Treasurer’s Report at the Information Session to the ALA Executive Board, ALA Council and the Planning and Budget Assembly

Susan Hildreth – ALA Treasurer

Saturday – June 22, 2019
Sunday – June 23, 2019
Annual Conference – Washington, DC
Where an ALA Dollar Comes From

For every dollar in dues, ALA generates an additional four dollars in revenue from publications, meetings and conferences, grants and awards, interest and dividends and other revenue sources. Percentages are based on the 2019 ALA budget and include revenues from divisions, round tables, and the ALA general fund. “Interest & Dividends” includes interest income and support from the ALA Endowment Fund. “Other” includes royalties and miscellaneous fees and revenues.

Based on the approved 2019 budget
WHERE AN ALA DOLLAR GOES

<table>
<thead>
<tr>
<th>14%</th>
<th>12%</th>
<th>40%</th>
<th>13%</th>
<th>21%</th>
</tr>
</thead>
<tbody>
<tr>
<td>Advocacy for Libraries and the Profession</td>
<td>Information Policy and Intellectual Freedom</td>
<td>Professional and Leadership Development</td>
<td>Equity, Diversity, and Inclusion</td>
<td>Member Engagement and Support</td>
</tr>
</tbody>
</table>

- **14% Advocacy for Libraries and the Profession**: Includes raising public awareness of the value of libraries; developing promotional materials; conducting effective media relations; recruiting and mobilizing a network of advocates; developing resources and training for advocates; advancing legislation and policies that support libraries; researching the impacts of libraries; working with partners and stakeholders on advocacy goals; and working to ensure the sustainability and future of libraries.

- **12% Information Policy and Intellectual Freedom**: Includes policy development, education, research and advocating in the following policy areas: intellectual freedom, privacy, civil liberties, telecommunications, funding for education and research programs, funding for libraries, copyright and licensing, open access, government information, and literacy.

- **40% Professional and Leadership Development**: Includes developing resources and training in the areas of equity, diversity and inclusion; providing cultural programming; promoting library through a variety of resources and initiatives; offering funding and grants; recruiting a diverse workforce to the profession; proving scholarships.

- **13% Equity, Diversity, and Inclusion**: Includes maintaining accreditation standards; maintaining standards for library services; developing educational resources; providing professional development opportunities; promoting career development; providing leadership development opportunities; providing award programs.

- **21% Member Engagement and Support**: Includes supporting committees and executive boards; promoting membership; providing membership services; supporting membership engagement software (ALA Connect).

Based on the approved 2019 budget
ALA Operating Structure

TOTAL ALA

OPERATING
- General Fund
- Divisions
- Round Tables

CAPITAL
- Headquarters Building
- DC & CHOICE Offices
- IT, Furniture & Equipment

GRANTS & AWARDS

ALA ENDOWMENT

CAPITAL PROJECTS
A Modern Association for a Modern Profession

Framework for FY 20 Budget
ALA General Fund Net Revenues (Expenses)

*FY19 Management Projection  **FY20 Revised Budget
Source: ALA Audited Financial Statements

* Year 2 of investment plan

*FY19 Management Projection  **FY20 Revised Budget
Source: ALA Audited Financial Statements
FY 2020 Preliminary Budget

To Be Presented to Council at this Annual Conference in Washington, DC
## FY 20 Preliminary Budget Details

*The Numbers Behind Our Plan for FY 20*

### General Fund FY20 Revenue Budget of $28.1M

### General Fund FY20 Expense Budget of $31.0M

### Budgeted FY20 Net Expense of ($2.9 M) – due to Investment budget

### Support from Net Assets of $2.9 M

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### TOTAL ALA

<table>
<thead>
<tr>
<th>OPERATING</th>
<th>CAPITAL</th>
<th>GRANTS &amp; AWARDS</th>
<th>ALA ENDOWMENT</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>General Fund</strong></td>
<td>Headquarters Building</td>
<td>$4.2M</td>
<td>$.7M</td>
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<tr>
<td>$28.1M</td>
<td>DC &amp; CHOICE Offices</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$15.9M</td>
<td>IT, Furniture &amp; Equipment</td>
<td></td>
<td></td>
</tr>
<tr>
<td>$0.5M</td>
<td></td>
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</tbody>
</table>

### Notes:

- **Capital Projects** $0.8M
- **Total Budget** $49.4M
Key Supplemental Investment Areas in FY20

- Development - $276,000
- Advocacy - $492,000
- Information Technology - $1.5M
## FY 19 Investment Spending

### FY 20 Investment Budget

<table>
<thead>
<tr>
<th></th>
<th>FY19 Budget</th>
<th>On Track</th>
<th>FY20 Budget</th>
<th>FY21 Budget</th>
<th>Total Investment</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Operating Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
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<tr>
<td>Advocacy</td>
<td>$300,000</td>
<td>X</td>
<td>$430,000</td>
<td>$370,000</td>
<td>$1,100,000</td>
</tr>
<tr>
<td>Development</td>
<td>$176,750</td>
<td>X</td>
<td>$276,000</td>
<td>$292,000</td>
<td>$744,750</td>
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<tr>
<td>ITTS</td>
<td>$632,200</td>
<td>X</td>
<td>$908,200</td>
<td>$2,481,200</td>
<td>$4,021,600</td>
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<tr>
<td><strong>Total Operating Budget</strong></td>
<td>$1,108,950</td>
<td></td>
<td>$1,614,200</td>
<td>$3,143,200</td>
<td>$5,866,350</td>
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<tr>
<td><strong>Capital Budget</strong></td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Advocacy</td>
<td>$110,000</td>
<td>X</td>
<td>$62,000</td>
<td>$62,000</td>
<td>$234,000</td>
</tr>
<tr>
<td>Development</td>
<td>$-</td>
<td>NA</td>
<td>$-</td>
<td>$-</td>
<td>$-</td>
</tr>
<tr>
<td>ITTS</td>
<td>$728,298</td>
<td>X</td>
<td>$605,298</td>
<td>$1,466,965</td>
<td>$2,800,561</td>
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<tr>
<td><strong>Total Capital Budget</strong></td>
<td>$838,298</td>
<td></td>
<td>$667,298</td>
<td>$1,528,965</td>
<td>$3,034,561</td>
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<tr>
<td><strong>Total Investment Budget</strong></td>
<td>$1,947,248</td>
<td></td>
<td>$2,281,498</td>
<td>$4,672,165</td>
<td>$8,900,911</td>
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</table>

The FY 20 investment budget for Advocacy includes an additional $60,000 to fund the National Public Policy Corps, not included in original investment plan.
Key Supplemental Investment Areas in FY20

Development ($276K)

- Enhance fundraising capacity
  - Increased staff from 3 to 6 in February 2019
  - Major gifts director, prospect researcher and support staff in place
  - Enhanced donor engagement and contributions working with CRM (customer relationships management) platform and Philanthropy Advisory Group

Benefits to the Association

- Will increase staff capacity resulting in stronger donor engagement
- Will result in additional donor dollars
- More effective donor stewardship through CRM will lead to more successful fundraising
Key Supplemental Investment Areas in FY20

**Advocacy ($492K)**
Support 21st century advocacy efforts
- CRM (customer relationship management) system for advocacy information
- Support for enhanced outreach and engagement
- Support for National Public Policy Corps

*Benefits to the Association*
- Provides more strategic focus on policy issues and targeted outreach
- Supports a year-round strategy for Advocacy, with enhanced capacity for mobilization efforts and campaigns
- Continues “Fly-In” event early in budget season for strategic legislative contacts to jump-start annual budget campaign
- Revitalizes National Legislative Day in spring 2020
- Creates more impactful legislative advocates, both key local players and broader grassroots networks
Key Supplemental Investment Areas in FY20

**Information Technology ($1.5M)**
Investment will strengthen IT infrastructure and services
- Second year of three-year planned investment for capacity and customer service

*Benefits to the Association*
- Will improve experience of the 8 million+ annual visitors to ALA’s web site
- Enhanced opportunities for members and staff to working more efficiently and collaboratively, for a more effective Association
- Continue role of CIO and add business analyst and community specialist to work with staff and members on effective project delivery and performance
- Continue to move functions and services to the cloud
- Dashboard will improve reporting capabilities, save staff time and inform more effective decision making
Measuring ROI on Investments

<table>
<thead>
<tr>
<th>Focus Area</th>
<th>Anticipated Benefits</th>
<th>Potential ROI Metrics</th>
</tr>
</thead>
</table>
| Information Technology | • Better Member Service  
                        • Increased Employee Productivity  
                        • More Successful IT Projects | • Member Satisfaction Scores  
                        • Projects Delivered On Time/Budget  
                        • IT Expense as % of Revenue |
| Advocacy            | • Stronger, More Effective Member Relationships with Key DC Stakeholders  
                        • Enhanced Professional Development Opportunities  
                        • Targeted, More Efficient Relationship Building Strategies | • Number of Advocates  
                        • Number of Connections  
                        • Number of Strategic Visits  
                        • Number of Participants at State and Local Levels |
| Development         | • Additional Revenues for the Association  
                        • Increased Member Engagement | • Total Additional $ Raised  
                        • Additional GF $ Raised  
                        • Number of donors  
                        • Median gift/Average gift  
                        • Number and $ planned pledges |

To ensure benefits are realized, ALA management will track and report on specific key performance metrics by investment area. These can be reported along with key outcome metrics, such as ALA’s Net Promoter Score.

NPS: Net Promoter Score. Per the “ALA FY2018 Final Survey Report, “p.31 from Ave M, “NPS…is a measure that captures future customer loyalty.. and has been shown to correlate with business growth.”
How Do We Support These Investments?

Funding Options and Strategies Available to Use

- Working Capital (ALA Cash)
- Bank Financing
- Leveraging ALA Real Estate
- Using the Association’s Net Assets
- Endowment Fund
Net Assets is the difference between what we have and what we owe.
## ALA Fiscal Year 2020 Annual Estimates of Income

Per Article IX, Finances, Section 1 of ALA's Bylaws: Annual estimates of income shall be based upon the unexpended balance remaining from the previous year plus anticipated revenues for the next budget year. BARC is charged with reviewing and approving the Annual Estimates of Income.

<table>
<thead>
<tr>
<th>Annual Estimate of Income</th>
<th>Total ALA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALA Net Assets (projected at end of FY 2019)</td>
<td>$36,293,537</td>
</tr>
<tr>
<td>FY 2020 Budgeted Revenues</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>$28,129,076</td>
</tr>
<tr>
<td>Divisions</td>
<td>$15,879,912</td>
</tr>
<tr>
<td>Roundtables</td>
<td>$531,238</td>
</tr>
<tr>
<td>Grants &amp; Awards</td>
<td>$4,190,692</td>
</tr>
<tr>
<td>Endowment</td>
<td>$701,286</td>
</tr>
<tr>
<td>Total</td>
<td>$49,432,204</td>
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</tbody>
</table>

| FY 2020 Annual Estimates of Income                  | $85,725,741 |

### Memo Only

<table>
<thead>
<tr>
<th>Estimates of Income by Fund</th>
<th>Divisions</th>
<th>Round Tables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Net Asset Balance (projected at end of FY 2019)</td>
<td>$13,263,800</td>
<td>$1,895,316</td>
</tr>
<tr>
<td>FY 2020 Budgeted Revenues</td>
<td>$15,879,912</td>
<td>$531,238</td>
</tr>
<tr>
<td>FY 2020 Annual Estimates of Income</td>
<td>$29,143,712</td>
<td>$2,426,554</td>
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</tbody>
</table>
Will Request Council Approval

FY20 Annual Estimates of Income of $85,725,741