



By David S. Mao

Strong Fiscal Year Will Sustain AALL in Tough Times

The Association's fiscal year ended on September 30, 2008. Thereafter, the independent audit firm of Legacy Professionals LLP examined the Association's financial records.

The Executive Board retained Legacy Professionals LLP to certify the accuracy of the Association's financial statements and the integrity of its accounting systems. The most important part of the audit report is an opinion as to whether or not the statements present fairly the Association's financial position at the end of the fiscal year. In its report, 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, 2008 and 2007, 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 2009 meeting of the Association's Finance and Budget Committee, the Legacy Professionals LLP partner and senior manager responsible for the audit presented the audit report along with comments regarding the overall financial condition of the Association. During that time, committee members were given an opportunity to ask questions regarding the statements, methods, records, or procedures employed by the financial staff.

The following schedules summarize the data presented in the Association's audit report. If you would like to receive the complete report, you may request a copy from Paula Davidson, 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 2008. The largest segment of AALL's assets continues to be the Association's investment portfolio. The portfolio is composed of three invested funds—the permanent investment, restricted endowment, and cash management funds. The portfolio accounted for 65 percent of AALL's assets as of September 30, 2008.

The permanent investment fund is the largest fund within the portfolio; the fund is invested in a variety of managed equities and fixed income instruments. The restricted endowment fund (consisting of certain endowed funds such as the Scholarship Fund, the AALL/ThomsonWest—George A. Strait Minority Scholarship Endowment, the LexisNexis/John R. Johnson Memorial Scholarship Endowment, Institute for Courts Management Fund, Alan Holoch Memorial Fund, FCIL Schaffer Grant for Foreign Law Librarians, 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.

The Association's portfolio is professionally managed by Chevy Chase Trust Company. In February, the Finance and Budget Committee met with the investment manager from Chevy Chase responsible for the Association's account. At that time, the committee reviewed the

performance of the portfolio to ensure continued compliance with Association investment policy goals. Association funds continue to be invested according to a strong asset allocation model; however, market conditions toward the end of the Association's fiscal year had an impact on the portfolio. Thus, the investment funds decreased 8.9 percent from the September 30, 2007, value. While the value of investment assets decreased in value compared to the previous fiscal year, the total assets increased 9 percent and the Association finished the year with a positive change in total asset value.

Statement of Financial Position Schedule A

	For the Year Ended September 30	
	2007	2008
Assets		
Current Assets:		
Cash and Cash Equivalents	\$ 928,214	\$ 1,657,527
Accrued Interest Receivable	25,652	16,279
Accounts Receivable, Net of Allowance for Doubtful Accounts	104,160	180,208
Prepaid Expenses	88,268	186,934
Total Current Assets	\$ 1,146,294	\$ 2,040,948
Property and Equipment:		
Leasehold Improvements	13,833	13,833
Furniture and Equipment	266,795	268,556
	280,628	282,389
Less Accumulated Depreciation	202,411	228,908
Total Property and Equipment	\$ 78,217	\$ 53,481
Other Assets:		
Investments	4,178,766	3,804,238
Total Assets	\$ 5,403,277	\$ 5,898,667
Liabilities and Net Assets		
Current Liabilities:		
Accounts Payable and Accrued Expenses	\$ 208,856	\$ 373,003
Deferred Membership Dues	647,988	665,647
Deferred Subscription Income	96,001	94,558
Deferred Exhibit Fees	26,752	253,036
Total Current Assets	\$ 979,597	\$ 1,386,244
Unrestricted Net Assets	3,340,216	3,492,256
Temporarily Restricted Net Assets	563,464	500,167
Permanently Restricted Net Assets	520,000	520,000
Total Net Assets	\$ 4,423,680	\$ 4,512,423
Total Liabilities and Net Assets	\$ 5,403,277	\$ 5,898,667

Statement of Activities—All Funds Schedule B

	For the Year Ended September 30	
	2007	2008
Revenues		
Membership Dues	\$ 994,332	\$ 1,046,525
Publications and Royalties	209,709	227,579
Index to Foreign Legal Periodicals	439,315	461,932
Scholarships, Grants, and Contributions	50,677	129,418
Annual Meeting	1,529,097	1,709,568
Professional Development	22,923	64,215
Member List Sales	66,099	71,570
Placement Fees	66,775	56,125
Dividend and Interest Income	425,096	(135,658)
Special Interest Sections	133,830	130,018
Other Revenues	3,051	22,097
Total Revenues	\$ 3,940,904	\$ 3,783,389
Expenses		
Publications	\$ 576,492	\$ 476,545
Index to Foreign Legal Periodicals	305,387	296,565
Annual Meeting	1,261,196	1,306,892
Professional Development	98,597	231,639
Executive Board and Committees	87,582	117,496
Government Affairs	62,220	27,472
Scholarships, Grants, Contributions	88,120	127,187
Representatives to Allied Organizations	280,132	355,718
Membership List	19,397	10,631
Placement Fees	5,949	5,812
Special Interest Sections	93,761	100,366
Administrative and General	658,779	638,323
Total Expenses	\$ 3,537,612	\$ 3,694,646
Increase in Net Assets	\$ 403,292	\$ 88,743
Net Assets, Beginning of Year	\$ 4,020,388	\$ 4,423,680
Net Assets, End of Year	\$ 4,423,680	\$ 4,512,423

Schedule B compares the various revenue and expense accounts for the 2007 and 2008 fiscal years. For 2008, the Association generated strong revenues. As in years past, a significant increase was a result of revenue from publications and royalties. Moreover, revenue from member dues continued to increase. Most important, the 2008 Portland Annual Meeting generated considerable revenue for the Association. The total Annual Meeting revenue increased 11.8 percent over the total for the 2007 meeting. The net return for the Annual Meeting after direct costs was \$402,676.

Association expenses for fiscal year 2008 also remained comparable with the prior fiscal year. The overall expenses for the Annual Meeting increased, as did expenses for scholarships/grants activities; however, expenses associated with publications and government affairs decreased.

In total, the Association reported an increase in net assets from all funds and activities of \$88,743 for fiscal year 2008.

Schedule C reports the fiscal year results of the general fund only. The increase in net assets for fiscal year 2008 was \$351,982 compared to \$135,149 for the previous year. Consistent with previous years, the Association saw significant increases in revenue from membership dues and the *Index to Foreign Legal Periodicals*. The Association also saw increases in revenue from the Annual Meeting and professional development.

Following is an analysis of some specific items from the general fund.

Dues revenues were reported at \$990,680, an increase of \$49,638 over the previous 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 more than 27 percent of total association revenues; the amount is similar to previous fiscal years.

As previously noted, the *Index to Foreign Legal Periodicals* also generated significant revenues for the Association. A large component to the increase was from royalty revenue; the total revenue for fiscal year 2008 was \$461,932, compared to \$439,315 for the previous year—a 5.1 percent increase. Overall, the increase in net assets for the publication was \$170,260, compared to \$137,296 for the previous year.

The Annual Meeting continued to be the largest revenue generating activity for the Association. The Portland Annual

Statement of Activities—General Fund Schedule C

	For the Year Ended September 30	
	2007	2008
Revenues		
Membership Dues	\$ 941,042	\$ 990,680
Publications and Royalties	190,517	202,808
<i>Index to Foreign Legal Periodicals</i>	439,315	461,932
Annual Meeting	1,368,878	1,592,363
Professional Development	18,543	110,339
Member List Sales	66,099	71,570
SIS Dues Allocated to HQ	53,273	55,845
Investment Income	47,339	46,248
Other Revenues	71,876	94,593
Total Revenues	\$ 3,196,883	\$ 3,626,378
Expenses		
Publications	\$ 365,442	\$ 289,433
<i>Index to Foreign Legal Periodicals</i>	302,019	291,673
Annual Meeting	712,650	704,081
Professional Development	16,007	88,906
Executive Board and Committees	93,563	121,472
Administrative and General	1,345,783	1,484,133
Representatives to Allied Organizations	226,270	294,697
Total Expenses	\$ 3,061,734	\$ 3,274,396
Increase in Net Assets	\$ 135,149	\$ 351,982

Meeting generated greater revenue compared to the previous Annual Meeting in New Orleans. Moreover, overall expenses for the 2008 Meeting were lower than in 2007. In total, 113 exhibitors purchased 215 exhibit spaces, an increase from 97 and 193, respectively, for the 2007 Annual Meeting. The total number of attendees for the Meeting was 1,953, which far exceeded the expected number of 1,600. Indeed, the number of attendees was the largest since the 2004 Annual Meeting in Boston. The net percentage return on the Annual Meeting after taking into account direct and indirect costs was slightly more than 26 percent, compared with 14 percent for the previous Annual Meeting.

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 available funding to support the Association's commitment to its strategic directions: 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 2007 was \$458,235. At the end of fiscal year 2008 the balance of the Current Reserve Fund was \$429,203. During its February meeting, the Finance and Budget Committee discussed opportunities available to fund leadership, education, and advocacy programs during 2009, and also financing request for fiscal year 2010. Taking note of the current world economic situation, the committee also discussed various economic projections. 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. ■

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Comparative Fund Balances Schedule D

Funds	For the Year Ended September 30	
	2007	2008
Special Interest Sections	\$ 260,813	\$ 290,466
Walters Kluwer		
Research Grant Fund	10,746	8,530
Call for Papers Award Fund	(2,150)	135
Government Relations Fund	33,907	26,552
Government Relations Office		
Reserve Fund	75,000	75,000
Grant Fund	2,347	3,038
FCIL Schaffer Grant for Foreign		
Law Librarians	21,589	21,408
Scholarship Fund	117,675	97,215
AALL/West George A. Strait		
Minority Scholarship Endowment	325,297	306,138
CIS Scholarship Fund	1,974	1,974
ICM Scholarship Fund	47,180	41,839
AALL Centennial Fund	11,788	12,012
LexisNexis/John R. Johnson		
Memorial Scholarship Endowment	230,413	211,059
Holoch Fund	14,851	14,511
AALL/LEXISNEXIS Research Fund	115,423	103,782
IFLP Reserve Fund	206,999	206,999
AALL/BNA Continuing Education		
Grants Fund	54,549	30,275
Board Approved Workshops	13,412	13,412
Combined Funds	31,237	—
Other Unrestricted	2,850,630	3,048,078
Total Funds	\$ 4,423,680	\$ 4,512,423