



August 25, 2015

Dear CPBI Regional Council Chairs and Councils members:

Following the Joint Meeting of the CPBI Board of Directors and Regional Council Chairs this past May, the Board met to discuss CPBI's strategic goals. At its meeting, the Board adopted the following strategic goals:

1. Deliver education and networking opportunities on both a regional and national basis that are tailored to the needs and interests of CPBI's diverse membership.
2. Develop and implement a comprehensive financial framework that facilitates the first strategic goal as well as the long-term sustainability of CPBI.

The Board also discussed CPBI's current funding formula. The existing formula allocates 1/3 of new membership revenues to applicable regions, and has been in place for over ten years. Since implementation, the funding formula has been reviewed and reaffirmed by the Board on a regular basis. However, in recent years there has been increasing interest in making modifications to the formula to ensure that it best serves the financial requirements of the organization as a whole.

A working group consisting of representatives from all regions was established in 2014 to assist with the process of reviewing the current and potential alternative formulas. Through this review, the working group considered the following three formulas which had been prepared independently by:

- (i) the working group Chair,
- (ii) the regional council for Quebec, and
- (iii) the Alberta north and south regional councils.

After due consideration, the working group did not reach consensus and therefore did not make a formal recommendation to the Board.

Working without a specific recommendation, the Board considered each of the models that had been before the working group as well as alternate options. In assessing these various models, a key objective for the Board was that the go-forward funding formula support CPBI's strategic goals. None of these funding models received sufficient Board support when considered against this objective.

To assist with the design of a funding formula that will help to achieve CPBI's strategic goals, the Board wishes to obtain further input from each region, to clearly identify each region's particular objectives and the resources needed to support those objectives. The Board will then attempt to balance those goals and objectives against current and potential future resources in a manner that is viewed to be sustainable for CPBI as a whole. The Board is committed to complete this process over the next fiscal year.

In the meantime, the Board decided that an 'interim' funding formula be implemented to return additional membership revenues to the regions. This theme was evident in the draft proposals and

verbal recommendations made from several of the regional directors from across the country. The interim funding formula was approved unanimously by the Board, and is to be implemented for the 2015-16 fiscal year. The interim funding formula will be as follows:

- No changes to current membership categories and fees/rates
- 11% of membership fees for all renewing members within a region will be returned to that region.¹
- 22% of membership fees for new members within a region will be returned to that region.²

The exact impact of the interim funding formula cannot yet be determined, but based on the previous year's membership data the interim funding formula would have resulted in each region receiving additional revenue from CPBI memberships. The enclosed spreadsheet illustrates the potential impact of the interim funding formula, compared to the current formula.

To be clear, the interim funding formula is intended to represent a first step towards what the Board views as a longer term solution. The Board has the interests of all CPBI members to consider as it plans for the continued success of CPBI.

Your Board representative will be happy to discuss the interim funding formula with you further at your next council meeting. If you have any questions that you wish to discuss before your next council meeting, please contact me or any other member of the Board.

We look forward to working with all of the regions to create a sustainable funding model that will facilitate the continued success of CPBI.

Sincerely,



Cheryl Neighbour
Chair of the CPBI Board of Directors
On behalf of the CPBI Board of Directors

¹ Currently, regions do not receive any revenue with respect to renewing members.

² Currently, regions receive 1/3 of new membership revenue.