

KIWANIS INTERNATIONAL

2024 DUES INCREASE

Since 2015 — the last time delegates voted to increase dues — Kiwanis International has cut costs, reduced staff and used strong investment returns to defray a dues increase.

Rising costs and declining membership have now made it difficult to cover the costs of operations and programs. Global financial conditions have further compounded the problem.

WHY KIWANIS NEEDS A DUES INCREASE



Dues have not increased in nearly a decade and only once in the past 20 years. We face a new reality. As a member-

based non-profit that serves children, costs have increased dramatically: Legal fees are up 440%, and IT costs have risen 79%, mainly due to cybersecurity measures.



Our dues revenue continues to decrease, and membership has not recovered from the

COVID-19 pandemic. We are not alone. Rotary, Optimist and Lions have all recently voted to increase dues. Even with a dues increase, Kiwanis would remain one of the least expensive service organizations to belong to.

Kiwanis International has been operating with a budget deficit since 2015, relying upon investment returns to cover operating costs. Kiwanis' strategy has been to use investment returns to cover operating expenses/deficit spending. For many years, a strong market and a thriving economy allowed Kiwanis to rely on investment returns to cover operating expenses. However, due to global financial conditions, the reserves have decreased by more than 42% since 2021.

How Kiwanis compares to peers

CURRENT ANNUAL DUES (all prices in US dollars)

Sertoma	\$130
Cosmopolitan International	\$100
Civitan International	\$90
Zonta International	\$88
Optimist International	\$84
Rotary International	\$82 <small>(by 2025)</small>
Soroptimist International	\$74
Kiwanis International Tier A	\$52
Lions Club	\$50 <small>(by 2025)</small>
Kiwanis International Tier B	\$34
Kiwanis International Tier C	\$23

PROPOSED
INCREASES

Tier A
\$77

Tier B
\$50

Tier C
\$34

Tier A: U.S. and Canada and all other districts in countries with per capita incomes of at least US\$10,000 per year as reported by the World Bank. **Tier B:** Countries with a per capita income of \$5,000 to \$9,999 a year. **Tier C:** Countries with a per capita income of \$4,999 or less a year.



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Dear fellow Kiwanians,

I've never been shy about discussing my love for this great organization. I take pride in knowing millions of people are living better lives because of Kiwanis International.

Children have more opportunities to succeed. Teens and young adults

grow through service and leadership. Families and communities are better equipped to handle the challenges of daily life.

Kiwanis makes the world a better place. Now we need to do everything we can to make sure Kiwanis is strong for future generations.

During the 2024 Kiwanis International Convention in Denver, Colorado, we will make decisions about how we can solve a growing budget deficit. Inflation, a decrease in membership and the rising costs of doing business have forced us to propose a dues increase.

Kiwanis has increased dues just one time over the past two decades. For every dollar we received

in 2004, we need \$1.63 today to have the same purchasing power.

Doing nothing is not an option.

As members of the organization, we have both the responsibility and the opportunity to discuss critical issues that affect the future of Kiwanis. Make sure your Kiwanis club has a voice in this discussion. Please plan to send two delegates from your club to the 2024 Kiwanis International Convention.

For more than a century, Kiwanis International has been a global force for good, using our network of clubs and volunteers to address the health and education needs of children around the world. We must do everything possible to make sure that we're here 100 years from now.

Yours in Kiwanis service,

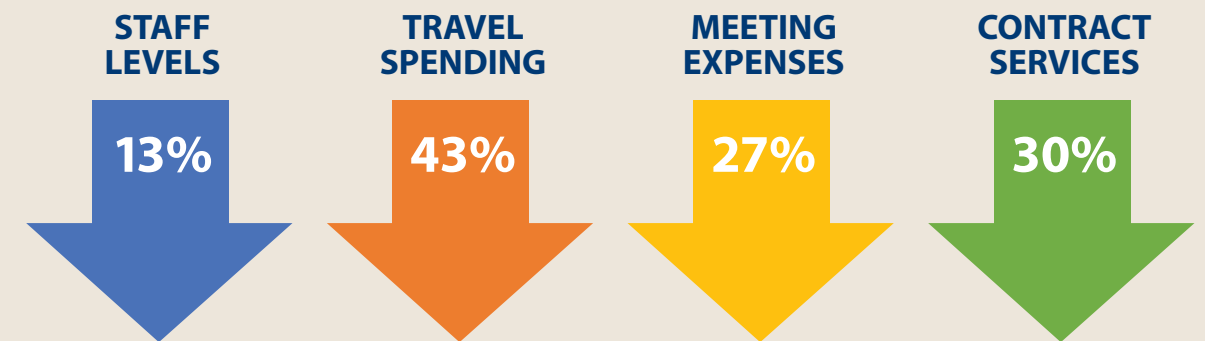
Katrina Baranko
2023-2024 Kiwanis International President

WHAT HAS BEEN DONE TO REDUCE COSTS

The Kiwanis International staff was asked to control spending and reduce costs in every area. Some results:

- The organization renegotiated contracts and delayed some capital expenditures.
- Numerous staff departures have gone unfilled. (Staffing levels are 13% lower than a decade ago).
- Travel spending has been reduced by more than 43% — even as the price of travel continues to skyrocket.
- Meeting expenses (27%) and contract services (30%) — as well as the staff support that accompanies these areas — were also reduced.
- Kiwanis magazine was delivered in a different format to achieve cost savings. The organization saved more than US\$364,809 on postage, paper and printing in 2023.

Cuts in these high-ticket areas were made to save money in the short term — and they made an immediate impact on the bottom line. During this process, opportunities were identified where savings can also be realized over the long term. But some cuts significantly affect the organization. Training for governors-elect is just one example.

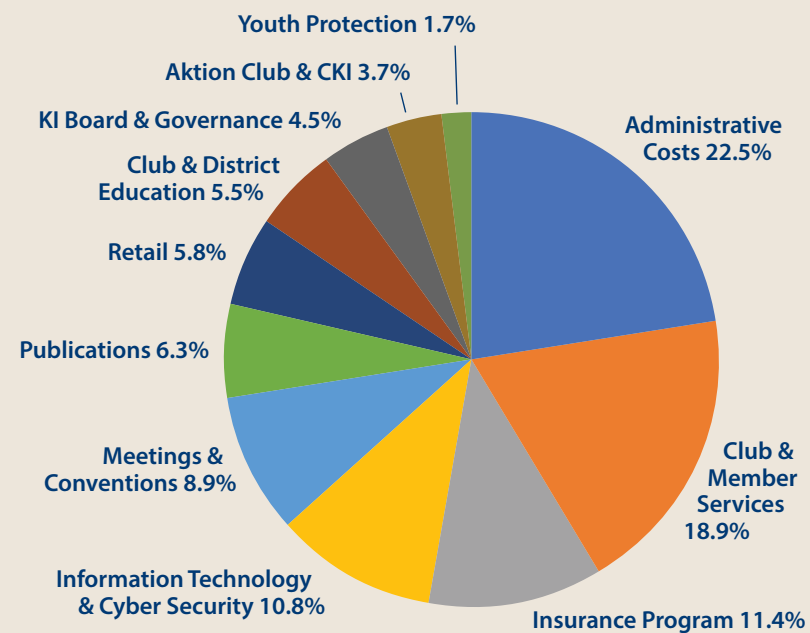


WHAT ARE MEMBER DUES USED FOR?

Dues are used to support clubs, divisions and districts with leadership education, training events, printed and digital resources, translation and interpretation in seven core languages, technology and digital products, global marketing, public relations and legal services.

What are the spending areas and allocations in the current budget?

At approximately \$18.5 million, the 2023-24 Kiwanis International budget is more than \$2 million lower than the previous year's budget. The allocation breakdown is as follows:



FAQs

Why is a dues increase needed?

Kiwanis International has been operating with a budget deficit since 2015. Kiwanis' strategy has been to use investment returns to cover operating expenses/deficit spending. For many years, a strong market and a thriving economy allowed Kiwanis to rely on investment returns to cover operating expenses. However, due to global financial conditions, the reserves have decreased by more than 42% since 2021.

How are dues used?

Dues support clubs, divisions and districts by allowing Kiwanis International to provide leadership education, training events, printed and digital resources, translation and interpretation

in seven core languages, technology and digital products, global marketing, public relations and legal services.

Why didn't the board propose an increase sooner?

The board is always looking for ways to add value and control costs. The board considered increases prior to the pandemic, but priorities shifted with the challenges brought on by COVID-19.

If the dues increase passes, how will the funds be used?

A dues increase will allow Kiwanis International to continue to invest in club openings and provide resources and education to members, clubs and districts.

What happens if the dues increase does not pass?

Severe program cuts would be necessary. Training and leadership development programs would be negatively affected. Kiwanis International conventions would be significantly diminished. Clubs would be charged for materials and education. Major operational and programmatic changes would be necessary. **At this point, there is no “excess fat” to trim. Without a dues increase, the Kiwanis International Board would have to consider all options.**

Who will decide whether dues will be adjusted?

The Kiwanis International Board of Trustees has proposed an amendment to the Kiwanis International Bylaws. That proposed amendment will be voted upon at the 2024 Annual Meeting, which takes place during the 2024 Kiwanis International Convention in Denver, Colorado, U.S. The bylaws stipulate that only in-person delegates may vote.

Does Kiwanis International post detailed budgets?

We value transparency and provide audited, comprehensive financial information to members throughout the year and in the annual report. While budgets are an important tool in serving as a guideline for our financial planning, they are not official documents and are not audited. More information can be found on kiwanis.org.

Will this change my local club dues?

Each club sets its dues according to its budgetary needs, as does each district. Some clubs, for example, may have higher dues to account for meals or to cover meeting rental space.

Why can't Kiwanis International find sponsors and sell advertising?

Kiwanis International partners with businesses and organizations to raise non-dues revenue. With the rise of social media, advertising dollars have been declining for decades. This has caused most print publications, including Kiwanis International's, to evolve and explore new ways to distribute information.

The pandemic also changed the way companies use marketing dollars, and many potential partners have reduced spending. This is an industry-wide challenge. None of our peer organizations brings in substantial revenue from partners.

Why doesn't Kiwanis International reduce the number of employees and their compensation?

Compensation and benefits must be competitive so that Kiwanis International can attract the knowledgeable and competent talent needed to run the organization. Staff reductions have taken place at Kiwanis, and the amount spent on salaries and benefits continues to decrease.

Won't a dues increase mean a membership decrease?

Historically, there have not been unusual membership decreases after increases in dues. Of course, we understand that history cannot predict the future, and we hope you value your membership in Kiwanis.



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