

Trouble in Paradise?

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 - *Date:* 28 Jul 2005 07:32:24 -0700
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As AAMT prepares to head to Hawaii for its annual meeting, it presents this financial picture on their website:

AAMT began 2005 with a deficit budget. Therefore, setting fiscal direction in 2005 to line up with the strategic priorities of the organization was much more challenging than in previous years. The bad news is that we had a deficit budget and outstanding payables that we must overcome to regain solid financial footing. The good news is that we know where the budget shortfalls exist in real-time because the year-end financials reflect an accurate picture of actual and accrued revenues and expenses. We also have trend reporting now that enables us to better pinpoint areas of exposure much quicker. Many factors contributed to poor financial performance in 2004. The two biggest areas were membership and journal outsourcing. Membership accruals changed in 2004 to reflect standard accounting practices so revenue projections, if realized, occurred much later in the year. Compounding the accrual issue was the effects of discounting all categories of membership dues and to a lesser extent, the EZ Pay option. We under projected expenses for journal publishing by calculating costs based on a no growth assumption in membership. Membership soared in 2004, particularly the lower cost student category, while journal costs per member stayed fixed for all member categories, increasing this line item on the expense side. Other targets missed that factored into the equation included inability to sublet office space, employee turnover, higher speaker lodging expenses from the annual convention, development costs to automate the certification exam, and corrections to inventory depreciation. Worse still was the fact that revenue expectations on new product development were not realized. The good news is that the staff have identified issues early on and have begun to take an active approach to cut backs where ever possible, engaged our contractors to assist in developing solutions, discontinued outsourced vendors where necessary, and slowed down initiatives or brought projects in house to hold on expenses.

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- *Follow-Ups:*

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