FPA
FINANCIAL PLANNING ASSOCIATION
*The Heart of Financial Planning™*

## Overview of FPA's Fiscal 2008/2009 Budget

I am pleased to present the following overview of FPA's Fiscal 2008/2009 Budget, which became effective June 1, 2008 and will end May 31, 2009. Please refer to the attached graphs and supporting schedules for additional budget details.

Following represents a summary of FPA's operating budget approved by the FPA Board of Directors:

| *Consolidated Summary* | *2008/2009 Budget* |
|---|---|
| Revenues | $18,037,663 |
| Expenses | 18,337,663 |
| Operating Income/(Loss) | (300,000) |

After significant discussion and deliberation between FPA staff and FPA's Finance Committee, a $300k FY 2009 budget deficit was recommended to the FPA Board of Directors. We believe this is needed to avoid an adverse impact of both delivery and quality of services and benefits expected by members.

Three primary factors influence FPA's budget for next year, including: 1) a member dues increase, 2) continued investment in new initiatives (i.e. consumer services), and 3) technology investments (capital spending).

### *Revenues for 2008/2009*

This budget anticipates revenues will increase 11.3 percent, or $1.8m from last fiscal year end, driven by three key items: 1) a membership dues increase that will add $827k in incremental revenue, 2) 872 new group members that will contribute $121k, and 3) FPA Boston 2008 which is expected to add $502k in incremental revenue.

The revenue budget does involve some risk. Specifically, we have risk associated with the dues increase to the extent incremental retention loss is greater than the four percent we currently budgeted. Additional risk lies in our dependence on CFP Board providing information to FPA for new CFP® certificants on a consistent basis. Privacy and legal concerns have had an impact on CFP Board's ability to provide full information. FPA is reorganizing its process and marketing strategy as a result. Finally, we have risk associated with the overall economy and what impact, if any, FPA may realize on corporate revenue streams. FPA relies heavily on corporate revenues to fund our operations (approximately one third, or $6.0m of $18.0m in total revenue is derived from corporate sources). Presently, corporate opportunities at FPA Boston 2008 (and other FPA programs with sponsorship opportunities) are either sold out or very close thereto for the remainder of this calendar year. Revenue risk, however, does exist for the final five months

of our 2008-2009 budget year. The FPA Board and Staff are mindful that we need to monitor future infrastructure spending in the event corporate revenue streams flatten, or erode.

### *Expenses for 2008/2009*

This budget anticipates expenses will increase 7.4 percent, or $1.2m from last year. To the greatest extent possible, program expenses were held in check with the Fiscal Year 2007/2008 Budget. To clarify, a significant portion of expense needs for Fiscal Year 2008/2009 are directly tied to decisions we've made regarding revenues. For example, the dues increase directly impacts rebates paid to FPA chapters, resulting in $491k of additional expense. Also, expenses for Research/Major Firms and FPA Press ($104k and $79k respectively) are a function of expected incremental revenues to be generated from these programs.
Other significant expense increases expected this year are more a function of past commitments already in FPA's infrastructure pipeline. For example, compensation costs are rising $290k (or 4.1 percent) and directly relate to the full-year effect of employees hired last year, and accounted for 100 percent in the Fiscal Year 2008/2009 Budget. Similarly, we will begin to depreciate our new Web site in 2008/2009, resulting in $248k additional depreciation expense.

### *Revenue Expectations Beyond 2008/2009*

The outlook for FPA revenue streams beyond Fiscal Year 2008/2009 appears favorable. Specifically, the full-year effect of our June 2008 dues increase will not be realized until the Fiscal Year 2009/2010 Budget based on our accrued revenue models. The effect of this will result in $825k of additional revenues for 2009/2010. Similarly, new group members brought in during 2008/2009 (mentioned above) are expected to generate $121k in additional revenues in Fiscal Year 2009/2010.

These two revenue items are expected to place FPA in a more favorable budget position heading into Fiscal Year 2009/2010. At this point, the effect of the membership dues increase ($825k) seems to be the most predictable, while much of the group membership increase both in this year's budget and beyond is not.

If our assumptions hold true, and we are able to continue to hold the line on compensation and program expenses in 2009/2010, FPA may be able to achieve a break-even budget position; however, given capital expenditure outlays next year, this may be a challenge. To the extent other new initiatives begin to mature and result in new/incremental revenues, we will only solidify our ability to achieve a balanced budget. That being said, overall economic conditions are unpredictable. We will keep a close watch on FPA revenue trends throughout next year and adjust accordingly.

### *Capital Budget for 2008/2009*

FPA's capital budget next year proposes $610k of new expenditures and represents our continued effort to improve technology-driven solutions for the organization. Expenditures will be made in the following asset categories:

- **Hardware** – servers, replacement computers and misc. $127k
- **New Planner Search and Consumer Portal** $135k
- **Other** application and software enhancements $129k

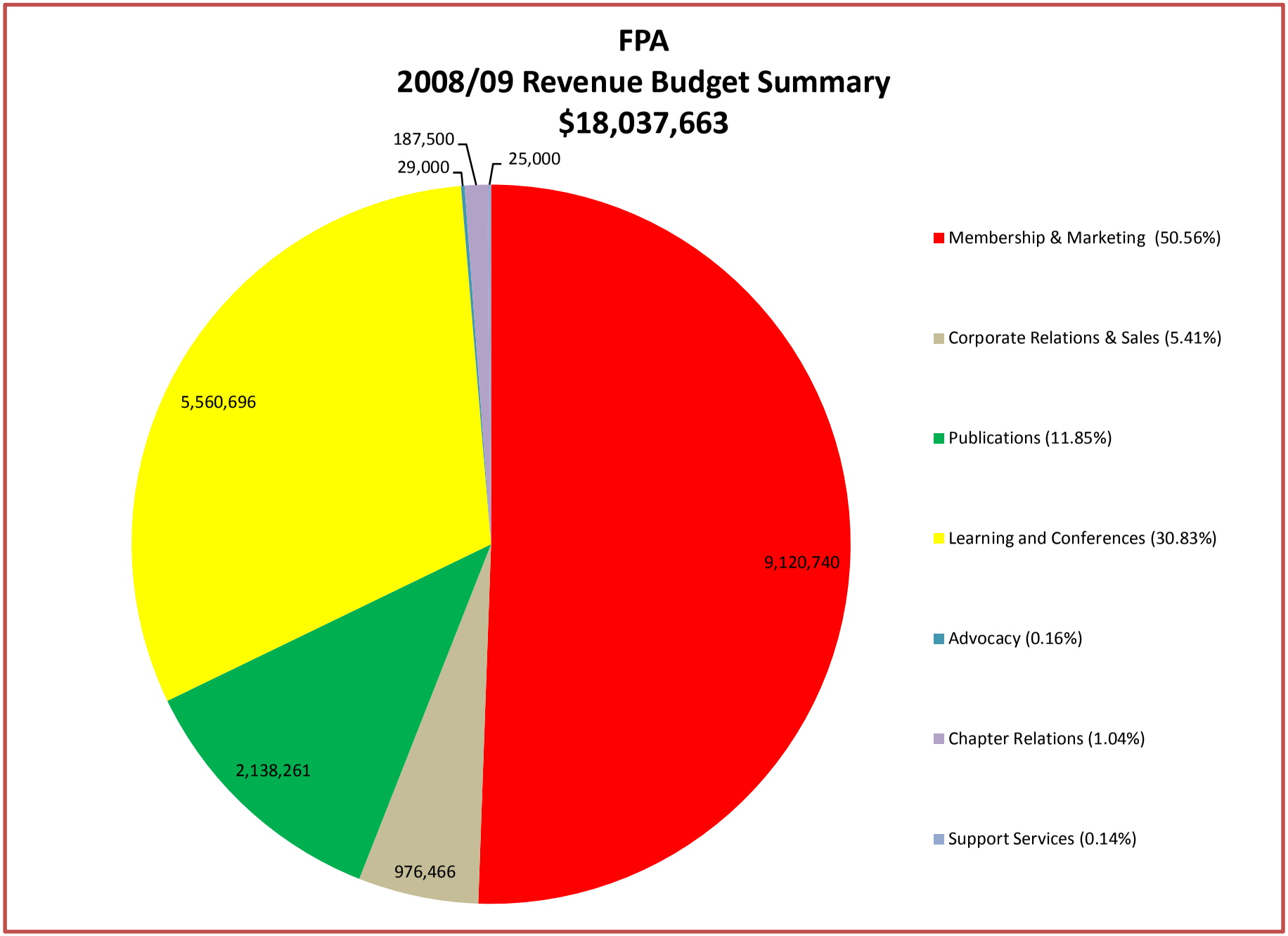
- **Web redevelopment** – Practice Management Center $ 82k
- **FPA-hosted chapter Web sites –** 35 chapters using existing vendor $137k

***Closing Thoughts***

I hope this memorandum and accompanying documents provides guidance related to significant aspects of our Fiscal Year 2008/2009 Budget. If you have any questions, please contact me at 800.322.4237, ext. 7110 or via e-mail at Curt.Niepoth@FPAnet.org.

Sincerely,

Curt Niepoth
Associate Executive Director and Chief Financial Officer


FPA
2008/09 Revenue Budget Summary
$18,037,663
187,500
29,000
25,000
5,560,696
9,120,740
2,138,261
976,466
Membership & Marketing (50.56%)
Corporate Relations & Sales (5.41%)
Publications (11.85%)
Learning and Conferences (30.83%)
Advocacy (0.16%)
Chapter Relations (1.04%)
Support Services (0.14%)

# FPA Budgeted Revenue - 2008/2009

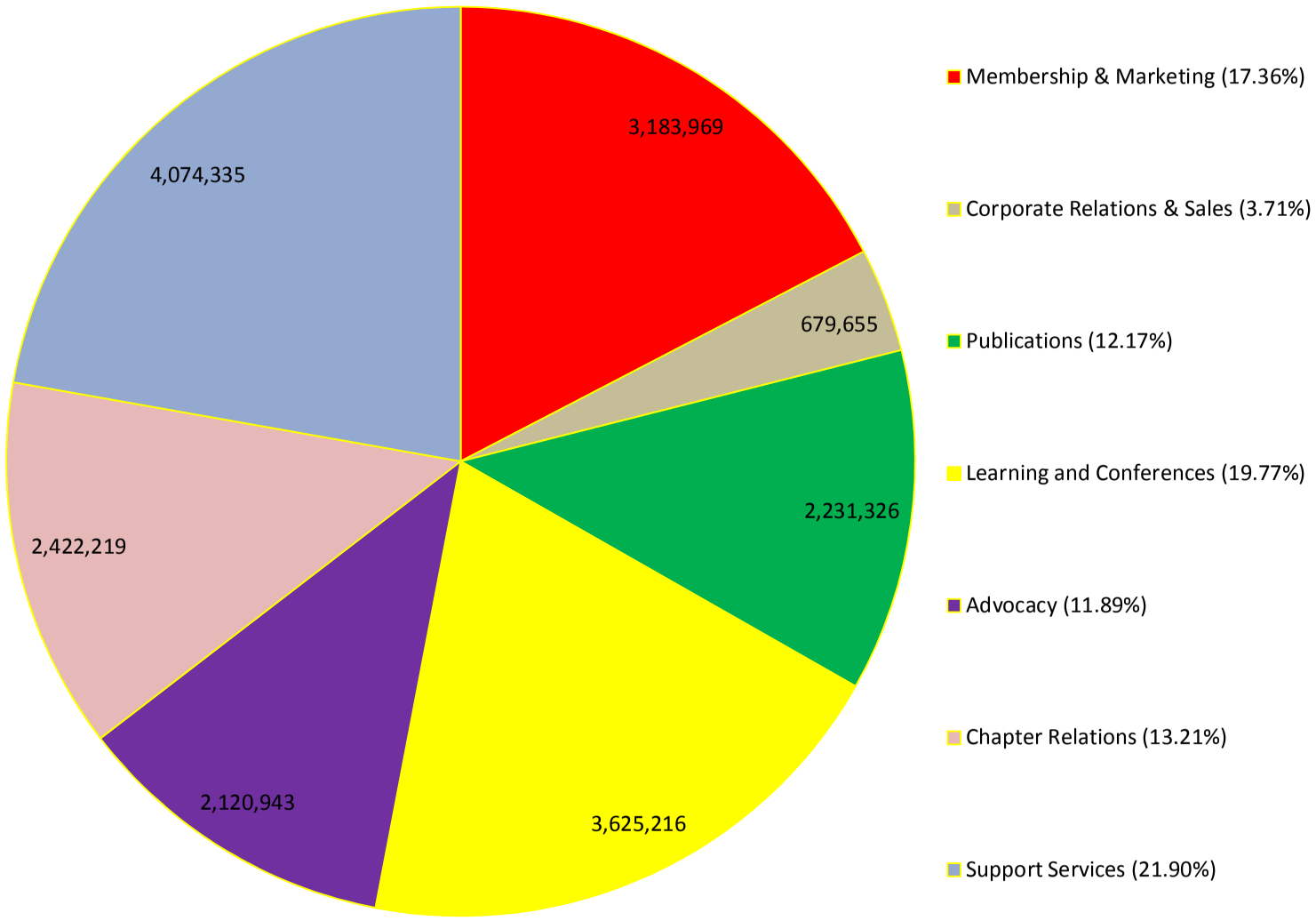
**Summary and Detail by Functional Area**

| Summary Revenue | FY 08/09 Budget | |
|---|---|---|
| Membership & Marketing (50.56%) | 9,120,740 | 50.56% |
| Corporate Relations & Sales (5.41%) | 976,466 | 5.41% |
| Publications (11.85%) | 2,138,261 | 11.85% |
| Learning and Conferences (30.83%) | 5,560,696 | 30.83% |
| Advocacy (0.16%) | 29,000 | 0.16% |
| Chapter Relations (1.04%) | 187,500 | 1.04% |
| Support Services (0.14%) | 25,000 | 0.14% |
| | **18,037,663** | 100.00% |

| Detail Revenue | FY 08/09 Budget | |
|---|---|---|
| **Program** | **Revenues** | **%** |
| **Membership & Marketing** | | |
| Individual & Group Membership | 8,397,469 | 46.56% |
| Product Sales | 379,943 | 2.11% |
| Journal CE Exam | - | 0.00% |
| Planner Search | 110,000 | 0.61% |
| Web - (FSIC) | 217,436 | 1.21% |
| Affinity Programs - (FSIC) | 15,892 | 0.09% |
| Mail Lists | - | - |
| Marketing Operations | - | 0.00% |
| Communities of Interest | - | 0.00% |
| **Corporate Relations & Sales** | | |
| Institutional Membership | 871,966 | 4.83% |
| Nat'l Sponsorship/Sales Ops | 104,500 | 0.58% |
| **Publications** | | |
| Journal of Finl Plan (FSIC) | 1,729,250 | 9.59% |
| Solutions - (FSIC) | 183,250 | 1.02% |
| FPA Press | 225,761 | 1.25% |
| **Learning and Conferences** | | |
| Annual Convention | 4,047,776 | 22.44% |
| Retreat Conference | 549,170 | 3.04% |
| Business Solutions Conference | 235,075 | 1.30% |
| NexGen/Reunion Conference | 56,455 | 0.31% |
| FPA Summit 2009 | - | 0.00% |
| Virtual Learning & Practice Svcs. | 325,504 | 1.80% |
| Institutional Market Development | - | 0.00% |
| Research and Development | 233,626 | 1.30% |
| Career Development & Residency | 113,090 | 0.63% |
| **Advocacy** | | |
| Government Relations | - | 0.00% |
| Public Relations & Comm. | - | 0.00% |
| Consumer Services | 29,000 | 0.16% |
| International Relations | - | 0.00% |
| **Chapter Relations** | | |
| Operations | 187,500 | 1.04% |
| Chapter Rebates | - | 0.00% |
| **Support** | | |
| Administration | 25,000 | 0.14% |
| Technology | - | 0.00% |
| Board and Executive | - | 0.00% |
| **Total** | **18,037,663** | **100.00%** |

**Note**: The majority of corporate related revenues are reported in the programs they directly benefit. For example, corporate sponsorship and exhibit booth sales for FPA Boston 2008 are reported within revenues for the annual convention.

# FPA
## 2008/09 Expense Budget Summary - Includes direct costs &labor
## $18,337,663



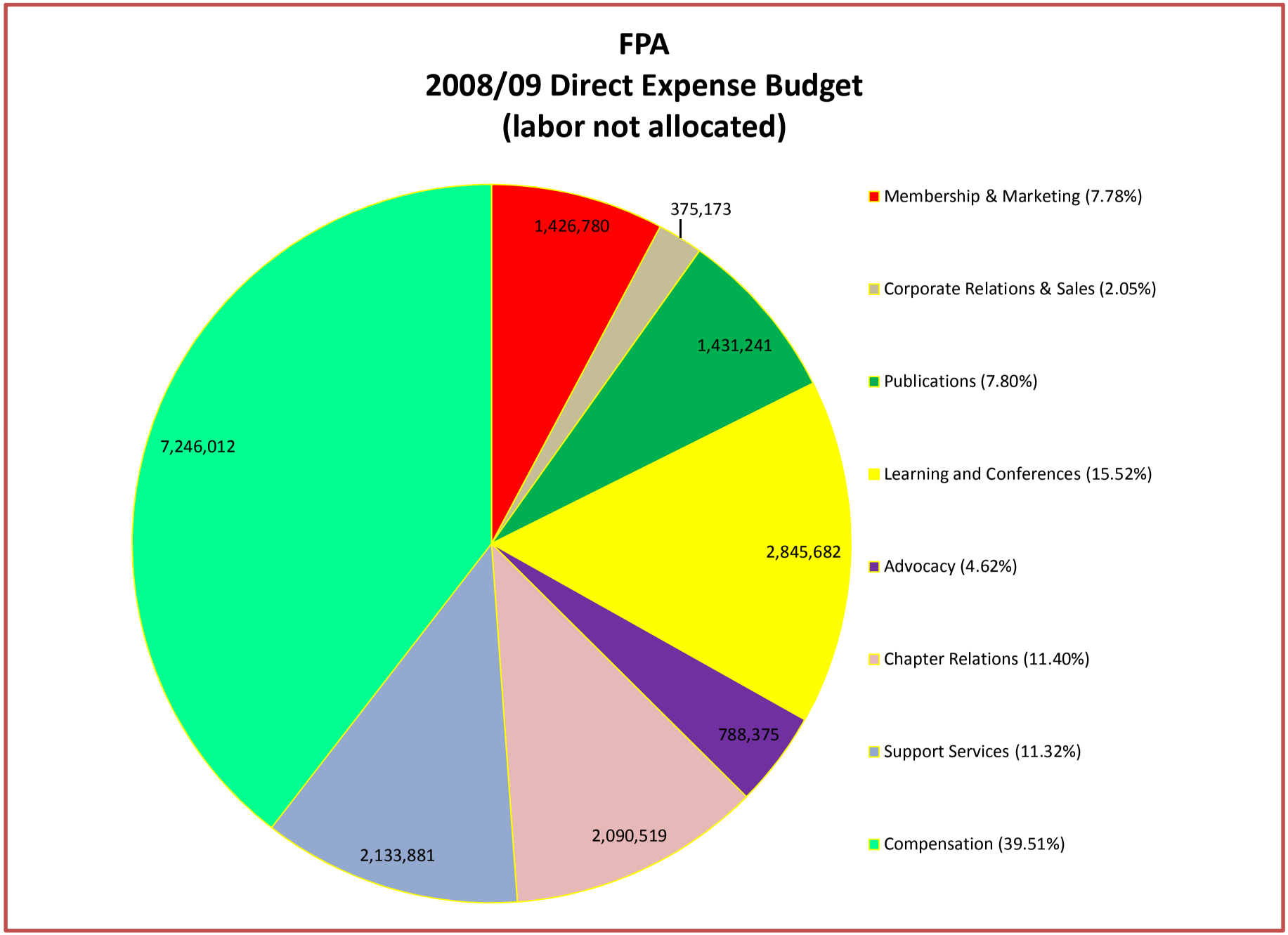
# FPA Budgeted Expenses - 2008/2009

## With compensation and benefits allocated to programs

**Summary and Detail by Functional Area**

| Summary Expense | FY 08/09 Budget | |
|---|---|---|
| Membership & Marketing (17.36%) | 3,183,969 | 17.36% |
| Corporate Relations & Sales (3.71%) | 679,655 | 3.71% |
| Publications (12.17%) | 2,231,326 | 12.17% |
| Learning and Conferences (19.77%) | 3,625,216 | 19.77% |
| Advocacy (11.89%) | 2,120,943 | 11.57% |
| Chapter Relations (13.21%) | 2,422,219 | 13.21% |
| Support Services (21.90%) | 4,074,335 | 22.22% |
| **Total** | **18,337,663** | 100.00% |

| Detail Expense | FY 08/09 Budget | |
|---|---|---|
| Program | Expense | % |
| **Membership & Marketing** | | |
| Individual & Group Membership | 1,833,241 | 10.00% |
| Product Sales | 194,334 | 1.06% |
| Journal CE Exam | 300 | - |
| Planner Search | 172,609 | 0.94% |
| Web - (FSIC) | 419,558 | 2.29% |
| Affinity Programs - (FSIC) | 1,000 | 0.01% |
| Mail Lists | - | - |
| Marketing Operations | 343,746 | 1.87% |
| Communities of Interest | 219,181 | 1.20% |
| **Corporate Relations & Sales** | | |
| Institutional Membership | 128,524 | 0.70% |
| Nat'l Sponsorship/Sales Ops | 551,131 | 3.01% |
| **Publications** | | |
| Journal of Finl Plan (FSIC) | 1,789,451 | 9.76% |
| Solutions - (FSIC) | 178,177 | 0.97% |
| FPA Press | 263,698 | 1.44% |
| **Learning and Conferences** | | |
| Annual Convention | 2,054,605 | 11.20% |
| Retreat Conference | 400,307 | 2.18% |
| Business Solutions Conference | 227,439 | 1.24% |
| NexGen/Reunion Conference | 93,297 | 0.51% |
| FPA Summit 2009 | 5,500 | 0.03% |
| Virtual Learning & Practice Svcs. | 247,988 | 1.35% |
| Institutional Market Development | 168,118 | 0.92% |
| Research and Development | 244,542 | 1.33% |
| Career Development & Residency | 183,420 | 1.00% |
| **Advocacy** | | |
| Government Relations | 1,084,483 | 5.91% |
| Public Relations & Comm. | 605,475 | 3.30% |
| Consumer Services | 282,939 | 1.54% |
| International Relations | 148,045 | 0.81% |
| **Chapter Relations** | | |
| Operations | 705,570 | 3.85% |
| Chapter Rebates | 1,716,649 | 9.36% |
| **Support** | | |
| Administration | 2,215,987 | 12.08% |
| Technology | 1,045,823 | 5.70% |
| Opportunity Fund | - | 0.00% |
| Board and Executive | 812,525 | 4.43% |
| **Total** | **18,337,663** | **100.00%** |


FPA
2008/09 Direct Expense Budget
(labor not allocated)
1,426,780
375,173
1,431,241
2,845,682
788,375
2,090,519
2,133,881
7,246,012
Membership & Marketing (7.78%)
Corporate Relations & Sales (2.05%)
Publications (7.80%)
Learning and Conferences (15.52%)
Advocacy (4.62%)
Chapter Relations (11.40%)
Support Services (11.32%)
Compensation (39.51%)

# FPA Budgeted Expenses - 2008/2009

## Without compensation and benefits allocated to programs

**Summary and Detail by Functional Area**

| Summary Expense | FY 08/09 Budget | |
|---|---|---|
| Membership & Marketing (7.78%) | 1,426,780 | 7.78% |
| Corporate Relations & Sales (2.05%) | 375,173 | 2.05% |
| Publications (7.80%) | 1,431,241 | 7.80% |
| Learning and Conferences (15.52%) | 2,845,682 | 15.52% |
| Advocacy (4.62%) | 788,375 | 4.30% |
| Chapter Relations (11.40%) | 2,090,519 | 11.40% |
| Support Services (11.32%) | 2,133,881 | 11.64% |
| Compensation (39.51%) | 7,246,012 | 39.51% |
| **Total FPA Budget** | **18,337,663** | **100.00%** |

| Detail Expense | FY 08/09 Budget Total Direct | |
|---|---|---|
| **Program** | **Expense** | **%** |
| **Membership & Marketing** | | |
| Individual & Group Membership | 800,800 | 4.37% |
| Product Sales | 127,750 | 0.70% |
| Journal CE Exam | 300 | - |
| Planner Search | 110,000 | 0.60% |
| Web - (FSIC) | 293,100 | 1.60% |
| Affinity Programs - (FSIC) | 1,000 | 0.01% |
| Marketing Operations | 18,630 | 0.10% |
| Communities of Interest | 75,200 | 0.41% |
| **Corporate Relations & Sales** | | |
| Institutional Membership | 44,595 | 0.24% |
| Nat'l Sponsorship/Sales Ops | 330,578 | 1.80% |
| **Publications** | | |
| Journal of Finl Plan (FSIC) | 1,176,851 | 6.42% |
| Solutions - (FSIC) | 87,604 | 0.48% |
| FPA Press | 166,786 | 0.91% |
| **Learning and Conferences** | | |
| Annual Convention | 1,878,868 | 10.25% |
| Retreat Conference | 304,616 | 1.66% |
| Business Solutions Conference | 161,670 | 0.88% |
| NexGen/Reunion Conference | 33,528 | 0.18% |
| FPA Summit 2009 | 5,500 | 0.03% |
| Virtual Learning & Practice Svcs. | 140,550 | 0.77% |
| Institutional Market Development | 86,700 | 0.47% |
| Research and Development | 170,350 | 0.93% |
| Career Development & Residency | 63,900 | 0.35% |
| **Advocacy** | | |
| Government Relations | 286,454 | 1.56% |
| Public Relations & Comm. | 309,821 | 1.69% |
| Consumer Services | 152,000 | 0.83% |
| International Relations | 40,100 | 0.22% |
| **Chapter Relations** | | |
| Operations | 373,870 | 2.04% |
| Chapter Rebates | 1,716,649 | 9.36% |
| **Support** | | |
| Administration | 1,359,749 | 7.42% |
| Technology | 371,721 | 2.03% |
| Board and Executive | 402,411 | 2.19% |
| Compensation & Benefits | 7,246,012 | 39.51% |
| **Total** | **18,337,663** | **100.00%** |

Note: In comparison to associations of FPA's size, published statistics from ASAE suggest the average salary and benefit percentage is 40.8%. FPA's budget is approximately 1.3% below this survey statistic average compiled from 57 associations.