

**TO:** ALA Executive Board

**DATE:** October 25, 2020

**RE:** Joint Meeting report for the Budget, Analysis, and Review Committee (BARC) and the Finance and Audit Subcommittee (F&A) to the Executive Board

**ACTION REQUESTED/INFORMATION/REPORT:**

- Approval of ALA FY2021 Budget
- Acceptance of the Retirement Plan audit as issued by Mueller & Co., LLP

**ACTION REQUESTED BY:**

BARC and F&A

**CONTACT PERSON:**

Peter Hepburn, BARC Chair, [peter.hepburn@canyons.edu](mailto:peter.hepburn@canyons.edu), 661.362.3758

Maggie Farrell, ALA Treasurer and F&A Chair, [maggie.farrell@unlv.edu](mailto:maggie.farrell@unlv.edu), 702.895.2286

**DRAFT OF MOTIONS:**

1. That the ALA Executive Board approve the final FY2021 Budget, as presented in EBD #3.10
2. That the ALA Executive Board accept the 2019 Retirement Plan Audit as issued by Mueller & Co., LLP., as presented in EBD #3.12a

**BACKGROUND:**

Members of the ALA Budget Analysis and Review Committee (BARC) and the Finance and Audit Subcommittee (F&A) held a joint meeting on Monday, October 19, 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:

- FY 2020 Year-to-Date Financial Results and FY 2020 Projections *EBD #3.10 – 10a, b*
- FY 2021 Final Budget Approval *EBD#3.10*
- Executive Director Update *EBD #12.2*
- 5–Year Pivot Plan FY2021–FY2025 *EBD #12.1.1*
- 3–Year Strategic Investment Plan Updates
  - Advocacy *EBD #3.7*
  - Development *EBD #3.8*
  - IT *EBD #3.9*
- Publishing Department Overview *EBD #12.9*
- Conferences Services Report *EBD #12.13*
- Membership Report *EBD #12.11*
- Controller Report *EBD #3.11*
- Director of Financial Reporting and Compliance Report *EBD #3.12*
- 2019 Retirement Plan Audit *EBD #3.12a*
- Endowment Trustees’ Report *EBD #13.1*
- Other items included:
  - BARC goals for FY2021
  - BARC liaison assignments
  - Preparation for Midwinter Conference meetings

## Detailed Informational Items:

### ALA Financial Review

FY 2020 Projections: Adjustments were made to incorporate new information obtained since the September 1, 2020 meeting, changing the FY 2020 projected loss from \$11,050,770 to \$11,445,624.

FY 2021 Budget: After the September 1, 2020, budget meeting, ALA's Budget & Planning Director sent out a call for all Budget Managers to review their budgets for the final time and complete the monthly allocations which will be heavily relied upon to monitor cash flow needs during the fiscal year. Travel expenses were reduced due to the anticipated shift of ALA's January event (originally scheduled to take place in Indianapolis) to a virtual platform.

ALA Unit Managers, in conjunction with Finance Office staff, continued to review their FY 2021 budgets and have made revenue and expense adjustments reflecting their most current information and decisions. In aggregate for total ALA, **a net decrease of \$300k** results from all revenue and expense changes. Material changes are summarized in the table below.

Included in the October 2020 budget presentation are the following three scenarios for the 2021 Annual Conference:

1. Regular conference
2. Virtual conference
3. 40% conference

The scenario currently embedded in the Total ALA budget is the Virtual Conference, producing a \$2.3 million decrease in net revenue. To help offset this net revenue decrease, the Development Office has committed to an increase in contributed revenue of \$500k. Membership dues assumptions were revisited and the May/June 30% dues decrease was revised to a 28% decrease, resulting in additional revenue of \$100k. The net change resulting from grants is a \$92k increase. If the 2021 Annual Conference moves to a virtual platform, travel and meetings expense are expected to decrease by at least \$950k across the Association. Through discipline and close monitoring, professional and legal expense will provide \$360k in expense savings. Included in the FY 2021 budget are 23 furlough days. The calculated savings from furlough is \$1.5m. Employee's health and retirement benefits are not impacted, and the budget is being closely monitored for possible furlough adjustments if revenues exceed projection. The 2020 Annual Conference Insurance Claim and possible contingency payment related to the sale of the Chicago HQ buildings are not included within the FY2021 budget.

Based on year to date performance, BARC and F&A recommend a FY2021 Annual Estimates of Income of \$67,111,044 and the final ALA FY2021 Budget as presented in EBD #3.10 - 10a, b

**Table 1: Summary of General Fund Budget changes since September Virtual Meetings, in (\$,000)**

**ALA's FY 2021 Final Budget, (\$,000)**

<b>FY 2021 Budget presented September 1, 2020</b>	\$ (500)
<b><u>Revenue increase (decrease)</u></b>	
Annual Conference (shift to virtual platform)	(5,600)
Grants	1,600
Contributed revenue, Development Office	500
Membership dues	<u>100</u>
Total revenue decrease	<u>(3,400)</u>
<b><u>Expense (increase) decrease</u></b>	
Annual Conference (shift to virtual platform)	3,300
Grants	(1,510)
Travel / meetings	950
Professional and legal	<u>360</u>
Total expense decrease	<u>3,100</u>
<b>Final FY 2021 Budget (as detailed in EBD/BARC #3.10)</b>	<b><u>\$ (800)</u></b>

**Reports and Discussions**

BARC and F&A discussed the 5-Year Strategic Pivot Plan with Executive Director Hall. BARC and F&A reviewed the 3-Year Strategic Investment Plan, Publishing, Conference Services, Membership, Endowment Trustees, Controller, and Compliance reports. BARC discussed liaison responsibilities and future meetings. BARC and F&A identified future discussion items including a Strategic Investment Plan dashboard, IT progress including https implementation, personnel statistics, and capital budget.

F&A met in closed session on October 23 to discuss ALA Finance Office staffing, FY2020 Audit Timeline, and the Financial Talking Points to be distributed to the Executive Board. No actions were taken.

**Acknowledgement**

BARC and F&A extends its sincere thanks to the many ALA staff for their report preparation and meeting with the committees. In addition, the ALA finance staff contributed to a successful meeting: Denise Moritz, Keith Brown, Joanne Lee, Brad Geene, and Holly Robison.

**Respectfully submitted:**

**BARC** Peter Hepburn, Chair  
 Ann Ewbank  
 Brett Bonfield  
 Carl Harvey  
 John Lehner  
 Rodney Lippard  
 Larry Neal  
 Karen Schneider

**F&A** Maggie Farrell, Chair  
 Ed Garcia  
 Peter Hepburn  
 Maria McCauley  
 Patricia Wong