

TO: ALA Executive Board

DATE: January 19, 2023

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 FY2024 Budget Objectives & Programmatic Priorities
- Approval of the Proposed Presidential Initiative Budget

ACTION REQUESTED BY:

BARC and F&A

CONTACT PERSON:

Karen G. Schneider, BARC Chair, kgs@freerangelibrarian.com, 510-207-5576

Peter Hepburn, ALA Treasurer and F&A Chair, peter.hepburn@canyons.edu, 661.362.3758

DRAFT OF MOTIONS:

1. That the ALA Executive Board approve the FY24 Budget Objectives & Programmatic Priorities as presented in EBD #3.16
2. That the ALA Executive Board approve the Proposed FY24 Presidential Initiative Budget as presented in EBD #3.17

BACKGROUND:

Members of the ALA Budget Analysis and Review Committee (BARC) and the Finance and Audit Subcommittee (F&A) held a joint meeting on Thursday, January 19, 2023, to discuss and review several financial issues. We are pleased to report to the Executive Board on our activities. Below is a list of the primary topics discussed:

- FY 2023 Year-to-Date Financial Results
- FY 2022 Final Results *EBD #3.14, 3.14a*
- FY 2024 Budget Objectives *EBD #3.16*
- Executive Director Report *EBD #12.6*
- Proposed FY24 Presidential Initiative Budget *EBD #3.17*
- Constitution & Bylaws Committee Report
- Endowment Trustees' Report *EBD #13.1*
- Operating Agreement Implementation Work Group
- Membership Committee Report *EBD #10.4, 10.5*

DETAILED ACTION ITEMS:

FY24 Budget Objectives and Programmatic Priorities *EBD #3.16*

BARC members were presented with the FY24 Budget Objectives and Programmatic Priorities. The presentation nodded to the Budget Assumptions and Tactical Goals (EBD #3.13) underpinning the objectives. The Budget Objectives remained largely unchanged from the previous fiscal year, reflecting the continued importance of the budgetary efforts undertaken the year before. BARC voted to approve the FY24 Budget Objectives and Programmatic Priorities. F&A concurred with the action.

Proposed Presidential Initiative Budget *EBD #3.17*

BARC members met with ALA President Elect Emily Drabinski to learn about the financial aspects of her presidential year initiatives. BARC voted to approve the budget. F&A concurred with the action.

DETAILED INFORMATIONAL ITEMS:

ALA FY2022 Final Results *EBD #3.14, 3.14a*

ALA CFO Dina Tsourdinis presented the final, unaudited numbers for FY22. The association realized net revenues of \$7.9M, a favorable variance from budget of \$11.3M. This resulted from revenues of \$59.2M, which were \$14.4M higher than budgeted, and expenses of \$51.3M, which were \$3.1M higher than budgeted. Grants and awards, at \$8.1M, accounted for over half of the favorable variance in revenues.

Although revenues across the divisions were just short of budget (a \$50k unfavorable variance), expenses came in far below budget (a \$1.7M favorable variance). Four of the eight divisions exceeded their net revenue projections, the other four came in below budgeted net revenues.

As a whole, round tables performed well. Revenues, at \$666k, were higher than budgeted, and expenses, at \$344k, were lower than budgeted. The resulting net revenue of \$321k represents a \$281k positive variance from budget. Seventeen of the nineteen roundtables realized net revenues greater than what was budgeted.

At the close of the fiscal year, ALA's short term investments balance stood at \$7.5M. Only two years prior, that balance was at a low of \$764k. It is desirable for the balance to grow further – best practice would have it at 50% of the budget – but the growth is encouraging and represents much hard work across the association.

Operating Agreement Implementation Work Group report

Co-chair of the Operating Agreement Implementation Work Group, ALA Treasurer Peter Hepburn, updated BARC and F&A on the efforts the group has undertaken since its constitution in October 2022. He reported on the strategy, progress, challenges, and next steps. A subgroup of the Work Group met regularly through the end of the 2022 calendar year, but its work is somewhat paused at this time while the co-chairs, working with ALA Executive Director Tracie Hall, look for a facilitator to help the group reach its goal.

Constitution & Bylaws Committee report

ALA Treasurer Peter Hepburn, in his role as liaison from the Executive Board to the Constitution & Bylaws Committee, shared a report from the committee and based on consultation with its chair, Brian Schottlaender. Overall, there are few changes to the bylaws that would have significant financial impact, and BARC has previously been asked to provide feedback on at least one: the impact of changes to Council and Executive Board compositions. BARC did discuss the stability that comes from codifying that the Board approves dues. Referral to BARC of the current (fourth) bylaws draft should not be necessary. However, BARC has agreed to expeditious review of proposed amendments with potential fiscal impact. The deadline for proposed bylaws amendments is January 22, allowing BARC several days to respond to amendments

flagged by C&B for review. Hepburn encouraged all attending the meeting to attend the constitutional convention to take place on January 27, 2023.

Membership Committee report *EBD #104, 10.5*

Membership Committee chair Miranda Bennett shared the report of her committee as it will come to Council. Because there are fiscal implications to the action items within the report, Bennett brought them to BARC for consideration. BARC lauded the committee for its thorough and sensitive work, acknowledging the financial analysis that went into the report already. There was understanding that the action items represent a compromise among round tables that may have competing perspectives on member dues. BARC, however, had no further concerns about fiscal implications, and invited Bennett to share with Council that BARC, as a committee had been consulted and aligned with the Membership Committee.

ACKNOWLEDGMENT

BARC and F&A thank the Finance Office for their continued support and commend them for making strides in catching the reporting of results up to the present day. The following finance staff contributed to a successful meeting: Dina Tsourdinis, Denise Moritz, Keith Brown, Brad Geene, and Joanne Lee. Thanks also to Holly Robison from the Governance Office for ensuring smooth online proceedings.

Respectfully submitted:

BARC Karen G. Schneider, Chair
Tamika Barnes
Ana Elisa de Campo Salles
Peter Hepburn
John Lehner
Rodney Lippard
Kevin Reynolds
Alexandra Rivera
Deb Sica

F&A Peter Hepburn, Chair
Libré Booker
Sara Dallas
Larry Neal
Karen G. Schneider