

FDFA Strategic Convention Historical Budget Review

TABLE 1: on the next page is a summary comparison of FDFA revenue and expenses – **2016 vs. 2004** including convention profit. A 12-year comparison was selected in order to use a year prior to seeing a significant increase in convention revenue, without using the year the FDFA office was relocated to Ottawa (2005/06) which incurred additional one-time operating expenses. **The 2016 Convention revenue does not cover the full FDFA operating costs – in 2004 there was a shortfall of \$100k and in 2016 a shortfall of \$43k.**

Revenue Changes:

Dues: in 2013 the operator dues were increased to include roughly 50% of the marketing program expense. Other small increases of 2-5% were implemented years' prior.

Other: in 2012 the Bag Program was revised to make it a member benefit offering both plastic and eco-bags to the stores at cost. Previously the FDFA included a mark-up to the bags for a profit varying from \$20-\$40k.

Convention: the overall profit has increased 42% since 2004. The primary reason for the increase are;

- Sponsorship (up 50%) through customized client face-to-face opportunities, new opportunities such as the charging station and taking over events like the hospitality lounge,
- Hotel costs are down 30% due to multi-year contract negotiations that include multiple concessions and rebates,
- The FDFA has also reduced expenses by restructuring the format for which the convention directory is produced/printed (currently at no cost to FDFA, previously cost of \$7k)

Expense Changes:

Program: the programs have increased by \$100k during the last 12 years with additions such as;

- Increased GR/Tobacco spend (\$43k spent on strategic review in 2014 and \$56k spent in 2016 on the PBDF lease issue and Road TRIP)
- National Marketing Program (operator dues only over 50% of program)
- BOD expense is up primarily due to the addition of live meetings (3 per year)
- New Semi-annual/Bus. Summit format that included industry related professional speakers such as Deloitte, RCC and TSA (costing \$31k in 2013, \$27k in 2015),
- Awareness/Marketing (association website)
- Employee Certification Program (added in 2015)

Operating: overall current operating costs are on par with 12 years ago, however when compared to 12 years ago, the 2016 salaries and travel expenses are down and the dues/subscription and bank service charges are up. Most other items such as rent, misc. office, insurance remain the same

TABLE 2: identifies the shortfall of convention profit vs operating costs. If operating costs remain the same, the convention would need to profit \$139k to completely cover FDFA operating costs (refer to page 2).

Operating costs include:

- | | | |
|------------------------------|--|----------------------|
| • Rent/Phone/Internet | • Business Insurance | • Staff Training |
| • Salaries/Benefits | • Dues/Subscriptions (DFWC, RCC, TIAC) | • Bad Debt |
| • Offices Supplies/Equipment | • Travel | • Exchange Gain/Loss |

FDFA Financial Review 2016 vs. 2004

TABLE 1

	2003/2004		2016	
	(Sep/03-Aug/04)		(Jan-Dec)	
		<i>% of Rev.</i>		<i>% of Rev.</i>
Revenue:				
Dues	124,000	42%	151,700	43%
Other Revenue	34,700	12%	3,100	1%
Convention(net)	138,300	47%	196,000	56%
<i>Total Revenue</i>	<u>297,000</u>		<u>350,800</u>	
Expenses:		<i>% of Exp.</i>		<i>% of Exp.</i>
<i>Program</i>	21,000	8%	121,100	34%
<i>Operating</i>	239,000	92%	239,300	66%
Total Expenses	<u>260,000</u>		<u>360,400</u>	

TABLE 2

	2004	2016	<i>change from 2004</i>
Convention Revenue (net)	138,300	196,000	42%
<i>Operating Expenses</i>	239,000	239,300	0%
Net Surplus (shortfall)	(100,700)	(43,300)	-57%

In 2016 the convention revenue was 56% of the total annual revenue