



Treasurer's Report, Annual Estimates of Income FY23, and Operating Agreement WG

ALA Council, PBA, BARC, & Division Leadership

Maggie Farrell, ALA Treasurer
ALA Annual Conference
June 27, 2022



Agenda

- Previous Reports:
 - BARC CD#33.1
 - Treasurer CD#13.2
- Today
 - Draft FY23 Budget
 - Annual Estimates of Income – Action
 - Operating Agreement WG Update



FY23 Budget Timetable

- 2nd Review of FY23 draft budget
- Council approve FY23 AEI
- Final budget review/approval Fall
- Budget strategies – Strategic Pivot Plan



Budget Assumptions

ALA Management develops Assumptions to be used in budget preparation

- Staff salary increase = 2.0% (January 1, 2023)
- Furlough days = 0
- Overhead rate = 26.5%
- Continued freeze of Net Asset Balance transfers to the Endowment
- Approved 5% endowment payouts by Units and Divisions with endowments



Budget Improvements to Date

- PPP Loans/Grants
 - \$4million FY21 & \$2million FY22
- Contributed Revenue
 - \$5.9million FY21 & \$3.85million FY22
- Programmatic Grants
 - \$3.3million FY21 & \$16million FY22
- Pass through Grants
 - \$4.4million FY21 & \$5.3million FY22
- Working capital increased to \$4.8million
- Short term cash to \$14million
- Loan Balance \$4.7million
- Quarterly financial reporting
- In-house financial processing

But more focused work ahead of us....

Preliminary FY23 Budget Overview

<i>in thousands (\$)</i>				
	2020 Actual	2021 Actual	2022 Budget	2023 Budget
Revenues				
General Fund	18,598	27,216	27,239	27,800
Divisions	15,004	10,774	13,559	12,019
Round Tables	494	626	502	556
Grants and Awards	8,888	3,340	4,310	8,521
Total Revenues	42,984	41,955	45,610	48,897
Expenses				
General Fund	28,278	25,685	28,177	28,040
Divisions	14,306	8,952	13,398	11,810
Round Tables	238	265	462	475
Grants and Awards	5,604	6,608	4,310	8,521
Total Expenses	48,425	41,510	46,347	48,847
Net Rev/(Exp) From Operations				
General Fund	(9,679)	1,531	(938)	(240)
Divisions	698	1,821	161	209
Round Tables	256	360	41	81
Grants and Awards	3,284	(3,268)	(0)	(0)
Total Net Rev/(Exp) From Operations	(5,441)	445	(737)	50
Paycheck Protection Program funding			1,000	
Net			263	50

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 2022)	\$65,186,000
FY 2023 Budgeted Revenues	
General Fund	27,800,368
Divisions	12,019,391
Roundtables	556,363
Grants & Awards	8,520,557
Endowment	456,981
TOTAL	\$49,353,660
FY 2023 Annual Estimates of Income	\$114,539,660



Request Council Approval of the Annual Estimates of Income

FY23 Annual Estimates of Income of
\$114,539,660



Operating Agreement Work Group Update

EBD#10.12/CD#40.1

ORIGINAL CHARGE:

To evaluate, assess, and make recommendations to the ALA Operating Agreement that defines the relationship between ALA and Divisions. Specifically, the WG will examine how the existing Operating Agreement is fulfilling the mission and values of the association as well as the financial structure that supports the joint and individual goals of the Association and Divisions. In addition, the WG will examine the relationship between ALA and the Roundtables and will provide recommendations that guide that relationship as well. The Operating Agreement values unity, diversity, authority, autonomy, and collaboration. These values will guide the WG in its assessment and communication.

OAWG Recommendations

- **Re-write Policy A.4.3.4.1** to support “One ALA;” simplify financial reporting; align relationship between ALA and Divisions with a focus on shared costs and shared member value and mission-based expenses; align with the Pivot Strategy; preserve the autonomy necessary for Divisions and to meet the unique programmatic needs of their members; encourage innovation in all ALA units.
- Revise the **Operational Practices** to outline how various aspects of the Policy are to be implemented.
 - New budget process: clear, consistent, collaborative communicative
 - Eliminate internal transfer of overhead, and consider applying that same change to Round Tables and ALA Offices
 - Develop Accountability measures that review and ensure quality of shared services.
 - Address historical Net Asset Balances of Divisions
- Authorize an Implementation Task Force to **develop a new budget process** that consists of ALA management including Division Executive Directors and ALA division budget leaders to outline a new budget process.

OAWG Next Steps

- Review of new Policy and internal process changes by the Committee on Organization with continued Division, Staff, and Council feedback; will be referred back to Executive Board and then brought before Council in January 2023.
- If approved, form an implementation task force to develop new budget process to be implemented by FY25.
- Encourage ALA Executive Director to form an internal working group to revise and update operational practices.



Handy List of References

[Draft FY23 Budget – EBD#3.30](#)

[Draft Five Year Financial Plan – EBD#3.26](#)

[Pivot Plan – EBD#12.34 \(ED Report\)](#)

[Operating Agreement Work Group website](#)

[ALA Treasurer's Page](#) inc. Financial Learning Series