

## URANTIA BROTHERHOOD

Marian Bowley  
RECEIVED

## Inter-Office Memorandum

OCT 9 1987

URANTIA

TO: Trustees of URANTIA Foundation

DATE: October 7, 1987

FROM: David Elders

SUBJ: Sales Agency Expenditures

The purpose of this memorandum is to request that URANTIA Foundation consider reimbursing URANTIA Brotherhood Corporation for sales agency expenditures which are in excess of the commission revenue earned by URANTIA Brotherhood Corporation acting in its contractual capacity as Sales Agent for URANTIA Foundation.

As you will see from the attached exhibit, based upon an analysis of actual costs for the January-August, 1987 period, annualized for the full year based upon an expected sales level of 11,000 English and 1,300 French books, it is expected that URANTIA Brotherhood would generate a deficit of \$13,200. In compiling this estimate, Gloriann Harris utilized employee time sheets, direct costs for book distribution expenses, and an appropriate allocation of overhead to calculate total expenses. On the revenue side, our only income is from our agency commission of 17%.

Although Gloriann did not factor in any economies of scale which might accrue from increased sales volume, it would be reasonable to assume that unless such sales increases were significant, our loss of \$1.07 per book sold would simply enlarge this year's deficit proportionately. Thus, we would propose that if you agree to this reimbursement request, final calculation of the amount would take place at yearend.

In your evaluation of this 1987 request, we would also ask that two other items of a budgetary nature be considered:

1. That, under the assumption that URANTIA Brotherhood continue to act as sales agent for URANTIA Foundation (as you know we have begun a study of that issue), a revised sales agency agreement be reached which would provide for the Brotherhood's recovery of all associated costs--unless donation revenue were sufficient to enable us to subsidize this activity and such subsidization were ratified by the General Council.
2. As we begin our budgeting process for 1988 facing a large increase in funding to support needed increases in central office services, we are again faced with the fact that based upon the normal 50-50 split in donation revenue, for every dollar we need to fund Brotherhood services we need to raise another for URANTIA Foundation. While our mailing list is joint, and we fully accept our joint fund-raiser responsibilities, we wonder if you would consider looking at the budgeting process in another way. Currently, if we (Brotherhood) need to target \$175,000 for our own budget needs, the Finance Committee needs to develop fund-raising programs to reach a \$350,000 donation level, or, the Brotherhood needs to reduce services. This means that our own operations and planning are to a large extent based upon the fact that 50% of what we raise goes directly to URANTIA Foundation. While we full well realize that some portion of that is directly returned to us in the form of services (such as library/gift

page two

placement books), we wonder if the intensity of our approach to the readership for funding should not be based on the specific budget needs of both organizations. That is, if the Brotherhood were to need \$250,000 in donations to provide necessary services, we need to raise \$500,000. But, if the Foundation only projects a need for \$150,000, rather than \$250,000, we would need to raise only \$400,000--substantially less.

We raise this issue because each year, as our work load increases, we face the need to become more aggressive in our fund-raising activities with our readership since our expenditures (URANTIA Brotherhood) must be based upon 50 cent on the dollar donations. If your current share of donations is needed by URANTIA Foundation, we will do our very best to achieve it, even recognizing that if it is not attainable, the services provided by the Brotherhood will have to be curtailed. If the Foundation does not, however, need all of this revenue, and could give us an annual target number to add to our own to develop our fund-raising programs, it might enable us to be less aggressive in fund-raising and yet still provide the services we believe are necessary to do the coordinating and facilitating work for our readership.

In line with this request, and in conjunction with our 1988 budget process now underway, we would like to forward to you shortly a memo from the Finance Committee detailing our needs, plans, dollar targets, and fund-raising program for 1988 based upon the expectation of a 50/50 split of donation revenue. This memo would also ask that you consider setting a specific funding target from donations for 1988 so that our total fund-raising activities might reflect a (hopefully) more attainable target.

We deeply appreciate your willingness in past years to help us in the budgeting process, and we are coming to you again with requests which we believe will improve our annual planning, fund-raising, and operations/support services. Thank you for your consideration. Please let us know if you have any questions on these items.

cc: Officers of URANTIA Brotherhood  
John Hay, Finance Committee Chair

URANTIA Brotherhood Corporation  
 Sales Agency Costs vs. Commission Revenue  
 Calendar 1987

TOTAL

1987 Forecasted Commission Revenue	\$39,600
1987 Projected Agency Costs	<u>52,500</u> (1)
Excess of costs over revenue	<u>\$13,200</u>

UNIT

Unit out-of-pocket expense to UBC based on projected 1987 annual sales volume of 11,000 English and 1,300 French books sold:  
 \$1.07 (2)

<u>English Unit Costs</u>	<u>17% Commis'n</u>	<u>Gross Unit Cost</u>	<u>Net Unit Cost</u>
Retail Sale	\$ 5.78	\$ 4.78	\$ 1.00
Wholesale Sale	3.47	4.78	(1.31)
Distributor Sale at \$17.00	2.89	4.78	(1.89)

(1) See assumptions attached

(2) Figures are based on projected revenue and cost at projected level of sales. Cost/volume analysis was not performed.

Sales Agency Costs vs. Commission Revenue

Assumptions

The following costs are included in 1987 projected agency costs:

Rent for the order fulfillment office and the book porch

Long-distance telephone to stores

One general bookstore mailing every other year

De minimus accounting, recordkeeping, and invoicing supplies

Two trips per year to visit bookstores and large wholesalers

Foreign exchange on Canadian sales

Personal services as follows:

Agent	\$12,177
Order fulfillment	16,474
Secretarial	478
Bookkeeping and accounting	7,236

Related payroll taxes

Management expense as a percent of personal services expense (45%)

Employee insurance as a percent of payroll expense

Maintenance expense on capital equipment used for agency work (46%)

/gsh.

09/20/87