American Library Association

BARC and Finance & Audit Committee Orientation Materials

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Thursday - October 26, 2017
Chicago, IL
With the End in Mind

Where We Are …Today?

Committee Charges

Responsibilities

Terminology

The Decision Making Process

BARC and F&A. Moving Forward

Calendars
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 to 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)

- BARC Holds Committee Meetings
- Committee Actions Taken Based on Work at Meetings
- Reviews Any Referrals from Council
- Recommendations from BARC Forwarded
- F&A Generates Committee Recommendations
- F&A reviews recommendations from BARC and accepts, rejects or modifies
- Recommendations from F&A and BARC Forwarded
- BARC Recommendations Reported via BARC Report to Board
- F&A Recommendations Reported via F&A Report to Board
- Executive Board Reviews and Accepts or Rejects Recommendations From F&A
- Some Board Actions Need Approval By Council i.e. Preliminary Budget

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

<table>
<thead>
<tr>
<th>Percentage</th>
<th>Category</th>
</tr>
</thead>
<tbody>
<tr>
<td>14%</td>
<td>Advocacy</td>
</tr>
<tr>
<td>12%</td>
<td>Literacy Diversity and Equity of Access</td>
</tr>
<tr>
<td>13%</td>
<td>Information Policy and Intellectual Freedom</td>
</tr>
<tr>
<td>38%</td>
<td>Professional and Leadership Development</td>
</tr>
<tr>
<td>23%</td>
<td>Member Services and Support</td>
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Sources of ALA Revenue

<table>
<thead>
<tr>
<th>Source</th>
<th>Percentage</th>
</tr>
</thead>
<tbody>
<tr>
<td>Dues</td>
<td>17%</td>
</tr>
<tr>
<td>Meetings &amp; Conferences</td>
<td>24%</td>
</tr>
<tr>
<td>Publishing</td>
<td>36%</td>
</tr>
<tr>
<td>Grants</td>
<td>10%</td>
</tr>
<tr>
<td>Interest</td>
<td>4%</td>
</tr>
<tr>
<td>Other</td>
<td>9%</td>
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Guided by ALA’s Mission and Strategic Directions, the ALA Five Year Financial Plan and Annual Budget act as ALA’s financial “roadmap”
ALAs Annual Budget Process

How Do We Set Priorities and Allocate Resources Annually?

The ALA Budget Cycle

Preparation (Oct-Dec)

- ALA Staff update Five Year Plan
- ALA Staff creates revenue projections
- ALA Staff develops budget requests

Fall BARC (Oct)

- ALA “Final” Budget presented to BARC, F&A, and Board

Midwinter BARC (Jan-Feb)

- Key Fiscal Year Assumptions presented to BARC.
- Future guidance and input from PBA

Annual Conference BARC (Jun – Jul)

- ALA “Total” Budget presented to BARC, F&A, and Board

Spring BARC (Apr-May)

- ALA “Preliminary” Budget presented to BARC, F&A, and Board

With the dual goals of mission attainment and financial sustainability, the process for FY19 begins in Oct-Dec 2017 (1st Quarter FY18)
Revenues, Expenditures, Assets, and Obligations are tracked separately for each of the funds above.
Additional Resources

Continuing Education
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