

**YALSA Board of Directors Meeting
ALA Annual Conference, San Francisco
June 26 – June 30, 2015**

Topic: Confirmation of Filling Board Vacancy

Background: In the spring of 2015 Fiscal Officer Linda Braun presented a proposal to the Board to approve a transfer \$25,000 of funds from the net asset balance into the Leadership Endowment as part of the FY16 budgeting process. On May 15th YALSA's Board voted to approve including a request for transfer of funds to the endowment in the FY16 budget. Including the item as a part of this meeting simply ensures it will be entered into the official record of the association.

Action Required: Consent

Proposal: transfer \$25,000 into the Leadership Endowment in FY16

Rationale:

- The back payment of \$265,929 for award seals has increased YALSA's net asset balance to the equivalent of just over 7 months' worth of expenses, or \$354,688 (as of the March fiscal reports). Industry best practice calls for the balance to be equivalent to 4 - 6 months' expenses. Leaving large amounts of cash in the balance beyond the 4 - 6 month range (\$200,000 - \$300,000) does not benefit YALSA, as the interest from the balance goes to ALA, per the Operating Agreement.
- By transferring \$25,000 into an endowment, YALSA will be able to keep the interest it earns, and also brings YALSA closer to the recommended 4 - 6 months worth of expenses in the net asset balance (while still leaving a cushion, as the fiscal year still has four months remaining).
- The Leadership Endowment is the smallest of YALSA's endowments at approximately \$84,000 (the Morris Endowment is over \$700,000 and the Edwards Trust is over \$900,000). At this time, interest from the Leadership Endowment is being used to 1) cover the Dorothy Broderick Student Conference Scholarship (\$1,000); and 2) increase the principal (\$1,300). By increasing the Leadership Endowment principal by 30%, more interest would be generated to fund other projects the Board deems a priority, such as Emerging Leaders or the proposed PhD Fellowship, or be used to continue to grow the principal.
- It is a possibility for the Board to make another endowment transfer in FY17, should the net asset balance remain high. ALA, per the Operating Agreement, decides on an annual basis about whether or not units are permitted to transfer funds into their endowments. This decision is usually made at the ALA Executive Board's October meeting, so the information can be shared with units in the budget preparation materials that go out in December.

Requested Board Action

Direct the Executive Director to include a request to transfer \$25,000 from the net asset balance into the Leadership Endowment, as part of the FY16 budget process.

Additional Resources

- ALA Financial Handbook connect.ala.org/node/237050 (.pdf)
- YALSA Leadership Endowment www.ala.org/yalsa/givetoyalsa/leaderendow