

## BOARD DOCUMENT



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**TO:** Board of Directors  
**FROM:** Finance Committee  
**DATE:** 27 September 2006  
**RE:** 2005 Audit Report and Management Letter

**RECOMMENDATION:** The Finance Committee recommends that the Board of Directors receive the Annual Audit Report and Management Letter for the period ended December 31, 2005.

A Management Letter is issued to the Board of Directors with the independent audit report. The Management Letter includes suggestions for improvements with regard to internal management and record keeping.

### SLA Response to Management Letter

**PRIOR YEAR COMMENTS for Review** – comments made in the 2004 Management Letter

Computer Processes and Procedures - Completed - CFO implemented additional security measures and changes to the accounting security procedures.

Allocation of Time and Effort - Completed - CFO made changes to the salary allocation procedures internally to better reflect staff time to programs and will further improve the process to include compliance procedures and policies for time sheets, overhead rate, and expense reports.

Accounts Receivable – Completed – Up-to-date and substantially reduced over 2004.

Internal Controls Over Check Disbursements – Completed - All checks over \$50,000 are signed off by two signatures.

**CURRENT YEAR COMMENTS** – comments made in the 2005 Management Letter

Delay in Recording Transactions and Reconciling Accounts - Completed – Staff record transactions and reconcile accounts on a monthly basis and distribute reports to Board of Directors, Finance Committee, and staff in a timely fashion.

Reconcile Revenue with Database – Forthcoming – Reconciliation with the membership database occurs monthly. The database does not have the capacity to reconcile at year-end. The new AMS will allow us to reconcile membership revenue and counts monthly and yearly regardless of month/year of query.

Update Accounting Policies and Procedures Manual – Will be completed in 2006.

Review of Outstanding Checks/Escheat Laws – Staff inquired about VA law with regards to unclaimed property/checks. This item was informational.

**SPECIAL LIBRARIES ASSOCIATION, INC.**  
**Statement of Activities**  
**For the Year Ended December 31, 2005**

|   | <u>Total</u>        | <u>Unrestricted</u> | <u>Temporarily<br/>Restricted</u> | <u>Permanently<br/>Restricted</u> |
|---|---------------------|---------------------|-----------------------------------|-----------------------------------|
| <b>Revenue:</b>                                 |                     |                     |                                   |                                   |
| Programs:                                       |                     |                     |                                   |                                   |
| Membership growth and development               | \$ 1,306,773        | \$ 1,306,773        |                                   |                                   |
| Serial publications                             | 554,649             | 554,649             |                                   |                                   |
| Conference and meetings                         | 2,882,532           | 2,882,532           |                                   |                                   |
| Strategic learning and development              | 132,941             | 132,941             |                                   |                                   |
| Career and employment services                  | 70,383              | 70,383              |                                   |                                   |
| Public affairs                                  | 28,295              | 28,295              |                                   |                                   |
| Marketing and fund development                  | 417,969             | 417,969             |                                   |                                   |
| Leadership services                             | 59,959              | 59,959              |                                   |                                   |
| Research  | 21,729              | 21,729              |                                   |                                   |
| Information resources                           | 93                  | 93                  |                                   |                                   |
|   | <u>5,475,323</u>    | <u>5,475,323</u>    |                                   |                                   |
| Interest and dividends                          | 105,572             | 70,014              | \$ 35,558                         |                                   |
| Contributions                                   | 1,530               | 471                 | 1,059                             |                                   |
| Miscellaneous                                   | 16,691              | 16,691              |                                   |                                   |
| Net assets released from restrictions:          |                     |                     |                                   |                                   |
| Scholarships and miscellaneous                  | -                   | 30,500              | (30,500)                          |                                   |
| Total revenue                                   | <u>5,599,116</u>    | <u>5,592,999</u>    | <u>6,117</u>                      |                                   |
| <b>Expenses:</b>                                |                     |                     |                                   |                                   |
| Program expenses:                               |                     |                     |                                   |                                   |
| Membership growth and development               | 673,361             | 673,361             |                                   |                                   |
| Serial publications                             | 458,205             | 458,205             |                                   |                                   |
| Conference and meetings                         | 1,302,420           | 1,302,420           |                                   |                                   |
| Strategic learning and development              | 434,995             | 434,995             |                                   |                                   |
| Career and employment services                  | 48,399              | 48,399              |                                   |                                   |
| Public affairs                                  | 714,916             | 714,916             |                                   |                                   |
| Marketing and fund development                  | 289,545             | 289,545             |                                   |                                   |
| Leadership services                             | 842,460             | 842,460             |                                   |                                   |
| Research  | 52,646              | 52,646              |                                   |                                   |
| Information resources                           | 175,150             | 175,150             |                                   |                                   |
| Scholarships and grants                         | 43,250              | 43,250              |                                   |                                   |
|   | <u>5,035,347</u>    | <u>5,035,347</u>    |                                   |                                   |
| General operations                              | 742,641             | 742,641             |                                   |                                   |
| Total expenses                                  | <u>5,777,988</u>    | <u>5,777,988</u>    |                                   |                                   |
| <b>Change in net assets before other income</b> | (178,872)           | (184,989)           | 6,117                             |                                   |
| <b>Other income:</b>                            |                     |                     |                                   |                                   |
| Realized gains (losses) on sales of investments | 43,703              | 44,115              | (412)                             |                                   |
| Unrealized gains (losses) on investments        | 44,354              | 53,021              | (8,667)                           |                                   |
|   | <u>88,057</u>       | <u>97,136</u>       | <u>(9,079)</u>                    |                                   |
| <b>Change in net assets</b>                     | (90,815)            | (87,853)            | (2,962)                           |                                   |
| <b>Net assets, January 1, 2005</b>              | <u>9,362,814</u>    | <u>8,374,142</u>    | <u>862,592</u>                    | <u>\$ 126,080</u>                 |
| <b>Net assets, December 31, 2005</b>            | <u>\$ 9,271,999</u> | <u>\$ 8,286,289</u> | <u>\$ 859,630</u>                 | <u>\$ 126,080</u>                 |

The accompanying notes are an integral part of these financial statements.