

# **American Library Association**

2013-2014 EBD #14.6  
2013-2014 BARC #7

This is an Executive Summary of ALA's FY 2013 financial results based on the Final Audit Results.

## **August FY 2013 Executive Summary**

The 2013 results represent twelve months of activity, which were electronically issued to unit managers on October 7, 2013. This commentary highlights actual revenue and expense results as compared to the approved budget and projections including highlights of key financial indicators.

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

### **Highlights**

- *Total ALA (all combined funds) revenue of \$50,006,692 is \$2,615,985 less than budget. The General Fund revenue of \$28,662,911 is \$2,977,265 less than budget due primarily to lower sales in ALA Editions, Digital Reference, Graphics revenue and dues income. Division revenues are \$34,932 more than budget and Grants and Awards are 10%, \$636,293 more than budget year-to-date. Investment interest and dividends are less than budget by 38%, \$318,791, reaching \$521,164 year- to-date.*
- *Total ALA expenses of \$49,888,437 are 7%, \$3,978,569 less than budget. The General Fund expenses of \$28,550,298 are \$2,715,645, 9% less than budget. Divisions are \$1,656,021, 11% less than budget. Grants and Awards are \$404,237, 6% more than budget.*
- *Cash and short-term investments are \$15,612,290 as compared to \$16,437,076 last year. The Long-Term Investment Fund is \$34,381,883 as compared to the \$32,560,816 balance at August 2012.*

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- *Total assets are \$656,687, 1% less than August 2012 reaching \$75,519,088 due in part to the lower cash and short-term investments and property, plant and equipment.*
- *Total liabilities are \$875,313, 2% less than August 2012, totaling \$44,694,461 due to payment on the bank loan.*
- *Total ALA net assets are \$219,080, 1% more than August last year, totaling \$30,825,381.*

**OPERATING FUND**

General Fund

Total revenues of \$28,662,911 are \$2,977,265, 9% less than budget. Revenues are higher compared to the FY 2012 balance of \$27,245,834.

Publishing revenues are less than the budget by \$2,780,389 due primarily to ALA Editions, Digital Reference and Graphics. Note: Publishing net revenue loss of \$524,782 for August year-to-date is less than budget by \$1,958,601. Publishing expenses include \$880,000 write-off of the Neal-Schuman intangibles. Expenses excluding \$880,000 of write-off is \$12,515,207 resulting in net revenue of \$355,218.

Dues income is less than budget by \$204,234, totaling \$5,543,754, which is \$167,434 less than last year.

Interest Income is less than budget by \$35,981 reaching \$698,959 and is 82% of the year-end projection of \$848,398.

Midwinter net revenue of \$35,666 is \$54,279 less than budget due to lower exhibit revenue.

Annual Conference net revenues are \$1,080,234, \$211,557 less than budget due to lower exhibit revenue.

Total expenses of \$28,552,032 (excluding 2015 project expenses of \$34,092) are \$2,796,373 or 9% less than budget. Publishing is \$1,721,789 less than budget and General Administration is \$596,359 under budget. Revenues exceed expenses by \$76,786 when including the \$34,092 expenses related to 2015 projects.

Revenues exceed expenses by \$110,878, which is less than the \$291,771 budget by \$180,093 or 1%.

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**Projections Compared to Actual (FY 2013)**

Total General Fund results based upon August results compared to the year-end projections:

	FY 2013 August YTD <u>Actual</u>	FY 2013 <u>Annual Projection</u>	<u>Variance</u>	<u>%</u>
<u>Revenue</u>				
Dues	\$5,602,850	\$5,628,660	\$ ( 25,810)	( .5%)
Sales of Materials-Net	5,489,871	5,957,623	(467,752)	(8%)
Other Sales	399,717	1,011,155	(611,430)	(60%)
Subscriptions	2,630,415	2,552,380	78,035	3%
Advertising	4,631,843	3,941,298	690,545	18%
Meetings & Conf.	7,406,505	7,396,980	( 9,525)	(.1%)
Misc.	<u>2,501,710</u>	<u>2,566,919</u>	<u>(65,209)</u>	<u>3%</u>
Total Revenues	\$28,662,911	\$29,055,015	\$ (392,104)	(1%)

Dues

Personal dues income is \$4,290,163 and were projected to reach \$4,300,660. Organizational dues are \$1,167,960 and were projected to reach \$1,176,000. Total Dues income is \$84,906 less than projections.

Sales of Materials-Net

Sales of books (net of returns) in ALA Editions of \$4,292,302 were projected to reach \$4,801,685. Neal-Schuman book sales are \$1,684,136, well under the projection of \$2,259,377. Graphics sales, \$1,048,608, were projected to reach \$1,286,984. Total sales of materials-net are \$5,489,871 versus a projection of \$5,957,623.

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Other Sales

Sales online as of August total \$126,957 compared to the projection of \$727,531 and did not meet the year-end budget of \$659,705.

Subscriptions

RDA subscriptions were projected to reach \$577,076, as compared to the actual of \$599,458. Booklist subscriptions are \$1,691,232, as compared to the projection of \$1,670,074. Total subscriptions were projected to be \$400,010 less than budget. Total subscriptions revenue exceeded the target projection of \$2,552,380.

Advertising

Total advertising as of August is \$4,631,843, which exceeded the target of \$3,941,298. Booklist advertising is \$2,459,890 as compared to the projection of \$2,301,271.

Miscellaneous

Miscellaneous income of \$2,501,710, which includes donations, interest/dividends, and royalties is below the projection of \$2,566,919, despite the increase from 4% to 5% to the draw from the Endowment.

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	<u>FY 2013 August YTD</u>	<u>FY 2013 Annual Projection</u>	<u>Variance</u>	<u>%</u>
<u>Expenses</u>				
Payroll & Related	\$14,434,405	\$14,497,893	\$ 63,488	.4%
Outside Services	3,672,883	3,973,101	300,218	8%
Travel & Related	825,618	1,037,473	211,855	20%
Meetings & Conferences	3,594,221	2,853,388	(740,833)	(26%)
Publication Related	2,941,622	3,207,727	266,105	8%
Operating Expenses	4,417,047	4,946,549	529,502	11%
Total IUTs	<u>(1,118,911)</u>	<u>(1,075,594)</u>	<u>43,397</u>	<u>4%</u>
Total Direct Expenses	\$28,766,755	\$29,440,537	\$ 673,702	2%
General Overhead	(2,089,381)	(1,986,252)	103,129	5%
Allocations	1,901,977	1,600,730	79,275	5%
Taxes	<u>1,754</u>	<u>0</u>	<u>(1,754)</u>	
Total Expenses	\$28,586,125	\$29,055,015	\$468,890	<u>2%</u>
Net Revenue (Loss)	\$76,786	\$0	\$76,786	

Payroll and Related

Salaries and wages total \$10,932,592, which is \$922,734 less than budget. Projections for salaries includes holding open all current vacant (General Fund only) positions and includes the elimination of the budgeted 2% salary increase. However, based on final year-end results, a one-time 2% salary payout was given to staff.

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Outside Services

Outside services were projected to reach \$3,973,101, the actual total of \$3,672,883 is lower due primarily to a decrease in audit fees, professional services and equipment repairs.

Travel and Related

Travel and related expenses total \$825,618, but were projected to reach \$1,037,473 due to savings in lodging and meals and entertainment.

Meetings and Conference

Meetings and Conference expenses of \$3,594,221 were projected to be \$2,853,388. Equipment rental related expenses far exceeded budget by \$685,113.

Publication Related

Publication related expenses were projected to reach \$3,207,727, however, the actual is only \$2,941,622. Expense savings were related to printing, order processing and cost of sales.

Operating Expenses

Operating expenses of \$4,417,047 were originally projected to reach \$4,946,549. Operating expenses are \$529,502 less than projections due to lower expenses for royalty expenses, supplies, equipment rental, staff development and postage.

Revenues of \$29,055,015 were projected to equal expenses resulting in a breakeven year instead of adding \$291,771 to the General Fund net assets as budgeted. Actual results indicate the General Fund currently has a net revenue of \$76,786 after a one-time 2% salary payout totaling \$242,000.

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**SALARIES**

General Fund salaries through August are \$922,734 less than budget. This is \$329,965 more than the total years 5% salary attrition budget of \$592,769. In addition, temporary help is over budget by \$49,143 and overtime is under budget by \$25,651 year-to-date. Salaries are less than FY 2012 by \$89,886 or 1%.

	FY 2013 <u>August 2013</u>
Total General Fund Salaries	10,932,598
August YTD Budget	<u>11,855,332</u>
Salary Savings To Date	<u>922,734</u>
Total Projected Salary Savings: 5.0% Attrition (FY 2013)	592,769
Salary Savings in Excess of Attrition	329,965
Wages-Temporary Help	128,289
Budget	<u>177,432</u>
Actual	(49,143)
Variance (over) under Budget	(49,143)
Overtime Wages	74,042
Budget	<u>48,391</u>
Actual	25,651
Variance (over) under Budget	25,651
Salary Savings Obtained Including Wages & Overtime	<u>306,473</u> =====