ALA-APA Treasurer Hepburn & ALA-BARC Chair Karen Schneider called the ALA Joint BARC/F&A meeting to order.

**APPROVED by CONSENT:**
- BARC/F&A minutes from the 2022 Fall Meeting, **BARC #3.12**
- FY24 Budget Assumptions & Tactical Goals, **EBD/BARC #3.13**
- 5-Year Financial Plan, **EBD/BARC #3.21**
- Unit Reports within Executive Director Report, **EBD #12.6**
  - Publishing and Media
  - Continuing Education
  - IT
  - Development Office
  - Membership
  - Conference Services

**Executive Director Report, EBD #12.6**

ED Tracie Hall provided the following updates:
- Registration for upcoming LLX just under 1,600 against goal of 2,000
  - Lower than expected attendance from exhibitors; a time of budget contractions for all organizations
  - Health concerns around COVID, flu, and RSV may have had some impact on registration
  - Inaugural ALA Governance Institute (AGI) appears to be a driver for attendance; capacity set at 200
- Pivot Strategy Update:
  - Membership: ebbs and flows but currently at 50,000, which reflects a solid but slow recovery
  - Continuing cautious approach to spending, and seeing positive results from the centralization of contract and vendor management
  - Increased income from grant and other streams have built short term cash on hand
  - 6 Revenue streams continue to be framework for work across ALA. This year, working on coordination, communication and impact
  - Contributed revenue: announcement before LLX that ALA is recipient of additional $5.5 million grant from Mellon for a total of $8.5 million in three years for mission driven work, in addition to $10 million grant via PPO which is a pass-through grant that provides support back into the field
- Staffing updates:
  - Identified search committees for Communications & Marketing Office (CMO) Director, Associate Executive Director for Public Policy & Advocacy, and Deputy Director of YALSA, Also focus on Deputy Director for OIF, Director of Institution Advancement & Partnerships in the coming year

F&A Member Booker noted that sponsors were not listed on the LLX site. AED Mary MacKay noted that staff will follow-up to ensure sponsorships are listed.
FY22 YTD Financial Results, EBD/BARC #3.14-3.14a
CFO Dina Tsourdinis provided updates, noting the numbers reported are unaudited. The Finance & Audit Subcommittee is scheduled to receive the results of the audit in February, and changes are not anticipated:

- Net Revenue: $7.9 million surplus, reflecting a favorable variance of $11.3 million to budget
- FY22 results are favorable compared to FY21 and FY20
- Total Revenue: $59.2 million, which was $14.4 million higher than budget
- Total Expenses of $51.3 million, $3.1 million higher than budget
- Divisions realized a combined net surplus of $1.6 million. 4 of 8 Divisions exceeded net revenue projections and 4 came in below projections
- Roundtables revenue performed better than budget and expenses less than budget, with net revenue surplus of $321,000
- ALA continues to pay down loans, and the Chase line of credit has been fully paid down since these reported numbers

Treasurer Hepburn asked for more details on the GODORT deficit due to 50th anniversary celebration. AED Walling noted she will follow up with staff for that answer.

BARC Members Lehner asked for more detail on ACRL numbers that reflected a better than budgeted negative net revenue. ACRL ED Malone noted this was due to shifting their strategic planning sessions with the Board to mini-sessions, which helped reduce travel expenses, and other savings in publications and meeting expenses.

F&A Member Booker asked how much of the surplus is due to open staff positions. CFO Tsourdinis noted she would follow up directly with that number.

FY23 September-October Financial Results
CFO Dina Tsourdinis provided the following updates:

- The November results have been closed and under review. November results should be included in the financial results report at the upcoming Executive Board meeting
- $12.8 million dollars in grant funds have been awarded in first quarter but due to the timing of notices, they have not yet been recorded and are not reflected in this report
- Total revenue: $5.4 million
- Total Expenses: $7.2 million

FY24 Budget Objectives and Programmatic Priorities, EBD/BARC #3.16
Treasurer Hepburn noted that each year, the Executive Board presents objectives and priorities to Council early in the budget planning process to guide staff in the budgeting. Assumptions & Tactical goals are outlined in EBD/BARC #3.13, part of the consent agenda.

Treasurer Hepburn moved that that BARC accept and recommend to F&A Subcommittee approval of the FY2024 Budget Objectives & Programmatic Priorities, as found in in EBD #3.16:

- Positive revenue/expense budget
- Rebuild membership base
- Monitor new revenue sources
- Develop budget surplus
• Focus on financial stability and growth
• Develop new budget metrics

BARC Member Lehner noted that the in the tactical goals listed as support to the objectives, 18% market share for membership is listed and asked what level is ALA at currently. ED Hall noted ALA is currently at 15%, so this represents a 3% increase goal.

BARC Member Rivera also asked for clarification on the 75% Division membership goal compared to current. AED Walling noted that ALA is currently at 55%, with a total of 40% who are not members of a Division or Round Table.

APPROVED that BARC accept and recommend to F&A Subcommittee approval of the FY2024 Budget Objectives & Programmatic Priorities, as found in in EBD #3.16:
• Positive revenue/expense budget
• Rebuild membership base
• Monitor new revenue sources
• Develop budget surplus
• Focus on financial stability and growth
• Develop new budget metrics

F&A Member Sara Dallas moved that F&A accept and recommend to ALA Executive Board approval of the FY2024 Budget Objectives & Programmatic Priorities, as found in EBD #3.16:
• Positive revenue/expense budget
• Rebuild membership base
• Monitor new revenue sources
• Develop budget surplus
• Focus on financial stability and growth
• Develop new budget metrics

F&A Member Dallas noted that with inflation so high, a salary increase greater than 3% should be considered to keep up with inflation. Treasurer Hepburn noted this can be discussed with finance staff to see what is possible.

APPROVED that F&A accept and recommend to ALA Executive Board approval of the FY2024 Budget Objectives & Programmatic Priorities, as found in EBD #3.16:
• Positive revenue/expense budget
• Rebuild membership base
• Monitor new revenue sources
• Develop budget surplus
• Focus on financial stability and growth
• Develop new budget metrics

Endowment Trustee Report, EBD/BARC #13.1
Senior Endowment Trustee Mario Gonzalez provided the following updates:
• Market value at $54.5 million and book value at $15.8 million at end of December, as reflected in report, but the current market value as of today is $64 million
• Report outlines asset allocations. 55.5% of the endowment is currently dedicated toward Environment, Social & Governance (ESG) and Diversity holdings; this fluctuates due to the volatility of the market
• Issues influencing market:
  o Federal Reserve aggressively raising interest rates to fight inflation
  o Russian invasion of Ukraine
  o China spent most of year enforcing strict COVD-19 restrictions, impacting raw materials and goods worldwide
  o Inflation is subsiding
  o Energy stocks fared well in 2022
  o Second half of 2023 is expected to see improved outlook
  o Trustees are monitoring the issue of greenwashing, which is when companies misrepresent their ESG status or involvement
• ALA Endowment is down but still doing well compared to other indices
• Trustee activities:
  o Conducted RFI and interview process for Investment Advisor and chose to continue using Merrill Lynch
  o Approved Endowment Trustees selection guidelines
  o Will review and finalize updated ALA Investment Policy statement (IPS) at February meeting
  o Hired three new portfolio managers
  o Rebalanced international asset class
• As reminder, $3 million loan was made to ALA which decreased book value, as well as regular payouts

Operating Agreement Implementation Update
Treasurer Hepburn reported that an Operations Implementation working group which includes staff, member leaders and Executive Directors from all Divisions, members and staff supporting Roundtables, and BARC Chair Schneider, will review the recommendations of the Operating Agreement Workgroup, specifically the second recommendation about developing a new budget process.

Treasurer Hepburn and CFO Tsourdinis chair this new group and convened a subgroup to look more efficiently at this work, with plans to secure a consultant to facilitate the process. The intention is to then integrate with the larger group to provide recommendations by Annual Conference.

At yesterday’s PAG/Division Leadership Meeting, attendees were broken into breakout rooms to discuss two questions: 1.) Describe how, in the absence of overhead, you might envision funding for shared operation and member valued services through a new budget and 2.) What do you see as the characteristics of a successful new budget process in ALA? Treasurer Hepburn will review and integrate notes from these sessions into workgroup efforts.

BARC Member Lehner emphasized that, as he has noted previously, that Divisions need incentive to generate revenue and should be able to retain some percentage of the revenue they generate.

Proposed Presidential Initiative Budget, EBD/BARC #3.17
President-elect Drabinski outlined the proposed budget priorities for her presidential year, including:
climate action, future of library work, member engagement, and youth librarianship, as well as a reserve budget for other potential expenses or initiatives that may arise.

BARC Member Lippard moved that BARC approves and recommends to F&A Proposed Presidential Initiative Budget as presented in EBD #3.17.

**APPROVED** that BARC approves and recommends to F&A Proposed Presidential Initiative Budget as presented in EBD #3.17.

F&A Member Dallas moved that F&A concurs with BARC to approve and recommend to ALA Executive Board Proposed Presidential Initiative Budget as presented in EBD #3.17.

**APPROVED** that F&A concurs with BARC to approve and recommend to ALA Executive Board Proposed Presidential Initiative Budget as presented in EBD #3.17.

**Membership Committee**

Membership Committee Chair Miranda Bennett presented the following for BARC/F&A feedback prior to the Council vote:

- **Resolution on Adjusting Membership Dues, EBD/BARC #10.5:** Over the past several years, The Executive Board has been empowered by a Council and subsequent membership vote to raise dues annually in line with Consumer Price Index (CPI). The Membership Committee proposes this resolution to extend that authorization for another five years.
  - Corporate and Organization dues have not been included, so the resolution also includes these.
  - If the bylaws revision is passed, this resolution will be moot due to a clause regarding dues in that draft, but the resolution is being put forward to ensure continuity
  - BARC/F&A discussed the resolution and agreed that BARC/F&A is in support

- **Round Tables Dues Proposal, EBD/BARC #10.4:** This was a directive of the Transforming ALA Governance (TAG) actions, and the proposal comes from multiple scenarios presented by the taskforce also created by that action. The Board approved the following amended resolution which will go to Council for vote:
  - On the recommendation of the ALA Membership Committee, the ALA Executive Board to recommend to ALA Council the following provisions to all Round Tables for a transitional period of at least three years starting in FY24 to minimize any adverse impact on individual Round Tables:
    - At the close of each fiscal year, if a Round Table’s dues revenue has decreased by more than 2% from the previous fiscal year, ALA will provide a subsidy of the entire lost amount to the Round Table. Any decrease of less than 2% would not be recovered.
    - No Round Table **should will** lose its Councilor during this time; however, any Round Table experiencing sufficient membership growth could gain a Councilor during this period following the requirements in the ALA Bylaws.
  - BARC/F&A discussed the resolution and agreed that BARC/F&A is in support
Constitution & Bylaws Revision Discussion
Treasurer Hepburn reported on behalf of Constitution & Bylaws Chair Brian Schottlaender, who could not attend today’s meeting. Treasurer Hepburn also serves as Board liaison to the group:

- The Bylaws Convention will occur next week during the LLX governance meetings. The fourth iteration for the draft bylaws revision document will be presented to Council for approval
- Each iteration of the bylaws document was released for member feedback, along with town hall opportunities
- Article XIII relates to finances, and no revisions to the bylaws will have significant negative financial impact. It is possible that the changes will have positive financial impact, due to decrease in Council size, while an expanded executive Board may result in small increase in Board costs
- Other items to note:
  o Language in Section XIII related to ALA Executive Board’s legal accountability for Division and Round Table funds was derived from discussion with ALA legal counsel
  o Article VI, Section 5 does allow for more than two council meetings per year, and that could result in increased Council costs
  o Language regarding the endowment is unchanged

Chair Schneider asked about the status of other financial committees, like BARC, that are not named in the bylaws and their necessity. Treasurer Hepburn noted that under the advice of ALA Parliamentarian, only committees operationally necessary should be listed in the bylaws revision, though this does not preclude creating other committees through policy or actions.

BARC/F&A adjourned.