

ALA Financial Questions from ALA Councilors and Leaders

The following are questions that ALA Councilors posed to seek more understanding of financial issues facing the Association. The questions are arranged according to Council session

ALA Midwinter Council II

1. Councilors requested the following documents and data:
 - a. 5 year Financial Plan – Past and Future summaries
 - b. 5 year Financial Plan Assumptions
 - c. 5 years of past financial reports
 - d. Division balances
 - e. F&A Audits
2. What is our liquidity? What are our cash/short term assets?
3. Strategic Investment Plan – details
4. Overhead – what is the rate and how much do Divisions contribute?
5. What is the Overhead Rate formula?
6. Why place the bulk of the HQ sale in endowment? And why place \$1 million in short term/cash? Concern regarding investment when there is a cash shortfall.
7. What is the loan interest vs endowment payout?
8. Divisions/RT - can they spend? Why did ALA take the money?
9. Should we conduct an internal investigation?
10. Why did IT overspend? What are we doing about it now?
11. Please provide specific costs such as SCOE, Council, Council AV, other initiatives.
12. What should divisions and units plan for FY21?
13. What are the net assets of the Divisions?
14. What are we going to do for the next five years? How do we get back on track? How do we build up the short term/cash?

ALA Midwinter Council III

1. We would like a written report on the finances
2. What are the Division reserves?
3. We would like planners to look ahead to specific costs we are asking for ALA to make good decisions on predicting costs
4. It does not appear to be a plan for FY21
5. Divisions asked to be fiscally responsible but have to fill “big ALA”
6. What are the data points?
7. What are the historical and data breakdowns?
8. Help us to make decisions and we want to provide input.
9. We need to impart value of membership--share as a way to inform and increase
10. Is outsourcing the store feasible?
11. Should we spend the HQ sale proceeds instead of investing?
12. The HQ is prime real estate so was the price too low?
13. We want monthly communication or better access to financial data.
14. What are we not going to do? We don't want to bum out ALA staff
15. Roundtable spending down reserves so is money gone or do we have a promissory note?
16. We just want to know what to do
17. What is the staff impact?
18. “One checkbook”; Respect the direction of our donors.

19. IT budget -- SCOE looking at new ways to use technology. Can we see RFP's before they go out? Can IT appear before council?
20. CORE balance/reserves so we have concerns as to what this means for our future. Staffing in CORE--can we still proceed or will there be layoffs?
21. One big checkbook. Safeguard so it doesn't happen again in which ALA spends Division and Roundtable balances.
22. Do we need audits or are audits available?
23. We need to continue to be big and bold
24. Distressed that "union costs" being used as an excuse for high conference AV costs
25. Operating Agreement needs to be examined and we need to express new ways of stating "one checkbook."

Submitted Questions following ALA Midwinter

1. When the decision was made to invest \$8 million over 3 years in infrastructure, development, and advocacy, where was the money to pay for this investment allocated from? Does ALA have a capital reserve fund (one is referenced in the ALA Financial Primer on the Treasurer's web page but not in the documents from ALA MW 2020)? Was the investment to be paid for by a withdrawal from the Endowment? Or was it to just be considered a planned deficit to the general fund that would decrease our liquid assets? Was a cash flow projection done to assess if our cash flow was sufficient to absorb this loss? EB 12-16, while detailing the specific investments needed does not address where the money to make the investments comes from.
2. Has a cash flow projection been done to show how much ALA must borrow in this fiscal year, when it must take the loans, and when the loans will be paid back?
3. What is the projected net savings from taking out loans rather than using Endowment assets for existing cash flow needs as well as planned deficit investment? Can we see a chart showing the assumptions used in making that projection?
4. Does ALA have any written rules, guidelines, etc. related to Division and Roundtable balances/deficits? The Policy Manual says Divisions may have fund balances but doesn't reference any rules or that ALA may zero out fund balances.
5. Were Division fund balances zeroed out or have the balances remained on the books (understanding that ALA does not currently have the cash to allow those fund balances to be spent)?
6. May we have a detailed report on the technology overspend? Were these cost overruns approved by management and/or the executive board? Are these cost overruns associated with the technology infrastructure investment or were they separate technology projects?
7. May we have a breakdown of the Endowment Fund which includes restricted vs. unrestricted funds and what the restrictions are?
8. Are Indirect Costs the same as Overhead Contribution? If so why are they applied to Annual/Midwinter and Publishing? The Policy Manual covers Divisions but I can't find any reference to Annual and Midwinter being charged Indirect/Overhead. A.7.2.2 refers to charging for administrative services in Institutes and Workshops, etc. Is that intended to also include Annual and Midwinter?
9. Are members who cancelled their memberships and/or not attending the conference and ask why? Why are they no longer attending the conferences?
10. Is ALA actually meeting the needs of the "everyday" librarian?
11. There's no point or purpose to having two conferences a year. That's a huge strain on time and resources, both for ALA and its members;
12. What happened to the funds from selling off ALA's buildings in Chicago?

13. Need to utilize more and more open source software/utilities
14. Create a Financial Task Force for the sole purpose of reigning in ALA's finances
15. Immediately stop pulling funding from Divisions
16. One question I was asked at MW from the divisions and round tables was whether their endowment monies are their own or if their endowment monies are all rolled into ALA's endowment and reported together.
17. Is this a typical cash crunch that ALA is experiencing?
18. What about the current confusion and unhappiness among members stems from not knowing information and what comes from a lack of transparency.
19. There will be a time period for the new ED to settle into her role, but then what?
20. Are planned giving monies going where they should be going?
21. Is ALA using the LTI to pay for operating costs?
22. Are we currently drawing on that line of credit to pay for operating/liquidity? And what does this cost or the financial impact?
23. When someone makes a donation, does that go toward the donor fund/endowment or is ALA using it for operating purposes?