

Learning Ally – Financial Overview

1

Over the past few years Learning Ally has sustained operating shortfalls stemming from the loss of substantial Federal government funding of \$13 million in fiscal year 2012 that Learning Ally had received annually for many years. This loss severely diminished the organization's revenues which could not be readily replaced. As such Learning Ally had to revamp its entire organization over the past few years to offset the \$13 million shortfall, while still delivering on the organization's mission.

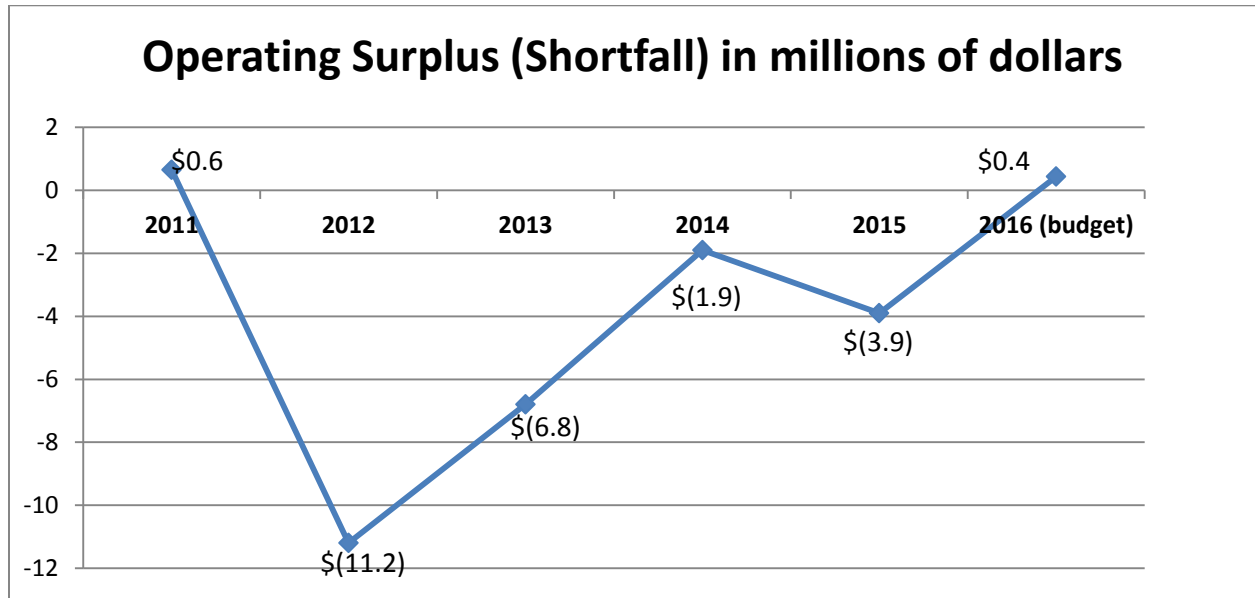
Learning Ally has been up to the challenge. Learning Ally radically changed its business model and transitioned from one dependent on government grants, to one reliant on more diverse sources of revenue: donor contributions and fees for delivering effective products and services that positively impact the lives of the blind, visually impaired and learning disabled communities. Additionally, significant investments to enhance the expansion of services were needed, as well as to update various technologies required to ensure our program's relevance, quality and impact for those who struggle with reading the printed word. These investments further stretched our financial resources.

In order to maintain financial viability, Learning Ally drastically reduced costs. This included workforce reductions, which once numbered in excess of 300 staffers, and now stands at about 125. Over the past few years we invested heavily in technology and programs and services, which allow us to better serve the needs of the students we serve and also allowing us to lower our expense base.

Fortunately, over its long history Learning Ally had built up a significant reserve of almost \$50 million as of the end of fiscal year 2011, enabling Learning Ally to absorb the loss of government funding and to make the necessary investments to continue to serve the blind, visually impaired, and dyslexic.

So, how are we doing?

As depicted below, Learning Ally has been able to withstand the loss of \$13 million of annual Federal funding, despite many obstacles, having narrowed its operating loss from its peak of \$11.2 million in 2012 and is poised to post an operating profit in 2016.



Be assured achieving a profit in our fiscal year 2016 (year-end of June 30) is more than realistic. Halfway through our fiscal year, our revenues, excluding in-kind donations, are running ahead of plan and are two-thirds towards meeting our full-year 2016 budget. Expenses on the other hand are running 8% below budget.

But it is not just about our financial turnaround -- a turnaround for which any for-profit organization would be awarded high marks, given the loss of more than 40% of its annual revenue base.

Despite the earlier loss of government funding and our related financial challenges, Learning Ally is realizing substantial growth in the number of students, teachers and parents served to further advance our mission. In just the first half of this school year, pages read by students exceeded 10 million, double the like period last year, and is on track to exceed 20 million for the full school year vs. 11 million the year before.

As a nearly 70 year-old organization that has in essence reinvented itself to better serve those who struggle to read, we are all very grateful for the continued support of Learning Ally volunteers, donors, board and staff whose commitment to the blind, visually impaired and dyslexic has been unwavering.

[Click here](#) to view our annual tax form.

[Click here](#) to view our audited financial statements.

If you have additional concerns, please don't hesitate to contact Jan McDavitt - VP of Philanthropy at jmcdavitt@learningally.org, 609.243.7055, or Tom Hetzel – Controller at thetzel@learningally.org, 609.243.7603.