

**Fall Executive Committee Meeting
 October 21-22, 2011, Chicago**

Topic: FY12 Final Figures & Implications for FY13

Background: The 2012 fiscal year ended August 31st. As of October 23, 2012, final close figures for FY12 were not yet available from ALA Finance; however, they should be available by Oct. 26th and copies of a final FY12 report will be emailed to Executive Committee members and shared as hard copies on site. The Executive Committee will want to discuss strategies for boosting revenues in FY13 in order to ensure that YALSA has adequate funds to continue to provide services and support to members. The Executive Committee may also want to think about what possible budget priorities may be for FY14, as the Board is expected to approve the priorities at Midwinter 2013.

Action Required: Discussion

YALSA FINANCIAL OUTLOOK:

End of FY12 operating budget – third close (excludes grants & endowments)

	Actual	Budgeted	Variance
Total Revenue	481,091	612,583	-131,492
Total Direct Expenses	599,089	608,279	9,190
Contribution Margin (what's left over after you subtract cost from revenue)	-117,998	4,304	-122,302
Overhead (what we contribute to ALA in return for services)	21,538	23,115	1,317
Tax	260	260	0
Net Revenue	-139,796	-18,811	-120,985
Ending Net Asset Balance	164,057		

* In accordance with not-for-profit best practices, YALSA's fund balance needs to remain at or slightly above \$301,753 (6 months' expenses) ideally, or above \$201,168 (4 months' expenses) at a minimum.

August 31 marked the end of the 2012 fiscal year. YALSA's revenue-generating products and services ended the year as a mixed bag, with some of them doing well and others underperforming. Overall, revenues are running 21% behind projections at third close.

Revenues:

- **Big three:**
 - **Dues** have improved gradually over the past quarter, but were still behind 6.5%. Membership stats for August are 5,188, which is down 2.6% over this time last year. One factor negatively impacting dues was likely the fact that both PLA and YALSA implemented a dues increase in FY12. About 1,200 YALSA members are also members of PLA.
 - **Events:** net revenues for events at Annual were about one third what was projected, due to lower overall attendance at Annual and poor ticket sales. The exception was the Coffee Klatch, which came in slightly better than projected.
 - **Sales:**
 - **Bulk seal** net revenues are slightly behind budget due to unanticipated expenses.
 - **TRW:** sales for 2012 are at \$16,800, which is above this time last year
 - **Book Sales:** are behind budget primarily due to the delay in the release of the summer reading book, but also because back list titles are under performing
- **CE** continues to be a mixed bag:
 - e-courses are at budget
 - webinars are 98% better than budgeted
 - licensed institutes are behind budget by about 60%
- **Ad sales** for *YALS* are behind budget about 21% and subscriptions are 31% behind budget.

Expenses:

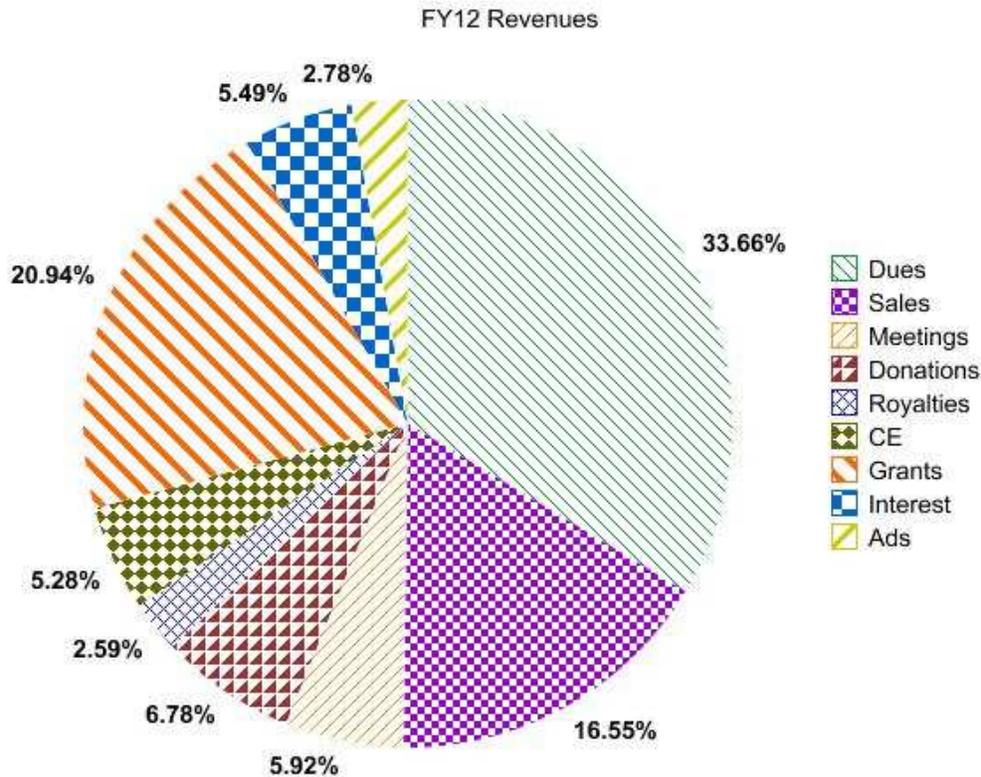
- Expenses are 4% under budget for *YALS*.
- Expenses for **governance support** and **membership recruitment** are higher than budgeted, due to the unplanned mailing implemented with ALA Membership and higher than budgeted travel expenses to the 2011 Fall Executive Committee meeting.
- Expenses are over budget for **bulk seals**, due to reporting problems with the vendor (a meeting was held in March to address this).
- Expenses for events at Annual were less than projected, due primarily to poor ticket sales.
- Expenses for salaries and wages are slightly under budget due to the Communications Manager vacancy.

Endowments:

- The Morris Endowment's balance at the start of FY12 was \$593,576. The fund ended the year with a balance of \$620,143.
- The Leadership Endowment's balance at the start of FY12 was \$46,791. The fund ended the year with a balance of \$59,983.

Discrepancies:

- Unexplained \$4,160 expense in publishing has yet to be rectified, although ALA Finance said they will remove it.



Dues (\$220,194): includes student, retiree, regular, organizational, corporate, and lifetime memberships for approximately 5,400 members

Sales (\$108,305): includes award seals, subscriptions to *YALS*, self published books

Meetings (\$38,570): ticketed events at Midwinter and Annual

Donations (\$44,375): Corporate sponsorships, promotional partnerships, Friends of YALSA and Leadership Endowment individual gifts

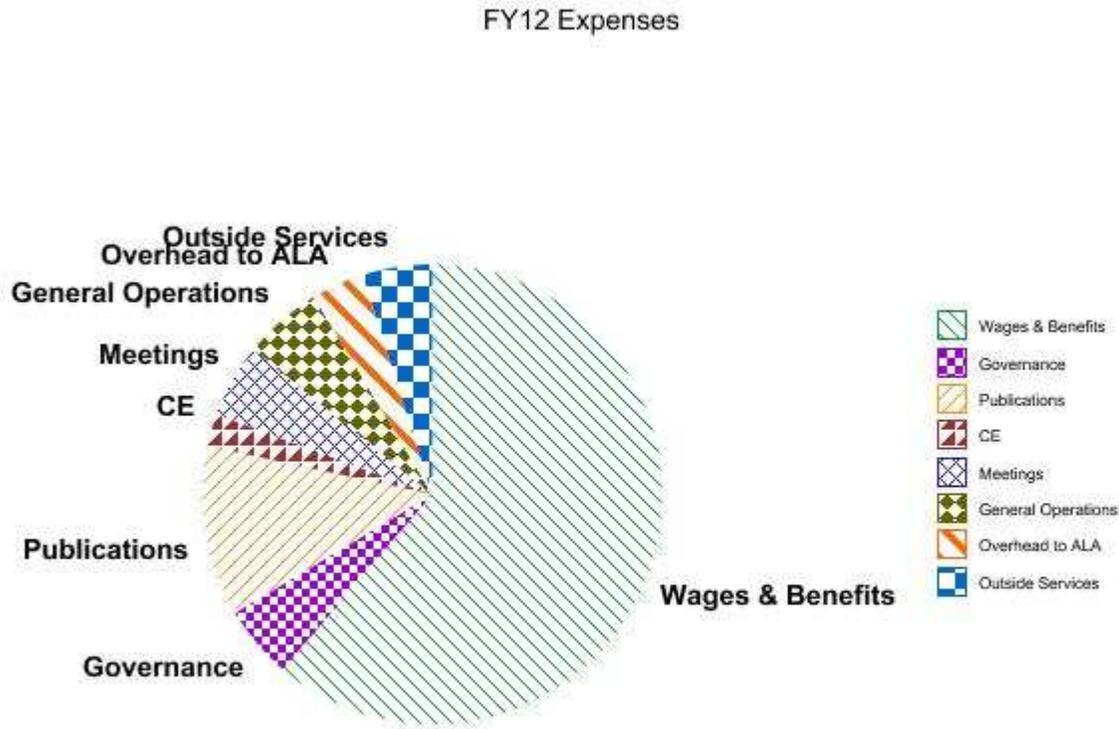
Royalties (\$16,914): includes books published with Neal-Schuman and ALA Editions, TRW products, TTW products and other products sold through ALA Graphics (pamphlets, bookmarks)

Continuing Education (\$34,558): includes regional licensed institutes, webinars and e-courses

Grants (\$137,000): Dollar General funds for 2012 summer reading & TRW and first quarter of Badges for Lifelong Learning grant

Interest/Dividends/Gains (\$35,942): Leadership and Morris endowments

Advertising* (\$18,176): ads in *YALS*, symposium program and *YALSA E-News*
*YALSA's only taxable income



Staff (\$357,413): salary, benefits and professional development for 5 full time staff and compensation for a part-time intern

Governance support (\$30,032): travel, training, memberships, etc. for YALSA leadership

Publication related (\$69,927): printing, design, proofreading, typesetting, etc. for *YALS*, *YALSA E-news*, *JRLYA*, book length publications and some TRW collateral

CE related (\$13,457): registration fee, Adobe subscription, facilitator/presenter honorarium, presenter travel expenses

Meetings (\$30,042): meals, equipment, speaker honorariums, A/V equipment, transportation, awards and exhibits for Midwinter, Annual and the YA Lit Symposium

General Operations (\$32,650): supplies, postage, computer equipment, furniture, photocopying, telecommunications, bank fees etc.

Overhead (\$21,538): a percentage of certain revenues (e.g. royalties from outside publications) YALSA pays to ALA in return for services such as office space & furniture, legal services, PIO, ITTS, ALA Library, etc. The percentage varies based on type of revenue from about 11% to 25%.

Outside Services (\$28,595): web developer, editors' stipends, strategic planning consultant, etc.

IMPLICATIONS FOR FY13

YALSA must at least break even for FY13. The past four years have been spend-down years and the net asset balance is at a point where it cannot go lower. In order to ensure a net revenue or at least a break-even scenario, the budget will need to be closely monitored throughout the year. Additionally, YALSA leaders will want to talk about a longer term plan to begin building up the net asset balance beyond the minimum recommendation so that funds will be available to implement new member services and support, as indicated in the recent member survey.

Explore ways to boost existing revenues

Big Three

Revenue areas	Tactics for increasing revenue
Dues	<ul style="list-style-type: none"> • Better articulate the value of both ALA and YALSA membership in order to make membership more attractive and to help potential members better understand the benefits they get for their dollars • Conduct a member recruitment effort to lapsed members
Products	<ul style="list-style-type: none"> • Leverage the email list compiled via the web site to market products and services • Use survey results to determine member and nonmember needs, create new or realign existing products for them, and market them • Create an Alex and TTT seal • Find ways to leverage YALSA's two biggest product lines: TRW and TTW themed items to increase sales of other products • Analyze past sales data to better learn about YALSA customers and to find opportunities to increase sales
Events	<ul style="list-style-type: none"> • Maximize symposium revenues via aggressive promotion of registration, the addition of an on-site store and fundraising on-site • Explore the feasibility of offering the symposium annually

Others

E-learning	<ul style="list-style-type: none"> • Establish closer ties with state associations as a potential market for CE • Seek sponsors to partially fund e-learning (AASL did this with their institutes) • Analyze past CE offerings and registration to determine what has been most successful and then use to develop new CE • Explore the desirability/need for CE around book and media evaluation, especially to would-be selection committee members
Sponsorships	<ul style="list-style-type: none"> • Evaluate the use of YALSA's ad rep to secure sponsorships • Focus more staff time and resources on seeking sponsorships and building relationships with appropriate vendors and companies • Better position YALSA as sponsor-worthy

Ad sales	<ul style="list-style-type: none"> • Explore ad sales for online publications, including The Hub and YALSAblog • Put out RFP for new sales rep • Incorporate ads into the Teen Book Finder app, especially ads for YALSA resources
Continue the planned giving campaign	<ul style="list-style-type: none"> • Use new resources created by ALA’s Development Office • Work with the ALA Taskforce on planned giving • Work with YALSA members who have committed to planned giving to reach out to other members who may be interested/amendable to the idea

Exploring opportunities for new revenue

For FY13

Potential Revenue areas	Rationale	Issues to consider
Aggressively market the new curriculum kits	<ul style="list-style-type: none"> • State Library Youth Consultants indicated a need for training materials that they could use for trainings they provide • Currently there are not any widely accepted training materials available in YA services • The model has been successful for ALSC and PLA 	<ul style="list-style-type: none"> • Past product launches suggest that raising awareness about a new product takes significant staff time and effort
Seek new grants that support YALSA’s mission and goals	<ul style="list-style-type: none"> • The combined net from dues and non-dues revenue is not enough to help YALSA make significant strides towards its goal of ensuring that all libraries offer quality teen services 	<ul style="list-style-type: none"> • Not a reliable funding source, so can’t be built into the budget planning process • The economy has increased competition for grants • Is time consuming • Have had some recent success that we can build on
Work with state associations to co-host ticketed events	<ul style="list-style-type: none"> • Many state level association events have a harder time obtaining popular authors than ALA does • Teaming up with states to bring YALSA award winners to their events can help raise awareness about YALSA’s awards and strengthen ties w/ state organizations 	<ul style="list-style-type: none"> • As a brand new effort, this would initially take some significant time to set up • May want to take a pilot approach and find one state organization that’s willing to try a joint event • Would need the support and cooperation of publishers
Implement	<ul style="list-style-type: none"> • YALSA has about \$16,000 	<ul style="list-style-type: none"> • Need to ensure that the

another fundraising effort	worth of member grants and awards that are not funded by sponsors, so the association needs to cover the cost in some way	return on investment is worthwhile. A fundraiser that takes significant time and effort but yields poor results isn't worth pursuing.
Evaluate non-revenue generating activities for their potential to generate new funds	<ul style="list-style-type: none"> • Could be as yet untapped potential activities or products that members would value • Can be a way of realigning some efforts so that they support the mission 	<ul style="list-style-type: none"> • This would probably best be done by staff and/or an ad-hoc board committee
Evaluate member and nonmember surveys for potential new product ideas or modifying existing ones	<ul style="list-style-type: none"> • Nonmembers in particular were asked what their needs were around CE as well as what issues they were dealing with in their work 	<ul style="list-style-type: none"> • Initial data-gathering could possibly be done by the DMP Committee • Idea development/exploration could be done by staff and/or an ad-hoc board committee
Other?		

Potential areas to limit time and resources or increase efficiency:

As indicated above, several new opportunities for generating revenue will require more time and resources, including grant writing, sponsorship seeking, data analysis and the possibility of an annual symposium. Therefore, it's necessary to free up time and resources where possible with existing projects in order to redirect them towards areas that will provide revenue needed to support YALSA's mission, goals and member services and support.

Project	Options	Additional information
Booklists and book awards	<ul style="list-style-type: none"> • Review committee & staff processes to determine if some can be streamlined or eliminated (e.g. bringing books to conferences, method for collecting, editing & posting nominated titles, etc.) • Evaluate the library community's use of the lists to determine if any have become obsolete or unnecessary 	<ul style="list-style-type: none"> • These committees have functioned in largely the same manner for about 15 years. Taking the step to evaluate how they conduct their work could also yield information that would help ensure these committees stay relevant as a member engagement activity and that the lists they produce continue to meet the needs of librarians and library

		workers
WrestleMania Reading Challenge	<ul style="list-style-type: none"> Explore the possibility of moving in-house or sunseting and make a decision based on member needs/wants as well as alignment with YALSA goals 	<ul style="list-style-type: none"> Moving in-house would eliminate all the staff time spent liaising with WWE. Sunseting would free up even more time
Committees	<ul style="list-style-type: none"> Work with O&B to evaluate the portfolio of YALSA’s advisory boards, juries, taskforces and committees to determine if any have become obsolete or unnecessary 	<ul style="list-style-type: none"> If any committees, etc. are determined to have outlived their purpose and usefulness, they could be sunsetted or combined with others, which could redirect some Board & Staff Liaison time for work the Board deems a higher priority
Application process for member grants & awards	<ul style="list-style-type: none"> Find a coordinated online system for receiving and sharing applications that will reduce staff and jury member time spent on collecting, sorting and dispersing the applications 	<ul style="list-style-type: none"> Some Dollar General grant funds have been set aside to support an online resource for this
Increase staff efficiency	<ul style="list-style-type: none"> Review internal processes to determine if some can be streamlined or eliminated 	<ul style="list-style-type: none"> While some processes YALSA wouldn’t be able to address, because they are driven by ALA policy or practice, there would likely be some YALSA ones that could be improved
Add an FAQ to web site	<ul style="list-style-type: none"> Provide an easy way for members to find answers to common questions to eliminate staff time spent on this 	<ul style="list-style-type: none"> Would take minimal effort and the only cost would be I staff time
Other?		

Additional Resources:

- “2012 Economic Impact on Associations,” <http://ow.ly/eGiQ3>
- “Associations After the Recession: Attitudes and Beliefs Among CEOs and Members,” <http://tinyurl.com/64wzcv8> (.pdf)