

TO: ALA Executive Board

FROM: Dina Tsourdinis, Chief Financial Officer  
Brad Geene, Director of Financial Planning and Analysis

DATE: March 23, 2023

RE: **Fiscal Year 2024 Preliminary Budget memo**

**Executive Summary**

In alignment with the Pivot Strategy, the preliminary Fiscal Year 2024 ALA operating budget is a surplus of \$124,000.

**Statement of Revenues and Expenses - Total ALA**

*\$ in thousands*

|  | 2024 Budget |
|--|-------------|
| Total Revenues                             | 50,404      |
| Total Expenses                             | 50,280      |
| <hr/>                                      |             |
| <b>Surplus / (Deficit) From Operations</b> | <b>124</b>  |

**ALA Budget Process**

As a reminder, the annual budget process is inclusive. It begins with individual Unit Managers budgeting within the constraints of approved budget assumptions for staff salary increases, overhead contributions, endowment payout applications, staffing additions, etc.

It is also an iterative process. This initial Spring version will be followed by two additional versions presented at our Annual Conference in Chicago in June and a final version at our Fall meetings in late October.

Modifications to this initial version, and any resulting change to the Total ALA surplus or deficit from operations, will result from Unit Managers incorporating additional information learned after these Spring meetings and correcting errors or omissions.

After the Fall Executive Board approval of the FY24 budget, no changes are permitted, and any actual material variances from the plan are reported to the Executive Director throughout the fiscal year by the Unit Managers.

### **Material Revenue components**

- FY24 is a two Division Conference year with both PLA and AASL planned events.
- In line with the Pivot Strategy, Contributed and Continuing Education (CE) revenue increases are planned, alongside traditional streams from Publishing & Media, Conferences, and Membership Dues.

### **Material Expense components**

- 3% staff raise budgeted to commence in January 2024.
- Staff additions during the remainder of FY23 and FY24 as prioritized by Senior Management.

### **FY 2024 Preliminary Budget Schedules (Excel file)**

To focus on the FY 2024 planned activities for a *specific* ALA Unit of interest, in either the General, Division, or Round Table funds, please refer to the supporting Excel schedules developed to complement this summary memo [**FY24 Preliminary Budget Schedules (EBD #3.23/BARC #3.23)**].

### **Fiscal Year 2024 Capital Requests**

FY 2024 Capital Budget requests are solicited from Unit Managers as part of the annual budget process. The operating expense impact for each requested asset is calculated and incorporated within the requesting Unit's budget. This expense is incremental to costs resulting from prior years' purchases that have not yet fully depreciated. Unit furniture, fixtures, equipment, and staff computers primarily drive this expense.

Fiscal Year 2024 requests include:

#### **Publishing & Media**

- RDA Toolkit and Registry Development Costs \$100,000
- Booklist Online software development \$40,000

## Information Technology

- Enterprise Applications \$505,000
- Hardware & Infrastructure \$1,281,447

These requests, totaling \$1,926,447, generate an operating expense in the year of purchase of \$192,645 when following ALA's convention of depreciating 50% of the cost divided by the estimated useful life of the asset.

The Total of all FY 2024 Capital Requests is reflected in the supporting Excel FY24 Preliminary Budget schedules (**EBD #3.23/BARC #3.23**) on the FY24 Capital Requests tab.

## Annual Estimates of Income (AEI)

The Annual Estimates of Income, a metric of all resources theoretically available when combining existing Net Assets with planned revenue additions, is detailed in the table below.

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.

|  | (\$ in thousands) |
|--|-------------------|
|  | TOTAL ALA         |
| ALA Net Assets ( <i>projected</i> at end of FY 2023) | \$ 64,246         |
| <b>FY 2024 Budgeted Revenues</b>                     |                   |
| General Fund   | 28,198            |
| Divisions  | 14,306            |
| Round Tables   | 566               |
| Grants & Awards                                      | 7,334             |
| Endowment  | 493               |
| <b>Total FY 2024 Budgeted Revenues</b>               | <b>50,897</b>     |
| <b>FY 2024 Annual Estimates of Income</b>            | <b>\$ 115,143</b> |