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International Facility Management Association

Annual Report 2006-2007

Dear IFMA Stakeholder:

The 2006-2007 fiscal year ended 30 June 2007 was exceptional and marked the fourth straight year of recovery following the economic downturn related to 9-11. As repeated in the past three annual reports, a combination of IFMA's traditional and emerging core competencies provided solid reasons for members, customers and other stakeholders to commit time and financial resources with IFMA. Revenues exceeded \$10 million, up from just over \$9 million the previous year. Growth was robust in key areas like membership, seminars, online courses, i-Sessions, sponsorships, advertising, publications and the exposition. Strong sales combined with sound management of the association's investments, enabled IFMA's long-term reserves to increase by nearly \$1.3 million.

Total expenses were just over \$9.3 million, an increase from just under \$8.5 million in 2005-2006, as IFMA continued to make strategic investments in the delivery of member benefits. We spent \$5.9 million for program services; \$2.2 million for management and general; and just under \$1.2 million for membership maintenance and development. The net gain (profit) was just under \$714,000, an improvement over IFMA's net gain of \$575,000 over the previous fiscal year. For a comprehensive picture, please see IFMA's 2006-2007 Statement of Financial Position and Statement of Activities in this report.

In 2006-2007 we introduced some key initiatives that helped elevate IFMA to new heights. IFMA's success is not an accident or a byproduct of a robust economy. The groundwork for our current level of success began nearly three years ago with the adoption and integration of the balanced scorecard methodology into IFMA's strategic planning process. Not long into the balanced scorecard initiative, it became evident that IFMA's fiscal year, planning year and board terms needed to be synchronized. It made sense that the process and the people guiding the association should be moving forward together in the same time frame — without making awkward "hand offs" or going through periods of overlap.

IFMA Past Chair Teena G. Shouse, CFM, served an unprecedented 20-month term in the chairmanship to bridge an eight-month period between the old term of service and the new one that completed the alignment. She administered the oath of office to current IFMA executive committee members in June at IFMA's and EuroFM's European Facility Management Conference in Zurich, Switzerland. It also marked IFMA's first inauguration outside of North America.

One of the most significant metrics of any member-driven professional association undoubtedly has to be membership growth. Size-wise an organization only has three options: grow, decline or continue the status quo.

We are pleased that IFMA's membership grew to 18,698 as of 30 June, up 366 from the previous year. Since the close of the year, membership growth has accelerated, further bolstering our confidence in making the 21,500 target by June 2008. As of December 2007, we are at 18,922 members.

Retention is another lifeblood metric of an association, and we finished the year at 77 percent. We're not satisfied with this number because we believe we can do a better job of reaching members — especially new ones — and convincing them to explore all that IFMA offers to enhance their professional and networking experiences. Calls are made to all non-renewing members to find out what more we can do. Our focus is to retain members, rather than being in a state of continuously recruiting replacements.

As a change from doing the program in Houston, IFMA went on the road and brought its Chapter Leaders' Conference to Overland Park, Kan.; Las Vegas, Nev.; and McLean, Va. Combined attendance was 214 and 53 chapters were represented. In post-conference evaluations, when participants were asked if they would recommend the program to other chapter or council leaders, 100 percent answered yes.

The dramatic expansion of the World Workplace exposition is a great example of connecting the profession. A wider variety of companies and product/service offerings can be found in our expo than ever before.

IFMA's corporate connections excelled this year in its developmental role by providing customized solutions to IFMA's Corporate Sustaining Partners and associate members. This important membership group helps provide a platform that both supports the association financially and enables facility practitioners to do strategic FM with the very best tools. Associate members provide all the essentials, plus the latest technology. Progress this year includes new programs for sponsoring, partnering, exhibiting and advertising across the entire spectrum of IFMA activities.

The dramatic expansion of the World Workplace exposition is a great example of connecting the profession. A wider variety of companies and product/service offerings can be found in our expo than ever before. IFMA clearly has become the "go to" resource for facility management innovation in the nine competency areas.

Councils were another exceptionally strong area for IFMA this past year and into the present. As of the end of June, 10,161 IFMA members have memberships in IFMA councils. In addition

to the various individual council events, 10 of 15 IFMA councils united to plan and execute the Industries Forum event that took place in May in Atlanta, Ga. More than 300 attended. It was a great opportunity to share best practices and network across a variety of council interest areas and it enabled councils to synchronize spring meetings. EMCOR Facilities Services provided the opening keynote address and ARAMARK Business and Industry Group, Facility Services, provided the closing keynote.

Just a few months ago, Jeff Tafel, CAE, was promoted and began transitioning into a new position, director of councils. IFMA sees councils as a real growth vehicle for the association by providing unique experiences to augment IFMA's standard membership package and chapter participation.

Other noteworthy council effort includes the Health Care Council's "Green Patient Room" that will be on tour throughout the year at various health care-related expositions. A photograph of it appeared in a full-page feature in New Orleans' *Times Picayune* newspaper at the conclusion of World Workplace 2007. Also at World Workplace, the Airport Facilities Council debuted an Award of Excellence in Airport Facilities that will be awarded annually. Overall, virtually every IFMA council has enhanced its member offerings with resources such as the Corporate Facilities Council's "webinars" available the first Wednesday of every month.

IFMA's education department is another noteworthy area. Under the direction of Alan Thomas, CAE, executive vice president and chief operating officer — who also served as the interim director of education — professional development at IFMA is retooling. We are working continuously to meet the evolving challenges faced by facility managers and an increasingly diverse membership base, many of whom reside outside North America and speak languages other than English. We are exploring alternative delivery vehicles for education, ranging from hybrid classroom-based experiences to new media-inspired online experiences.

For more than four years, IFMA has been pursuing recognition in the People's Republic of China to bring facility management education to that rapidly expanding part of the world. The Occupational Skills and Testing Authority of the Ministry of Labor and Social Security formally recognized IFMA in April as the sole provider of facility management education in China. In doing so, facility management also was recognized as a viable career pursuit. Yingbiao Human Resources is IFMA's representative in China and on 22 September began courses over eight consecutive weekends in China's Special Administrative Region of Macau. Out of 300 applicants, 140 were selected to attend. Expansion of program delivery will continue early next year to a number of Chinese population centers.

Worldwide in 2006-2007, facility management professionals furthered their career aspirations by earning IFMA credentials.

**International Facility Management Association
Statement of Activities for the year ended
June 30, 2007
(Rounded to the nearest 1,000)**

Revenue:

Member Dues	\$3,665,000
Education, events and member certification	4,539,000
Publication and information sales	1,158,000
Research fees	44,000
Investment return, net	543,000
Other	105,000

Total Revenue 10,054,000

Expenses:

Program services	5,925,000
Management and general	2,219,000
Membership maintenance and development	1,196,000

Total Expenses 9,340,000

CHANGES IN UNRESTRICTED NET ASSETS 714,000

Unrestricted net assets, beginning of year 2,108,000

Unrestricted net assets, end of year \$ 2,822,000

IFMA continues to provide excellent leadership training, benefiting both the work done for the association as a volunteer and work at the member's full-time position.

Two hundred earned the Certified Facility Manager® and 160 earned the Facility Management Professional. IFMA also continued working with the Society of American Military Engineers to identify and bring forward candidates in the military and government agencies to sit for the CFM examination. IFMA also partnered in SAME's first Facility Management Workshop held in September.

In April 2007 IFMA's Management Summit and Spring Symposium events took place in St. Louis, Mo., where attendees could study management issues as well as five of the nine FM competency areas. The popular "Business of FM" course was also offered there. The summit featured 120 attendees, 226 participated in the symposium and 56 took the "Business of FM." In the opening summit keynote, Jeffrey L. Megee, Ph.D., discussed the "The Leadership Alternative" reinforcing that no single managerial leadership style works in every situation. Sue Pistone closed the summit with an address on "Developing Your Full Potential as a Leader." IFMA continues to provide excellent leadership training, benefiting both the work done for the association as a volunteer and work at the member's full-time position.

Research has long supplied useful information to the facility management practitioner, but it also is an important contributor to the overall effort to magnify the importance of the facility management professional (objective three of the IFMA strategy map, balanced scorecard and strategic plan). IFMA produced significant research covering: operations and maintenance benchmarks; space and project management benchmarks; facility management outsourcing; and a forecast of facility management trends.

Following more than two years of work, IFMA research and BOMA International released a draft of a report that will allow facility managers and owners to use a common set of definitions and a measurement methodology that can reference both the ANSI/BOMA standard and the ASTM/IFMA standard. Most importantly, it enables users to measure various floor areas and produce detailed calculations in either standard.

Increased collaboration is perhaps the biggest change that has taken place as a result of our new strategy-based focus. IFMA's vision is to serve as the resource and representative for facility management. Our mission is to advance the facility management profession by providing exceptional services, products, resources and opportunities. Working alone, IFMA's resources are finite. Since adoption of the balanced scorecard, there have been numerous collaborative efforts. Some are continuations of previous efforts, but many are new.

Last October, IFMA and the International Sanitary Supply Association began offering dual membership in both organizations to new members with the advantage of a first-year membership dues discount. It's good for a \$50 savings on full membership in either organization.

In April, IFMA and the Federal Facilities Council hosted the second Public Policy Forum on Capitol Hill, inside the Capitol building. Approximately 100 people filled the room that only minutes before had been occupied by Speaker of the House Nancy Pelosi and the Democratic Caucus. Congressman Pete Sessions delivered welcoming remarks in support of good facility management practices; Stephen Ward, chief of staff for U.S. Senator Jeff Bingaman, gave an update on sustainability-related legislation in the Senate; Dr. Clifford Mitchell, director, Environmental Health Coordination, Maryland Department of Health and Mental Hygiene, addressed the topic of buildings and health; and Rear Admiral David Nash, retired from the U.S. Navy and now with BE&K Engineering, presented a new paradigm for federal facilities asset management. Forum guests included policy makers, congressional staff, members of Congress, representatives from federal agencies and federal facility managers.

Throughout the year, IFMA also conducted numerous visits with policy makers and agency heads to outline the importance of good facility management practices and provide unbiased information on a variety of issues. That having been said, the IFMA board of directors also reached out to the U.S. Congress by adopting policy positions in support of two important pieces of legislation: The Terrorism Risk Insurance Extension Act that would make certain the

**International Facility Management Association
Statement of Financial Position for the year ended
June 30, 2007**

(Rounded to the nearest 1,000)

Assets:

Cash and cash equivalents	\$751,000
Accounts receivable	185,000
Prepaid expenses and other assets	601,000
Investments	5,854,000
Property, net	306,000

Total Assets 7,697,000

Liabilities and net Assets

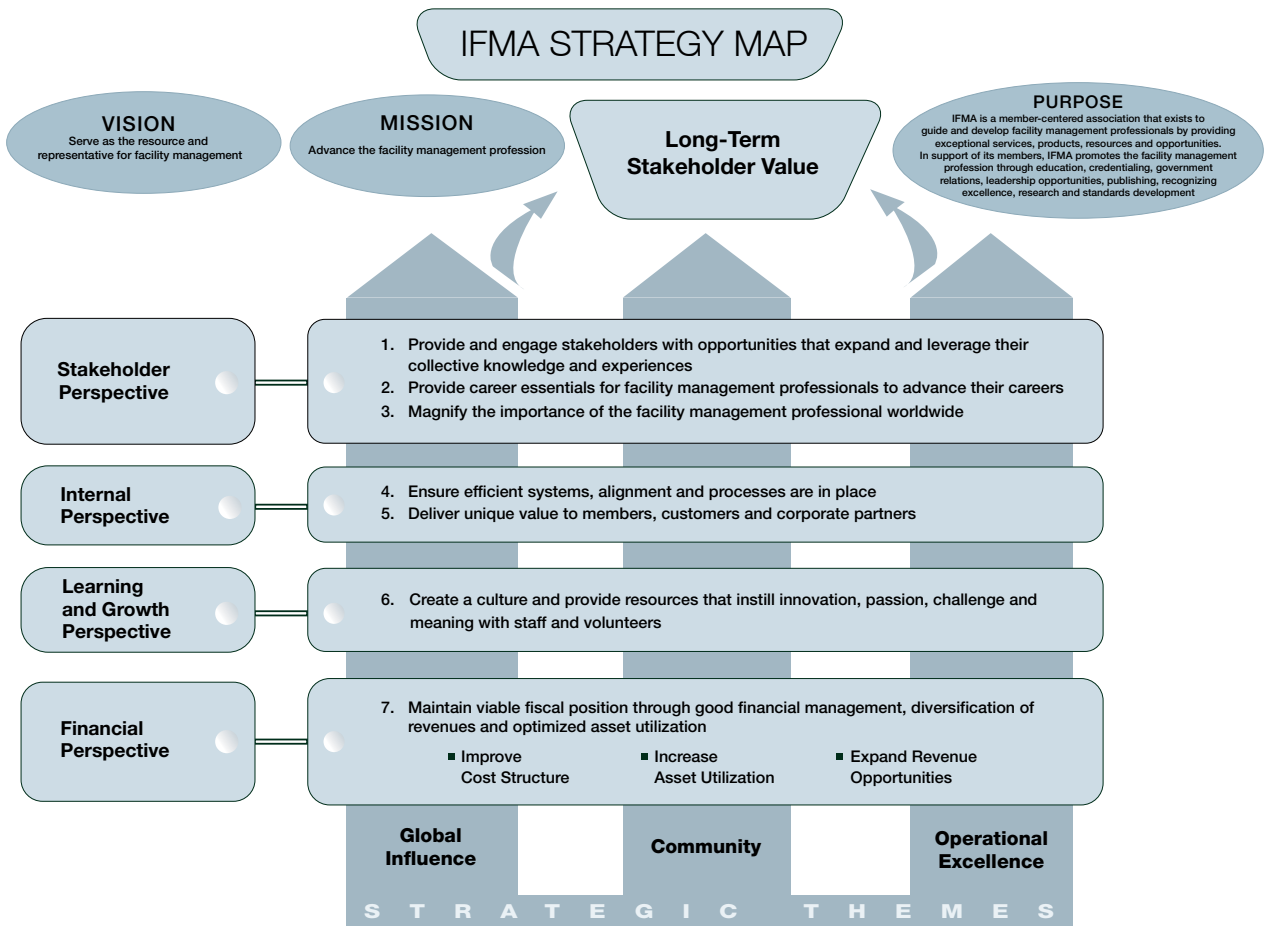
Liabilities:

Accounts payable and accrued expenses	839,000
Deferred revenue	4,036,000

Total Liabilities 4,875,000

Unrestricted net assets 2,822,000

TOTAL LIABILITIES AND NET ASSETS \$7,697,000



availability of coverage and the Energy Efficient Buildings Act that would create a pilot program promoting 20 to 25 percent increases in energy efficiency.

As a major step in expanding IFMA's work in Washington, IFMA recently appointed Jeffrey Johnson as director of government relations. Jeff holds a bachelor's degree in history and political science from Gettysburg College and is pursuing a law degree from the The Catholic University of America's Columbus School of Law. He will be advancing IFMA's government relations balanced scorecard from IFMA's new Washington, D.C. office. The scorecard combines educational outreach on important issues affecting facility management, with creating opportunities for workplace professionals to participate in the association's educational offerings, including pursuit of the FMP and CFM® designations. Jeff also may be opening doors for IFMA to do custom research for government agencies.

There is a nearly insatiable demand for facility management education and training at the federal level following the issuing of Executive Order 13327 in February 2004. This presidential mandate established new asset management standards for federal real property and has dramatically elevated the federal facility manager's visibility. For example, the U.S. Air Force recently announced in a groundbreaking memorandum that it will pay all fees associated with the Air Force's civilian engineers earning IFMA's CFM designation. Other branches of the military may issue similar directives.

Also in April, IFMA's FM Executive Forum participants, comprised of selected representatives of IFMA's Corporate Sustaining Partner companies, held their second meeting in conjunction with the Public Policy Forum. Important issues such as sustainability and violence in the workplace were discussed and participants received special VIP tours of the Pentagon and the Capitol. Executive forum participants network at a high level, discuss issues of far-reaching importance and help IFMA identify and meet CSP needs.

Another CSP collaboration was working with Johnson Controls Inc. on a first-time survey project resulting in wide distribution in the media of a new Energy Efficiency Indicator. Commercial buildings consume about 40 percent of natural gas and 60 percent of the electricity generated in the United States. Seventy-nine percent of respondents believe energy prices will continue to escalate; 62 percent say their companies are paying more attention to energy efficiency today than five years ago; and 57 percent expect to include energy improvements in their capital budgets this year. In a surprise for the researchers but not for us, IFMA members represented the largest facilities and the largest potential savings of those surveyed. The findings reinforce the importance facility managers hold in regard to magnitude of responsibilities.

Also in the area of sustainability, IFMA's partnership with the Alliance for Sustainable Built Environments continues to help the association advance the business case for operating facilities and workplaces in sustainable ways that minimize our footprint on the planet.

Most of all, we are grateful for the many individual IFMA stakeholders who are responsible individually and collectively for our success.

The Alliance provides IFMA members with valuable tools such as Green Compass and SEEC. Additionally, Alliance members have helped recruit and expand the Green Zone to an amazing one-third of the World Workplace expo floor.

We are grateful for the work of aforementioned collaborative partners and for those with whom we continue to work with, but did not mention, including our Global FM partners, the Association des Directeurs et Responsables de Services Généraux, British Institute of Facilities Management, Facility Management Association of Australia and Hungarian Facility Management Society.

In these post 9-11 times, we also continue our collective vigilance through our memberships in the Real Estate Information Sharing and Analysis Center and the Infrastructure Security Partnership.

Most of all, we are grateful for the many individual IFMA stakeholders who are responsible individually and collectively for our success. Over the last couple of years we have been using IFMA's JOBnet service as an indicator of how well facility management is doing. If not for serving the profession, IFMA would not exist. The popular Web site and undisputed king of FM job boards now features more than 800 job listings and around 2,500 résumés. The profession and IFMA are on the move. We look forward to another great year of innovation and excellence.

Sincerely,



A handwritten signature in black ink that reads "Gary P. Broersma".

Gary P. Broersma, CFM
Chair



A handwritten signature in black ink that reads "David J. Brady".

David J. Brady
President and Chief Executive Officer