



WHERE WE STAND

AIA 3rd Quarter Financial Highlights

To AIA members,

While we still have a long way to go, the financial picture at the Institute began to brighten at the close of this year's third quarter. Our 2000 audit is complete and our net asset position is much better than required by the three-year financial plan adopted by the AIA Board in May 2001. Our 2001 projections now indicate net income will be better than budgeted. Finally, intense planning and prudent budgeting for 2002 will result in a budget that achieves a net income surplus.

The AIA Board, Finance Committee and management share a strong sense of fiscal responsibility. Aggressive financial oversight and controls are in place. AIA annual budgets do not allow deficit spending. They are realistic, developed with built-in measurement and accountability. When I wrote to you in May providing a financial overview of the Institute, I indicated that regular updates would be forthcoming. This report is the latest in a series that you can expect on a quarterly basis in the future.

Worst-case 2000 scenario improved

The imminent dissolution of AEC (a for-profit corporation in which AIA held an interest), coupled with favorable AEC creditor settlements contributed to a clean 2000 AIA audit. In May, our auditor's worst-case scenario for the year 2000 showed a net asset position of negative \$4.4 million for the Institute. The completed 2000 AIA audit now reveals negative net assets of only \$1.4 million.

2001 performance exceeding targets

Additionally, we project positive net assets at the end of 2001, positioning the AIA ahead of the three-year financial plan. Despite our challenging economy, we remain committed to achieving our 2001 net income budget of \$1.4 million. Current revenues in some areas are below targets. Aggressive expense reduction measures to offset those shortfalls are being implemented.

Prudent 2002 planning underway

Cash flow is adequate. Assets are improving. Our proposed 2002 budget, intended to produce a net income surplus, is also focused on serving the long-term professional interests of AIA members — now 70,000 strong. We are committed to sound and open financial practices for the Institute. I welcome your comments and wish you a peaceful and happy holiday season.

Sincerely,

Norman L. Koonce, FAIA
Executive Vice President/Chief Executive Officer

AIA Audited Balance Sheet (\$thousands)

	1999	2000
Assets		
Cash	\$1,300	\$3,122
Investments	10,591	10,022
Property and Equipment, net	10,285	11,179
Deferred Publication Costs	3,126	3,175
Accounts Receivable	2,577	2,136
Other Assets	2,055	1,642
Total Assets	\$29,934	\$31,276
Liabilities		
Line of Credit	\$5,000	\$5,500
Accounts Payable	4,109	7,590
Deferred dues and other revenue	4,617	2,554
Notes Payable	14,881	17,107
Total Liabilities	\$28,607	\$32,751
Net Assets		
Unrestricted	(3,635)	(5,724)
Temporarily Restricted	3,907	3,194
Permanently Restricted	1,055	1,055
Total Net Assets	\$1,327	(\$1,475)*
Total Liabilities & Net Assets	\$29,934	\$31,276

*A significant improvement from the auditor's worst-case calculation in May of negative \$4.4 million.

2001 Projections (\$thousands)

	2001 Budget	2001 Forecast
Revenue	\$38,234	\$36,694
Expenses	37,164	36,186
Operating Net Income	\$1,070	\$508**
Non-Operating Income	2,000	3,000
Non-Operating Expense	(708)	(280)
Unrestricted Net Income	2,362	3,228
Restricted Expense	(916)	(1,082)
Total Net Income	\$1,446	\$2,146

**As of November 1, 2001. Aggressive steps are being taken to meet or exceed the 2001 operating net income goal.



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