

# American Library Association

ALA Council  
Orientation Materials

Peter Hepburn- BARC Chair  
Maggie Farrell - Treasurer

Tuesday, September 8, 2020  
Webinar

# Outline

- Financial Committees and Responsibilities
- Committee Processes
- Budget Cycle
- Role of Council
- Financial Documents
- Financial Learning Series
- Questions/Discussions

# Financial Committees

# Committee Composition

## BARC

- A standing committee of Council
- 9 members serving non-renewable terms
- Chair selected by Pres-Elect from at-large members
- 6 members appointed at-large from the general membership to staggered 4 year terms
- 2 members appointed from Executive Board to staggered 2 year terms
- Treasurer is a voting member
- Members serve only once unless they are elected as Treasurer

## Finance & Audit

- A committee of the ALA Executive Board
- 3 members of the Executive Board, the ALA Treasurer, and the BARC Chair
- The committee is chaired by the ALA Treasurer
- Each of the three Board members serves up to a three-year term
- Members may serve additional terms if elected to the Executive Board

# Committee Purpose

## **BARC**

*Primary Focus - Budget and Programs*

- Review and analyze the proposed budget and strategic plan as forwarded by the Executive Board
- Review, analyze and interpret financial reports
- Review potential actions by Council that may have a financial or budget impact
- Jointly organize the Planning and Budget Assembly (PBA) with the planning component of the Executive Board (President-Elect)
- Conduct the mandated meeting with the Division leadership at MW and Annual Conference

## **Finance & Audit**

*Primary Focus - Compliance*

- Oversee and make recommendations on the fiscal policy and management of the Association
- Meet with external auditors and oversee the annual audit review process
- Review recommendations on hiring an auditor
- Receive and review recommendations forwarded by BARC
- Review financial reports
- Act as a liaison to the Endowment Trustees via the Treasurer

# Committee Process

## BARC

- Recommendations to the Executive Board resulting from the work of the committee are forwarded F&A
- Potential resolutions received from Council are reviewed for their potential financial/budget impact and the findings are
  - shared with F&A
  - reported back to Council

## Finance & Audit

- Recommendations resulting from the work of the committee are forwarded to the Executive Board
- Recommendations received from BARC, the Endowment Trustees and senior management are reviewed and
  - may be accepted and forwarded to the Executive Board
  - may be altered and forwarded to the Executive Board
  - may be rejected
- Some recommendations to the Executive Board will be forwarded to Council i.e. Preliminary Budget

# Planning and Budget Assembly

## Members:

Division representatives

ALA Committee representatives

Roundtable representatives

5 Councilors at Large

5 Chapter Councilors

## Duty:

Study budget and planning documents

<http://www.ala.org/aboutala/committees/ala/ala-bf>

# Endowment Trustees

## Members:

Six trustees elected by the Executive Board on recommendation from Finance and Audit Committee

## Duty:

Hold, invest, reinvest, and disburse endowment Funds

Oversee endowment operating procedures

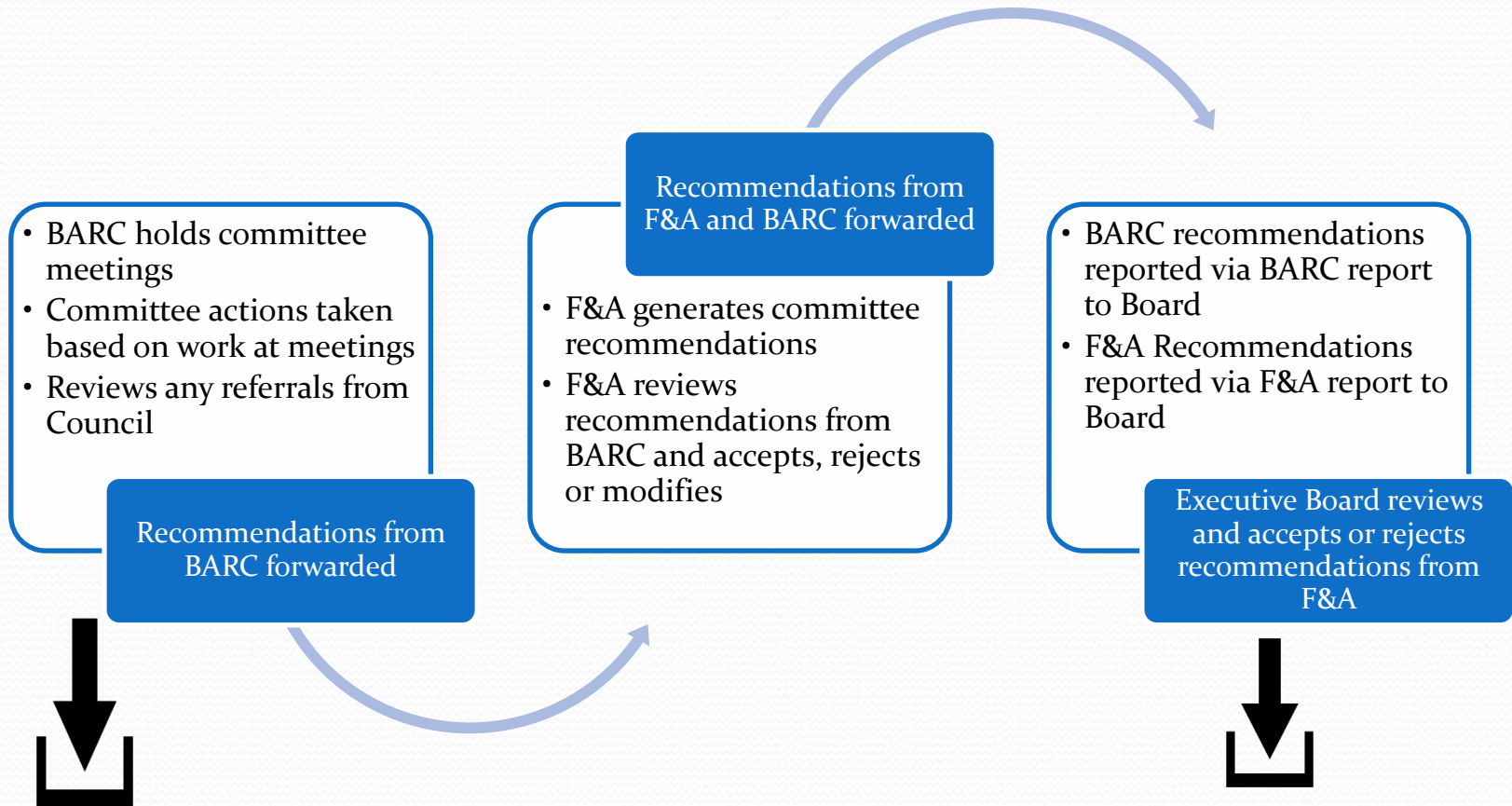
Select endowment investment managers

Report endowment status

<http://www.ala.org/aboutala/committees/ala/ala-endwmtr>



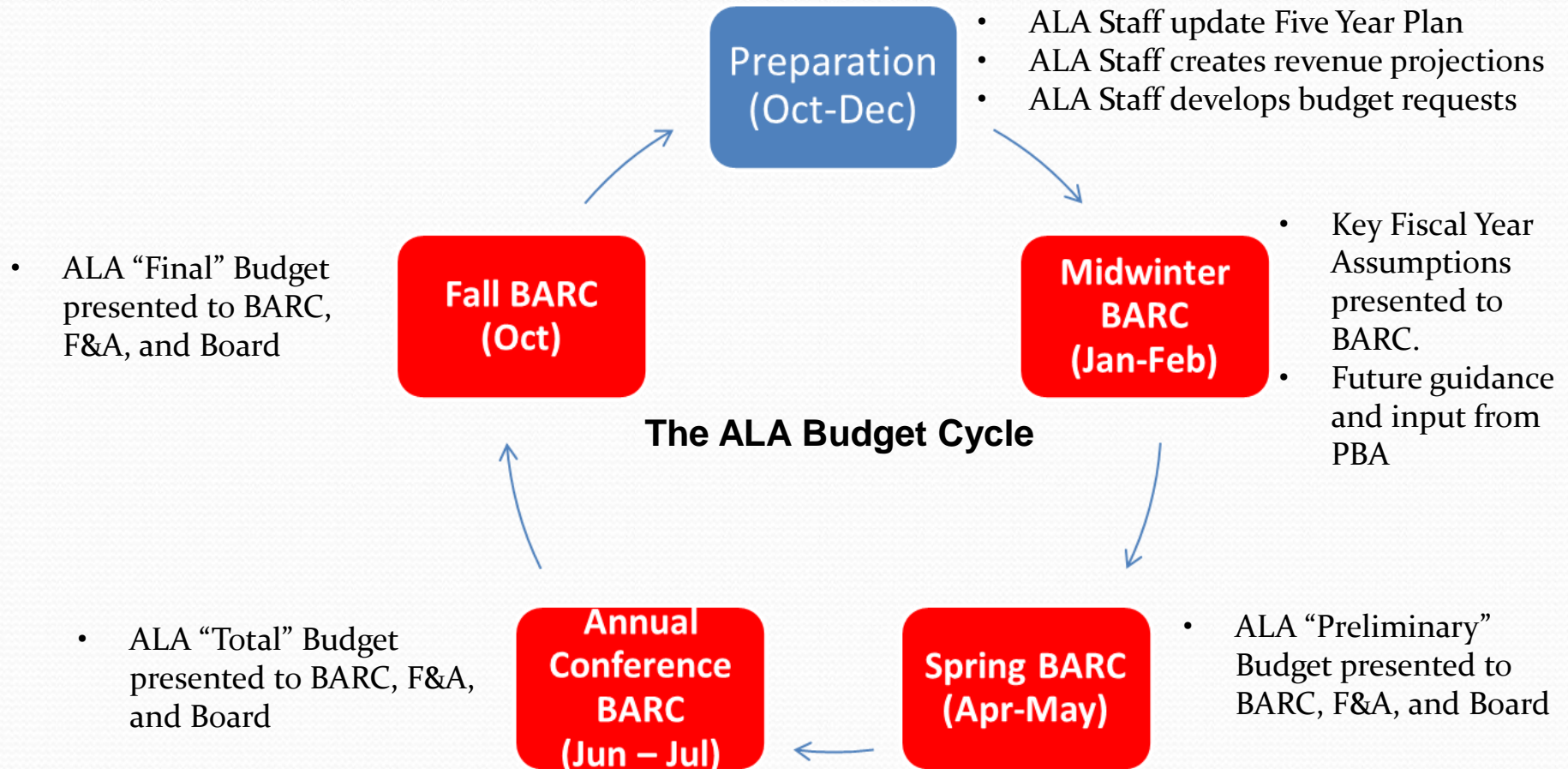
# Committee Process



Actions or findings taken on Council referrals are reported back to council

Some Board actions need approval by Council i.e. preliminary budget

# Budget Process



With the dual goals of mission attainment and financial sustainability, the process for FY22 begins in Oct-Dec 2020 (1<sup>st</sup> Quarter FY21)

# How Does it All Fit Together?

## The Road Map

# Sources of ALA Revenue



17%  
Dues

24%  
Meetings &  
Conferences

36%  
Publishing

10%  
Grants

4%  
Interest

9%  
Other

# Where Does Your ALA \$ Go?



14%  
Advocacy



12%  
Literacy  
Diversity  
and  
Equity of  
Access



13%  
Information  
Policy and  
Intellectual  
Freedom



38%  
Professional and  
Leadership  
Development



23%  
Member Services  
and Support

## How Do We Achieve the ALA's Mission and Fund It?

### ALA Mission

#### ALA Key Action Areas

- Advocacy for Libraries & the Profession
- Diversity
- Education & Lifelong Learning
- Equitable Access
- Intellectual Freedom
- Literacy
- Organizational Excellence
- Transforming Libraries

#### ALA Strategic Directions

- Advocacy
- Information Policy
- Professional & Leadership Development
- Equity, Inclusion and Diversity

### Core Organizational Values

AMERICAN LIBRARY ASSOCIATION  
Five-year Projections  
FY 2019 Annual through FY 2023 Plan

	Actual 2018	Actual 2019	Actual 2020	Actual to the High Market Scenario April 30, 2020	Budget 2019	FY19-23 Budget 2019	Plan 2020	Plan 2021	Plan 2022	Plan 2023
<b>TOTAL ALA</b>	\$ 12,889,132	\$ 11,068,675	\$ 12,038,882	\$ 8,290,241	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000
Publications	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Membership	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Information Services	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Education & Lifelong Learning	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Advocacy	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Professional & Leadership Development	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
Administrative Expenses	1,389,132	1,368,675	1,438,882	1,490,241	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
<b>Total Gross Revenue</b>	\$ 12,889,132	\$ 11,068,675	\$ 12,038,882	\$ 8,290,241	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000	\$ 12,000,000
<b>OVERHEAD RATE</b>	20%	20%	20%	20%	20%	20%	20%	20%	20%	20%
<b>GENERAL FUNDS</b>	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Publications	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Membership	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000	6,000,000
Information Services	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Education & Lifelong Learning	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Advocacy	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Professional & Leadership Development	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
<b>Total Net Revenue and Income</b>	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000	\$ 1,200,000
Information Services	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000	2,000,000
Education & Lifelong Learning	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Advocacy	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Professional & Leadership Development	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
<b>Total General Fund</b>	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
Net Revenue and Overhead	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000	\$ 10,000,000
General Fund Expenses	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Information Services	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000	1,200,000
Education & Lifelong Learning	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000	1,500,000
Advocacy	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000	1,000,000
Professional & Leadership Development	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000	800,000
<b>Total General Fund Expenses</b>	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000
<b>Net General Fund Revenue (if General Funders are Association)</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>Net Net Results</b>	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0	\$ 0
<b>General Fund Net Revenue (if General)</b>	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000	\$ 5,500,000

Note: FY 2019 includes Revised Budget Book. BARS, Directories/Reference, EBIS, ALA Leadership Institute, BARS, Office for Accreditation, BARS, Budget & Finance, BARS.

### ALA Five Year Plan

#### ALA Fiscal Year 2019 Annual Estimates of Income

Per Article IX, Finance, 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 2018)	\$ 37,643,998
<b>FY 2019 Budgeted Revenues</b>	
General Fund	28,353,253
Divisions	13,426,560
Roundtables	398,284
Grants & Awards	3,907,243
Endowment	575,296
<b>Total</b>	46,660,636
<b>FY 2019 Annual Estimates of Income</b>	\$ 84,304,634

**Memo Only**  
Estimates of Income: by Fund

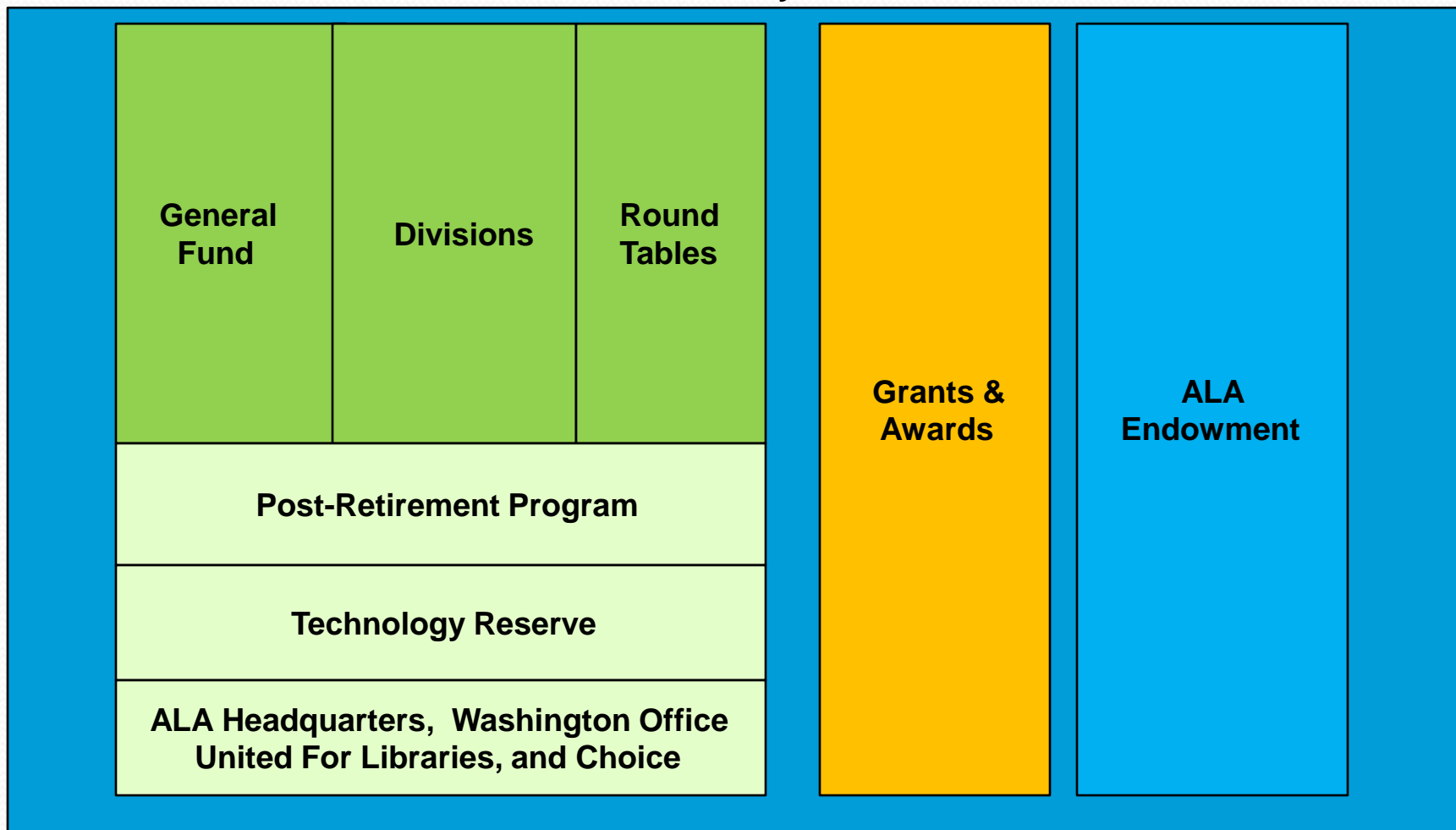
	Divisions	Round Tables
Available Net Asset Balance (projected at end of FY 2018)	\$ 13,263,800	\$ 1,895,316
<b>FY 2019 Budgeted Revenues</b>	<b>13,426,560</b>	<b>398,284</b>
<b>FY 2019 Annual Estimates of Income</b>	<b>26,690,360</b>	<b>2,293,600</b>

### ALA Annual Estimate of Income

Guided by ALA's Mission and Strategic Directions, the ALA Five Year Financial Plan and Annual Budget act as ALA's financial "roadmap"

# How Are ALA Finances Tracked?

The ALA by Fund



Revenues, Expenditures, Assets, and Obligations are tracked separately for each of the funds above

# Operating Agreement

- Framework for ALA and Divisions
- Shared vision and management
- Specific goals and objectives
- Overhead fees for central services
- Does not include Roundtables

Operating Agreement Work Group in FY21



# Council Responsibilities

# Council Activities

- Elect PBA members
- Refer resolutions to BARC
- Consider Annual Estimates of Income
- Consider programmatic priorities
- Review financial reports
- Attend Council Information Sessions
- **Inform yourselves!**
- **Ask questions!**

# Council Referrals to BARC

- BARC is charged with determining financial impact, if any, of any referrals from Council
- BARC works closely with Resolutions Committee to provide a transparent review process for resolutions
- BARC reports to Council on findings of financial impact analysis
- **Recent Council Referrals to BARC**
  - Roadblocks to Diversity Leaderships
  - Fossil Fuel Investments in ALA Endowment

# Financial Documents

# Where to find financial data?

- Council documents
  - <http://www.ala.org/aboutala/governance/council/documents>
  - Sent prior to Council meetings via Connect
  - Archives arranged by meeting date
- BARC, F&A, and Executive Board documents
  - [http://www.ala.org/aboutala/governance/officers/eb\\_documents](http://www.ala.org/aboutala/governance/officers/eb_documents)
  - Series 3
  - Arranged by Fiscal Year
- Endowment Trustees
  - <http://www.ala.org/aboutala/committees/ala/ala-endwmtr>
- Financial Reports - summaries
  - <http://www.ala.org/aboutala/governance/financialdata/financialrpts/financialrpts>
- Ask!

# Additional Resources

## Continuing Education

# ***ALA Financial Learning Series***

## **Topics**

- **Budget Planning for a Pre-Conference or a One Time Event**
- **Organizational Structure**
- **Budget Cycle and Process**
- **The Operating Agreement**
- **The Long-Term Investment Fund**
- **Round Tables Financial Orientation**

<http://www.ala.org/aboutala/treasurerspage>

Questions?