



# Financial Review

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# Overview

- Financial Achievements
- Financial Goals
- 9-Month 2008 Highlights
- Historical trends
- Cash Investments
- 2009 Draft Budget
- Strategic Financial Issues

# Financial Achievements

- Major milestone: All start-up loans and interest repaid May 2007
- Fees – 4<sup>th</sup> year with no deposit fee increase and 2<sup>nd</sup> year with no Annual Member fee increase
  - Backfile fee lowered to \$0.12 through 2008, \$0.15 for 2009
- Audit Committee working well
- Successful 2007 audit with no adjustments
- Policies and systems have grown with the organization
- Annual Earned Income + good cash position = financial stability

# Financial Goals

Board started process of establishing a new long-term plan in early 2008

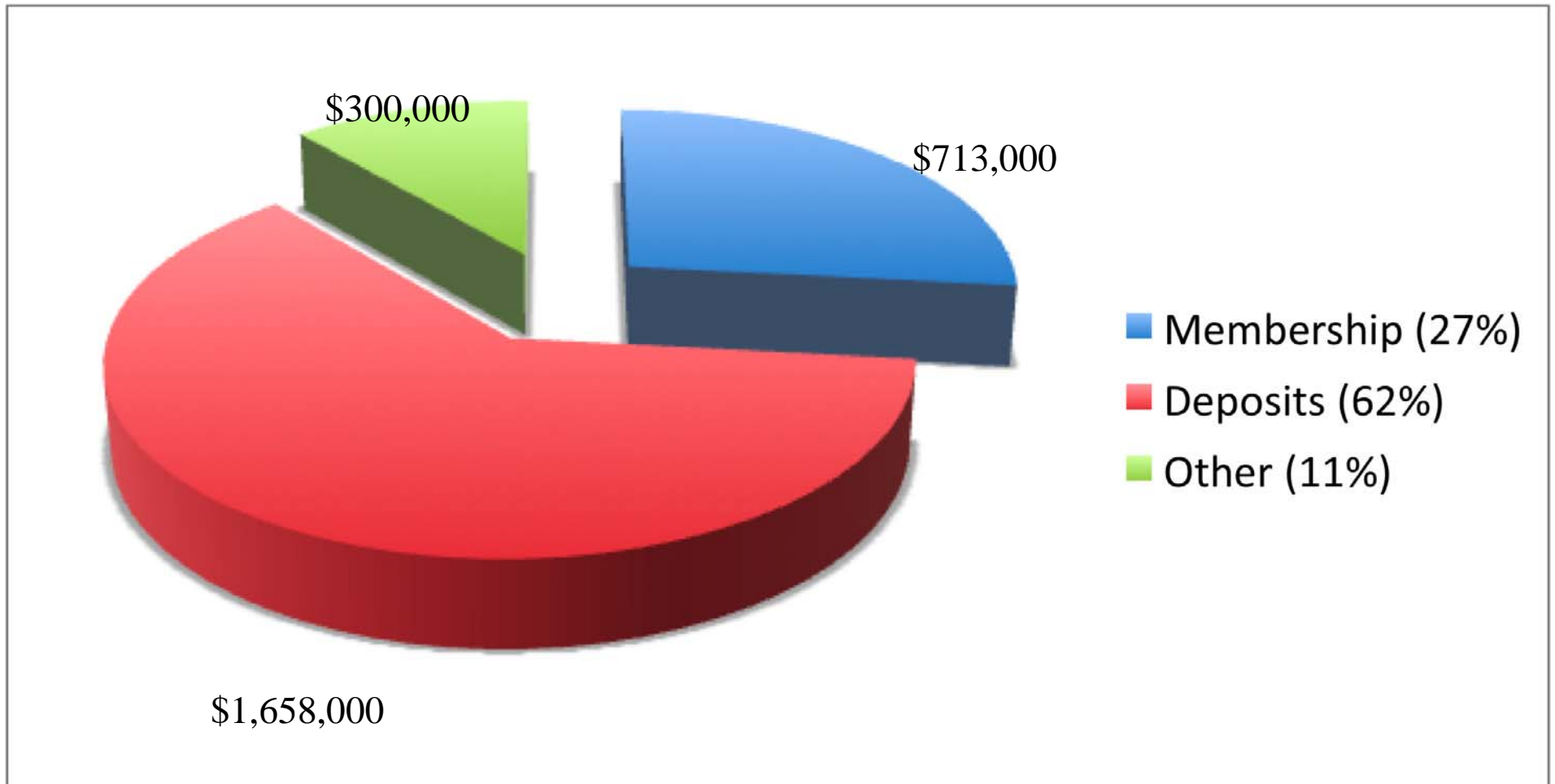
- *Financial Goals for PILA are...*

# Agreed Financial Goals

- Sustain core services as directed by members & board.
- Make necessary capital investments to meet operational requirements.
- Invest in new innovations.
- Retain a minimum of 2 months operating cash plus next year's capital spending on hand at all times.
- Maintain a credit line of \$250,000 to support current operations.
- Establish a cash reserve fund (\$.5 million) for future improvements to the core services.

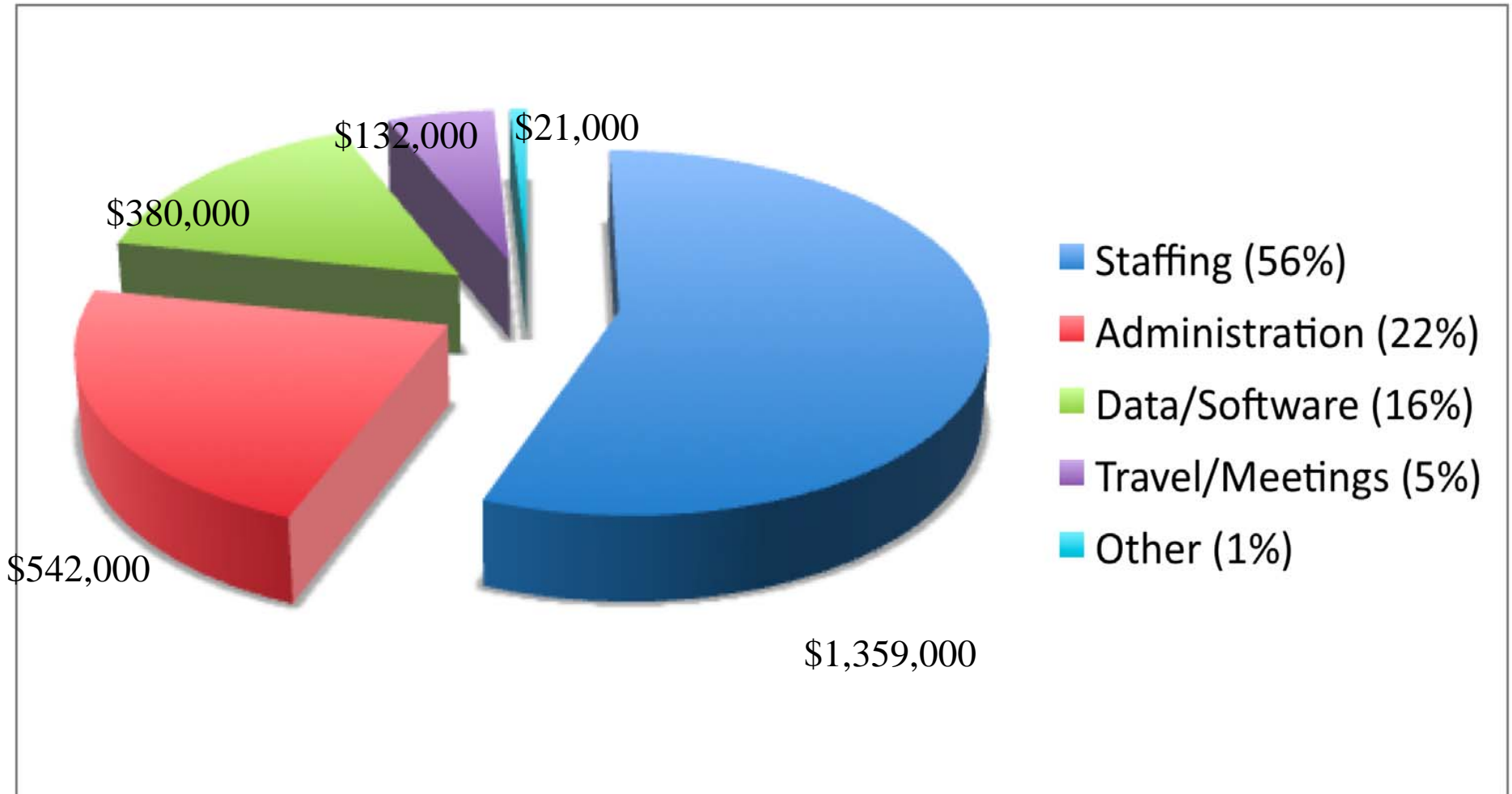
# Revenues: Key Components

*\$2,671,000 - 2008 YTD*



# Expenses: Key Components

*\$2,434,000 – 2008 YTD*



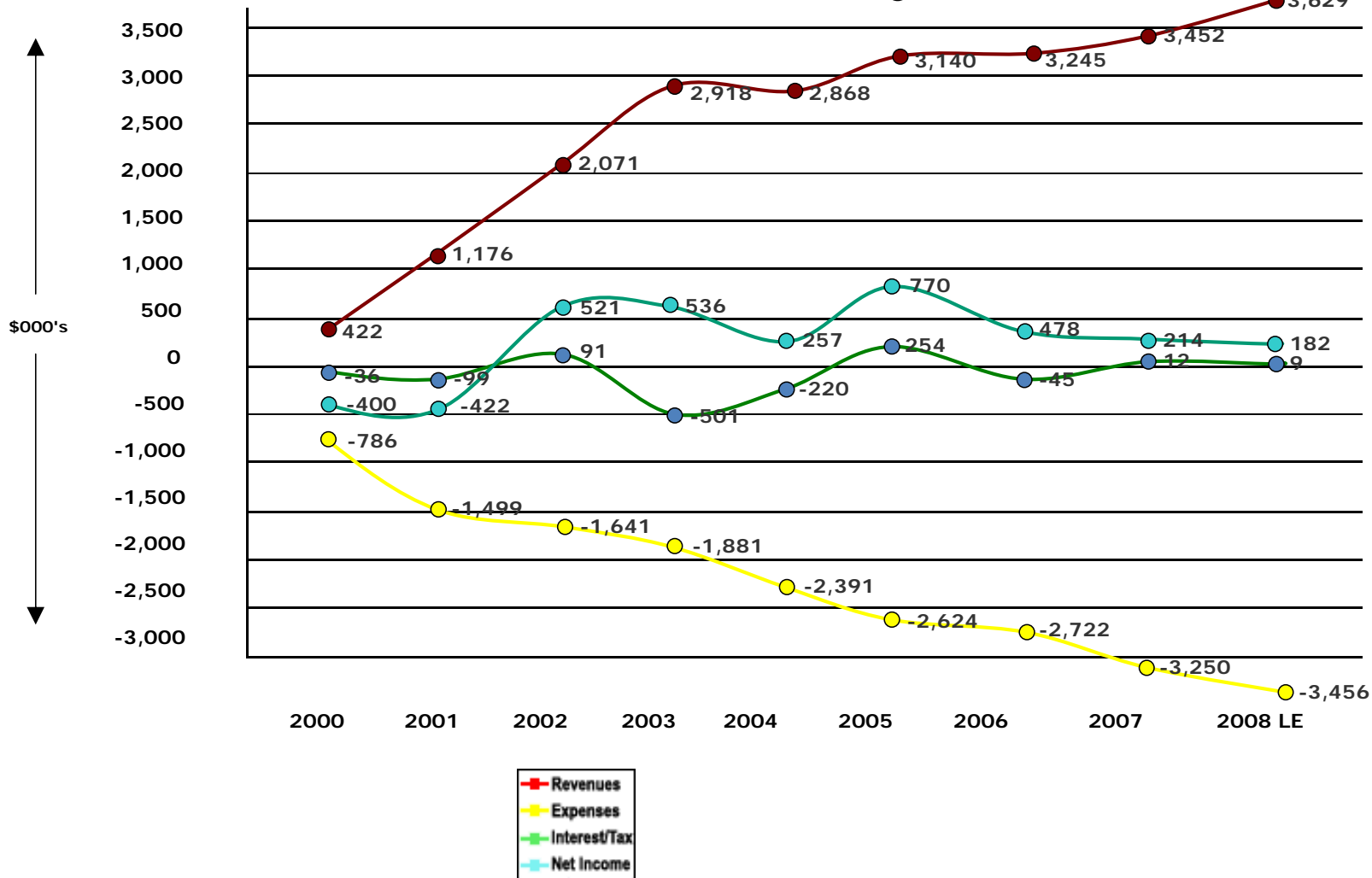
# 9-Month 2008 Highlights

- Revenue: \$2,671k
  - \$144k (9%) under budget
  - \$20k (1%) under same period 2007
- Expenses: \$2,434k
  - \$146k (6%) under budget
  - \$68k (3%) up from same period 2007
    - *Staff* \$1,359k 13%
    - *Depreciation* \$ 97k -41%
    - *IDF* \$ 209k 11%
    - *Data Center* \$ 159k -32%
    - *Legal/accounting* \$ 160k 13%
    - *Meetings/Travel* \$ 132k -15%

# Financial Overview

## 2000-2008 LE

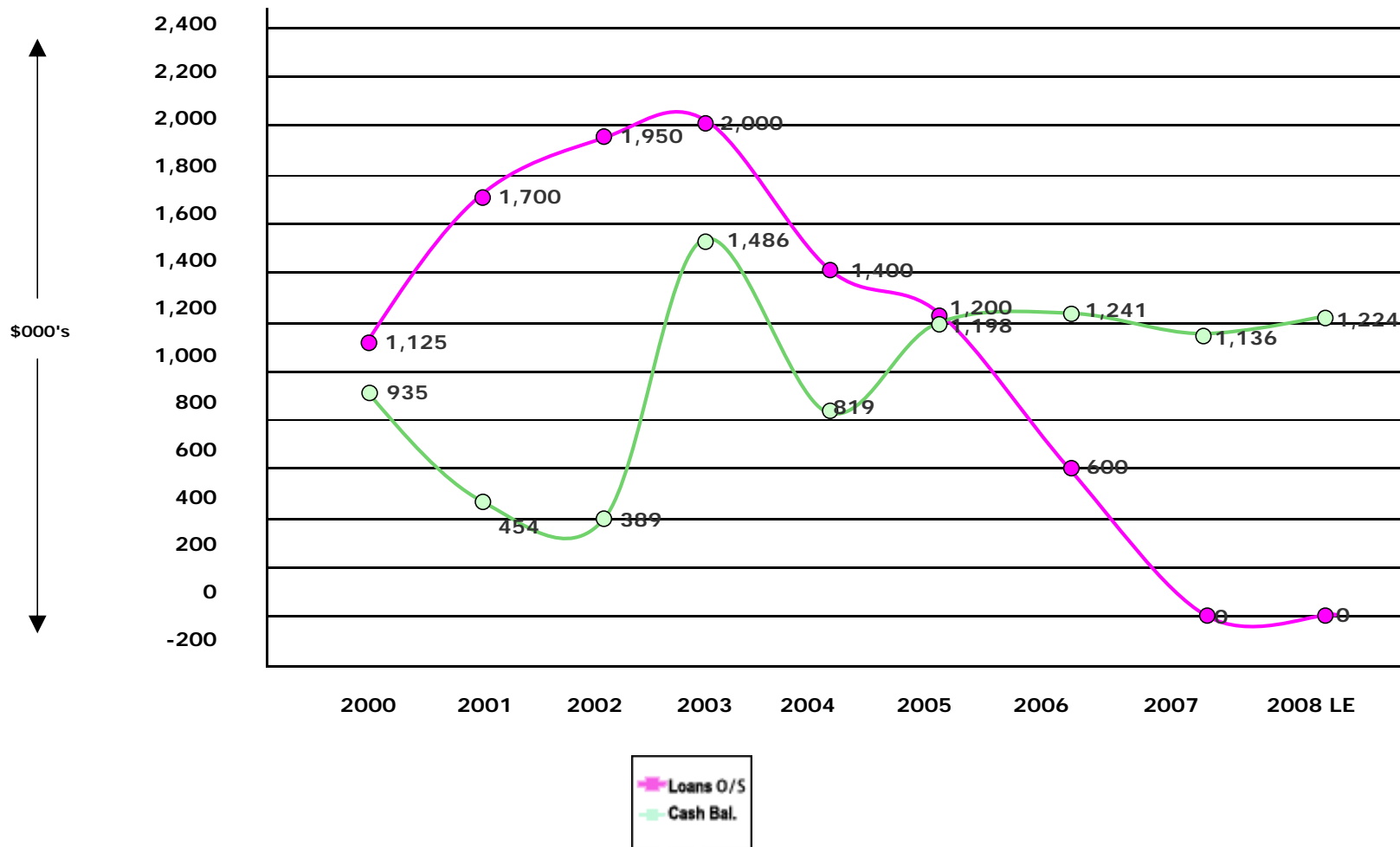
### Income Statements – By Year



# Financial Overview

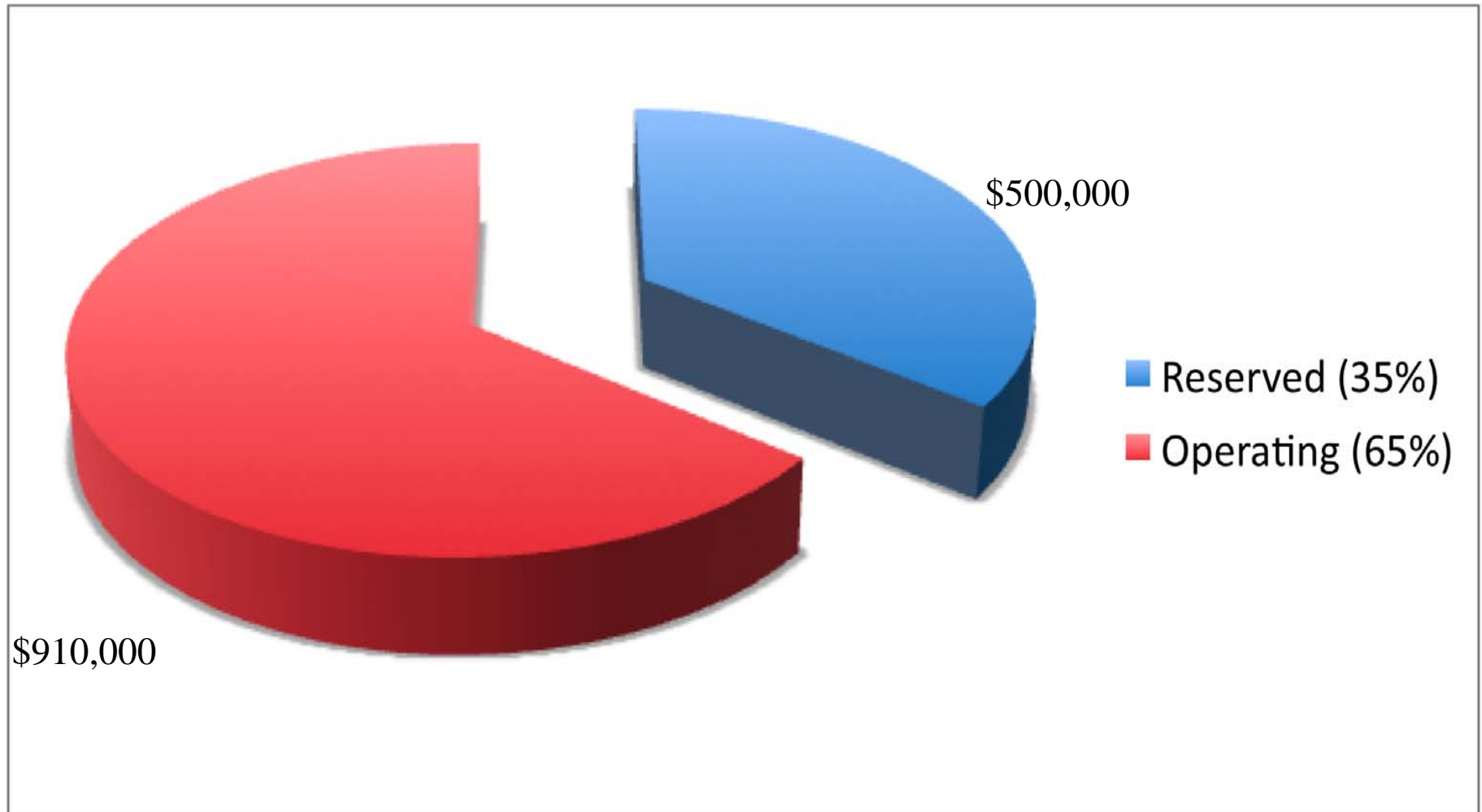
## 2000-2008 LE

### Member Loans & Cash at Year-End



# Cash

*\$1,410,000 - 9/30/08*



# Safe Cash Investments

Security	Expiration	Principal	% of Total	% Rates**
<b>Fidelity Holdings -</b>				
CD -Capmark Bank Midvale	28/05/2009	95,000.00	7%	3.30%
CD -Cornerstone Community Bank	11/09/2009	90,000.00	6%	3.60%
CD -Firstbank PR Santurce	20/11/2009	94,860.35	7%	3.90%
CD -GE Cap Finl Inc.	02/03/2009	95,000.00	7%	3.25%
CD -Pacific Western Bank	24/04/2009	90,000.00	6%	3.00%
Virginia Community Bank	12/06/2009	90,000.00	6%	3.35%
Fidelity Select Money Market	na	177,884.62	13%	varies
Fidelity Cash Reserves	na	385.77	0%	varies
<b>Citizens Bank -Business Checking</b>	na	50,891.56	4%	varies
<b>Citizens Bank -Premier Money Market</b>	na	71,741.78	5%	varies
<b>Citizens Bank -CD</b>		95,000.00	7%	
Barclays Bank -UK Checking	na	337,083.04	24%	varies
Barclays Bank -UK Savings	na	121,108.55	9%	

# 2009 Draft Budget

- Revenue - \$3,798 (5% growth over 2008LE) –
  - Membership growth leveling off/most new members in lowest tier
- Expenses - \$3,618 (5% growth over 2008LE)
  - Investments in metadata quality, new initiatives
  - Maintain positive operating income



• Cash balances remain good (now that all

# Strategic Financial Issues

- Ensure the long term viability of CrossRef (our “will”) through long term planning
- Consider rebates to members when appropriate – no fee increases are effectively rebates
- Define broad principles for investment in start up initiatives (i.e., innovations)
- All new initiatives to be self-sustaining
- Monitor all fees and adjust if necessary

# Risks

- Decline of Backfile deposits
- Leveling off of growth of Current deposits
- New members all in lowest fee category - increasing support costs
- Main CrossRef System 5 years old – major investment needed for upgrade in 2009

# Risks

- Collection on member & affiliate billings more challenging – some 90 days past due
- IDF currently in good shape – other RAs seem to be picking up steam
- Possible patent issues

# Summary

- Excellent financial performance
- All debt repaid
- Fees steady or going down
- Risks being addressed
- CrossRef can expand and remain a viable non-profit for industry innovations.