

**Budget Analysis & Review Committee  
American Library Association  
January 8, 2016  
Midwinter Boston, Massachusetts**

**Committee Members:**

*Present:* Maggie Farrell, Lori Goetsch, Mario Gonzalez, Dr. Rhea Brown Lawson, Ann Martin (Chair), James Neal, and Jo Ann Pinder.

*Absent Excused:* Julius Jefferson, Bernie Margolis, and Gina Persichini.

*Staff:* Keith Brown, LaTasha Bryant, Mary Ghikas, Joanne Lee, and Mark Leon.

**Agenda Review**

Ann Martin began the meeting at 12:34 PM EST with review of the agenda. As the agenda was being reviewed Jo Ann Pinder suggested that it would be helpful if the committee could be provided with some talking points prior to meetings like Midwinter. The purpose of the talking points would be that the committee would be in a position to speak with one voice on financial matters and could easily share with their liaisons, members etc. when necessary. The talking points would be available prior to Midwinter and provided by the BARC Chair from information included in BARC report to Council. After further discussion on the agenda the following action was taken:

**Motion:** By Lori Goetsch and seconded by Maggie Farrell

To approve the agenda as presented.

Motion approved.

**BARC Fall Meeting Minutes**

The committee was asked to review the minutes from the 2015 fall meeting minutes. It was noted that Aimee Strittmatter, Executive Director of ALSC, requested a correction resulting in an amendment to the 2nd paragraph on page 5. After further review the following action was taken:

**Motion:** By Jim Neal and seconded by Lori Goetsch

To approve the 2015 fall meeting minutes as amended.

Motion approved.

**FY2015 Final Executive Summary (BARC #4.5)**

Mark Leon reported to the committee and summarized the final 2015 financial results. He highlighted the following:

- Operationally ALA was fine with Total ALA revenues of \$51.7 million compared to total ALA expense of \$51.4 million. This resulted in net revenues of \$314,944.
  - Publishing produced fewer titles during the year but generated net revenue of \$630,000 and overhead of \$3.2 million
  - Very strong Annual Conference in San Francisco with net revenue of \$772,000
  - General Fund produced net operating revenue of \$279,000
  - Division revenue was higher than budget at \$14.3 million
  - Divisions had a much smaller net expense at (\$328,749) than what was budgeted (\$2.2 million).
- Total ALA assets are down by 2.9 million at \$77.7 million
  - Renegotiation and pay-down of outstanding loan, which reduced cash (\$1.0 million)
  - Reduction in the value of the endowment due to market conditions, particularly in August (\$2.0 million).
- Total ALA liabilities are up by \$4.3 million at \$46.0 million
  - Postretirement benefit costs (\$4.6 million) as a result of the use of a new mortality table from the Actuarial Society of Chicago
  - Accounts payable related to higher AC expenses and timing
  - Grants & Awards (\$1.2 million)
  - Lower Long-Term debt due to pay-down of outstanding loan (\$1.5 million)
- The Net asset balance decreased during the financial year ending August 31<sup>st</sup> by \$7.2 million

**FY16 November Financials (BARC #5.0)**

Mark Leon led a discussion on the first quarter results ending 11-30-15. He noted that due to a number of factors (an early MW, personnel changes in the department, system software issues, various budget allocation methods etc.) that these results should be viewed as more directional in terms of whether or not we are on track. He noted that ALA is on generally on track with its 1<sup>st</sup> quarter results and highlighted the following:

- Total ALA revenues of \$10.2 million compared to total ALA expense of \$11.7 million. This resulted in net expenses (\$1.5 million).
  - Revenues were less than budget by \$1.2 million primarily in the Divisions (\$623,491) where budget allocations need to be adjusted
  - Grants & Awards were less than budget by \$189,435 due to timing
  - General Fund was less than budget by \$209,298
  - 2016 is a big year for investment in IT projects
- Operational trends are positive

- Publishing results impacted by timing issues
- Management is positive by the direction of the Neal Schuman operation as strong titles are in the pipeline
- Booklist subscriptions are down
- Midwinter meeting results seem to be on track and is expected to make its budget
  - Exhibit sales less than budget
  - Advertising is over budget
  - Results continues to be impacted by consolidation in the vendor space
- ALA personal membership has increased by 6% for the first time in a number of years
- Board approved Endowment transfer of \$250,000 made in November

#### **Updates on ALAConnect – Mary Ghikas**

The new Connect implementation will likely take place in April and will be on a commercial platform. ALA cannot use off-the-shelf software because of the unique requirements of the 11 divisions, 20 round tables, and other complexities of the ALA structure. Some changes will be forthcoming such as the conference scheduler. It was noted that Accessibility is still a very important issue for the membership and is therefore non-negotiable. Finally, the cost associated with this implementation will be a current year operating expense instead of the capital expenses due to the use of an outside commercial vendor.

#### **Financial Learning Series – Lori Goetsch**

The series has been completed and will be posted to the Treasurer's page by January 12, 2016. The committee needs to determine if it wants to add more Financial Learning series topics. The Chair requested that Committee members review the Financial Handbook and the Financial Learning series. An email will be sent to Committee members after Midwinter. Keith Brown suggested that an annual review of the Financial Handbook is appropriate and should take place in the Fall since that will be the anniversary of its launch.

#### **Preparation for PBA/BARC Division Leadership – Ann Martin**

The order of agenda was changed and posted to BARC since it was not posted to the BARC committee prior to the meeting.

Topics for the BARC Division leadership meeting were discussed. Mary Ghikas suggested there was an issue with obtaining topics for the BARC Division leadership meeting. One idea is that BARC and Division leaders have a mechanism in place to identify topics ahead of time in order to better allocate resources at conference when no issues are forthcoming.

#### **BARC Report to Council (CD #33) and Treasurer's Report to Council (CD #13.1)**

The BARC committee reviewed the BARC report to Council to be presented by Ann Martin and the Treasurer's report to Council to be presented by Mario Gonzalez. The presentations will cover the FY2015 audited financial results and the work of the BARC committee since the fall meeting, along with a review of the 1<sup>st</sup> quarter financial results. The committee members all felt that the reports properly

reflected the information that was discussed at this meeting (today). As a result of the black and white printed copies to be made available during the presentations, Keith Brown offered to change the graphics or charts so that the readers could clearly distinguish the comparative results on both reports.

The meeting was adjourned at approximately 2 pm EST.