

# 2023 Membership Agreement



# Welcome & Introduction

**Phil Salerno**

Chair- CMNH CDO Advisory Committee

President/Chief Development Officer- Children's Specialized Hospital Foundation

# Membership Agreement Sub-Committee

## Members

**Jena Pado, Chair**  
Dayton Children's Hospital  
*Dayton, OH*



**Phil Salerno**  
Children's Specialized Hospital  
*New Jersey*



**Teri Wilczek**  
Marshfield Clinic  
*Wausau, WI*



**Erin Black**  
Yakima Valley Memorial Hospital  
*Yakima, WA*



**Steve Testa**  
Nationwide Children's Hospital  
*Columbus, OH*



**Janet DeWolfe**  
Primary Children's Hospital  
*Salt Lake City, UT*



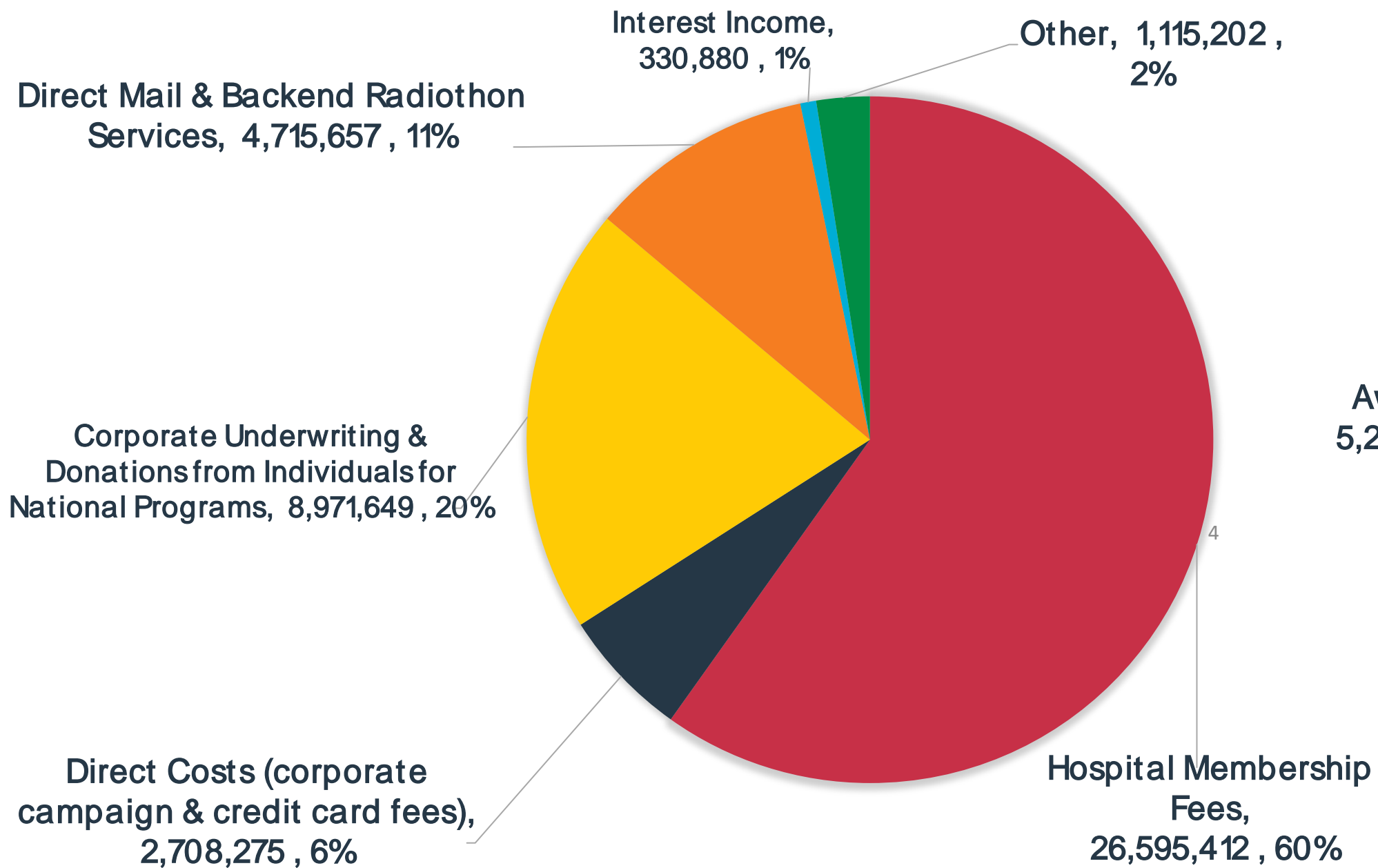
**Erin Morrison**  
Vanderbilt Children's Hospital  
*Nashville, TN*



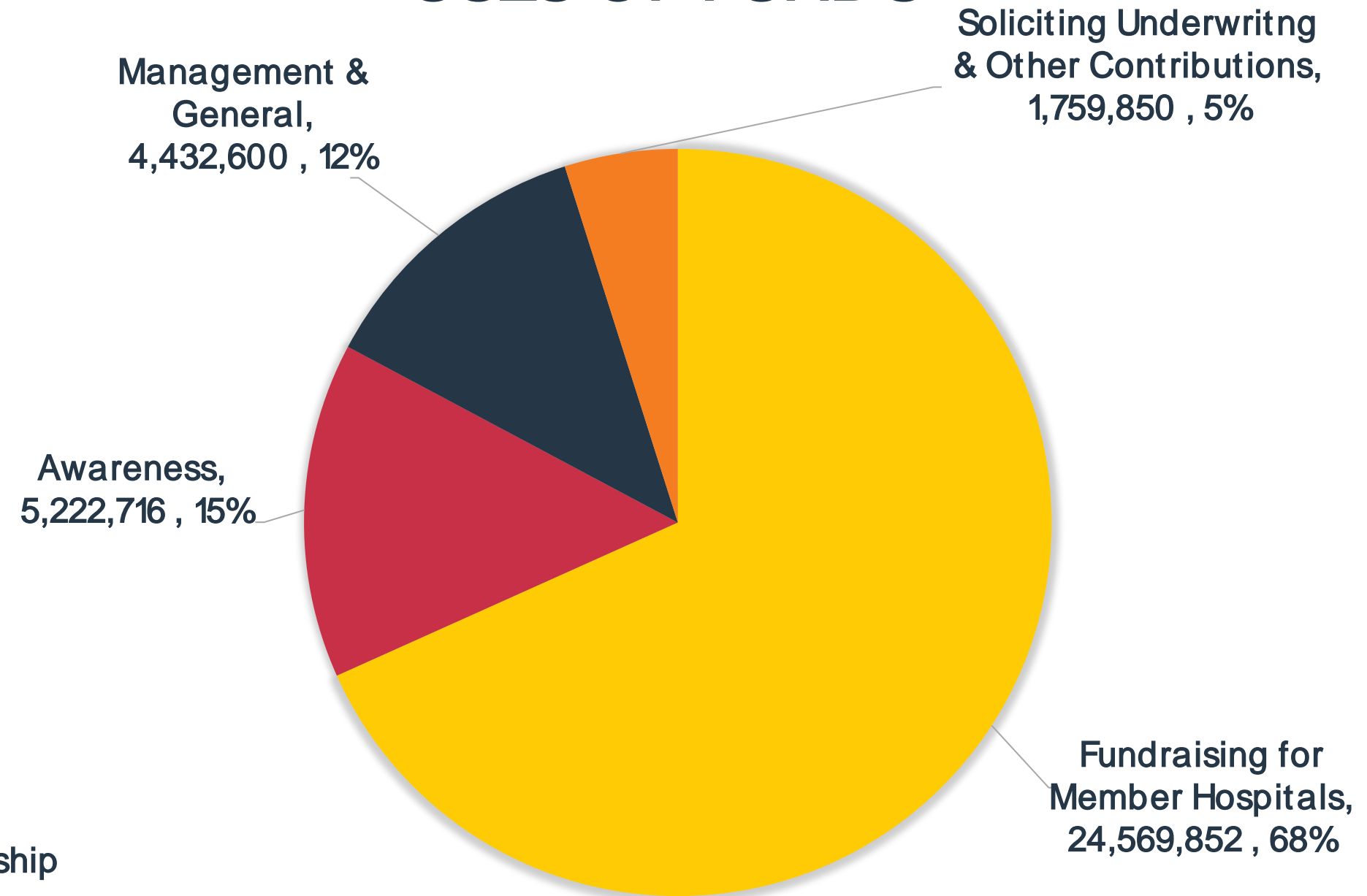
# CMN Hospitals 2020 Sources and Uses of Funds



## REVENUE SOURCES



## USES OF FUNDS

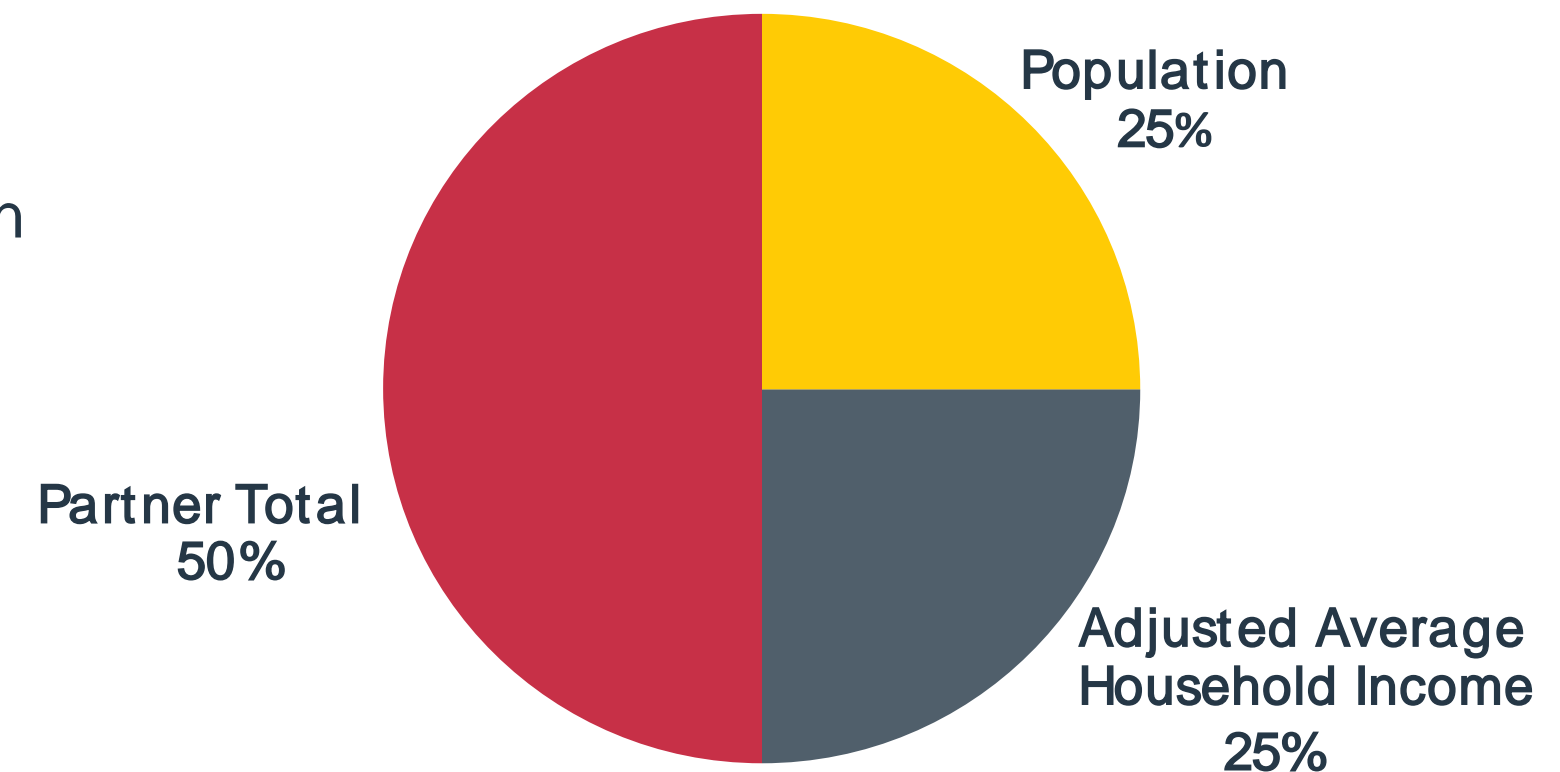


# CMN Hospitals Membership Fee Model

Same Membership Fee Model as 2019

- **Population (25% of Membership Fee)**
  - Market Population ÷ National Population
- **Adjusted Average Household Income (AAHI) (25% of Membership Fee)**
  - Market AAHI adjusted in relation to National AAHI\*
- **Partner Total (50% of Membership Fee)**
  - Market Fundraising from the following categories is weighted based on the portion of National Fundraising it represents\*\*:
    - Corporate Partners
    - Radiothon
    - Dance Marathon
    - Extra Life

## PARTNERSHIP MODEL BASE FEE FACTORS



\*Market AAHI ÷ Cost of Living Index (COLI) = Market Adjusted AAHI; Market Adjusted AAHI ÷ National Adjusted

AAHI = AAHI Factor; AAHI Factor ÷ Number of US Markets

\*\*Market Fundraising ÷ National Fundraising

# CMN Hospitals Membership Fee Model

## Data Sources

- **Population (25%)**
  - Population estimates are based on data from the most recent U.S. Census taken in 2020.\*
- **Adjusted Average Household Income (AAHI) (25%)**
  - Like Population data, Household Income data is based on data from the most recent U.S. Census taken in 2020.\*
  - The Cost-of-Living Index (COLI) was obtained from first quarter 2021 data aggregated by The Council for Community and Economic Research (C2ER).
- **Partner Total (50%)**
  - Market Fundraising – Corporate, Radiothon, Dance Marathon, Extra Life
  - An average of market fundraising from 2017-2020 (all years available since the previous model calculations).

\*Source: GreatData.com, Inc. as of October 2021.



# CMN Hospitals Membership Fee Model

## Total Membership Fees

- 2019 Membership Fees: \$25,372,147
- 2020 Membership Fees (5% Increase): \$26,595,408
- 2021 Membership Fees (No Increase): \$26,595,408
- 2022 Membership Fees (No Increase): \$26,595,408
- 2023 Potential Membership Fees (5% Increase): \$27,925,171\*



\*The potential 5% fee increase is subject to final Board approval at the April Board meeting

# CMN Hospitals Membership Fee Model



## Fee Increase Rationale

- Due to the unprecedented circumstances facing the network in 2020 and 2021– CMNH made the conscious decision to keep membership fees flat in order to help member hospitals navigate through challenging times.
- By utilizing existing reserves to budget for operational losses, CMNH was able to maintain consistent service levels while alleviating some financial burden on our hospital partners.
- **For the 2023 fiscal year, a 5% fee increase has been proposed and is necessary to properly invest in and resource efforts to ultimately grow hospital fundraising within CMNH's five strategic pillars- Corporate Partners, Dance Marathon, Extra Life, Play Yellow and Data/Insights/Technology.**
- Additionally, the fee increase will offset the impact of cost increases that are currently being felt due to current market conditions and inflation.

# CMN Hospitals Membership Fee Model

## Timeline & Next Steps

- ❖ Approval by Membership Agreement Sub-Committee: *Completed November 8<sup>th</sup>, 2021*
- ❖ Approval by CDO Advisory Committee: *Completed January 19<sup>th</sup>, 2022*
- ❖ **Townhall Meetings: February 10<sup>th</sup> & March 9<sup>th</sup>**
- ❖ Individual market fee calculations to be shared: *Week of Feb. 14<sup>th</sup>*
- ❖ CDO Summit at Children's Hospitals Week: *April 13<sup>th</sup>*
- ❖ Full approval of model by Board of Trustees: *April 2022*
- ❖ Final Membership Agreements sent to all markets: *June 2022*
- ❖ 2023-2025 Membership Agreement takes effect: *January 1<sup>st</sup>, 2023*



# CMN Hospitals Membership Fee Model



## 2023 Membership Fee Summary\*

Market Name: Example Market

Report Date: 1/28/2022

### Base Fee Calculations

Population Factor	Example Market Population	National Network Population	Example Market Factor	Factor Weighting	Market Share of National Membership Fee
	1,337,811	÷ 333,750,802 =	0.40%	x 25% =	0.10%

Average Annual Household Income (AAHI) Factor	Example Market	Cost of Living Index	Adjusted AAHI	National Network Average	AAHI Factor	AAHI Factor / # of Markets	Factor Weighting	
	73,826	÷ 0.898 =	82,211	÷ 69,763 =	117.84%	0.84%	x 25% =	0.21%

Partner Total Factor	Example Market	National Network Fundraising	Market Share	Weighted Portion of National Total	Market Share	Factor Weighting	
Corporate Partners	1,142,935	÷ 188,596,008 =	0.61%	x 70% =	0.42%		
Radiothon	303,454	÷ 32,629,930 =	0.93%	x 12% =	0.11%		
Dance Marathon	94,446	÷ 38,182,119 =	0.25%	x 14% =	0.04%		
Extra Life	25,848	÷ 9,544,174 =	0.27%	x 4% =	0.01%		
				Partner Total Composite Score	0.58%	x 50% =	0.29%

Example Market's share of the national membership fee	0.60%
Multiplied by the Total 2023 Children's Miracle Network National Fee	27,925,171
<b>Example Market's Total 2023 Base Fee</b>	<b>167,665</b>

### Estimated Direct Costs\*\*

Estimated Direct Costs	Fundraising Kits	Credit Card Processing Fees	Donor Paid CC Processing Fees	Example Market's Total Estimated Direct Costs
	9,266	+ 5,235	+ (2,232)	= 12,268

**Example Market's Estimated Total 2023 Fees 179,934**

\* - Refer to the detailed description of Membership Fee Calculations for additional information

\*\* - Additional direct costs could include the cost of fundraising incentives, required media buys, national meeting registration fees, lodging, and test programs, etc.

Note: Costs for services provided in connection with Direct Mail and Radiothon will continue as Optional Services and are outside the scope of the above calculations

# Thank You!

