Treasurer’s Report to Council

Fiscal Year 2019
- Annual Estimates of Income -

Susan Hildreth – ALA Treasurer

Monday – June 25, 2018
Annual Conference – New Orleans LA

A Modern Association for a Modern Profession

It Begins with the FY19 Budget
ALA General Fund Net Revenues (Expenses)

- **Revenue:**
  - 2010: $(8,027)
  - 2011: $(437,067)
  - 2012: $(1,372,230)
  - 2013: $(1,067,553)
  - 2014: $(1,693,796)
  - 2015: $(2,000,000)
  - 2016: $(1,500,000)
  - 2017: $(1,000,000)
  - 2018: $(500,000)
  - 2019: $-

- **Expenditure:**
  - 2010: $77,470
  - 2011: $(1,067,553)
  - 2012: $(1,693,796)
  - 2013: $(1,715,043)

- **Budget reflects targeted investments in Advocacy, ITTS and Development**

*FY18 Management Projection
Source: ALA Audited Financial Statements

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**FY 2019 Preliminary Budget**

 Reviewed by BARC and the Executive Board at their 2018 Spring Meetings
ALA Programmatic Priorities – Aligned with the FY 2019 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 2019 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
FY19 Preliminary Budget Details

(The Numbers Behind Our Plan for FY19)

- General Fund FY19 Revenue Budget of $28.4M
- General Fund FY19 Expense Budget of $30.1M
- Budgeted FY19 Net Expense of ($1.7 M)
- Support from Net Assets of $1.7 M
- General Fund Net Revenue of $0

Key Supplemental Investment Areas in FY19

- Development - $177,000
- Advocacy - $410,000
- Information Technology- $1.36M
Key Supplemental Investment Areas in FY19

Development ($177K)

• Enhance fundraising capacity
  ✓ Reallocate existing staff positions to support 2.5 additional FTE
  ✓ Major gifts director, prospect researcher and support

Benefits to the Association
✓ Will increase staff capacity resulting in stronger donor engagement
✓ Will result in additional donor dollars
✓ More effective donor stewardship through CRM (customer relationship management) system will lead to more successful fundraising

Key Supplemental Investment Areas in FY19

Advocacy ($410K)

Support 21st century advocacy efforts
✓ CRM (customer relationship management) system for advocacy information
✓ Support for enhanced outreach and engagement

Benefits to the Association
✓ Provides more strategic focus on policy issues and targeted outreach
✓ Supports a year-round strategy for Advocacy, with enhanced capacity for mobilization efforts and campaigns
✓ Initiates a “Fly-In” event early in budget season for strategic legislative contacts to jump-start annual budget campaign
✓ Revitalizes National Legislative Day
✓ Creates more impactful legislative advocates, both key local players and broader grassroots networks
Key Supplemental Investment Areas in FY19

**Information Technology ($1.36M)**
Investment will strengthen IT infrastructure and services
- First year of three-year planned investment for capacity and customer service

*Benefits to the Association*
- Will improve experience of the 8 million+ annual visitors to ALA's web site
- Enhanced opportunities for members and staff to working more efficiently and collaboratively, for a more effective Association
- Will provide the profession with the ability to quickly coordinate advocacy campaigns, reach out to funders/policy makers and initiate policy initiatives
- Dashboard will improve reporting capabilities, save staff time and inform more effective decision making

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**How Do We Support These Investments?**

**Funding Options and Strategies Available to Use**

- Working Capital (ALA Cash)
- Bank Financing
- Leveraging ALA Real Estate
- Using the Association’s Net Assets
- Endowment Fund
**ALA's Balance Sheet as of FYE 2017**

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

**ASSETS = LIABILITIES + NET ASSETS**

**ASSETS**

"What We Have"
- Cash
- Accounts Receivable
- Inventory
- Investments
- Land

**LIABILITIES**

"What We Owe"
- Accounts Payable
- Payroll
- Debt
- Post-Retirement Benefits

**NET ASSETS**

- $39.9M (55% of Assets)
- $32.6M (45% of Assets)

**A Need to Transition**

- Keeping with Policy -

**Budgetary Ceiling Components**
- Unexpended Net Assets for the Divisions and Roundtables
- + Budgeted revenues for the upcoming fiscal year for the
  - General Fund
  - Divisions
  - Roundtables
  - Grants & Awards
  - Long-Term Investments

**Annual Estimates of Income Components**
- Unexpended net assets for total ALA
- + Budgeted revenues for the upcoming fiscal year for the
  - General Fund
  - Divisions
  - Roundtables
  - Grants & Awards
  - Long-Term Investments

• = Budgetary Ceiling

• = Annual Estimates of Income
ALA Fiscal Year 2019 Budgetary Ceiling

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 accumulated Net Asset Balances, where applicable, built up over 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 bottom row below.

<table>
<thead>
<tr>
<th>General Fund*</th>
<th>Divisions</th>
<th>Round Tables</th>
<th>Grants &amp; Awards</th>
<th>Long-term Investment</th>
<th>Total ALA Funds</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>A)</strong> Net Asset Balance (projected at end of FY 2017)</td>
<td>Not Applicable</td>
<td>13,263,800</td>
<td>Not Applicable</td>
<td>Not Applicable</td>
<td>15,044,116</td>
</tr>
<tr>
<td>FY 2019 Budgeted Revenues (before transfers)</td>
<td>27,749,958</td>
<td>13,412,220</td>
<td>398,284</td>
<td>3,907,243</td>
<td>1,032,138</td>
</tr>
<tr>
<td>FY 2019 Budgeted Revenue Transfers:</td>
<td></td>
<td></td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Interest &amp; dividend transfer to/from General Fund</td>
<td>603,295</td>
<td>(603,295)</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td>Spectrum interest &amp; dividends</td>
<td>232,393</td>
<td>232,393</td>
<td></td>
<td></td>
<td></td>
</tr>
<tr>
<td>Life Member Dues</td>
<td>74,000</td>
<td>11,940</td>
<td>(85,940)</td>
<td>0</td>
<td></td>
</tr>
<tr>
<td>Continuing Members</td>
<td>(2,400)</td>
<td>2,400</td>
<td>0</td>
<td></td>
<td></td>
</tr>
<tr>
<td><strong>B)</strong> Total Revenues (budgeted plus transfers)</td>
<td>28,353,253</td>
<td>13,426,560</td>
<td>398,284</td>
<td>3,907,243</td>
<td>575,296</td>
</tr>
<tr>
<td>A+B) = TOTAL ALA BUDGETARY CEILING (for approval)</td>
<td>28,353,253</td>
<td>26,690,360</td>
<td>2,278,600</td>
<td>3,907,243</td>
<td>575,296</td>
</tr>
</tbody>
</table>

ALA Fiscal Year 2019 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.

<table>
<thead>
<tr>
<th>Annual Estimate of Income</th>
<th>Total ALA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALA Net Assets (projected at end of FY 2018)</td>
<td>$ 37,643,998</td>
</tr>
<tr>
<td>FY 2019 Budgeted Revenues</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>28,353,253</td>
</tr>
<tr>
<td>Divisions</td>
<td>13,426,560</td>
</tr>
<tr>
<td>Roundtables</td>
<td>398,284</td>
</tr>
<tr>
<td>Grants &amp; Awards</td>
<td>3,907,243</td>
</tr>
<tr>
<td>Endowment</td>
<td>575,296</td>
</tr>
<tr>
<td>Total</td>
<td>46,660,636</td>
</tr>
<tr>
<td>FY 2019 Annual Estimates of Income</td>
<td>$ 84,304,634</td>
</tr>
</tbody>
</table>

<table>
<thead>
<tr>
<th>Memo Only</th>
</tr>
</thead>
<tbody>
<tr>
<td>Estimates of Income by Fund</td>
</tr>
<tr>
<td>Divisions</td>
</tr>
<tr>
<td>Available Net Asset Balance (projected at end of FY 2018)</td>
</tr>
<tr>
<td>FY 2019 Budgeted Revenues</td>
</tr>
<tr>
<td>FY 2019 Annual Estimates of Income</td>
</tr>
</tbody>
</table>
General Fund Annual Estimate of Income

Budgeted FY 2019 Revenues

Dues $5,491,800  
Material Sales 4,778,601  
Subscriptions 2,811,434  
Advertising 4,401,058  
Meetings/Conferences 8,094,740  
Miscellaneous 2,775,620

Total Annual Estimate of Income (2019) $28,353,253

REQUEST OF COUNCIL

Approval of Fiscal Year 2019  
Budgetary Ceiling of $84,304,634
Mark Your Ballot

FY19 Annual Estimates of Income

Thank You
Divisions Annual Estimate of Income

Estimated Beginning -
Net Asset Balance (Ending FY18 Projection) $13,263,800
Budgeted FY 2019 Revenue 13,410,740
Other Revenue Transfers* 15,820

Total Annual Estimate of Income (2019) $26,690,360

*Life and Continuing Member Dues

Round Tables Annual Estimate of Income

Estimated Beginning -
Net Asset Balance (Ending FY18 Projection) $1,895,316
Budgeted FY 2019 Revenue 398,284

Total Annual Estimate of Income (2019) $2,293,600
## Grants and Awards Annual Estimate of Income

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td>Non-Government</td>
<td>$2,803,018</td>
</tr>
<tr>
<td>Government Contributions</td>
<td>635,765</td>
</tr>
<tr>
<td></td>
<td>468,460</td>
</tr>
<tr>
<td><strong>Total Annual Estimate of Income (2019)</strong></td>
<td><strong>$3,907,243</strong></td>
</tr>
</tbody>
</table>

## Long-Term Investment Annual Estimate of Income

<table>
<thead>
<tr>
<th></th>
<th>Amount</th>
</tr>
</thead>
<tbody>
<tr>
<td><strong>Budgeted FY 2019 Revenue</strong></td>
<td><strong>$1,032,138</strong></td>
</tr>
<tr>
<td><strong>Budgeted FY 2019 Revenue &amp; Transfers</strong></td>
<td></td>
</tr>
<tr>
<td>Interest/Dividend Transfer to GF</td>
<td>$(603,295)</td>
</tr>
<tr>
<td>Spectrum Interest/Dividends</td>
<td>$232,393</td>
</tr>
<tr>
<td>Life Member Dues</td>
<td>$(85,940)</td>
</tr>
<tr>
<td><strong>Total LT Investment Distribution</strong></td>
<td><strong>$575,296</strong></td>
</tr>
<tr>
<td><strong>Total Annual Estimate of Income (2019)</strong></td>
<td><strong>$575,296</strong></td>
</tr>
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</table>