

TO: ALA Executive Board

FROM: Dina Tsourdinis, Chief Financial Officer
Brad Geene, Director of Budgeting & Planning

DATE: September 23, 2022

RE: **Fiscal Year 2023 Budget memo**

Executive Summary

The Final FY 2023 ALA Budget preserves the \$50,000 surplus committed to at our Annual Conference in Washington, DC. The summary below indicates that the final budget resulted in a surplus of \$59,000.

FY 2023 Budget Summary	
Revenues	\$ 49,415,000
Expenses	\$ 49,365,000
Net from operations	\$ 50,000
Third iteration major adjustments	
Staff salary from 2% to 3%, 1% change	\$ 121,000
Additional Interest income from Short term Investment	\$ 130,000
Net Surplus	\$ 59,000

Introduction

As a reminder, the ALA budget is an iterative process, and this final version follows previous work presented initially at our Spring meetings and then again, with revisions, at Annual Conference. After Fall Executive Board approval, no changes are permitted, and any material actual variances from the plan are reported to the Executive Director throughout the fiscal year by the Unit managers.

Although the modest budget surplus is maintained, as is traditional, numerous edits have occurred within individual Unit revenue and expense plans over the last few months. Reflected in this final version are decisions arrived at during Annual Conference sessions, new and updated information, and corrections of any minor errors and omissions.

The composition of each operating fund's revenue and expense totals for the General Fund, Divisions, and Round Tables have changed. Most manager's edits are immaterial in magnitude however, a small set of changes are significant and therefore summarized below.

Material Revenue changes

- In the General Fund's General Administration Unit, an additional \$220,000 in short-term interest and dividends has been added in anticipation of approximately \$2.8 million of Employee Retention Credit (ERC) funds under the CARES Act during FY 2023.
- A projected additional \$80,000 in Organizational Membership Dues.
- The balance of revenue improvements is derived from cumulative revenue changes in the General Fund from Booklist and, in the Divisions, from PLA and ALSC. Minor revenue additions also stem from Round Tables - including LSSRT, GNCRT, and GGRT.

Material Expense changes

The above net favorable revenue additions fully support material incremental expense added since our Annual Conference, which includes personnel costs for the following areas:

- Development Office
- Member Relations and Services (MRS)
- Accounting

Importantly, all large and small expense and revenue changes incorporated in this final version offset each other, allowing us to maintain the surplus.

FY 2023 Final Budget Schedules (Excel file)

The revenue and expense changes fall to the net income, or net expense, plans for each Unit and the consolidation forming ALA's total organizational budget. To focus on the FY 2023 planned activities for a specific Unit of interest, in either the General, Division, or Round Table funds, please refer to the supporting Excel file developed to complement this summary memo.

Additional fund and Unit-level supporting detail for Total ALA, General Fund departments, Divisions, and Round Tables can be found in **"FY23 Final Budget Schedules" (EBD #3.2/BARC #3.2)**.

FY 2023 Capital Requests

The final FY 2023 Capital Budget requests include a single addition from totals presented at Annual Conference.

ACRL has worked with the ALA leadership to reflect the financial impact of purchasing the Threshold Achievement Test for Information Literacy (TATIL), an information literacy assessment instrument developed by Carrick Enterprises, Inc. FY 2023 operating revenue and expense impact is incorporated into ACRL's Student Learning and Information Literacy project budget.

The total of all FY 2023 Capital Requests is reflected in the supporting excel FY23 Final Budget schedules (**EBD #3.2/BARC #3.2**) on the 2023 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, has changed and 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 2022)	\$ 65,186
FY 2023 Budgeted Revenues	
General Fund	28,126
Divisions	11,975
Round Tables	564
Grants & Awards	8,750
Endowment	786
Total FY 2023 Budgeted Revenues	50,202
FY 2023 Annual Estimates of Income	\$ 115,388