

Council Financial Orientation

- The ALA Budget and Decision Making Process -

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Seattle, WA

The Financial Process Starts and Ends with Your Actions

At Each Midwinter Meeting

- Council approves the Association's Programmatic Priorities and Strategic Directions

At Each Annual Conference

- Council approves the Annual Estimates of Income

Sources of ALA Revenue



16%
Dues

26%
Meetings &
Conferences

34%
Publishing

10%
Grants

3%
Interest

11%
Other

Based on the approved 2018 budget

Where Does Your ALA Dollar Go?



14%
Advocacy

10%
Equity,
Diversity
and
Inclusion

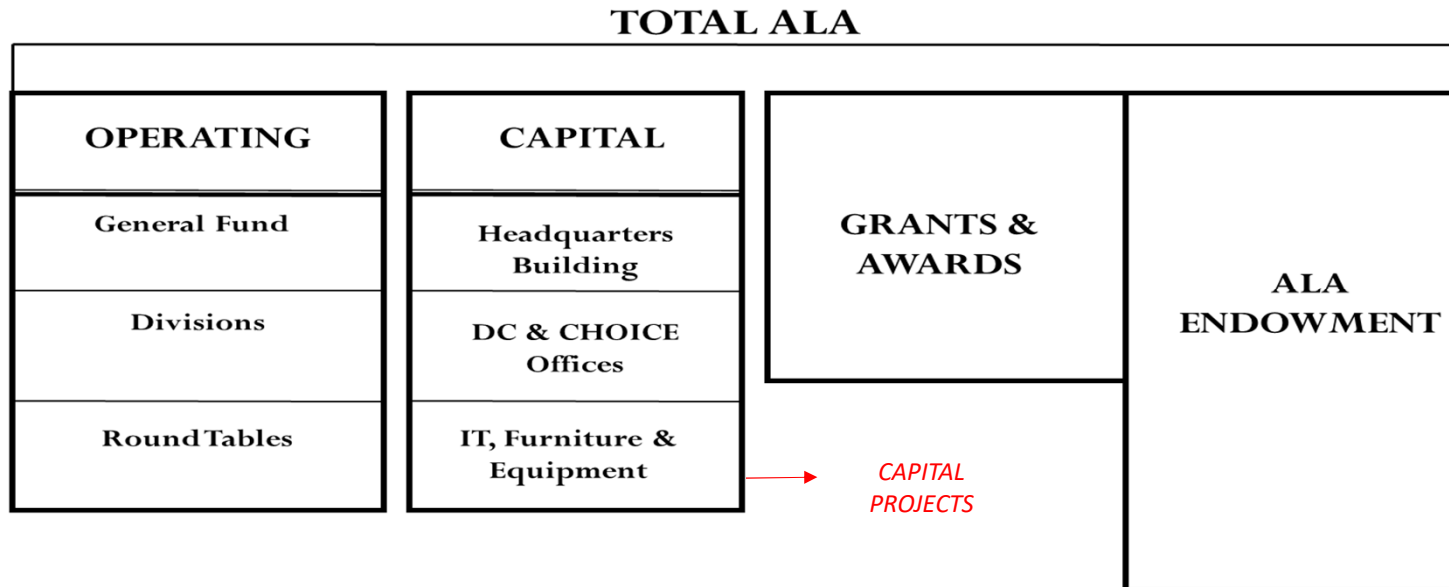
10%
Information
Policy and
Intellectual
Freedom

41%
Professional and
Leadership Development

25%
Member Services
and Support

Based on the approved 2018 budget

ALA Operating Structure



The ALA Strategic Directions & Five Year Financial Plan

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



ALA Fiscal Year 2017 Budgetary Ceiling

Background and purpose: As part of ALA's annual budget process, a budgetary ceiling is calculated and presented to the Budget Analysis and Review Committee (BARC) for approval. The budgetary ceiling document captures and presents all available resources, or sources of funds, that can be expended during the subsequent fiscal year. Sources include a starting amount represented by any appropriated Net Asset Balances from all open previous fiscal years. Additionally, these Net Asset Balances are supplemented by budgeted revenues as well as any inter-fund transfers. The total of these sources represents the ceiling, or maximum available resources from all sources. BARC is charged with reviewing and approving the individual fund ceilings and Total All Funds ceiling presented in the top line below.

	2016	2017	2018	2019	2020	2021	2022
TOTAL ALA							
Starting Amount	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000
Budgeted Revenues	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Inter-fund Transfers	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Total Available Resources	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000

ALA Five Year Plan

ALA Fiscal Year 2017 Budgetary Ceiling

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	2016	2017	2018	2019	2020	2021	2022
TOTAL ALA BUDGETARY CEILING (for approval)	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000
Net Asset Balance (projected at end of FY 2016)	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000
FY 2017 Budgeted Revenues (Before transfers)	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000	\$1,450,000
Inter-fund Transfers	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000	1,450,000
Total Resources (Budgeted plus transfers)	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000	\$4,350,000

ALA Annual Budget

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

Who are Key Stakeholders in Development of ALA Budget ?

- Broad Overview
 - Strategic Plan
 - Senior Management
 - Planning & Budget Assembly
 - Member Leaders
- Governance View
 - Executive Board
 - Council
 - BARC
 - Finance & Audit Committee
- Staff View
 - Divisions
 - Round Tables
 - Committees
 - Departments
 - Units



Budget Analysis and Review Committee

- BARC -

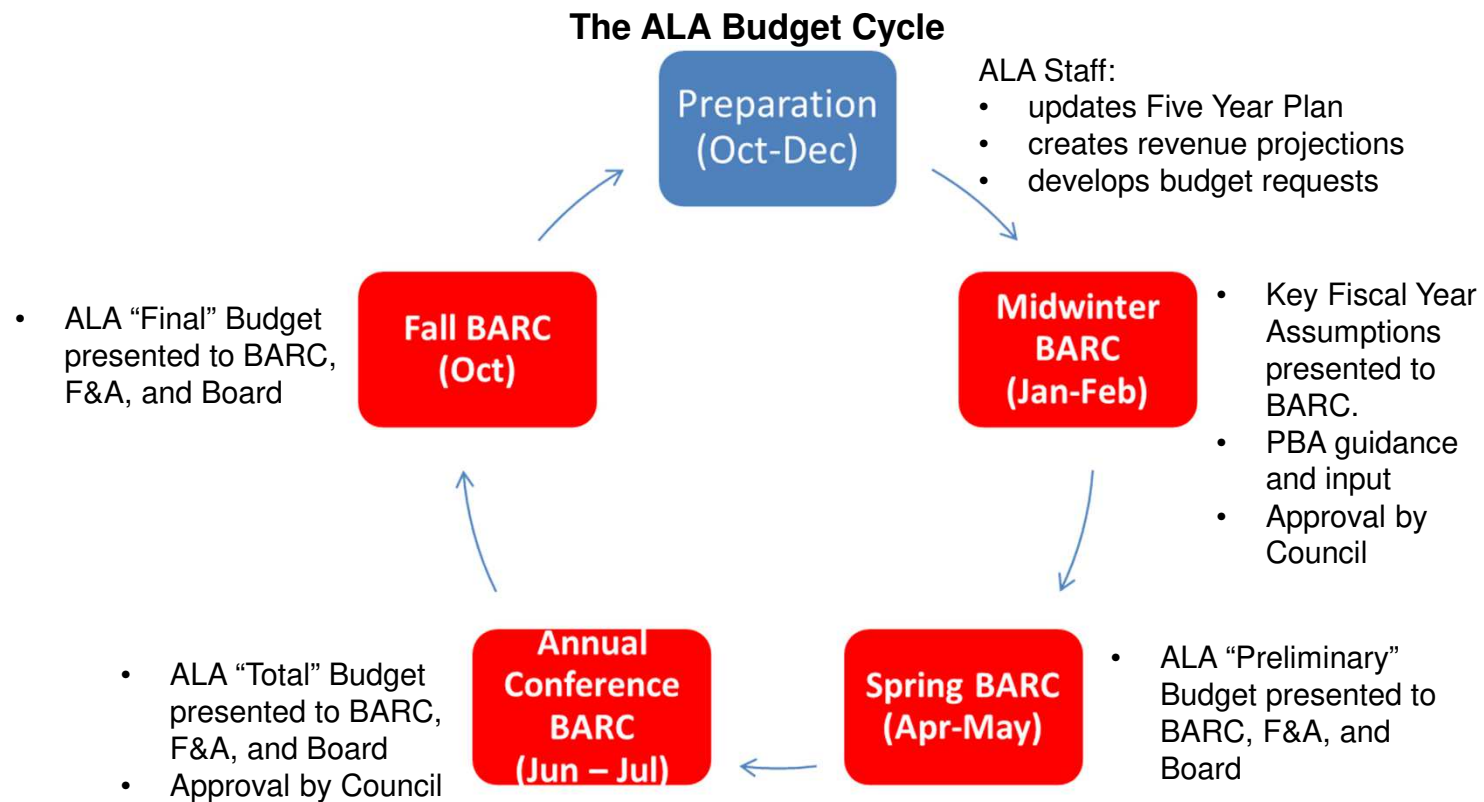
- ALA Council standing committee
 - six members at large from general membership
 - two members from Executive Board
 - ALA Treasurer is a member
- Has primary responsibility for detailed review and monitoring of budget
- Charged to review proposed budget as forwarded from Executive Board in spring
- Reviews current year's budget financial performance
- Reviews resolutions from Council that may have potential financial implications
- Reports to Council on performance of budget

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

ALA's Annual Budget Process

How Do We Set Priorities and Allocate Resources Annually?



With the dual goals of mission attainment and financial sustainability, the process for FY19 began in Oct-Dec 2017 (1st Quarter FY18)

Other Important Information to Know

- Final adjustments can and are made to budget between Annual Conference and Fall Executive Board meeting
 - final budget is approved at this time (October), even though new fiscal year has started
- Once final budget is approved, it is final
- New projects/initiatives introduced outside approved budget process will generally have to wait until next budget cycle
 - new projects/initiatives developed outside budget process are handled on a case by case basis and encouraged to wait until next budget cycle

The ALA Operating Agreement

- Establishes a shared responsibility for the management of the Association
- Adopted in 1976 by ALA Council, revised in 1982
- Framework for ALA General Fund and Divisions to function together effectively and efficiently
- Divisions have the autonomy, independence and freedom to pursue goals and objectives specific to them
- Collaboration/Cooperation is our primary priority as ALA and its Divisions have opportunities...to stimulate and build on each other's strengths

An Important Aspect of the Operating Agreement

The Overhead AKA Indirect Cost Rate

- Covers mandated central services i.e. Human Resources, Accounting, Building, Office Space, Legal etc.
- The rate is calculated annually in Spring/Early Summer via a financial model
- The calculation is determined by taking the indirect costs generated by the model for ALA's revenue generating units - Conferences and Publishing divided by their revenue

The FY 2019 Indirect Cost Rate – 26.5%

- Applied to FY 19 & FY20 Budgets -

	Calculated	% of Rate	Effective
<u>Revenue Category</u>	<u>Overhead Rate</u>	<u>Applied</u>	<u>Rate</u>
Dues	26.5%	NA	NA
Publishing*		50%	13.25%
Meetings & Conferences		100%	26.5%
Contributions		NA	NA
Miscellaneous		NA	NA

*Includes Sale of Materials, Advertising and Subscriptions
Source: Rate application - ALA Operating Agreement page 8

General Fund Net Revenue Sources – 2018

- and other support -

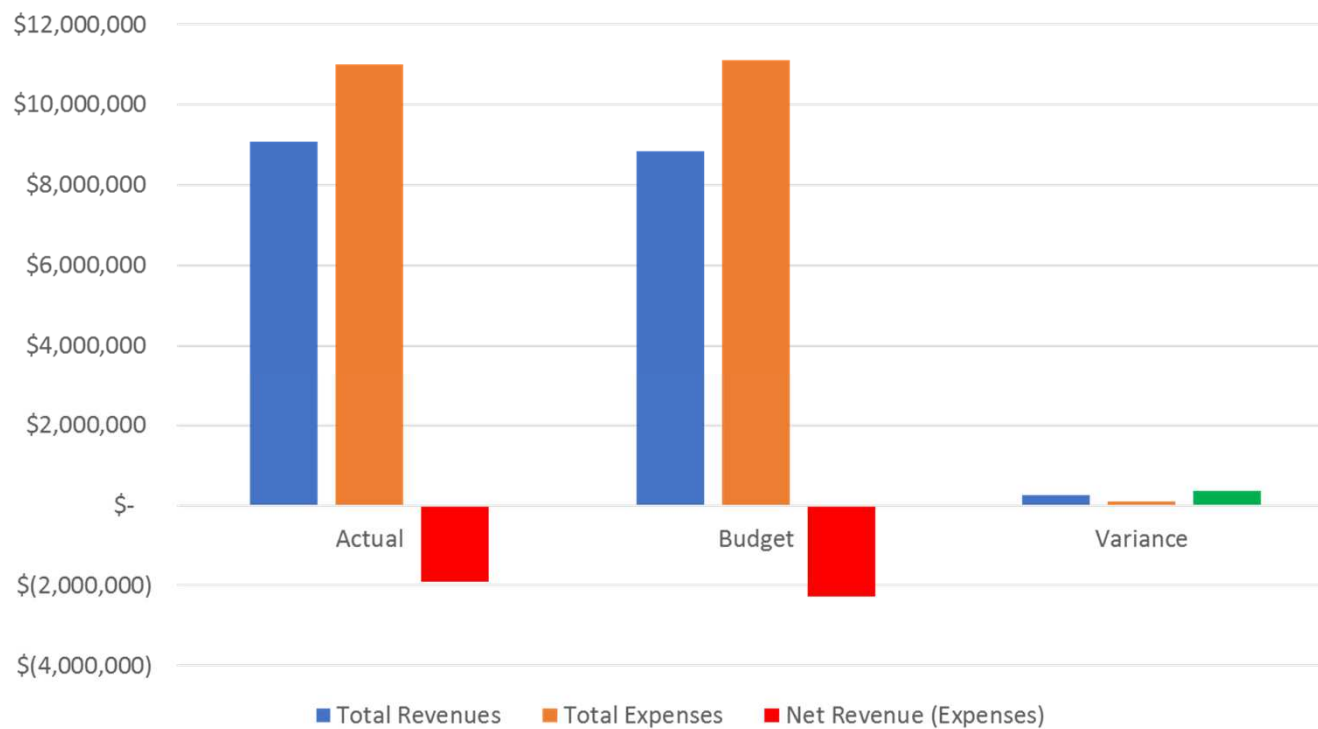
		Overhead	Total
	<u>Revenues</u>	<u>Support</u>	<u>Support</u>
Interest & Earnings	\$ 1,110,410	\$ 0	\$ 1,110,410
Membership Dues - Net	\$ 5,272,729	\$ 0	\$ 5,272,729
Publishing - Net	\$ 264,796	\$ 3,208,395	\$ 3,473,191
Meetings & Conferences -Net	\$ 287,050	\$ 2,344,365	\$ 2,631,415
Other	<u>\$ 550,570</u>	<u>\$ 2,748,577*</u>	<u>\$ 3,299,147</u>
Total	\$ 7,485,555	\$ 8,301,337	\$ 15,786,892

Source: Internal financial reports - final close

*Overhead contribution from Divisions, Roundtables and Grants

1st Quarter Financial Results @ 11-30-18

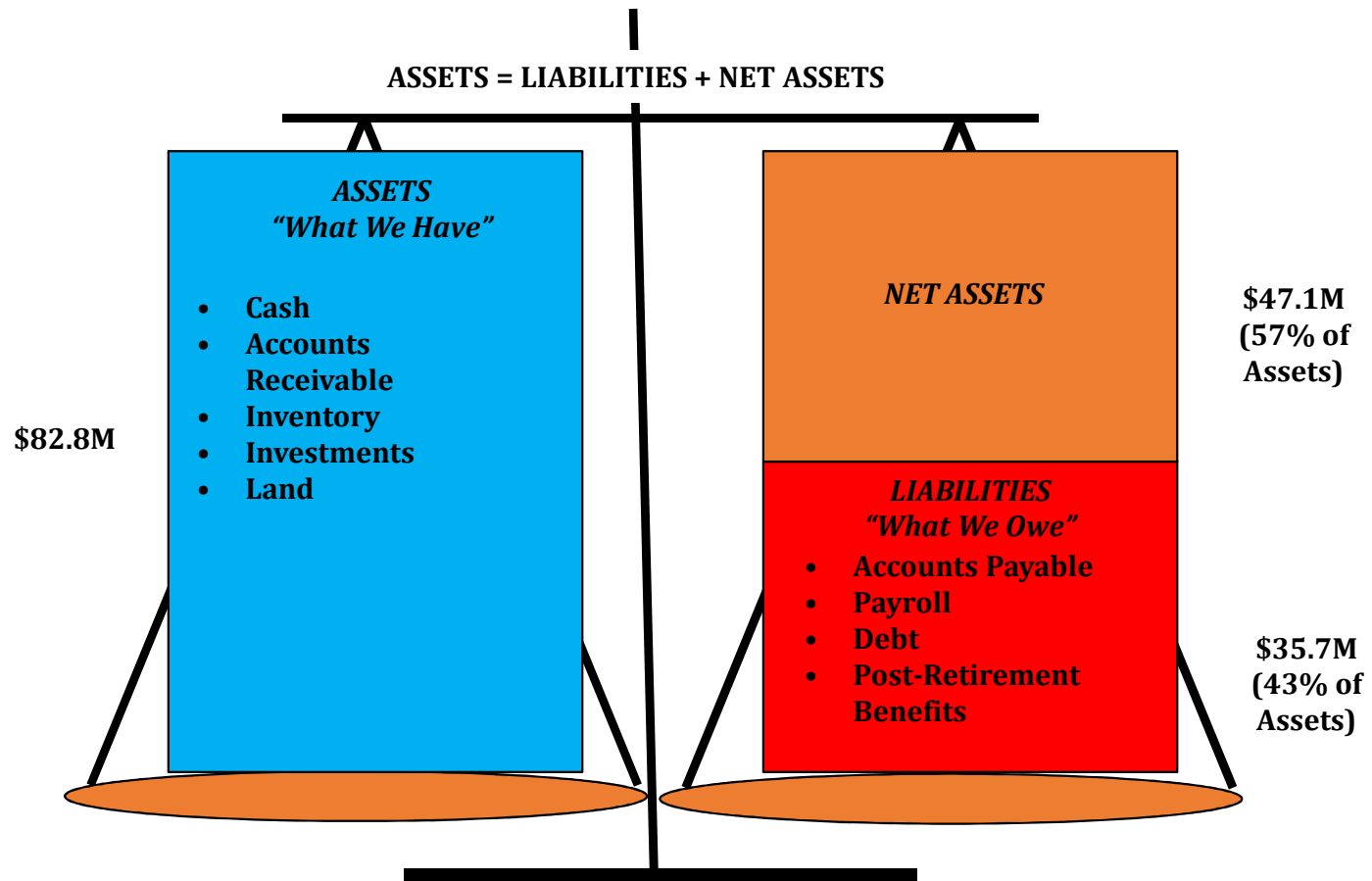
Total ALA



Key Initiatives/Additional Investments in FY 19 Budget

- Enhance fundraising capacity
 - ✓ Reallocate existing staff positions to support 2.5 additional FTE
 - ✓ Major gifts director, prospect researcher and support
- Support 21st century advocacy efforts
 - ✓ CRM (customer relations management) system for advocacy information
 - ✓ Support for enhanced outreach and engagement including “fly-in” event early in budget season for strategic legislative contacts
- Strengthen IT infrastructure and services
 - ✓ First year of three-year planned investment for capacity and customer service
 - ✓ Improved access to services, communication and information for members, staff and public

ALA's Balance Sheet as of FYE 2018



Net Assets is the difference between what we have and what we owe

Additional Useful Resources

- **Member Leaders**
 - Treasurer shhildreth@comcast.net
 - BARC Chair
- **ALA Staff**
 - Executive Director
 - Division Executive Directors
 - CFO
 - ALA Finance Staff
- **Online Webinars and Other Training**
 - www.ala.org/aboutala/governance/financialdata
 - www.ala.org/aboutala/governance/financialdata/finlearn
 - http://www.ala.org/aboutala/sites/ala.org/aboutala/files/content/governance/financialdata/financialrpts/ALA_Financial_Handbook_Final15.pdf