



Presentation of the 2011 Annual Accounts by the Treasurer

Wednesday, August 15, 2012

The year 2011 was a transition year for IFLA.



International Federation of
 Library Associations and Institutions

- Statement of Income and Expenditure Summary

Income	2011	2010
Headquarters	1,317,839	1,689,157
Core Activities	128,404	180,893
Total	1,446,243	1,870,050
Expenditure	2011	2010
Headquarters	1,512,939	1,706,139
Core Activities	156,903	159,588
Total	1,669,842	1,865,727
Result	-223,599	4,323
General Reserves	572,195	767,721

Note: All figures in Euros



The audited financial statement for 2011 show the consolidated income in 2011 was 1,446,243 and the expenditure was 1,669,842. This resulted in a loss of 223, 599. The loss was covered by charges to earmarked funds of 108, earmarked reserves of 27,965 and general reserves of 195,526. After absorbing this loss IFLA still has the level of reserves required under the Reserves Policy. IFLA closed the year with earmarked reserves of 88,103 and General reserves of 572,195 for total reserves of 660,298.

During 2011 the budgets for the World Library Congress and the IFLA Foundation which receives the surpluses from the Congress are kept separate and are not included in this annual financial statement.

Though a loss of this size is disappointing, it is due more to the flow through of the global economic crisis and some changes in IFLA operations.

There are 5 main areas that have an impact on this deficit result.



• Annual Accounts: **Income**

	2011	2010
Membership fees	733,099	756,075
Contribution SIDA FAIFE	0	1,000
Other contributions Core Activities	129,349	171,845
Corporate Partners	52,889	43,000
Dutch Government	16,000	16,000
Contributions Bill & Melinda Gates Foundation	320,440	522,996
Sales of publications and royalties	59,220	102,587
Share of conference registration	42,642	130,449
Interest and other financial income	6,312	46,577
Income voucher scheme	55,930	53,602
Income Shawky Salem Training Fund	414	7,919
Income Margreet Wijnstroom Fund	659	532
Income UNESCO	13,980	0
Miscellaneous	15,310	17,468
Total Income	1,446,243	1,870,050

Note: All figures in Euros



The World Library and Information Congress

The 2011 Congress was the last to be held under the previous structure where there was no safeguard in place for IFLA should a congress result in a loss which IFLA would be obliged to cover. This would not be satisfactory for IFLA’s reputation. It had therefore been agreed by the Board that IFLA would cover any losses from a congress held under the previous structure.

The 2011 WLIC resulted in a loss of EUR 87,110. This combined with lower than expected registrations means that IFLA’s overall income from the congress was EUR42, 642 against the budgeted figure of EUR171, 000. This will not happen in the future.

The situation has now changed with the Holding/subsidiary company structure, whereby if a congress should make a loss then funds can be ‘borrowed’ through the Holding company to cover the loss and the loan repaid

from profits of future congresses. To mitigate the risk there is greater rigor in the selection process for congresses and their management. To give greater certainty to income for IFLA from 2012 the income model has changed from one based on a percentage of registration/exhibition income to a fee for service basis, for example in 2012 the budget includes EUR180, 000 for conference income based on time/overhead costs for IFLA staff involved. The outlook for this Congress is very positive. The registration figures are high with over 3,000 paid registrations.

Publications

The net cost increased from EUR11, 018 in 2010 to EUR29, 064 in 2011. This is primarily due to the loss in royalties from ICBC not being published and the share of IFLA publications due to the drop in members taking up the Walter De Gruyter / IFLA subscription series in 2011.

In 2010 IFLA made the decision that it would no longer continue to provide the subscription and claims services for this series as this was not within the purposes of IFLA HQ and which would require IFLA to register for VAT in Germany. IFLA does continue with the editorial services for the series. Subscriptions had been declining over recent years but dropped significantly in 2011 – from around 650 in 2010 to around 320 in 2011 – when the subscriptions were handed over to WdG. This has meant a reduction in sales income for IFLA [and WdG] in 2011. In addition to some confusion over the handover of this service to WdG a further factor seems to be budgetary for many previous subscribers who decided not to continue with the subscription.

While IFLA has been working with WdG to increase sales there are other factors which will have a longer term impact on publications income and costs, such as the work of the PC publishing committee and repository group is undertaking to redefine IFLA's future publishing needs. IFLA HQ is also working with publishing partners on how to improve publishing quality and services, and reduce costs and resources demands, and in the process is collating valuable data and analysis to assist in decisions about future publishing directions and needs.

Membership

The economic crisis has affected membership numbers and income in 2011. Membership numbers dropped by 4% and the decline was spread across all regions and categories. Membership fees income was EUR733, 099 compared to EUR756, 075 in 2010 and EUR758, 867 in 2009.

In 2009 IFLA managed to stabilize membership numbers after several years of decreases. This puts us in a stronger position to turn around the 4% decrease in 2011 as we are coming through that from a stable base rather than a downward track. Renewals for 2012 are running at a similar level to this time in 2011. However

we have seen that some members have dropped to a lower membership rate as their budgets/income has been reduced. Another factor we are watching closely is the economic impact across Europe where almost half of our members are. Recruitment and retention strategies will commence following the end of the first quarter to mitigate the impact of the economic crisis on IFLA membership.

Donations to Core Activities

Again, in 2011 we saw the flow on of the economic crisis, with some further contributors reducing the amount of their donation. In 2011 EUR129,345 was received in contributions to Core Activities compared with EUR171,845 in 2010 and EUR199,294 in 2009.

Funds from the Earmarked [Core Activities] reserves were used to support ALP activities in 2011 instead of BMGF funds. This can be seen in the deficit of EUR27,965 distributed to Earmarked reserves. This was done to reduce the Earmarked Reserves by applying these funds to the purpose for which they had been donated. The level of the reserves had risen to almost the same value that we were receiving in donations and this could raise questions about how we are using donation funds.

Staff



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• Annual Accounts: Expenditure

	2011	2010
Conference and meetings	51,500	50,545
Professional programmes	154,869	139,451
Costs of publications (including free publications to members)	88,284	113,605
Staff expenses	878,179	820,842
Office expenses	130,370	180,759
Expenses Bill & Melinda Gates Foundation	320,440	522,996
Expenses voucher scheme	5,250	21,603
Expenses UNESCO	13,980	0
Expenses Shawky Salem Training Fund	1,331	610
Expenses HP Geh Grant	108	0
Expenses IFLA Fund	0	1,500
Expenses Guust van Wesemael Literacy Prize	281	0
Interest and other financial expenses	16,855	0
Miscellaneous	8,395	13,816
Total Expenditure	1,669,842	1,865,727

Note: All figures in Euros



The higher staff costs include IFLA now covering some parts of those salaries previously subsidized from external funds. This decision was taken to 'ease' IFLA into the need to cover the current staffing once the BMGF grant finishes at the end of 2012.

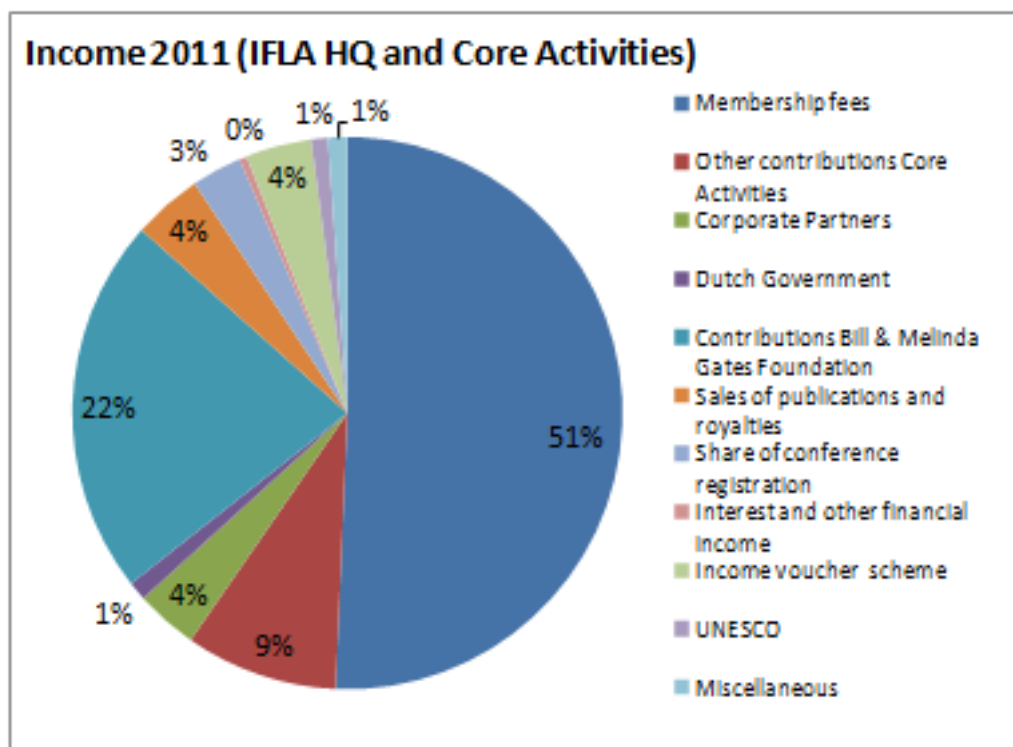
To further guide IFLA in its management of finances the Governing Board endorsed a risk management policy and strategy in 2011.

So that you may understand a bit more clearly the importance of some of these factors I would like to present both the income sources and expenditures as pie charts.

Income



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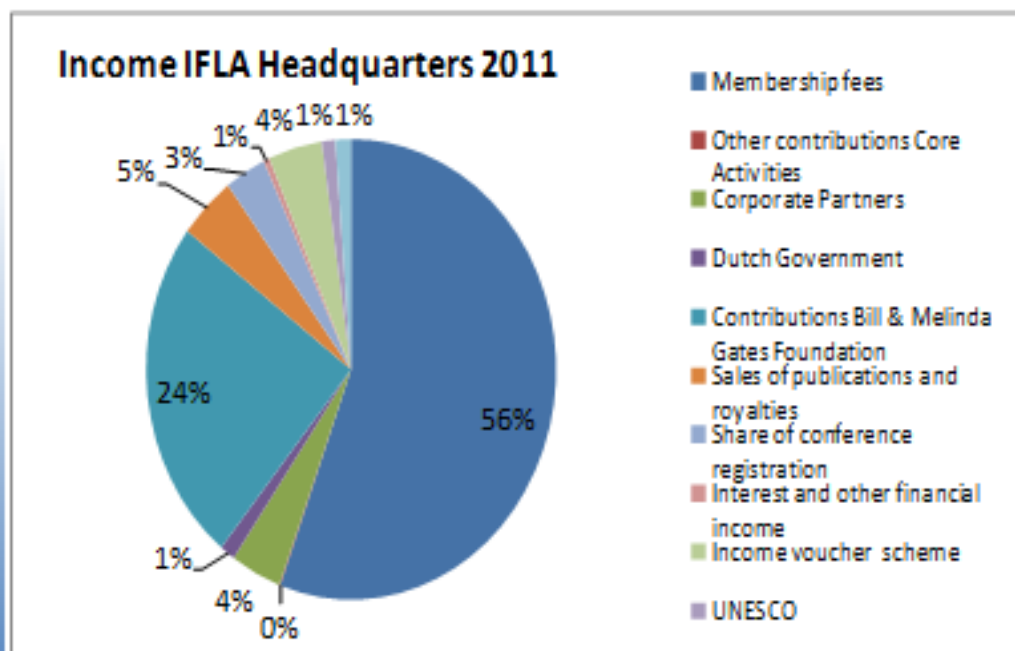
The consolidated income of 1,446,243 euros was lower than the budgeted income for 2011 of 1,973,596, and was lower than the 1,669,842,000 expenditure total...

Membership fees represent approximately 51 % of IFLA income. This is a 10% increase over 2010. The 2011 income represents an approximately 22,000 euro drop from 2010.

The contribution of the Bill and Melinda Gates Foundation is the next largest source of income at 22%, a drop over the previous year.

Publications and royalties has dropped from 6 to 4 %

The income from the voucher scheme continues to be a stable source of income for IFLA. There was actually a slight increase in 2011 over 2010.



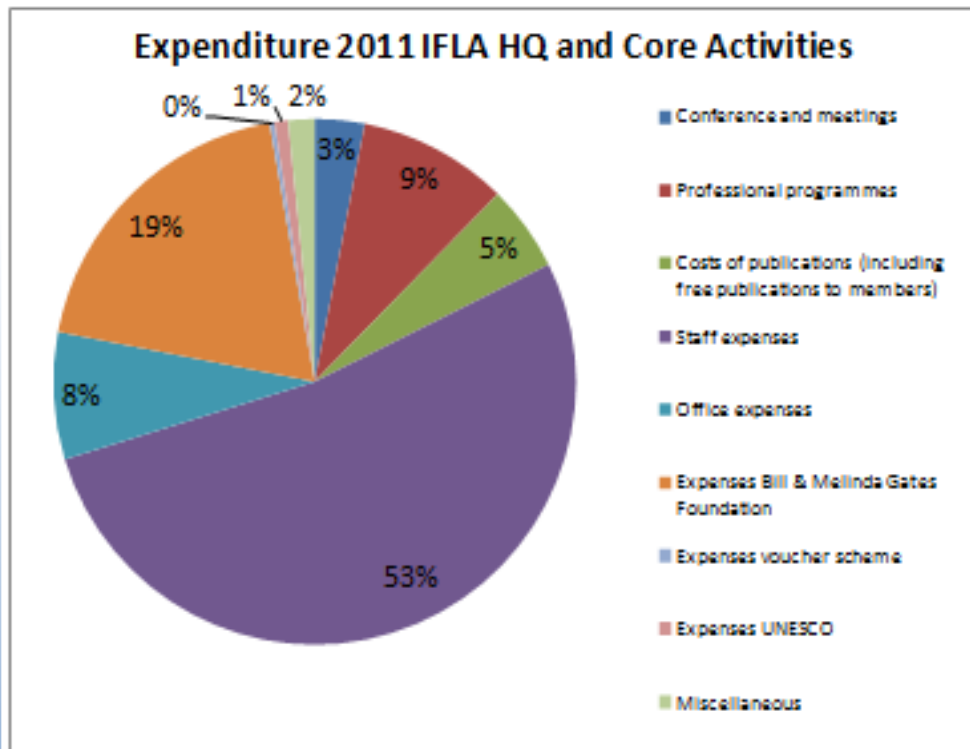
However, if we only examine IFLA HQ without the core activities, membership income rises to 56% and contributions from Bill and Melinda Gates rises to 24% and publications and royalties rises to 5%.

The change to the new economic model for the conference which begins at this conference will change these percentages next year, hopefully in a very positive way.

Expenditures

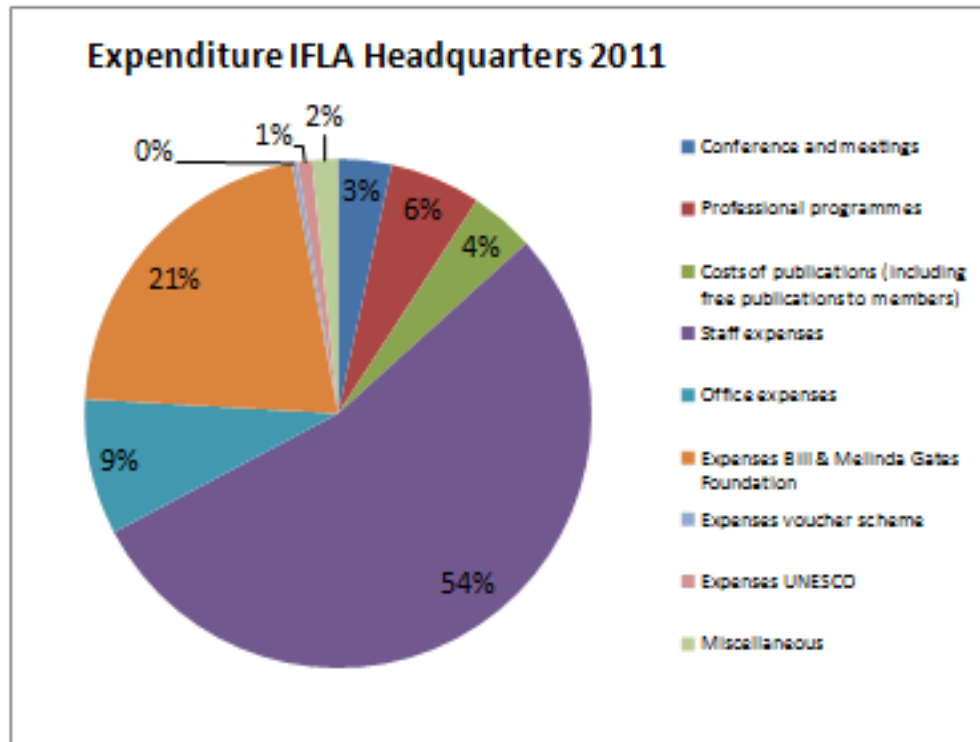


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It is important to acknowledge the efforts of IFLA staff to monitor the budget throughout the year and make adjustments in the expenditure category. Though as I reported expenditures exceeded income the actual total expenditure of 1,669,842 was 339,367 euros lower than what was budgeted for 2011. Several areas came in under budget including conference costs, meetings and office of the president costs, professional programmes, costs of publications, and staff and office expenses.

Looking at the consolidated expenditures for both HQ and the core activities, staff expenses represent 53% of total costs followed by 19% of the costs which are expensed to the Bill and Melinda Gates Foundation. Expenses related to professional programs represent 9% of the expenditures followed by offices expenses and the costs of publications.



When you examine expenditures related to IFLA headquarters the variations in the percentages are low in most cases.

Balance Sheet Summary



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• Balance Sheet Summary 2011

Assets	31 December 2011	31 December 2010
Tangible Fixed Assets	117,218	84,730
Financial Fixed Assets	2,018	315,940
Current Assets		
Receivables	334,504	119,828
Cash at bank and in hand	2,267,370	2,702,545
Total	2,721,111	3,223,043
Liabilities	31 December 2011	31 December 2010
Equity		
Earmarked funds	0	108
Earmarked reserves	88,103	116,068
General reserve	572,195	767,721
Current liabilities		
Deferred income	26,324	21,693
Other liabilities	2,034,489	2,317,453
Total	2,721,111	3,223,043

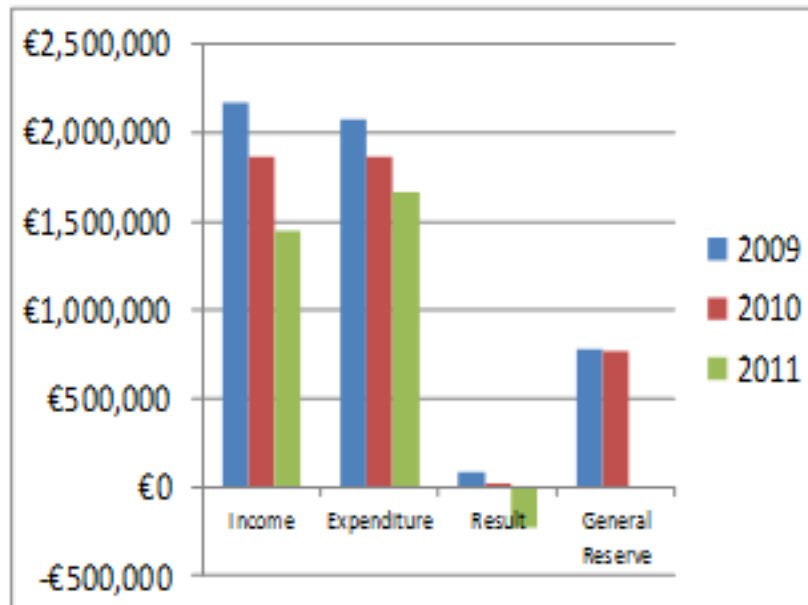
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The balance sheet summary provides an overview of the tangible fixed assets. The drop over the previous year reflects the charges made to the reserve funds to cover the 2011 deficit. We ended the year with 2,721,111 euros in assets balanced by the same amount in liabilities.

I would now like to finish with a few remarks on how financial matters are progressing this year. Looking at the trends from 2009-2011 we can see that there is a decline overall in income. IFLA has undertaken a number of actions to address this trend.



- 2009-2011 Results



The global economy continues to have an adverse effect. Interest rates continue to be very low and IFLA continues to experience a drop in income from this source. The Finance Committee reviews the investment strategy at every meeting and closely monitors the situation.

The new conference model has removed the risk for IFLA and the full budgeted amount for conference income against expenses will be received. In addition, it is likely that there will be a surplus which will be given to the Stichting IFLA foundation. The foundation is source of income for IFLA for projects and activities that meet the goals of both organizations.

As previously mentioned IFLA is in the process of moving to a new business model with WdG/Saur and the net result is very difficult to predict. The Finance Committee will continue to closely monitor this area.

The funding for the Core activities and key initiatives has been budgeted separately. The Stichting IFLA Foundation has donated 165,000 euros to support the activities that meet both the goals of IFLA and the Foundation. The evidence is visible at this conference in the presence of the IFLA leadership Associates.

IFLA faced challenges in 2011 that it successfully met. It has entered 2012 with reserves that are above the required level, a new model for financing the Congress which is perhaps its most visible and valuable member program, and a strategy for bringing IFLA publications into the 21st century world of open access.

There are many people to thank for positioning IFLA financially to meet the challenges of the future. Secretary General Jennifer Nicholson should be commended for her thoughtful analysis, out of the box thinking and continuing vigilance over IFLA finances. I would also like to thank our Finance officer Christine Zuidwijk for her excellent work. Finally I would like to say thank you to the Finance Committee, Frederic Blin, Christine Mackenzie, and Lynne Rudasill for their sound advice.

Thank you for your time and attention to these important matters.

President:

Thank you, Donna. Do any Members have comments on the 2011 annual accounts or questions for the Treasurer?

There were no comments or questions for the Treasurer.

Treasurer:

I move that the 2011 Annual Accounts be adopted.

Donna Scheeder
IFLA Treasurer 2011-2013