***February FY 2007 Financials***
***Executive Summary***

The February results represent six months of activity, which were electronically issued to unit managers on March 21. This commentary highlights actual revenue and expense results as compared to the approved budget including highlights of key financial indicators.

## ***Highlights***

- *Total ALA (all combined funds) revenue of $19,961,518 is $775,241 less than budget. The General Fund revenue of $12,111,585 is $835,607, less than budget due to lower Publishing sales, primarily related to the timing of book sales and membership dues. Division revenues are 1%, $71,297 more than budget and Grants and Awards are $41,171 less than budget year-to-date. Long-Term Investment interest and dividends exceed budget by $62,442, reaching $412,000.*

- *Total ALA expenses of $21,293,009 are 9%, $2,082,795 less than budget. The General Fund expenses of $13,341,696 are $1,160,471, 8% less than budget. Divisions are $862,256 less than budget. Grants and Awards are $41,171 less than budget.*

- *Cash and short-term investments are $18,965,164 as compared to $19,709,063 last year due to higher Accounts Receivable. The Long-Term Investment Fund is $29,514,269 as compared to the $26.4 million balance at August 2006.*

- *Total assets are $2,791,405, 5% more than February 2006 reaching $64,549,312 due in part to the performance of the Long-Term Investment Fund.*

- *Total liabilities are $872,951, 3% more than February 2006, totaling $34,511,365.*

- *Total ALA net assets are $1,918,454, 7% more than February last year, totaling $30,037,947.*

## *OPERATING FUND*

*General Fund*

Total revenues of $12,111,585 are $835,607, 6% less than budget. Revenues are 1% or $74,738 more than FY 2006 at this time.

Publishing revenues are less than the budget by $845,425 due primarily to ALA Editions, Booklist, American Libraries and Book Links. Note: The Publishing net revenue for February year-to-date is less than budget by $130,603, reaching $546,168. While Publishing revenue is projected to be $1,101,000 less than budget due in large part to lower Booklist Online sales, the delayed release of Guide to Reference and fall off on several major titles, the Publishing net revenue for the year is expected to be less than budget by $152,000. Dues income is less than budget by 10%, or $284,153, totaling $2,542,841.

Total expenses of $13,341,696 are $1,160,471 or 8% less than budget. Member Programs and Services expenses are $94,370 more than budget due primarily to Annual Conference ($94,616 over budget) and timing of Midwinter expenses ($29,387 under budget). Note: Communication expenses are $113,510 less than budget and Publishing is $714,822 less than budget. Business Expenses are $269,953 less than budget due to lower bank service charges, equipment lease, telephone and depreciation. Executive Board and Council committee expenses were $89,855 less than budget. Salary savings total $630,403, of which savings (attrition) through February were budgeted at $283,843. Transportation and lodging expenses are $49,659 less than budget and telephone and postage expenses are $187,367 less than budget.

Based on six -month activity, these are the major variances to budget identified:
( ) = Not Good / Less than Budget

| | |
|---|---|
| Dues | ($205,000) |
| Publishing | +$150,000 Net |
| Blue Cross/Blue Shield Reimbursement | + $240,000 |
| Midwinter | + $160,000 Net |
| Interest Income | + $50,000 |
| Benefits | ($150,000) |
| Overhead not recovered | ($245,000) |
| Net Impact | ~ 0 |

*Round Tables*
The Round Tables revenues of $115,894 are $32,202 less than budget due primarily to lower miscellaneous sales and meal functions, round table expenses of $67,464 are less than budget by $78,117 due primarily to lower conference equipment, printing and meal function expense.

*Plant Fund*
Depreciation expense of $214,666 is $14,672 under budget. The Plant Fund transfer is $812,203, $29,002 under budget, and is now being recorded monthly as a credit to the Plant Fund with an offsetting charge to the General Fund.

***GRANTS AND AWARDS (RESTRICTED FUND)***
Revenues and expenses of $2,225,655 are $41,171 less than the budget due to timing of several grants, most notably Nextbook-Let's Talk About It, $207,843, NEH Picturing America, $72,469, NEH-Ben Franklin, $85,299, Gates Technology Access Study, $266,286, NEH Pursuit of Happiness, $164,441, Ford Foundation, $29,500, and IMLS Spectrum/New Voices New Vision, $132,690 less than budget.

***STAFF SUPPORT/OPERATIONS***
Units include: Staff/Office Support Services, Distribution Center, Reprographics Center, Building Maintenance, and Contract Services for Security and Janitorial Services.

In review of all units, compensation regarding salaries and benefits have resulted in negative variances due to salary increase, retroactive pay, incentives and special compensation pay for the election process. The overall variance was a favorable $21,806 that does not include building maintenance, which generated a favorable variance of $56,966. During the months of January and February, ALA experienced water infiltration to the tunnel and also frozen pipes on the 7th floor of 40 East. The repairs have a cost estimated at $36,000. The FY 2007 year-end projection will be favorable.

### *PUBLISHING SERVICES*

Total Revenues are $845,425 less than budget. Total Expenses are $714,822 less than budget. Net Revenues are $130,603 less than budget. The fully loaded Contribution Margin is $306,254 less than budget. Several titles in ALA Editions have been delayed and the backlist continues to lag because of the falloff on several major titles. Revenues from new titles will pick up in the 3rd and 4th quarters but not enough to offset the current variance. In addition, Guide to Reference will be postponed to FY08. Booklist magazine revenues are currently less than budget but will end the year slightly more than budget. Ancillary Products revenues are more than budget primarily because of review copy sales. Two RBB compilations are due out by year-end and the imprint will end the year on or slightly more than budget. Booklist Online revenues are less than budget in part because its release was later than budgeted. Subscription and advertising revenue will increase but most likely not meet budget. Savings in expenses will not be sufficient to offset the revenue shortfall.

Book Links revenues are less than budget. Subscription revenues should meet budget, but advertising revenues may fall short. Expense savings will offset the revenue shortfall. Net Revenues will be more than budget. Both display advertising and classified advertising revenues in American Libraries are less than budget. Ad sales are improving steadily, and tracking well against last year actual, but the turnaround is taking longer than planned and revenues are not expected to meet budget by year-end. Expense savings will not be sufficient to offset the shortfall, so the Subscription Equivalent will increase. The sum total of ALA TechSource revenues is more than budget. Library Technology Reports revenues are more than budget. Smart Libraries Newsletter revenues are less than budget by about the same amount. And the Web revenues are more than budget. Subscription campaigns were successful and ad revenues have started to come in. Expense savings will hold and improve. Overall, ALA TechSource Net Revenues will be more than budget by year-end. ALA Graphics revenues are significantly more than budget and will continue to grow. Expense savings from the product cost benefit of digital products, such as the exceptionally successful READ CD, have been significant. ALA Graphics will end the year significantly more than budget. The Fully Loaded Contribution Margin, which represents the capacity of excess Net Revenue to cover non-operating variances in General Overhead, the Subscription Equivalent, and Taxes, may be less than budget, but there is still a chance that the Department may meet this goal by year-end.

| | Forecast | Budget | Variance |
|---|---|---|---|
| Total Revenue | $12,207,734 | $13,309,069 | ($1,101,335) |
| Direct Expenses | $8,673,099 | $9,434,192 | $761,093 |
| Overhead | $2,624,663 | $2,861,448 | $236,785 |
| Taxes | $239,952 | $239,952 | $0 |
| Subscription Equivalent | ($795,306) | ($534,545) | $260,761 |
| Net Revenue(Loss) | $1,460,446 | $1,308,022 | $152,424 |
| Contribution Margin | $4,089,989 | $4,169,470 | ($79,481) |

### *MEMBER PROGRAMS AND SERVICES*

MPS second quarter results would again indicate cautious optimism.

- Conference Services will exceed its budgeted Midwinter Meeting net revenue by about $160,000. In addition, the Midwinter Meeting contribution to overhead recovery was greater than budgeted.
- Conference Services projects the 2007 Annual Conference will meet its net revenue target. Early indicators on registration and exhibit space sales are very strong – but expenses will be high in several key areas, such as busing.
- Most MPS Offices expect the end the year on target. Most negatives are timing issues.
- While it does not appear in the February results, the ACRL's 13th National Conference (March) set an attendance record. Both ACRL revenues and ALA overhead recovery from the national conference should be better than budget.
- Overall, ALA Divisions are performing strongly, with most showing significant positive variances.
- All units are beginning to note the impact of salary increases on their budgets, with salary lines edging up against budget.

### *SALARIES*

General Fund salaries through February are $630,403 less than budget. This is $56,096 less than the total years 5% salary attrition budget of $574,307. In addition, temporary help is over budget by $27,611 and overtime is over budget by $8,472 year-to-date. Excess salary savings including temporary help and overtime is $594,320.

***American Library Association***
***Schedule 1 – Commentary: Statement of Revenues and Expenses – Total ALA***
***February FY 2007 Financials***

| | |
|---|---|
| ROUND TABLES | The Round Tables revenues of $115,894 are $32,202 less than budget due to miscellaneous sales and meal functions. Expenses of $67,464 are less than budget by $78,117due to conference related expenses and printing costs. |
| PLANT FUND | Depreciation expense of $214,666 is $14,672 under budget. The Plant Fund transfer is $812,203, $29,002 under budget, and is now being recorded monthly as a credit to the Plant Fund with an offsetting charge to the General Fund. |
| GRANTS AND AWARDS | Revenues and expenses of $2,225,655 are $41,171 less than the budget due to timing of several grants, most notably Nextbook-Let's Talk About It, $207,843, NEH Picturing America, $72,469, NEH-Ben Franklin, $85,299, Gates Technology Access Study, $266,286, NEH Pursuit of Happiness, $164,441, Ford Foundation, $29,500, and IMLS Spectrum/New Voices New Vision, $132,690 less than budget. |
| LONG-TERM INVESTMENTS | Endowment Fund revenues of $412,000 consisting of interest and dividend income are $62,442 more than the budget of $349,558. Net realized/unrealized gains are $1,775,171 as compared to budgeted gains of $488,988. On a stand-alone basis, the Blackrock Investment portfolio has realized gains of $11,122 and unrealized gains of $271,972. The Pimco portfolio has year-to-date realized losses of $3,679 and unrealized gains of $55,545. The NFJ portfolio has year-to-date realized gains of $32,165 and unrealized gains of $159,477. The Lazard International portfolio has year-to-date realized gains of $156,646 and unrealized gains of $88,387. The Marsico portfolio has realized losses of $66,965 and unrealized gains of $424,019. The Alliance portfolio has realized gains of $109,499 and unrealized gains of $257,988. The EMA-Heitman portfolio has realized gains of $115,433 and unrealized gains of $130,176. Ariel has unrealized gains of $33,386. |

Net contributions/withdrawals consists of donations and other revenues, offset by life member dues transfers. The resulting figure in effect represents the net capital addition (reduction) made to the Endowment Fund. At February 28, 2007, the net contribution of $322,311 is $134,679 more than the budgeted net contribution of $187,632. Expenditures totaling $237,284 are $59,220 more than budget.

The current annualized yield on Endowment Fund investments is as follows:

Composite: 1.99%

INTEREST INCOME

Year-to-date interest on short-term investments is $330,931, $50,931 more than the budget of $280,000. The actual average invested balance for the six months ending February 28, 2007 was $14,388,761 with a yield of 4.60%. In comparison, at February 28, 2006 the actual average invested balance was $14,823,407 with a yield of 3.83%. As of February 28, 2007 the net realized/unrealized gain <loss> on the investment managed by Neuberger Berman was a net gain of $98,079, as compared to the $467,357 cumulative loss at August 31, 2006. The net year-to-date gain is comprised of $17,690 of realized losses and $115,769 of unrealized gains. According to the Association's investment policy, any realized and unrealized gains and losses at year-end becomes a component of the appropriated fund balance and as such is carried forward in the fund balance to subsequent fiscal years. On an overall basis, the bond portfolio yield is 4.77%.

MAIL LIST RENTAL

Mail list sales are 8%, $12,166 less than budget. Mail list sales are projected to be less than budget as more electronic mail lists, as compared to mailing labels, are requested.

GOVERNANCE OFFICE

This section tracks expenses associated with support of the governance function (Executive Board, Council, President, President-Elect) of the Association.

**Council Administration [11-101-0000]:** Approximately $16,630 or 47% of the FY07 Council administrative budget of $35,675 has been spent to date. No unusual expenses are anticipated for FY07.

**Executive Board Administration [11-102-0000]:** To date, expenditures are approximately $12,000 or 25% of a total budget of $47,544. There are currently no anticipated expenses that will bring this line over budget in this fiscal year.

**Planning and Evaluation [11-102-0104]**: All expenses in this project line to date are for consulting work performed by Patricia Earnest. Expenditures as of February 2007 are $12,880 or 51% of the total $25,000 budget.

**Fall Board Meeting [11-102-0118]:** Expenses posted as of February 28, 2007 for the Fall Executive Board meeting, held in Chicago on October 27-29, 2006, total $25,666 or approximately 93% of the total budget of $27,636. There are no remaining outstanding charges for this meeting.

**President: [11-102-0100] (Support)** As of February 28, 2007, approximately $48,100 or 87.5% remains from a total budget of $66,475. A total of $730 in outstanding charges is to be applied to this budget line. Based on these outstanding charges, approximately $47,400 (71%) of the *Presidential Support* budget remains. There are currently no anticipated expenses that will bring this line over budget in this fiscal year.

**0103 Budget (Initiatives)** To date, President Burger has spent approximately $43,200 of her Presidential Initiatives budget of $100,000, leaving a remaining budget of $56,800. A total of $22,700 in actual and estimated charges -- including transportation charges from the National Library Agenda Summit held in Washington, DC in December 2006; catering at the Emerging Leaders workshop at the 2007 Midwinter Meeting; and anticipated speaker and program costs at the upcoming Annual Conference --as well as an credit of $2,800 for vendor sponsorship for the Emerging Leaders reception at the 2007 ALA Midwinter Meeting, are to be applied to this budget. Based on these outstanding debits and credits, approximately $36,900 [37%] remains in the Presidential Initiatives budget.

**President-Elect: [11-102-0101] (Support)** As of February 28, 2007, $32,048 remains from a total budget of $55,260. This figure includes a debit of $1,618 to offset the overage from the FY06 Incoming President-elect budget. $165 in unposted charges is to be applied to this budget. Based on these outstanding debits, $30,265 or 56% of the President-elect Support budget remains.

**[11-102-0113] (Advisory Committee)** To date, the only charges posted to President-elect Advisory Committee budget are for two conference calls held in the fall of 2006. A balance of approximately $14,815, or 95% of the total budget of $15,570, remains. Estimated expenses for a Presidential Advisory committee meeting to be held in Austin, TX in April 2007 total $5,000, leaving a remaining balance of $9,760 or 63% of the total budget. This should be sufficient to cover meeting/catering costs at the 2007 Annual Conference.

**Executive Office [11-103-0000]:** $351,865 or approximately 51% of the FY07 Executive Office administrative budget of $689,994 has been spent to date. No unusual expenses are anticipated for FY07.

## WASHINGTON OFFICE

**Washington Office Administration** is $18,679 under budget for the month of February and is 6.42% under budget for year to date expenses. In projecting out the rest of the fiscal year, the Washington Office foresees no major expense that has not been budgeted for. Internal adjustments will be made to cover line items requiring additional funding. Projecting that the operational budget will be within the approved fiscal year budget.

**OGR** is $15,511 under budget for the month of February and is 3.64% under budget for the year to date expenses. At this point in time, it is also projected that OGR will be within its approved fiscal year budget.

**OITP** is $21,146 over budget for the month of February and 11.85% over budget on year to date expenditures. This overage is for a planned payment for a survey study made during the month of February. The projected expenses for the remainder of the fiscal year are expected to be within the approved fiscal year budget.

## DEVELOPMENT OFFICE

Looking at it as a whole, the Development Office budget is on target, even taking into account some of the wide variances that are evident in several individual expense lines. The following are selected highlights at midyear into the fiscal year:

EXPENSES:

- The overall six-month expense budget is under spent by approximately 21% (approximately $42,000). Cost savings on the total operational budget is attributable to: a rigorous cost-consciousness of all spending lines; one employee's recent (February) departure from ALA; and a full staff professional position still unfilled mid-way through the fiscal year. Expenses are being kept at a minimum while solicitation production has increased.
- Salaries and Wages (5000) – as mentioned above, the positive variance of 24% is due to employee transition and an unfilled professional staff position.

- Employee Benefits (5010) – explained above, there's a positive variance of 20% due to the office not being fully staffed mid fiscal year.

- Staff Development (5031) – there's a positive variance of 96% due to employee transition and a careful monitoring of program quality. Expect to expense down some of this amount in the latter half of the fiscal year when development-related programs are more available in the spring / summer.

- Professional Services (5110) – Professional expenses have varied widely for several reasons. Presently, an outside consultant has been working to maintain progress on CCF fundraising as well as foundation research and grant writing. This has taken away from the consultant's principal effort: to develop Planned Giving for the Association. Recently, the outside consultant's effort was used to capitalize on a first-time opportunity: submitting a first-time proposal to the Paul G. Allen Family Foundation of Seattle. If successful, that grant can gross $300,000 for the Association. In addition, the outside consultant has been used to assist in standardizing best practices in Development Office operations for the long term. The use of these professional services is all very strategic while normalizing Development Office operations with the appropriate professional staff support. Anticipate being over budget in professional services for this fiscal year, but this will be offset by the savings in the staff salary and benefits for the Assistant Director and Development Associate positions.

- Messenger Service (5150) – there's a negative variance (52%) due to the wider use of delivery service in the shipment of contractual and donor-requested materials. This needs to be remedied by a budget adjustment in the next fiscal year.

- Transportation (5210) – there is a positive variance of 60% in transportation due to the fact that the Development Office is understaffed. Anticipate being under budget at the end of the fiscal year due.

- Lodging and Meals (5212) – there is a positive variance of 96% due to the fact that the Development Office is understaffed. Anticipate being under budget at the end of the fiscal year.

- Entertainment (5214) – there's a positive variance of 100%, entertainment expenses are kept to a minimum.

- Business Meetings (5216) – there is a positive variance of 46%, where expenses are kept to a minimum.

- Printing Services-Outside (5402) and Design Services (5404) – there is a positive variance of 100%. Expenses in these categories have been reserved for the latter part of the fiscal year when these services will be employed in the development of collaterals for the planned giving program and for ALA's Legacy Society.

- Supplies—Operating (5500) – there is a negative variance of (332%) or ($1334) noted because of the need to re-supply and reorganize the filing system for the Development Office. A great deal of effort and progress has been made this year to upgrade our office files on active donors. These costs will have to be adjusted in the next fiscal year. The overage will be offset by being under budget in other areas.

- IUT / Reprographics Center (5010) – a negative variance of (73%) or ($370) is due to an underestimation in the cost of report duplication. This expense line should be realistically adjusted in the next fiscal year.

<u>HUMAN RESOURCES</u>

$602,776 / $305,424 / $298,878
Human Resources is over budget in outside temporary employees. Outside consultant used in vacant compensation position, additional consultant used to assist with recruiting since recruiter was on medical leave. Recruitment advertising $9,000 under budget for the year, over budget for the month. HR expects to be over budget due to the volume of activity. The volume and frequency of legislation necessitated subsequent and/or renewal of several documents to keep staff informed of the legislation so we could revise/update and to implement the appropriate policies.

**<u>Benefits</u>**
The benefits area is over budget by $50,000 at this time. It is expected to be over budget by $150,000. To date the Association is carrying a $240,000 refund to be used to offset the overage.

**<u>Orientation, Training & Leadership Development</u>**
The Orientation, Training and Leadership Development conducts an orientation for incoming committee chairs appointed by the President-Elect; this program occurs at annual conference. At midwinter, OTLD coordinates a meeting with the intern subcommittee of the membership committee. All monies will be used within budget.

<u>OVERHEAD</u>

At February 28, 2007, total overhead recovery of $2,525,916, is $150,922 less than the budget of $2,676,838. The overhead recovery is more than budget in ACRL and Graphics, offset by less budget recoveries in ALA Editions, American Libraries, Book Links, LTR, Booklist, and ALSC.

<u>BUSINESS EXPENSE</u>

Expenses totaling $193,355, are 58%, $269,953 under budget due primarily to depreciation, equipment rental and bank fees.

<u>GENERAL ADMINISTRATION</u>

This category consists of employee benefits expense, the Executive Director's Contingency Fund and several other accounts. The majority of the $209,524 variance to budget relates to expenses in the employee benefits area, a reversal of a 2006 salary increase accrual, and the Executive Director's Contingency Fund (due to the timing of budget vs. actual). Total benefits expense actually incurred is $2,156,353 as compared to the budget of $1,959,785. Charges to units are $21,228 less than the budget. In addition, FICA taxes are $23,751over budget and health insurance is $147,248 over budget.

***American Library Association***
***Schedule 2B – Commentary: Statement of Revenues and Expenses – Communications & Member Relations***
***February FY 2007 Financials***

The Communications and Member Relations Department is made up of the following units: The AED Office, which includes the ALA Handbook of Organization; Membership Development; Chapter Relations Office; International Relations Office; Library; Member and Customer Services; Office for Research and Statistics; Public Information Office; and the Public Programs Office.

AED Office
Expenses are under budget because of the vacancies in three positions: the AED, the Administrative Assistant and the half-time marketing specialist. The new AED began on December 1st and the other two positions will be filled this spring.

Membership Development
ALA membership in February 2007 stood at 65,744. In February 2006, the membership totaled 67,457. The 2006 figure included 1,400 members whose grace period had expired. Beginning in February 2006, these former members were no longer included in the total. Taking this one-time adjustment into account, the number of members is now 313 less than in February 2006. The original projection for Year I of the dues increase was a loss of 6% of the membership. There has been a decrease in the number of transactions and as of February, $69,678 behind the 2007 actuals. In terms of the 2007 budget, 9.78% under budget on personal members ($209,000) and 2.05% under on organizational members ($12,000).

A number of initiatives are underway to increase retention and to recruit new members. For example, this spring we will be working on membership campaigns associated with attendance at Annual Conference. "Join and Save" programs have proven to be an effective recruitment technique. Will also be instituting new ways to promote retention such as beginning to recognize members at their membership anniversary dates.

At this point, the projection is to come in at 4% ($173,000) under budget on personal dues and 2.7% ($32,000) under on organizational member dues.

Chapter Relations Office
Revenue is up due to the extension of the World Book Leadership Grant and the timing of registrations for Midwinter ticketed events. Expenses are under budget because temporary employees have not been hired yet.

International Relations Office
Revenue is up because of reimbursements from other U.S. library associations for the IFLA Reception. Expenses are up slightly due to the travel costs to the workshop in Palau in November.

Library
Expenses are under budget, primarily due to timing issues with the licensing of database content. The Salary and Benefits variances are likely due to the recent round of salary adjustments, and may continue through the year. For these and for the Attrition Factor variance (which will only grow) adjustments will be made in other spending to stay within budget.

Member and Customer Services (MACS)

Member & Customer Service is slightly over budget, primarily due to timing issues. A backlog of membership cards was mailed at the end of January, which led to the up tick in postage. Staff members are investigating how telephone charges are allocated to better understand the increased costs.

Office for Research and Statistics

For the most part the ORS budget is on target, taking into account incentive awards that were unfunded at the unit level. Reimbursement by outside organizations for travel-related expenditures offset a good portion of YTD lodging/meals and transportation expenses. Expenses logged to ORS continue to be moved to the appropriate projects (NCES-ALS, Gates, and the ALA Goal Award). This will continue through the remainder of the fiscal year.

Public Information Office and the Campaign for America's Libraries

PIO expenses are over budget. This spring will start to see some savings in the salary and benefit line. Do not expect to have a public relations associate-media relations staff member hired until April. The spring savings will generate approximately $6,200 and expect to obtain a $10,000 payment for PIO's work on a Gates Foundation-ORS grant to further reduce the variance. The March report will better indicate the status of the budget. It will be tight this year.

Expenses for the Campaign for America's Libraries are under budget but will increase in the next several months due to expenditures for National Library Week radio commercial buy, video production, costs for the Campaign training at ALA conference in Washington DC, and a new hire.

Public Programs Office

Expenses in the administration project are close to budget. The restricted fund overhead is ahead of budget by $48,574 due to timing. The Cultural Communities Fund endowment fund net asset balance is $641,227.

***SCHEDULE 3 - American Library Association***
***COMMENTARY: STATEMENT OF REVENUES AND EXPENSES - PUBLISHING***
***FEBRUARY FY 2007 FINANCIALS***

**PUBLISHING**

**ALA Editions**. Total Revenues are $397,267 less than budget. Total Expenses are $117,415 less than budget. Net Revenues are $279,852 less than budget. Several titles budgeted for 2nd quarter release got delayed, which will also reduce the number of months available for contribution to year-end revenues. In addition, FY07 is experiencing a severe drop-off on several key backlist titles; namely: *Information Power, Copyright Primer; Successful Library Trustee Handbook*, and *AACR2* (which has been suspended pending the creation of its successor, *Resource Description and Access*). In addition, Guide to Reference is being postponed to FY08 to take advantage of a more propitious release date. Revenues will pick up in the 3rd and 4th quarter but will not be able to make up the shortfall entirely.

Total Editorial expenses are $7,402 more than budget primarily because of Payroll Related expenses, which are $11,873 more than budget. Offsetting variances arise from $3,290 in Staff Development, $1,041 in Editorial/Proofreading, $1,500 in Review Services and $1,171 in Depreciation. Production expenses are $17,387 less than budget primarily because of the postponement of Guide to Reference. Production expenses for all other titles, on the whole, are on budget. Payroll Related expenses are $11,579 more than budget, but this is offset by less than budget activity on several other operations lines. Messenger Service is $2,326 less than budget, Supplies Operating is $2,329 less than budget, and Equipment Rental/Lease is $3,248 less than budget. Savings in production costs resulting from the delayed titles are offset by adjustments in the transfer of these costs to inventory accounts. Marketing production costs are $37,705 more than budget.

Originally the plan was to produce 3 catalogs. This was changed to produce 2 catalogs but to mail the first catalog twice. This resulted in printing more copies of the first catalog than planned. While production expenses are more than budget year-to-date, they will be less than budget year-end. Marketing expenses are $21,976 less than budget. Payroll-Related costs are $5,579 more than budget, mainly because of the attrition factor. Professional Services is $3,375 less than budget because of delayed research projects. Order Processing/Fulfillment is $9,868 more than budget in part because of heavy returns in the fall and in part because of the unbudgeted cost ($7,000+) of converting to a 13-digit ISBN. Shipping and Handling Recovery (5599 Miscellaneous Expense) is $31,381 less than budget because of fewer orders. On the other hand, Cost of Sales is $77,279 less than budget and Postage is $17,029 less than budget because of the delayed titles. Royalty expense is $6,856 more than budget primarily because of the weighted impact of the *Complete Copyright* book, which was carries a high royalty in return for no product cost. General Overhead is $85,455 less than budget because of less than budget revenues.

Forecast: Revenues will pick up and expenses will come in less than budget, but year-end will result in a shortfall in FY07 because of delayed titles and the diminished presence of several major titles on the backlist. The Fully Loaded Contribution Margin, which represents the capacity of Net Revenue to cover non-operating expense variances such as General Overhead, may be some $200,000 less than budget.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $2,775,000 | $3,244,658 | ($469,658) |
| Direct Expenses | $2,007,307 | $2,261,648 | $254,341 |
| Overhead | $596,625 | $697,601 | $100,976 |
| Net Revenue(Loss) | $171,068 | $285,409 | ($114,341) |
| Contribution Margin | $767,693 | $983,010 | ($215,317) |

***Booklist Publications.*** Total Revenues for Booklist Publications (Booklist magazine, Ancillary Products, Booklist Online, Book Links) is $348,572 less than budget. Total Expenses are $341,991 less than budget. Net Revenues are $6,580 less than budget.

Booklist. Total Revenues for Booklist magazine are $190,893 less than budget. Total Expenses are $83,781 less than budget. Net Revenues are $66,070 less than budget. Subscription revenues are $15,340 less than budget. Net Advertising revenues are $121,517 less than budget and licensing revenues (Royalties) are $97,129 less than budget. Total Editorial Expenses are $42,167 more than budget. Salaries are $18,775 more than budget and attrition is budgeted for $19,614 resulting in a combined shortfall of $38,389. The consequent $9,471 variance in Employee Benefits accounts for the additional shortfall. Magazine production costs are $23,593 less than budget, primarily because budgeted increases for paper and postage have not yet taken effect. In addition, a conscious effort to cut back on the number of extra copies has been in place throughout the year. Printing is $2,680 less than budget. Design is $5,967 less than budget. Mail Service is $4,957 less than budget. Total Production expenses are $119,511 less than budget. Supplies Production (paper) is $9,157 less than budget. And Postage is $7,442 less than budget. Marketing production costs are $95,818 less than budget because of a decision to hold back on direct mail circulation development plans. Printing is $10,484 less than budget. Mail List Rental is $27,426 less than budget. Supplies Production (paper) is $9,524 less than budget. And Postage is $41,251 less than budget. Marketing expenses are $5,535 less than budget. Payroll-Related expenses are $8,687 less than budget because of open positions. Professional Services is $5,850 less than budget because of the discontinuation of an outside contractor for circulation development. Exhibits are $11,020 more than budget because of an effort to capitalize on Booklist Online launch events. Advertising Space is $2,307 more than budget because of increased emphasis on conference-related publicity. Advertising Direct is $3,785 less than budget only because of time constraints. Order Processing/Fulfillment is $4,221 more than budget because of unbudgeted reactivation campaigns (that proved successful). IUT Marketing (which is where admin expenses are allocated) is $12,363 less than budget due to light activity. IUT Repro is $2,670 more than budget because of the emphasis on publicity mentioned above. IUT/Misc (the allocation of AED expenses) is $7,675 more than budget because of timing differences and revenue shortfalls elsewhere.

Forecast: Total Revenues, the sum of all revenue sources, will come back to budget. There will be some savings on Expenses. Net Revenue and Contribution Margin will be more than budget.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $4,914,169 | $4,878,169 | $36,000 |
| Direct Expenses | $2,462,739 | $2,460,739 | ($2,000) |
| Overhead | $1,056,546 | $1,048,806 | ($7,740) |
| Taxes | $217,952 | $217,952 | $0 |
| Net Revenue(Loss) | $1,176,932 | $1,150,672 | $26,260 |
| Contribution Margin | $2,233,478 | $2,199,478 | $34,000 |

Ancillary Products. Total Revenues are $2,786 more than budget primarily because review copy sales are $11,130 more than budget. Book sales are $9,866 less than budget because titles were delayed to focus attention on the Booklist Online launch. Total Expenses are $4,800 less than budget primarily because of those delayed titles. Production expenses are $5,844 less than budget. Marketing Expenses are $1,637 more than budget because of salary allocations that now belong in Booklist. Net Revenues are $6,987 more than budget.

Forecast: Delayed books will be published and net revenues will exceed budget.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $77,700 | $73,700 | $4,000 |
| Direct Expenses | $22,404 | $22,404 | $0 |
| Overhead | $16,706 | $15,846 | ($860) |
| Net Revenue(Loss) | $38,591 | $35,450 | $3,141 |
| Contribution Margin | $55,296 | $51,296 | $4,000 |

Booklist Online. Total Revenues are $125,419 less than budget. Total Expenses are $57,972 less than budget. Net Revenues are $40,481 less than budget.

Booklist Online was a new product and subject to various modifications in the approach to maximizing revenues and expenses. The FY07 performance profile is affected by a series of adjustments called for after the launch in FY06. In addition, the different nature of the product purchase requires longer lead times than anticipated. Consequently, Subscription revenues are $56,058 less than budget and Net Advertising revenues are $69,360 less than budget. Total Expenses are $84,937 less than budget. Editorial expenses are $18,841 less than budget. Payroll-Related expenses are $11,688 more than budget mainly because of overtime, which is $8,154 more than budget. On the other hand, Temporary Outside Employees is $9,342 less than budget because the anticipated need for temps is being covered by staff. Editorial/Proofreading is $14,137 less than budget because the tasks were covered by staff. Supplies Operating is $5,931 less than budget because of timing differences. Production expenses are $17,207 less than budget, primarily because depreciation was budgeted for more than was required by the depreciation schedule. Depreciation is $15,548 less than budget. Marketing expenses are $48,887 less than budget. Payroll-Related expenses are $8,319 less than budget because of open positions. Professional Services are $6,209 less than budget because of delays in implementing contract sales positions for telemarketing and system/consortia sales. Exhibits are $4,588 more than budget because of unanticipated costs for launching BOL. Order Processing/Fulfillment is $3,006 less than budget because of the shortfall in subscriptions. Promotions are $4,000 less than budget because of timing differences. General Overhead expenses are $10,083 less than budget because of less than budget revenues.

Forecast: Subscriptions and ad sales are picking up and will improve by year-end, but are not expected to meet budget. Expenses will come in less than budget but not enough to offset the revenue shortfall.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $65,527 | $485,304 | ($419,777) |
| Direct Expenses | $309,900 | $414,821 | $104,921 |
| Overhead | $14,088 | $104,340 | $90,252 |
| Taxes | $9,600 | $9,600 | $0 |
| Net Revenue(Loss) | ($268,061) | ($43,457) | ($224,604) |
| Contribution Margin | ($253,973) | $60,883 | ($314,856) |

***Book Links***. Total Revenues are $35,046 less than budget. Total Expenses are $17,798 less than budget. Net Revenues are $17,248 less than budget. Subscription Revenues are $4,967 less than budget. Net advertising revenues are $29,708 less than budget. Editorial expenses are $5,598 more than budget. Payroll related expenses are $7,100 more than budget primarily because of the attrition factor in light of a full staff. Equipment Rental is $3,954 less than budget because budgeted needs have not materialized. Magazine production expenses are $2,626 less than budget mainly because a budgeted postal increase has not yet enacted. Postage is $3,440 less than budget. Design Service Outside is $1,566 more than budget because of a heavier than budget reliance on outside design. Marketing Production is $110,231 less than budget because budgeted marketing plans have been delayed. In addition, there is a $13,701 credit from an accrual from FY06 for anticipated postal increases. Marketing expenses are $13,235 less than budget. Payroll Related expenses are $13,050 less than budget because of an allocation oversight. Travel and Lodging are $3,650 less than budget because of timing factors. Exhibits are $1,967 more than budget because of an extra emphasis on this form of promotion in FY07. Advertising Space is $2,669 more than budget for the same reason, while Advertising Direct is $2,986 less than budget. Likewise, Promotion expenses are $5,080 more than budget. General Overhead is $7,535 less than budget because of less than budget revenues.

Forecast: Subscriptions should meet budget. Advertising will end the year about $40,000 down. Expense savings from open positions and only one direct mail campaign will offset the shortfall. Net Revenues should show a positive variance.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $672,392 | $704,392 | ($32,000) |
| Direct Expenses | $552,584 | $632,584 | $80,000 |
| Overhead | $144,564 | $151,444 | $6,880 |
| Taxes | $12,400 | $12,400 | $0 |
| Net Revenue(Loss) | ($42,036) | ($92,036) | $50,000 |
| Contribution Margin | $107,408 | $59,408 | $48,000 |

***American Libraries***. Total Revenues are $210,861 less than budget. Direct Expenses are $59,045 less than budget. General Overhead expense is $45,335 less than budget because of less than budget revenues. As a result, the Subscription Equivalent is $93,145 more than (i.e., worse than) budget. Subscription revenues are $2,599 less than budget. Net advertising revenues are $182,509 less than budget. Classified ad revenues are $50,121 less than budget. Ad sales have declined over the past several years, a situation that was addressed by the appointment of a new commissioned sales team. However, regaining lost ground has taken more time than expected, and contracts from the previous sales team have resulted in double commissions for awhile. JobLIST got off to a late start and but is beginning to build. The impact of one site for Academic positions may have a more dramatic impact on American Libraries than at first thought. Royalties are $2,234 more than budget. Misc. Sales (such as reprints) are $600 less than budget. Editorial expenses are $36,589 more than budget. Payroll Related expenses are $25,650 more than budget. Salary increases were more than budgeted, there have been no vacancies, and the several new ventures underway required more overtime than was originally expected, which then doesn't allow for an attrition offset, thereby exacerbating the situation. Professional Services is $17,788 more than budget because of a misapplied charge for the magazine for the public, which will be corrected in the future. Exhibits are $1,567 more than budget because of a posting error. Review Service is $5,741 less than budget because anticipated needs were handled by staff. Pre-Press is $2,289 more than budget because of temporary expenses related to the re-design. Equipment rental is $4,474 less than budget because of delayed activity. Magazine production expenses are $80,173 less than budget primarily because only 5 issues have been recorded while 6 issues were budgeted. Temporary Employees Outside is $3,986 more than budget because of open positions. Printing Outside is $23,696 less than budget, Supplies Production (paper) is $22,779 less than budget, and Postage is $33,334 less than budget because of the aforementioned recording issue. Binding is $4,089 more than budget because of the unbudgeted number of special bindings and cover wraps. Marketing Production is $2,268 because of unbudgeted expenses for anniversary promotions. AL Direct production expenses are $3,884 more than budget because of timing factors in recording allocation adjustments. Actual operating expenses are $3.257 less than budget because only 4 months of expenses have been recorded so far. Marketing expenses are $21,613 less than budget. Professional Services are $7,400 less than budget because of delayed plans. Exhibits are $3,170 less than budget because of a shared booth at Midwinter. Advertising Direct is $5,250 less than budget because of delays. Promotion is $5,700 less than budget as well. General Overhead is $45,335 less than budget because revenues are less than budget.

Forecast: Expense savings will not be enough to offset a large shortfall in ad sales and jobLIST revenues.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $861,100 | $1,263,000 | ($401,900) |
| Direct Expenses | $1,471,269 | $1,526,000 | $54,731 |
| Overhead | $185,137 | $271,545 | $86,409 |
| Taxes | $0 | $0 | $0 |
| Subscription Equivalent | ($795,306) | ($534,545) | $260,761 |
| Net Revenue (Loss) | $0 | $0 | $0 |
| Contribution Margin | $185,137 | $271,545 | ($86,409) |

***ALA TechSource.*** Total revenues are $4,117 more than budget. Total expenses are $19,756 less than budget. Net Revenues are $23,873 more than budget.

LTR. Revenues are $11,045 more than budget. Total Expenses are $12,726 more than budget. Net Revenues are $4,056 less than budget. Sales of individual issues are $25,610 more than budget. Subscriptions are $9,800 less than budget. Advertising is $5,608 less than budget. Subscription campaigns in the fall were successful but account for most of the variance in expenses. Advertising campaigns in the fall are now starting to generate revenue for the imprint. Prospects for new product delivery and advertising sales are promising extensions of the extraordinary success of the ALA TechSource Blog. Ad sales on the Web are starting to come in. Editorial Expenses are $6,135 more than budget. Payroll Related expenses are $9,838 more than budget, in large part because of Wages for Temporary employees to cover overtime. Professional Services are $4,363 less than budget because of a reduction in fees for contributors. Periodical production expenses are $3,492 less than budget because of overall economies in production and printing as a result of generally shorter issues. Marketing production expenses are $14,449 less than budget because of delays in launching marketing campaigns. Marketing expenses are $24,908 more than budget, mainly because of a posting error. Payroll-Related expenses are $3,324 less than budget because of open positions. Professional Services expenses are $3,500 more than budget because of the use of an outside consultant for circulation development. Postage is $26,093 more than budget because of a posting error. General Overhead is $2,375 more than budget because of less than budget revenues.

Forecast: Single copy sales will offset a shortfall in subscriptions and ad sales, although subscriptions are improving. Expense savings are likely, if only because of salary savings on the now open position. Net Revenue should exceed budget.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $345,816 | $345,816 | $0 |
| Direct Expenses | $246,295 | $255,295 | $9,000 |
| Overhead | $74,350 | $74,350 | ($0) |
| Taxes | $0 | $0 | $0 |
| Net Revenue(Loss) | $25,171 | $16,171 | $9,000 |
| Contribution Margin | $99,521 | $90,521 | $9,000 |

SLN. Revenues (subscriptions) are $10,536 less than budget. Paper newsletters are losing ground. Plans are in place to migrate to electronic options. Total expenses are $33,388 less than budget. Net Revenues are $22,852 more than budget. Editorial expenses are $3,421 less than budget mainly because of reductions in contracts for outside editors – Professional Services are $3,778 less than budget. Editorial production expenses are $8,706 less than budget in part because only 5 of the 6 budgeted issues have been recorded and in part because staff are now performing more production functions. Marketing production expenses are $13,730 less than budget because of delays in implementing marketing plans. Marketing expenses are $7,530 less than budget. Payroll Related expenses are $4,894 less than budget because of open positions. General Overhead expense is $2,267 less than budget because of less than budget revenues.

Forecast: The shortfall in revenues will be offset by savings in expenses.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $103,000 | $103,000 | $0 |
| Direct Expenses | $95,580 | $112,580 | $17,000 |
| Overhead | $22,145 | $22,145 | $0 |
| Taxes | $0 | $0 | $0 |
| Net Revenue(Loss) | ($14,725) | ($31,725) | $17,000 |
| Contribution Margin | $7,420 | ($9,580) | $17,000 |

Web. Revenues are $3,607 more than budget. Expenses are $2,247 less than budget. Net Revenues are $5,077 more than budget. The success of the ALA TechSource Blog and the growing preference for online access is generating growth in online subscriptions and advertising sales. Editorial expenses are $1,140 less than budget because of savings in outside editorial fees. Professional Services are $1,584 less than budget. There are no production expenses budgeted or actual. Marketing is on budget overall. Professional Services is $3,434 less than budget because of timing factors. General Overhead is $777 more than budget because of more than budget revenues.

Forecast: Revenues will grow. Expenses will be less than budget. The budgeted loss will be less than expected.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $21,800 | $14,800 | $7,000 |
| Direct Expenses | $42,607 | $44,607 | $2,000 |
| Overhead | $4,687 | $3,182 | ($1,505) |
| Taxes | $0 | $0 | $0 |
| Net Revenue(Loss) | ($25,494) | ($32,989) | $7,495 |
| Contribution Margin | ($20,807) | ($29,807) | $9,000 |

**ALA Graphics.** Total Revenues are $107,157 more than budget. Total Expenses are $107,374 less than budget. Net Revenues are $214,531 more than budget. The success of the READ CD campaign is the primary source of both the revenue and expense variance, as the product has a high price and low cost. Creative expenses are $9,368 less than budget. Payroll Related expenses are $4,440 less than budget because of miscalculations in the original salary allocation and an open position at the beginning of the year. Professional Services is $2,419 less than budget because the Director conducted product research on her own instead of using outside services budgeted in this line. Product production is $60,201 less than budget. Payroll Related expenses are $7,165 less than budget because of staff allocation adjustments. Printing is $7,833 less than budget and Design is $9,247 less than budget mainly because of allocation miscalculations between the product and marketing production costs, but also because of catalog timing factors. Advertising space is $1,652 less than budget because time didn't permit the original plans. Pre-Press Photographic is 9,246 less than budget because of more inside computer layout work. Purchased Inventory is $10,843 less than budget because of a shift in strategy to minimize the proportion of low margin products at the stores. Inventory Adjustment is $14,227 more than budget because product development costs, such as printing and design, were less than budget. Marketing production expenses are $19,227 less than budget in part because of inaccuracies in assigning costs between product and marketing production. Printing for marketing materials, for example, is $6,190 more than budget but Printing for products is $7,833 less than budget. In addition, Postage is $30,379 less than budget in part because of this allocation situation but also in part because the budgeted increase in postage did not take place. Mail Service Outside is $9,587 more than budget because plans for brochures were accelerated. Marketing expenses are $18,578 less than budget. Professional Services are $11,398 more than budget because of emergency repairs to the ALA Online Store. Design Service Outside is $8,553 less than budget because more design work was done by production staff. Cost of Goods Sold is $49,279 less than budget due largely to the impact of sales of digital products, which have low product costs. Postage is $24,025 more than budget because of timing differences. Royalty Expense is $2,500 more than budget because of the $12,500 advance to YALSA for Teen Read Week royalties. Promotion expenses are $9,000 less than budget because of delayed plans. Shipping and Handling Recovery (Misc Expense) is $10,208 more than budget because of more than budget sales. General Overhead is $23,039 more than budget because revenues are more than budget.

Forecast: Revenues will continue to grow. Expenses will savings will grow.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $2,371,230 | $2,196,230 | $175,000 |
| Direct Expenses | $1,494,952 | $1,736,052 | $241,100 |
| Overhead | $509,814 | $472,189 | ($37,625) |
| Taxes | $0 | $0 | $0 |
| Net Revenue(Loss) | $366,464 | ($12,011) | $378,475 |
| Contribution Margin | $876,278 | $460,178 | $416,100 |

**Production Services**: Expense recovery for all projects is $52,816 behind schedule but the work is on track and will adjust to budget by year-end.

| Forecast | Actual | Budget | Variance |
|---|---|---|---|
| Total Revenue | $0 | $0 | $0 |
| Direct Expenses | ($32,538) | ($32,538) | $0 |
| Overhead | $0 | $0 | $0 |
| Taxes | $0 | $0 | $0 |
| Net Revenue(Loss) | $32,538 | $32,538 | $0 |
| Contribution Margin | $32,538 | $32,538 | $0 |

**Department Summary**. Total Revenues are $845,425 less than budget. Total Expenses are $714,822 less than budget. Net Revenues are $130,603 less than budget. The fully loaded Contribution Margin is $306,254 less than budget. Several titles in ALA Editions have been delayed and the backlist continues to lag because of the falloff on several major titles. Revenues from new titles will pick up in the 3rd and 4th quarters but not enough to offset the current variance. In addition, Guide to Reference will be postponed to FY08. Booklist magazine revenues are currently less than budget but will end the year slightly more than budget. Ancillary Products revenues are more than budget primarily because of review copy sales. Two RBB compilations are due out by year-end and the imprint will end the year on or slightly more than budget. Booklist Online revenues are less than budget in part because its release was later than budgeted. Subscription and advertising revenue will increase but most likely not meet budget. Savings in expenses will not be sufficient to offset the revenue shortfall.

Book Links revenues are less than budget. Subscription revenues should meet budget, but advertising revenues may fall short. Expense savings will offset the revenue shortfall. Net Revenues will be more than budget. Both display advertising and classified advertising revenues in American Libraries are less than budget. Ad sales are improving steadily, and tracking well against last year actual, but the turnaround is taking longer than planned and revenues are not expected to meet budget by year-end. Expense savings will not be sufficient to offset the shortfall, so the Subscription Equivalent will increase. The sum total of ALA TechSource revenues is more than budget. Library Technology Reports revenues are more than budget. Smart Libraries Newsletter revenues are less than budget by about the same amount. And the Web revenues are more than budget. Subscription campaigns were successful and ad revenues have started to come in. Expense savings will hold and improve. Overall, ALA TechSource Net Revenues will be more than budget by year-end. ALA Graphics revenues are significantly more than budget and will continue to grow. Expense savings from the product cost benefit of digital products, such as the exceptionally successful READ CD, have been significant. ALA Graphics will end the year significantly more than budget. The Fully Loaded Contribution Margin, which represents the capacity of excess Net Revenue to cover non-operating variances in General Overhead, the Subscription Equivalent, and Taxes, may be less than budget, but there is still a chance that the Department may meet this goal by year-end.

| | Forecastl | Budget | Variance |
|---|---|---|---|
| Total Revenue | $12,207,734 | $13,309,069 | ($1,101,335) |
| Direct Expenses | $8,673,099 | $9,434,192 | $761,093 |
| Overhead | $2,624,663 | $2,861,448 | $236,785 |
| Taxes | $239,952 | $239,952 | $0 |
| Subscription Equivalent | ($795,306) | ($534,545) | $260,761 |
| Net Revenue(Loss) | $1,460,446 | $1,308,022 | $152,424 |
| Contribution Margin | $4,089,989 | $4,169,470 | ($79,481) |

MPS second quarter results would again indicate cautious optimism.

- Conference Services will exceed its budgeted Midwinter Meeting net revenue by about $160,000. In addition, the Midwinter Meeting contribution to overhead recovery was greater than budgeted.
- Conference Services projects the 2007 Annual Conference will meet its net revenue target. Early indicators on registration and exhibit space sales are very strong – but expenses will be high in several key areas, such as busing.
- Most MPS Offices expect the end the year on target. Most negatives are timing issues.
- While it does not appear in the February results, the ACRL's 13th National Conference (March) set an attendance record. Both ACRL revenues and ALA overhead recovery from the national conference should be better than budget.
- Overall, ALA Divisions are performing strongly, with most showing significant positive variances.
- All units are beginning to note the impact of salary increases on their budgets, with salary lines edging up against budget.

**MPS General Fund:**

**Conference Services: Midwinter Meeting***

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $2,571,230 | $2,780,820 | $ (150,520) |
| Total Direct Expenses Budgeted/Actual/Remaining: | $1,678,294 | $1,603,872 | $ 132,530 |
| Contribution Margin Budgeted/Actual/Remaining: | $ 892,936 | $1,176,948 | $ (288,050) |
| Overhead Budgeted/Actual/Remaining: | $ 552,815 | $ 597,850 | $ (32,334) |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $ 340,121 | $ 579,098 | $ **238,997** |

***Commentary is based on substantially more current working figures maintained by Conference Services.**

As of the February close, ALA Conference Services was still processing expenses and collecting revenues. Conference Services expects to close out the 2007 Midwinter Meeting with about $500,000 in net revenue – over **$160,000** better than budget. From a revenue perspective, we anticipate this will break down as follows:

Registration fees: $1,052,601 against a budget of $791,200. Seattle was an untested site for the Midwinter Meeting, which constrained initial budget estimates. This was the area of greatest revenue gain, consequently; note that registration gain also drives expense gains, particularly in areas such as busing.

Exhibits Space rental: $1,333,349 against a budget of $1,332,000. Budget is based on the anticipated booth space, so, assuming a sold-out floor, small fluctuations (+/-) are typically caused by variations in salable space caused by layout changes to accommodate key exhibitors, fire marshal restrictions, comp or discounted booths (e.g. to affiliates, ALA units).

Commissions: $135,000 against a budget of $122,100. Revenue gains or shortfall here are related to strong registration and strong exhibitor staffing.

Advertising: $239,671 against a budget of $227,500 – a modest gain but significant when advertising sales, generally, are under pressure.

Donations/Honoraria: $50,000 against a budget of $78,000, reflecting loss of a key sponsor and absence of time/resources to generate additional sponsorships.

Revenue collections – particularly space rental ($35,000) and advertising – will continue until the spring.

On the expense side, most expense lines are on target. As of the February report, Temporary Employees/Outside is showing an overage of $61,215; however, this includes an overpayment of $24,900 and a mistaken entry of $7,000. Conference Services does expect to end at about $30,000 here, though, against a budget of $22,000. The hourly rate for on-site registration staff was higher than originally anticipated. Professional Services was up slightly, due to the cost of interpreters for the deaf. Transportation (busing) will also end over budget – a factor of both higher than anticipated registration and a more dispersed campus due to issues with hotel blocks.

In balance, this was a very successful Midwinter site for ALA – from both a financial perspective and an attendee satisfaction perspective. ALA will return to Seattle (for Midwinter) in 2013 and 2019.

**Conference Services: Annual Conference***

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 23,048 | $ 97,303 | $6,348,247 |
| Total Direct Expenses Budgeted/Actual/Remaining: | $ 455,599 | $ 534,248 | $2,997,646 |
| Contribution Margin Budgeted/Actual/Remaining: | $ (432,551) | $ (436,945) | $3,350,601 |
| Overhead Budgeted/Actual/Remaining: | $ 4,954 | $ 20,921 | $1,364,874 |
| Net Revenue (Expense) Budgeted/Actual/<u>Variance</u>: | $ (437,505) | $ (457,866) | $ **(20,361)** |

It is still too early to predict 2007 Annual Conference results, though early indications are for a programmatically successful conference.

- DC is historically a strong conference site for ALA.
- The activities of the (internal) Conference Communications Committee, initially formed for the 2006 conference in New Orleans, has resulted in strong, earlier and more robust marketing. <u>At the 12-weeks-out point, pre-registration for DC is 8,898, compared to 5,644 at the same point for New Orleans (2006); 8,459 for Chicago (2005); and 6,223 for Orlando (2004).</u> Registration revenue for the 2007 Annual is currently about 67% percent of budget (for U.S. registration). Note that non-U.S. registration tends to come in more slowly, due in part to visa requirements, and is currently at about 31% of budget.
- DC is also historically a costly city. Housing increases have been particularly sharp in DC. DC has also not been successful in constructing a projected additional "conference hotel" space in the vicinity of the convention center. On the positive side, DC does have a large supply of hotel rooms and excellent local transit, with easy Metro transportation to the convention center. There is no significant "waitlist" for hotel rooms at this point – though some members are unhappy about hotel locations.

As of March 22, exhibit space sales were at 141,200 net square feet, compared to 121,400 in New Orleans and 136,450 in Chicago, at the same point. Advertising is running about $10,000 ahead of 2006.

On the expense side, it is already clear that busing will be over budget due to the size of the campus and the number of buses required to serve both the number of registrants and the size/spread of the campus.

In balance, Conference Services is projecting to meet the net revenue target – but not to exceed it.

**ITTS**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $0 | $0 | $0 |
| Total Expenses Budgeted/Actual/Remaining: | $ 904,034 | $ 932,332 | $ 887,586 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $ (904,034) | $ (932,332) | $ **(28,298)** |

At the end of November 2007, ITTS expenses are 3% over budget. Professional Services were high due to consultants hired for managed services after outsourcing two positions, while still incurring severance costs. Salary savings will begin to offset this in March. Software maintenance costs were slightly lower – but this is primarily a timing issue.

Projecting over the next six months, ITTS expects to be over budget by $20,000 – or 1% -- due to professional services need to support critical systems and services. Several applications running on servers need upgrades or patches to improve performance. Among the applications needing improvement are the new web content management system (CMS), the *TechSource* website and subscription service, the list processor software. Additionally, the Cold Fusion application server must be upgraded, a new tape backup system installed, a patch to the iMIS association management system installed. A third of ALA's PCs and laptops will be replaced (lease).

**Office for Accreditation**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 54,163 | $ 73,525 | $ (13,362) |
| Total Expenses Budgeted/Actual/Remaining: | $ 175,801 | $ 182,596 | $ 168,013 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $(121,638) | $ (109,071) | $ **12,567** |

The revenue variance is largely due to a $15,000 sponsorship received to support the 50th anniversary of the ALA Committee on Accreditation celebration. An additional $6,000 in forecasted revenue for spring review fees will be billed in April. OA will end ahead of budgeted revenue, due to pre-candidacy application fees received, as well as late fees billed.

**Office for Diversity**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 13,534 | $ 0 | $ 27,075 |
| Total Expenses Budgeted/Actual/Remaining: | $ 107,482 | $ 58,520 | $ 130,950 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $ (93,948) | $ (58,520) | $ **35,428** |

OFD's November financials show the early impact of salary savings from the Director vacancy. Because of a failed first search, that position is expected to remain open through the 3rd quarter of FY2007, resulting in substantial salary savings. The revenue budget will also, however, not be met.

**Office for Human Resource Development & Recruitment**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 27,004 | $ 11,551 | $ 42,449 |
| Total Expenses Budgeted/Actual/Remaining: | $ 172,617 | $ 173,270 | $ 174,869 |
| Net Revenue (Expense) Budgeted/Actual/<u>Variance</u>: | $ (145,613) | $ (161,719) | $ **(16,106)** |

During the 1st quarter of FY07, most HRDR expenses were in line with expectations. There were some variances in travel due to JCLC expenses and unexpected member travel to a planning meeting. Reference materials are up slightly. There were some late speaker expenses in Placement (0402) from Annual Conference; these should have been in Fy06.

2nd quarter variances reflect start-up pains related to the integration of the HRDR-run Placement Center into the AL/ACRL JobLIST package. The revenue variance is related to advertising revenue. The employer booth sales were close to target. The expenses for the Midwinter Placement Center have not been fully processed. The revenue share transfer from AL/ACRL has not yet taken place. By year-end, HRDR should be close to budget.

**Office for Intellectual Freedom**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 159,712 | $ 146,503 | $ 150,861 |
| Total Expenses Budgeted/Actual/Remaining: | $ 309,965 | $ 334,221 | $ 386,128 |
| Net Revenue (Expense) Budgeted/Actual/<u>Variance</u>: | $ (150,253) | $ (187,718) | $ **(37,465)** |

During the 1st quarter, the OIF budget reflected "carryover" revenue from the 2007 Banned Books Week. Over the 2nd and 3rd quarter, OIF will be "expense-heavy" as expenses for the (September) 2008 BBW are incurred; 2008 BBW materials go on sale approximately June 1. OIF expects to end the year on target.

**Office for Literacy and Outreach Services**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 1,296 | $ 2,984 | $ 384 |
| Total Expenses Budgeted/Actual/Remaining: | $ 153,691 | $ 162,972 | $ 147,198 |
| Net Revenue (Expense) Budgeted/Actual/<u>Variance</u>: | $ (152,395) | $ (159,988) | $ **(7,593)** |

Many of the variations in the OLOS budget are timing issues and the unit will change monthly allocation strategies effective with the FY08 budget. The modest revenue variance reflects book sales at the Midwinter Meeting and payment (honorarium) for training services.

While the OLOS budget, like other units, is showing the impact of salary increases, the part-time Communications Officer left at the end of December, which will result in some salary savings. Overtime is over budget due to non-exempt time used at the Midwinter Meeting. AV cost was incurred for an OLOS program presented at the Society on Aging Conference. OLOS also incurred Production Services charges for re-design services on the website.

**SAED Office – Member Programs & Services**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/ Actual/Remaining: | $ 7,500 | $ 0 | $ 15,000 |
| Total Expenses Budgeted/Actual/Remaining: | $ 113,634 | $ 122,454 | $ 106,677 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $ (106,134) | $ (122,454) | $ **(16,320)** |

Expenses were generally in line. Professional Services are running high, but will come back into line by year end. Some variances are still being investigated. In some cases, these are unallocated shared expenses. In others, they appear to represent late FY06 decisions. Budgeted revenue (Forums project) will not materialize as no pre-conference is being planned; associated expenses will also not be incurred.

*American Library Association*
***Schedule 5 – Statement of Revenues and Expenses – Divisions***
***February FY 2007 Financials***

**Unit Summaries – Divisions**

**American Association of School Librarians (AASL)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 393,665 | $ 400,847 | $ 253,213 |
| Total Direct Expenses Budgeted/Actual/Remaining: | $ 743,408 | $ 606,209 | $ 745,708 |
| Contribution Margin Budgeted/Actual/Remaining: | $ (349,743) | $ (205,362) | $ (492,495) |
| Overhead Budgeted/Actual/Remaining: | $ 25,164 | $ 30,406 | $ (2,052) |
| Tax Budgeted/Actual/Remaining: | $ 864 | $ 864 | $ 696 |
| Net Revenue (Expense) Budgeted/Actual/Variance | $ (375,771) | $ (236,632) | $ **139,139** |
| Beginning/Ending Net Asset Balance | $ 1,624,972 | $ 1,388,339 | |

February results mark the halfway point for the FY07 budget year. Greater than anticipated revenue for both the Fall Forum and the pre-Midwinter institute will balance out less than budgeted revenues for online courses and licensed institutes. AASL is still in an experimental stage with online learning and will continue pilot offerings this spring. The planned expansion of licensed institutes will not occur during this fiscal year due to the need to revise one of the institutes and the delay in development of another. Revenue from dues, advertising and royalties continues to lag. The gap in budgeted revenue for advertising will close somewhat as the year progresses but will not hit the budgeted target. The gap in dues revenue should narrow with the late February opening of registration for the 2007 national conference, though the overall drop in personal membership is cause for continued close monitoring. Savings on the expense side continue to accrue from an open position that we anticipated filling by the beginning of the 2007 calendar year and from management fees for an external grant. A lagging publication schedule is also contributing to expense savings. The year-end finish for AASL should not differ materially from the mid-year results.

**Association for Library Collections & Technical Services (ALCTS)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 251,828 | $ 243,613 | $ 436,127 |
| Total Direct Expenses Budgeted/Actual/Remaining: | $ 225,948 | $ 238,429 | $ 371,833 |
| Contribution Margin Budgeted/Actual/Remaining: | $ 25,880 | $ 5,184 | $ 64,294 |
| Overhead Budgeted/Actual/Remaining: | $ 20,102 | $ 15,346 | $ 47,610 |
| Tax Budgeted/Actual/Remaining: | $ 80 | $ 80 | $ 80 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $ 5,698 | $ (10,242) | $ **(15,940)** |
| Beginning/Ending Net Asset Balance: | $ 146,260 | $ 136,018 | |

FY07 is going to be an anomalous year with the heavy emphasis on the ALCTS 50th Anniversary Celebration. Expenses from now on will be far in advance of revenue and probably not come in line until June, 2007.

Revenue: Dues revenue is close to budget, which indicates that membership is still stable. LRTS revenue is lagging budget, but *LRTS* is ahead on a net basis; there are timing issues here. Registration fees are quite a bit lower; this revenue will pick up again with the spring offerings. Book sales are down a little from budget.

Expenses: Expenses are in line for most of the projects. The biggest expenses have to do with the expenses associated with the 50th Anniversary. Deposits were paid to both the conference site and the dinner.

**Association for Library Service to Children (ALSC)**

| | | | |
|---|---|---|---|
| Total Revenues Budget/Actual/Remaining: | $ 501,356 | $ 318,825 | $ 742,219 |
| Total Direct Exp Budget/Actual/Remaining: | $ 423,608 | $ 347,370 | $ 587,252 |
| Contribution Margin Budget/Actual/Rem: | $ 77,748 | $ (28,545) | $ (154,967) |
| Overhead Budgeted/Actual/Remaining: | $ 54,372 | $ 31,589 | $ 64,962 |
| Tax Budgeted/Actual/Remaining: | $ 132 | $ 132 | $ 128 |
| Net Revenue/(Expense) Bud/Act/Var: | $ 23,244 | $ (60,266) | $ **(83,510)** |
| Beginning/Ending Net Asset Balance: | $1,122,493 | $1,062,227 | |

ALSC is significantly further below budget than in December. Revenue from seals sales should have been much higher by this point in the year. Our seals sales supplier tells us he is receiving steady orders from publishers that compare with previous years, so the problem appears to exist on the billing and payment side; checking on the invoicing step, apparently a large number of invoices remain to be prepared and sent by ALA. ALSC has been assured that the shortfall should be gone by the March close.

ALSC's third-largest revenue generator on a percentage basis, after seals sales and member dues, Every Child Ready To Read is showing revenues that are close to budget and and expenses that are under budget, reversing the December pattern. Both are expected to be on budget at year-end.

Nonserial Publications shows a large positive variance. Sales are steady and close to budget; expenses are significantly under budget due to having fewer publications in production than anticipated in the budget.

Revenues and expenses for Administration, Service to Member (dues), and the *ALSConnect* newsletter are running close to budget. *Children and Libraries* is showing a large variance due to incorrect monthly allocation, which will be corrected in the FY08 budget.

**Association for Library Trustees & Advocates (ALTA)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $42,698 | $30,324 | $69,956 |
| Total Direct Expenses Budgeted/Actual/Remaining: | $89,540 | $83,824 | $6,956 |
| Contribution Margin Budgeted/Actual/Remaining: | ($46,842) | ($53,500) | $63,000 |
| Overhead Budgeted/Actual/Remaining: | $24 | $8 | $1,438 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | ($46,866) | ($53,508) | ($6,642) |
| Beginning/Ending Net Asset Balance: | $99 | ($53,409) | |

Problem Areas: Dues rev. down, staff wages up. While AC events will determine outcome, based on current trend and comparison to FY06, est. loss for FY07 is $5k-$7k. Recommend request for endowment fund (currently $140k) transfer as capital source for new product/service dvlp as envisioned in re-structuring plan.

**Association of College & Research Libraries (ACRL)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted /Actual/Remaining: | $839,504 | $995,101 | $2,439,404 |
| Total Direct Expenses Budgeted /Actual/Remaining: | $1,381,655 | $1,064,473 | $2,289,755 |
| Contribution Margin Budgeted /Actual/Remaining: | $(542,151) | $(69,372) | $149,649 |
| Overhead Budgeted /Actual/Remaining: | $40,711 | $49,219 | $357,891 |
| Tax Budgeted /Actual/Remaining: | $0 | $0 | $30,353 |
| Net Revenue (Expense) Budgeted /Actual/**Variance**: | $(582,862) | $(118,591) | **$464,271** |
| Beginning / Ending Net Asset Balance: | $2,517,675 | $2,399,084 | |

ACRL's revenues of $995,101 are 18% above projections, with some areas performing better than expected and others underperforming. Strong performers include: membership dues and professional development. Membership dues revenue was more than 9% better than budget, due in part to better than expected membership retention as ACRL continues the second year of its 2-year phased-in dues increase. Professional development revenues are strong in the virtual offerings, exceeding budgeted amounts by 48%. Some of this is due to timing, as ACRL offered a virtual institute in the fall and had a strong fall line-up of events. Internal records indicate that when revenues from the National Conference are recognized in March, ACRL will exceed budgeted amounts so that we should end the year better than budgeted. Publishing revenues are in line with budgeted amounts, with the exception of the journal, *C&RL*, which is falling behind budgeted expectations and the previous year. Statistics sales have been especially strong. Staff are researching expense distributions between non-serial publications and statistics. Total expenses are $1,113,692 and are 22% below budget, in part due to timing issues.

**ACRL CHOICE:**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted /Actual/Remaining: | $1,600,170 | $1,684,496 | $1,467,773 |
| Total Direct Expenses Budgeted /Actual/Remaining: | $1,278,641 | $1,180,595 | $1,418,174 |
| Contribution Margin Budgeted /Actual/Remaining: | $321,529 | $503,901 | $49,599 |
| Overhead Budgeted /Actual/Remaining: | $172,021 | $181,083 | $157,788 |
| Tax Budgeted /Actual/Remaining: | $22,580 | $22,580 | $23,077 |
| Net Revenue (Expense) Budgeted /Actual/**Variance**: | $126,928 | $300,238 | **$173,310** |
| Beginning / Ending Net Asset Balance: | $2,221,508 | $2,521,746 | |

Through February, CHOICE total revenues are $1,684,496. This is $84,326 (5%) more than budget and $341,901 (25%) better than last year. Total expenses are $1,384,258. This is $88,984 (6%) less than budget but $134,390 (11%) more than last year. Net revenues are $300,238, which is $173,310 (137%) more than budget and $207,511 (224%) better than last year. CHOICE print subscriptions are now $6,028 (1%) below budget and $87,738 (15%) less than last year, while electronic subscriptions are $58,899 (28%) below budget, but $1,125 (1%) better than last year. The electronic subscription performance continues to reflect the late launch of CRO2, which is, fortunately, now up and running at last. Overall, *Choice* subscription revenues are $64,927 (9%) below budget, although some portion of this shortfall is due to timing issues. Net revenues from print ad sales are $6,278 (1%) better than budget and $21,088 (5%) better than last year. Electronic ad revenues are significantly less than budget and less than last year, but now showing signs of improvement. Licensing revenues—exclusive of RCL—are $297,080, which is $25,514 (9%) more than budget and $163,525 (122%) better than last year. RCL total revenues are now $245,911, which is $100,973 (70%) more than budget

**Association of Specialized & Cooperative Library Agencies (ASCLA)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted /Actual/Remaining: | $29,159 | $30,284 | $36,366 |
| Total Direct Expenses Budgeted /Actual/Remaining: | $55,294 | $46,569 | $22,989 |
| Contribution Margin Budgeted /Actual/Remaining: | $(26,135) | $(16,285) | $13,377 |
| Overhead Budgeted /Actual/Remaining: | $569 | $412 | $1,997 |
| Tax Budgeted /Actual/Remaining: | $ 0 | $ 0 | $ 0 |
| Net Revenue (Expense) Budgeted /Actual/Variance: | $(26,704) | $(16,697) | **$10,007** |
| Beginning / Ending Net Asset Balance: | $63,348 | $46,651 | |

Revenue is almost exactly on target, with dues, publishing and online continuing education courses performing as planned. Expenses are under budget due to the vacancy in the executive director position. Because of the vacancy, ASCLA should finish the year better than expected.

**Library Administration & Management Association (LAMA)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $162,014 | $169,272 | $196,243 |
| Total Direct Expenses Budgeted/Actual/Remaining: | $144,344 | $138,050 | $200,118 |
| Contribution Margin Budgeted/Actual/Remaining: | $17,670 | $31,222 | ($3,875) |
| Overhead Budgeted/Actual/Remaining: | $6,386 | $8,183 | $9,744 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $11,284 | $23,039 | $11,755 |
| Beginning/Ending Net Asset Balance: | $136,559 | $159,599 | |

Positive: Dues are ahead of budget, nearly identical to FY06. MW Inst. net over 5k. Pub. sales ahead of budget. Salary savings beginning to show, accumulated savings will be significant. Negative: regional institute rev. under budget. Payments may be lagging. Subscription rev. slightly under budget. Fall mtg board exp should catch up to budget. Printing - primarily for dvlp of LA&M website - is double the entire annual budget and will impact final results. Based on the above as well as FY06 Feb results/Final close, FY07 net rev. should exceed budget by 5-7k for total net rev. of 14-16k.

**Library & Information Technology Association (LITA)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted /Actual/Remaining: | $ 355,546 | $ 346,570 | $ 249,485 |
| Total Direct Expenses Budgeted /Actual/Remaining: | $ 279,177 | $ 216,539 | $ 303,292 |
| Contribution Margin Budgeted /Actual/Remaining: | $ 76,369 | $ 130,031 | $ (53,807) |
| Overhead Budgeted /Actual/Remaining: | $ 47,230 | $ 36,385 | $ 26,870 |
| Tax Budgeted /Actual/Remaining: | $ 200 | $ 200 | $ 400 |
| Net Revenue (Expense) Budgeted /Actual/Variance: | $ 28,939 | $ 93,446 | $ **64,507** |
| Beginning / Ending Net Asset Balance: | $ 512,825 | $ 606,271 | |

LITA revenues are 2.52% below budget. The National Forum held in Nashville in October was well attended. Four Regional Institutes have been licensed this year. One is reflected in the above numbers. The second was held on March 17th and two more are scheduled for April. We look forward to offering a pre-conference in DC in June. In addition, one new *LITA Guide* will be released in April. Expenses are currently 22.44 % below budget. Projections indicate that revenues for the year will be approximately 12% below budget.

**Public Library Association (PLA)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted/Actual/Remaining: | $ 452,552 | $ 465,883 | $ 653,617 |
| Total Direct Expenses Budgeted/Actual/Remaining: | $ 845,770 | $ 785,127 | $ 986,526 |
| Contribution Margin Budgeted/Actual/Remaining: | $ (393,218) | $ (319,244) | $ (332,909) |
| Overhead Budgeted/Actual/Remaining: | $ 19,487 | $ 22,237 | $ 56,712 |
| Tax Budgeted/Actual/Remaining: | $ 702 | $ 702 | $ 698 |
| Net Revenue (Expense) Budgeted/Actual/Variance: | $ (413,407) | $ (342,183) | $ **71,224** |
| Beginning/Ending Net Asset Balance: | $ 955,024 | $ 612,841 | |

PLA revenues are $13,331 ahead of budget and expenses are $57,893 under budget primarily due to timing of expenses and revenues, as well as salary savings due to a vacant position. Over 700 people participated in the Spring Symposium, those registration fees will be reflected in the March performance report. The Gates Foundation sponsored 11 attendees at the advocacy workshop. This workshop was the beta test for additional advocacy training to be delivered to the membership over the next several years. PLA will be releasing its new advocacy toolkit for purchase at AC. PLA had planned on sponsoring 3 pre-conferences at the 2007 Annual Conference; however, due to low registration one pre-conference has been cancelled. We anticipate that the remaining 2 will be delivered. As previously mentioned, PLA applied to be a course provider for 9 CPLA courses; all courses have been approved by the ALA/APA PLA will deliver one unbudgeted CE course in August. We are partnering with regional systems to host the courses minimizing our financial exposure to secure venues, such as contracting with hotels for meeting rooms and sleeping rooms. We will not be securing housing blocks for the attendees. However, due to the uncertainty of the status (viability) of processing attendee registrations in house, attendee registration fees may escalate to cover external processing fees. Overall, PLA is performing as expected.

**Reference & User Services Association (RUSA)**

| | | | |
|---|---|---|---|
| Total Revenues Budgeted /Actual/Remaining: | $190,155 | $239,528 | $197,567 |
| Total Direct Expenses Budgeted /Actual/Remaining: | $163,311 | $127,351 | $243,044 |
| Contribution Margin Budgeted /Actual/Remaining: | $26,844 | $112,177 | $(45,477) |
| Overhead Budgeted /Actual/Remaining: | $7,615 | $9,812 | $8,647 |
| Tax Budgeted /Actual/Remaining: | $382 | $382 | $380 |
| Net Revenue (Expense) Budgeted /Actual/Variance: | $18,847 | $101,983 | **$83,136** |
| Beginning / Ending Net Asset Balance: | $374,999 | $476,982 | |

Revenues exceeded budget because of strong registrations for online continuing education courses and good performance in dues. Some late FY06 awards donations have also been posted to FY07. Expenses are under budget and are likely to continue this trend due to the vacancy in the executive director position. RUSA will end the year better than budget.

**Young Adult Library Services Association (YALSA)**

| | | | |
|---|---|---|---|
| Total Revenue Budgeted/Actual/Remaining: | $ 206,440 | $ 171,641 | $336,249 |
| Total Direct Expenses Budgeted/Actual/Rem: | $ 222,580 | $ 162,553 | $296,908 |
| Contribution Margin: Budget/Actual/Rem: | $ (16,140) | $ 9,088 | $ 39,341 |
| Overhead: Budget/Actual/Remaining | $ 11,019 | $ 13,953 | $ 8,084 |
| Tax: Budget/Actual/Remaining | $ 250 | $ 250 | $ 250 |
| Net Revenue/(Expense) Budget/Actual/Diff: | $ (27,409) | $ (5,115) | $ **22,294** |
| Net Asset Balance: Beginning/Ending | $ 444,918 | $ 439,802 | |

Membership has remained strong, but is showing signs of slowing, probably because of the dues increase; however, actual dues revenue to date is higher than budgeted. At the end of January, membership was 5,483, which is a 9% increase over this time last year. Revenues from the Midwinter Meeting surpassed expectations, and revenues from e-courses are also higher than budgeted. A weak spot is Young Adult Library Services. Expenses for that are currently over budget but should be offset before year's end by increased ad revenue. Overall expenses are low because the new Communications Specialist position is still vacant; that position should be filled by April.

Revenues for FY07 will come in on target or slightly above target because:

- Costs have been contained division-wide
- Membership growth and dues revenue has been better than projected
- Web CE has been very popular and another session of courses will be help before the end of FY07
- Revenues for institutes was higher than expected
- Royalties from Teen Read Week and Printz seals will not be realized until later in the fiscal year, but are expected to be solid
- Registration has been strong for events at the 2007 Annual Conference (June)
- A new book – *Get Connected: 50 Tech Programs for Teens* – goes on sale in June
- Teen Tech Week (new this year) brought modest revenues

Areas for improvement include:

- Nonserial publishing is a soft spot and YALSA will probably fall short of the FY07 target due to delays with the 3rd edition of *Best Books for Young Adults*
- *YALS* will be over on expenses for FY07, but a new ad rep came on in June and YALSA will seek to increase ad revenues
- YALSA is considering moving Electronic Publications in-house and selling ads for it.
- Friends of YALSA will probably make its target, but there is room for growth. A new YALSA Financial Advancement Committee is expected to help with this.

Major YALSA Revenue Generators:

- Dues (0000) will end the year slightly ahead of budget. Membership growth has averaged 9% since the beginning of FY07; a 3-6% growth rate was anticipated.
- Annual Conference offerings include 1 full-day and 1 half-day preconference and an additional ticketed event (YA Authors Breakfast) for YALSA's 50th Anniversary.
- Web CE (5640) is strong, with most courses full and expenses low.
- Licensed Institutes (5615) includes 3 budgeted institutes plus the MW Institute ('Building Teen Communities Online") which was filled to capacity.
- Printz Seals (5800) sales are not yet realized, due to processing, but YALSA expects to finish on target.
- Publications (5658) & Products is showing mixed results for FY07 – but strong prospects for FY08. *Best Books for Young Adults, 3rd ed.* will likely not be published in FY07. A new book (*Get Connected: 50 Tech Programs for Teens*) goes on sale in June. Four books are in the manuscript stage.
- Teen Read Week should be on target. A sponsorship agreement has been sent to Wizards of the Coast for a $50,000 corporate sponsorship.
- Teen Tech Week (5896) produced modest FY07 revenues – but those revenues had not been budgeted.
- Printz Reception (5801) will be on target as will the Awards lunch (5771) and Pre-Conferences (5776).

***American Library Association***
***Schedule 6 – Commentary: Balance Sheet - Total ALA***
***February FY 2007 Financials***

ASSETS

At February 28, 2007, total assets of $64,549,312 are $2,791,405 more than the total at February 28, 2006. This is a result of increases in long-term investments (D), property, plant and equipment (E), and inventories (C), offset by a decrease in cash and short-term investments (A), and net accounts receivable (B).

A. Cash and Short-Term Investments: Cash and short-term investments of $18,965,164 at February 28, 2007 are $743,899 lower than at February 28, 2006.

| | YTD AVG. BALANCE | YTD INTEREST INCOME | YTD YIELD |
|---|---|---|---|
| FY 2005 | $14,823,407 | $283,659 | 3.83% |
| FY 2006 | $14,388,761 | $330,931 | 4.60% |

See Schedule 2 explanation for additional investment information.

B. Net Accounts Receivable: Net accounts receivable of $3,922,755 at February 28, 2007 are $798,592 lower than the balance of $4,721,347 at February 28, 2006. The decrease is the result of a lower balance in PBD billings, mainly books and graphics related sales and iMIS billings offset by a higher reserve for bad debts (which lowers net accounts receivable). At February 28, 2007, total trade receivables were $2,704,264 as compared to $3,210,804 in FY 2006. Reserves for bad debt increased $21,238.

C. Inventories: While net inventories increased by $85,287, the gross inventory balance increased by $146,970 to $1,818,997 at February 28, 2007 from $1,672,027at February 28, 2006. ALA Editions finished goods has a $78,282 decrease and Graphics has a $112,918 increase. ALA Editions work-in-progress has an increase of $99,865. On a net basis, the reserves have increased $61,683 at February 28, 2007.

D. Endowment Investments: Long-term endowment investments of $29,514,269 at February 28, 2007 are $3,386,445 higher than at February 28, 2006, primarily as a result of market conditions.

E. Property, Plant and Equipment: Property, plant and equipment, net of depreciation of $9,131,726 at February 28, 2007 is $579,906 higher than at February 28, 2006 mainly as a result of limited additions between 2007 and 2006.

LIABILITIES

At February 28, 2007, total liabilities of $34,511,365 are $872,951 higher than total liabilities at February 28, 2006 primarily due to increases in (B) deferred revenues – grants and awards, (C) accounts payable (E) deferred revenues – subscriptions and (D) deferred revenues – membership dues, offset by decrease in a (A) deferred revenues meetings and conferences.

A. Deferred Revenues - Meetings and Conferences: At February 28, 2007, deferred revenues for meetings and conferences totaled $6,344,390 as compared to $6,783,381 at February 28, 2006. At February 28, 2007 deferred revenues consisted of PLA National Conference (March 2008), $752,671, AASL National Conference (October 2007), $394,053, Midwinter, $120,125, Annual Conference, $3,160,785, and ACRL National Conference (February 2007), $1,750,534. At February 28, 2006, PLA deposits are $3,040,831, AASL deposits are $326,568, ACRL deposits are $218,366, Midwinter, $458,925, and Annual Conference, $2,658,135.

B. Deferred Revenues – Grants: Deferred revenues for Grants and Awards at February 28, 2007 are $3,412,962 as compared to $3,125,100 at February 28, 2006. In February 2007, the following grants had significant deferred revenues, Frankenstein exhibit, $31,519, Library Literacy Assessment, $79,649, Ford Foundation, $83,049, Dollar General, $586,416, Kellogg 2006, $12,814, MacArthur Foundation, $9,619, Library Champions, $61,860, 21st Century Fund, $191,738, Walgreens consumer Health, $66,131, Gates General Ops, $64,267, Gates Connectivity, $279,606, Gates Technology Access Study, $716,795, Literacy Network Database, $243,659, and the Scholarship Bash, $168,921. In February 2006, major grants included Walgreens Consumer Health, $66,447, the Scholarship Bash, $394,122, Library Champions, $75,800, CIPA Defense Fund, $21,377, 21st Century Fund, $237,906, Nextbook, $29,809, e-Literacy, $61,147, Edlinc, $20,140, Investor Protection Trust, $44,963, and Literacy Network Database, $243,659.

C. Accounts Payable: At February 28, 2007, accounts payable totaled $14,065,280 as compared to $13,099,797 at February 28, 2006. The increase of $965,482 reflects the accrual of payroll related expenses, mainly $1,776,000 for post-retirement benefits, offset by lower payables for operations.

D. Deferred Revenues - Membership Dues: Deferred revenues for membership dues at February 28, 2007 are $4,420,120 as compared to $4,331,802 at February 28, 2006.

E. Deferred Revenues – Subscriptions: Deferred revenues for subscriptions at February 28, 2007are $3,199,530 as compared to $3,123,333 at February 28, 2006. The increase of $76,196, is mainly a decrease in American Libraries ($6,649), offset by an increase in LTR ($32,822), CHOICE ($7,802), Booklist ($9,106), ROC ($18,562) and Book Links ($25,312).