2007

From the Treasurer: AALL Funds Initiatives

Joyce Manna Janto
University of Richmond, jjanto@richmond.edu

Recommended Citation
Joyce Manna Janto, *From the Treasurer: AALL Funds Initiatives*, AALL Soectrum, May 2007, at 8

from the treasurer

by Joyce Manna Janto, jjanto@richmond.edu

AALL Funds Initiatives

The Association's fiscal year ended on September 30, 2006, at which time the independent audit firm of Legacy Professionals LLP examined our financial records.

Legacy Professionals LLP was retained by the AALL Executive Board to certify the accuracy of the financial statements and the integrity of the Association's accounting systems. The essence of the audit report is the opinion as to whether the statements present fairly the financial position of the Association at year end. Again this year, Legacy Professionals LLP rendered an unqualified opinion that our financial statements "present fairly, in all material respects, the financial position of the American Association of Law Libraries as of September 30, 2006, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America."

At the February meeting of the AALL Finance and Budget Committee, the Legacy Professional partner and manager responsible for our audit presented the report and comments regarding the Association's overall financial condition. Committee members were given an opportunity to ask questions regarding any items related to the statements, methods, records, or procedures employed by the financial staff.

The schedules found on the following pages summarize the data presented in the audit report received by the Executive Board. If you would like to receive the complete report, you may request a copy from Interim Executive Director Steve Ligda at sligda@aall.org.

Schedule A is a comparison of the assets, liabilities, and net assets of the total of all Association funds as of September 30, 2006 and 2005. The investment portfolio constitutes the largest segment of AALL's assets. Overall its three invested funds—the Permanent Investment, Restricted Endowment, and Cash Management Funds—account for 74 percent of AALL's assets at September 30, 2006. Our overall portfolio continues to reflect a modest approach. The Permanent Investment Fund continues as the largest of the portfolios, invested in a variety of carefully managed equities and fixed income instruments with a healthy 5.7 percent return on investments for the fiscal year, while the Cash Management Fund serves as a short term reserve for investing cash available from operations.

Five years ago AALL segregated certain endowed funds, which were contributed by members and AALL supporters, to ensure that all contributions to these funds were restricted to support the donors' intentions. These restricted endowment funds consist of the Scholarship Fund, the AALL/West George A. Strait Minority Scholarship Endowment, the LexisNexis/John R. Johnson Memorial Scholarship Endowment, Institute for Courts Management Fund, Alan Holoch Memorial Fund, Ellen Schaffer Annual Meeting Grant Fund, and the AALL/LexisNexis Research Fund.

Statement of Financial Position

Schedule A

	For the Year Ended September 30 2005	2006
Assets		
Current Assets:		
Cash and Cash Equivalents	$ 1,218,239	$ 945,083
Accrued Interest Receivable	20,177	25,652
Accounts Receivable, Net of Allowance for Doubtful Accounts	136,144	201,756
Prepaid Expenses	164,184	98,045
Total Current Assets	$ 1,538,744	$ 1,270,536
Property and Equipment:		
Leasehold Improvements	13,833	13,833
Furniture and Equipment	286,888	293,171
	300,721	307,004
Less Accumulated Depreciation	206,068	235,116
Total Property and Equipment	$ 94,653	$ 71,888
Other Assets:		
Investments	2,949,845	3,750,905
Total Assets	$ 4,583,242	$ 5,093,329
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Expenses	$ 186,391	$ 292,136
Deferred Membership Dues	572,881	628,772
Deferred Subscription Income	122,107	116,983
Deferred Exhibit Fees	23,200	35,050
Total Current Assets	$ 904,579	$ 1,072,941
Unrestricted Net Assets	2,990,273	3,056,596
Temporarily Restricted Net Assets	168,390	443,792
Permanently Restricted Net Assets	520,000	520,000
Total Net Assets	$ 3,678,663	$ 4,020,388
Total Liabilities and Net Assets	$ 4,583,242	$ 5,093,329

Statement of Activities—All Funds

Schedule B

	For the Year Ended September 30 2005	2006
Revenues		
Membership Dues	$ 842,418	$ 944,604
Publications and Royalties	523,400	503,170
Scholarships, Grants, and Contributions	29,342	70,401
Annual Meeting	1,383,277	1,462,745
Professional Development	75,620	22,140
Member List Sales	75,293	81,163
Investment Income	178,180	177,268
Special Interest Sections	203,727	160,657
Other Revenues	64,477	71,947
Total Revenues	$ 3,375,734	$ 3,494,095
Expenses		
Publications	$ 573,665	$ 644,257
Annual Meeting	1,075,407	1,201,458
Professional Development	84,973	27,847
Executive Board and Committees	130,733	121,263
Government Affairs	20,300	22,725
Scholarships, Grants, Contributions	47,984	46,925
Representatives to Allied Organizations	196,473	231,991
Special Interest Sections	127,061	108,684
Administrative and General	705,860	747,220
Total Expenses	$ 2,962,456	$ 3,152,370
Increase in Net Assets	$ 413,278	$ 341,725
Net Assets, Beginning of Year	$ 3,265,385	$ 3,678,663
Net Assets, End of Year	$ 3,678,663	$ 4,020,388

Last year the Executive Board, upon the advice of the Finance and Budget Committee, voted to change the investment strategy in place for the restricted funds. Prior to that year, the restricted funds could only be invested in the bond market. The board voted to allow our investment advisor to invest the funds in a mix of stocks and bonds, the same as he does our Permanent Investment Fund.

I am pleased to note that as a result of this change in policy and the contributions from members, SISs, chapters, and publishers, the Strait Endowment increased by more than $14,500 during this past fiscal year. Currently, the fund has a balance of more than $297,000—sufficient to continue to provide scholarships for many years to come.

Schedule B compares the various revenue and expense accounts for the 2005 and 2006 fiscal years. Overall, 2006 revenues remained healthy and comparable with the prior year, primarily as a result of revenues from member dues and another profitable Annual Meeting.

The 2006 Annual Meeting in St. Louis attracted 1,838 paid attendees, sufficient to generate a net return, after all direct costs and overhead, of $260,000. Member dues revenue increased by 11 percent in 2006.

Fiscal year 2006 expenses also remained comparable with the prior year. Expenses in 2006 increased in proportion to the 2006 increase in revenues.

Statement of Activities—General Fund

Schedule C

	For the Year Ended September 30	
	2005	2006
Revenues		
Membership Dues	$ 842,418	$ 893,462
Publications and Royalties	220,147	207,990
Index to Foreign Legal Periodicals	303,253	298,930
Annual Meeting	1,383,277	1,461,801
Professional Development	75,620	22,140
Member List Sales	75,293	81,163
SIS Dues Allocated to HQ	52,370	51,142
Investment Income	15,747	28,415
Other Revenues	64,477	68,451
Total Revenues	$ 3,032,602	$ 3,113,494
Expenses		
Publications	$ 384,745	$ 288,076
Index to Foreign Legal Periodicals	188,920	253,817
Annual Meeting	1,075,407	1,201,458
Professional Development	84,973	27,847
Executive Board and Committees	130,733	121,263
Administrative and General	705,860	842,643
Representatives to Allied Organizations	196,473	231,991
Total Expenses	$ 2,767,111	$ 2,967,095
Increase in Net Assets	$ 265,491	$ 146,399

In total, the net surplus from all funds and activities was $341,725 in fiscal 2006, as compared to $413,278 in 2005 another positive year in regaining our fiscal health and a signal that our financial policies continue to serve us well.

Schedule C reports the fiscal year results of the General Fund only. You will note a similar increase in net assets from fiscal 2005 as revenues increased to net to the $146,399 surplus—on par with those that we have enjoyed during the last few years.

Analyses of some specific items from the General Fund are noted as follows:

Dues revenues were reported at $893,462, an increase of $51,000 from the previous year. This improvement was due, in large part, to retaining and adding new members in 2006. The Association had a member retention rate of more than 90 percent again this year. This rate continues to be higher than that of our sister associations. We feel that this is a vote of confidence in the value of the Association to our members.

Revenues generated from the Annual Meeting were $78,524 more than in 2005, resulting in another healthy net return of $260,000, as mentioned above. The St. Louis Meeting exhibit space sales totaled 205 spaces, our highest total ever. Total exhibiting firms were 117—the highest number of exhibitors since 1999, helping us achieve the healthy net return.

Comparative Fund Balances

Schedule D

	For the Year Ended September 30	
	2005	2006
Funds		
Current Reserve Fund	$ 557,102	$ 440,642
Investment Fund	1,984,947	2,105,011
Special Interest Sections	168,755	220,727
Aspen Research Grant Fund	8,160	3,006
Call for Papers Award Fund	(2,050)	(2,100)
Government Affairs Fund	50,000	28,136
Washington Affairs Contingency Fund	10,000	60,000
Grant Fund	465	1,189
Schaffer Annual Meeting Grant Fund	17,319	20,824
Scholarship Fund	87,623	107,749
AALL and West George A. Strait Minority Scholarship Endowment	283,108	297,933
CIS Scholarship Fund	1,974	1,974
ICM Scholarship Fund	35,145	41,650
AALL Centennial Fund	9,735	11,425
LexisNexis/John R. Johnson Memorial Scholarship Endowment	164,580	208,659
Holoch Fund	10,685	11,778
AALL/LexisNexis Research Fund	72,634	100,278
IFLP Reserve Fund	206,999	206,999
AALL/BNA Continuing Education Grants Fund	—	60,000
Board Approved Workshops	—	83,059
Combined Funds	11,482	11,449
Totals	$ 3,678,663	$ 4,020,388

Our professional development programs continue to perform at a near break-even level as all four programs were well attended, which is quite an improvement from recent years when programs were cancelled for lack of registrants.

Schedule D details the components of the restricted and unrestricted fund balances from the bottom of Schedule A.

You will note that various funds and projects have been established by the Executive Board to ensure that adequate funding is available to support issues, advocacy views, specific programming efforts, or, as is the case with restricted endowments, that contributions are accounted for and restricted to their intended purposes.

The balance of the Current Reserve Fund at the end of fiscal year 2005 was $557,102. During fiscal year 2006 the Executive Board voted to allocate $260,000 of these funds for various Association activities, including replenishing the restricted endowment funds that fell below their restricted balances, contributing to the AALL/BNA Continuing Education Fund, awarding funds for several workshops proposed by our members, and setting aside funds for both the Advocacy Summit in April 2007 and the needs of our Washington Affairs Office.

At the end of fiscal year 2006, the balance of the Current Reserve Fund was $440,642. In February 2007, the Finance and Budget Committee discussed more opportunities to fund educational programs during 2007. The committee's recommendations were presented for board approval at its March meeting. I expect to report on the board's recommendations during the Business Meeting in New Orleans.

If any member would like to comment, or would like clarification of our financial performance or policies, please feel free to contact me or Steve Ligda, and we will be glad to respond. ■

washington brief— continued from page 6

The Chicago Association of Law Libraries, NOCALL, and the Southern New England Law Librarians Association, as well as Louisiana State University and Rutgers University law schools hosted the event this year. ■

Elizabeth LeDoux*, AALL advocacy/communications assistant, Edward B. Williams Law Library, 111 G Street, N.W., Washington, D.C. 20001-1417 • 202/662-4058 • Fax: 202/662-4059 • E-mail: ebl22@law.georgetown.edu • www.aallnet.org/aallwash.*