



ALA CD #33.2
ALA CD #13.4 and #13.5
2020 ALA Virtual Fall Council Meeting

BARC and Treasurer's Report to ALA Council September 18, 2020

Peter Hepburn– BARC Chair
Maggie Farrell – ALA Treasurer

Topics to be Covered

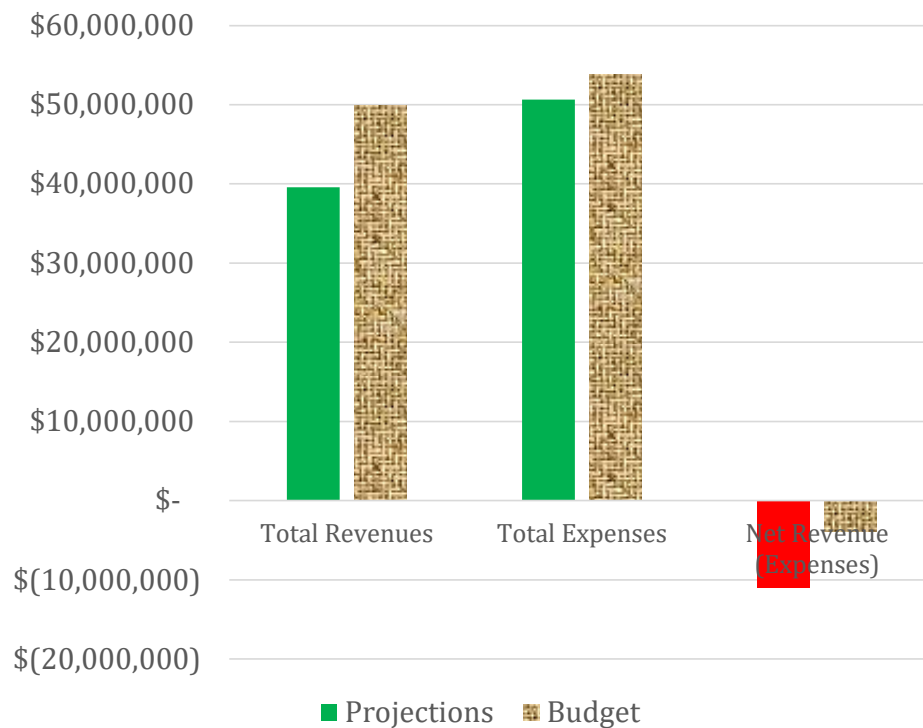
- FY20 Financial End of Year Forecast
- FY21 Preliminary Budget
- Annual Estimates of Income – Motion

Background documents: EBD 3.3 and EBD 13.0

<http://www.ala.org/aboutala/executive-board-document-inventory-2020-2021>

Year-End Financial Projections for FY20

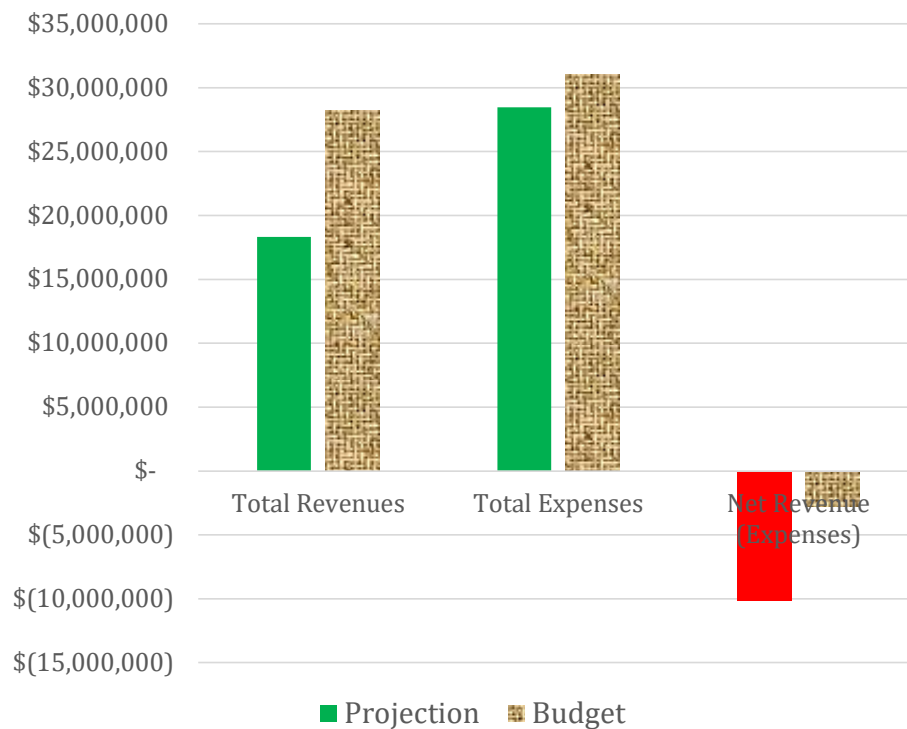
- Total ALA -



- Total ALA revenues are projected at \$39.6 million compared to budget of \$49.9 million
- Total ALA expenses are projected at \$50.6 million compared to budget of \$53.8 million
- Net revenue (expense) are projected at (\$11.1 million) compared to budget of (\$4.0 million)

Year-End Financial Projections for FY20

- General Fund -



- General fund revenues are projected at \$18.3 million compared to the budget of \$28.2 million
- General fund expenses are projected at \$28.5 million compared to the budget of \$31.0 million
- Net revenue (expense) is projected at (\$10.1 million) compared to the budget of (\$1.1 million)
- General fund results were severely impacted by the cancellation of the Annual Conference, which resulted in a reduction in expected revenue of \$7.7 million.

Year-End Financial Projections for FY20

- Divisions and Roundtables -

Divisions

- Division revenues are projected at 15.0 million compared to budget of \$15.8 million
- Division expenses are projected at \$16.2 million compared to budget of \$16.8 million
- Net revenue (expenses) are projected at (\$1.3 million) compared to budget of (\$1.1 million)

Roundtables

- Round tables revenues are projected at \$530,738 compared to budget of \$530,738
- Round tables expenses are projected at \$413,691 compared to budget of \$413,691
- Net revenue is projected at \$117,047 compared to budget of \$117,047

FY 2020 Projections

| | |
|--|------------------------|
| FY 2020 original budget | \$ (4,000,000) |
| | |
| <u>Surplus (losses) in excess of original budget</u> | |
| Annual conference (canceled) | (2,500,000) |
| Publishing Department | (500,000) |
| Membership dues | (450,000) |
| Long-term Investment (Endowment Fund) | 500,000 |
| | |
| | |
| General Administration expenses | (1,500,000) |
| | |
| Decrease in overhead | <u>(2,550,000)</u> |
| | |
| Projected loss for FY 2020 | <u>\$ (11,000,000)</u> |

FY 2020 Deficit Coverage

- How the \$11 million gap was covered
 - Paycheck Protection Program Funding - \$4,200,000
 - Draws from short-term investments - \$2,800,000
 - Draws from line of credit - \$1,500,000
 - Successful PLA Conference (held February 2020) - \$600,000 in excess of budget
 - Contributed revenue - \$500,000 in excess of budget
 - Furniture and Equipment/Depreciation - \$1,400,000

FY 2021 Preliminary Budget

ALA Programmatic Priorities

— *Aligned with the FY 2021 Budget* —

- Advocacy for Libraries and the Profession
- Diversity
- Equitable Access to Information and Library Services
- Education and Lifelong Learning
- Literacy
- Organizational Excellence
- Intellectual Freedom
- Transforming Libraries

Strategic Directions

- Strategic Framework aligned with FY 2021 Budget

▪ **Advocacy**

Advocate for the public value of librarians, libraries and information services

▪ **Professional and Leadership Development**

Promote the professional and leadership development of librarians and library workers which is essential to high-quality professional practice and the future of libraries and information services

▪ **Equity, Diversity and Inclusion**

The ALA recognizes that equity, diversity and inclusion impact all aspects of work among members of the Association, the field of librarianship, and the communities served by libraries.

▪ **Information Policy**

Focus at every level on a diverse set of policy areas that includes:

- intellectual freedom
- privacy
- civil liberties
- telecommunications
- funding for education and research programs
- funding for libraries
- copyright and licensing
- government information
- literacy

FY 21 Preliminary Budget Details

(The Numbers Behind Our Plan for FY 21)

| TOTAL ALA \$43.4 MILLION | | | |
|---------------------------------|--|--|-------------------------|
| General Fund \$26.8M | DC & Choice Offices | Grants & Awards \$4.0 M | Endowment \$.9 M |
| Divisions \$11.2M | IT, Furniture & Equipment | | |
| Round Tables \$.5M | | | |

- General Fund FY21 Revenue Budget of \$26.8M
- General Fund FY21 Expense Budget of \$25.8M
- Budgeted FY21 Net Revenue of \$989,176

FY 21 Preliminary Budget Details

(The Numbers Behind Our Plan for FY 21)

| | |
|---------------------------------------|----------------------|
| <u>Revenues</u> | |
| General Fund | \$ 26,766,262 |
| Divisions | \$ 11,166,094 |
| Round Tables | \$ 571,553 |
| Grants and Awards | \$ 3,969,821 |
| Long-term Investment (Endowment Fund) | \$ 936,474 |
| Total Revenues | \$ 43,410,204 |
| <u>Expenses</u> | |
| General Fund | \$ 25,777,086 |
| Divisions | \$ 12,686,488 |
| Round Tables | \$ 447,794 |
| Grants and Awards | \$ 3,969,821 |
| Long-term Investment (Endowment Fund) | \$ 1,051,761 |
| Total Expenses | \$ 43,932,949 |
| Net Expenses | |
| | \$ (522,745) |

FY 21 Preliminary Budget Details Total ALA – Summary

(The Numbers Behind the Plan for FY 21)

| Summary | |
|------------------------|----------------------|
| Total Revenues | \$ 43,410,204 |
| Total Expenses | <u>\$ 43,932,949</u> |
| Net Revenue (Expenses) | \$ (522,745) |
| | |

FY 21 Preliminary Budget Details Total ALA – Revenues

(The Numbers Behind the Plan for FY 21)

| Revenues | |
|-----------------|-------------------|
| General Fund | \$ 26,766,262 |
| Divisions | \$ 11,166,094 |
| Round Tables | \$ 571,553 |
| Grants & Awards | \$ 3,969,474 |
| LTI - Endowment | <u>\$ 936,474</u> |
| Total Revenues | \$ 43,410,204 |
| | |

FY 21 Preliminary Budget Details Total ALA – Expenses

(The Numbers Behind the Plan for FY 21)

| Expenses | |
|-----------------|---------------------|
| General Fund | \$ 25,777,086 |
| Divisions | \$ 12,686,488 |
| Round Tables | \$ 447,794 |
| Grants & Awards | \$ 3,969,821 |
| LTI - Endowment | <u>\$ 1,051,761</u> |
| Total Expenses | \$ 43,932,949 |
| | |

FY 21 Preliminary Budget Details — Summary (Con't)

(The Numbers Behind the Plan for FY 21)

| Summary | |
|------------------------------------|----------------------|
| Total Revenues | \$ 43,410,204 |
| Total Expenses | <u>\$ 43,932,949</u> |
| Net Revenue (Expenses) | \$ (522,745) |
| | |
| <u>Strategies to Cover Deficit</u> | |
| Paycheck Protection Plan | \$ 1,200,000 |
| Economic Injury Disaster Loan | <u>\$ 150,000</u> |
| Net Revenue | \$ 827,254 |

FY21 General Fund Budget Details - Revenue

| Revenues | |
|------------------------|---------------------|
| Dues | \$ 3,617,768 |
| Material Sales | \$ 3,723,285 |
| Subscriptions | \$ 2,683,518 |
| Advertising | \$ 3,599,879 |
| Meetings & Conferences | \$ 7,530,075 |
| Donations | \$ 2,178,000 |
| Interest & Dividends | \$ 2,194,423 |
| Miscellaneous | <u>\$ 1,239,314</u> |
| Total Revenue | \$ 26,766,262 |

FY21 Divisions Budget Details - Revenue

| Revenues | |
|------------------------|---------------------|
| Dues | \$ 2,042,802 |
| Material Sales | \$ 2,003,907 |
| Subscriptions | \$ 1,401,086 |
| Advertising | \$ 807,651 |
| Meetings & Conferences | \$ 2,578,120 |
| Grants & Awards | \$ 78,333 |
| Donations | \$ 675,600 |
| Miscellaneous | <u>\$ 1,578,595</u> |
| Total Revenue | \$ 11,166,094 |

FY21 Round Tables Budget Details - Revenue

| Revenues | |
|------------------------|------------------|
| Dues | \$ 175,593 |
| Material Sales | \$ 246,200 |
| Advertising | \$ 1,000 |
| Meetings & Conferences | \$ 48,450 |
| Donations | \$ 28,600 |
| Miscellaneous | <u>\$ 71,710</u> |
| Total Revenue | \$ 571,553 |

Strategies to Address FY21 Gap

- Conservative Revenue Projections
- Reduced Operations
- Paycheck Protection Program Funding - \$1,200,000
- Economic Injury Disaster Loan - \$150,000
- Endowment loan - \$1,500,000
- Furloughs – savings of approximately \$1,500,000
- Also monitoring insurance claim (cancelation of FY 20 Annual Conference) and the contingency payment (sale of ALA's headquarters)
- Long term strategy – next Agenda Item

ALA Fiscal Year 2021 Annual Estimates of Income

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.

| | TOTAL ALA |
|--|----------------------|
| ALA Net Assets (projected at end of FY 2020) | \$ 27,625,376 |
| FY 2021 Budgeted Revenues | |
| General Fund | 26,766,262 |
| Divisions | 11,166,094 |
| Roundtables | 571,553 |
| Grants & Awards | 3,969,821 |
| Endowment | 936,474 |
| TOTAL | <u>43,410,204</u> |
| FY 2021 Annual Estimates of Income | \$ 71,035,580 |

| Memo Only | | |
|---|---------------------|----------------------|
| Estimates of Income by Fund | | |
| | <u>Round Tables</u> | <u>Divisions</u> |
| Available Net Asset Balance (projected at end of FY 2020) | \$ 2,305,241 | \$ 13,810,403 |
| FY 2021 Budgeted Revenues | <u>\$ 571,553</u> | <u>\$ 11,166,094</u> |
| FY 2021 Annual Estimates of Income | \$ 2,876,794 | \$ 24,976,497 |

Request of Council

Approval of the FY21 Annual
Estimates of Income
\$71,035,580

Mark Your Ballot

FY21 Annual Estimates of Income