

# CHAPTER REBATE UPDATE

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## Discussion points:

- MPI Global COVID mandate
- Rebate timeline
- MPI financial position
- Cash liquidity risks to global of:
  1. Paying back deferred rebates (\$141k)
  2. Returning to full rebates
- Rebate strategy for balance of 2021 calendar year
- Payback time frame and decision points

## **MPI's COVID Global mandates:**

- Ensure long-term sustainability of MPI, while delivering near term value to the community
- No chapter should be put in financial distress because of rebate reductions
- Prioritize restoring financial relationship with Chapters to pre-pandemic levels when cash position allows

# CHAPTER REBATE TIMELINE



- April 1, 2020:
  - Rebates stopped and payments deferred April-July 2020,
    - Deferred value of \$141,000 being held in escrow
- August 1, 2020:
  1. Restored 2% reduction in rebates implemented in 2016 to fund web investment
  2. Rebates reduced by 50% from full level for period of August 2020 - June 2021
    1. Total estimated reduction = \$267,000
    2. Funds are not being held in escrow
  3. Fees associated with Shared Services platform waived (website and accounting platform)
    1. Savings to chapters of \$129/month
    2. Fees will not be retroactively collected
    3. Total reduction in fees waived = \$90,000
- Net impact on rebates distributed = \$177,000; ( $\$267,000 - \$90,000$ )

## **Key considerations:**

- Chapters collectively have \$6.3mm in total cash
- To date four (4) chapters have received assistance and two (2) have asked for assistance
- Rebates are the 2<sup>nd</sup> largest “controllable” cash-flow expense for MPI Global

# CHAPTER REBATE NEXT STEPS



- Monitor critical milestones/events impacting MPI Global cash position:
  - WEC
  - Membership
  - IMEX America
- IBOD discussion during June 15<sup>th</sup> board meeting
  - Vote to confirm extension of 50% rebates through end of 2021
  - Reinforce priority to:
    1. Payback escrowed rebates of \$141,000
    2. Restore rebates to 100%
- Monthly Finance Committee calls:
  - Continue to monitor cash position and opportunity to restore rebates at each milestone
- Chapter financial health:
  - Continue to monitor financial health of chapters and provide support when necessary
  - Chapter Support programs remain in place
  - COM's to review with individual chapters



If the following applies, the solution will not be financial relief:

- You have reserves
- You will not go into the red
- You don't have a business plan on how to recover
- The problem is chronic, not situational
- Work with your COM on developing your strategy



## Application for Relief

- Contact your COM – apply for relief by 1<sup>st</sup> of the month (rolling deadline)
- Include Cash Flow Analysis tool showing projected negative balance
- Include outline of steps being taken to generate additional revenue
- Meet with COM to discuss
- COM team will present to finance team, which determines next steps



## MPI Foundation Relief

- Relief applications vetted by COMs
- Funded by chapters (thank you MPIGNY & Chicago!), managed by MPI Foundation
- Specify amount needed & why
- Specify designated use of funds
- GBOT reviews & votes to approve
- Education grants also available

**THANK YOU**