. What if the Clubs do not approve the budget?

A. The District will need to pass along the increased costs that it is facing from PETS and other expense to the Clubs. If a change in the dues is not approved, then the dues paid by each Club would remain the same, but the Board could and likely would increase the fees that the Clubs have to pay the District in addition to the dues. Unlike dues increases, fees increases can be approved by the Board alone.

The effect of increasing revenues to cover increased costs on a fee basis would be to further exacerbate the wide spread of per capita expenses from our smaller Clubs to our larger Clubs, and put further financial stress on our smaller Clubs and their member Rotarians.

Q. What do the Clubs need to do to vote on the budget and dues change?

A. Each Club has one vote, and Clubs with more than 25 members gain one additional vote for each additional 25 members they have beyond the first 25. Each Club must delegate one person to cast the Club's vote(s) at the District Assembly, which will be held on June 17th. Please select your Club's delegate and provide the delegate with your Club's instructions on voting on the proposed budget and dues changes.

Rotary International District 6450, Inc.
BUDGET DRAFT - Summary 2019-2020

July - June, Multi Year Comparison

	<u>16 - 17</u>	<u>17 - 18</u>	<u>18 - 19</u>	<u>19 - 20</u>
	<u>Actual</u>	<u>Actual</u>	<u>Budget</u>	<u>Budget</u>
Ordinary Income/Expense				
Income				
CLUB DUES & FEES				
CLUB DUES-Tiered	94,681.50	93,652.00	93,600.00	190,850.00
CLUB FEE-DISTRICT CONFER-\$675	42,187.50	41,175.00	41,175.00	-40,500.00
CLUB FEE-LEADERSHIP DEV \$10 PP	18,570.50	18,010.00	18,000.00	0.00
CLUB FEE-PETS-\$600 PER CLUB	37,500.00	36,600.00	36,600.00	0.00
Retained Earnings Transfer	0.00	0.00	0.00	7,200.00
CLUB DUES & FEES - Other	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total CLUB DUES & FEES	192,939.50	189,437.00	189,375.00	157,550.00
DISTRICT CONFERENCE	41,824.40	29,725.00	32,000.00	69,000.00
GOVERNANCE	2,160.00	0.00	2,400.00	1,500.00
LEADERSHIP DEVELOPMENT	1,170.00	0.00	0.00	0.00
OFFICER RI REIMBURSEMENT	10,100.00	10,404.00	9,364.00	9,700.00
ROTARY INTL DISTRICT GRANTS	55,890.00	71,697.00	62,000.00	73,000.00
THE ROTARY FOUNDATION	0.00	1,864.00	0.00	7,500.00
White Sox Game	16,825.00	17,087.00	16,000.00	17,000.00
YOUTH SERVICE	<u>78,037.10</u>	<u>72,230.08</u>	<u>72,000.00</u>	<u>63,500.00</u>
Total Income	<u>398,946.00</u>	<u>392,444.08</u>	<u>383,139.00</u>	<u>398,750.00</u>
Gross Profit	398,946.00	392,444.08	383,139.00	398,750.00
Expense				
ASSISTANT GOVERNORS Exp	3,398.22	3,463.39	7,500.00	7,975.00
CLUB SUPPORT Exp	3,635.18	6,950.00	2,700.00	3,200.00
COMMUNICATIONS & PR Exp	7,269.85	9,544.30	9,100.00	11,600.00
DISTRICT CONFERENCE Exp	79,938.43	60,443.90	64,400.00	69,000.00
FINANCE & ADMINISTRATION	58,640.05	58,822.98	59,400.00	58,750.00
GOVERNANCE LEADERSHIP MTGs	8,821.72	9,373.84	11,400.00	10,000.00
LEADERSHIP DEVELOPMENT Progs	52,530.12	51,944.33	53,700.00	62,600.00
ROTARY INTL GRANT MANAGEMENT	54,310.00	71,697.00	60,170.00	71,000.00
THE ROTARY FOUNDATION Exp	812.60	2,023.55	250.00	8,600.00
TRAVEL - OFFICERS	21,519.76	21,894.73	26,050.00	25,450.00
White Sox Game for Polio	17,130.44	17,168.00	16,000.00	17,000.00
YOUTH SERVICE Progs	<u>76,008.37</u>	<u>70,659.04</u>	<u>71,800.00</u>	<u>62,500.00</u>
Total Expense	<u>384,014.74</u>	<u>383,985.06</u>	<u>382,470.00</u>	<u>407,675.00</u>
Net Ordinary Income	14,931.26	8,459.02	669.00	-8,925.00
Other Income/Expense				
Other Income				
Interest	0.00	0.00	1,200.00	2,000.00
Miscellaneous Revenue	975.00	2,079.00	0.00	5,000.00
Transition Dues Credit	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>	<u>7,200.00</u>
Total Other Income	975.00	2,079.00	1,200.00	14,200.00
Other Expense				
Bad Debts	912.00	0.00	0.00	0.00
Contingency	7,927.36	3,690.03	1,650.00	250.00
Membership Development Fund	0.00	0.00	10,000.00	5,000.00
Miscellaneous Write-offs	<u>787.40</u>	<u>0.00</u>	<u>0.00</u>	<u>0.00</u>
Total Other Expense	<u>9,626.76</u>	<u>3,690.03</u>	<u>11,650.00</u>	<u>5,250.00</u>
Net Other Income	-8,651.76	-1,611.03	-10,450.00	8,950.00
Net Income	<u>6,279.50</u>	<u>6,847.99</u>	<u>-9,781.00</u>	<u>25.00</u>