



Another Healthy Fiscal Year for AALL

The Association's fiscal year ended on September 30, 2007. At that time, the independent audit firm of Legacy Professionals LLP examined the Association's financial records.

The AALL Executive Board retained Legacy Professionals LLP to certify the accuracy of the financial statements and the integrity of the Association's accounting systems. The most vital part of the audit report is an opinion as to whether the statements present fairly the Association's financial position at the end of the fiscal year. Again this year, Legacy Professionals

LLP rendered an unqualified opinion that the Association's financial statements "present fairly, in all material respects, the financial position of the American

Association of Law Libraries as of September 30, 2007 and 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."

The Legacy Professionals LLP partner and senior manager responsible for the Association's audit presented a report, along with comments regarding the overall financial condition of the Association, at the February meeting of the Finance and Budget Committee. During that time, 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 following schedules 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 Paula Davidson, AALL director of finance and administration.

Schedule A is a comparison of the assets, liabilities, and net assets of the total of all Association funds as of fiscal years ending September 30, 2007 and 2006. The Association's investment portfolio constitutes the largest segment of AALL's assets. The portfolio is composed of three invested funds—the Permanent Investment, Restricted Endowment, and Cash Management Funds—which account for 77 percent of AALL's assets as of September 30, 2007.

The Permanent Investment Fund is the largest fund within the portfolio; it is invested in a variety of carefully managed equities and fixed income instruments. The Restricted Endowment Fund (consisting of certain endowed funds such as the Scholarship Fund, the AALL and Thomson 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) is similarly invested in a variety of equities and fixed income instruments. Finally, the Cash Management Fund continues to serve as a short-term reserve for investing cash available from operations.

Statement of Activities—All Funds Schedule B

	For the Year Ended September 30	
	2006	2007
Revenues		
Membership Dues	\$ 944,604	\$ 994,332
Publications and Royalties	543,170	657,315
Scholarships, Grants, and Contributions	70,401	50,677
Annual Meeting	1,592,745	1,515,665
Professional Development	22,140	22,923
Member List Sales	81,163	66,099
Dividend and Interest Income	177,268	425,096
Special Interest Sections	160,657	133,830
Other Revenues	71,947	74,967
Total Revenues	\$ 3,664,095	\$ 3,940,904
Expenses		
Publications	\$ 684,257	\$ 881,879
Annual Meeting	1,331,458	1,286,542
Professional Development	27,847	98,597
Executive Board and Committees	121,263	87,582
Government Affairs	22,725	62,220
Scholarships, Grants, Contributions	46,925	88,120
Representatives to Allied Organizations	231,991	280,132
Special Interest Sections	108,684	93,761
Administrative and General	747,220	658,779
Total Expenses	\$ 3,322,370	\$ 3,537,612
Increase in Net Assets	\$ 341,725	\$ 403,292
Net Assets, Beginning of Year	\$ 3,678,663	\$ 4,020,388
Net Assets, End of Year	\$ 4,020,388	\$ 4,423,680

During its February meeting, the Finance and Budget Committee also met with the Association's investment manager, Chevy Chase Trust Company, to review the performance of the portfolio and to ensure continued compliance with Association investment policy goals. I am very pleased to report that overall, through careful guidance from the investment manager and as a result of the robust performance of the financial markets during the fiscal year, the Association's investment portfolio saw an overall increase of 11.4 percent. For the fiscal year, the Permanent Investment Fund produced a very robust 13.5 percent return. Because of the strong growth in this fund, the Executive Board not only was able to withdraw funds, upon the recommendation of the Finance and Budget Committee, to support special projects not part of the budget for the General Fund, but also will be able to continue to support important Association initiatives. The Restricted Endowment Fund also produced a healthy

Statement of Financial Position

Schedule A

	For the Year Ended September 30	
	2006	2007
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 945,083	\$ 928,214
Accrued Interest Receivable	25,652	25,652
Accounts Receivable, Net of Allowance for Doubtful Accounts	201,756	104,160
Prepaid Expenses	98,045	88,268
Total Current Assets	\$ 1,270,536	\$ 1,146,294
Property and Equipment:		
Leasehold Improvements	13,833	13,833
Furniture and Equipment	293,171	266,795
	307,004	280,628
Less Accumulated Depreciation	235,116	202,411
Total Property and Equipment	\$ 71,888	\$ 78,217
Other Assets:		
Investments	3,750,905	4,178,766
Total Assets	\$ 5,093,329	\$ 5,403,277
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 292,136	\$ 208,856
Deferred Membership Dues	628,772	647,988
Deferred Subscription Income	116,983	96,001
Deferred Exhibit Fees	35,050	26,752
Total Current Assets	\$ 1,072,941	\$ 979,597
Unrestricted Net Assets	3,054,496	3,340,216
Temporarily Restricted Net Assets	445,892	563,464
Permanently Restricted Net Assets	520,000	520,000
Total Net Assets	\$ 4,020,388	\$ 4,423,680
Total Liabilities and Net Assets	\$ 5,093,329	\$ 5,403,277

return for the fiscal year, ensuring increases for the individual endowed funds.

Schedule B compares the various revenue and expense accounts for the 2006 and 2007 fiscal years. For 2007, the Association generated strong revenues similar to the prior year. A significant increase was a result of revenue from publications and royalties. Moreover, revenue from member dues continued to increase. While the 2007 New Orleans Annual Meeting revenue was lower than the amount for the 2006 meeting, the 2007 meeting still generated a net return after direct costs and overhead of \$190,000.

Statement of Activities—General Fund Schedule C

	For the Year Ended September 30	
	2006	2007
Revenues		
Membership Dues	\$ 893,462	\$ 941,042
Publications and Royalties	247,990	233,816
<i>Index to Foreign Legal Periodicals</i>	298,930	439,315
Annual Meeting	1,591,801	1,504,178
Professional Development	22,140	18,543
Member List Sales	81,163	66,099
SIS Dues Allocated to HQ	51,142	53,273
Investment Income	28,415	47,339
Other Revenues	68,451	71,876
Total Revenues	\$ 3,283,494	\$ 3,375,481
Expenses		
Publications	\$ 328,076	\$ 599,358
<i>Index to Foreign Legal Periodicals</i>	253,817	307,492
Annual Meeting	1,331,458	1,313,617
Professional Development	27,847	122,428
Executive Board and Committees	121,263	114,314
Administrative and General	842,643	533,061
Representatives to Allied Organizations	231,991	250,063
Total Expenses	\$ 3,137,095	\$ 3,240,333
Increase in Net Assets	\$ 146,399	\$ 135,148

Association expenses for fiscal year 2007 also remained comparable with the prior year. The overall expenses for the Annual Meeting were lower than in the previous year; however, the Association saw increased expenses associated with publications and increased support of government affairs and scholarships/grants activities.

In total, the Association reported an increase in net assets from all funds and activities of \$403,292 in fiscal year 2007 compared to \$341,725 for fiscal year 2006.

Schedule C reports the fiscal year results of the General Fund only. The increase in

net assets for fiscal year 2007 was \$135,148. The Association saw significant increases in revenue from membership dues, the *Index to Foreign Legal Periodicals*, and investment income. Following is an analysis of some specific items from the General Fund.

Dues revenues were reported at \$941,042, an increase of \$47,500 over the previous year. Compared with the previous fiscal year, the Association saw an increase in the number of dues paying members. Moreover, as with years past, the Association had a healthy member retention rate compared to other similar organizations. Overall, membership dues accounted for 29 percent of total Association revenues—the same as the previous two fiscal years.

The Annual Meeting continues to be the largest revenue generating activity for the Association. The New Orleans Annual Meeting generated lower revenue compared to the St. Louis Annual Meeting; however, overall expenses for the 2007 meeting were lower. In total, 97 exhibitors purchased 193 exhibit spaces. The total number of attendees for the meeting was 1,686, which surpassed the budgeted number of 1,600. While lower than the percentage of previous years, the net percentage return on the Annual Meeting after taking into account direct and indirect costs was almost 14 percent.

As noted above, the *Index to Foreign Legal Periodicals* generated significant revenues for the Association. The largest component to the increase was from royalty revenue; the revenue for fiscal year 2007 was \$439,315 compared to \$298,930 for the previous year. Overall, the increase in net assets for the publication was \$137,296 compared to \$45,113 for the previous year.

Schedule D provides detail for the restricted and unrestricted net assets referenced in Schedule A.

The various funds and programs itemized on the schedule were established by the Executive Board to ensure that adequate funding is available to support the Association's commitment to leadership, education, and advocacy. Moreover, the funds also ensure that restricted endowment contributions are accounted for and restricted to their intended purposes.

The balance of the Current Reserve Fund at the end of fiscal year 2006 was \$440,642. At the end of fiscal year 2007 the balance of the Current Reserve Fund was \$458,235. At its February meeting, the Finance and Budget Committee discussed

Comparative Fund Balances

Schedule D

Funds	For the Year Ended September 30	
	2006	2007
Current Reserve Fund	\$ 440,642	\$ 458,235
Investment Fund	2,105,011	2,390,245
Special Interest Sections	220,727	260,813
Wolters Kluwer Law & Business Research Grant Fund	3,006	10,746
Call for Papers Award Fund	(2,100)	—
Government Affairs Fund	28,136	33,907
Washington Affairs Contingency Fund	60,000	75,000
Grant Fund	1,189	2,347
Schaffer Annual Meeting Grant Fund	20,824	21,589
Scholarship Fund	107,749	117,675
AALL and West George A. Strait Minority Scholarship Endowment	297,933	325,297
CIS Scholarship Fund	1,974	1,974
ICM Scholarship Fund	41,650	47,180
AALL Centennial Fund	11,425	11,788
LexisNexis/John R. Johnson Memorial Scholarship Endowment	208,659	230,413
Holoch Fund	11,778	14,851
AALL/LEXIS Research Fund	100,278	115,423
/FLP Reserve Fund	206,999	206,999
AALL/BNA Continuing Education Grants Fund	60,000	54,549
Board Approved Workshops	83,059	33,155
Combined Funds	11,449	11,494
Totals	\$ 4,020,388	\$ 4,423,680

opportunities to fund leadership, education, and advocacy programs during 2008. The committee presented its recommendations to the Executive Board for approval at the board's April meeting.

If any member would like to comment, or would like clarification of our financial performance or policies, please feel free to contact me or Paula Davidson. We will be happy to respond. ■

washington brief— continued from page 6

more effective communicator while meeting new colleagues and connecting with old friends. No specific background knowledge or experience is required. The training will be held on Saturday, July 12, from 8:30 a.m. to 12 p.m. and will include a continental breakfast. Please register by June 1 by contacting Emily Feldman at ejf33@law.georgetown.edu. ■

Mary Alice Baish, acting Washington affairs representative, Edward B. Williams Law Library, 111 G Street, N.W., Washington, D.C. 20001-1417 • 202/662-9200 • Fax: 202/662-4059 • E-mail: Baish@law.georgetown.edu • www.aallnet.org/aallwash