



Frequently Asked Questions (FAQ)

ABOUT BARBERSHOP HARMONY SOCIETY DUES

1. Why have dues increased over the years?

- The cost of providing programs and services for members and conducting the business of the Barbershop Harmony Society has increased, including a critical need for an updated association management/information technology system.
- The Society has experienced two changes in the Executive Director/CEO position in less than two years and incurred significant unbudgeted expenses to facilitate the CEO Search process, severance and other compensation expenses for the outgoing and Interim-CEO.
- With the continuing 20-year trend of membership losses, revenue from member dues continues to decline.
- In 2004 members dues covered only 37% of the Society budget.
- To ensure that members receive the information they need when they need it, the Society continues to invest in new web-based and electronic delivery systems.
- In addition to web-based information delivery systems, production costs to produce and deliver the Harmonizer have increased steadily over the years. The current cost equates to over \$6 per member.
- Attendance at Society events continues to decline. The revenues generated by these events represent about 1/3 of the Society's annual operating budget.
- Because of the contributing factors outlined above, during the past few years the Society has had expenses that exceeded revenue.
- As our membership ages, a growing number of our senior members are enjoying dues reductions or free membership for 50-year members

2. What factors were considered before the Society's Board of Directors made the most recent decision to increase dues?

- A number of factors were considered as the 2006 Program Plans and Budget was reviewed and the decision made to increase dues. These included:
 - The cost to serve a member in 2005 was approximately \$97.05. Society dues were then \$82.00
 - Without eliminating major programs and services, there were limited areas in which to cut additional costs.

3. Does the Society have any reserves?

- YES. The Society has approximately 2 ½ million dollars in the new building fund from the proceeds of the sale of Harmony Hall and the Sheridan Road facility which we now currently rent. These proceeds will be used to secure the new home for our operations in Nashville, even though the actual move will likely not happen until late 2007.

4. Has the Society reduced staff to cut costs?

- YES. Expense reduction actions were implemented in 2004, which included reduction in 12 staff positions.

5. What has the Society done to reduce costs and projected budget deficits?

In 2004 & 2005 the Board of Directors and Headquarters staff initiated the following actions to reduce costs and reduce deficits:

- reduced staff positions;
- improved invoice and accounts payable processing;
- sought to increase non-dues revenue opportunities
- eliminated excess over-printing of publications;
- added accountability measures to the strategic plan;
- lowered expense authorization levels;
- began exploring the costs associated with upgrading/replacing our Association Management/Information Technology systems to reduce redundant tasks, improve administrative processes and programmatic operations;
- created and implemented new Executive Limitations Policy which includes the prohibition of the CEO from any deficit spending, effective in 2006.

In addition, the Society Headquarters staff made the following contributions that affect them personally to reduce costs and reduce deficits:

- reduced staff travel expenses;
- added duties due to reduction in staff.

6. Have the Society's net assets decreased?

- YES. Because of annual budget deficits during the past three years, the Society's net assets have been reduced from <\$243,969> in 2004 to an estimated <\$502014> in 2005 and 2006. This means that the does not have sufficient assets to cover all of its Society were to pay off all of its liabilities.

7. What is the history of the Society's dues increases?

- In the past 16 years Society dues for regular members have risen from \$50 (1990) to \$87 (2006), a \$37 increase. This is an average of \$2.31 per year.
- For senior members the increase has been from \$25 to \$43.50, an \$18.50 increase for an average of \$1.16 per year.
- For student members the increase has been from \$25 to \$43.50, an \$18.50 increase for an average of \$1.16 per year.

8. Can you explain the discrepancy between actual dues and the cost to serve? The dues paid by members do not provide the revenue to provide the programs and services requested by members.

	2003	2004	2005	2006 (est)
Dues: Actual	\$1,940,520	\$1,957,113	\$2,041,571	\$2,097,137
Cost to Serve:	\$2,911,095	\$2,919,183	\$3,165,571	\$2,998,737
Deficit:	\$970,575	\$962,070	\$1,124,000	\$901,600

9. What were the dues paid by senior members and students from 2002-2005?

	2002	2003	2004	2005
Dues: Standard	\$72.00	\$76.00	\$78.00	\$82.00
Dues: Seniors	\$36.00	\$38.00	\$39.00	\$41.00
Dues: Students	\$36.00	\$38.00	\$39.00	\$41.00
Cost to Serve	\$84.01	\$92.98	\$94.47	\$97.05

10. What revenues are generated by the dues paid by retired members and students from 2002-2005?

	2002	2003	2004	2005
Dues: Standard	\$1,563,643	\$1,648,528	\$1,657,632	\$1,713,571
Dues: Seniors	\$266,040	\$260,376	\$266,019	\$287,000
Dues: Students	\$32,400	\$31,616	\$33,462	\$41,000
Total dues paid:	\$1,862,083	\$1,940,520	\$1,957,113	\$2,041,571
Cost to Serve	\$2,685,496	\$2,911,095	\$2,919,183	\$2,998,737

What does this mean? Senior and student members pay only 50% of the dues paid by regular members. Both of these reduced dues categories are substantially subsidized by members who pay dues in regular category.

10. What is included in the current cost-to-serve dollar figure of \$97.05?

The \$97.05 includes the costs for materials related to Society publications provided as part of the dues paid by members, the programs and services provided for members, which includes salaries and benefits for headquarters staff to provide programs and services for members, and a portion of the overhead to conduct Society business and maintain the Society headquarters office. Following is a breakdown of the cost to serve.

ITEM/DESCRIPTION	TOTAL/MEMBER
SALARIES & BENEFITS	\$49.52
PROGRAMS AND SERVICES: includes Publications, Web Site, magazine and electronic newsletters, Professional Development, Marketing and Public Relations, Music Education, Events, Harmony Marketplace Merchandising operations, etc.	\$27.32
GOVERNANCE	\$14.89
OVERHEAD: Credit Card Fees, Data Processing, Depreciation, Equipment Repair, Equipment Purchase, Insurance, Legal & Accounting, Repairs & Maintenance, Rent, Licenses, and Telephone/Telecommunications)	\$5.32
TOTAL PER MEMBER	\$97.05

12. Do the dues cover the cost to serve?

- NO. The cost to serve a member exceeds the amount of dues paid by any membership category—dues for 2005 are \$82; the projected cost to serve is \$210. To provide the dues-supported programs and services, the dues of all members are subsidized by non-dues revenue activities

associated with Events (hosting the International Convention) and Harmony Marketplace Merchandising operations to cover the \$128 difference between the dues paid (\$82) and the cost to serve (\$210).

13. What happens if dues were not increased?

If the dues are not increased the Board of Directors has several options:

- Increase the registration fees for convention and other fee-based programs or programs now provided at no charge.
- Increase the charge for products sold to members.
- Begin to eliminate member programs and services to reduce costs.
- Continue to cut costs for all existing programs and services and reduce the programs and services provided for members.

14. How do Barbershop Harmony Society dues compare with other organizations?

Following are the current dues levels for other individual membership organizations:

ASSOCIATION	REGULAR	SENIOR / RETIRED	STUDENT
Barbershop Harmony Society	\$120* z Breakdown Society dues: \$87 District dues: \$18 Chapter dues: \$15 *Chapter and district dues vary dramatically	\$60 z	\$60 z
Sweet Adelines International	\$215 SAI	N/A	N/A
Chorus America*	Average \$100.15 Median \$100.00 Min \$20.00 Max \$300.00	N/A	N/A
Rotary International	\$35 Annual Rotary International dues \$25-\$50 Avg. Rotary District Dues plus... \$400-\$1000 annually for club dues	N/A	N/A
Kiwanis	\$61.90 Annual Kiwanis International dues \$25 approximate annual cost for Kiwanis District dues, plus annual Club dues which vary widely Total annual costs for International, District and Club dues can range from \$80 to \$360 per year	N/A	N/A
Lions Club	\$39.00 annually, plus district and club dues which vary widely	N/A	N/A

Z - Average total dues including District and Chapter dues

SAI - the average annual cost from a random sampling of ten SAI chapter websites

* From a survey of 207 choral organizations from the 2003-2004 season