Treasurer’s Report at the Information Session to the ALA Executive Board, ALA Council and the Planning and Budget Assembly

Maggie Farrell – ALA Treasurer

PBA - Friday, June 19, 2020
Virtual Information Session – June 22, 2020
3 Main Revenue Streams

Membership

Publishing

Conferences

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Areas of Expenditures

40% Professional Development and Leadership Development
13% Member Engagement and Support
14% Advocacy for Libraries and the Profession
21% Equity, Diversity and Inclusion
12% Information Policy and Intellectual Freedom
FY21 Programmatic Priorities

Approved during 2020 Midwinter:

- Diversity
- Equitable Access to Information and Library Services
- Education and Lifelong Learning
- Intellectual Freedom
- Advocacy for Libraries and the Profession
- Literacy
- Organizational Excellence
- Transforming Libraries
FY21 Challenges

• Declining revenues in our three primary revenue sources
• Cancellation of Annual Conference and some continuing education and professional development events
• Outdated Operating Agreement
• Increased operational costs due to COVID-19
• Unanticipated costs for the HQ move and financial operations
• Ongoing IT equipment depreciation impact
Facing our Financial Future

• Increase and diversify our revenue streams
• Seek new partnerships
• Look for internal cost efficiencies
• Leverage collaboration for continuing education and professional development
• Need for increased collaboration and joint work
FY 2021 Preliminary Budget
Very Preliminary FY21 Budget Overview

Budgeted Revenues

- General Fund: $24,428,032 (59%)
- Divisions: $11,809,891 (29%)
- Roundtables: $571,553 (1%)
- Grants & Awards: $3,483,655 (8%)
- Endowment: $1,036,678 (3%)

Legend:
- General Fund
- Divisions
- Roundtables
- Grants & Awards
- Endowment
<p>| | |</p>
<table>
<thead>
<tr>
<th></th>
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</thead>
<tbody>
<tr>
<td>Total Revenues</td>
<td>$41,329,809</td>
</tr>
<tr>
<td>Total Expenses</td>
<td>$45,858,529</td>
</tr>
<tr>
<td>Net Expenses</td>
<td>$(4,528,720)</td>
</tr>
<tr>
<td>Deficit Strategies</td>
<td>$5,050,000</td>
</tr>
<tr>
<td>Net Revenue</td>
<td>$521,280</td>
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</tbody>
</table>
### Preliminary Strategies to Remedy FY21 Budget Gap

<table>
<thead>
<tr>
<th>Description</th>
<th>Amount</th>
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<tbody>
<tr>
<td><strong>Budgeted Deficit for FY 2021</strong></td>
<td>$(4,528,720)</td>
</tr>
<tr>
<td><strong>Additional Furlough Days</strong></td>
<td>250,000</td>
</tr>
<tr>
<td><strong>Paycheck Protection Program (PPP) Funding</strong></td>
<td>1,200,000</td>
</tr>
<tr>
<td><strong>Economic Injury Disaster Loan (EIDL)</strong></td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>Increase in Line of Credit</strong></td>
<td>600,000</td>
</tr>
<tr>
<td><strong>Endowment Loan</strong>**</td>
<td>1,500,000</td>
</tr>
<tr>
<td><strong>Net Revenue</strong></td>
<td>$ 521,280</td>
</tr>
</tbody>
</table>

*Represents 3 additional days above the 20 already budgeted for a total of 23 days. Note: 5 furlough days are planned for FY20.

**Received $4.2 million of which $3.0 million will be used in FY20 and the balance of $1.2 million will be converted into a loan for FY21.

***Applied for $2.0 million, expected $1.5 million but only recently received approval for $150,000.

****Trustees approved a $3.0 million loan request spread over two fiscal years at the EIDL rate of 1%.
Our Summer Work

Update FY20 data to better predict FY21
Revise conference estimates understanding COVID-19 impacts
Finalize Federal funding and loans
Examine internal ALA operations for possible cost savings
Keep focus on quality services and support for members
Engage members demonstrating value
Communicate – communicate – and communicate more
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.

### Memo Only

#### Estimates of Income by Fund

<table>
<thead>
<tr>
<th></th>
<th>Divisions</th>
<th>Round Tables</th>
</tr>
</thead>
<tbody>
<tr>
<td>Available Net Asset Balance (projected at end of FY 2020)</td>
<td>13,810,403</td>
<td>2,305,241</td>
</tr>
<tr>
<td>FY 2021 Est Budgeted Revenues</td>
<td>11,809,891</td>
<td>571,553</td>
</tr>
<tr>
<td>FY 2021 Annual Estimates of Income</td>
<td>$25,620,294</td>
<td>$2,876,794</td>
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</table>

### Table

<table>
<thead>
<tr>
<th></th>
<th>TOTAL ALA</th>
</tr>
</thead>
<tbody>
<tr>
<td>ALA Net Assets (projected at end of FY 2020)</td>
<td>$37,944,144</td>
</tr>
<tr>
<td>FY 2021 Budgeted Revenues</td>
<td></td>
</tr>
<tr>
<td>General Fund</td>
<td>24,428,032</td>
</tr>
<tr>
<td>Divisions</td>
<td>11,809,891</td>
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<td>Roundtables</td>
<td>571,553</td>
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<td>Grants &amp; Awards</td>
<td>3,483,655</td>
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<tr>
<td>Endowment</td>
<td>1,036,678</td>
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<tr>
<td>TOTAL</td>
<td>41,329,809</td>
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<tr>
<td>FY 2021 Annual Estimates of Income</td>
<td>$79,273,953</td>
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</table>
Future Council Action

Early Fall meeting for a budget update – TBD
Consideration and approval of Annual Estimates of Income

Operating Agreement Workgroup discussions and recommendations – ALA Midwinter and Annual Meetings 2021
Discussion

Financial Reports available at:

- http://www.ala.org/aboutala/governance/financialdata/financialrpts/financialrpts

Financial Learning Series at:

- www.ala.org/aboutala/governance/financialdata
- http://www.ala.org/aboutala/treasurerspage