

**ALA Executive Board  
2019 Annual Conference**

**TO:** ALA Executive Board

**RE:** Planning for FY20 and Beyond

**ACTION REQUESTED:** Discussion and Action

**DRAFT MOTION:** *The ALA Executive Board received and discussed the FY2020 preliminary budget and FY2020 Annual Estimate of Income that was referred by the ALA Budget Analysis and Review Committee and Finance and Audit Committee and approves the Preliminary FY 2020 budget and recommends to Council approval of the 2020 Annual Estimate of Income.*

**REQUESTED BY:** Mary W. Ghikas, ALA Executive Director  
Mark Leon, ALA Chief Financial Officer

**DATE:** XX June 2019

**BACKGROUND: The Planning and Investment to Date**

At the Spring meeting of the ALA Executive Board in March 2018, ALA management presented the preliminary FY 2019 ALA Budget and FY 2019 Annual Estimate of Income to the Finance and Audit and Budget Analysis and Review Committees. Both documents reflected the requested multiyear investment strategy (FY19-21) of ALA management that (a) in FY2019 ALA begin a multiyear investment cycle, designed to fundamentally change the operating and business environments of ALA to be sustainable in the 21<sup>st</sup> century, (b) that making needed investments – particularly in specialized personnel, would require internal reorganization, (c) that extraordinary investment steps would also be required to undertake these improvements, and (d) that ALA is now positioned – based on earlier work – to take advantage of such investment.

The preliminary FY 2020 budget reflected a proposed investment budget for the General Fund of \$2,444,000, a net expense, which will reflect a use of ALA net assets.

Based on extensive discussion during the Fall Board meeting, and affirmed at the Spring Board meeting, there was support for the following steps:

1. Management would proceed with the necessary internal reorganization. Internal reorganization is essential (a) to increase staffing in investment areas and (b) to enable new ways of working to respond to both new opportunities and new challenges.
2. Development of the FY2019 budget would proceed with the understanding that an “investment budget” could be developed.
3. Management was authorized by the Board to explore other options for “extraordinary” investment, including loans and use of ALA assets, including potential monetization of ALA real estate assets, with recommendations to go back to the Board for decision.

The attached revised FY 2020 proposed budget and 2020 Annual Estimate of Income reflect this direction and adjustments to projected FY 2019 revenues and expenses.

As described in the attached narrative and budget tables, the revised FY 2020 investment budget amount for the General Fund is \$2,859,000. This will likewise reflect a use of ALA net assets.

The resulting Annual Estimate of Income for FY 2019 is shown below:

EBD #3.17  
 BARC #3.17

## 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.

Annual Estimate of Income	Total ALA
ALA Net Assets (projected at end of FY 2019)	\$36,293,537
FY 20120 Budgeted Revenues	
General Fund	28,129,076
Divisions	15,879,912
Roundtables	531,238
Grants & Awards	4,190,692
Endowment	701,286
Total	
<b>FY 2020 Annual Estimates of Income</b>	<b><u>\$85,725,741</u></b>

  

Memo Only		
Estimates of Income by Fund	Divisions	Round Tables
Available Net Asset Balance (projected at end of FY 2019)	\$13,263,800	\$1,895,316
FY 2020 Budgeted Revenues	<u>15,879,912</u>	<u>531,238</u>
FY 2020 Annual Estimates of Income	\$29,143,712	\$2,426,554

Attachments:

- ^ ALA Ten Year Financial Results (FY2008 – FY 2017), April 19, 2018
- ^ ALA5YrFinancial Plan FY19-23 6-22-18 FINAL
- ^ ALA Five Year Plan Assumptions as of 6-17-18