American Library Association

ALA Council
Orientation Materials

Peter Hepburn- BARC Chair Maggie Farrell - Treasurer

Tuesday, September 8, 2020 Webinar

Outline

- Financial Committees and Responsibilities
- Committee Processes
- Budget Cycle
- Role of Council
- Financial Documents
- Financial Learning Series
- Questions/Discussions

Financial Committees

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
- Members serve only once unless they are elected as Treasurer

Finance & Audit

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

Committee Purpose

BARC

Primary Focus - Budget and Programs

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

Finance & Audit

Primary Focus - Compliance

- Oversee and make recommendations on the fiscal policy and management of the Association
- Meet with external auditors and oversee the annual audit review process
- Review recommendations on hiring an auditor
- Receive and review recommendations forwarded by BARC
- Review financial reports
- 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

Planning and Budget Assembly

Members:

Division representatives

ALA Committee representatives

Roundtable representatives

5 Councilors at Large

5 Chapter Councilors

Duty:

Study budget and planning documents

http://www.ala.org/aboutala/committees/ala/ala-bf

Endowment Trustees

Members:

Six trustees elected by the Executive Board on recommendation from Finance and Audit Committee

Duty:

Hold, invest, reinvest, and disburse endowment Funds Oversee endowment operating procedures Select endowment investment managers Report endowment status

http://www.ala.org/aboutala/committees/ala/ala-endwmttr

Committee Process

- BARC holds committee meetings
- Committee actions taken based on work at meetings
- Reviews any referrals from Council

Recommendations from BARC forwarded

Recommendations from F&A and BARC forwarded

- F&A generates committee recommendations
- F&A reviews recommendations from BARC and accepts, rejects or modifies

- 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

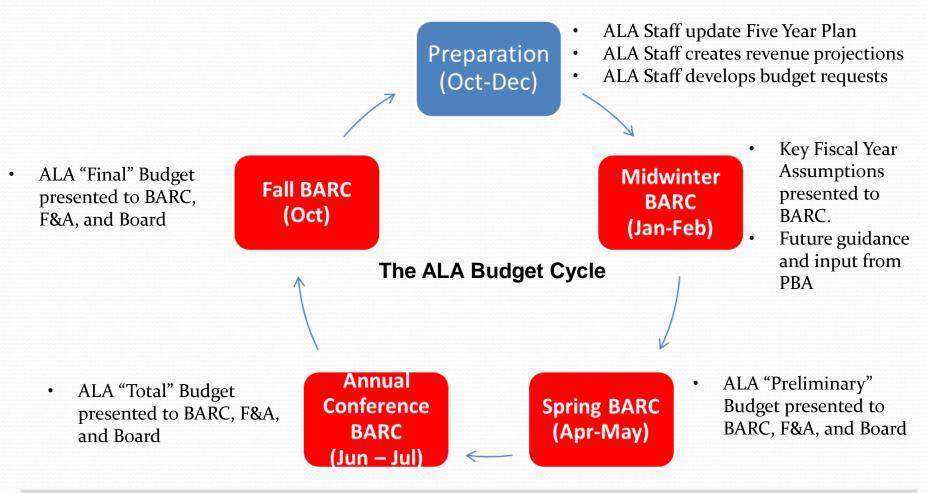


Some Board actions need approval by Council i.e. preliminary budget



Actions or findings taken on Council referrals are reported back to council

Budget Process



With the dual goals of mission attainment and financial sustainability, the process for FY22 begins in Oct-Dec 2020 (1st Quarter FY21)

How Does it All Fit Together?

The Road Map

Sources of ALA Revenue







17% Dues

24% Meetings & Conferences

36% **Publishing**

10% Grants

4% 9% Interest Other

Where Does Your ALA \$ 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

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

ALA Key Action Areas

- Advocacy for Libraries & the Profession
- Diversity
- Education & Lifelong Learning
- Equitable Access
- Intellectual Freedom
- Literacy
- Organizational Excellence
- Transforming Libraries

ALA Mission

ALA Strategic Directions

- Advocacy
- Information Policy
- Professional & Leadership Development
- Equity, Inclusion and Diversity

Core Organizational Values

| | | | | Five-ye | IRARY ASSOCIATION Projections | | | | | | |
|--|------|---|---|--|--|--|--|---|--|--|---|
| | | | | FY 2015 Actual | through FY 2023 F | Man | | | EB | ID #14.3 BARC Info # | 4.3 |
| ALA/warrantiller/planninten | | | | | | | | | | | |
| 5 Year Plan FY 2019-2023 | | | | | Annual Section | | | | | | |
| | | | | | light Mortin Ended | | | | | | |
| | | Turked 2016 | Anhael 2016 | Archest 2017 | April 10, 2018 | Hodget 2018 | PRIELAN Budget 2019 | Plan 2000 | Plan 2021 | Plan 2022 | Plan 2025 |
| TOTAL ALA Publishing Green Resease Conference Green Resease Manufaculus Green Greense Statement Green Greense Division - Green Resease | • | 12,646,126 8 0,556,008 5,415,746 14,306,907 | 11,758,423 E 6,548,976 5,513,846 15,013,475 | 11,029,640 8 9,404,385 12,04,533 13,006,670 | 8,290,341 S 2,463,636 3,579,666 12,154,465 | 11,093,680 9,409,875 5,394,600 95,093,400 | 0.490,345 0.391,800 13.462,337 | 11,000,000 S 15,000,000 5,000,007 10,000,007 | 11,000,000 B 1,000,000 1,000,340 13,400,007 | 02211.200 A 0200.000 0210.001 9200.400 | |
| Round Estins - Gross Revenue Grands - Gross Revenue Interest Fourier and Insectioned Eurologic Otton (New Hole 1 Institut) | 100 | 428,775 7,234,274 1,798,966 666,970 | 494,927 6,309,400 2,104,677 384,470 | 657,454 6,319,700 1,879,561 811,330 | 344,642 4,395,180 1,496,182 403,870 | 419,500 6,104,743 1,567,900 848,868 | 400,764 0.851,000 1,775,298 810,048 | | | | |
| Yotal Groce Revenue | | 51,679,560 \$ | 50,919,200 \$ | 48,006,627 5 | 33,192,000 \$ | 51,734,566 | 5 46,290,260 1 | | | | |
| OVERHEAD RATE | - 60 | 25.4% | 35.0% | 29.4% | 20.4% | 20.4% | 26.6% | | | | . 21 |
| GENERAL FUND Publishing Net Represe Statute NE Amerikation) Conference Net Revenue Manufacturing Date, net Statut Statute and Statute Statute Statute and Statute Stat | - | 1,116,074 3 707,678 6,527,198 1,007,766 596,670 | 641,511 2 46,671 6,623,760 1,166,625 504,475 | 478,862 8 752,856 8,106,856 1,333,853 611,336 | 466,604 II (707,612) 3,466,625 736,646 452,670 | 802,416 752,712 6,294,600 1,203,000 | E 149,000 E 791,462 5,291,600 1,200,000 619,043 | 791.380 8 4.300,000 9.304.897 1.304.997 910.997 | 791,000 S 607,700 5,000,000 1,000,000 | CHILADE & 1:096.800 6.616.801 1:006.000 | 1,365,000 1,565,600 4,876,300 1,200,000 |
| Total Net Revenue and Income | | 8,000,148 | 8,043,271 | 8,372,810 | 4,369,681 | 5,665,629 | 8,839,134 | 3,014,347 | 8,000,000 | 0,010,000 | |
| Publishing (NewYorld Conference Charlesof Election Constraint Election Constraint Round Table Overhead Grant Conference | | 9,311,868 3,563,668 1,952,371 16,568 413,259 | 3,551,913 3,162,644 2,594,662 16,546 691,115 | 2,669,301 2,663,732 1,601,847 16,632 652,250 | 2 168,634 666,733 1,837,606 12,462 200,665 | 3,184,844 2,467,947 2,164,000 19,620 752,804 | 3,916,986 3,916,986 1,636,483 16,730 563,360 | TO BE | REVISE | | LL 100.00 1003.00 1003.00 1003.00 1003.00 |
| Yotal Overhead | _ | 1,667,760 | Tarriers. | 7,473,991 | 4,993,399 | 5,007,804 | 7,299,619 | 1.0100 | CATAM | 0.000.641 | 4,000 |
| Net Sevenue and Overhead | | 16,589,311 \$ | 15,009,752 \$ | 15,945,811 5 | 1,332,480 \$ | 17,234,463 | 1 11,015,650 | stances a | scancer a | 41206.721 8 | 47,764,78 |
| General Fund Experies Industrial Straight III Projects | | | | | 01,001 | 190,000 | | | | | |
| Member Programs and Services / Offices Advances and Member Solutions Offices the Committee of the Committee Members Examples Office ITE Program Staff Support | | 1,094,308 2,594,298 2,093,497 2,031,848 2,184,708 1,601,601 298,516 | 1,965,710 2,965,945 2,163,463 2,163,463 2,163,201 1,627,461 283,601 | 1,966,129 2,002,629 744,816 8,163,886 2,762,886 2,866,916 1,910,602 246,936 | 1,363,376 1,694,065 513,734 1,469,315 1,867,698 2,891,605 1,114,663 121,386 | 2,094,709 2,398,859 758,300 2,094,741 2,044,813 3,068,117 1,630,957 279,254 | 1,952,000 1,955,000 1,544,400 2,441,111 2,421,374 3,942,368 1,589,562 200,230 | | | | |
| General Administration Expenses | _ | 2,564,404 | 2,660,517 | 2,020,430 | 1,004,341 | 2413,674 | 2,451,161 | | | | |
| Total General Fund Expenses | | 9574E879 \$ | 95,587,800 B | (7,179,441 5 | 11,521,445 \$ | 17,145,710 | 6 17,723,467 S | 17703.40° S | 1220540 A | 52,755.467 A | 1071148 |
| Set General Fund Romana (Expense) Seture MS Association | , | 790341 8 | (998.107) 9 | (5,000,000,0 | 0.106,660; 5 | 79,750 | 9. (3.897,617) 1 | (94,000.9 | 100,000.3 | 29.29.3 | 140.00 |
| Use from Net Assets | | | | | | | 8 1,867,817 | | | | |
| General Fund Net Reserve (Expense) | | | | | | | | | | | |
| | | | | _ | | | | | | | |

ALA Five Year Plan

EBD #3.1 BARC #20.1

ALA Fiscal Year 2019 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.

| Annual Estimate of Income | Total ALA | | |
|--|-----------|------------|--|
| ALA Net Assets (projected at end of FY 2018) | \$ | 37,643,998 | |
| FY 2019 Budgeted Revenues | | | |
| General Fund | | 28,353,253 | |
| Divisions | | 13,426,560 | |
| Roundtables | | 398,284 | |
| Grants & Awards | | 3,907,243 | |
| Endowment | | 575,296 | |
| Total | | 46,660,636 | |
| FY 2019 Annual Estimates of Income | c | 84.304.634 | |

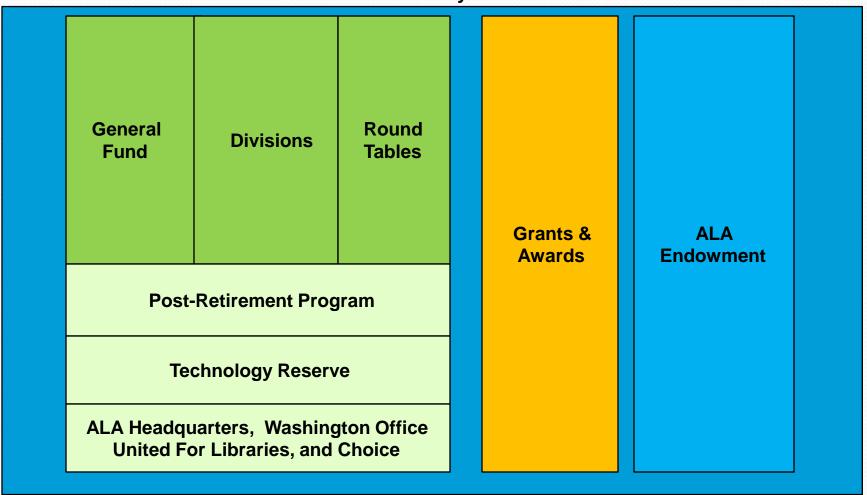
| Memo Only | | | | | |
|------------------------------------|----|------------|----|--------------|--|
| Estimates of Income by Fund | | | | | |
| | 1 | Divisions | | Round Tables | |
| Available Net Asset Balance | | | | | |
| (projected at end of FY 2018) | \$ | 13,263,800 | \$ | 1,895,316 | |
| FY 2019 Budgeted Revenues | | 13,426,560 | | 398,284 | |
| FY 2019 Annual Estimates of Income | c | 26,690,360 | c | 2.293.600 | |

ALA Annual Estimate of Income

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

How Are ALA Finances Tracked?

The ALA by Fund



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

Operating Agreement

- Framework for ALA and Divisions
- Shared vision and management
- Specific goals and objectives
- Overhead fees for central services
- Does not include Roundtables

Operating Agreement Work Group in FY21

Council Responsibilities

Council Activities

- Elect PBA members
- Refer resolutions to BARC
- Consider Annual Estimates of Income
- Consider programmatic priorities
- Review financial reports
- Attend Council Information Sessions
- Inform yourselves!
- Ask questions!

Council Referrals to BARC

- BARC is charged with determining financial impact, if any, of any referrals from Council
- BARC works closely with Resolutions Committee to provide a transparent review process for resolutions
- BARC reports to Council on findings of financial impact analysis
- Recent Council Referrals to BARC
 - Roadblocks to Diversity Leaderships
 - Fossil Fuel Investments in ALA Endowment

Financial Documents

Where to find financial data?

- Council documents
 - http://www.ala.org/aboutala/governance/council/documents
 - Sent prior to Council meetings via Connect
 - Archives arranged by meeting date
- BARC, F&A, and Executive Board documents
 - http://www.ala.org/aboutala/governance/officers/eb_documents
 - Series 3
 - Arranged by Fiscal Year
- Endowment Trustees
 - http://www.ala.org/aboutala/committees/ala/ala-endwmttr
- Financial Reports summaries
 - http://www.ala.org/aboutala/governance/financialdata/financialrpts/financialrpts
- Ask!

Additional Resources Continuing Education

ALA Financial Learning Series

Topics

- 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

http://www.ala.org/aboutala/treasurerspage

Questions?