The NetDev Society

Financial Report - Conference 2.1 and 2.2

May 15, 2018

The NetDev Society is a not-for-profit corporation established for the purpose of advancing the Linux networking user and kernel open source software (netdev) by, among other things, providing a forum for collaboration through conferences, seminars and other medium. The organization incorporated on January 12, 2017 under the Canada Not-for-profit Corporations Act without share capital.

Jamal Hadi Salim, Tom Herbert and Pablo Neira Ayuso are the current directors of the NetDev Society. All three are not compensated for any work done.

In 2017 The NetDev Society organized two conference sessions:

1. Netdev 2.1, in Montreal, Canada on April 6th, 7th and 8th, 2017. This conference was preceded by the (invitation only) Netconf conference which took place from April 3rd to 4th, 2017 in Toronto, Canada.
2. Netdev 2.2, in Seoul, Korea from November 8th to 10th, 2017. This conference was preceded by the (invitation only) Netconf conference which took place between November 6-7, 2017 also in Seoul.

The aim of these conferences are to bring members of the community together for discussions beyond the mailing lists on ongoing activities. They also serve as the proverbial

fountain-in-the-hallway spaces for discussions of new ideas. Our mandate is to make the conference very accessible to our community.

At the moment, the organization's funding is derived mostly from sponsors and attendance fees. We do not intend to make profit. We intend to break even.

This report is intended for our sponsors and attendees on what our experience was in 2017, our financial state of affairs in terms of revenues and expenditures for the two conferences 2.1 and 2.2 and the direction we are heading toward.

Finances at a Glance

The NetDev Society's financial year ends on December 31 of each year. The amounts shown are in US $ (any Foreign Currencies are converted). Our accounting for transactions are based on Canadian Accounting Standards for Not-For-Profit Organizations and we therefore follow generally accepted accounting principles. The organization's revenues are derived from payments received either by a sponsor or an attendee to one of The NetDev Society's conferences. It is common in non-profits that some sponsors pledge contributions but never get around to paying; for this reason, we adhere to the accounting rules that require that these pledges are only recognized as revenue when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured. During 2017, this second criteria could not be met and therefore revenue from pledges were only recorded when payments were received. Some invoices for expenditures related to the conference were also received and paid after our fiscal year end.

Events and activities sponsored directly by an organization other than The NetDev Society are not counted as income or expenses to The NetDev Society. We will honor as a sponsor any

organization or individual that hosts an event as part of the conference festivities - but we will not account for that activity as revenue or expenditure.

Our organization's annual financial statements, however, will not include all revenue and expenditures recorded in 2017 for reasons stated earlier and may therefore be accounted for in fiscal year 2018. For this reason, in this financial summary of the conferences, we are going to break down the finances by conference to provide better clarity.

Overall Revenue Netdev 2.1 and 2.2

In total, we generated $212,011 from sponsorships and $61,186 from registration fees.
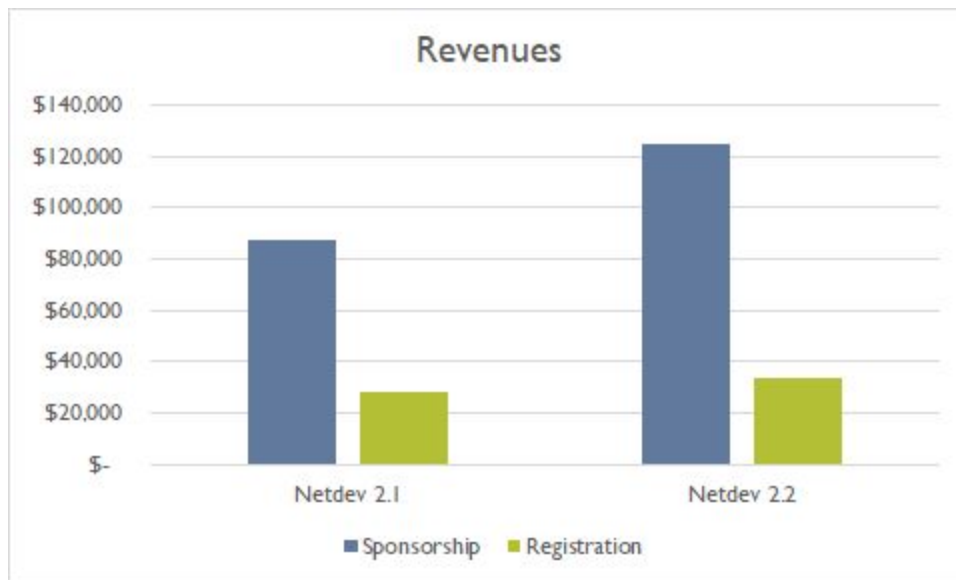
Overall Expenditures Netdev 2.1 and 2.2

Our total expenditures for the conferences were $166,227.

Revenue Per Conference

As stated earlier, our revenue come from both sponsorship and registration fees. As can be observed the major chunk of our revenue comes from sponsorship.


Part of our challenge is deciding what to ask for in sponsorship at different levels and what registration fees to charge our attendees. As stated earlier our goal is to break even.

There is a threshold for sponsorship fees where we *do not burden our sponsors with high costs but also generate sufficient cash to meet our obligations*. One of our earlier stated goals was to not charge for user registration if we can get enough sponsorship; therefore we have experimented with different cost models. In 2.2 we increased our sponsorship fees by 130% and our registration fees by 25% in comparison to 2.1. This is reflected in the revenue figure above.

Expenditures Per Conference

The Expenditures figure below demonstrates the breakdown of how we spent the revenues.
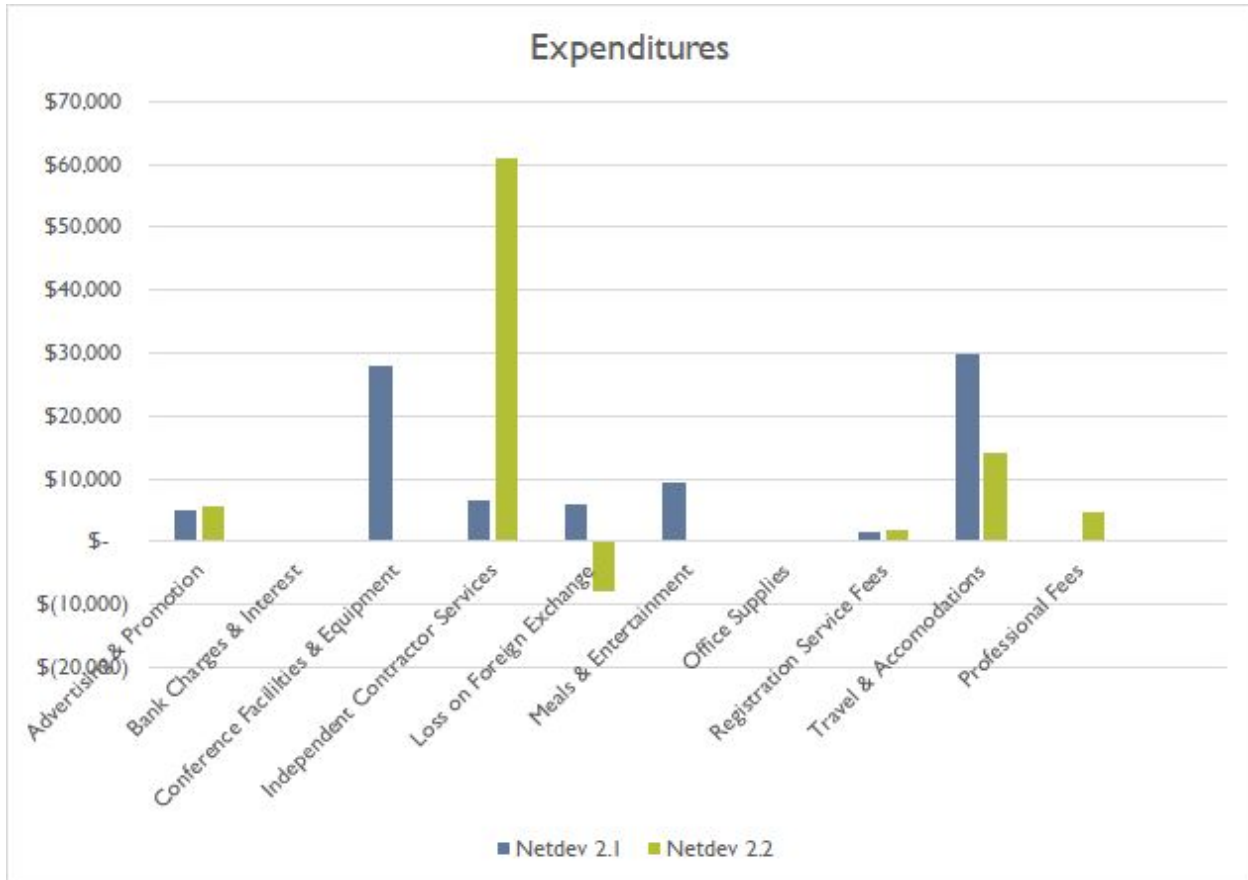
In order to understand the different costs, we will explain the accounting terms below with the aggregated costs for both conferences (the expenditure figure shows them per conference).

Advertising and Promotion

$10,736: These costs include T shirts, Signage and Banners promoting the conference, as well as gifts to the sponsors in recognition of their support.

Bank Charges and Interest

$643: Monthly bank fees as well as costs incurred as a result of wire transfers from sponsors. With the challenge of multi currency and some larger amounts, wire transfers are more cost effective than the costs incurred with other processes.

Conference Facilities & Equipment

$27,937: The costs incurred pertain strictly to Netdev 2.1 and include the costs of the venue, AV, equipment and food and drink for lunch and breaks. We were very fortunate that for Netdev 2.2, NIPA our host paid for our conference facilities in exchange we honored their contribution with a platinum sponsorship.

Independent Contractor Services

$67,382: As a result of lessons learnt in support of the conferences, it became apparent that preparing and running the conference would require more than just volunteer positions. We experimented with hiring independent contractors from time to time for partial activities and we eventually engaged the services of an independent contractor on a contract basis to assist with conference responsibilities so as to allow the Directors to focus on other areas.

Loss On Foreign Exchange

$(2,012): One of the biggest challenges working on an international level is the difference in currencies and the ever changing exchange rates. The Loss on Foreign Exchange account has balances in multiple currencies with the balances being calculated according to the previous

currency exchange transactions that have been performed. All the foreign-currency balances are converted to US Dollars for year end reporting purposes, resulting in the difference in value between those foreign currency assets and liabilities at the time they were recorded and the value using the appropriate exchange rates. This appears as either a gain or a loss.

Meals And Entertainment

$9,407: Conferences are held in two locations each year. The NetDev Society organizes a group outing for the attendees to offer an opportunity to experience the city and country the conferences are being held in. Meals fall outside the category of conference meals and include reimbursements of marketing and promotional meetings.

Office Supplies

$144: The standard requirements of a conference - badges - lanyards - name tags.

Registration Service Fees

$3,385: Costs incurred for a Third Party to host and run the on-line registration service. This process helps to streamline the challenges faced when working on an international level.

Travel and Accomodations

$43,829: The cost of Travel and Accomodations are reimbursed expense for contractors, members of the community as well volunteers when necessary and funding allows it.

Professional Fees

$4,776: These costs are part of the overall management of the Not-For-Profit and include Accounting and Legal fees. The costs, of course will be considerably higher in the first year of incorporation. The Accountants and Lawyers are very involved in the initial set -up of the

Corporation and the preparation of Contracts for independent Contractors. This will ensure that we meet with our legal and fiduciary responsibilities of a Not-for-Profit.

Challenges

Often our planning is fast paced and we depend on a lot of volunteers. In the beginning of the planning we are never quite sure how many sponsors we are going to attract or attendees for that matter. This puts uncertainty on our revenue generation. One of the tactics we use to improve our cash flow from both sponsors and attendees is to offer early bird rates which are reduced (up to 20%). Often this has helped. We plan to continue doing this.

Starting with Netdev 0x12, we have reduced both our sponsorship and registration to slightly below Netdev 2.1 rates. We are still trying to find the balance - but based on our experience thus far our goal is to reduce operational costs.

In the past we had planned to have two conferences each year. There has been feedback that this was exhausting to attendees and sponsors given the amount of conferences that exist out there. Our new plan is to run every 8 months.

Another challenge we had to deal with was reservation of hotel rooms for our attendees. Hotel contracts require that we make sure a block of rooms reserved is booked or we incur a penalty if underbooked. Given our uncertainties we have opted to take as little risk as possible. Starting with Netdev 2.2, we do not sign any more hotel contracts. If a hotel allows us to provide reservation codes we would take them up on it; however, as we get experience in this space it is becoming clear that such hotel codes do not often offer better rates than the numerous online services. Going forward we have opted to put time in investigating hotels in the vicinity of the conference location and make suggestion to our attendees.