FROM THE TREASURER
STARTING A NEW DECADE

The start of a new decade is a time for reflection in our personal lives, our work lives, and also in the corporate lives of the groups and associations we belong to. Ten years ago, the AALL Treasurer reported that the Association had another healthy year. Ten years later, in 2020, we are stronger than we were in 2010.

The Finance and Budget Committee is charged with, among other things, the duty to review and modify the proposed annual budget before presentation to the Executive Board, to oversee all Association funds, to meet annually with the investment manager to review the performance of the Association’s investments, and to review the results of our annual audit. In March 2020, the AALL Finance and Budget Committee met in Chicago to review and analyze AALL’s year-end financial statements and audit report. The Committee also heard from representatives of AALL’s audit firm and investment advisors. As part of this meeting, the Finance and Budget Committee also approved additional funding requests for FY 2019-20 and reviewed the proposed budget guidelines for FY 2020-21. This is the start of the next fiscal year’s budgeting process.

Assets
A representative from Chevy Chase Trust met with committee members during the March meeting to review and discuss AALL’s investment portfolio. The portfolio, which represents the greatest percentage of AALL’s assets, is comprised of three invested funds: the Permanent Investment Fund (PIF), the Restricted Endowment Fund (REF), and the Current Reserve Fund (CRF). Figure 1 illustrates the importance of these investments to the Association’s

FIGURE 1: FY 2018–19 ASSETS

- Investment Funds: $316K (316,150)
- Cash and Cash Receivables: $249K (249,337)
- Accounts Receivable: $26K (25,861)
- Prepaid Expenses: $428K (427,721)
- Other: $6.1M (6,084,845)
long-term financial security. One of the goals of this meeting is to ensure continued compliance with AALL’s investment policy objectives. See AALL’s Permanent Investment Fund Policy at bit.ly/AALL-PIF.

The Finance and Budget Committee, as well as the Executive Board as a whole, take seriously the fiduciary duty we have to the Association. As a result, moderate investment objectives drive AALL’s investment strategy. We seek to balance the possibility of increased gains with a desire to avoid substantial risks. AALL’s investment portfolio with Chevy Chase Trust is very diversified and includes various sectors such as Energy, Healthcare, Financials, Utilities, etc. As you know, although the U.S. economy grew late last year along with AALL’s investments, the COVID-19 pandemic has had significant impact on everyone’s investments this year. Chevy Chase Trust is ensuring that AALL’s portfolio is defensive right now. As of September 30, 2019, $226,874 of our investment income was realized.

The largest fund within AALL’s investment portfolio is the PIF; it is invested in a variety of managed equities and fixed-income instruments, such as corporate bonds, securities, REITs, and municipal funds. Contributions to a variety of endowed funds form the basis of the REF. These funds include the Scholarship Fund; the AALL and Thomson Reuters George A. Strait Minority Scholarship & Fellowship Endowment; the LexisNexis/John R. Johnson Memorial Scholarship Endowment; and the Foreign, Comparative, and International Law Special Interest Section Schaffer Grant for Foreign Law Librarians. Like the PIF, this fund is also invested in a variety of fixed-income instruments and equities. The CRF fund serves as a short-term reserve for investing cash available from operations—essentially the Association’s short-term savings account. See figure 2.

Audit Report
Members of the committee were pleased to hear the conclusions of Legacy Professionals LLP, an independent audit firm. In the firm’s report, dated March 2, 2020, it rendered an unmodified 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, 2019 and 2018, and the changes in its net assets and its cash flows for the years then ended, in accordance with accounting principles generally accepted in the United States of America.” The audit report also states that the evidence obtained is sufficient and appropriate to provide a basis for the audit opinion.

During a closed session, the Finance and Budget Committee members had the opportunity to ask questions to Legacy Committee members about the statements, methods, records, and procedures utilized by AALL staff. The
auditor confirmed that AALL staff was well prepared and that AALL’s financial documents are correctly maintained. To request a copy of the full audit report, contact AALL Director of Finance and Administration, Natalia Pergamentseva.

**Revenues**

AALL saw total revenue of $4,063,267 in 2019, which was 3.5 percent less than the $4,212,302 in 2018. The three major sources of revenue for AALL are the Annual Meeting & Conference, membership dues, and the *Index to Foreign Legal Periodicals (IFLP)*. This revenue funds most programs and activities. In reviewing how each of these revenue streams performed in the 2019 fiscal year, membership dues of $988,477 was the same as what was collected in the 2018 fiscal year. Membership dues constituted 25 percent of overall revenue. Revenue from the AALL Annual Meeting was up by 0.3 percent from the prior year, and attendance by AALL members was 42 percent. Income from *IFLP* was up by 18 percent from 2018. See figure 3. Overall, AALL’s net assets showed an increase of approximately 4 percent over the prior fiscal year for a total of $6,333,980.

**Revenues vs. Expenses**

AALL’s General Fund covers operational expenses, including salaries and benefits; rent; marketing; expenses related to committee and board administration; webinars; education programs; and publications. AALL staff continues to work with the Board to reduce overall expenses, while investigating income generating opportunities. Expenses for *AALL Spectrum* and the *Law Library Journal* have gone down as staff continues to find ways to reduce costs. However, both publications, considered a member benefit, operate at significant losses. Headquarters expenses have also drastically gone down as staff continues to explore ways to save money, including renegotiating contracts. Many expenses have been streamlined.

**Looking Ahead**

Supporting the membership is our top priority. Although it will never appear on a balance sheet, the membership is the Association’s most important asset. The AALL Executive Board along with staff continues to evaluate how specific programs support the professional growth and development of our members. The Finance and Budget Committee works with staff to ensure AALL’s budget is not only aligned with the 2019-22 strategic goals of Talent, Engagement, and Alliances, but is also consistent with AALL’s financial policies. During the 2019-20 fiscal year, AALL published the 2019 edition of the *AALL Biennial Salary Survey & Organizational Characteristics* report (the digital report is free to members) and published the *State of the Profession* report in spring 2019. AALL also implemented a subscription fee for nonmembers who wish to receive KnowItAALL to create non-dues revenue and also increase the value of AALL membership. AALL continues to offer the well-attended Competitive Intelligence (CI) Foundations and CI Strategies & Analysis courses. Since late last year, AALL staff has been working on creating eLearning, self-paced courses for AALL members with the hope that these courses will help members in their professional growth and, at the same time, generate additional revenue for the Association.

I thank you for the opportunity to serve as AALL’s Treasurer. I am extremely proud to be a 28-year AALL member and I hope the next decade will be just as exciting and beneficial for us all.

If any member has questions or comments about the Association’s financial performance or policies, please don’t hesitate to contact me or AALL’s Executive Director, Vani Ungapen.

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2020 CALENDAR

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<tr>
<th>MAY</th>
<th>JUNE</th>
<th>JULY</th>
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<tr>
<td>15</td>
<td>15</td>
<td>09-10</td>
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<tr>
<td>AALL grants and scholarships due</td>
<td>2020 AALL Annual Meeting early-bird registration deadline</td>
<td>AALL Executive Board Summer Meeting, New Orleans, LA</td>
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<td>16</td>
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<td>11-14</td>
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<tr>
<td>AALL/LexisNexis Call for Papers Award submissions due (student division)</td>
<td>113th AALL Annual Meeting &amp; Conference, New Orleans, LA</td>
<td>AALL Annual Meeting, Chicago, IL</td>
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**QUICK LINKS**

- [AALL ANNUAL MEETING](bit.ly/AALL2020)
- [AALL/LEXISNEXIS CALL FOR PAPERS](bit.ly/AALL-callforpapers)
- [AALL SCHOLARSHIPS](bit.ly/AALL-scholarships)
- VIEW MORE UPCOMING EVENTS AT [bit.ly/AALLevents](bit.ly/AALLevents)