

Date: September 23, 2017

To: Pete Parkinson, APA California Chapter President and Board of Directors

From: Hanson Hom, Vice President for Conferences

Subject: Amendment to Conference Profit Policy

**RECOMMENDATION**

*Amend the Conference Profit Policy in the Conference Requirements Handbook as follows (deletion - strikethrough, addition - underlined):*

**Conference Profit**

The annual conference is the major revenue source for APA California and the eight Sections. A profit of at least $120,000 should be achieved (based on 900 registrants.)~~(increased from $100,000 in 2015~~). For conferences with higher attendance, strive for a profit margin of 20-25 percent of gross income. The Board will review the conference profit goal ~~amount~~each year when a venue is selected ~~at the time of the selection of the venue~~ to ensure that the amount keeps up with inflation and the ~~Chapter~~ financial needs of the Chapter and Sections.

**DISCUSSION**

While not explicit, the minimum conference profit of $120,000 refers to an attendance level of 900. As shown in Attachment 1, conference registration has fluctuated widely in the last five years, from 717 in Visalia in 2013 to 1,758 in Pasadena in 2016. Chart 1 also shows that income from registrations is the primary variable affecting potential conference profit.

Because registration has fluctuated over the years and is difficult to predict, a conference budget is prepared based on several assumed attendance levels. This budget practice shows that potential profit escalates as attendance increases. The current profit goal does not provide sufficient guidance for conferences with significantly higher attendance. As attendance increases, it is reasonable to expect that conference profit should proportionally increase also. An amendment to the conference profit policy is recommended to provide guidance for conferences with higher attendance.

Conference profit is also largely affected by conference expenses. Attachments 2-6 shows that expenses have fluctuated significantly in recent years, especially food and opening reception costs. A supplement to the conference profit policy would provide further guidance to conference host committees for budgeting and accruing expenses. It would also promote greater consistency in terms of conference deliverables and the expectations of attendees. Regular review is highly advised as conferences expenses continue to rise with regional variations.

Conference profit can be expressed as a profit margin. The table below shows the relationship between conference registration, net income and profit margin. An acceptable conference profit balances meeting the expectations of attendees while providing operating funds for Chapter and Section programs.

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| Conference | Registrations | Net Income | Profit Margin |
| Visalia 2013 | 717 | $150,923 | 41% |
| Anaheim 2014 | 1,257 | $35,819 | 5% |
| Oakland 2015 | 1,590 | $135,932 | 17% |
| Pasadena 2016 | 1,758 | $343,488 | 36% |
| Sacramento 2017 | 1,000(per budget) | $158,942 | 23% |

While maintaining a minimum profit of $120,000, a profit margin of 20-25 percent would be an appropriate guideline for larger conferences. For example, a conference with 1,500 registrants is estimated to generate about $750,000 in gross income (includes registration, sponsorships and other income.) A conference profit of $150,000 to $187,000 would be a suitable objective and still provide the conference experience that attendees expect.

Attachments:

1. Conference Gross Income 2013-2017
2. Visalia 2013 – Allocation of Conference Gross Income
3. Anaheim 2014 - Allocation of Conference Gross Income
4. Oakland 2015 - Allocation of Conference Gross Income
5. Pasadena 2016 - Allocation of Conference Gross Income
6. Sacramento 2017 - Allocation of Conference Gross Income (per budget)