Good morning.

I am in the fortunate position to deliver a highly favorable financial report to you today. This is my third and last report to the members, and each one has been better than the last. I appreciate the opportunity of being allowed to exit the stage on a high note. I know I’m tempting fate when I say that because we still have a new business item on a proposed dues increase to discuss, but my optimism is rooted in the fact that all is well and there is no need to issue maudlin pleas of help or paint ominous visions of a dark future. It’s not like that at all: what we have is an SAA that is enjoying a sustained period of financial strength. That strength has released us to identify our achievable ambitions as we engage strategic priorities from the vantage point of relative abundance rather than scarcity. This is a moment then to acknowledge our members’ past support of SAA and to ask their endorsement on that trend into the next several years.

You have received by distribution, versions of SAA’s two most important financial reports: the Balance Sheet and the Income Statement. We have abbreviated these statements so that you can compare the actuals across a four-year period. These statements comport with the audited financial statements that were received just last week from our external auditors (Mann Weitz & Associates) from whom we received an unqualified opinion, or clean bill of health, with no material findings.

**Balance Sheet**

We begin with the Balance Sheet, which is a snapshot of SAA’s financial position at a fixed point in time (that is, June 30, which is the end of our fiscal year), with a comparison to previous years. The Balance Sheet demonstrates whether we are managing ourselves sufficiently well to anticipate any unexpected changes affecting revenues. It compares our cash and other assets against our liabilities of deferred revenue (mostly dues expected at a variety of renewal dates in the fiscal year) and outstanding obligations. As of the end of June, our Net Assets were $947,710, which is a generous cushion against most unforeseeable adverse events.

**Income Statement**

Moving to the second report, the Income Statement, we have a performance indicator that measures the strength of our programs and operations over the course of time: in this instance the fiscal year July 1, 2014 to June 30, 2015. It tells us where we generate revenue and where we spend money, notably in member services.
There is interesting detail in this report, but I want to draw your attention to a few salient facts that these numbers tell us boldly. The first is that we have some rather big expense items, Administration, Governance, and Advocacy, which create no offsetting income. Nor should they do so. These activities are central to the functional purpose of SAA and why it exists: to bring archivists together, serve their needs as an association of members, and tell the world about our work and what we value. It takes people working together to create and promote a social value, and that is exactly what these categories help us to measure.

What makes this effort possible is that there are other key line items on the Income statement, Membership Dues and Annual Meeting in particular, that generate surplus revenue to support all the non-revenue parts of the budget.

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Income Statement: Program
This year’s good news is that careful budgeting and cost controls -- together with members’ steady interest in SAA’s offerings -- have made for a solid fiscal balance in our mainline program categories of education and publication. We are very careful not to see these categories, as some associations do, as big “money makers” – at most we want to throw off some extra revenue to justify fringe improvements and low-cost offerings in subsequent years. Nonetheless, we are riding a wave of enthusiasm over our educational offerings and that is an especially notable bright spot that Council and staff believe has considerable room for expanded success if we invest in it vigorously.

The 2015 Annual Meeting in Washington was a financial coup for SAA. The unexpected largess from that meeting was almost exclusively responsible for the production of a $243,417 net gain in FY2015, after we paid all our bills. This is as good a place as any to mention that the financial success of the Annual Meeting is highly influenced by one of our stakeholders, the specialty vendors who show up and pay to exhibit and educate and charm us. We want to especially thank them for doing so. Observe that the combined income from those vendor activities in Washington was a whopping $154,000. Special thanks to Atlas Systems, Preservica, Hollinger/Metal Edge, and Preservation Technologies for their sponsorship of that meeting.

How about some more good news? Membership continues to hold steady, and while it is not growing beyond our plateau of about 6,200 members, total dues revenue in FY2015 climbed by 5% over the previous year. The reason for this unexpected inflow was a marked increase in the number of archivists who moved themselves into the mid and higher salary ranges (5, 6, and 7) in declaring their dues payment. It was an interesting development, and suggests some growth in salaries among archivists who’ve made it out of their long apprenticeship. Either that, or we are experiencing a marked increase in the overall honesty index for self-reporting, dues-paying archivists.
The FY2016 Budget

Either way, it was another unexpected gift to the budget that allowed Council to continue on a path of prudent management investments and program experimentation. This journey is captured in two forms: the SAA Budget and SAA’s Strategic Plan, which are informed and refined by Council and staff over the course of the year, and fixed annually as a benchmark and guide.

The Fiscal Year 2016 Budget, which began on July 1st, follows a trajectory of new investment that began last year with the first version of the current Strategic Plan. We expect that the overall budget will grow by 3.8%, which reflects a positive view of our financial possibilities, particularly in light of our forecast of a slight reduction in dues revenue of 2.3% and a drop in the revenue from the Annual Meeting. We try to budget conservatively, of course, and so our estimated net gain is a very modest $18,877. My expectation is that we will slightly surpass that goal, but not with the same benefit as last year’s windfall earnings.

Budget ROI

Where is all this money going and what do we expect will be the return on the investment? The figures for Advocacy and Education alone tell us where we are putting our best effort. Since I began reporting to you in FY2013, our investment in Advocacy has grown from $55,216 to our projected expense this year of just under $166,000. Part of those expenses have funded, for instance, SAA’s representative to the WIPO conferences on copyright and intellectual property in Geneva, one result of which is that the US copyright office has approached us this year to talk about pending issues. They see Archivists as experts in this field. Advocacy directly lifts our professional profile in important public places. In the same 3 years, our allocation to Education has grown from $382,000 to $528,000, and as a measure of success, we now host 111 events and 3,073 individuals compared to 88 events and 1,995 people. And we have revenue growth to match. It’s no small matter that even in our most challenged area of Publications, where we have recognized a 300% growth rate in e-publications in the same 3 year period.

Several standard measures of success are telling us of good returns and high value delivery to members. It will be very exciting to see the improvement in member services with anticipated investments in Learning Management software, a new Association Management System, self-assessment tools, and a well-compensated, loyal and devoted staff team. The improvements will take some time to play out, but we’ve started down the road and we’ve done so by staying true to the values we care about as a diverse and welcoming community.

Net Gain

This is all a good news story, but the plot could thicken at any moment. The projected drop in
dues revenue for FY2016 and the estimated net gain of less than $20,000 are cautionary flags. We cannot count on the Net Gain from a successful Annual Meeting alone to fund our most ambitious Strategic Planning initiatives and the Technology Reserve Fund, which go hand in hand. The Fund now amounts to about $414,000 -- a good sum, but not sufficient to pull ourselves out of 2006 technology and the patch-and-fix pattern of living with woefully inadequate backroom systems.

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Membership Growth and Income
No annual report to the membership on finances would be complete without drawing attention to SAA’s main source of predictable revenue: our membership dues. Membership numbers have peaked in recent years. Anticipating that we will not be able to rely on extraordinary annual meeting events to float our ambitions, we have worked over the past three years -- Finance Committee, Staff, and Council -- to determine when and how we should pick up where we left off in June 2014 -- with an incremental dues adjustment. We believe that we cannot go beyond July 1 of 2016 without an extra financial shot in the arm to restore dues to a sustainable forward-planning level of 35% of revenues, which has been our standard target number for many years.

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SAA Foundation
Finally, I want to give you the skinny on the SAA Foundation. The Foundation had a good year in many respects. Sometimes, however, we all get spread too thin as volunteers, and this is an area where we weren’t tracking as we well as we would like, so our growth was modest. I am never happy with “modest.” Taken together, cash contributions and investment grew by only 6.19%. The Annual Appeal did slightly better than last year’s adjusted figure, coming in at $47,343. Donors’ largest fund designation was to the Strategic Growth Fund at $27,268. The Foundation Board’s best efforts were to adopt a grant policy and application process, and to identify our strategic goals for long-range legacy giving. A big thank-you, to those donors who are here, for your gift to the Annual Fund – it is a lasting expression of your devotion to SAA and its mission.

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Acknowledgments
What these financial reports do not tell us or pretend to measure is the tremendous asset our members are to each other, and the considerable value each of us as volunteers derives from each other’s gifts of time and talent – which could not happen if we did not have a caring membership organization to belong to. Council recognizes, and acknowledges in some way at every one of its meetings, that much of the work of the Society is not a cash outlay, but the gift of time and talent. I am grateful to the Finance Committee for being a good sounding board, and to all our staff, especially the Executive Director, for their careful work in managing the financial good fortune of SAA. I am very happy to report that you are in very caring and smart hands with
Peter Carlson, our Finance Director, who made it through a very tough transition year without losing either his innocence or patience, and who has been a real, personal pleasure to get to know and to work with. I am fully confident in his oversight of our finances, and I know that with only a year under his belt he will be a font of wisdom for incoming Treasurer, Cheryl Stadl-Bevins.

Thank you all for the very special honor it has been to serve as your Treasurer and Council member for the past three years.