

Greetings to the Populace of the Kingdom of the East from the Kingdom's Council of the Exchequer!

With the release of the agenda for the Curia scheduled for January 27 at Birka, we expect that you have all seen that there is a proposed tax of 20% on the profits of all Royal Progress Events. This proposal has been in development for more than a year and it stands as the best solution we could come up with out of many that were considered. The problem we were looking to solve left us with no options anyone would consider truly "good".

Over the past 8+ years, the Kingdom has been running a structural deficit averaging \$4500 per year. That it has been that small has been largely a matter of luck, as many various budgets have not been getting spent. We can not rely on that continuing. We have already gone through and trimmed budgets as best we can, but that doesn't do anything to fix that our expenses simply outstrip our income.

In the interests of transparency, here is some insight into what the Kingdom budget looks like, and where the money is going. The Kingdom has nominally 2 sources of income: Pennsic and Kingdom Events. We budget to receive \$8000 each year as the East's share of Pennsic profits, and \$8000 each year as the Kingdom's 50% share of Kingdom Event profits. So presuming everything comes in as planned, \$16,000 per year in income.

On the expenses side, we budget to spend \$8000 on Kingdom expenses at Pennsic. We budget an allocation of \$5000 to each Reign to cover travel and other expenses of the Reign as allowed by Law and the IRS 501(c)(3) rules, so \$10,000 per year. Those three items are always fully spent and have already exceeded our budgeted income. Also of note is that the least expensive Reign in the past 10 years cost around \$8500 and the most expensive was apparently close to \$16,000, so the Kingdom's contribution is possibly less than it ought to be.

Continuing on the expenses, the Chamberlain and Archivist have a storage unit, \$1800 per year. We have \$1000 budgeted for background checks for those who will be working with Youth. The Ministry of the Lists has \$1000 for printing and mailing auth cards and for travel to Crown Tournaments and the Royal Rapier and Rattan Champions events. The Signet has \$600 for postage and supplies. The Webministry has a budget of \$2200 to pay for the server hosting all of the Kingdom's online services other than email and maintain the polling system. All of these are generally largely spent over the course of the year.

There are other budgets that haven't been getting spent lately, but that we expect will be. The Chamberlain has \$1000 for maintenance, repair, and replacement of the assets in their care. The Chronicler has \$1000 for software upgrades as necessary for the production of the Pikestaff.

The Seneschal and Exchequer each have \$200 for office supplies and such.

When it is all added up, if the budgets were all spent, the Kingdom would be losing well over \$10,000 each year. In reality, as stated up above, we've been losing around \$4500 each year. Unfortunately, this is not sustainable.

As it is the role of the Kingdom Council of the Exchequer to maintain the Kingdom on a firm financial footing, over the past 13 months we have been working with now three sets of Royalty trying to find a solution to the problem that would be as fair as possible to everyone involved. This is unpleasant, but our hope is that this will solve our current situation and give the Kingdom enough breathing room moving forward. Costs are going to continue to increase. We expect a lot of our Royals, traveling South to Caer Adamant, North to Havre des Glaces, East to Ruantallan, West to Montevale, and everywhere in between. Inflation is a universal truth in this reality, and we need to increase Kingdom income or we will slowly bleed to death.