

# ALA American Library Association

**Results of Operations  
February – FY 2014 Financials**

**2013-14 EBD #14.10  
2013-14 BARC #5.4**

***Executive Summary***

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## **February FY 2014 Executive Summary**

The February results represent six months of activity, which were electronically issued to unit managers on March 17, 2014. This commentary highlights actual revenue and expense results as compared to the approved budget including highlights of key financial indicators.

The Management Group prepares a detailed analysis, which is transmitted to Accounting for review and inclusion in this commentary. This summary commentary represents the total ALA, the General Fund departments including: Publishing Services, Support Services, Communications/Member Relations and Member Programs and Services, as well as the Round Tables, Divisions, Grants and Awards and Long-Term Investments. The AED, Finance with the assistance of the Controller, coordinates a summary of key highlights and reports to the Executive Director and the Senior Management Group. The following financial summaries highlight variances against budget as well as year-to-year comparison of key indicators.

### **Highlights**

- *Total ALA (all combined funds) revenue of \$21,969,711 is \$1,776,311, 7% less than budget. The General Fund revenue of \$12,579,940 is \$1,050,051, 8% less than budget due primarily to lower books, and dues revenue. Division revenues of \$6,438,671 is \$302,001, 4% less than budget and Grants and Awards of \$2,158,522 is \$503,487, 19% less than budget year-to-date. Investment interest and dividends of \$635,386 is \$114,412, 22% greater than budget.*
- *Total ALA expenses of \$21,936,786 are 14%, \$3,587,326 less than budget. The General Fund expenses of \$13,166,006 are \$937,449, 7% slightly less than budget. Divisions are \$1,718,908 less than budget. Grants and Awards are \$503,487 less than budget.*
- *Cash and short-term investments are \$19,501,699 as compared to \$17,473,007 last year due primarily to the two division conferences this fiscal year. The Long-Term Investment Fund is \$37,615,440 as compared to the \$33,825,255 balance at February 2013.*

**February FY 2014  
Executive Summary – continued**

- Total assets are \$2,963,900, 3.8% more than February 2013 reaching \$81,384,847 due in part to the higher value of the Long-Term Investments and the greater cash on hand, offset by write down of goodwill and intangible assets by \$880,000 and capital lease reclassification.
- Total liabilities are \$1,273,378, 2.6% less than February 2013, totaling \$47,347,750 due to higher deferred grants revenues, conference revenue, reduced by lower long-term debt, deferred membership dues and lower accounts payable balance.
- Total ALA net assets are \$4,237,279, 14% more than February last year, totaling \$34,037,098.

**OPERATING FUND**

General Fund

Total revenues of \$12,579,940 are \$1,050,051, 8% less than budget. Revenues are higher compared to the February 2013 balance of \$12,262,160.

Publishing revenues are less than the budget by \$780,596, 11%, due primarily to lower ALA Editions, Graphics and Booklist revenue. Note: Publishing net revenue for February year-to-date is less than budget by \$50,512, reaching \$643,942.

Dues income is less than budget by \$150,907 totaling \$2,746,141, which is less than last year by \$51,206.

Interest Income is less than budget by \$77,535 reaching \$342,735, less than last year by \$15,324.

Total expenses of \$13,166,006 are \$937,449 or 7% less than budget. Publishing is \$730,083 less than budget and MPS is \$346,088 under budget due to timing of budgeted amounts compared to when bills were actually paid. Overhead recovered is less than budget by \$511,187 due to lower revenues.

Currently, expenses exceed revenue by (\$586,066) compared to the budget year-to-date of expenses to exceed revenues by \$473,464, which results in a \$112,602 negative variance.

**American Library Association**  
**Statement of Revenues and Expenses - Total ALA**  
**For the Period Ending February 2014**

Schedule 1

	YTD Prior Year Actual	YTD Actual	YTD Budget	Variance	Variance %	Annual Budget	Annual Projection	% Change From Projection
<b>REVENUES</b>								
General Fund	12,262,160	12,579,940	13,629,991	-1,050,051	-8 %	28,821,439		-100 %
Divisions	5,127,546	6,438,671	6,740,672	-302,001	-4 %	15,501,021		-100 %
Round Tables	160,488	157,191	192,376	-35,185	-18 %	395,020		-100 %
Plant Fund				0	0 %			0 %
Grants and Awards (Restricted Fund)	3,376,346	2,158,522	2,662,009	-503,487	-19 %	4,853,993		-100 %
Longterm Investment Fund (Endowment Fund)	395,842	635,386	520,974	114,412	22 %	1,041,941		-100 %
<b>Total Revenues</b>	<b>21,322,382</b>	<b>21,969,711</b>	<b>23,746,022</b>	<b>-1,776,311</b>	<b>-7 %</b>	<b>50,613,414</b>	<b>0</b>	<b>-100 %</b>
<b>EXPENSES</b>								
General Fund	13,660,023	13,166,006	14,103,455	937,449	7 %	28,821,439	0	-100 %
Divisions	5,797,798	6,430,529	8,149,437	1,718,908	21 %	16,003,532	0	-100 %
Round Tables	54,324	30,870	157,362	126,492	80 %	334,753	0	-100 %
Plant Fund	0	0	0	0	100 %	0	0	100 %
Grants and Awards (Restricted Fund)	3,376,346	2,158,522	2,662,009	503,487	19 %	4,853,993	0	-100 %
Long Term Investment (Endowment Fund)	237,931	150,859	451,849	300,990	67 %	890,232	0	-100 %
<b>Total Expense</b>	<b>23,126,422</b>	<b>21,936,786</b>	<b>25,524,112</b>	<b>3,587,326</b>	<b>14 %</b>	<b>50,903,949</b>	<b>0</b>	<b>-100 %</b>
<b>Excess of Revenues Over Expenses</b>	<b>-1,804,040</b>	<b>32,925</b>	<b>-1,778,090</b>	<b>1,811,015</b>	<b>102 %</b>	<b>-290,535</b>	<b>0</b>	<b>-100 %</b>
2010 Initiatives	16,085			0	0 %			0 %
Post-Retirement Benefits				0	0 %			0 %
Technology Reserve	160,791	178,814	170,534	-8,280	-5 %	341,068		-100 %
Impairment Good Will				0	0 %			0 %
Net Realized/Unrealized Gains - Bond Fund	-87,572	138,478		138,478	0 %			0 %
Net Realized/Unrealized Gains - LT Investments	1,217,090	3,137,909		3,137,909	100 %	99,387		0 %
Net Contributions/Withdrawals-LT Investments	45,370	81,671	3,784	77,887	2058 %	7,570	0	-100 %
<b>Net Revenues - Total ALA</b>	<b>-806,028</b>	<b>3,212,169</b>	<b>-1,944,840</b>	<b>5,157,009</b>	<b>265 %</b>	<b>-524,646</b>	<b>0</b>	<b>-100 %</b>

**American Library Association**  
**Statement of Revenues and Expenses - General Fund**  
**For the Period Ending February 2014**

	YTD Prior Year Actual	YTD Actual	YTD Budget	Variance	Variance %	Annual Budget	Annual Projection	% Change Projection
<b>REVENUES:</b>								
Publishing Services	6,328,523	6,516,113	7,296,709	-780,596	-11 %	13,732,093	0	-100 %
Member Program & Services	2,690,760	2,795,863	2,952,224	-156,361	-5 %	8,222,614	0	-100 %
Communications	2,800,482	2,825,302	2,888,423	-63,121	-2 %	5,787,531	0	-100 %
Interest Income	358,059	342,735	420,270	-77,535	-18 %	840,539	0	-100 %
Mail List Sales / Misc.	79,241	84,582	72,365	12,217	17 %	180,912	0	-100 %
Executive Office	5,095	15,345	0	15,345	100 %	57,750	0	-100 %
<b>TOTAL REVENUES</b>	<b>12,262,160</b>	<b>12,579,940</b>	<b>13,629,991</b>	<b>-1,050,051</b>	<b>-8 %</b>	<b>28,821,439</b>	<b>0</b>	<b>-100 %</b>
<b>EXPENSES:</b>								
Publishing Services	6,360,745	5,872,172	6,602,255	730,083	11 %	12,791,919	0	-100 %
Member Program & Services	4,746,117	4,648,218	4,994,306	346,088	7 %	11,621,582	0	-100 %
Communications	1,432,520	1,485,692	1,484,799	-893	0 %	2,868,325	0	-100 %
Executive Office	2,102,345	2,048,391	2,148,684	100,293	5 %	4,321,386	0	-100 %
Finance, Accounting & Staff Support Servi	911,775	949,638	903,265	-46,373	-5 %	1,788,305	0	-100 %
Overhead Recovered	-2,309,559	-2,288,204	-2,799,391	-511,187	-18 %	-6,136,743	0	100 %
Post Retire	0	0	0	0	0 %	0	0	0 %
General Administration	416,080	450,100	769,537	319,437	42 %	1,566,665	0	-100 %
<b>TOTAL OPERATING EXPENSES</b>	<b>13,660,023</b>	<b>13,166,006</b>	<b>14,103,455</b>	<b>937,449</b>	<b>7 %</b>	<b>28,821,439</b>	<b>0</b>	<b>-100 %</b>
<b>OPERATING NET REVENUES</b>	<b>-1,397,863</b>	<b>-586,066</b>	<b>-473,464</b>	<b>-112,602</b>	<b>-24 %</b>	<b>0</b>	<b>0</b>	<b>100 %</b>
<b>NON-OPERATING ACTIVITIES</b>								
Post Retirement Benefits	0	0	0	0	0 %	0	0	-100 %
Strategic Initiatives	16,085	0	0	0	0 %	0	0	0 %
Impairment Goodwill	0	0	0	0	0 %	0	0	0 %
Technology Reserve	160,791	178,814	170,534	-8,280	-5 %	341,068	0	0 %
Net Unrealized Gains/Losses	-87,572	138,478	0	-138,478	-100 %	0	0	-100 %
<b>TOTAL NON-OPERATING ACTIVITIES</b>	<b>264,447</b>	<b>40,336</b>	<b>170,534</b>	<b>130,198</b>	<b>76 %</b>	<b>341,068</b>	<b>0</b>	<b>-100 %</b>
<b>EXCESS REVENUES OVER EXPENSES</b>	<b>-1,662,310</b>	<b>-626,402</b>	<b>-643,998</b>	<b>17,596</b>	<b>3 %</b>	<b>-341,068</b>	<b>0</b>	<b>0 %</b>

**AMERICAN LIBRARY ASSOCIATION**  
**Publishing Supporting Statement of Revenues and Expenses**  
**For the Period Ending February 2014**

	YTD	YTD	YTD	YTD	Variance	Variance	Annual Budget	Annual Projection	% Change
	Prior Year Actual	Actual	Budget	Budget	%	%			From Proj
<b>REVENUES</b>									
ALA EDITIONS\TECHSRCE	2,375,926	2,415,663	3,066,191	3,066,191	-650,528	-21 %	5,465,647	5,465,647	-100 %
BOOKLIST	2,723,499	2,741,824	2,828,359	2,828,359	-86,535	-3 %	5,131,276	5,131,276	-100 %
AMERICAN LIBRARIES	389,144	383,460	364,386	364,386	19,074	5 %	771,720	771,720	-100 %
ALA DIGITAL REF	269,869	489,455	381,937	381,937	107,518	28 %	1,177,182	1,177,182	-100 %
ALA GRAPHICS	570,086	485,712	655,836	655,836	-170,124	-26 %	1,186,268	1,186,268	-100 %
<b>TOTAL REVENUES</b>	<b>6,328,523</b>	<b>6,516,113</b>	<b>7,296,709</b>	<b>7,296,709</b>	<b>-780,596</b>	<b>-11 %</b>	<b>13,732,093</b>	<b>0</b>	<b>-100 %</b>
<b>EXPENSES</b>									
PUBLISHING/AED	0	14,910	15,518	15,518	608	4 %	-72,597	-72,597	-100 %
ALA EDITIONS\TECHSRCE	2,751,453	2,543,957	3,040,616	3,040,616	496,659	16 %	5,699,159	5,699,159	-100 %
BOOKLIST	1,966,721	1,846,155	1,977,118	1,977,118	130,963	7 %	3,896,089	3,896,089	-100 %
AMERICAN LIBRARIES	546,541	538,137	620,922	620,922	82,785	13 %	1,271,524	1,271,524	-100 %
AMERICAN LIBRARIES	-157,397	-154,677	-256,536	-256,536	-101,859	-40 %	-499,804	-499,804	100 %
ALA DIGITAL REF	706,165	676,775	630,839	630,839	-45,936	-7 %	1,407,395	1,407,395	-100 %
ALA GRAPHICS	547,261	406,915	573,778	573,778	166,863	29 %	1,090,153	1,090,153	-100 %
PRODUCTION SERVICE	0	0	0	0	0	0 %	0	0	0 %
<b>TOTAL EXPENSES</b>	<b>6,360,745</b>	<b>5,872,172</b>	<b>6,602,255</b>	<b>6,602,255</b>	<b>730,083</b>	<b>11 %</b>	<b>12,791,919</b>	<b>0</b>	<b>-100 %</b>
<b>NET REVENUE</b>									
PUBLISHING MARKETING	0				0	0 %			0 %
PUBLISHING/AED	0	-14,910	-15,518	-15,518	608	4 %	72,597	72,597	100 %
ALA EDITIONS\TECHSRCE	-375,527	-128,295	25,575	25,575	-153,870	-602 %	-233,512	-233,512	100 %
BOOKLIST	756,778	895,669	851,241	851,241	44,428	5 %	1,235,187	1,235,187	-100 %
AMERICAN LIBRARIES	0	0	0	0	0	100 %	0	0	-100 %
ALA DIGITAL REF	-436,297	-187,320	-248,902	-248,902	61,582	25 %	-230,213	-230,213	100 %
ALA GRAPHICS	22,825	78,797	82,058	82,058	-3,261	-4 %	96,115	96,115	-100 %
<b>TOTAL NET REVENUES</b>	<b>-32,221</b>	<b>643,942</b>	<b>694,454</b>	<b>694,454</b>	<b>-50,512</b>	<b>-7 %</b>	<b>940,174</b>	<b>0</b>	<b>-100 %</b>

**February FY 2014  
Executive Summary – continued**

General Fund revenue categories compared to budget are as follows:

	<u>FY 2014 February Actual</u>	<u>FY 2014 February YTD Budget</u>	<u>Variance</u>
<u>Revenue</u>			
Dues	2,746,141	2,897,048	(150,907)
Sales of Materials-Net	2,791,534	3,414,313	(622,779)
Other Book Sales	148,366	365,030	(216,664)
Subscriptions	1,526,255	1,433,512	92,743
Advertising	2,143,214	1,996,669	146,545
Meetings & Conf.	2,193,391	2,270,900	(77,509)
Misc.	<u>1,031,038</u>	<u>1,252,519</u>	<u>(221,481)</u>
<b>Total Revenues</b>	<b>12,579,940</b>	<b>13,629,991</b>	<b>(1,050,051)</b>

Dues

Personal dues income is \$2,121,176, which is \$93,824 less than budget. Organizational dues are \$561,671, which is \$44,329 less than budget. Number of personal members are 54,592.

Sales of Materials-Net

Sales of books (net of returns) in ALA Editions is \$2,237,818, which is \$463,809 less than budget. Sales of Neal-Schuman titles (net of returns) are \$918,780, which is \$262,742 less than budget. Graphics sales are \$485,462, which is \$170,374 less than budget. Total sales of materials-net is \$622,779 less than budget.

**February FY 2014  
Executive Summary – continued**

Subscriptions  
RDA subscriptions are \$458,367, which is \$118,153 more than budget. Booklist subscriptions are \$913,080, which is \$2,484 less than budget. Total subscriptions are \$92,743 more than budget.

Miscellaneous  
Miscellaneous income which includes donations, interest/dividends, and royalties is \$1,031,038, which is \$221,481 less than budget and includes a 5% draw from the Endowment, totaling \$224,200. The total Endowment transfer for the year is budgeted at \$433,000.

	<u>FY 2014 February Actual</u>	<u>FY 2014 YTD Budget</u>	<u>Variance</u>
<u>Expenses</u>			
Payroll & Related	6,897,226	6,945,140	47,914
Outside Services	1,721,417	1,858,744	137,327
Travel & Related	394,185	472,862	78,677
Meetings & Conferences	1,152,906	1,152,738	(168)
Publication Related	1,185,172	1,678,124	492,952
Operating Expenses	2,394,360	2,792,929	398,569
Total IUTs	<u>(400,447)</u>	<u>(626,548)</u>	<u>(226,101)</u>
Total Direct Expenses	13,344,820	14,273,989	929,169

Payroll and Related  
Salaries and wages are \$5,141,450, which is \$241,001 less than budget. Benefits are \$62,655 less than budget year-to-date.



**February FY 2014  
Executive Summary – continued**

Outside Services

Outside services are \$1,721,417, which is \$137,327 less than budget due to lower repairs and maintenance, professional fees and temporary outside services, offset by increase in bank fees expenses. Bank fees are \$95,506 more than budget, audit fees are \$34,667 less than budget, and legal fees are \$23,022 less than budget.

Publication Related

Publication related expenses are \$1,185,172, which is less than budget by \$492,952. The Publishing Department is less than budget of which Editions spent less on lower sales.

Operating Expenses

Operating expenses are \$2,394,360, which is \$398,569 less than budget. The major expense savings are:

Postage

Depreciation expense

	FY 2014 <u>February Actual</u>	FY 2014 <u>YTD Budget</u>	<u>Variance</u>
Contribution Margin	(630,504)	(635,007)	4,503
IUT-General Overhead	<u>(814,791)</u>	<u>(930,823)</u>	<u>(116,032)</u>
Total Expenses Excl. Alloc.	12,395,653	13,334,175	938,522
IUT-Allocations	<u>949,167</u>	<u>939,814</u>	<u>(9,353)</u>
Total Expenses from Operations*	<u>13,210,444</u>	<u>14,264,998</u>	<u>1,054,554</u>
Net Rev/(Exp) After Taxes	<u>(764,880)</u>	<u>(643,998)</u>	<u>(120,882)</u>

\*Includes \$178,814 related to technology reserve expenses.

**February FY 2014**  
**Executive Summary – continued**

**GRANTS AND AWARDS (RESTRICTED FUND)**

Revenues and expenses of \$2,158,522 are \$503,487 less than the budget due to timing of several grants. Note: Grants and Awards generated % or \$1,217,824 less than the FY 2013 actual to date.

**ASSETS**

At February 28, 2014, total assets of \$81,384,847 are \$2,963,900 more than the total at February 28, 2013. This is a result of increases in cash and short-term investments and long-term investments, offset by a decrease in grant receivables, and write down of goodwill and intangible assets and depreciation expense recognized from capital lease reclassification at August 31, 2013.

**LIABILITIES**

At February 28, 2014, total liabilities of \$47,347,750 are \$1,273,378 less than total liabilities at February 28, 2013 primarily due to deferred conference revenue and grants offset by decreases in Long-term debt and in trade accounts payable.

**February FY 2014  
Executive Summary – continued**

**SALARIES – General Fund**

General Fund salaries through February are \$5,141,450, which is \$241,001 less than budget. This is \$297,246 less than the total years 5% salary attrition budget of \$538,247. In addition, temporary help is over budget by \$47,390 and overtime is under budget by \$11,178 year-to-date. Salary savings including temporary help and overtime is \$333,458 less than the total year attrition budget.

	FY 2014
	<u>February 2014</u>
Total General Fund Salaries	5,141,450
February YTD Budget	<u>5,382,451</u>
Salary Savings To Date	241,001
Projected Salary Savings as of February : 5.0% Attrition (FY 2014)	538,247
Salary Savings in Excess of Attrition (Required)	(297,246)
Wages-Temporary Help	52,909
Budget	<u>100,299</u>
Actual	(47,390)
Variance (over) under Budget	(47,390)
Overtime Wages	30,013
Budget	<u>18,835</u>
Actual	11,178
Variance (over) under Budget	(333,458)
Salary Savings (Required) Including Wages & Overtime	=====

**AMERICAN LIBRARY ASSOCIATION**  
**Financial Statement**  
**Balance Sheet**  
**Actual vs Prior Year**  
**February 28, 2014**

**Schedule 10**

	YTD	YTD	YTD	YTD	Variance YTD	Variance %
	Actual	Prior Year Actual	Variance YTD			
<b>ASSETS</b>						
<b>CURRENT ASSETS</b>						
Cash	6,079,575	3,502,527	2,577,048			73.6 %
Short Term Investments	13,422,124	13,970,480	-548,356			-3.9 %
Accounts Receivable, Gross	3,809,294	3,629,234	180,060			5.0 %
Less: Reserves	-242,443	-238,251	-4,192			-1.8 %
Accounts Receivable, Net	3,566,852	3,390,983	175,869			5.2 %
Grants Receivable	734,634	1,327,531	-592,897			-44.7 %
Inventories, Gross	2,561,588	2,396,172	165,416			6.9 %
Less: Reserves	-642,618	-545,948	-96,670			-17.7 %
Inventories, Net	1,918,970	1,850,224	68,746			3.7 %
Prepaid Expenses & Other A/R	5,307,012	6,932,252	-1,625,240			-23.4 %
<b>TOTAL CURRENT ASSETS</b>	<b>31,028,166</b>	<b>30,973,986</b>	<b>55,170</b>			<b>0.2 %</b>
<b>PROPERTY, PLANT &amp; EQUIPMENT</b>						
Furniture & Equipment	22,621,239	21,612,288	1,008,951			4.7 %
Buildings & Improvements	13,261,267	13,155,339	105,928			0.8 %
Land	3,146,743	3,146,743	0			0.0 %
Property, Plant & Equipment, Gross	39,029,249	37,914,370	1,114,879			2.9 %
Less: Accum Depreciation	-26,287,635	-24,291,302	-1,996,333			8.2 %
Property, Plant & Equipment, Net	12,741,614	13,623,068	-881,454			-6.5 %
Investments	37,615,440	33,825,255	3,790,184			11.2 %
Due From (To) Other Funds	-1,373	-1,373	0			0.0 %
<b>TOTAL ASSETS</b>	<b>81,384,847</b>	<b>78,420,947</b>	<b>2,963,900</b>			<b>3.8 %</b>

AMERICAN LIBRARY ASSOCIATION  
 Financial Statement  
 Balance Sheet

Schedule 10

Actual vs Prior Year  
 February 28, 2014

	YTD Actual	YTD Prior Year Actual	YTD Variance YTD	Variance %
<b>LIABILITIES AND FUND BALANCES</b>				
<b>CURRENT LIABILITIES</b>				
Current Portion, Long Term Debt	907,597	1,257,782	-350,185	-27.8 %
Accounts Payable	2,693,523	3,949,319	-1,255,797	-31.8 %
Accrued Operating Expenses	84,109	83,652	457	0.5 %
Accrued Income Taxes	11,960	49,262	-37,302	-75.7 %
Accrued Payroll Expenses	17,561,507	18,091,201	-529,695	-2.9 %
<b>SUB-TOTAL /PAYABLES</b>	<b>21,258,695</b>	<b>23,431,217</b>	<b>-2,172,522</b>	<b>-9.3 %</b>
<b>DEFERRED REVENUES</b>				
Membership Dues	4,444,061	4,659,107	-215,046	-4.6 %
Subscriptions	2,950,954	2,948,802	2,152	0.1 %
Meetings & Conferences	6,393,107	5,645,720	747,387	13.2 %
Grants & Awards	3,399,964	2,483,782	916,182	36.9 %
<b>SUB-TOTAL/ DEFERRED REVENUE</b>	<b>17,188,086</b>	<b>15,737,411</b>	<b>1,450,675</b>	<b>9.2 %</b>
<b>TOTAL CURRENT LIABILITIES</b>	<b>38,446,781</b>	<b>39,168,628</b>	<b>-721,847</b>	<b>-1.8 %</b>
Long-Term Debt	8,900,969	9,452,500	-551,532	-5.8 %
<b>TOTAL LIABILITIES</b>	<b>47,347,750</b>	<b>48,621,128</b>	<b>-1,273,378</b>	<b>-2.6 %</b>
<b>FUND BALANCE</b>	<b>34,037,098</b>	<b>29,799,819</b>	<b>4,237,279</b>	<b>14.2 %</b>
<b>TOTAL LIABILITIES/FUND BALANCE</b>	<b>81,384,847</b>	<b>78,420,947</b>	<b>2,963,900</b>	<b>3.8 %</b>

