



# Annual Operating Plan 2019

Version	Date Published
01	Dec 17, 2018
02	Jan 07, 2019
02.1	Feb 19, 2019

# Contents

- 1. Introduction ..... 3
- 2. Five-year Strategic Plan..... 3
- 3. Situation Analysis ..... 4
  - 3.1 Industry..... 5
  - 3.2 Regulations ..... 5
  - 3.3 Membership History ..... 6
  - 3.4 Summary..... 6
- 4. 2019 Strategic Themes..... 7
- 5. MAAC Business..... 8
- 6. Projects..... 9
  - 6.1 Recruitment and Retention ..... 9
  - 6.2 Communications Plan..... 9
  - 6.3 Website ..... 9
  - 6.4 MAC Magazine..... 10
  - 6.5 Transport Canada ..... 10
  - 6.6 Five-year Financial Plan ..... 10
- 7. Initiatives ..... 10
  - 7.1 Governance ..... 11
  - 7.2 Document Management ..... 11
  - 7.3 Standing Committees ..... 11
- 8. Capital Expenditures ..... 11
- 9. Reserves or Restricted Funds ..... 11
- 10. Budget ..... 12
  - 10.1 Revenue and Expenses ..... 12
  - 10.2 Risk and Opportunity..... 12
- 11. Revision History..... 14
- 12. Document Control..... 14

## 1. Introduction

The *Annual Operating Plan* describes the goals and planned activities of the association for the 2019 fiscal and calendar year. It provides a high-level analysis of the environment MAAC operates in and articulates the strategies, grouped into themes, that link its 2019 activities to further the goals and objectives laid out in the *Five-year Strategic Plan*<sup>1</sup> (strategic plan).

Section 4. describes the Strategic Approach and Themes for the development of the operating plan.

The budget that supports the *Annual Operating Plan*<sup>2</sup> “the *Plan*” will be presented to the members at the 2019 AGM for consideration. The organization will operate on a provisional budget, approved by the board, for the first quarter of 2019 until the AGM. The *Plan* is built on the association’s *Five-year Strategic Plan* and helps the board shape its activities, focussing on furthering key initiatives, throughout the year.

The model aircraft hobby/sport continues to be in a state of flux, and the organization is working toward a progressive path to build a sustainable future. This *2019 Budget* is built on two principles; 1. Base the 2019 budgeted revenue on a realistic member projection at the current membership fee rate; and 2. Work within current financial constraints.

The development of this *Plan* is founded in key deliverable “G4.2 Use the strategic plan to help build the annual business plan and supporting budget”. It will also be used as a reference to report back to members at year end, acting on key deliverable “G3.3 - Prepare a layman's report on the annual financials - to better inform members about the associations finances”.

## 2. Five-year Strategic Plan

The *Five-year Strategic Plan* was adopted in 2017 to guide the association over the next five years. It envisions a future for MAAC and articulates the strategies to achieve the goals of the association and will be used as a compass to guide the association and its Board of Directors over the next five years. It is to be reviewed annually and adapted to consider changes in the environment MAAC operates in and corresponding evolving priorities of the association. It has been amended to include the future development of a membership fee policy.

---

<sup>1</sup> *Five-year Strategic Plan* – Is the result of a systematic process to envision the desired future for MAAC and translating this vision into broadly defined goals and objectives. It is available to members on the MAAC website and published in the November/December MAC Magazine.

<sup>2</sup> *Annual Operating Plan* – Is MAAC’s detailed projection of estimated income and expenses based on forecasted membership during 2019. It identifies, communicates and monitors progress on key priorities that advance the *Five-year Strategic Plan*.

### 3. Situation Analysis

We all know that many aspects of our hobby/sport are evolving. Technology is advancing at a remarkable rate, the demographic of the traditional aeromodeller<sup>3</sup> is aging, there is a new and younger generation involved in multirotors and new federal regulations governing how and where individuals may fly Remotely Piloted Aircraft Systems (RPAS)<sup>4</sup>.

A situation analysis was undertaken in 2017 to look at MAAC's internal and external environment and to consider the associations' capabilities, current and potential members, and operating environment to understand how MAAC is positioned in today's aeromodelling environment. This guided the preparation of the 2018 Annual Operating Plan.

The situation analysis has been updated with work done by the Academy of Model Aeronautics (AMA).



The AMA is the MAAC equivalent in the United States, although almost 17 times larger. It recently commissioned a study titled "State of the Model Aviation Hobby and the Industry that Supports it", completed in September of 2018. The state of the Canadian Model Aviation Hobby closely mirrors that of the U.S. although on a smaller scale. The study synthesized the responses from industry representatives, AMA's experience and a survey of AMA's members to inform the report. In the end the report resulted in three major findings. Excerpts below, from the AMA's "State of the Model Aviation Hobby and the Industry that Supports it" report.

*"First, the recreational community is evolving. Although the majority of AMA members are traditional model aircraft hobbyists who build their own models, in recent years a new group of recreational users has developed who are primarily interested in ready-to-fly aircraft. According to the AMA member survey, this is the most common change in terms of what some people fly. The recreation community seems to have branched into two categories. AMA members who are largely traditional model aircraft hobbyists and an emerging, broader community of casual recreation operators who are more interested in technology-centric and easy-to-operate platforms.*

*Second, changes in the retail industry overall are also affecting the model aviation hobby and the industry that supports it. For example, more bricks-*

---

<sup>3</sup> Merriam-Webster - a person who builds and flies model airplanes

<sup>4</sup> An RPAS is an all-encompassing description that encapsulates the aircraft or UAV, the ground-based controller, and the system of communications connecting the two.

*and-mortar stores are shutting their doors as consumers increasingly turn to the internet and make their purchases online.*

*Third, and perhaps most importantly, the threat of increased and changing regulations on model aircraft, especially at the federal level, is creating a disincentive for traditional hobbyists, putting an already fragile community at serious risk of decline. This concern is also felt by AMA members; 92 percent of respondents to our member survey are concerned about the possibility of increased regulations. Of those who are concerned, 90 percent indicated the impact of these regulations will most likely be negative. In addition, studies show the number of state and local restrictions on hobbyists has increased.”*

### 3.1 Industry

The historical relationship between hobby shops and hobbyists has changed dramatically over the past ten years and will continue to change in ways we may not anticipate. The number of bricks-and-mortar hobby shops is declining, and online sales are increasing. Further the type of model aircraft purchased by the new casual recreation operators, ready-to-fly, are available online, at most big box stores and the local drug store.

Advanced technology is both enhancing traditional modelling and creating new forms of aeromodelling. The growth in the multicopter sector has brought many new and different people into aeromodelling. Multirotors have a breadth of commercial, research and recreational applications that include camera platforms, racing, FPV, institutional and industrial uses like search and rescue, fire suppression, package delivery, and survey. It has been reported that Transport Canada estimates there are 1,000,000 recreational enthusiasts engaged in radio-controlled aeromodelling of all types of RPAS's from micro drones, purchased at the local mall, to large scale model aircraft and helicopters. The large majority, of the estimated 1,000,000 recreational enthusiasts, are involved temporarily with the plethora of ready-to-fly multi-rotors. They do not require a sophisticated environment to fly the sub 250-gram devices and when the device is damaged or lost, do not continue with the hobby. A very small portion of the recreational enthusiasts are committed hobbyist who are MAAC members or potential MAAC members.

### 3.2 Regulations

The rapid growth and availability of semi-autonomous rotary aircraft has accelerated Transport Canada's efforts to add unmanned aircraft rules to the Canadian Air Regulations (CARS), which will govern all unmanned aircraft in Canadian airspace. MAAC, has been at the table throughout the legislative process to protect members from burdensome and commercially oriented regulations. The current state of regulations is as follows.

New regulations governing all Remotely Piloted Aircraft Systems (RPAS)<sup>5</sup>, including aircraft operated without a pilot onboard, will be inserted in a new Part IX to the existing Canadian Aviation Regulations (CARs). The new regulations will no longer differentiate between recreational use and non-recreational use. This means that unless otherwise authorized, those operating model aircraft will have to follow the same regulations as the commercial operators. The new regulations will not come into force until approximately six (6) months after they are published in Canada Gazette II.

During the public discussion it was understood that MAAC or similar organizations with established safety cultures would be provided a "carve out" from the new Part IX regulations. Due to timelines and Transport Canada resource issues, this "carve out" will not be included in the initial release of RPAS regulations. To address this issue, MAAC leadership has been working with Transport Canada to secure an exemption to the new Part IX, RPAS regulations. This exemption will apply to MAAC members, in good standing, and will not require compliance with the regulations in the new CARs, Part IX, provided they comply with MAAC's published safety practices and guidelines and a few conditions in the exemption itself. Once approved, this exemption will permit most MAAC activities/operations to be conducted as they are today.

### 3.3 Membership History

A historical view of the MAAC's membership indicates that the age of the average member is rising and if the trend continues, MAAC may shrink over time. MAAC has a history of holding membership fees at a fixed amount for an extended period and introducing a substantial increase when the budget is challenged vs. incrementally raising fees based on inflation year over year.

The new generation of aeromodelling enthusiasts tend to be younger and use different skills than previous generations, with more focus on technology and flying vs. building and flying. It is clear, the hobby is not the same as it was five or twenty years ago and will continue to evolve.

### 3.4 Summary

The changes in the industry have created new committed hobbyists for radio-controlled aeromodelling in the multirotor genre. These new group tend to be younger and approach the hobby from a different perspective. With the new Transport Canada regulations many of them do not have access to places they can fly legally and MAAC represents an opportunity for these enthusiasts work within the umbrella of MAAC to fly legally. Many of them do not use their multirotors in ways that are consistent with traditional sanctioned flying fields. Some may find a way to work within a MAAC Transport Canada exemption and

---

<sup>5</sup> Transport Canada will now use the term RPAS to identify all/any aircraft without a pilot onboard.

represent potential new members. They may choose to join MAAC if the value equation provides tangible benefits.

MAAC is currently the governing body for aeromodelling in Canada as part of the sanction from the Fédération Aéronautique Internationale (FAI) through Aero Club of Canada (ACC). This sanction provides MAAC and its members access to international competition. MAAC has been in the business of representing aeromodellers since 1949 with business systems in place, a head office, a history of providing liability insurance and a policy framework for aeromodelling that Transport Canada is comfortable with. Collectively, a larger association, that includes a special interest group for multicopter disciplines, would have more credibility with regulators and be able to take advantage of the infrastructure and systems in place. Should MAAC not pursue a path that includes multicopter disciplines, it is likely that these aeromodellers will form new organizations that provide the benefits they are looking for.

MAAC's membership history demonstrates that each year MAAC gains about 1,200 – 1,500 new members and loses approximately the same number. Over the past few years the losses have outpaced the gains and membership continues to decline. The membership losses mostly occur within the first two years of membership and in the longer-term member age group, that is dropping out due to health reasons. MAAC introduced an introductory membership in 2017 to create opportunities for new people to try the hobby and MAAC. Of the 345 introductory memberships sold in 2017, 100 renewed in 2018. There is opportunity to reach out to departing members to slow attrition and build membership with the new genre of RPAS hobbyists. Membership is predicted to decline by a further 4% in 2019.

#### 4. 2019 Strategic Themes

The strategies for 2019 are organized into three themes that weave through and support key deliverables from the strategic plan. The goal is to bring focus to the activities that will move the association forward.

- Member Services – Continue with enhancements to the web business platform, MAC magazine and other tools to communicate with members with the goal of better engagement with current members, retention of members and attracting new members. Work towards revitalizing relationships with committees and clubs through more effective communications.
- Partner for Success – Continue to actively engage with Transport Canada to represent the hobby/sport and all aeromodellers, protect the interests of MAAC members, work towards a permanent exemption for MAAC and proactively engage with other organisations that support and regulate the activities of MAAC.
- Governance – Continue the process to build a stronger and more resilient foundation for the association by examining the financial foundation of the association in 2019 with consideration of a governance review in 2020.

## 5. MAAC Business

The business of MAAC is extensive in support of the diverse activities of the 10,000 or so member, clubs, standing committees, events and competitions across the country. They make up the bulk of the operating budget of the association.

- The office staff of two manage most of the activities that comprise the business of the association and are the hub for liaison between the board, committees, advisory groups, appointees and members.
- The web site, email and *Model Aviation Canada* are the main forms of digital and print communications with members.
- The board of directors and its executive committee manage the association and committees, advisory groups and appointees, which are engaged in a variety of activities on behalf of MAAC members.
- The Annual General Meeting (AGM) is the yearly gathering of members, where the associations annual report is presented with information for members about its finances, performance and strategy.

The office manager supports the board of directors and executive committee as well as their board and executive committee meetings; coordinates the business of the annual general meeting; does the bookkeeping and works with the auditors to prepare the annual financial statements; processes the insurance contract and associated claims; tracks legal issues; coordinate much of the information uploaded to the website; oversee translation; compile annual zone meeting reports, associated award submissions and committee appointments; coordinate grants to teams, representing Canada, traveling to FAI events and is the first point of contact for MAAC's partner organizations.

All of the more transactional work, such as; processing of new memberships and renewals; new club applications and renewals; event coordination; and issuance of membership cards has been automated within the digital web-based business platform. Members still have the option of using the legacy paper-based systems if that works best for them. Members can still call head office and talk to a live person, something that is rapidly disappearing in business.

*Model Aviation Canada* is the official publication of MAAC, and is published six times a year, by Morison Communications on behalf of the association. It is published in print and available electronically as a PDF. Its focus is sharing member activities, keeping members abreast of committee work and celebrating the community and enjoyment of the hobby.

<http://www.maac.ca> performs two main functions, the first as a business platform that automates many of MAAC's transactions through its relational database functions and secondly as the day to day portal for members to access information about the association, manage their membership, clubs and committees and the growing repository of MAAC documents.

The executive committee meets as necessary to oversee the operation of MAAC and the board of directors meeting schedule varies with the season and workload from weekly to biweekly via video/conference call to manage the affairs of MAAC. These meetings are designed to create a nimbler organization and thus reduce the workload and cost of the executive and board meetings preceding the AGM. The time frame for, face to face, board meetings immediately preceding the 2019 AGM has been reduced to one day, the same as 2018, to allocate funds to 2019 priorities. Executive committee meetings are held as necessary via video and audio conference calls.

Committees, advisory groups and appointees manage their own schedule of meetings and activities.

## 6. Projects

The association will focus its remaining efforts on the following projects that contribute to achieving key deliverables in the strategic plan. Projects are generally funded, either within the amount prescribed annually or with new funding specific to the project and have dedicated resources tasked with execution and completion.

### 6.1 Recruitment and Retention

Develop a one-page Marketing Strategy overview, identifying cost effective efforts to attract new members and retain current and past members. MAAC membership history shows a slow decline in membership year over year with an aging demographic. Typically, MAAC attracts and loses about 1,200-1,500 members annually. The plan will take into consideration the historical role that directors play in growing membership.

Responsible: Communications Advisory Group

### 6.2 Communications Plan

Continue with the development of a *Social Media* presence focused on engaging new members and retaining members in support of *recruitment and retention*. The *Social Media Strategy* will emphasize awareness of MAAC and the benefits of being part of the association, supported by the concurrent development of a more content driven MAAC website.

Responsible: *Communications Advisory Group*

### 6.3 Website

The priorities for 2019 include the completion of two initiatives started in 2018 and the balance are new for 2019.

- Convert the current website to a responsive site, that works on all platforms and devices.

- Building a micro-site which supports the social media marketing project, see section 6.2 Web Communications and section 6.4 MAC Magazine. This site will be the stand alone “fun” side of the hobby and association.
- Complete the automation process of notifying members about the process of submitting resolutions and recommendations to their Zone Director prior to the zones Annual Zone meeting.
- Build a new awards section on the main website.
- Improvement and automation of the business tools will continue for the main website.

Responsible: *Website Committee*

#### 6.4 MAC Magazine

The 2019 work plan is for the most part, exploratory to consider the following; develop a plan to move Zone and Committee content to the association’s website; refocus the MAC Magazine as a publication to celebrate the community and enjoyment of the hobby; evaluate the frequency of publication and how the members are best served.

Responsible: *Morison Communications*

#### 6.5 Transport Canada

Continue to work with Transport Canada in securing a "Universal Exemption" for members and in finalizing its regulations that govern recreational unmanned aircraft. MAAC has chosen to represent Canadian aeromodellers and the hobby in its discussions rather than just MAAC. Its primary goal is to preserve the flying privileges at MAAC sanctioned flying sites and to influence regulations to be reasonable for flying in public and private spaces.

Responsible: *Transport Canada Advisory Group*

#### 6.6 Five-year Financial Plan

A team of financial professionals and MAAC members was established in late 2018 to develop a five-year financial plan to support MAACs strategic plan for consideration by the board of directors. Its mandate is to examine the oversight of MAAC financial activities, review the reserve framework and investment choices, make recommendations and develop financial projections for the next five years.

Responsible: Ad-hoc committee lead by the Chair of the Constitution Advisory Group.

## 7. Initiatives

The association will focus on the following initiatives as time and resources permit. They are defined as taking progressive steps to move forward key deliverables and are part of the general work plan.

### 7.1 Governance

Develop a framework for a governance review in 2020. Its intended purpose is to consider governance models and update the governance framework of MAAC. Areas of concern were noted by the board at the April 2018 governance session that will be used in the process.

*Responsible: Chair Constitution Advisory Group*

### 7.2 Document Management

Develop a document management protocol to add rigour to MAAC's documents based on a policy framework. *Subject to finding qualified volunteers.*

Responsible: Ad-hoc Standing Committee formed for the purpose

### 7.3 Standing Committees

Build on the relationship with standing committees by refreshing the terms of reference for each standing committee, defining the relationship between committees and the board of directors and establish the authority committees have over their area of expertise, develop a stronger forum for dialogue between committee chairs and the board and provide a stronger presence and functionality for each committee on the website.

Responsible: *Chair of Chairs*

## 8. Capital Expenditures

This section identifies projects that will result in capitalization of expenses such as building improvements and acquisition of real property or equipment over a given value. There are no acquisitions that would be capitalized in 2019.

## 9. Reserves or Restricted Funds

A key function of the board as it exercises its duty to govern the activities and affairs of the association is to ensure the financial well being and sustainability of the corporation. Reserves may be set aside for future operating or capital expenses and to protect the association from unfunded or contingent liabilities. Canada Revenue Agency (CRA) has rules that govern how not-for-profit organizations may maintain reserves. The CRA has stated that to maintain tax-exempt status, not-for-profit organizations must ensure that such reserves are "reasonable" and for an identifiable operating purpose or a specific, future capital project.

MAAC maintains many internally and externally restricted funds or reserves. This section identifies planned contributions to restricted funds. It is not intended to document the complete portfolio of restricted funds that MAAC maintains. A complete portfolio of

restricted funds and their balances can be found in the prior years financial statements in the March - April issues of Model Aviation Canada Magazine.

## 10. Budget

### 10.1 Revenue and Expenses

The proposed budget for 2019 is set out in an accompanying spreadsheet provided by the Treasurer.

#### **Funds Received Assumptions**

The funds received budget is based on a reduction of 359 open members and no change to the membership fee. Membership funds received could increase if MAAC successfully engages with multirotor aeromodellers.

#### **Expense Assumptions**

The expense budget is based on increasing fixed costs by an average 2.4% over 2018 and reducing discretionary costs to provide funding for projects that will move the association towards its goals.

#### **Funds Received Summary**

Membership	744,360
Other	25,300
Deductions from Funds Received	-6,000
<b>Total Funding</b>	<b>763,660</b>

#### **Expense Summary**

General Operations	770,212
Projects	0
Contributions to Reserves	0
<b>Total Expense</b>	<b>770,212</b>

**Surplus/(Deficit) (6,552)**

### 10.2 Risk and Opportunity

#### **Risks**

The budget for MAAC is relatively stable year over year with minor variations to address areas of focus in any given year. Membership fees have remained the same since 2012, and as fixed costs increase year over year there is a declining amount to address new and important initiatives. [Inflationcalculator.ca](http://inflationcalculator.ca) calculates that the equivalent \$80.00 membership fee in 2012 would be \$87.17 in 2018. If the rate of new members vs. attrition continues the association will be challenged by inflation and declining funds to support the associations activities.

## **Opportunities**

Should MAAC be successful in attracting and retaining a new generation of multirotor enthusiasts, it would be able to take advantage of new funds to continue and grow the current member benefits and build the multirotor discipline within MAAC. There are healthy reserves to tide MAAC through difficult times or undertake new initiatives.

## 11. Revision History

- 1.6 First draft for review at December 17, 2018 Board Meeting
- 2.0 For adoption January 7, 2019
- 2.1 Updated Feb 19, 2019, minor corrections.

## 12. Document Control

Name	Annual Operating Plan - 2019
Version	2.1
Number	provided by DMS (document management system)
Original	Constitution Chair
Adopted	January 7, 2019
Effective	January 1, 2019
Expires	Dec 31, 2019
Review	AGM April 29, 2020
Companion Documents	Five-year Strategic Plan, 2019 Update, 2019 Budget
Key words	Operating Plan, Budget, Strategic Plan, Business Plan, 2019