

ALA American Library Association

Results of Operations
ALA FY 2016 12 Month Financials

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FY2016 - 12 months (Sept 2015 - Aug 2016)

Executive Summary

The financial results represent twelve months of activity, which were electronically issued to unit managers on October 16, 2015. This commentary highlights actual revenue and expense results as compared to the approved budget including highlights of key financial indicators.

The CFO, with the assistance of the Controller, coordinates a summary of key highlights and reports to the Executive Director and the Senior Management Group.

I A TOTAL ALA (ALL COMBINED FUNDS) Statement of Revenues and Expenses August 31, 2016

TOTAL ALA ALL Combined Funds	12 Month Results August 31, 2016	12 Month Budget August 31, 2016	Variance August 31, 2016	Prior Year Year Actual August 31, 2015	Change FY16-FY15
Total Revenues	50,819,262	51,206,892	(387,630)	51,897,784	(1,078,522)
Total Expenses	50,859,420	51,492,637	633,217	50,876,283	16,863
Net Revenues (Expenses)	(40,158)	(285,745)	245,587	1,021,501	(1,061,659)

Revenues

For the twelve month FY16 period ending 8/31/16, total ALA revenues were \$50.8M, which was \$388k (0.7%) less than FY16 projected revenues. Lower than projected General Fund revenues were offset by higher revenues from Grants, the ALA Endowment, Divisions and Roundtables.

Expenses

For the twelve month FY16 period ending 8/31/16, total ALA operating expenses (before NS amortization) were \$50.9M, which was \$633k (1.2%) less than FY16 budgeted expenses. Expenses for all ALA funds, except the Endowment, were lower than budgeted due to conservative budgeting practices as well as spending adjustments as the year progressed.

Net Revenues and Expenses from Operations

Net expense for the Association overall was \$40k, which beat budgeted net expense of \$286k by \$246k (86%).

I A TOTAL ALA (ALL COMBINED FUNDS)
Statement of Revenues and Expenses
August 31, 2016

REVENUES BY FUND	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Prior Year Actual August 31, 2015	Change FY16-FY15
General Fund	27,305,345	29,535,774	(2,230,429)	29,024,422	(1,719,077)
Divisions	15,813,475	15,655,196	158,279	14,308,907	1,504,568
Round Tables	434,927	389,887	45,040	428,775	6,152
Grants and Awards	6,329,463	4,861,263	1,468,200	7,224,274	(894,811)
Long-Term Investment	936,052	764,772	171,280	911,406	24,646
Total	50,819,262	51,206,892	(387,630)	51,897,784	(1,078,522)

Total ALA Revenue (Combined Funds)

While the General Fund missed revenue targets by \$2.2M (4.3% of the total \$51.2M FY16 budget), FY16 actual revenues for all other funds beat budgeted FY16 revenues, partially offsetting the unfavorable revenue variance in the General Fund. Within the General Fund, lower revenue than budgeted in Publishing and Conferences were the primary contributors to the unfavorable variance.

I A TOTAL ALA (ALL COMBINED FUNDS)
Statement of Revenues and Expenses
August 31, 2016

EXPENSES BY FUND	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Prior Year Actual August 31, 2015	Change FY16-FY15
General Fund	27,972,577	29,166,918	1,194,341	28,255,383	(282,806)
Divisions	15,096,768	16,497,506	1,400,738	14,637,656	459,112
Round Tables	229,911	342,630	112,719	263,741	(33,830)
Grants and Awards	6,361,225	4,861,263	(1,499,962)	7,724,354	(1,363,129)
Long-Term Investment	1,198,940	624,320	(574,620)	(4,851)	1,203,791
Total	50,859,421	51,492,637	633,216	50,876,283	(16,862)

Total ALA (All Combined Funds)

Actual FY16 expenses for all funds were lower than originally budgeted, due in part to conservative budgeting at the Division and Round Table fund level and due to adjustments in General Fund expenses as results from General Fund revenues producing operations were realized throughout the year. As a result of careful cost management, total ALA expenses were below budget.

I A TOTAL ALA (ALL COMBINED FUNDS)

Net Revenues from Operations

August 31, 2016

Net Revenues (Expenses)	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Prior Year Actual August 31, 2015	Change FY16-FY15
General Fund	(667,232)	368,856	(1,036,088)	769,039	(1,436,271)
Divisions	716,707	(842,310)	1,559,017	(328,749)	1,045,456
Round Tables	205,016	47,257	157,759	165,034	39,982
Grants and Awards	(31,762)	-	(31,762)	(500,080)	468,318
Long-Term Investment	(262,888)	140,452	(403,340)	916,257	(1,179,145)
Total	(40,159)	(285,745)	245,586	1,021,501	(1,061,660)

Total ALA (All Combined Funds)

The General Fund generated a net expense of \$667k vs. a budgeted net revenue of \$369k, due to the unfavorable revenue variances mentioned above. Favorable variances in net revenues from the Divisions (helped substantially by PLA's successful conference and overall FY16 performance) and Round Tables helped to offset the General Fund variance, resulting in a small net expense for the Association of -\$40k, essentially break-even on its \$51M budget.

I B TOTAL ALA
STATEMENT OF FINANCIAL POSITION
August 31, 2016

TOTAL ALA	August 31, 2016	August 31, 2015	Change	Change %
Total Assets	\$75,814,784	\$77,648,867	(\$1,834,083)	-2.4%
Total Liabilities	\$45,343,566	\$46,033,717	(\$690,151)	-1.5%
Net Assets	\$30,471,218	\$31,615,150	(\$1,143,932)	-3.6%

Total Assets

For the twelve month FY16 period ending 8/31/16, total ALA assets were \$75.8M. This represents a decrease in total assets of \$1.8M (-2.4%) from the same time last year.

Total Liabilities

(Includes current and non-current obligations)

For the twelve month FY16 period ending 8/31/16, total ALA liabilities were \$45.3M. This represents a decrease in total assets of \$690k (-1.5%) from the same time last year.

Net Asset Balance

As of August 31, 2016, ALA ended the fiscal year with a net asset balance of \$30.5M, which was a decrease of \$1.1M or 3.6% from the same time last year.

I B TOTAL ALA
STATEMENT OF FINANCIAL POSITION
August 31, 2016

ASSETS	August 31, 2016	August 31, 2015	Change	Change %
Cash	559,065	1,111,583	(552,518)	-49.7%
Short-Term Investment	14,154,503	14,495,539	(341,036)	-2.4%
Accounts Receivable, Net	3,734,594	4,000,937	(266,343)	-6.7%
Grants Receivable	571,552	1,217,254	(645,702)	-53.0%
APA Receivable	105,000	155,000	(50,000)	-32.3%
Inventories, Net	1,782,817	1,584,741	198,076	12.5%
Prepaid Expense	473,317	1,090,488	(617,171)	-56.6%
Goodwill	1,826,567	1,826,567	0	0.0%
Intangible Assets, Net	1,405,617	1,775,032	(369,415)	-20.8%
Fixed Assets, Net	11,187,842	11,714,255	(526,413)	-4.5%
Long-Term Investment	40,015,285	38,678,845	1,336,440	3.5%
Due To/From	(1,373)	(1,373)	0	0.0%
Total Assets	75,814,786	77,648,868	(1,834,082)	-2.4%

Assets by Account

Of the \$5.2M decrease in total assets, \$617k was due to lower prepaid expenses related to the PLA and AASL conferences that were recognized in 2016 and \$369k in amortization of the Neal Schuman intangible asset. The \$646k decrease in grants receivable was due to the recognition of revenue from grants throughout the year. Decreases in cash and accounts receivable were due to lower revenues in FY16 as well as lower accounts receivable prior to the one-conference year of FY 2017. These decreases were partly offset by a \$1.3M increase in the value of ALA's Endowment compared to prior

I B TOTAL ALA
STATEMENT OF FINANCIAL POSITION
August 31, 2016

LIABILITIES	August 31, 2016	August 31, 2015	Change	Change %
Current Portion, Long-term Debt	1,915,597	2,215,066	(299,469)	-13.5%
Accounts Payable	4,351,365	5,208,199	(856,834)	-16.5%
Accrued Payroll	213,182	114,352	98,830	86.4%
Deferred Membership	3,890,351	4,024,106	(133,755)	-3.3%
Deferred Subscriptions	2,211,631	2,341,252	(129,621)	-5.5%
Deferred Conferences	2,603,236	2,516,557	86,679	3.4%
Grants and Awards	4,715,005	3,888,964	826,041	21.2%
Long-Term Debt	3,200,000	4,529,604	(1,329,604)	-29.4%
Post Retirement Benefits	22,243,200	21,195,617	1,047,583	4.9%
Total Liabilities	45,343,567	46,033,717	(690,150)	-1.5%
NET ASSETS	30,471,219	31,615,151	(1,143,932)	-3.6%
TOTAL LIABILITIES AND NET ASSETS	75,814,786	77,648,868	(1,834,082)	-2.4%

Liabilities by Account

ALA's liabilities decreased by a total of \$690k, primarily due to continued paydown of its JP Morgan Chase loan (LT Debt) of \$1.3M and an \$857k decrease in Accounts Payable, which is typical in a one conference year. ALA's Post-Retirement Benefit liability increased by \$1M due to the adoption of an increased discount rate used to calculate the value of the obligation.

II A General Fund
Statement of Revenues and Expenses by Department
August 31, 2016

REVENUES	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Variance %	Prior Year Actual August 31, 2015	Change FY16-FY15
Publishing Services	11,706,423	12,899,351	(1,192,928)	-9.2%	12,645,125	(938,702)
Member Programs & Services	8,640,743	9,673,800	(1,033,057)	-10.7%	9,572,914	(932,171)
Advocacy & Member Relations	5,602,065	5,652,400	(50,335)	-0.9%	5,482,197	119,868
Interest Income	1,168,625	1,140,508	28,117	2.5%	1,087,785	80,840
Mail List Sales	84,942	86,715	(1,773)	-2.0%	110,496	(25,554)
Executive Office	102,548	83,000	19,548	23.6%	125,906	(23,358)
Total Revenues	27,305,346	29,535,774	(2,230,428)	-7.6%	29,024,423	(1,719,077)

General Fund by Unit

Publishing

ALA's Publishing Unit (which does **not** include Divisions' publishing activities) generated \$11.7M in revenues in FY16, which missed budgeted FY16 revenues by \$1.2M. Within Publishing, ALA Editions/Neal Schuman generated revenues of \$3.8M (vs. budget of \$4.8M, an unfavorable variance of \$1M.) Booklist generated revenues of \$4.9M (vs. budget of \$5.0M, an unfavorable variance of \$150k.)

MPS

ALA's Member Programs & Services (MPS) unit generated \$8.6M in revenues versus a budget of \$9.7M, missing budget FY16 revenues by \$1M. Revenues for MPS are related primarily to Midwinter Meeting and Annual Conference activities. Midwinter Meeting in Boston generated total revenues of \$2.8M vs. a budget of \$3.0M, missing budget by \$200k (7%.) Annual Conference in Orlando generated revenues of \$5.6M vs. a budget of \$6.3M, an unfavorable variance of \$700k (11%.)

Advocacy & Member Relations

ALA's Advocacy & Member Relations (A&MR) unit generated \$5.60M vs. \$5.65M, meeting its FY16 budget. Revenues for A&MR are mostly from Membership Dues revenue, which was also on budget.

II A General Fund
Statement of Revenues and Expenses by Department
August 31, 2016

EXPENSES	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Variance %	Prior Year Actual August 31, 2015	Change FY16-FY15
Publishing Services	10,864,895	11,467,204	602,309	5.3%	11,525,451	660,556
Member Programs & Services	12,842,094	13,478,923	636,829	4.7%	12,612,235	(229,859)
Advocacy & Member Relations	3,058,102	3,220,797	162,695	5.1%	2,787,893	(270,209)
Executive Office	4,692,994	4,710,466	17,472	0.4%	4,611,982	(81,012)
Finance/Accounting/Staff Support	1,791,342	1,872,362	81,020	4.3%	1,791,120	(222)
Overhead Recovered	(6,385,079)	(6,701,843)	(316,764)	4.7%	(6,215,149)	169,930
General Administration	1,108,228	1,119,009	10,781	1.0%	1,141,851	33,623
Total Expenses	27,972,576	29,166,918	1,194,342	4.1%	28,255,383	282,807

Operating Net Revenue	(667,230)	368,856	(1,036,086)	769,040	(1,436,270)
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General Fund by Unit

Publishing

The ALA Publishing unit's total FY16 expenses were \$10.9M, lower than original budget of \$11.5M by \$602k (5.3%). Expenses were lower due to a combination of lower product sales (and cost of materials and sales from lower volumes), primarily in ALA Editions/NS and reduced expenses from open positions and other discretionary items.

MPS

MPS' actual expenses were also lower than FY16 budget, primarily due to lower Annual Conference expense than budgeted (\$5.2M vs. \$5.7M, a \$500k variance) and reduced expenses in various General Fund offices such as personnel and discretionary items. IT projects, which also are part of MPS, expenditures were in line with the original budget, as key IT projects were prioritized as a critical element to enabling ALA's Strategic Directions.

Advocacy & Member Relations

A&MR likewise generated lower expenditures than budgeted, primarily due to targeted expense reductions as revenues were realized over the fiscal year.

Executive Office, Finance & Staff Support

The Executive Office, which includes both the Executive Director's office as well as the DC office, likewise generated lower expenditures than budgeted, primarily due to targeted expense reductions as revenues were realized over the fiscal year. The Finance office also reduced expenses, primarily in staff development and open positions in light of revenues.

Overhead Recovered

Overhead recovered represents the funding available to the General Fund to pay for General Fund activities. The actual amount recovered is based on a predetermined overhead rate which is applied to the gross revenues of specific activities. Due to lower gross revenues in Publishing and MPS, the amount of overhead recovered was also lower than budgeted for FY16.

Operating Net Revenue

For FY16, the General Fund generated a net expense of \$667k vs. a budgeted net revenue of \$369k, which was a \$1M variance from budget.

III Divisions
Statement of Revenues and Expenses
August 31, 2016

TOTAL DIVISIONS

	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Prior Year Actual August 31, 2015	Change FY16-FY15	Beginning Net Assets	Ending Net Assets
Total Revenues	15,813,475	15,655,196	158,279	14,308,907	1,504,568		
Total Expenses	15,096,768	16,497,506	1,400,738	14,637,656	459,112		
Net Revenues (Expenses)	716,707	(842,310)	1,559,017	(328,749)	1,045,456	14,789,410	15,106,117

Net Revenues

AASL	58,956	10,282	48,674	(334,381)	393,337	698,683	757,639
ACRL	(360,851)	(730,072)	369,221	677,409	(1,038,260)	5,002,115	4,391,264
ALCTS	(2,850)	(36,235)	33,385	(52,008)	49,158	222,717	219,867
ALSC	316,953	(92,522)	409,475	162,986	153,967	2,294,973	2,461,926
ASCLA	22,087	(8,784)	30,871	15,532	6,555	114,360	136,447
CHOICE	(236,392)	(233,381)	(3,011)	(133,056)	(103,336)	2,884,451	2,648,059
LITA	17,451	(27,678)	45,129	(67,240)	84,691	389,631	407,082
LLAMA	(4,486)	(15,995)	11,509	4,144	(8,630)	199,966	195,480
PLA	1,042,920	397,093	645,827	(640,560)	1,683,480	2,421,676	3,464,596
RUSA	(82,523)	(109,662)	27,139	(65,437)	(17,086)	464,821	382,298
UFL	(18,084)	3,623	(21,707)	2,546	(20,630)	(174,292)	(192,376)
YALSA	(36,474)	1,019	(37,493)	101,317	(137,791)	270,309	233,835
TOTAL	716,707	(842,312)	1,559,019	(328,748)	1,045,455	14,789,410	15,106,117

IV Round Tables
Statement of Revenues and Expenses
August 2016

TOTAL ROUNDTABLES

	Year-To-Date Actual August 31, 2016	Year-To-Date Budget August 31, 2016	Year-To-Date Variance August 31, 2016	Prior Year Actual August 31, 2015	Change FY16-FY15	Beginning Net Assets	Ending Net Assets
Total Revenues	434,927	389,887	45,040	428,775	6,152		
Total Expenses	229,911	342,630	112,719	263,741	(33,830)		
Net Revenues (Expenses)	205,016	47,257	157,759	165,034	39,982	1,635,985	1,766,001

Net Revenues

LEARNRT	800	5,650	(4,850)	978	(178)	103,453	104,253
EMIERT	135,289	1,715	133,574	100,501	34,788	613,084	698,373
ERT	(599)	1,281	(1,880)	(10,922)	10,323	22,039	21,440
FAFLRT	2,067	328	1,739	(878)	2,945	12,602	14,669
GAMERT	345	1,002	(657)	45	300	9,345	9,690
GLBTRT	(9,441)	17,229	(26,670)	15,740	(25,181)	40,420	30,979
GODORT	9,163	1,024	8,139	353	8,810	128,431	137,594
IFRT	3,503	47	3,456	3,422	81	80,690	84,193
IRRT	10,619	2,255	8,364	4,830	5,789	31,411	37,030
LHRT	535	-	535	4,726	(4,191)	58,168	58,703
LIRT	14,699	3,450	11,249	15,245	(546)	161,396	156,095
LRRT	7,315	138	7,177	6,327	988	67,981	75,296
LSSIRT	2,016	136	1,880	2,478	(462)	38,825	40,841
MAGIRT	7,447	607	6,840	4,250	3,197	45,578	53,025
NMRT	11,371	7,766	3,605	9,352	2,019	96,964	108,335
RMRT	3,070	2,500	570	3,101	(31)	11,572	14,642
SORT	436	1,075	(639)	2,242	(1,806)	22,738	23,174
SRRT	1,885	5	1,880	2,547	(662)	67,273	69,158
SustainRT	1,888	1,050	838	1,336	552	1,979	3,867
VRT	2,609	-	2,609	(638)	3,247	22,034	24,643
TOTAL	205,017	47,258	157,759	165,035	39,982	1,635,983	1,766,000