

DISTRICT 5, UNITED STATES POWER SQUADRONS, INC.

d/b/a AMERICA'S BOATING CLUB MID-ATLANTIC

DISTRICT 5 Budget/Audit

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To: D/C Robert Blevins, AP
Cc: D/Lt/C Penn Hess, AP
From: D/Lt Lou Kates, AP, Budget
Subject: **District 5 Dues Increase Proposal**
Date: February 19, 2025

Membership has been steadily decreasing for over 20 years, while dues have not changed. Time is taking its toll with few new members replacing those who age out. Tactically, it would be ideal if D5 could count on increases in membership to grow revenues, but this has been an elusive goal. Our membership is decreasing at approximately 10% per year.

A second tactic would be to drastically cut expenses, which are currently at a bare minimum.

It's anticipated D5 will lose approximately 51K over the next 5 years without any changes.

Therefore to mitigate these losses we're proposing a dues increase of \$2 per category for each of the next 5 years, raising an additional \$10 per member from each category.

The Henry Sweet Trust has generously donated \$5,000 to offset these dues increases, which the Bridge decided would be used to fund half of each year's increase until consumed (anticipated in 2027-28).

When the Sweet donation has been fully allocated in year 3, members would assume the full increase, until in year 5 dues will be \$10 higher per category.

It's anticipated this increase could lower forecasted losses from 51K to 23.6K depending on membership levels, and will buy D5 additional time to build an endowment fund.

2025-26 1200 members X \$2 = 2,400

2026-27 1080 members X \$4 = 4,320

2027-28 972 members X \$6 = 5,832

2028-29 874 members X \$8 = 6,998

2029-30 787 members X\$10 = 7,873

27,423 additional membership dues, dependent on size of membership

5K donated by Sweet, and 22.4K paid by membership

An endowment fund of approximately \$300K today could earn enough annual interest income to offset anticipated deficits many years into the future.

Yours truly,

Louis M. Kates, AP

D/Lt Lou Kates, AP

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