



CD #13.2  
2018-2019 Annual Conference

## 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



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**

13%

**Equity, Diversity, and Inclusion**

Includes developing resources and training in the areas of equity, diversity and inclusion; providing cultural programming; promoting literacy through a variety of resources and initiatives; offering funding and grants; recruiting a diverse workforce to the profession; providing scholarships.

Includes maintaining accreditation standards; maintaining standards for library services; developing educational resources; providing professional development opportunities; promoting career development opportunities; providing leadership development opportunities; providing award programs.

21%

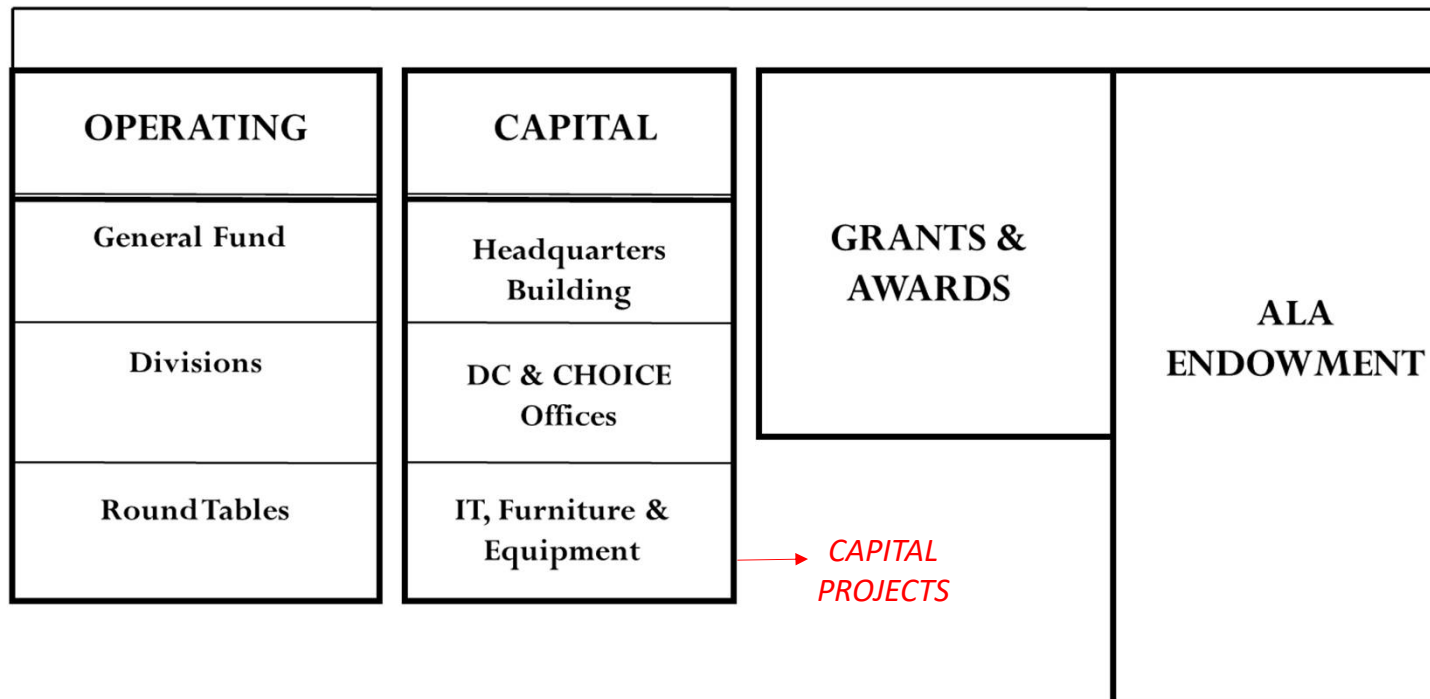
**Member Engagement and Support**

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

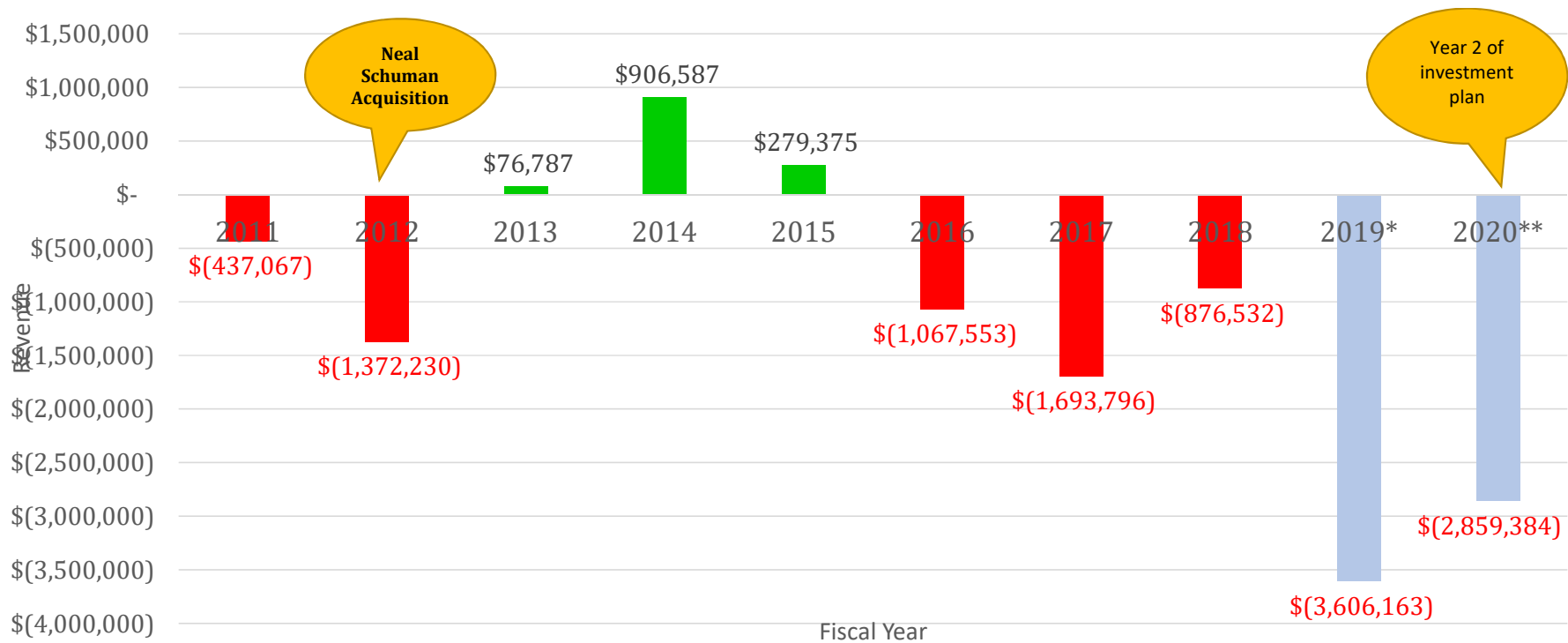
TOTAL ALA



# 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


# 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)*

<b>TOTAL ALA</b>			
\$49.4M			
<b>OPERATING</b>	<b>CAPITAL</b>	<b>GRANTS &amp; AWARDS</b> \$4.2M	<b>ALA ENDOWMENT</b> \$0.7M
General Fund \$28.1M	Headquarters Building		
Divisions \$15.9M	DC & CHOICE Offices		
Round Tables \$0.5M	IT, Furniture & Equipment	 <b>CAPITAL PROJECTS</b> \$0.8M	

- 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



## **Key Supplemental Investment Areas in FY20**

- Development - \$276,000
- Advocacy - \$492,000
- Information Technology- \$1.5M

# FY 19 Investment Spending FY 20 Investment Budget

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

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 21<sup>st</sup> 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

<u>Focus Area</u>	<u>Anticipated Benefits</u>	<u>Potential ROI Metrics</u>
<b>Information Technology</b>	<ul style="list-style-type: none"> <li>• Better Member Service</li> <li>• Increased Employee Productivity</li> <li>• More Successful IT Projects</li> </ul>	<ul style="list-style-type: none"> <li>• Member Satisfaction Scores</li> <li>• Projects Delivered On Time/Budget</li> <li>• IT Expense as % of Revenue</li> </ul>
<b>Advocacy</b>	<ul style="list-style-type: none"> <li>• Stronger, More Effective Member Relationships with Key DC Stakeholders</li> <li>• Enhanced Professional Development Opportunities</li> <li>• Targeted, More Efficient Relationship Building Strategies</li> </ul>	<ul style="list-style-type: none"> <li>• Number of Advocates</li> <li>• Number of Connections</li> <li>• Number of Strategic Visits</li> <li>• Number of Participants at State and Local Levels</li> </ul>
<b>Development</b>	<ul style="list-style-type: none"> <li>• Additional Revenues for the Association</li> <li>• Increased Member Engagement</li> </ul>	<ul style="list-style-type: none"> <li>• Total Additional \$ Raised</li> <li>• Additional GF \$ Raised</li> <li>• Number of donors</li> <li>• Median gift/Average gift</li> <li>• Number and \$ planned pledges</li> </ul>

*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."

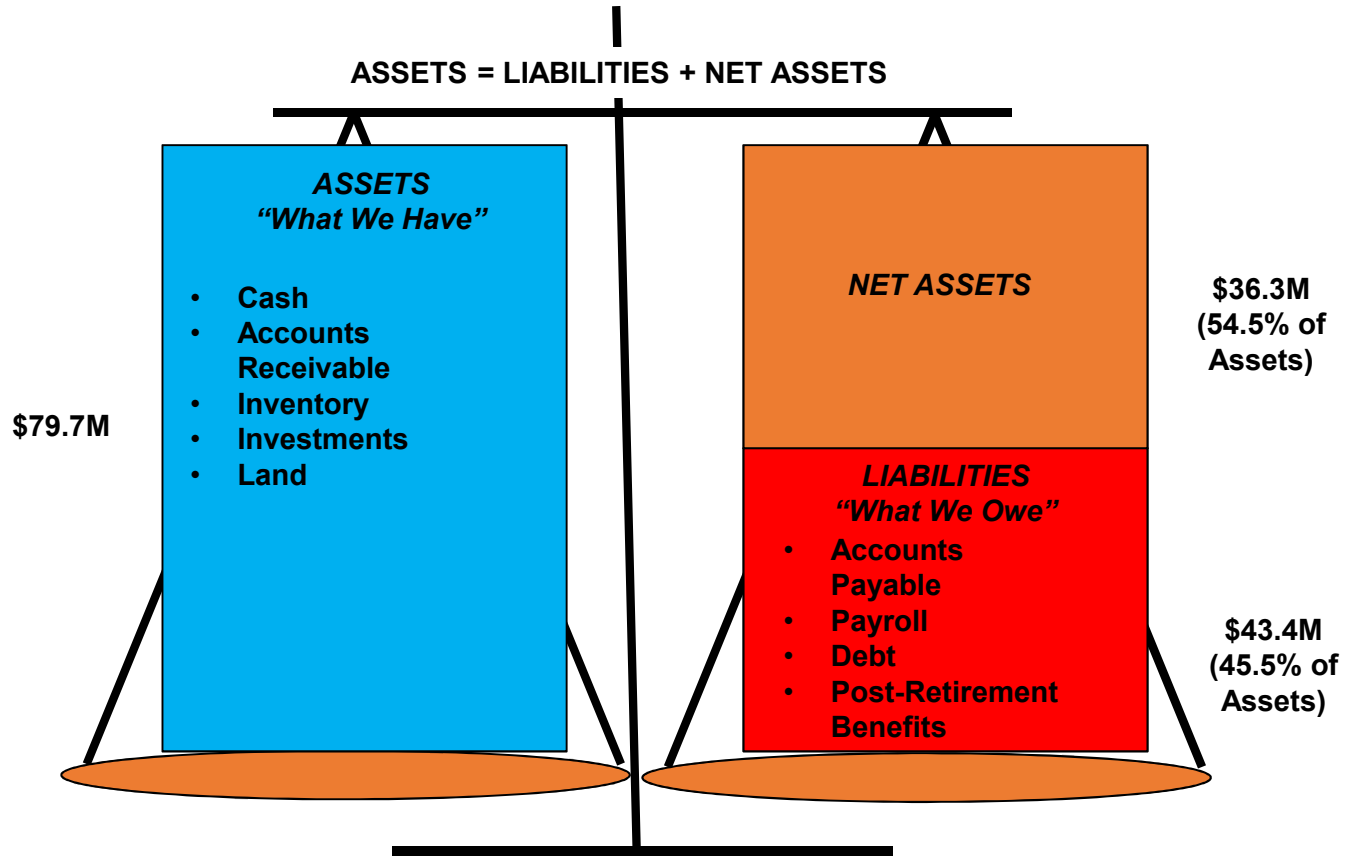
# How Do We Support These Investments?

## 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



# ALA's Projected Balance Sheet for FY 2019



*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.

Annual Estimate of Income	Total ALA
ALA Net Assets (projected at end of FY 2019)	\$ 36,293,537
FY 2020 Budgeted Revenues	
General Fund	28,129,076
Divisions	15,879,912
Roundtables	531,238
Grants & Awards	4,190,692
Endowment	701,286
Total	49,432,204
<b>FY 2020 Annual Estimates of Income</b>	<b>\$ 85,725,741</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

# Will Request Council Approval

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