EBD/BARC #3.24a
2020-2021

FY21 FIRST QUARTER FINANCIAL PERFORMANCE REPORTS:

(click to view individual unit report):

- AASL
- ACRL-Choice
- AOMR
- CMO
- HR & Staff Support Services
- IT
- PLA
- PPA/Washington Office
- Publishing
- RUSA

AMERICAN ASSOCIATION OF SCHOOL LIBRARIANS (AASL) – FY21 1ST QUARTER PERFORMANCE REPORT

AASL

FY21 Ending November 2020	FY21 Budget 1st Quarter	FY21 1st Quarter Actual	Variance	Variance %
Total Revenues	$104,773	$80,749	-$24,032	-22%
Total Expenses Before OH and Taxes	$177,919	$168,521	$9,398	5%
Contribution Margin	$73,147	-$87,772	-$14,625	-20%
Tax	$50	$0	$50	100%
Overhead	$513	$389	$124	24%
Total Expenses	$178,482	$168,910	$9,572	5%
Net Revenue (Expense)	-$73,709	-$88,160	=$14,451	-20%

Total revenues as of the first quarter performance report were 23% below YTD budget (actual $80,749 vs budget $104,773).

AASL total Membership dues were at YTD budget (actual $69,500 vs budget $69,250). The performance report did not include any revenue for Continuing or Lifetime members and the request for that is pending.

Total expenses were 5% below YTD budget (actual $168,910 vs budget $178,482). The pandemic environment leading to cancelled or virtual events, including resources and connections to the conferences for AASL Chapters, should continue to reduce expenses below the original budget.

FY21 is a non-conference or "spend down" year for AASL. AASL is planning the 2021 AASL National Conference for October 21-23 in Salt Lake City. Registration as of early March is 95% on track when compared to previous conferences. All revenue and expenses for the AASL National Conference are deferred until the October 2021 event and not reflected in a performance report until FY22.

Overhead was 24% under YTD budget (actual $389 vs $513 budget).

ACRL PERFORMANCE COMMENTS
FY21 Q1

Executive Summary

ACRL Total	FY21 1st Q Actual	FY21 1st Q Budget	Var.	FY19 1st Q Actual	Var. FY19 to FY21
Revenues	$310,931	$307,691	$3,240	$549,148	($238,217)
Overhead	$25,399	$27,211	($1,811)	$23,093	$2,306
Total Expenses	$526,841	$648,678	($121,837)	$824,953	($298,112)
NET	($215,910)	($340,987)	$125,077	($275,805)	$59,895

ACRL's FY21 net for Q1 is better than budget by 37% due to cost savings of 19% or $121,837 less than the budgeted $648,678. The ACRL FY21 budget, approved by the ACRL Board in August with a -$540,864 deficit, assumed an in-person conference in Seattle in April 2021 which we were later forced to cancel and switch to virtual. The largest cost savings for ACRL in Q1 are in travel and related expenses, meal functions, printing and postage.

In the fall, the ALA Executive Board approved an ALA FY21 budget with unallocated expense reductions of $400k for Divisions and $100k for Round Tables related to travel and meetings. These are not currently reflected in quarterly performance reports or in the summary above. Interim CFO Denise Moritz and ED Tracie Hall consulted with ACRL Interim ED Kara Malenfant in March as they worked to allocate these budgeted cost savings fairly to the Divisions and Round Tables. After looking at ACRL's budgeted expenses project by project, ACRL staff agreed that, due to shifts in ACRL's conference and other planned in person events, ACRL's projected expenses for FY21 would be reduced by at least $214,473 (meetings and conferences) and $38,092 (travel) and likely much greater.

Revenue performance differed by project. Membership has come in right on budget. Revenue from ACRL's Trends & Statistics products are 56% ($15K) ahead of budget. This is a timing issue as we are publishing two print editions in FY21 and had budgeted revenue for only one print edition. Expenses for Trends & Statistics are also higher than budgeted; however, this is also a timing issue as an additional inventory adjustment credit ($34K) will be posted in July when the 2021 print edition is published.

Book sales are 24% ($15K) behind budget. This is largely due to the trend of declining print sales exacerbated by the pandemic. While print sales still account for most of the revenue, sales are moving to institutional ebook sales, which are above budget. As only 3 of 14 titles for the year were published in Q1, we expect to make up some of the revenue shortfall over the rest of the fiscal year.

For serial publications, printing costs for *C&RL News* are down about 50% from budget for a savings of $15K. Classified ad sales for ALA JobLIST (run jointly by staff of *American Libraries* and *C&RL News*) exceeded budget each month in Q1 by an average of 25%. This increase has held in subsequent months, and it would seem hiring has not been curtailed by the pandemic as much as we had expected when we set the budget last summer.

Revenue for online continuing education is strong, with an actual of $26K which is twice the budget of $13K. As with Choice's report, below, of increased appetite for webinars, so too has the pandemic increased interest in ACRL virtual learning. Among other Q1 offerings were two well-attended 3-part webcast series: Copyright & Course Reserves and Research Process, Methods, & Relationships for Academic Librarians. The first series alone brought in nearly $16K. Our monthly newsletter, *The Syllabus*, which began in January 2020, continues to promote all of ACRL's professional development offerings inside and outside of association membership.

ACRL's Consulting business has continued apace, successfully switching from in person retreats and external reviews to virtual. Q1 revenue shortfalls are related to timing of billing clients and not a lack of business. Revenue for remainder of FY21 is projected to exceed budget by at least $20K. It may be greater given the newly launched service, Regenerating the Academic Library, which focuses on the impact of the massive changes in higher education and academic libraries over the past year.

For future quarters of FY21 we project additional savings due to continued cancelation of budgeted travel and in person meetings. We anticipate $60,000 in payroll savings due to a continued open position while the ACRL ED search relaunches. The trendlines persist for increased revenue in online continuing education and classified ads.

As in-person events switched to online, we project a modest net for the ACRL 2021 Conference that is higher than budgeted (which had been based on lower than usual attendance in a higher-cost city) but still much lower than past ACRL conference actuals. Note, because the ACRL Conference has a two-year cycle, we must look at the budget over a two-year period, and the projected net for FY21 will just cover planning costs incurred in FY20, including staff time. Thus, the ACRL 2021 Conference will comply with ALA policy on financing of events which stipulates that all institutes, workshops, etc., sponsored by ALA and/or its units shall be self-supporting, including administrative costs.

As with our biennial conference, ACRL's licensed workshops (or roadshows), Information Literacy Immersion Program, and RBM conference are all switching to online, and we project modest nets for all as budgeted. Importantly, given the switch from in person to online events, revenue is assessed at 50% of the overhead rate, per the policies of ALA in relation to its membership divisions (aka "the operating agreement"). This means ACRL projects will be under on the budgeted overhead payment of $677,972.

Choice Performance Comments
FY21 Q1

September-November 2020

Choice ended FY21 Q1 with net operating income $114K better than budget, largely driven by outsized performance in our content marketing lines (webinars, podcasts, white papers, and newsletters), which collectively netted $185,237, some $102,274 better than budget.

November 2021							
CHOICE 404	**Budget YTD**	**Actual YTD**	**Var**	**% Budget**	**Prior Year**	**Var**	**% Prior**
Revenue	590,505	681,671	91,166	15.44%	680,971	700	0.10%
Expenses	614,378	591,721	22,657	3.69%	675,016	83,295	12.34%
TOTAL	(23,873)	89,950	113,823	476.79%	5,955	83,995	-1410.50%

Subscriptions:

For the period, overall subscription revenue is running almost $5K better than budget, with *Choice* magazine beating budget by $10K, offset by declines in revenue from *Resources for College Libraries* (RCL) and *Choice Reviews.* The disjunction between earned income and future performance can be readily seen in the difference between magazine revenue, flat to prior year, and magazine circulation, down 11.5% year-over-year. The first-quarter ProQuest payment to Choice for RCL subscriptions was $46,719.50, 10.5% below the first-quarter payment made a year ago, and conversations with ProQuest management affirmed continuing industry-wide declines in subscription revenues.

November 2021							
SUBSCRIPTIONS	**Budget YTD**	**Actual YTD**	**Var**	**% Budget**	**Prior Year**	**Var**	**% Prior**
Choice magazine	86,931	96,886	9,955	11.45%	96,077	809	0.84%
Choice cards	18,503	19,023	520	2.81%	22,193	(3,170)	-14.28%
Subtotal Choice Print	105,434	115,909	10,475	9.94%	118,270	(2,361)	-2.00%
Choice Reviews	156,311	152,703	(3,608)	-2.31%	162,730	(10,027)	-6.16%
Total Choice	261,745	268,612	6,867	2.62%	281,000	(12,388)	-4.41%
ccAdvisor	2,250	8,626	6,376	283.38%	7,598	1,028	13.53%
Resources for College Libraries	55,000	46,720	(8,280)	-15.05%	52,129	(5,409)	-10.38%
Total Subscriptions	**318,995**	**323,958**	**4,963**	**1.56%**	**340,727**	**(16,769)**	**-4.92%**

Advertising and Sponsored Content

Again this year we are seeing strong growth in income from content marketing offset by steep declines in both print and digital ads. Through November, year-over-year net income from all sources is running 35% ahead of last year and 65% ahead of budget. Timing plays a role in some of this, including a net gain of $23K in white papers owing to the late (October) delivery of a paper originally budgeted for FY20 and the prodigious (and underbudgeted) appetite for webinars spurred by the sequestration. Another factor in the gain is the start of a new Choice content-marketing line, case studies, which has already garnered $25K from Taylor & Francis. Gross webinar bookings alone for full-year FY20 are approaching a quarter million dollars, as sponsors rush to connect with their customers.

November 2021							
ADVERTISING & SPONSORED CONTENT	Budget	Actual	Var	% Budget	Prior Year	Var	% Prior
Net Choice Magazine	47,750	45,290	(2,460)	-5.15%	69,140	(23,850)	-34.50%
Net Choice Reviews	7,162	6,000	(1,162)	-16.22%	8,957	(2,957)	-33.01%
Net Webinars	38,051	90,727	52,676	138.44%	53,537	37,190	69.47%
Net Content Marketing	44,912	94,510	49,598	110.43%	40,178	54,332	135.23%
Net ccAdvisor	1,493	239	(1,254)	-83.99%	2,494	(2,255)	-90.42%
Total Advertising and Sponsored Content	**139,368**	**236,766**	**97,398**	**69.89%**	**174,306**	**62,460**	**35.83%**

For traditional advertising (space ads in print; banner ads on websites) the carnage continues. Year-over-year net income for *Choice* magazine is only two-thirds that of a year ago. Our full-year budget is $200,000 (gross), and we expect to miss that target by as much as $50,000. Compare this to four years ago, when full-year gross revenue was $447,000. Through December, *Choice Reviews* year-over-year net income is similarly off by one-third.

Licensing

Licensing revenues to aggregators, wholesalers, and LMS platforms are governed by contract and thus provide a reasonably predictable stream of revenue. Through Q1, revenue is $117K, or 3% below budget and 20% below last year at this time. The differences are owing to timing, and we expect to make our full-year number ($500K).

Miscellaneous Sales (4109) and Revenue (4490)

These diverse revenues arrive intermittently throughout the year, and thus year-over-year comparisons are difficult to make. In the one category where it is relatively easy to track ongoing revenues, the news is disappointing but not unexpected. Through November, revenue from the sale of “remaindered” (unreviewed) books is at $4,047 (the performance report erroneously shows only $581), a drop of 56% over a year ago. The causes are straightforward: fewer visits by key customers (e.g., Strand) and a consolidation of the bookseller market.

Expenses

Aided by the furloughs and by continuous monitoring of expenses by Choice staff, direct expenses are below budget in each budget category and are running 14% ahead of prior year, with a contribution margin of 20%. The one spending anomaly is a $12.5K overage against budget in web operating expenses (line 5430). This was caused by a contractor delay in completing our new website (www.choice360.org), pushing the final payment of $13,350, originally budgeted in for FY20, into FY21.

Overall expenses were almost $23K better than budget.

November 2021							
EXPENSES	Budget YTD	Actual YTD	Var	% Budget	Prior Year	Var	% Prior
Payroll and Related	372,904	354,537	18,367	4.93%	391,359	36,822	9.41%
Outside Services	26,708	23,300	3,408	12.76%	38,049	14,749	38.76%
Travel and Related	300	0	300	100.00%	7,833	7,833	100.00%
Meetings and Conferences	-	0	0	#DIV/0!	1,250	1,250	100.00%
Publication-related	74,565	71,895	2,670	3.58%	66,189	(5,706)	-8.62%
Operating	60,296	54,322	5,974	9.91%	79,037	24,715	31.27%
TOTAL DIRECT EXPENSES	**534,773**	**504,054**	**30,719**	**5.74%**	**583,717**	**79,663**	**13.65%**
INTERUNIT TRANSFERS	**(302)**	**(1,831)**	**1,529**	**506.29%**	**0**	**1,831**	**#DIV/0!**
IUT/Overhead	78,922	83,177	(4,255)	-5.39%	90,229	7,052	7.82%
Liberty Square	985	6,321	(5,336)	-541.73%	1,070	(5,251)	-490.75%
Taxes	0	0	0	#DIV/0!	0	0	#DIV/0!
TOTAL OVERHEAD & TX	**79,907**	**89,498**	**(9,591)**	**-12.00%**	**91,299**	**1,801**	**1.97%**

AOMR FY21 FINANCIAL COMMENTARY – NOVEMBER 2021

AOMR Departmental Overview and Summary

The ALA Offices and Member Relations (AOMR) Department is made up of the following units: The AED Office (formerly MPS); Membership Development and Customer Service (MDACS); Office for Intellectual Freedom (OIF); Office for Human Resource Development & Recruitment (HRDR); Office for Diversity, Literacy & Outreach Services (ODLOS); Office for Accreditation (OA); Library and Information Resources Center (LIRC); Public Programs Office (PPO); and ALA Round Tables.

Unit Reports

AED - Offices & Member Relations (AOMR) (200)

Total Revenues Budgeted/Actual/Remaining:	$ 36,000	$ 4,300	$31,700
Total Expenses Budgeted/Actual/Remaining:	$ 410,615	$104,556	$306,059
Net Revenue (Expense) Budgeted/Actual/Variance:	$(374,615)	$(100,256)	$7,822

AOMR – AED is running over budget by $7,822. This is due in part to revenue from sales being down and salaries and benefits being slightly up.

Membership Dues – 591-9152

ALA Membership Dues (Q1 Close) - ESTIMATED

Total Revenues Budgeted/Actual/Remaining:	$ 3,717,768	$ 930,671	$ (2,787,097)
Total Expenses Budgeted/Actual/Remaining:	$ (110,000)	$ (26,297)	$ (83,703)
Contribution Margin:	$ 3,607,768	$ 904,374	$ (2,703,394)

Deferred membership revenue for FY21 cannot be calculated until we get caught up on FY20; therefore, the numbers on the financial statements are estimates (the same applies to division and round table membership dues). For the purposes of this report, I have manually deferred the payments we have received and there is a margin of error since these calculations are manual.

Our primary season to collect membership dues ends in February so we now have a very good understanding of where we will end the fiscal year. We are slightly ahead of budget for our membership dues and are still playing a bit of catch up with our mailed check and ACH payments. Our membership renewal processes occur monthly and include both e-renewals as well as printed notices. Our e-renewal notices have been on track; however, we are not mailing printed invoices when we are behind with check and ACH processing so those are happening every other month. We hope that by summer we will be back to our normal monthly schedule for printed renewals as well.

For FY21 we had decreased our budgeted membership revenue by 28% based upon the employment uncertainty and the number of members whose dues are paid by their library. We increased dues revenue for FY22 so it is good to see that we may be ahead of budget for FY21.

Membership Operation – 250-0000

ALA Membership Dues (Q1 Close):

Total Revenues Budgeted/Actual/Remaining:	$ 32,500	$ 14,560	$ 17,940
Total Expenses Budgeted/Actual/Remaining:	$ (579,386)	$ (144,759)	$ (434,626)
Contribution Margin:	$ (546,886)	$ (130,199)	$ (416,686)

Total unit finances are just slightly behind budget.

February 2021 Informal Membership Snapshot

Count of Personal (Individual) Members:	48,681
Count of Organizational Members:	2,962
Count of Corporate Members:	131
Total:	51,774

ALA's membership has dropped just below 52,000 - a 12% decline from 2020 and a 10% decline when compared to the same time in 2019. We had been tracking closer to 7-9% decline and our membership took an additional decrease this month due to timing delays in processing United group memberships (which are received at HQ). This impacted our counts by 1,221 members in addition to the expected decline due to the impact of COVID-19 on library employment.

Membership counts and revenue do not vary at the same rates because our members pay varying dues. While membership counts have not declined as much as dues, we are seeing a decline in our Regular, Organizational, and Corporate Members which pay the highest dues prices. We are seeing an increase in Student Members, especially through our joint student membership program, who pay only $21 annually.

Office for Accreditation (OA) (112)

112 Office for Accreditation

	Full Year	Actual	YTD	Variance
Net Rev/(Expense)	-146,998	25,770	27,725	-1,955 (-7%)

Based on actual for revenue, it appears that we're waiting on one program's payment of the annual fee. For total expenses, we have a -2% variance.

ALA Office for Diversity, Literacy & Outreach Services (ODLOS) (116)

	YTD Budget	Actual	Variance	Variance %
Total Revenues	$ 7,375	$ 975	$ -6,400	-87%
Total Expenses before OH and Tax	$ 100,188	$ 70,039	$ 30,149	30%
Contribution Margin	$ -92,813	$ -69,064	$ 23,749	26%
Net Revenue Expense	$ -92,813	$ -69,064	$ 23,749	26%
Ending Net Asset Balance	$ -92,813	$ -69,064	$ 23,749	26%

While revenues for the Office for Diversity, Literacy and Outreach Services (ODLOS) are below budget for the first quarter of FY21, our expenses are also well below budget, giving us a variance of 26% in net revenue / expense.

We are not yet meeting our revenue projections because of missed training opportunities due to the cancellation of in-person chapter and other conferences in the fall of 2020. However, by the winter we had adapted our in-person trainings to a virtual platform and brought in approximately $10,000 in training fees. With these revenues, as well as an additional $500 for an *ALA Essentials* webinar and $10,000 for advising and resources for PPO's *LTC Focus on Small and Rural Libraries,* we will have exceeded our full-year revenues budget by the third quarter of FY21.

With the vacancy in the ODLOS Director position our overall expenses for the first quarter of FY21 are well below budget. We are overbudget in two expense lines, however, including Web Operating Expenses (line 5430). The original budget for our Zoom licenses was based on the FY20 budget, but in the summer of 2020, we needed to increase our webinar capacity and later in 2020, accessibility. These additional expenses for the webinar and captioning add-ons meant that our actual expenses are double those projected. The first quarter report also shows a variance in Order Processing/Fulfillment (line 5433), but these expenses will be recouped through GL transfers from the round table budgets responsible for the fees. With the halt on travel, the first quarter report shows significant savings in Travel and Related Expenses and Meetings and Conferences. These cost-savings trends will continue throughout FY21, and we expect the Office to end the fiscal year with a positive variance in net revenue / expense.

Office for Human Resources Development & Recruitment (HRDR) (106)

Total Revenues Budgeted/Actual/Remaining:	$ 54,000	$ 1,251	$52,749
Total Expenses Budgeted/Actual/Remaining:	$ 239,262	$52,358	$187,003
Net Revenue (Expense) Budgeted/Actual/Variance:	$(185,362)	$(51,108)	$(5,239)

HRDR is over budget due to slower than normal revenues and slightly elevated amounts in salaries.

Office for Intellectual Freedom (108)

Total Rev. Budgeted/Actual/Remaining/Var.:	$72,172	$18,728	$53,444 (142%)
Total Exp. Budgeted/Actual/Remaining/Var.:	$506,676	$111,491	$395,184 (5%)
Net Revenue (Expense) Budgeted/Actual/Variance	$(434,504)	$(92,764)	$(341,740)(16%)

Revenues across all projects are ahead of budgeted income, and expenses across all budgets are at or slightly below budget.

Revenues were budgeted to reflect anticipated declines in sales of Banned Book Week materials, CE, and subscriptions due to pandemic-related conditions, such as the closure of libraries and schools and reduced library budgets, and revenues continue to reflect the expected losses. Due to the traditional falloff of Banned Book Week sales during the winter and spring, revenue results should remain stagnant through May 2021.

OIF is preparing the new Banned Books Week campaign, and this year's theme and design has been well-received by our member groups and ALA Graphics. We continue to work cooperatively with Graphics to develop digital products and print-on-demand items that meet the current needs of libraries and school. We are developing additional CE opportunities with Dan Freeman, and anticipate offering our well-received First Amendment and Privacy courses over the summer, and adding new webinars tied to new Privacy Field Guides that will debut in September of 2021. The first, on Privacy Audits, is planned for September 2021. We also anticipate increased royalty revenues due to the January 2021 publication of the 10th Edition of the Intellectual Freedom Manual.

The Freedom to Read Foundation has committed to transfer funds to offset a portion of salary and benefit expenses for one Program Officer and the Director.

Public Programs Office (PPO) (115)

	Full Year Budget	Actual	YTD Budget	Variance	Variance %	Prior Year Actual	Remaining Current Budget

(4300) GRANTS	$3,869,406	$420,161	$967,352	$ (547,191)	-57%	$401,232	$3,449,245
(4400) DONATIONS	$200,000	$325	$50,000	$(49,675)	-99%	$60,765	$199,675
(4420) INT/DIV	$51,781		$12,945	$(12,945)	-100%	$10,518	$51,781
(4421) ROYALTIES	$3,200		$800	$(800)	-100%		$3,200
(4200) REGISTRATION FEES	$34,360		$8,590	$(8,590)	-100%		$34,360
(5911) IUT/OVERHEAD	$395,206	$42,919	$98,801	$(55,883)	-57%	$52,718	$352,287
^TOTAL EXPENSES Gen Fund Admin	$289,271	$75,840	$71,399	$4,440	-6%	$110,551	$213,431
*TOTAL EXPENSES Gen Fund Admin	$289,271	$21,326	$71,399	$(50,074)	70%	$110,551	$267,945
		#$54,514					

The following categories are behind budget due to timing and expected to be on budget by year-end:

- Grants revenue/expense
- Donations expense/revenue
- Royalties expense/revenue
- Overhead recovery

Int expense/revenue is behind budget due to timing; may be lower due to market conditions.

Registration expense/revenue is behind budget due to cancellation of in-person events; expect revenue will not be realized by year-end.

General fund is behind budget due to timing. Better than budget by 70% due to NEH CARES funding that has just been drawn down (see next line for illustration).

*Illustration of actual after NEH CARES grant. We also applied for an NEH CARES supplement, which would further cover salaries in the general fund.

#Amount transferred to NEH CARES grant.

Library and Information Resources Center (LIRC) (104)

Total Revenues Budgeted/Actual/Remaining:	$ 0	$0	$0
Total Expenses Budgeted/Actual/Remaining:	$316,041	$91,529	$224,512
Net (Expense) Budgeted/Actual/Variance:	$(316,041)	$(91,529)	$(13,377)

The Library is running over budget due high activity as a result of the headquarters move and increased services of the ALA Archives at the University of Illinois at Urbana-Champaign (UIUC).

COMMUNICATIONS AND MARKETING OFFICE FY21 FINANCIAL COMMENTARY – NOVEMBER 2021

CMO's modest revenue projections are connected to royalties from Libraries Transform merchandise sold through the ALA Store. As all Graphics products are seeing decreased sales due to the pandemic, the -42 percent variance is likely to hold through the fiscal year. We will likely come in at about 50 percent of projection. Due to potential changes to the campaign, CMO did not budget revenue projects for the upcoming cycle.

On the expense side, CMO is right on schedule. In the coming months, one of our staff positions will be reflected as vacant, and that salary will not be spent; some staff salaries will be partially paid by grant funds, so we expect to come in under budget for the year.

HR & STAFF SUPPORT SERVICES FY21 FINANCIAL COMMENTARY – NOVEMBER 2021

Human Resources and Staff Support Services Unit Overviews:

HR – Human Resources (506)

Total Revenues Budgeted/Actual/Remaining:	$ 0	$ 0	$0
Total Expenses Budgeted/Actual/Remaining:	$ 606,774	$143,188	$325,818
Net Revenue (Expense) Budgeted/Actual/Variance:	$(606,774)	$(143,188)	$(4,423)

HR is running over due to salary payments to an employee who left the organization during the First Quarter.

Staff Support Services (501)

Total Revenues Budgeted/Actual/Remaining: $ 0 $ 0 $0

Total Expenses Budgeted/Actual/Remaining: $ 158,464 $14,811 $143,653

Net Revenue (Expense) Budgeted/Actual/Variance: $(158,464) $(14,811) $24,474

Staff Support Services is running under budget due to reduced amounts in salaries and benefits.

IT FY21 FINANCIAL COMMENTARY – NOVEMBER 2021

At the end of November 2020, IT expenses were 5% or $42,807 under budget.

Professional services and software maintenance were under budget due to timing issues.

IT resources are currently being used on upgrading Shibboleth single sign-on software to implement https on the main ala.org websites, monitoring revenue and membership goals, assisting with the new Continuing Education (CE) learning management/eCommerce implementations, implementation of the eStore/eCommerce integration to the new fulfillment vendor, and improving communication technologies (i.e. migrating all blogs to the cloud, moving Sympa lists to ALA Connect, and updating marketing email automation services).

PUBLIC LIBRARY ASSOCIATION
FY21 – NOVEMBER 2020 FINANCIAL NARRATIVE

FY21 Operating Budget as of November 2020

GENERAL FUND ***Including Conference***	**Nov 2020** **YTD Budget**	**Nov 2020** **YTD Actual**	**Nov 2020 Variance**
Total Revenues	$200,150	$169,524	($30,626)
Total Expenses before OH and tax	$328,535	$189,796	$138,739
Overhead and Tax	$19,741	$9,122	$10,619

	YTD Budget	YTD Actual	Variance
Net Revenue (Expense)	($148,126)	($29,394)	$118,732
Beginning NAB		**Ending NAB**	
TBD		TBD	

<u>Operating Budget:</u> As of November 2020, PLA has an actual net expense (loss) of $29,394 compared to a budget net expense of $148,126. (FY21 is a non-conference year for PLA, so it is budgeted for a total net expense of $563,947.) This favorable position is generally due to lack of spending on programmatic activity (some of which may not occur at all due to the ongoing COVID-19 situation), and stronger than expected sales of PLA products.

- Spending on administrative costs (staff, board management) is slightly below budget (11% variance), due to open positions.
- Dues revenue is exactly on target, with $96,250 collected against a budget of $96,800.
- PLA is doing very well in certain product areas, reflecting how we adapted to provide virtual content and made efforts over the last few years to improve our publications.
    - Public Libraries magazine revenue is only slightly down ($9,999 actual versus $12,875 budgeted) but expenses are substantially below budget, with only $2,900 spent against a budget of $30,807. While some of this cost savings is due to delays in receiving and paying invoices, some can be attributed to moving Public Libraries online for select issues, saving printing and mailing costs.
    - Revenue for PLA's webinars is on target ($12,239 actual versus $13,000 budgeted).
    - General publications revenue as of November 2020 stands at $19,866, which is over $18,000 more than budgeted, due to sales of the PLA early literacy calendar, which was heavily promoted in September and October 2020. Similarly, PLA has had strong sales of the Every Child Ready to Read materials, with $17,803 received versus a budgeted amount of $1,125.
- Certain PLA products are behind on revenue. Professional development activities optimistically budgeted for FY21 have not yet generated revenue, and they may not given the status of live events this fiscal year. This includes regional CE events ($10,000 budgeted, $6,325 actual) and specifically the Equity Starts with Us training ($50,000 budgeted, $2,625 actual). For the latter event, which will not happen in-person in FY21, PLA substituted a virtual EDISJ Leadership Lab, which sold well; its revenue will show up in early Second quarter FY 21 reports
- Lack of expenses for the PLA 2022 Conference is also a contributing factor to PLA's lower than anticipated net loss. By November 2020, PLA had budgeted to spend $31,125 on conference promotion, site visits, facility deposits and other "off year" expenses. However, only $190 was spent. Spending on conference planning will increase by mid/late FY21, however it is likely to stay well under the budgeted amount of $94,500.

<u>Grant Budgets:</u> Grant spending is far exceeding budget because PLA confirmed over $400,000 in new and renewed grant funding in late summer and early fall of 2020. Given the late stage of FY20

budgeting, these projects were not included in the budget. Only spend down on the Gates grants was included.

As of November 2020, PLA had spent $346,592 in grant funds compared to a budgeted amount of $238,212, for a difference of $108,380. Spending in the grant projects *which were included in the FY21 budget* (Gates funds) is running slightly ahead of budget on target: a total of $280,594 has been spent against a budget of $238,212. These funds mostly support about half of PLA's staff salary and benefits but also include continued support of Project Outcome and some of PLA's new data initiatives, including tools to replace the PLDS.

Another $65,998 was spent on PLA's health insurance outreach, support of technology and training with Microsoft funds, and a new IMLS-funded project to help libraries engage Latinx families. While no budgeting was entered in order to track variances on these projects, staff have confirmed they are rolling out as planned with no major variances predicted.

PPA/WASHINGTON OFFICE FINANCIAL SUMMARY NOVEMBER 2020

Washington Office Operations (Unit 150) is shown as $19,918 under budget for the month of November and 20% ($39,962) under budget for year-to-date expenses. This under budget status is attributed to the continued reduction in some operational, as well as travel related, expenses due to the work from home status of all of the staff. Timely processing and payment of invoices continues to be a primary concern in the effort to avoid excessive late fee assessments. Currently, the Washington Office does expect to be within budget at the end of the fiscal year.

Public Policy and Advocacy (Unit 151) is shown as $8,157 under budget for the month of November and 12% ($52,787) under budget on year-to-date expenditures. The reduction in travel related expenditures and reduction in some outside services payments played a part in this underbudget status. All other expenditures were as planned and the unit expects to be within budget at the end of the fiscal year.

ALA PUBLISHING FY21 PERFORMANCE SUMMARY: Q1 SEPTEMBER – NOVEMBER 2020

Department totals	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget
Total Revenues	$2,173,339	($160,375)/ - 7%	$10, 032,632

Total Expenses – before OH and taxes	$1,673,460	$39,565/ 2% below budget	$7,247,215 (not including overhead)
Overhead paid	$575,934	($50,880)/ -8%	$2,658,646
Net revenue (Note: the lag between revenues and expenses being recorded skews this number throughout the year until final expenses are calculated and IUTs etc. applied.)	$25,921	($100,322)/ -79%	$529,129

ALA Publishing Department top Q1 takeaways

- Fluctuations from month to month continue across the department as a whole—so far in FY21, one month's revenue was ahead by 12% and other months it has fallen behind.
- Despite some optimism about the coming months with vaccinations and more libraries and schools either opening up again or planning to do so, market and sales trends continue to be unpredictable. Based on manually compiled information from software used in each unit, it looks as though as of late February, we are tracking 7% behind revenue goals and anticipate that this will hold true for the fiscal year overall. Monthly allocations were set higher in most units for the second half of FY21 given the many unknowns of the pandemic and the hope that things would improve as the year went on. Those hoped-for improvements are still unclear, and the higher Q3 and Q4 revenue targets account in part for the projected shortfall of 5-7%.
- Some projected shortfall across the units is from losses in advertising, product sales, and pre-conference opportunities at face-to-face ALA conferences, especially Annual.
- Shortfalls will be mitigated in part by expense savings. Reduced expense numbers that offset revenue shortfalls lag in reporting, so the net revenue number presents an incomplete picture throughout the year until the close after August when numbers are reconciled.
- Book sales continue to be impacted by unexpectedly high returns from distributors and the disruptions in education, including higher ed.
- Online learning continues to show potential, especially in the area of bulk sales for elearning events from across ALA negotiated centrally through the eLearning Solutions unit. This bodes well for the shift to a stand-alone ALA CE unit.
- The staff furloughs in FY21 combined with expense reductions led to some judicious trimming, such as some combined magazine issues, fewer books published, and smaller and fewer print product catalogs.
- Positive signs for the remainder of FY21 include at least two of the "Big 5" publishers continuing to predict strong calendar-year 2021 sales (suggesting potential advertising opportunities), interest in custom and licensed content, success in collaborative projects and content development across ALA, and the launch of RDA 3R. Overall, the new ALA Pivot Strategy is offering a framework for rethinking our work, investments, and priorities.

ALA Editions 301	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget
Total Revenues	$555,622	(108,491)/ -16%	$2,672,553
Total Expenses - Overhead	$535,754	$13,912/ 3% below budget	$2,420,824 (not including overhead)
Overhead paid	$147,240	($28,750)/ -16%	$708,227

ALA Editions/ ALA Neal-Schuman top Q1 takeaways

- The product sales units, including books, have seen the biggest month-to-month fluctuations so far in FY21. Fluctuations throughout the first quarter (-12.8% by late fall) have stabilized towards the end of the second quarter and sales have rebounded slightly to around a 5% decline.
- Book sales continue to be impacted by unexpectedly high returns from distributors and the disruptions in education, including higher ed. Net sales for January came in overall about $55,000 over budget. Barnes & Noble College Bookstores and Follett Higher Education made up around $37,000 of these sales, so we may see high returns on that segment of sales as we have throughout the pandemic.
- TechSource subscriptions are not yet updated in reports so we are using estimates. Many subscriptions end in December each year. Once we have access to data for deferred subscription revenue from May 2020 to date, we can report in more detail.
- Facet sales (the CLIP UK publishing partner) are about $6,600 behind budget YTD.
- The unit published a total of 13 book projects in Q1. Important collaborative book projects with ALA units included *Ask, Listen, Empower: Grounding Your Library Work in Community Engagement*, with PPO; *Pivoting during the Pandemic: Ideas for Serving Your Community Anytime, Anywhere*, with PLA; *Intellectual Freedom Manual, Tenth Edition*, with OIF; and several titles with the former ALCTS (now Core).
- Titles published since Q1 include *Going Virtual: Programs and Insights from a Time of Crisis*, by Sarah Ostman (in collaboration with ALA PPO); *Introducing RDA: A Guide to the Basics after 3R, Second Edition*, by Chris Oliver; *Library Next: Seven Action Steps for Reinvention*, by Catherine Murray-Rust; *Well Said: The Library Lovers Coloring Book of Quotes*; *Maker Literacies for Academic Libraries: Integration into Curriculum*, edited by Katie Musick Peery; *Responding to Rapid Change in Libraries: A User Experience Approach*, by Callan Bignoli and Lauren Stara; and *RDA Glossary*, The RDA Steering Committee (RSC); and several titles with Facet/ CILIP (UK).
- Improvements and efficiencies in product fulfilment will result from shifting to a new vendor as of July 1. The decision on the vendor is expected to be made in late March. Seeking a new vendor for product fulfillment, warehousing, and distribution offers us the chance to rethink distribution and future-facing models such as print-on-demand (already used for reprints and some smaller print runs). The first phase will be a more traditional move to a new vendor, but plans for the future include rethinking the customer journey, starting at the point of discovery (ecommerce platform).
- We continue to hone and implement a tiered approach to book publishing that identifies priorities based on potential sales and immediate need for content, a revised acquisitions plan, and the announced launch in February of a collaboration with trade publisher Sourcebooks. Sourcebooks projects will earn royalties for the unit.

Booklist 302	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget
Total Revenues	$1,014,685	($1,734)/ -0.17%	$4,389,018
Total Expenses - Overhead	$547,327	$19,509/ 3.4% below budget	$2,305,487 (not including overhead)
Overhead paid	$268,892	($459)/ -0.17%	$1,163,090

***Booklist* top Q1 takeaways**

- *Booklist* stayed close to budgeted revenue and expense targets through Q1. When the FY21 budget was submitted, it was not clear if/when the pandemic would end in FY21. For this reason, and because publishers and libraries (*Booklist* advertisers and subscribers respectively) were hit particularly hard, advertising and subscription revenues were budgeted to be lower in the first half of FY21. Consequently, revenue targets in the second half of FY21 may be more challenging to meet. Softness in print subscriptions and print advertising will most likely impact full-year revenues. Many libraries have canceled or not renewed subscriptions. We hope to recapture lost subscribers through a reactivation campaign in April. Due to school closures, advertising revenue from series nonfiction publishers has been much lower than usual, but we expect this trend to reverse in FY22.
- Generating revenue remains a challenge, with keen competition in the field. To remain competitive, *Booklist* needs to develop the product digitally. The team has made some positive steps toward this goal but would like to do more when financial investment in this area becomes possible.
- *Booklist Reader* (Booklist's new patron-facing product) will launch as noted below as a digital-only product at the start of FY22. The goal is to include this product that reaches all library patrons as a benefit of subscription, thereby offering an added value proposition to help boost subscriptions over time while also expanding its reach to the public.
- The unit continues to focus on new digital sponsorship and advertising opportunities as they emerge, including podcast sponsorship.
- *Booklist* is receiving fewer print galleys for review and will see expense savings here over time as publishers continue to move toward e-galleys.
- Beyond expenses and revenues, *Booklist* has successfully onboarded new Advisory Board members and held two Advisory Board meetings. In conjunction with the board, *Booklist* has written a mission statement to be announced in Spring 2021. We have also received Mellon Foundation grant funding for the new library patron-facing product that will be named *Booklist Reader* and that will launch at the start of FY22. Increased collaborations across ALA include divisions such as AASL, round tables such as GRCRT, and affiliates such as BCALA.

American Libraries 303	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget

Total Revenues	$140,496	($9,552) / -6%	$707,529
Total Expenses - Overhead	$205,582	$37,073 / 15% below budget	$922,392 (not including overhead)
Overhead paid	$37,231	($2,533)/ -6%	$187,495
Net Revenue	$0	$0	$0
Subscription Equivalent	*$101,976*	*$30,393 / 23%*	*$402,358*

American Libraries top Q1 takeaways

- At the end of Q1, total revenues were down due to weaker gross advertising sales ($16,502 less than budget) as advertisers continued to scale back on marketing through products such as AL Direct and the Special Delivery sponsored email program.
- Based on internal tracking and pending subscription information, YTD total estimated revenue is expected to be 15% ($46,306) less than budget, with JobLIST performing 20% ($19,622) better than budget. JobLIST's outlook continues to look promising as prospects in the job market grow. In Q1, JobLIST classified ad sales performed 8%, or $3,010, better than budget.
- Advertising in AmericanLibraries.org for the fiscal year has already met budget ($73,850 actuals vs. $73,000 FY21 budget).
- We continue to develop ad packages that bundle, discount, and offer new incentives, which are starting to see some success.
- While consolidation of the library technology industry continues to be a concern, the economic turmoil and ensuing turnover in personnel at these companies—as well as not having face-to-face conferences—have hampered the ability to build and maintain vendor relationships. Some LIS programs have also decreased advertising due to declining enrollment. Despite these challenges, our ad sales rep has brought a handful of new advertisers on board.
- Smaller-size print issues have cut costs in both production and freelance needs. Fewer commissioned stories for online have also reduced expenses.
- The team continues to focus on developing content that supports ALA's strategic goals and that meets advertiser expectations. In collaboration with JobLIST partner ACRL, a new business plan is in development.

Digital Reference 305	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget
Total Revenues	$ 269,040	$ 258 / 0 %	$ 1,201,594

Total Expenses - Overhead	$ 145,267	$ 3,960 / 3 %	$ 754,384 (not including overhead)
Overhead paid	$ 71,295	$ -8,310 / -10 %	$ 318,422

Digital Reference/RDA top Q1 takeaways

- Total revenues as tracked in SalesForce, the system we use for day-to-day subscription and renewal monitoring and management show a subscription shortfall of $6,931, or 3% as of 11/30/20, compared with the Prophix record of 0% where each month's subscriptions match budget rather than reflecting actuals. The -3% seems to be a more realistic picture on which to base projections for the rest of FY21, likely to end with a 5-7% shortfall.
- While through February SalesForce is showing DR revenues 2% short of budget targets, the shortfall is likely to grow in the second half of the year when the budget allocations call for approximately 60% of the revenue. While we expect revenues to improve going forward it is unlikely that we will meet that accelerated pace.
- In December 2020, the three-year RDA Toolkit Restructure and Redesign (3R) Project came to completion with the activation of the new Toolkit. Efforts to educate users about and support this change have included the internationally focused iteration of the successful RDA Lab Series in collaboration with eLearning Solutions; publication of *Introducing RDA: A Guide to the Basics after 3R* (a collaboration with ALA Editions); and a number of free webinars. Additional related sales initiatives included the introduction of multiyear subscriptions for LIS, discounts tied to new ALA and CILIP (UK) memberships, and publication of a print RDA Glossary.
- Translations in Hungarian and Arabic are under way and should lead to use and subscriptions in new markets.
- New strategies for communicating with current subscribers and following up with lapsed subscribers have already impacted revenues and should improve renewal rates going forward.

eLearning Solutions 308	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget
Total Revenues	$125,315.00	($8,668) / -6%	$535,931
Total Expenses -Overhead	$90,599	-$8,757 / -11% (i.e., more than budget)	$285,456 (not including overhead)
Overhead paid	$33,208	($2,297)/-6%	$35,505

ALA Publishing eLearning Solutions top Q1 takeaways

- Two key factors account for the recorded Q1 budget shortfall:

  - The RDA Labs Series, initially slated to begin in January, was pushed back to February. The revenue for this event, initially expected to start accruing in November, was pushed back a month or so along with the event start date.
  - A large bulk order with the California Library Association will be invoiced in one lump sum in April, representing an addition of approximately $21,000.
- As predicted, the RDA series generated strong sales once launched, and as of February, we are slightly ahead of YTD revenue budget and with some additional bulk sales in negotiation, we project meeting the FY21 revenue goal for the unit.
- We saw strong sales for two courses completed in partnership with SJSU that were designed to respond directly to the pandemic—*Change Management for a New Reality: Adapting to the New Normal* with Ruth Barefoot and *Launching and Expanding Virtual Services: A Complete Guide for Challenging Circumstances* with Ellyssa Kroski.
- The focus of work has been shifting to laying groundwork for this unit to become a free-standing ALA unit to better coordinate CE efforts across ALA in FY22, with bulk sales negotiations a key driver of increased revenue.

ALA Graphics 313	FY21 performance report as of 11/30/2020	$ and % Variance Actual/Budget	FY21 full-year budget
Total Revenues	$68,181	($32,189) / -57%	$526,007
Total Expenses -Overhead	$45,250	$28,077 / 38% less than budget	$372,927 (not including overhead)
Overhead paid	$18,067	($8,531) / -32%	$139,391

<u>ALA Graphics top Q1 takeaways</u>

- Q1 continued to be challenging for Graphics sales with many libraries and schools remaining closed or operating remotely and without programming.
- The launch of the winter Graphics catalog featuring Baby Yoda and other new items December 1 resulted in a strong December with revenue ending at $13K more than budget. The Baby Yoda poster and bookmark sold through in mere days and continues to see strong sales; additionally, it has opened up new opportunities including the relaunch/expansion of Out of Print's Baby Yoda clothing and accessories licensing our image and READ trademark.
- Order processing/fulfillment charges continue to run higher than budget; we are monitoring and making adjustments where we can, and will negotiate hard with a new vendor to minimize additional fees.
- Licensing of the R.E.M. READ poster for a puzzle (sold and fulfilled by the band) will bring in a total of $12,500 royalty in March.
- Graphics is working on expanding licensing of Baby Yoda poster art to library cards and hopes to see the first royalty in late March/early April. We continue to expand our offerings on the print-on-demand gift store Spreadshirt and expect to see sales increase starting in March with the launch of

Día products and April with the introduction of Newbery 100th Anniversary products, both in partnership with ALSC.

- Cutting expenses for ALA Graphics included reducing the unit to one staff person and cutting the number of catalogs. We continue to adjust to the changes, with operational support supplied by ALA Editions/ALA Neal-Schuman staff.

RUSA
Financial results through November 2020 (1Q FY21)

RUSA FY2020 Nov	Actual	Budgeted	Variance	FY2020
Total revenues	$64,359	$83,696	($19,336) (23%)	$82,184
Total expenses	$72,574	$101,831	$29,257 29%	$88,936
Net revenue	($8,215)	($18,136)	$9,921 55%	($6,751)

SUMMARY

Through November RUSA is tracking ahead of budget by $9,921 or roughly 55%.

Revenues were under budget by $19,336 (-23%). Expenses were also under budget by $29,257 (29%). RUSA's YTD Net Revenue is -$8,215, against a budget of -$18,136, reflecting a positive variance of 55%.

Revenue: YTD revenue is $64,359 against a budget of $83,696. Most of the revenue variance can be explained by sponsorship revenue tied to our Achievement Awards. That sponsorship revenue is generally invoiced and collected during 2Q & 3Q.

Membership Dues have generated YTD revenue of $41,900 which is roughly equal to budget of $41,250. On-line Learning YTD revenue is $16,450 against a budget of $21,000, which is approximately 22% below budget. Combined, Membership Dues and On-line learning currently make up approximately 91% of RUSA's total revenue.

Expenses: YTD expenses are $72,574 against a budget of $101,831. As with the variance in revenue, Achievement Award expenses also largely factor into this variance in expenses. Those expenses are typically paid out in 3Q & 4Q.

Direct expenses totaled $69,625 against a budget of $83,343, approximately 16% under budget. All RUSA primary expense lines are currently on or under budget.