



CD #13.3
2018-2019 Annual Conference

Treasurer's Report to Council

Fiscal Year 2020

- Annual Estimates of Income -

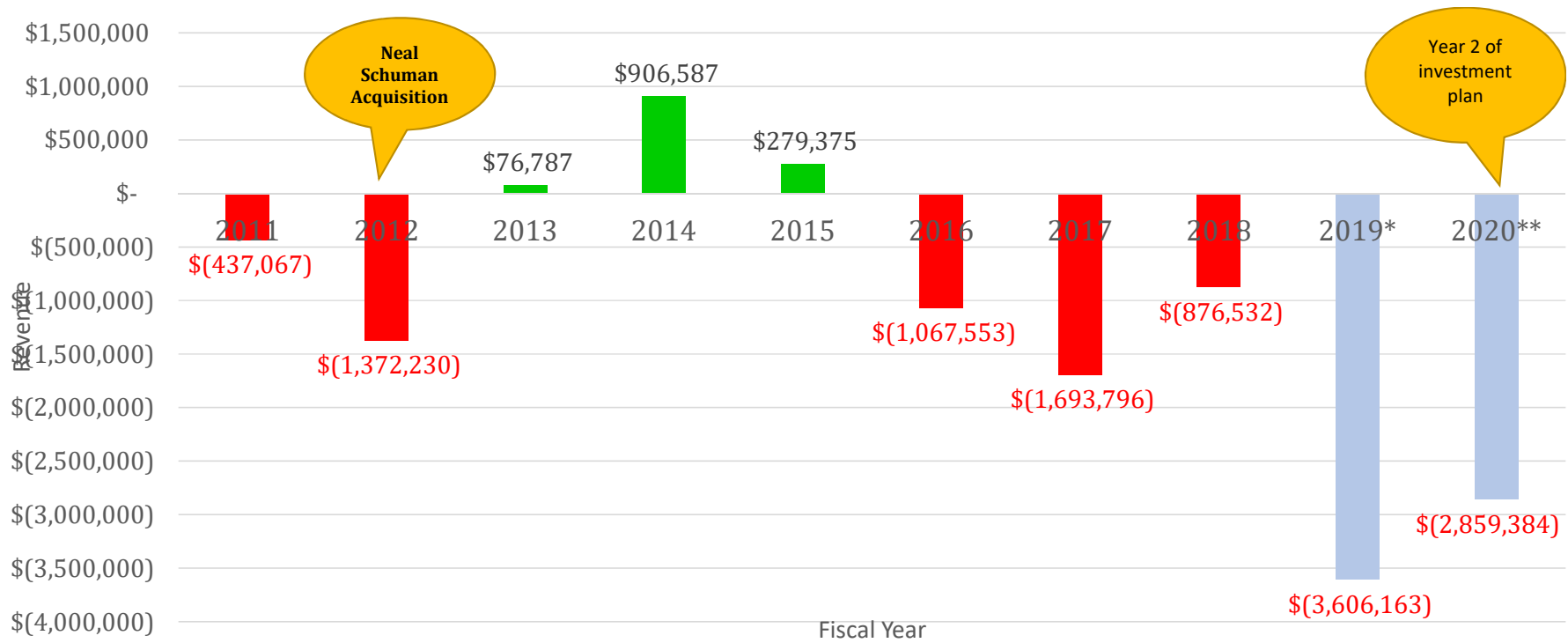
Susan Hildreth – ALA Treasurer

Monday – June 24, 2019
Annual Conference – Washington, DC

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

*Reviewed by BARC and
the Executive Board at their
2019 Spring Meetings*

ALA Programmatic Priorities – *Aligned with the FY 2020 Budget*

- Advocacy for Libraries and the Profession
- Diversity
- Equitable Access to Information and Library Services
- Education and Lifelong Learning
- Literacy
- Organizational Excellence
- Intellectual Freedom
- Transforming Libraries

Strategic Directions

- Strategic Framework aligned with FY 2020 Budget

▪ **Advocacy**

Advocate for the public value of librarians, libraries and information services

▪ **Professional and Leadership Development**

Promote the professional and leadership development of librarians and library workers which is essential to high-quality professional practice and the future of libraries and information services

▪ **Equity, Diversity and Inclusion**

The ALA recognizes that equity, diversity and inclusion impact all aspects of work among members of the Association, the field of librarianship, and the communities served by libraries.

▪ **Information Policy**

Focus at every level on a diverse set of policy areas that includes:

- intellectual freedom
- privacy
- civil liberties
- telecommunications
- funding for education and research programs
- funding for libraries
- copyright and licensing
- government information
- literacy

FY 20 Preliminary Budget Details

(The Numbers Behind Our Plan for FY 20)

TOTAL ALA			
\$49.4M			
OPERATING	CAPITAL	GRANTS & AWARDS \$4.2M	ALA ENDOWMENT \$0.7M
General Fund \$28.1M	Headquarters Building		
Divisions \$15.9M	DC & CHOICE Offices		
Round Tables \$0.5M	IT, Furniture & Equipment	→ CAPITAL PROJECTS \$.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

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 21st 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

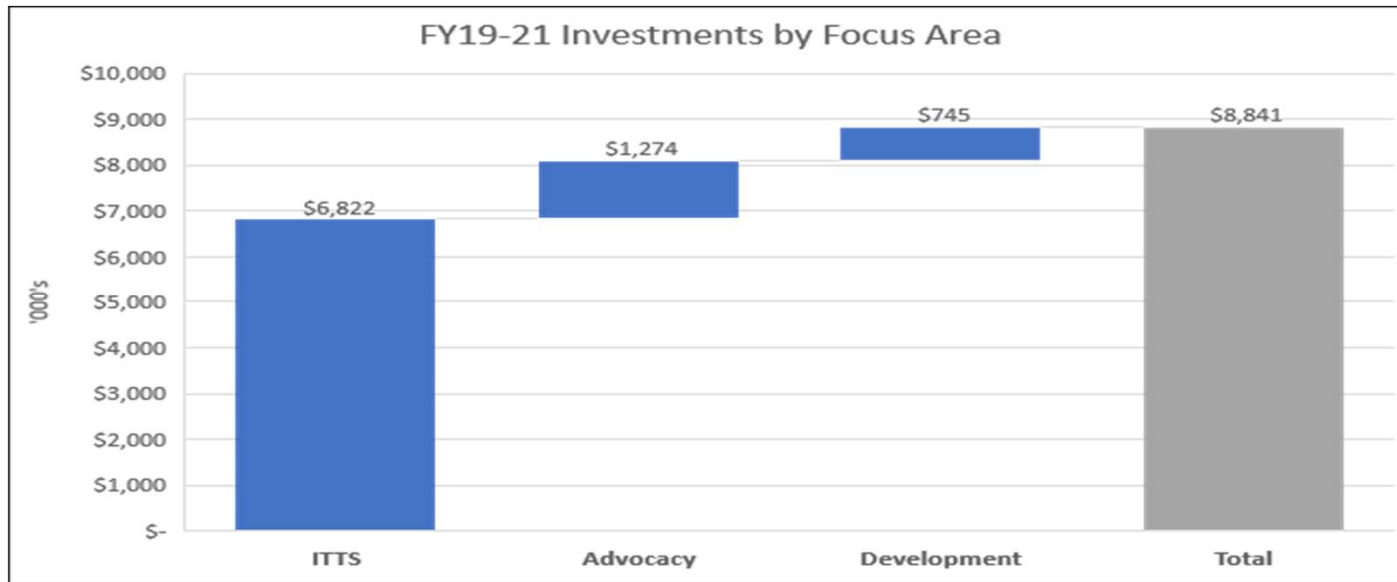
Measuring ROI on Investments

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

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."

Investment Plan



Invest \$8.8MM in initiatives and infrastructure to improve mission capabilities and financial sustainability of Association

Funding Strategy: Match Uses and Sources

USES = Investments by Focus Area

	FY19	FY20	FY21	Totals
<i>Operating</i>				
IT	632,200	908,200	2,481,200	4,021,600
Advocacy	300,000	370,000	370,000	1,040,000
Development	176,750	276,000	292,000	744,750
Total Operating	1,108,950	1,554,200	3,143,200	5,806,350
<i>Capital</i>				-
IT	728,298	605,298	1,466,965	2,800,561
Advocacy	110,000	62,000	62,000	234,000
Development				-
Total Capital	838,298	667,298	1,528,965	3,034,561
TOTAL	1,947,248	2,221,498	4,672,165	8,840,911

SOURCES = Funding by Source

- Operating Expense Decrease/Re-allocation
- Incremental Revenues



Operating Need

\$1.1M - \$3.1M from FY19-21

- Debt
- Asset Sale



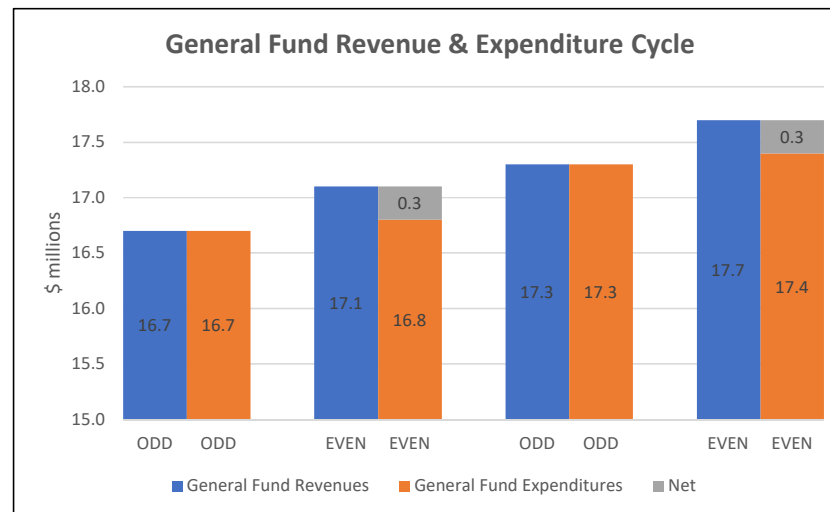
Capital Need

\$3.0M FY19-21 Total

GF Funding Cycle and Path to Sustainability

Sustainability requires

- GF office and supporting service expenditures no more than projected spend down/odd year revenues
- Consistent growth of GF revenues in line with increases in projected personnel expense and inflation (assume increases of 2% COLA, 7% medical expense, and 2% inflation)
- Reinvestment of surpluses in two conference/even years in ALA infrastructure and new products and services



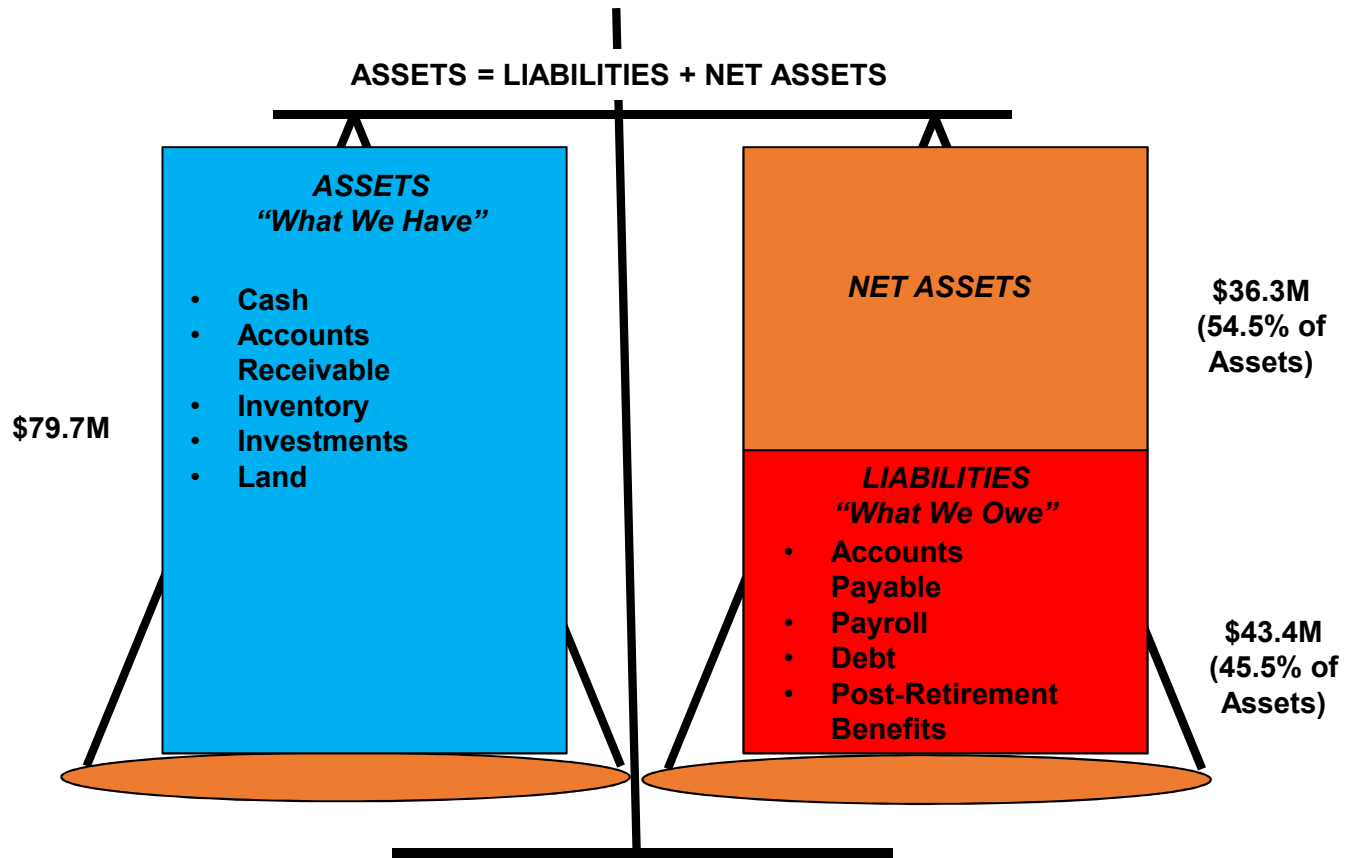
*Assuming 2% salary increases in conference years only,
General Fund revenues must grow 2-3% p.a. to cover
requirements above*

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
FY 2020 Annual Estimates of Income	\$ 85,725,741

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

General Fund Annual Estimate of Income

Budgeted FY 2020 Revenues

Dues	\$5,655,879
Material Sales	4,381,170
Subscriptions	2,667,193
Advertising	4,383,881
Meetings/Conferences	8,682,500
Miscellaneous	<u>2,358,453</u>

Total Annual Estimate of Income (2020) \$28,129,076

Will Request Council Approval

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

Mark Your Ballot

FY20 Annual Estimates of Income

Thank You

Divisions Annual Estimate of Income

Estimated Beginning -	
Net Asset Balance <small>(Ending FY19 Projection)</small>	\$ 13,263,800
Budgeted FY 2020 Revenue	15,864,092
Other Revenue Transfers*	<u>15,820</u>
 Total Annual Estimate of Income (2020)	 \$29,143,712

*Life and Continuing Member Dues

Round Tables Annual Estimate of Income

Estimated Beginning - Net Asset Balance <small>(Ending FY19 Projection)</small>	\$1,895,316
Budgeted FY 2020 Revenue	<u>531,238</u>
Total Annual Estimate of Income (2020)	\$2,426,554

Grants and Awards Annual Estimate of Income

Non-Government	\$2,038,893
Government	1,935,599
Contributions	<u>216,200</u>
Total Annual Estimate of Income (2020)	\$4,190,692

Long-Term Investment Annual Estimate of Income

Budgeted FY 2020 Revenue	\$1,032,138
Budgeted FY 2020 Revenue & Transfers	
Interest/Dividend Transfer to GF	\$(635,295)
Spectrum Interest/Dividends	\$225,052
Life Member Dues	\$(85,940)
Total LT Investment Distribution	\$575,296
Total Annual Estimate of Income (2020)	\$701,286