

**American Library Association
Budget Analysis and Review Committee Report
to the ALA Executive Board
June 26, 2017**

Members of the Budget Analysis and Review Committee (BARC) and the Finance and Audit committee (F&A) held a joint meeting on Friday, June 23rd to discuss and review a number of financial issues and are pleased to report to the Executive Board on our activities. Below is a list of the primary topics discussed:

- YTD 2017 (8-Month Results as of April 30, 2017) - BARC #5.2 (EBD #1.16)
- Publishing 2017 Results to Date
- Updated ALA Five Year Plan FY 2018 – FY 2022
- FY 2018 Budget Presentation - BARC #20.1 (EBD Info #14.6.1)
- Approval of the Total ALA Budgetary Ceiling

This report also includes results of the following meetings:

- Planning & Budget Assembly
- BARC/Division Leadership

FY17 YTD Results - BARC #5.2 (EBD #1.16)

Mark Leon led the committee in a discussion of the eight-month FY 2017 results. Taking a broad overview, the results reflected the following:

- Total ALA revenues were \$28.6 million compared to the budget of \$30.6 million
- Revenues were lower primarily due to lower actual revenues that projected from the General Fund (14.6 million)
- Also contributing was lower actual revenues from Divisions (-4%) and Grants (-1%)
- Total ALA expenses were \$31.6 million compared to the budget of \$32.8 million
- Expenses were 31.6 million which was a favorable variance of 3.3%
- The Net Rev(Exp) decreased from the six-month mark

The committee was then referred to the General Fund which reflected the following:

- General Fund revenues were \$14.7 million compared to the budget of \$16.2 million
- Lower revenue than budget from Publishing Services in every business line

- General Fund expenses were \$17.2 million compared to the budget of \$17.7 million
- The result is a year-to-date net revenue variance of (\$993,418)

The Divisions and Roundtables reported overall positive results for the year to date. The Divisions generated a net expense of (\$406,717) compared to their budget of net expenses of (\$738,968), driven primarily by a strong ACRL conference. The Roundtables reported net revenue of \$149,549 compared to their budget of \$88,914 as expenses were well controlled during the year.

Publishing provided an update to the committee members that included 3rd quarter results and an anticipated stronger 4th quarter.

FY18 Budget Presentation and Approval (EBD #14.6.1)

The FY18 preliminary budget was approved by the Executive Board at its Spring meeting. Minor adjustments have been made to the FY18 preliminary budget. There is a \$150,000 increase in the General Fund primarily due to addition of gift funds to support new initiatives. There was a \$241,273 revenue decrease in divisions which resulted in a modified budgetary ceiling of \$66,674,990, a small decrease from the original ceiling of \$66,766,324. More significant budget changes are anticipated based on the year-end closing numbers and will be presented to the Executive Board for consideration at its October 2017 meeting.

BARC approved the changes to the FY18 preliminary budgetary ceiling. F&A approved the BARC action and is forwarding this recommended action to the Executive Board for approval. Detailed budget information is attached to

Mark Leon shared the most recent update of ALA's five-year planning

On Sunday, June 25th BARC participated in the following activities:

Planning and Budget Assembly

Planning and Budget Assembly – The following represents highlights of the discussion:

- Summary Observations FY17 Results (3rd Qtr.) – Ann Martin, *BARC Chair*
- Summary of FY18 Budget – Susan Hildreth, *Treasurer*
- Five Year Plan and FY18 Budget Assumptions - Mark Leon, *ALA CFO*
- President-Elect's Presidential Priorities – Jim Neal, *President-Elect*
- Small Group Discussion and Reporting: ALA Strategic Priorities – Keith Michael Fiels, *Executive Director*

- o *Groups reported out on Advocacy, Information Policy, and Professional and Leadership Development.*

Division Leadership/BARC Meeting

Division Leadership/BARC Meeting – The following represents highlights of the discussion:

- Update on the Evaluation Process of Conference Changes for Annual 2018 - Mary Ghikas, *ALA Senior AED and Clara Bohrer, ALA Conference Committee Chair*
- Endowments: Best Practices – Mark Leon, *ALA CFO*
- Comparisons of Division Financials - Mark Leon, *ALA CFO*
- Looking Ahead 5-10 Year Budget Projections - Mark Leon, *ALA CFO*
- Group Discussion: Alignment of ALA Priorities, Governance Structure, and Resources - Ann Martin, *BARC Chair*
 - o Discussion involved Division strategies to streamline structure and content while emphasizing value.
 - o Division leaders would like ALA leadership to further consider strategies that will increase association sustainability.

Acknowledgement

BARC extends its sincere thanks to the ALA finance staff: Mark Leon, Joanne Lee, Keith Brown, Brad Geene, Denise Moritz and Ligia Barac for their work throughout the year and support in preparing for the committee meetings and discussions. The chair would also like to thank Keith Michael Fiels and Mary Ghikas for their insightful and helpful input and participation.

Respectfully submitted:

Ann Martin, Chair
Maggie Farrell
Lori Goetsch
Susan Hildreth, Treasurer
Julius Jefferson, Jr.
Dr. Rhea Brown Lawson
Mike Marlin
Gina Persichini
Steven Potter