

The Society for Creative Anachronism (New Zealand) Incorporated - Matters Arising from the AGM 2008

The 2008 AGM was held in Darton on 23 November last. The minutes for this meeting are available on the SCANZ website at http://sca.org.nz/docs/pdf/SCANZ_AGM_Minutes_2008.pdf.

At the meeting, several members expressed some concerns about the recent changes to membership fees. The text of these can be found on page 3 and 4 of the AGM minutes. This message from the committee is to respond to these concerns and to explain the background and basis for these changes.

Questions at AGM:

Maggie Forest queried whether the current operating buffer is sufficient to cover our contingent costs (see the next section).

Martin Forest and others present expressed concern that changes were made to membership rates without any consultation or notification back to the membership prior to those changes being made and that decisions on the membership rates may have been made based on assets listed in the balance sheet that should be liabilities.

Selwyn McCallum noted that the operating buffer should also cover one year's operating expenses of the society because in certain circumstances of things going badly wrong the companies office could suspend our "trading", taking of new memberships, without completely ceasing our operations at which point the reserve would need to cover the operating expenses while the issues are sorted out, as well as any costs associated with sorting the issues out.

Background

When SCANZ was first incorporated in 2004, the committee at the time determined that the society needed an operating finance reserve to meet possible expenses from having to meet the insurance excess for a claim from each of the three major financial groups in the society simultaneously. The alternative was that the committee members would have to reach into their pockets and cover the immediate shortfall themselves, which is an unreasonable expectation in the long term.

This initial reserve target of \$2000 was publicised to members by way of the documents for the 2005 AGM.

Subsequently, the committee identified the possibility of expenses associated with initially retaining legal advice in the event of legal action against the society. A long term target amount for the operating reserve to allow for this was suggested as \$10,000 at an open committee meeting at Canterbury Faire in 2007, although there was no recorded basis given for this particular figure, other than being a round number.

The original intent of the founding committee, albeit unwritten, was to maintain membership costs at their original rates until a suitable operating reserve had been established.

Our Financial Situation at 30 September 2008

- Operating Reserve account balance, excluding the Kingdom Fund, and after payment of all outstanding SCA levies: \$8300.
- Expected annual income other than from subscribing members: **\$1100**, being \$500 interest on account, and \$600 event memberships fees (higher in Crown event years, lower if more people take up subscribing memberships).
- Expected annual expenses not dependent on membership numbers: **\$800**, being \$200 Office and AGM costs (postage, envelopes, stamps, toner etc), \$230 Insurance, \$360 Provision for web services.

So that non-member income is expected to cover non-member expenses with some reserve. Great!.

- Expected annual expenses for subscribing members: **\$6/member**, being \$US3/member, taken to be \$NZ5/member, for the SCA affiliation levy, and \$1/member for printing and mailing of membership card.

Members receiving the printed version of Pegasus pay a higher membership rate which covers the additional expenses, so this aspect looks after itself, and does not need to be allowed for here.

At this stage, the reserve was regarded as “comfortably large”, and that, in the absence of other planned expenditure, it was quite reasonable to review membership fees.

Comparison of Membership Fee Options

Assume that non-membership income just covers non-membership expenses, and ignore the left-over amount.

Also assume that membership numbers stay static at 110. This is actually conservative, since numbers have been quietly growing over time.

Business as Usual

Based on historical growth, if nothing changed, we could expect to reach a \$10,000 account balance by about September 2009 (see BAU on the chart in Figure 1, below).

Alternatives

The committee at the time considered several alternative fee choices before deciding on the current set, i.e., \$15 for one year's membership and \$30 for three year's membership. The effects of these changes depend on how many people take up 3 year membership:

- If everyone stays with one year membership, we reach \$10,000 in June 2010,
- If 50% of members take up three year membership, this takes until September 2009,
- If everyone takes up three year membership, this takes until June 2009.

We estimated that the 50% take up was the most likely. The immediate effects of this are essentially the same as staying with the earlier membership rates.

Note that all these possibilities still cover our normal expenses. The difference is in the resulting growth of our operating reserve from the surplus.

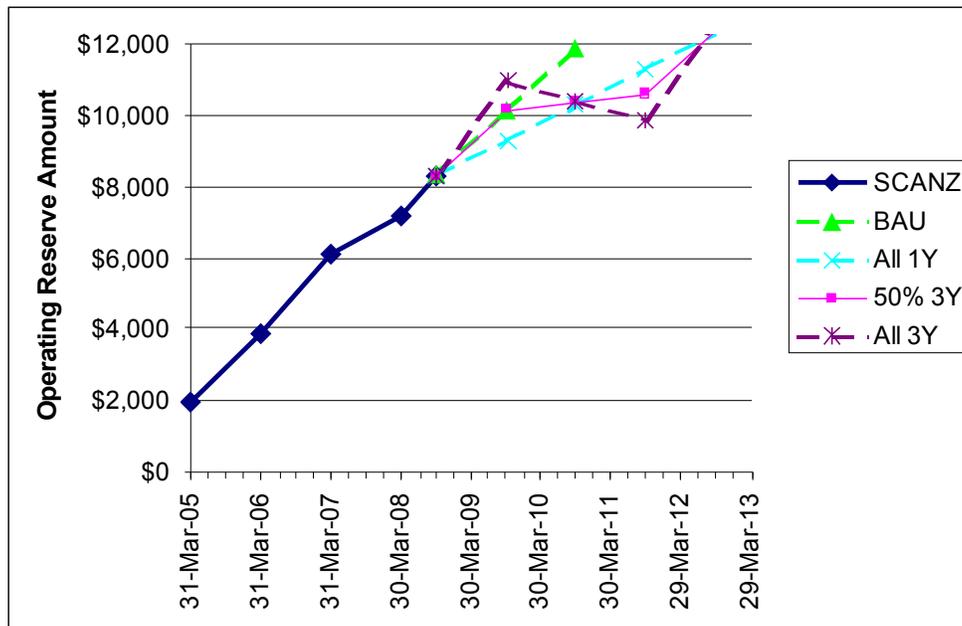


Figure 1 – Comparison of Effects of Fee Changes

Actual Results

Since the new fees were announced in early November, membership numbers have increased to 124, and over 80% of renewing and new members are taking up three year memberships. At the time of writing, our main account balance stands at \$9,900. This is somewhat better than the assumptions used in the above.

The particular timing of the announcement of the new fees was triggered by the roll-out of the on-line membership form, so as to avoid several changes in short succession.

Non-financial benefits that we hope to accrue from the new fee structure are to increase the number of subscribing members, and thereby increase the pool of people eligible to hold the various positions which are necessary to keep our society functioning. The on-line membership form is rather more convenient to use than the paper version, and the email reminders of pending lapse of membership are expected to assist retention.

Conclusion

As mentioned earlier, the original intent of the founding committee was to maintain membership costs at their original rates until an appropriate operating reserve was established. This was a well established internal policy, specifically mentioned in information provided to new members, and alluded to in previous AGMs.

Last year, we found that we were quite near to that goal, and had an opportunity to make some fee reductions to coincide with other practical changes, without significantly affecting the final stages of reaching it. The decision to do it looked pretty much like a no-brainer.

Looking to the future, there is no current reason to keep accumulating an increasing reserve amount, and there are several possibilities for what we might do with our future operating surplus. This is definitely a matter requiring consultation and discussion by our members in the near future.

We must draw particular attention to the efforts of Peter Hyde, who, in his Interim Treasurer role, did the original analysis above, and, in his mundane persona, donated commercial time to providing the on-line membership form and the machinery behind it to make our Registrar's life much easier.

If you have questions or comments about this, please voice them abroad on the Althing list, or directly to the SCANZ committee at committee@sca.org.nz.

In service,

Scott Campbell,
Patrick Bowman,
Al Muckart,
SCANZ Committee