

American Library Association

BARC and Finance & Audit Committee Orientation Materials

Dr. Rhea Lawson - BARC Chair

Susan Hildreth - Treasurer

Mark Leon - AED Finance

Thursday - October 26, 2017

Chicago, IL

With the End in Mind

**Where We Are
...Today?**

**Committee
Charges**



Calendars

Responsibilities

Terminology

**The Decision Making
Process**

**BARC and F&A.
Moving Forward**

Committee Composition

BARC

- A standing committee of Council
- 9 members serving non-renewable terms
- Chair selected by Pres-Elect from at-large members
- 6 members appointed at-large from the general membership to staggered 4 year terms
- 2 members appointed from Executive Board to staggered 2 year terms
- Treasurer is a voting member

Finance & Audit

- A committee of the ALA Executive Board
- 3 members of the Executive Board and the BARC Chair
- The committee is chaired by the ALA Treasurer
- Each of the three Board members serves a three year term
- Members may serve additional terms if elected to the Executive Board

Committee Purpose

BARC

Primary Focus - Budget and Programs

- To review and analyze the proposed budget and strategic plan as forwarded by the Executive Board
- To review, analyze and interpret financial reports
- To review potential actions by Council that may have a financial or budget impact
- To jointly organize the Planning and Budget Assembly (PBA) with the planning component of the Executive Board (President-Elect)
- To conduct the mandated meeting with the Division leadership at MW and AC

Finance & Audit

Primary Focus - Compliance

- Oversees and makes recommendations on the fiscal policy and management of the Association
- Meets with external auditors
- To oversee the annual audit review process
- To review recommendations on hiring an auditor
- To receive and review recommendations forwarded by BARC
- To review financial reports
- To act as a liaison to the Endowment Trustees via the Treasurer

Committee Process

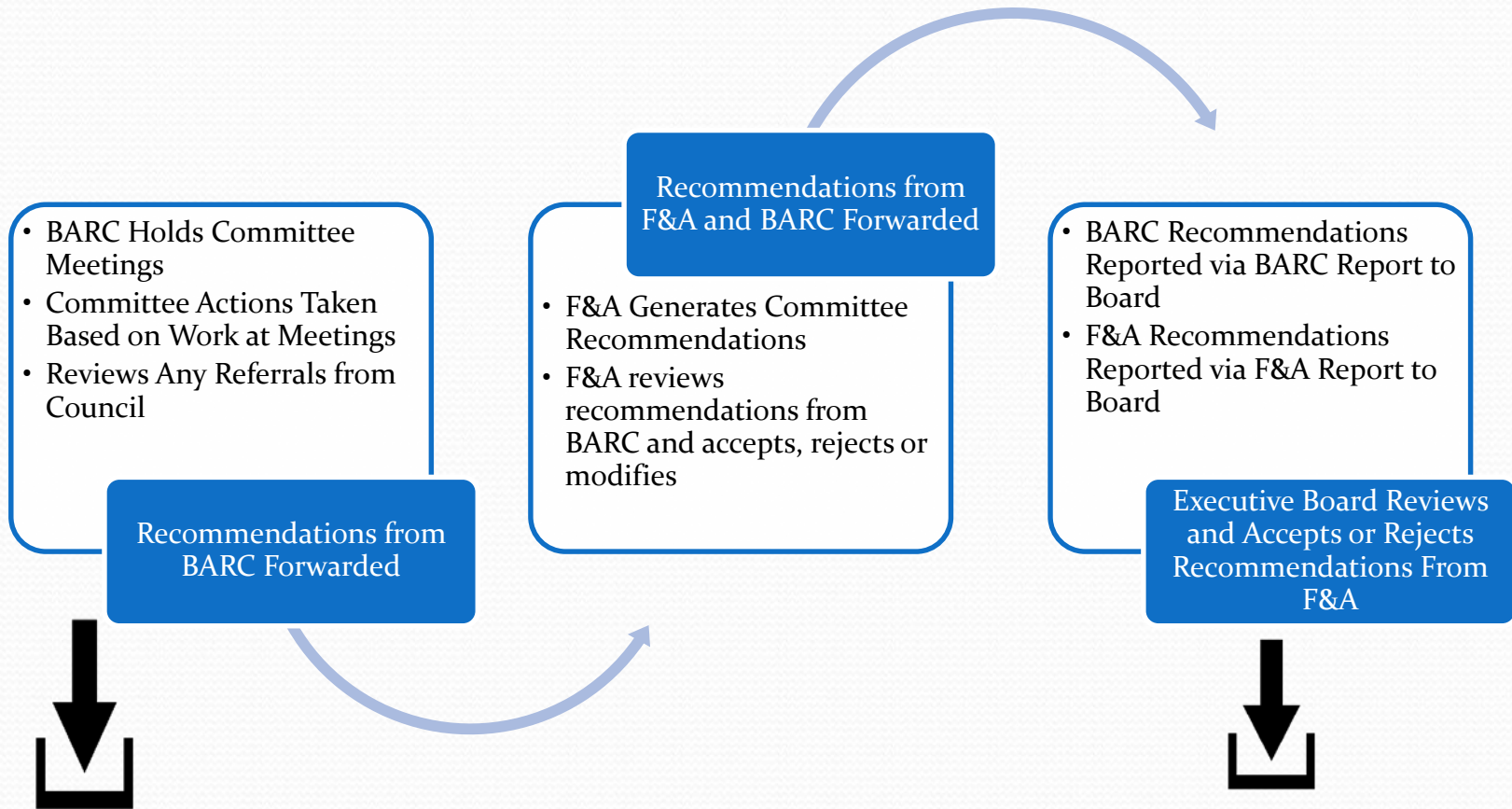
BARC

- Recommendations to the Executive Board resulting from the work of the committee are forwarded F&A
- Potential resolutions received from Council are reviewed for their potential financial/budget impact and the findings are:
 - >Shared with F&A
 - >Reported back to Council

Finance & Audit

- Recommendations resulting from the work of the committee are forwarded to the Executive Board
- Recommendations received from BARC, the Endowment Trustees and senior management are reviewed and:
 - >May be accepted and forwarded to the Executive Board
 - >May be altered and forwarded to the Executive Board
 - >May be rejected
- Some recommendations to the Executive Board will be forwarded to Council i.e. Preliminary Budget

Committee Process (Con't)



Actions or Findings Taken on Council Referrals are Reported Back to Council

Some Board Actions Need Approval By Council i.e. Preliminary Budget

How Does it All Fit Together?

The Road Map

ALA Mission

The mission of the American Library Association is to provide leadership for the development, promotion, and improvement of library and information services and the profession of librarianship in order to enhance learning and ensure access to information for all.

Where Does Your ALA Dollar Go?



14%
Advocacy

12%
Literacy
Diversity
and
Equity of
Access

13%
Information
Policy and
Intellectual
Freedom

38%
Professional and
Leadership Development

23%
Member Services
and Support

Sources of ALA Revenue



17%
Dues

24%
Meetings &
Conferences

36%
Publishing

10%
Grants

4%
Interest

9%
Other

The ALA Strategic Directions & Five Year Financial Plan

How Do We Achieve the ALA's Mission and Fund It?

ALA Mission

- ### ALA Key Action Areas
- Advocacy for Libraries & the Profession
 - Diversity
 - Education & Lifelong Learning
 - Equitable Access
 - Intellectual Freedom
 - Literacy
 - Organizational Excellence
 - Transforming Libraries

- ### ALA Strategic Directions
- Advocacy
 - Information Policy
 - Professional & Leadership Development
 - Equity, Inclusion and Diversity

Core Organizational Values

This table provides a detailed breakdown of the ALA's financial performance. It includes categories such as 'TOTAL ALA', 'OPERATING STATE', and 'NON-OPERATING STATE'. Each category is further divided into sub-sections like 'Operating Expenses', 'Capital Assets', and 'Net Assets'. The data is presented in columns for different fiscal years, allowing for year-over-year comparison.

ALA Five Year Plan

ALA Fiscal Year 2017 Budgetary Ceiling

Background and purpose: As part of ALA's annual budget process, a budgetary ceiling is calculated and presented to the Budget Analysis and Review Committee (BARC) for approval. The budgetary ceiling document captures and presents all available resources, or sources of funds, that can be expended during the subsequent fiscal year. Sources include a starting amount represented by any (unencumbered) Net Asset Balances built up over previous fiscal years. Additionally, these Net Asset balances are replenished by budgeted revenues as well as any prior fund transfers. The total of these sources represents the ceiling, or maximum available resources from all sources. BARC is charged with reviewing and approving the individual fund ceilings and Total All Funds ceiling presented in the table below.

	Starting Fund*	Transfers	Budget Totals	Current & Assets	Long-Term Investment	TOTAL ALL FUNDS
(A) TOTAL ALA BUDGETARY CEILING (for approval)	30,228,362	28,587,887	2,581,551	3,413,210	368,268	64,979,278
(B) Net Asset Balance (projected as end of FY 2016)		14,761,317	1,449,643			16,410,960
FY 2017 Budgeted Revenues (before transfers)	29,074,333	13,611,230	441,908	3,413,210	1,214,997	47,755,588
FY 2017 Budgeted Revenue Transfers		981,029			(981,029)	0
Interest & Dividend Transfer to General Fund						212,730
Spectrum Interest & Dividends	68,000	12,340				80,340
Life Member Dues	61,000	9,800				70,800
Continuing Members	61,000	9,800				70,800
(C) Total Revenues (Budgeted plus transfers)	30,228,362	13,626,570	441,908	3,413,210	368,268	47,968,318

* As per ALA Operating Practice, the General Fund's Net Asset Balance, if any, is not considered for the calculation as each fiscal year's budget is approved with revenues balancing expenses.

ALA Annual Budget

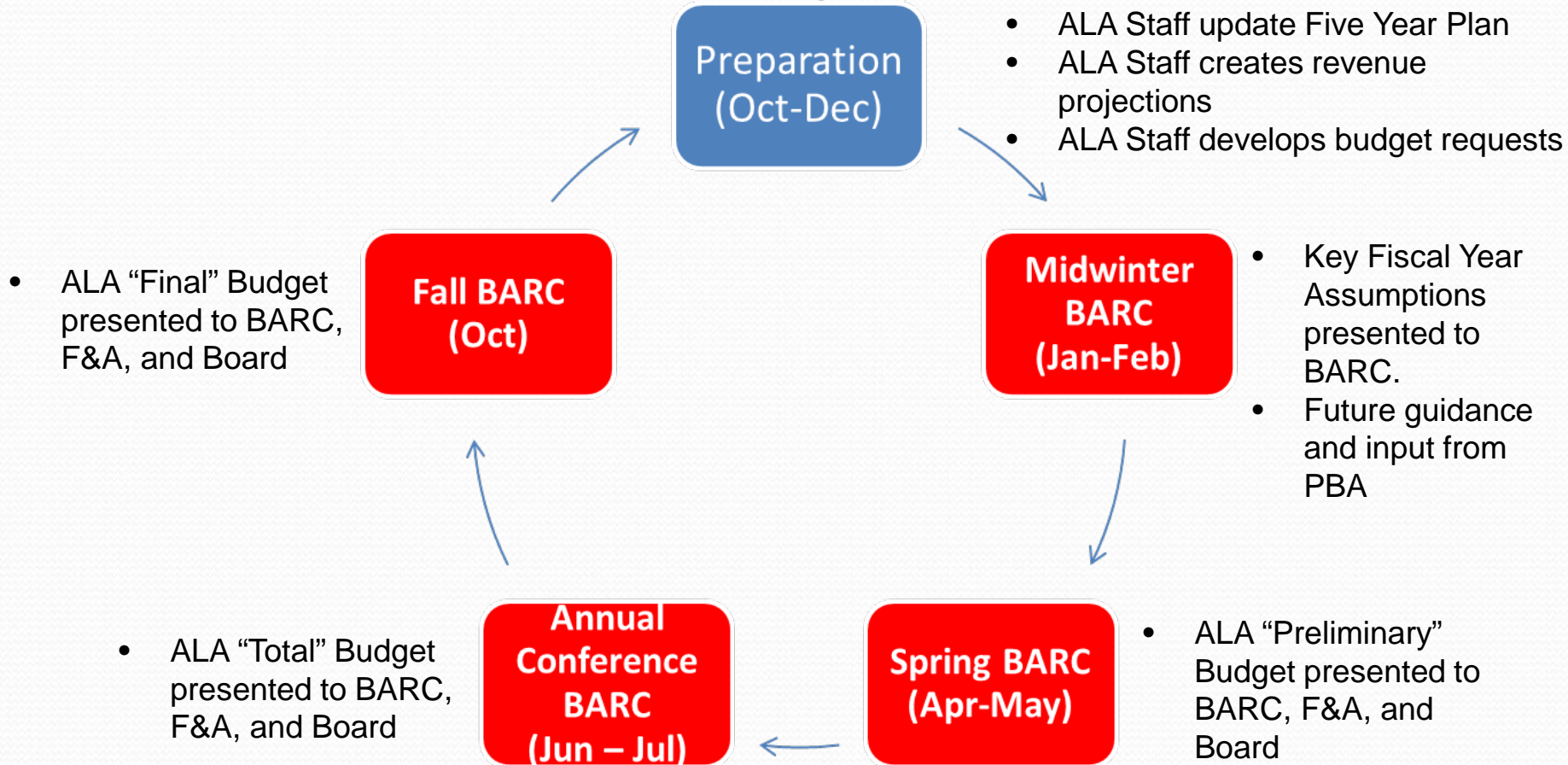
Guided by ALA's Mission and Strategic Directions, the ALA Five Year Financial Plan and Annual Budget act as ALA's financial "roadmap"

Budget Planning

Financial Planning

How Do We Set Priorities and Allocate Resources Annually?

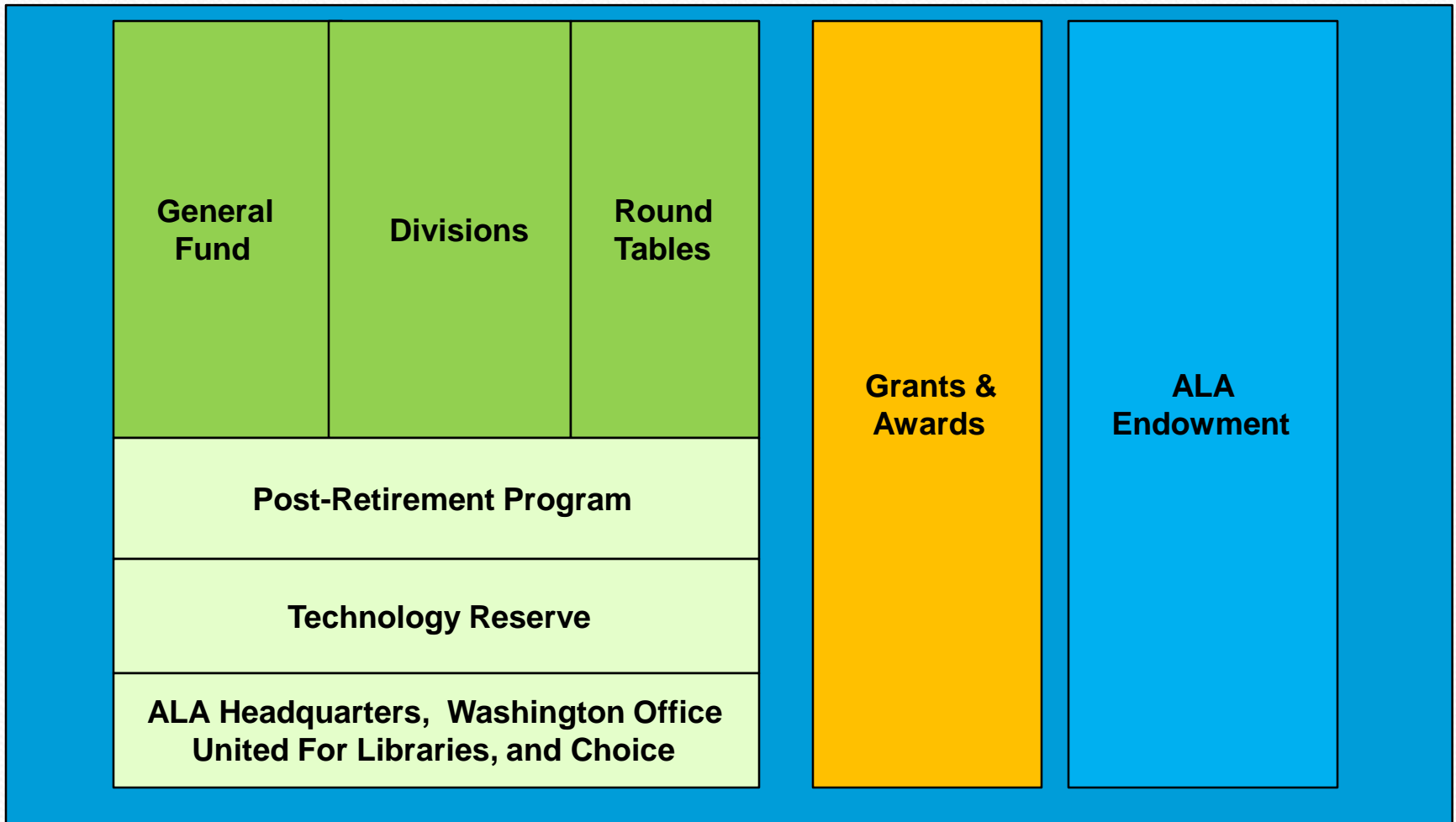
The ALA Budget Cycle



With the dual goals of mission attainment and financial sustainability, the process for FY19 begins in Oct-Dec 2017 (1st Quarter FY18)

How Are ALA Finances Tracked?

The ALA by Fund



Revenues, Expenditures, Assets, and Obligations are tracked separately for each of the funds above

Additional Resources

Continuing Education

ALA *Financial Learning* Series

Topics of Webcasts

- **Budget Planning for a Pre-Conference or a One Time Event**
- **Organizational Structure**
- **Budget Cycle and Process**
- **The Operating Agreement**
- **The Long-Term Investment Fund**
- **Round Tables Financial Orientation**