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TO: Board of Directors
FROM: Finance Committee
DATE: 9 December 2009
RE: **Fiscal Year 2010 Budget**

RECOMMENDATION: The Finance Committee recommends that the Board of Directors approve the proposed 2010 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 Fiscal Year 2010 budget was reviewed by the Finance Committee in great detail at its November 2009 teleconference meetings. The Committee reviewed and used the data from the 2010 CEO Goals and Objectives, the September 2009 Financial Statements, and the supporting management overview and budget justifications in its review process.

2009 was a very difficult year for SLA. 2010 will be no different for SLA and our members. It will require stringent actions to hold the line on spending and require some hard decisions on priorities, policies and actions.

SLA continues to have a strong membership base. But like everyone else, we have seen the effects of the bad economy. From a very conservative position, it is safe to assume that revenues from dues, conference registrations, sponsorships and so on will likely continue to decrease. We know of many library closures and many organizations that have already cut staff, SLA included, and can certainly expect this trend to continue. They also will cut their spending, which will affect our sponsors, our registrations, our membership renewals, our exhibits, our advertisers, etc. So we have to be conservative and prudent in our revenue predictions for memberships, conference registrations and exhibitors and all other revenue programs. The bottom line is that we have looked at every line in our budget and cut out and cut back wherever we can without diminishing our important services to members. Communication and prioritization were a key aspect to getting our budgets finalized and preparing the Association for the harder times ahead.

Conservative Budget Planning for 2010

Planning for 2010 did not involve the stretch budget exercise because the economy makes it unrealistic to project additional revenue. Goals were developed to ensure the continuation of member services, the roll-out of the alignment project and a few small new initiatives. Budgets were planned to meet those goals.

Fiscal Year 2010

The Fiscal Year 2010 budget was developed with conservative figures on both the revenue and expense lines.

Total income for the Fiscal Year 2010 budget is estimated at approximately \$5.7M; total expense at approximately \$5.9 M; funds moved from reserves to cover already budgeted and approved special projects at approximately \$176K; with a projected deficit of \$73K. The large decreases to income and expenses for 2010 are due, in part, to the 25% reduction in staff salary and benefits,

more members renewing/joining at the lowest dues level, the elimination of fees for Click U programming, as well as more conservative income estimates due to lowered sponsorship/partnership dollars and bare bones expense projections throughout each of the program areas.

Membership dues, in fact, make up a small part of the investment SLA makes in programs and services for every member. Membership dues account for \$1.5M out of a total \$5.7M 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, information resources and general operations. With our different tiers of dues, the average dues paid by a member decreased in 2009 to \$130.85, yet the cost to service each member increased to \$571.43. As you know, we work hard to generate the remaining revenue (\$440.58 per member in 2009) from exhibitor fees, sponsorships, advertising, donations, and so forth.

There are two sections to review to fully understand the budget figures:

FY10 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.

The general operations budget was approved by the Board of Directors on 17 December 2009. Any changes to the 2010 proposed programming budgets will affect the general operations budget, therefore, it is included here.

Please use both documents to review the budget prior to the Board of Directors discussions.