

UPDATE MULTIPLES OF AMERICA  
PROPOSED BUDGET DISCUSSION FORUM ZOOM CALL SUMMARY Q AND A

Q: THE PROPOSED 2021-2022 BUDGET SHOWS AN ANTICIPATED SHORTFALL OF ~\$13,000+. IS THIS SHORTFALL THE RESULT OF THE MONEY THAT HAS ALREADY BEEN PAID TO THE HOTEL FOR THE 2020 CONVENTION DEPOSIT?

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ANSWER

No. The two deposits for the 2020 Convention were paid in the 2019–2020 club year, prior to COVID and in accordance with our hotel contract at the time. Although that deposit was non-refundable in 2020, the Board of Directors was able to extensively negotiate with the hotel for those funds to be applied to a 2021 Convention. One additional deposit was required to renegotiate the contract at that time. Prior to making any further deposits in the 2020–2021 club year, the Board of Directors was again able to renegotiate the existing contract to allow those same deposit funds paid in the 2019–2020 year to be applied to a 2022 Convention, should it be deemed safe and fiscally responsible to do so. No additional deposits were required to make those changes. These deposits will be forfeited if it is found that Multiples of America cannot hold convention next summer due to any reason.

Q: HAS THE \$20,000 IN DEPOSITS FOR THE 2020 CONVENTION THAT WAS CANCELLED ALREADY BEEN EXPENSED?

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ANSWER

Yes, those funds were expensed in the 2019–2020 budget, when they were spent.

Q-A: HOW MUCH WAS THE PPP LOAN RECEIVED BY MULTIPLES OF AMERICA?

Q-B: WERE ANY OF THOSE FUNDS SPENT TO COVER THE \$20,000 2020 CONVENTION DEPOSIT?

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ANSWER

A: Multiples of America received a PPP for \$10,000.

B: The PPP funds were restricted, by design, and were only able to cover certain, regularly occurring expenses (e.g., salary, administrative overhead, etc.) for up to three months. The monthly organizational expenses for Multiples of America are over \$8,000. The PPP funds we received were spent in their entirety and in accordance with the guidelines set to receive the loan and subsequent forgiveness of the loan. The organization did not, and could not legally, spend any of the PPP funds to recover a portion of the 2020 Convention deposits.

Q-A: WILL WE BE FINANCIALLY ABLE TO HOLD A 2022 CONVENTION IF THE PROPOSED BYLAW AMENDMENT TO INCREASE THE ANNUAL DUES DOES NOT PASS?

Q-B: IF NOT, WHAT IS THE BARE MINIMUM INCREASE NECESSARY TO HOLD CONVENTION NEXT YEAR?

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ANSWER

A: Based on the Proposed 2021–2022 Budget, it would not be fiscally responsible to hold a 2022 Convention. While the proposed budget makes use of forecasted income and expenses, in addition to set expenses, these forecasts have been set based on trends in membership numbers and numerous attempts over the past 13 years to add new sources of income for the organization.

B: What's the bare minimum increase?

As shown in the Proposed Budget presentation, an increase of \$5 to the organization's annual dues will not result in a surplus. Instead, it will allow the organization to ensure the fixed costs of running the organization are covered and we are able to continue to serve our members and member clubs across the country. An increase to the annual dues that is less than \$5 may provide a short-term remedy to a potential long-term issue and will extend the time before the Board of Directors has to consider another increase in dues and/or the dissolution of the organization.

Q-A: WHAT DOES DISSOLUTION MEAN?

Q-B: WHAT DO THE FUNDS IN THE DISSOLUTION ACCOUNT COVER?

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ANSWER

A: If Multiples of America was to go through the dissolution process, the organization would cease to exist.

B: The Board of Directors has consulted with a lawyer to answer questions about the legal requirements of dissolution, should it become necessary. The lawyer recommended the organization set aside three months of business operating expenses along with funds sufficient to cover the expenses necessary to fully and legally dissolve the organization.

Q: PLEASE CLARIFY THE DISBURSEMENT OF \$9,240 UNDER MEMBER SUPPORT. IT SEEMS LIKE SOME OF THE ITEMS INCLUDED IN MEMBER SUPPORT ARE ALSO PRESENTED UNDER SPEARATE LINE ITEMS.

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ANSWER

The Member Support line item largely consists of costs from the Executive Office that directly support Multiples of America's member clubs: dues processing, member communications, wages for contracted workers, and group exemption, etc.

A significant portion of this line item covers a range of costs associated with the group exemption process. This process, which involves regular communication with member organizations year-round, includes verifying all information submitted by member clubs; following up with clubs as necessary for clarification, to gather missing information, reaching out to member clubs that did not submit materials for group exemption, but have done so in the past; tax filings; disseminating letter to member clubs confirming the approval of their group exemption from the tax year; the wages of contracted workers doing this work, and more.

**Q: WHAT ARE THE BENEFITS OF MULTIPLES OF AMERICA MEMBERSHIP FOR LOCAL CLUBS? CAN THE BOD CREATE A FLYER TO DISTRIBUTE WITH MEMBER BENEFITS?**

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ANSWER

Please see the Multiples of America flyer, “Benefits of Membership” for a clear, comprehensive explanation of the many benefits available to members clubs and their individual members. A link for the flyer was sent to all club contacts along with the invitation to join our next Zoom mini forum for discussion of the Proposed Bylaw amendments #1-5. The flyer can also be located on the website in the “Members Only” section, or feel free to email [info@multiplesofamerica.org](mailto:info@multiplesofamerica.org) for a copy.

**Q: AS OUR MEMBERSHIP NUMBERS CONTINUE TO DECLINE, WOULD IT MAKE SENSE TO CUT BACK ON THE MONEY SPENT ON THE EXECUTIVE DIRECTOR OR THE EXECUTIVE OFFICE STAFF?**

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ANSWER

We are contractually obligated to the stated amount of the Executive Director’s salary. This salary is negotiated annually with the Board of Directors. Please note- while the Executive Director’s salary is negotiated annually with the BOD, the Executive Director has declined any type of raise, including a cost-of-living increase, for the past few years. The other contracted workers have been reduced to a bare minimum.

An additional factor here is that certain organizational duties and responsibilities have shifted to the Executive Office to ensure consistency, compliance, and continuity, regardless of Board term length or turnover, both for the organizational needs, as well as, to ensure we meet the legal criteria to maintain our status as a 501(c)3 non-profit.

**Q: WHAT IS THE BUDGETED ASSUMPTION FOR DUES IN THE PROPOSED BUDGET AND HOW MANY PEOPLE ARE INCLUDED?**

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ANSWER

\$10 dues, 9,100 members (subtracting the PayPal fees)

Q: IF THE DUES INCREASE PASSES, WILL THE BUDGET CHANGE? WHY NOT PRESENT A BUDGET ASSUMING THE DUES INCREASE?

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ANSWER

Yes, the budget will change and a new budget would be presented during the Virtual Summit. It would be outside the scope of the current bylaws to present a budget with the dues increase assumed.

Q: I FEEL YOU WOULD HAVE A BETTER CHANCE OF PASSING THIS IF THERE WAS A DELAYED IMPLEMENTATION TO GIVE CLUBS A CHANCE TO ADJUST, WHY CAN'T WE DO THAT? HOW CAN WE VOTE ON A BUDGET IF WE ARE GOING TO DISSOLVE? AND WHAT WILL HAPPEN TO CLUBS WITH GROUP EXEMPTION?

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ANSWER

A dues increase has been proposed a number of times during the past 13 years. We proposed an increase to dues last year and that vote was defeated. We have tried to be as transparent as possible with regard to organizational finances and feel this should not be a surprise to anyone.

If a dues increase is not passed, the incoming Board of Directors will need to begin the very difficult conversation of determining how long we can sustain. According to our current forecasting, this process would need to begin within the 2022 year. If dissolution is required, Group Exemption would then fall to the clubs themselves and they would receive notice of such at that time.

Q: ARE WE VOTING ON THE DUES INCREASE FIRST OR THE BUDGET FIRST?

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ANSWER

The order of the agenda will be determined by the President but has not been finalized at present. Typically, we approve the budget first.

Q: IF THE DUES INCREASE PASSES, HOW MANY MEMBERS DO WE NEED TO SUSTAIN THE ORGANIZATION AND HOW LONG WOULD THE \$5 INCREASE BE ENOUGH?

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ANSWER

This would be difficult to accurately calculate because we cannot predict future increase in our fixed expenses nor the total number of our members. Depending on these variables (increased or decreased member totals) and the cost of doing business make long term projections difficult.

Q: IN ADDITION TO THE DUES INCREASE, HAVE THERE BEEN STUDIES ON OTHER SUSTAINABLE INCOME THAT WOULD ELIMINATE THE BURDEN OF HAVING TO RELY ON DUES?  
HAVE WE EVER APPLIED FOR GRANTS AS AN EXTRA SOURCE OF INCOME?

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ANSWER

We have reached out to several larger organizations for donations and sponsorships (both for one time gift or ongoing sponsorship) and our requests have been declined. We have a spreadsheet on file with the requests listed. We also had a specially appointed Grant Committee last term who worked hard and actively sought grants and all applications were declined.

Q: SHOULDN'T THE FUNDS FOR EDGE AND SCHOLARSHIPS BE PULLED SEPARATELY FROM THE CLUB FUNDS, ESPECIALLY IF DISSOLUTION IS A POSSIBILITY?

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ANSWER

As a 501 (c)3 organization, if there are remaining funds of the organization, Multiples of America would be required to give those to a like organization. Regarding the amounts in the EDGE/Scholarship – at present we are uncertain as to how those funds need to be handled legally but we will continue to seek legal counsel for disbursement steps.

Q-A: DOES THE BOARD OF DIRECTORS HOLD THE RIGHT TO DISSOLVE THE ORGANIZATION OR DOES IT TAKE A MEMBER VOTE?

Q-B: WHO WOULD DECIDE IF IT IS TIME TO DISSOLVE THE ORGANIZATION?

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ANSWER

A-The Board of Directors can make a recommendation for dissolution. However, our current bylaws require 2/3rds approval of our member clubs. Keep in mind the dissolution process can take several months.

B-The newly elected Board of Directors would have the charge to make the decision and develop a plan and timeline for carrying out the dissolution process. This would then be brought before the member clubs for a vote. If the voting member body does not approve, you would likely see the Board of Directors resign. It would be very awkward. The Board of Directors would seek legal advice for any decisions made.

Q: IF A DUES INCREASE DOES NOT PASS AND IT IS NECESSARY TO START THE DISSOLUTION PROCESS, WOULD MULTIPLES OF AMERICA STILL ASK CLUBS TO PAY THEIR DUES FOR THE 2021–22 YEAR?

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ANSWER

Dissolution is a process that won't happen overnight. If it doesn't pass, then the biggest challenge is to see which clubs choose to renew and who chooses not to renew. The sustainability of the organization depends on the number of clubs and their members who renew. It all boils down to how many clubs pay their dues, no matter what amount it is.

Q: IF WE NEED A 2/3 VOTE TO DISSOLVE THE ORGANIZATION, DO WE NEED AN AMENDMENT TO ALLOW THE BOARD OF DIRECTORS TO MAKE THAT DECISION? SHOULD WE TRY TO ADD IT INTO THE AMENDMENTS FOR THIS YEAR? IS IT POSSIBLE TO CHANGE LAST MINUTE, AND INTRODUCE AN EMERGENCY AMENDMENT TO GIVE THE BOD THE POWER TO DISSOLVE?

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ANSWER

Any member club can draft a bylaw amendment and submit it to the Board of Directors. The Board of Directors has the right to determine if it should be treated as an emergency and if so, then would be presented to the delegation. Keep in mind that with the issue of dissolution requires 2/3 vote of our clubs not 2/3 of a quorum. This is yet another legal question on which we are seeking advice, could the vote even be able to be held.

Q: AFTER HAVING RECEIVED AND BEEN FORGIVEN FOR THE FIRST PPP LOAN, HAVE WE APPLIED FOR THE SECOND ROUND?

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ANSWER

No, we have not applied for the second round of PPP. This type of loan contractually requires we stay in business during a certain timeframe or the loan must be repaid in full. With finances as they are and should the dues increase not pass, we were concerned this could be potentially another avenue of cost/loss if dissolution is required.

IS THIS BEING RECORDED SO THAT IT BE SHARED?

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ANSWER

No, it is not. But there will be a summary of the Q&A from tonight along with other questions which will be made available.

WHAT'S INCLUDED IN THE \$30 FEE FOR THE VIRTUAL SUMMIT?

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ANSWER

Just as with an "in-person" convention, there are costs to hosting a Virtual Summit. In addition to increasing our Zoom account, we will be contracting with an electronic voting service. Multiples of America has unusual voting

methodology due to our “weighted voting” – different number of votes for each club depending on member numbers. This is an additional cost. However, with this service we will be able to accomplish much more during this year’s Summit. Not only will voting be easier for the delegate but we will be able to handle any amendments, as were requested after last year’s vote. We are also having a keynote speaker each day. The fee covers these anticipated costs.

Q: DO WE KNOW WHO THE SPEAKERS ARE AND ARE WE SHARING?

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ANSWER

Yes, we do and we have a special announcement coming very soon! Be watching the website and social media – we are very excited about all of our invited speakers and think you all will be too!