

BOARD DOCUMENT



Global Headquarters
331 S. Patrick Street
Alexandria, VA 22314 USA
1-703-647-4900
Fax: 1-703-647-4901
www.sla.org

TO: Board of Directors
FROM: Sylvia James, SLA Treasurer
DATE: 27 September 2006
RE: Fiscal Year 2007 Budget

Recommendation: The Finance Committee recommends that the Board of Directors approve the proposed 2007 budget as presented.

Rationale: The budget is a fiscal blueprint for carrying out the Associations strategic goals and objectives as determined by the Board of Directors. The FY07 budget was reviewed by the Finance Committee in great detail at its September 2006 Meeting. The Committee reviewed and used the data from the 2007 CEO Goals and Objectives, the July and August 2006 Financial Statements, and the 2005 Audited Statements in its review process.

Budgeting process: The Association's budgeting philosophy is to propose and attain a balanced budget each year. During the planning process three scenarios are considered:

Current Reality Budget: Up-to-date financial information and program goals (both short-term and long-term) are used to develop a well-thought, realistic budget based on specific goals and objectives.

Stretch Budget: If the Association were to have unlimited funding or imagine additional funding from promotions, technology, or new services, what would it do with the funds? Here we examine the impact *stretching* would have on the Association as a whole. For example, having \$10,000 in additional promotional dollars might yield \$50,000 in new product orders. What is the impact on other program budgets and staff resources? There must be a direct benefit in allocating the additional funds (i.e. increased income, or x% more product to benefit the members).

Contingency Budget: The contingency plan is for times of change when income is down and/or there is an unforeseen major expenditure in a program area or activity.

Budget Highlights: The FY07 budget was developed with conservative figures. Both the staff and Finance Committee felt it was prudent to continue to invest in products and services without the necessity to delve into contingency plans because high income levels were unattainable.

Total income for the FY07 budget is estimated at approximately \$6.5 million; total expense at approximately \$5.6; with a projected surplus of \$14,346. The increases to income and expenses for 2007 are due, in part, to increased conference and meeting attendance and slight membership increases as well as more realistic income and expense projections throughout each of the program areas, especially in our awards and advertising projections.

Membership dues account for \$1.6 million out of a total \$6.5 million in revenue for the Association. This means that membership dues cover approximately 25% of operations. Non-dues revenue streams such as conference registration, exhibits, advertising, sponsorship, and mailing list rental cover and pay for basic member services like Click University, leadership and volunteer activities, research, and information resources and general operations. More and more associations are looking towards non-dues revenue to support the delivery of critical products and services; SLA is ahead of the curve.

There are three sections to review together to fully understand the budget figures:

Management Overview: Provides general information and highlights of the programs and activities of the Association.

FY07 Budget: Provides line-by-line detail for each program and activity.

Budget Justifications: Provides detailed information for each and every budget line contained in the above report.

**FY07 Budget
Management Overview**

2007 Program/Activity Highlights

Interest Income	The interest income has remained flat to reflect current market conditions.
Fund Transfers	In 2007 staff will move funds from the computer fund to the operating fund to cover the costs of AMS implementation. There is a Board recommendation to transfer funds from reserves to operating to cover costs for strategic realignment and marketing.
Salaries	The salaries budget provides for salaries for all staff positions.
Benefits	Expenditures for benefits have been increasing for several years industry-wide. Our greatest exposure has been in medical insurance with a 12% increase in Q42006.
Office Services	The overall office services expenses have remained constant over the past three years with no significant changes or increases anticipated in 2007.
Occupancy	Occupancy costs are in line with FY05 and FY06 figures.
Computer Services	Expenditures for 2007 are up as staff will implement the AMS system for HQ and units.
Financial Management	Overall costs in this area have remained constant.
Membership Dev	While total projected membership is projected to increase slightly, efforts are focused on retention and increasing unit (chapter and division) participation. Many membership activities are now budgeted in conjunction with marketing efforts such as Click U. and conference campaigns.
<i>Information Outlook</i>	Overall net income for IO has dropped each year since 2002-03 due to a decline in advertising usage. The 2007 budget is reflective of a 10% increase over the 2006 budget figures. Staff are confident we can reach this goal with a new design being launched 2007.
Conference	Denver planning is in full swing, with a secured opening keynote speaker, VP Al Gore, so attendance estimates are planned to meet Baltimore expectations. It is much more expensive to do business in Denver than in previous conference cities like Baltimore or Toronto. Consequently, expenses have increased resulting in decrease in overall net income from FY05 or FY06.
Exhibits	Overall, exhibitors seem to be excited about Denver and are already signing for 2007. The slight increase in exhibit sales is reflective of this optimism. To date we have commitments from exhibitors at just over \$1M.
Professional Dev	The Professional Development program has undergone many substantial changes in the past year and will continue to explore new ventures for 2007 and beyond. Access, affordability, and ease of use

have been the key factors in determining offerings for 2007.

All programming under Professional Development is sold under the auspices of Click University. Click U is beginning its second full year as a new offering for the Association. It provides 24-hour access to learning opportunities for members. It offers learning on general business skills as well as customized offerings that we produce that are more targeted to the information profession. As we introduce new services, such as the CI certificates program at a reduced fee for members or free WebEx sessions for leadership training, we hope to recoup, through sales and sponsorships, on our ongoing investment so the PD program can eventually break even.

Career Services

This program is budgeted to show a small profit again in 2007.

Marketing

The FY07 budget includes amounts for promotional materials, print media, development of unique ads, advertisement/article placement, media and public relations, awards and recognition, and exhibits and tradeshow attendance. Increased costs are reflective of enhancing the quality of the items that are produced in this area.

The Public Policy program continues to monitor legislative activities relating to postal, copyright, association, digital rights, and other key issues; and to development and deliver government relations promotional and educational tools. There is an increased emphasis being placed on outreach to the membership regarding key legislative issues.

Fundraising

Sales/rental of our mailing list continues to be a low cost, high profit program for the Association.

Sponsorship income generated by the fundraising department is recorded to the program or activity that is being sponsored. This is the proper way of accounting for this income as it is directly attributable to the specific program.

Special projects include sponsorship of the Website, discussion lists, and *Information Outlook* on-line. These sponsorships are now posted to the general fund as opposed to the computer fund, as had been done in years past. The competition for dollars is still fierce and it is becoming increasingly more difficult to secure sponsors for our various projects.

Leadership Services

Travel costs continue to rise as the Association seeks to have an increased presence at key events for the information profession. Staff continue to work with other organizations or units to cover travel expenditures for President and CEO.

There is one unit budget requests for FY07 being presented to the Board.

Research

The 2007 Research budget will be aimed toward projects that bring attention to SLA, predominantly the Salary Survey.

Information Center

This program will be maintained with activities similar to 2006, with the utilization of online services. Staff continue to contain costs

through the utilization of more cost-effective technology. In addition, Factiva provides online services free of charge, resulting in the vast reduction of the online services budget. Were these items not underwritten by a sponsorship it would cost the Association approximately an additional \$50,000 to deliver services to the staff and membership.

Computer Fund

The budget for this fund includes a \$450,000 expenditure for the purchase and implementation of an association management system (AMS). In FY07, as expenses are incurred for the AMS, funds will be transferred from the computer fund to the operating budget.

Grants & Awards Fund

No changes are being made for 2007. This fund is being operated within the parameters of the funds purpose statement.

Reserve Fund

There will be a Board recommendation for use of these funds for FY07.