

FROM THE TREASURER

IT WAS A ROLLER COASTER KIND OF YEAR

AALL'S FISCAL YEAR 2019-2020

I love to ride roller coasters. Living near Magic Mountain Amusement Park in Southern California, and having a daughter with a season's pass to Disneyland, has given me an opportunity to experience a wide variety of thrill rides. On many roller coasters you slowly ascend to the top, hear the clanking of the chain as you ascend, feel the jerk of the stop, and then wait with anticipation for the high-speed descent, turns, and loops the roller coaster is designed to provide.

Little did we think 2020 would be a roller coaster kind of year. All of us have dealt with the challenges of the COVID-19 pandemic—staying at home, wearing masks, socially distancing when we could go out, stressing over finding toilet paper, water, canned goods, and paper towels. Most of our institutions went virtual, librarians telecommuted, budgets were cut back, jobs were lost, and fear replaced expectation. We started 2020 with anticipation, went through several months with trepidation, and then began to live again with an expectation that things were getting better. As an Association, AALL experienced the same range of emotions, but we made it through.

Each year, the AALL Finance and Budget Committee is charged with, among other things, the duty to review and make recommendations to the proposed annual budget before presentation to the Executive Board to ensure that the Association's funds are invested wisely, and to review the Association's annual audit report. The last fiscal year was not a normal year! As we completed the audit for AALL's

Fiscal Year 2019-2020, I would like to share some highlights with you.

On March 5, 2021, the AALL Finance and Budget Committee met virtually to review and analyze AALL's year-end financial statements and audit report for FY 2019-2020. The Committee also heard from AALL's external auditors and Chevy Chase Trust investment advisor. As part of this meeting, the Finance and Budget Committee also reviewed and approved the proposed budget guidelines for FY 2021-2022. This is the start of the next fiscal year's budgeting process. With the announcement of the 2021 Virtual Conference, the Committee also reviewed and approved a revised budget for current Fiscal Year 2020-2021.

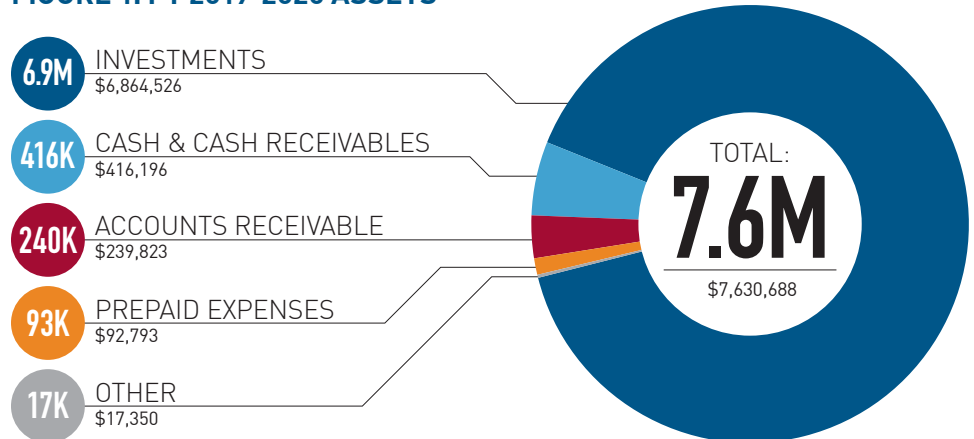
Assets

A representative from Chevy Chase Trust met with committee members during the March 5 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 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.)

Members of the Finance and Budget Committee, as well as members of the entire Executive Board, take our fiduciary duty to AALL very seriously. As a result, moderate investment objectives continue to drive AALL's investment strategy (*Bitcoin is not in our portfolio!*). We seek to balance the possibility of increased gains with a desire to avoid substantial risks. As you know, this past year was a great year in terms of gains in the stock market, despite the COVID-19 pandemic. AALL did quite well in

FIGURE 1: FY 2019-2020 ASSETS



its investment’s portfolio. However, the Chevy Chase Trust investment advisor did caution the Committee not to expect similar gains in 2021 as the market rebalances itself this year. AALL’s portfolio will continue to be moderate in 2021. As of September 30, 2020, \$780,861 of AALL’s investment income was realized.

The largest account 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 Fig. 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 February 12, 2021, 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, 2020 and 2019, 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. To request a copy of the complete audit report, please contact AALL Director of Finance and Administration, Natalia Pergamentseva.

Revenues

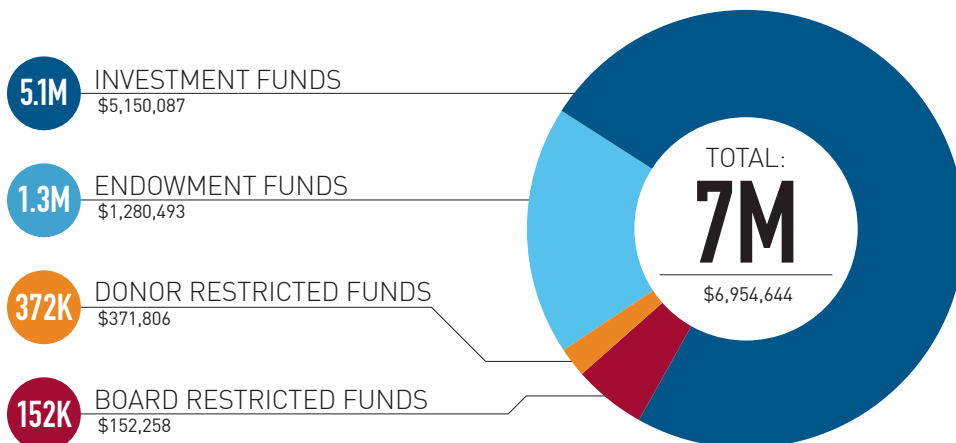
Now for the nuts and bolts of our finances. **In total revenue we took a big hit!** AALL saw total revenue of \$2,912,572 in FY 2020, which was **28 percent less** than the \$4,063,267 in FY 2019. The three major sources of revenue for AALL are the Annual Meeting & Conference, membership dues, and the *Index to Foreign Legal Periodicals (IFLP)*. This revenue funds most of AALL’s programs and activities. In reviewing how each of these revenue streams performed in the 2020 fiscal year, membership dues remained consistent with dues in the 2019 fiscal year. Membership

dues constituted 34 percent of the Association’s overall revenue. Having to cancel our in-person 2020 Annual Meeting & Conference and replace it with a Virtual Conference resulted in a devastating financial hit. **Annual Meeting revenue was down by over 80 percent from the prior year;** however, the cost of the meeting reflected the Board’s desire to advocate for the educational needs of its membership. The Executive Board wanted to make sure that, in light of what many of our members were experiencing, the Annual Meeting was affordable and charged a very low rate of \$99 for members. **Income from IFLP was also down from 2019 by 15 percent** (see Fig. 3). Thanks to the success of our investments, AALL’s net assets showed an increase over the prior fiscal year from a total of \$6,333,980 to \$6,603,555.

Revenues vs. Expenses

AALL’s General Operating Fund—essentially, the Association’s “checking account”—covers operational expenses, including salaries and benefits; rent; marketing; expenses related to committee and board administration; the platform for the Learning Management System (LMS), other education programs; and all the Association’s publications. AALL staff continues to work with the Board to reduce overall expenses, while investigating income generating opportunities. Hence, we are very excited with the launch of the new LMS and the new self-paced course on budgeting. These will be sources of new, non-dues revenue for AALL. *AALL Spectrum* and *Law Library Journal*, considered a member benefit, operate at significant losses. In November 2020, the Executive Board voted to make both publications digital-only beginning in 2021 to help further reduce costs. Headquarters expenses continue to go down as staff continues to explore efficient ways to save money, including renegotiating various contracts to save additional costs. Many expenses have been streamlined.

FIGURE 2: FY 2019-2020 FUND BALANCES

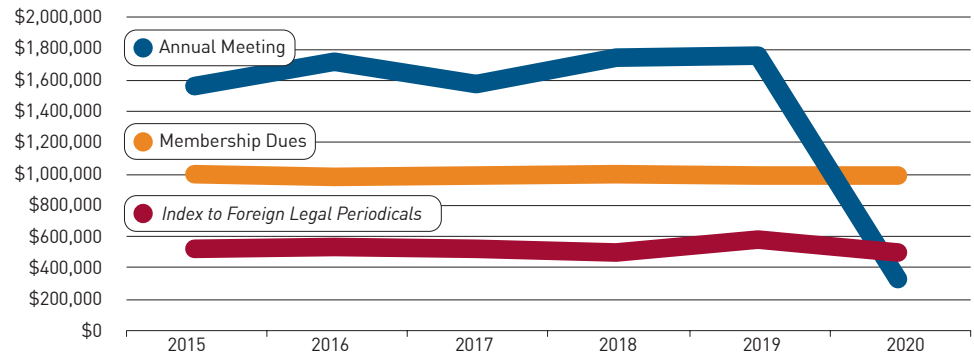


Looking Ahead

As noted last year, supporting AALL members continues to be 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. We will never sacrifice advocating and funding programs that benefit our membership. The Finance and Budget Committee works with staff to ensure AALL's budget is not only aligned with the 2019-2022 strategic goals of Talent, Engagement, and Alliances, but is also consistent with AALL's financial policies.

During the 2020-2021 fiscal year, AALL launched its eLearning platform (elearning.aallnet.org), which offers members and nonmembers a central place to access several types of professional development opportunities (coffee chats, webinars, live programs, self-paced courses, etc.). AALL's virtual Management Institute in March had over 80 attendees. Our 2021 Annual Meeting will be virtual, and is priced at a reduced cost compared to an in-person meeting. Together we can make AALL 2021 a

FIGURE 3: AALL REVENUE 2015-2020



record-breaking year for attendance. We hope that you plan to register and attend. AALL staff continues to work on creating new, self-paced courses for AALL members and nonmembers with the hope that these courses will help with professional growth while at the same time generate additional revenue for the Association.

I thank you for the trust you have placed in me, and for the opportunity to serve as AALL's Treasurer. True, this past year was a roller coaster, but hopefully 2021 will be a leisurely stroll in the park. But if not, know that together we can and will face every challenge and continue to be the champion of legal information and advocate for legal

information professionals, as we have since 1906.

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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2021 CALENDAR

MAY

- 01** AALL Annual Meeting grant applications due
- AALL LexisNexis Research Grant applications due
- AALL Scholarship Program applications due for:
 - *AALL Educational Scholarship*
 - *George A. Strait Minority Scholarship & Fellowship*
 - *LexisNexis John R. Johnson Memorial Scholarship*
 - *Marcia J. Koslov Scholarship*
- 04** AALL Virtual Coffee Chat: Making the Type-of-Library Switch
- 06-07** AALL Innovation Bootcamp
- 13** AALL/Bloomberg Law Continuing Education Grants proposal due

- 14** AALL/LexisNexis Call for Papers Award submissions due (student division)
- 18** Thomson Reuters Partner Webinar: "Successful Tactics to Demonstrate Value to Your Organization Amidst COVID"
- 20** AALL Webinar: "Learning from the Leadership Landscape"

JULY

- TBD** AALL Chapter & Jury Leadership Training
- 13-14** 2021 AALL Virtual CONELL
- 14** 2021 AALL Awards Presentation
- 15-16** AALL Executive Board Summer Meeting

- 19-23** 114th AALL Virtual Conference

- 26** AALL Virtual Coffee Chat: Meet the 2021 Executive Board Candidates

QUICK LINKS

AALL ANNUAL MEETING
bit.ly/AALL2021

AALL AWARDS
bit.ly/AALL-awards

AALL EDUCATION
bit.ly/AALLeducation

AALL ELEARNING
bit.ly/AALLElearning

AALL GRANTS
bit.ly/AALL-grants

AALL INNOVATION BOOTCAMP
bit.ly/AALLinnovation21

AALL/LEXISNEXIS CALL FOR PAPERS
bit.ly/AALL-callforpapers

AALL SCHOLARSHIPS
bit.ly/AALL-scholarships