

Treasurer's Report

- Information Session -

- Strategic Issues, Financial Trends and FY14 Budget-

Jim Neal - ALA Treasurer
Saturday June 29, 2013
Chicago, IL

Membership
Council
Executive Board

Strategic Issues for FY14 Budget

- Continuing Economic Challenges
- Political Environments Not Supportive
- Virtual Professional Participation
- Globalization of Information Issues
- Massive Changes In Publishing Industry
- Limited Growth In MLS Workforce

Financial Issues for FY14 Budget

- Primary Revenue Sources Flat or Declining
- Need To Diversify and Enhance Revenue Sources
- Need To Invest In Technology and Systems
- Need For Continued Focus On Efficiencies and Productivity
- Member Value and Engagement Highest Priority
- Keep Resources Focused On Strategic Priorities

3

New Business Development

Areas of Current Activity and Exploration:

- Electronic Publishing
- Continuing Education Online
- International Community
- Public/Library Users
- Mergers and Acquisitions

4

Investment in New Technologies and Systems - A Strategic Priority

- Financial/Accounting System
 - Web Content Management System
 - E-Commerce System
 - Hardware Upgrades
 - Software Upgrades
-
- Capital Budget
 - Technology Reserve Fund

5

Total AIA Budgeted Revenues 2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Dues	\$ 8,648,567	\$ 8,630,257	\$ 18,310	0.2%
Sales - Net	\$ 6,902,086	\$ 8,871,963	\$ (1,969,877)	-28.5%
Sales Other	\$ 2,278,580	\$ 2,277,604	\$ 976	0.0%
Subscriptions	\$ 4,924,080	\$ 4,992,379	\$ (68,299)	-1.4%
Advertising	\$ 5,135,938	\$ 5,210,977	\$ (75,039)	-1.5%
Meet & Conferences	\$ 12,113,599	\$ 11,178,006	\$ 935,593	7.7%
Grants & Awards	\$ 3,957,562	\$ 5,418,352	\$ (1,460,790)	-36.9%
Miscellaneous	\$ <u>6,347,162</u>	\$ <u>6,139,700</u>	\$ <u>207,462</u>	<u>3.3%</u>
Total	\$ <u>50,307,574</u>	\$ <u>52,719,238</u>	\$ <u>(2,411,664)</u>	<u>-4.8%</u>

6

Total ALA Budgeted Expenses 2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Payroll & Related	\$ 20,937,478	\$ 22,516,737	\$ 1,579,259	7.5%
Outside Services	\$ 6,709,224	\$ 6,918,653	\$ 209,429	3.1%
Travel & Related	\$ 2,241,897	\$ 2,142,587	\$ (99,310)	-4.4%
Meet & Conferences	\$ 6,865,941	\$ 6,974,019	\$ 108,078	1.6%
Publication Related	\$ 5,022,973	\$ 5,367,668	\$ 344,695	6.9%
Operating*	<u>\$ 9,097,067</u>	<u>\$ 10,347,894</u>	<u>\$ 1,250,827</u>	<u>13.7%</u>
Total	<u>\$ 50,874,580</u>	<u>\$ 54,267,558</u>	<u>\$ 3,392,978</u>	<u>6.7%</u>

*Includes depreciation from Technology Reserve Fund

7

General Fund Revenues/Expenses 2012 - 2014

	2012	2013	2013	2014
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Proposed*</u>
Revenues	\$ 27,245,834	\$ 31,640,176	\$ 29,055,015	\$ 28,821,439
Expenses	<u>\$ 28,618,064</u>	<u>\$ 31,348,405</u>	<u>\$ 29,055,015</u>	<u>\$ 28,821,439</u>
Net Revenues	<u>\$ (1,372,230)</u>	<u>\$ 291,771</u>	<u>\$ -</u>	<u>\$ -</u>

*This budget reflects an additional \$1.0 million in expense reductions from FY13

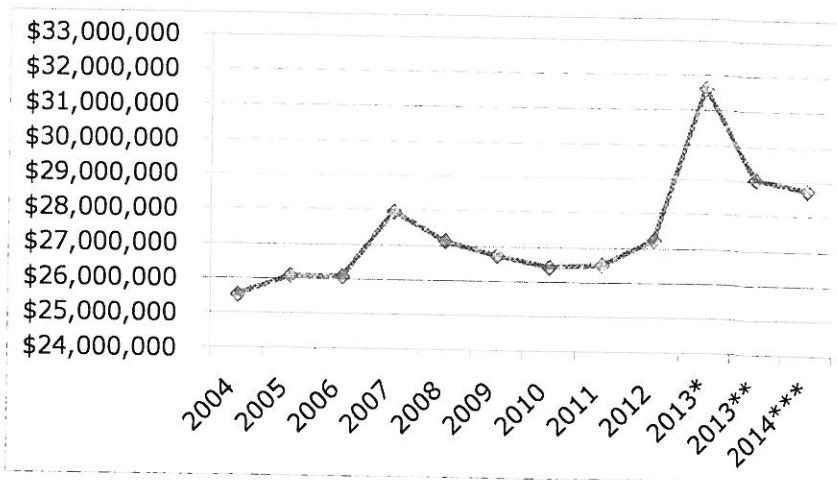
8

General Fund Budgeted Revenues 2014 vs. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Dues	\$ 5,802,981	\$ 5,807,988	\$ (5,007)	-0.1%
Sales - Net	\$ 6,184,365	\$ 8,116,481	\$ (1,932,116)	-31.2%
Sales Other	\$ 859,454	\$ 959,217	\$ (99,763)	-11.6%
Subscriptions	\$ 2,965,180	\$ 2,952,390	\$ 12,790	0.4%
Advertising	\$ 3,871,506	\$ 3,908,039	\$ (36,533)	-0.9%
Meet & Conferences	\$ 6,691,036	\$ 7,480,274	\$ (789,238)	-11.8%
Miscellaneous	<u>\$ 2,446,917</u>	<u>\$ 2,415,787</u>	<u>\$ 31,130</u>	<u>1.3%</u>
Total	\$ 28,821,439	\$ 31,640,176	\$ (2,818,737)	-9.8%

9

General Fund Revenues 2004 - 2014



*Budget **Projection ***Plan

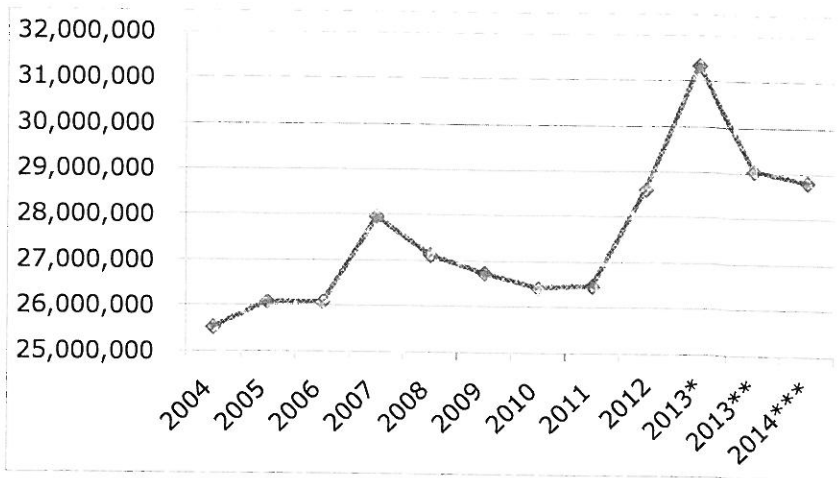
10

General Fund Budgeted Expenses 2014 VS. 2013

	<u>2014 Budget</u>	<u>2013 Budget</u>	<u>Variance</u>	<u>% Change</u>
Payroll & Related	\$ 14,125,797	\$ 15,045,197	\$ 919,400	6.5%
Outside Services	\$ 3,981,033	\$ 3,906,802	\$ (74,231)	-1.9%
Travel & Related	\$ 1,147,207	\$ 1,061,250	\$ (85,957)	-7.5%
Meet & Conferences	\$ 3,140,057	\$ 2,918,847	\$ (221,210)	-7.0%
Publication Related	\$ 3,297,493	\$ 3,538,752	\$ 241,259	7.3%
Operating	<u>\$ 3,129,852</u>	<u>\$ 4,877,557</u>	<u>\$ 1,747,705</u>	<u>55.8%</u>
Total	<u>\$ 28,821,439</u>	<u>\$ 31,348,405</u>	<u>\$ 2,526,966</u>	<u>8.8%</u>

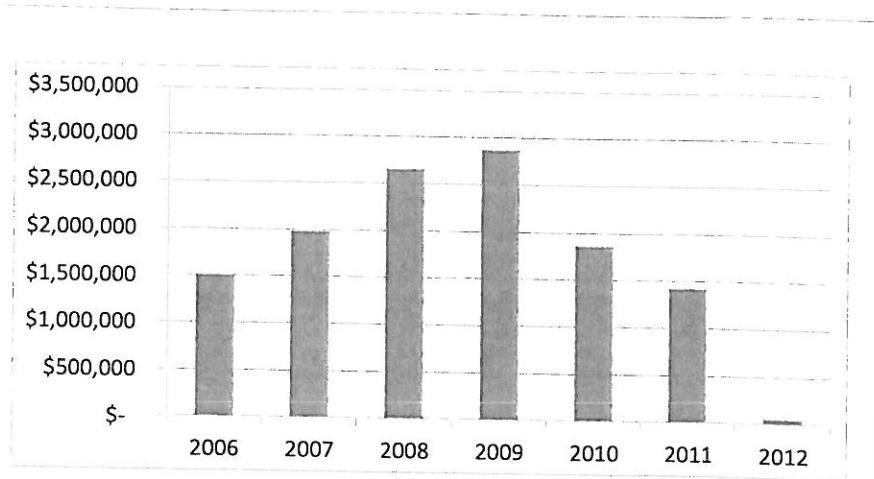
11

General Fund Expenses 2004 - 2014



*Budget **Projection ***Plan

General Fund Net Asset Balance 2006 - 2012



13

Identified Expense Reductions

Projected Deficit (approximately \$2.8 million) Before Expense Reductions

Publishing Staff	\$	500,000
Other Staff	\$	1,100,000
No Compensation Increase	\$	300,000
Dues Increase (+)	\$	80,000
Depreciation	\$	100,000
Conference Registration (+)	\$	100,000
Small Division Subsidy	\$	50,000
Grant Overhead (+)	\$	100,000
Taxes	\$	80,000
Staff Development	\$	130,000
Contingency	\$	50,000
Bad Debt	\$	50,000
Committees	\$	85,000
Division Support	\$	16,500
Building Maintenance	\$	70,000
Other	\$	50,000
Total	\$	2,861,500

14

Revenue Producing Areas - Net Revenue

2012 - 2014

	2012	2013	2013	2014
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Proposed</u>
Dues	\$ 5,770,810	\$ 5,807,988	\$ 5,628,660	\$ 5,802,981
Publishing	\$ (70,264)	\$ 1,413,819	\$ 583,306	\$ 941,672
Meetings & Conferences	\$ 834,206	\$ 1,381,736	\$ 1,389,685	\$ 611,215
Total	\$ 6,534,752	\$ 8,603,543	\$ 7,601,651	\$ 7,355,868

15

Division Revenues/Expenses

2012 - 2014

	2012	2013	2013	2014
	<u>Actual</u>	<u>Budget</u>	<u>Projected</u>	<u>Proposed</u>
Revenues	\$ 15,337,546	\$ 13,454,651	\$ 13,204,098	\$ 15,384,863
Expenses	\$ 14,296,121	\$ 15,214,826	\$ 14,199,427	\$ 15,935,601
Net Revenues	\$ 1,041,425	\$ (1,760,175)	\$ (995,329)	\$ (550,738)
Net Assets	\$ 13,770,803	\$ 12,010,628	\$ 12,775,474	\$ 11,459,888

16

Roundtables Revenues/Expenses

2012 - 2014

	2012 <u>Actual</u>	2013 <u>Budget</u>	2013 <u>Projected</u>	2014 <u>Proposed</u>
Revenues	\$ 350,583	\$ 401,704	\$ 401,704	\$ 374,020
Expenses	<u>\$ 238,693</u>	<u>\$ 321,073</u>	<u>\$ 321,073</u>	<u>\$ 317,310</u>
Net Revenues	\$ 111,890	\$ 80,631	\$ 80,631	\$ 56,710
Net Assets	<u>\$ 1,204,718</u>	<u>\$ 1,285,349</u>	<u>\$ 1,285,349</u>	<u>\$ 1,342,059</u>

17

Total ALA FY 2014 Budgetary Ceilings

General Fund	\$28,821,439
Divisions	27,395,489
Round Tables	1,659,369
Grants & Awards	4,578,354
Long Term Investments	<u>1,148,898</u>
Total ALA Budgetary Ceiling (2013)	\$63,603,549
Total ALA Budgetary Ceiling (2012)	\$65,026,831

*Technology Reserve Fund \$341,068

