

**ALA**

**Results of Operations**  
**FY 2017 - Q1 (Sept.-Nov. 2016) Results**

**Pages**

|   |       |
|---|-------|
| <b>I Total ALA</b>  |       |
| <b>A</b> Statement of Revenues and Expenses               | 2-3   |
| <b>B</b> Statement of Financial Position                  | 4-5   |
| <br>  |       |
| <b>II General Fund</b>                                    |       |
| <b>A</b> Statement of Revenues and Expenses by Department | 6     |
| <br>  |       |
| <b>III Department Commentaries</b>                        | 7-12  |
| <b>A</b> Advocacy and Member Relations                    |       |
| <b>B</b> Publishing Department                            |       |
| <b>C</b> Washington Office Financial Summary              |       |
| <b>D</b> Executive Office/Governance Office               |       |
| <b>E</b> Member Programs & Services                       |       |
| <br>  |       |
| <b>IV Division Statement of Revenues and Expenses</b>     | 13-21 |
| <br>  |       |
| <b>V Round Table Statement of Revenues and Expenses</b>   | 22    |

Executive Summary - 11/30/2016

I A. TOTAL ALA (ALL COMBINED FUNDS) State of Revenues and Expenses November 30, 2016

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|                       |                    |                    |                |                    |                  |                  |
|-----------------------|--------------------|--------------------|----------------|--------------------|------------------|------------------|
| <b>Total Revenues</b> | 8,309,982          | 9,437,625          | (1,127,643)    | 10,253,620         | 8,987,163        | (677,181)        |
| <b>Total Expenses</b> | 9,726,141          | 11,162,858         | 1,436,717      | 11,846,287         | 9,867,575        | 141,434          |
| <b>Net Rev(Exp)</b>   | <b>(1,416,159)</b> | <b>(1,725,233)</b> | <b>309,074</b> | <b>(1,592,667)</b> | <b>(880,412)</b> | <b>(535,747)</b> |

|  |                  |                  |                    |                   |                  |                  |
|--|------------------|------------------|--------------------|-------------------|------------------|------------------|
|  | 4,538,021        | 4,879,582        | (341,561)          | 4,997,235         | 4,947,533        | (409,512)        |
|  | 2,664,174        | 2,841,225        | (177,051)          | 3,391,121         | 2,838,607        | (174,433)        |
|  | 67,891           | 97,673           | (29,782)           | 68,489            | 52,455           | 15,436           |
|  | 926,585          | 1,426,930        | (500,345)          | 1,836,546         | 838,751          | 87,834           |
|  | 113,312          | 192,214          | (78,902)           | (39,771)          | 309,816          | (196,504)        |
|  | <b>8,309,983</b> | <b>9,437,624</b> | <b>(1,127,641)</b> | <b>10,253,620</b> | <b>8,987,162</b> | <b>(677,179)</b> |

|                             |                  |                   |                  |                   |                  |                |
|-----------------------------|------------------|-------------------|------------------|-------------------|------------------|----------------|
| <b>General Fund</b>         | 5,637,651        | 5,987,569         | 349,918          | 6,020,099         | 5,870,594        | 232,943        |
| <b>Division</b>             | 2,847,577        | 3,470,845         | 623,268          | 3,739,325         | 3,061,838        | 214,261        |
| <b>Round Table</b>          | 24,759           | 60,838            | 36,079           | 54,504            | 18,448           | (6,311)        |
| <b>Plant Fund</b>           | 0                | 0                 | 0                | 0                 | 0                | 0              |
| <b>Grants and Awards</b>    | 926,585          | 1,426,928         | 500,343          | 1,844,046         | 839,430          | (87,155)       |
| <b>Long-Term Investment</b> | 289,569          | 216,678           | (72,891)         | 188,313           | 77,265           | (212,304)      |
| <b>Total Expenses</b>       | <b>9,726,141</b> | <b>11,162,858</b> | <b>1,436,717</b> | <b>11,846,287</b> | <b>9,867,575</b> | <b>141,434</b> |



**I B. TOTAL ALA - Statement of Financial Position - November 30, 2016**

| <b>TOTAL ALA</b>         | <b>30-Nov-16</b> | <b>30-Nov-15</b> | <b>Change</b> | <b>Change %</b> |
|--------------------------|------------------|------------------|---------------|-----------------|
| <b>Total Assets</b>      | \$74,305,754     | \$77,467,418     | (\$3,161,664) | -4.1%           |
| <b>Total Liabilities</b> | \$46,346,638     | \$46,938,905     | (\$592,267)   | -1.3%           |
| <b>Net Assets</b>        | \$27,959,116     | \$30,528,513     | (\$2,569,397) | -8.4%           |

| <b>ASSETS</b>                   | <b>30-Nov-16</b>  | <b>30-Nov-15</b>  | <b>Change</b>      | <b>Change %</b> |
|---------------------------------|-------------------|-------------------|--------------------|-----------------|
| <b>Cash</b>                     | 1,688,299         | 581,219           | 1,107,080          | 190.5%          |
| <b>Short-Term Investment</b>    | 12,434,160        | 14,032,401        | (1,598,241)        | -11.4%          |
| <b>Accounts Receivable, Net</b> | 3,053,259         | 3,523,806         | (470,547)          | -13.4%          |
| <b>Grants Receivable</b>        | 685,283           | 988,662           | (303,379)          | -30.7%          |
| <b>Inventories, Net</b>         | 1,784,561         | 1,544,811         | 239,750            | 15.5%           |
| <b>Prepaid Expenses</b>         | 904,839           | 2,122,493         | (1,217,654)        | -57.4%          |
| <b>APA Receivable</b>           | 105,000           | 105,000           | 0                  | 0.0%            |
| <b>Goodwill</b>                 | 1,826,567         | 1,826,567         | 0                  | 0.0%            |
| <b>Intangible Assets, Net</b>   | 1,315,575         | 1,744,248         | (428,673)          | -24.6%          |
| <b>Fixed Assets, Net</b>        | 10,871,041        | 11,495,498        | (624,457)          | -5.4%           |
| <b>Long-Term Investment</b>     | 39,638,542        | 39,504,086        | 134,456            | 0.3%            |
| <b>Due To/From</b>              | (1,373)           | (1,373)           | 0                  | 0.0%            |
| <b>Total Assets</b>             | <b>74,305,753</b> | <b>77,467,418</b> | <b>(3,161,665)</b> | <b>-4.1%</b>    |

**LIABILITIES**

**Current Portion, L-T Debt**

**30-Nov-16**

1,780,545

**30-Nov-15**

1,571,207

**Change**

209,338

**Change %**



| <b>Year-To-Date Actual</b> | <b>Year-To-Date Budget</b> | <b>Year-To-Date Variance</b> | <b>Variance %</b> | <b>Prior Year Actual</b> | <b>Change FY16 - FY15</b> |
|----------------------------|----------------------------|------------------------------|-------------------|--------------------------|---------------------------|
| 2,764,027                  | 2,998,359                  | (234,332)                    | -7.8%             | 3,018,301                | (254,274)                 |
| 115,710                    | 121,294                    | (5,584)                      | -4.6%             | 121,317                  | (5,607)                   |
| 1,329,363                  | 1,398,250                  | (68,887)                     | -4.9%             | 1,399,442                | (70,079)                  |
| 317,444                    | 337,500                    | (20,056)                     | -5.9%             | 435,508                  | (118,064)                 |



### III. Department Commentary - November 30, 2016

#### **Advocacy and Member Relations Department**

The Advocacy and Member Relations Department is made up of the following units: The AED Office; Membership; Office for Library Advocacy; Chapter Relations Office; International Relations Office; Library and Archives; Office for Research and Statistics; Public Awareness Office; and the Public Programs Office.

Total department revenue was under budget by \$68,887. The department revenues of \$1,329,363 were primarily made up of membership dues, but also included about \$4,500 in the International Relations Office for the Sharjah International Book Fair librarian conference, and about \$6,000 in the Public Awareness on sales of Libraries Transform promotional items.

Membership dues were under budget by \$65,642. Dues revenue for personal members was under by about \$20,000, and organizational member dues were behind by \$24,000. The total ALA membership roster at the end of November stood at 56,993 members, down from 58,952 members last year, a decrease of 3.32%. Student memberships are down 5.5 % most likely due to lower enrollments in MLIS programs but the increase in the number of chapters participating in the joint student membership program is a good trend. Two years ago, 26 chapters participated in the program and now 41 chapters are participating. Nearly 1,000 regular members dropped in November and we are analyzing the data to determine possible causes. We know from our continuing survey of dropped members that reasons for non-renewing include retirements, lack of support from employers, change in personal circumstances, and cost of membership.

Membership in two divisions (ALSC and PLA) and seven round tables (EMIERT, GAMERT, GLBTRT, LEARNRT, RMRT, SRRT, and SUSTRT) was up in the first quarter.

Organizational members are down 3.26% overall. Within that category, Very Small and Small Libraries are down 7.34% and 4.02% respectively. While the number of Medium and Large Libraries is up, the number of Very Large Libraries is down. Some of the Very Large Libraries have moved into the Large Library category as their budget were reduced. There was a small drop (2.92%) in the number of group memberships of trustees and friends organizations. United for Libraries initiated these group memberships and in FY2016, they became ALA members.

Membership promotion and recruitment plans for FY17 include joint ALA and division marketing, activities to increase student members, recruitment of organizational members and enhanced online membership management services.

Total department expenses in November were under budget by \$31,693. Two offices were over budget – International Relations Office (IFLA and Sharjah expenses) and Public Programs Office (timing on staff expenses for grant projects). All the other offices were close to or under budget.

## **Publishing Department**

*Publishing:* Total Revenues are \$234,332 less than budget. Product sales are \$63,186 less than budget. Other Sales are \$21,507 less than budget. Subscriptions are \$46,570 less than budget. Net advertising is \$42,860 less than budget, and licensing revenues (royalties) are \$59,389 less than budget.

Direct expenses are \$140,523 better than budget. Indirect expenses before overhead are \$28,139 better than budget. Overhead is \$99,191 less than budget. The Subscription Equivalent is \$3,259 more than budget. Net revenue is \$36,780 more than budget.

*ALA Editions:* Total revenues were \$324,478, which is \$39,862 (14%) more than budget. ALA Editions total revenue came in ahead of budget for each of the three months in the first quarter. Total expenses are \$4,990 (1%) more than budget. Contribution margin was nearly exactly on budget (at just \$138 more than budgeted). Net revenue is \$34,872 (17%) better than budget.

*Neal Schuman:* Total revenues were \$324,304, which is \$86,482 (21%) less than budget. However, this represents an increase in total revenue of 29% over the first quarter of 2016 (which was \$251,519). The variation from budget in the first quarter looks to be mainly a result of a combination of low performance by the books produced in the fourth quarter of 2016 and the

*Digital Reference:* Total Revenues are \$21,248 less than budget. Despite this shortfall, we remain confident that we will meet budget targets for the year. This optimism is based on a 3% RDA Toolkit price increase that went into effect on January 1, 2017, and on anticipated new subscriptions related to the rollout of 2 new translations in the Toolkit and the announcement of new adoptions in Europe. Total Expenses are \$26,901 more than budget mainly because cost offsets have not been allocated over 12 months. Net Revenues are \$48,149 less than budget, but we are confident that we will meet budgetary targets for 2017.

*ALA Graphics:* Total revenues are \$34,807 less than budget. December sales were weak as well, further raising concern about overcoming the revenue deficit. We are now analyzing marketing initiatives and customer buying habits and will have a new marketing plan in place in Q2 to spur sales. Direct expenses are \$47,698 less than budget primarily due to the timing of invoices. Overhead is \$10,892 less than budget. Net expense is \$9,796, which is \$23,783 better than budget.



*Booklist*: Total Revenues for Booklist Publications are \$96,025 less than budget. Of that variance, \$59,865 is in licensing (royalties). In fact, the true variance is about \$10,000, as a \$50,000 payment budget for Q1 was not received until December. Advertising revenue is \$26,912 less than budget, owing to sluggish sales through December. Stronger sales in January and February and a robust calendar of forthcoming webinars should put us back on track by spring. Subscriptions are \$7,581 or 2 percent less than budget, a significant improvement over FY16, suggesting that our retention efforts are beginning to work. Expense savings thus far are largely the result of timing, though we do expect significant savings in all manufacturing areas (printing, binding, paper) based on revised page budgets. Net Revenues are \$9,916 more than budget. Contribution margin is \$21,926 less than budget but will improve with the January reports.

*American Libraries*: American Libraries includes *American Libraries* magazine and digital editions, *AL Direct* newsletter, *AL Live*, marketing/advertising, and production. Total revenues are \$15,835 less than budget, due to slow print advertising sales in Q1; classified ad sales, however, are \$4,327 better than budget. Total expenses (not including overhead) are \$254 better than budget. Overhead is \$7,731 less than budget, due to the shortfall in advertising sales. Subscription equivalent is \$3,259 more than budget.

*Production Services*: Production Services is a cost recovery unit and is currently \$39,176 more than budget in processing chargebacks (net revenue). The surplus is due to two factors: (1) Through December, Production Services is being reimbursed by other Publishing units for the advance purchase of email blocks from Informz; and (2) production for the fall 2016 issue of Law Library Journal fell behind schedule due to editorial delays and was not completed until early December, so those invoicancot.322518vo-4.10285(y)17(e)6.64502( )3.32251(t)3.3225[(t)3.322



## ALA Member Programs & Services

### *Departmental Summary*

- General Fund Offices (Accreditation, Diversity/Literacy/Outreach, Human Resource Development/Recruitment, Intellectual Freedom) are generally operating slightly under budget, for a variety of reasons. ALA/OIF will be looking at its budgetary relationship to the Freedom to Read Foundation, which may lead to some future adjustments. Accreditation is slightly over budget on revenues.
- This is a non-conference year for both AASL and PLA.
- LITA's 50<sup>th</sup> Anniversary fundraising campaign got off to a strong start late in 2016; the results will show up in the 2<sup>nd</sup> quarter report.

The ALA Midwinter Meeting in Atlanta is, overall, running flat to the 2016 Midwinter in Boston. As of January 6, paid registration was 3709 compared to 4236 in Boston (4152 for 2015 in Chicago); total registration (including exhibitors) is 7083, compared to 8092 in 2016 and 8290 in 2015. Registration is at 74% of budget (\$791,047 compared to a budget of \$1,065,275); on a budget-to-budget basis, this is slightly ahead of Boston. There will be one more **dwi M**

On the expense side, several areas will be reduced to partially off-set the anticipated shortfall in revenue: shuttle buses, security, temps, general session AV, program book printing and registration supplies. Other areas will be over budget: internet connections, general contractor, and housing. Note that adjustments needed to accommodate both the March on Saturday and a 5k run on Sunday – both affecting the conference “campus” – will have an effect on expenses.

The 2016 Midwinter Meeting was not budgeted to make a positive net revenue but was budgeted to return \$780,717 in overhead contribution to the ALA General Fund. (The 2017 Midwinter was initially budgeted with revenues flat to expenses, including overhead, but recalculation of the overhead led to a budgeted negative net revenue.) The MW Meeting will achieve a substantial part of its budgeted overhead contribution.







- Better controls on copy, editorial, and design costs
- New fulfillment service, with greater automation
-

| YTD Budget | YTD Actual | Variance b/n<br>YTD Budget<br>and Actual | Variance % |
|------------|------------|--|------------|
|------------|------------|--|------------|

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|--|--|--|--|



*Dues:* Slightly over target for projection for this time of year by \$200 or 2%. Actual: \$11369 (Nov. 2016) compared to \$11022 (Nov. 2015).

*Pre-conferences and Institutes:* One institute was planned for Midwinter, but was cancelled due to low registration.

*Travel Program:* River Cruise to Amsterdam did not make goal. It wasn't

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

| <b>LITA Budget</b> | <b>Actual</b> | <b>Budgeted</b> | <b>Variance</b>     | <b>FY2016 Q1</b> |
|--------------------|---------------|-----------------|---------------------|------------------|
| Total revenues     | \$159,984     | \$147,466       | 12518 (8%)          | \$177,947        |
| Total expenses     | \$79,100*     | \$153,738       | -\$74,638 (49%)     | \$102,194        |
| Net revenue        | \$80,884*     | (\$6,272)       | \$87,156<br>(1390%) | \$75,753         |

\* Does not include expenses from the November Forum, which is why the variance is so high. These expenses were processed in December.

Estimating actual revenue and expenses based on an approximation of Forum data:

- Total Revenue: \$166,000
- Total Expenses: \$163,000
- Net Revenue: \$3,000

***SUMMARY***

In general, revenue is up 8% over projections, but this amount is still less than it was at this time last year because of fewer dues, a decrease in course registrations, and slightly lower Forum registration. Expenses in general are down overall, with the exception of Forum where they increased a bit.

Our job ads service continues to outperform expectations with revenue of \$6,537 during the first quarter. This is \$2,200 above projections and \$2,500 over revenue at this time last year.

**Online Learning**

Revenue from web courses is shown in the table below.

|                             | YTD Budget | YTD Actual | YTD Variance |
|-----------------------------|------------|------------|--------------|
| Revenue                     | \$52,638   | \$67,406   | \$14,768     |
| Expenses (ex. Overhead)     | \$62,865   | \$51,888   | (\$10,977)   |
| Overhead                    | \$1,608    | \$3,054    | \$1,446      |
| Total Net Revenue (Expense) |            | (\$11,835) | \$12,464     |
| Net Asset Balance           | \$183,645  | \$207,944  |              |

Summary

*Total Revenue:* LLAMA total revenue is 128% of budget at \$67,406, almost \$20,000 better than FY2016. The large variance is due to increasing webinar sales, a number of which were moved from FY2016 into first quarter FY2017. Personal/organizational dues are 5% better than budget and close to FY2016.

*Direct Expense:* LLAMA direct expense is 83% of budget at \$51,888. Most of the variance is in the Product Development budget, which hasn't yet been utilized. Admin expense is also slightly below budget.

*Net Revenue:* Net Revenue is \$12,464, or approximately \$33,000 better than budget and \$15,000 better than FY2016.

*Looking Ahead:* Two MW Institutes are being presented, one more than budgeted. With current registration, both should be near break-even. Product development will ramp up in the spring as the continuing education program takes shape under the recently approved division reorganization.

**Public Library Association (PLA)**

FY17 Summary

PLA begins FY17 with a fund balance of over \$3.4 million, due to consistently positive results of the PLA Conferences in even years. In terms of PLA's **general fund projects**, FY17 does not include Conference revenue, so PLA anticipates ending FY17 with a net loss of \$758,681. Given the growth of PLA activity and staff, this continues a trend of higher net losses for PLA in non-Conference years (FY15 net loss was \$638,000; FY13 net loss was \$359,000; FY11 net loss was \$140,000). **Grant funding** to PLA has substantially increased, however, and PLA began FY17 with commitments of \$13.6 million in funding for 7 multi-year grant initiatives.

\$3,457,211\*

| TOTAL<br>BUDGET FY17 | BUDGET First<br>Quarter FY17 | ACTUAL First<br>Quarter FY17 | VARIANCE To<br>Date |
|----------------------|------------------------------|------------------------------|---------------------|
| \$1,176,282          | \$212,385                    | \$283,782                    | \$71,397            |
| (\$1,860,892)        | (\$462,665)                  | (\$232,739)                  | \$229,872           |
| (\$74,071)           | (\$23,485)                   | (\$8,392)                    | \$15,093            |
| (\$1,934,963)        | (\$486,150)                  | (\$241,185)                  | \$244,965           |





V Round Table - Statement of Revenues and Expenses - November 30, 2016

| <b>TOTAL ROUNDTABLES</b> | <b>Year-To-Date Actual</b> | <b>Year-To-Date Budget</b> | <b>Year-To-Date Variance</b> | <b>Prior Year Actual</b> | <b>Difference<br/>FY16-FY15</b> | <b>Beginning Net Asset<br/>Balance</b> | <b>Ending Net Asset<br/>Balance</b> |
|--------------------------|----------------------------|----------------------------|------------------------------|--------------------------|---------------------------------|--|-------------------------------------|
| <b>Total Revenue</b>     | 67,891                     | 97,673                     | (29,782)                     | 68,489                   | (598)                           |  |                                     |
| <b>Total Expenses</b>    | 24,759                     | 60,838                     | 36,079                       | 54,504                   | (29,745)                        |  |                                     |
| <b>Net Rev(Exp)</b>      | 43,132                     | 36,835                     | 6,297                        | 13,985                   | 29,147                          | 1,766,001                              | 1,809,133                           |

**NET REVENUES**

|              |               |               |              |               |               |                  |                  |
|--------------|---------------|---------------|--------------|---------------|---------------|------------------|------------------|
| LHRT         | 1,523         | 0             | 1,523        | 1,590         | (67)          | 58,703           | 60,226           |
| ERT          | 137           | 320           | (183)        | (1,015)       | 1,152         | 21,441           | 21,578           |
| FAFLRT       | 781           | 801           | (20)         | 795           | (14)          | 14,669           | 15,450           |
| GODORT       | (1,144)       | 1,874         | (3,018)      | (215)         | (929)         | 137,594          | 136,450          |
| IFRT         | 3,194         | 12            | 3,182        | 3,038         | 156           | 84,193           | 87,387           |
| IRRT         | 3,530         | 875           | 2,655        | 1,575         | 1,955         | 37,030           | 40,560           |
| NMRT         | 3,088         | 1,095         | 1,993        | 3,314         | (226)         | 108,335          | 111,423          |
| LRRT         | 1,957         | 34            | 1,923        | 1,866         | 91            | 75,296           | 77,253           |
| MAGIRT       | 1,479         | 0             | 1,479        | 2,958         | (1,479)       | 53,025           | 54,504           |
| SRRT         | 1,860         | 2,174         | (314)        | 1,804         | 56            | 69,158           | 71,018           |
| SORT         | 111           | 245           | (134)        | 112           | (1)           | 23,174           | 23,285           |
| LIRT         | 4,806         | 1,606         | 3,200        | (15,209)      | 20,015        | 156,095          | 160,901          |
| EMIERT       | 9,365         | 21,479        | (12,114)     | 15,510        | (6,145)       | 698,373          | 707,738          |
| LEARNRT      | 1,473         | 911           | 562          | 1,322         | 151           | 104,253          | 105,726          |
| RMRT         | 901           | 750           | 151          | 857           | 44            | 14,642           | 15,543           |
| GAMERT       | 1,017         | 0             | 1,017        | 697           | 320           | 9,690            | 10,707           |
| VRT          | 704           | 8             | 696          | 624           | 80            | 24,643           | 25,347           |
| SSIRT        | 643           | 34            | 609          | 631           | 12            | 40,841           | 41,484           |
| GLBTRT       | 7,297         | 4,293         | 3,004        | (6,682)       | 13,979        | 30,979           | 38,276           |
| SRT          | 412           | 325           | 87           | 411           | 1             | 3,867            | 4,279            |
| <b>TOTAL</b> | <b>43,134</b> | <b>36,836</b> | <b>6,298</b> | <b>13,983</b> | <b>29,151</b> | <b>1,766,001</b> | <b>1,809,135</b> |