

2009-10 CD #33.0

2009-10 Midwinter Meeting

BUDGET ANALYSIS AND REVIEW COMMITTEE



BARC Report to Council

Jim Neal

BARC Chair for 2009-10

Midwinter Meeting

Sunday - January 17, 2010

Boston, MA



BARC REPORT

- Fiscal Year 2009 Results
- Fiscal Year 2010 First Quarter
- Contingency Plan – 2010
- Role of BARC



Budget Analysis and Review Committee

BARC Report to Council – FY 2009 Results

Consolidated Summary of Operations

Revenues & Expenses

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Revenue	\$54,219,467	\$57,799,373	(\$ 3,579,906)
Expenses*	<u>\$53,536,365</u>	<u>\$54,484,312</u>	<u>(\$ 947,947)</u>
Income from Operations	\$ 683,102	\$ 3,315,061	(\$ 2,631,959)

*Does not include Postretirement benefit costs of \$1,252,038 and \$1,302,877 respectively, which have a non-cash impact on the financial statements

Consolidated Statement of Position

Assets & Liabilities

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Assets	\$67,079,179	\$67,923,868	(\$ 844,689)
Liabilities	<u>\$40,552,229</u>	<u>\$34,728,721</u>	<u>\$5,823,508</u>
Net Assets	\$26,526,950	\$33,195,147	(\$6,668,197)

General Fund Summary

Revenues & Expenses

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Revenue	\$26,967,757	\$28,026,732	(\$ 1,058,975)
Expenses	<u>\$26,754,461</u>	<u>\$27,346,587</u>	<u>(\$ 592,126)</u>
Net Revenue	\$ 213,296	\$ 680,145	(\$ 466,849)

FY 2009 General Fund Budget and Mid-Year Projections

	<u>Budget</u>	<u>Projections</u>
Revenue	\$30,064,000	\$27,270,000
Expenses	<u>\$30,064,000</u>	<u>\$28,894,000</u>
Net Revenue	\$ 0	(\$ 1,624,000)

FY 2009 General Fund Projections

	<u>Budget</u>	<u>Projections</u>
Revenue	\$30,064,000	\$27,270,000
Expenses	<u>\$30,064,000</u>	<u>\$28,894,000</u>
Net Revenue	\$ 0	(\$ 1,624,000)
One Time Expense Adjustments	BC/BS \$186,000 → Unclaimed Checks \$115,000 S & S Refund \$196,000 Vacation Accrual <u>\$244,000</u>	<u>\$ 741,000</u> (\$ 883,000)
Adjusted Net Revenue 1		
Operating Expense Reductions	Handbook \$ 17,000 → Publishing \$105,000 Individual Incentive \$ 75,000 Furlough Savings <u>\$ 250,000</u>	<u>\$ 447,000</u>
Use of Board Reserves*		\$ 436,000

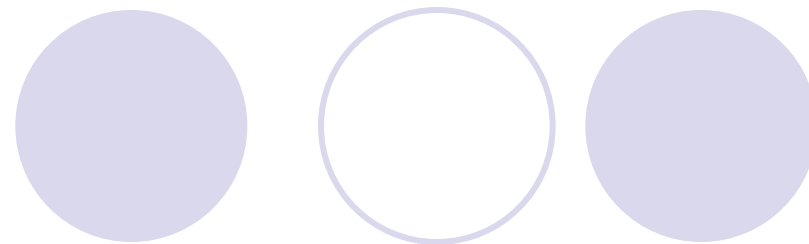
*Up to \$441,500 approved by Executive Board

FY 2009 General Fund Actual Results

	<u>Budget</u>	<u>Projections</u>	<u>Actual</u>
Revenue	\$30,064,000	\$27,270,000	\$26,967,757
Expenses	<u>\$30,064,000</u>	<u>\$28,894,000</u>	<u>\$26,754,461</u>
Net Revenue	\$ 0	(\$ 1,624,000)	\$ 213,296

Division Summary

Revenues & Expenses



	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Revenue	\$13,729,911	\$16,008,255	(\$2,278,344)
Expenses	<u>\$13,975,393</u>	<u>\$14,444,106</u>	<u>(\$ 468,713)</u>
Net Revenue	(\$ 245,482)	\$ 1,564,149	(\$1,809,631)

Roundtables Summary

Revenues & Expenses

	<u>2009</u>	<u>2008</u>	<u>Variance</u>
Revenue	\$ 366,952	\$ 383,695	(\$ 16,743)
Expenses	<u>\$ 332,867</u>	<u>\$ 284,686</u>	<u>\$ 48,181</u>
Net Revenue	\$ 34,085	\$ 99,009	(\$ 64,924)



Budget Analysis and Review Committee

BARC Report to Council – FY 2010 Budget Update
Three Months Ended 11-30-09

Three Month Highlights

- Total ALA Revenue - \$11.1 million
 - More than budget by \$665,477
- Total ALA Expenses - \$11.4 million
 - Less than budget by \$1.2 million
- Excess Expenses Over Revenues – (\$387,311)
 - This is the typical Revenue/Expense/Net pattern for this time period. Budget was for a loss of \$1.2 million
- Cash and Investments - \$18.5 million
 - Down by \$2.5 million from last year
- Endowment Fund - \$28.4 million
 - Up from \$22.4 million (26.8%)

Three Month Highlights

- General Fund Revenue - \$4.7 million

- Less than budget by \$283,029 (-5.6%)
- Less than the same time FY08 by \$20,811 (-0.4%)
- Dues income @\$1.5 million is less than budget by \$35,863 (-2.4%)
- Publishing revenue @ \$2.8 million less than budget by \$339,739 (-10.8%), due to lower sales related to library promotions in Products & Promotions and advertising in American Libraries

- General Fund Expenses - \$5.8 million

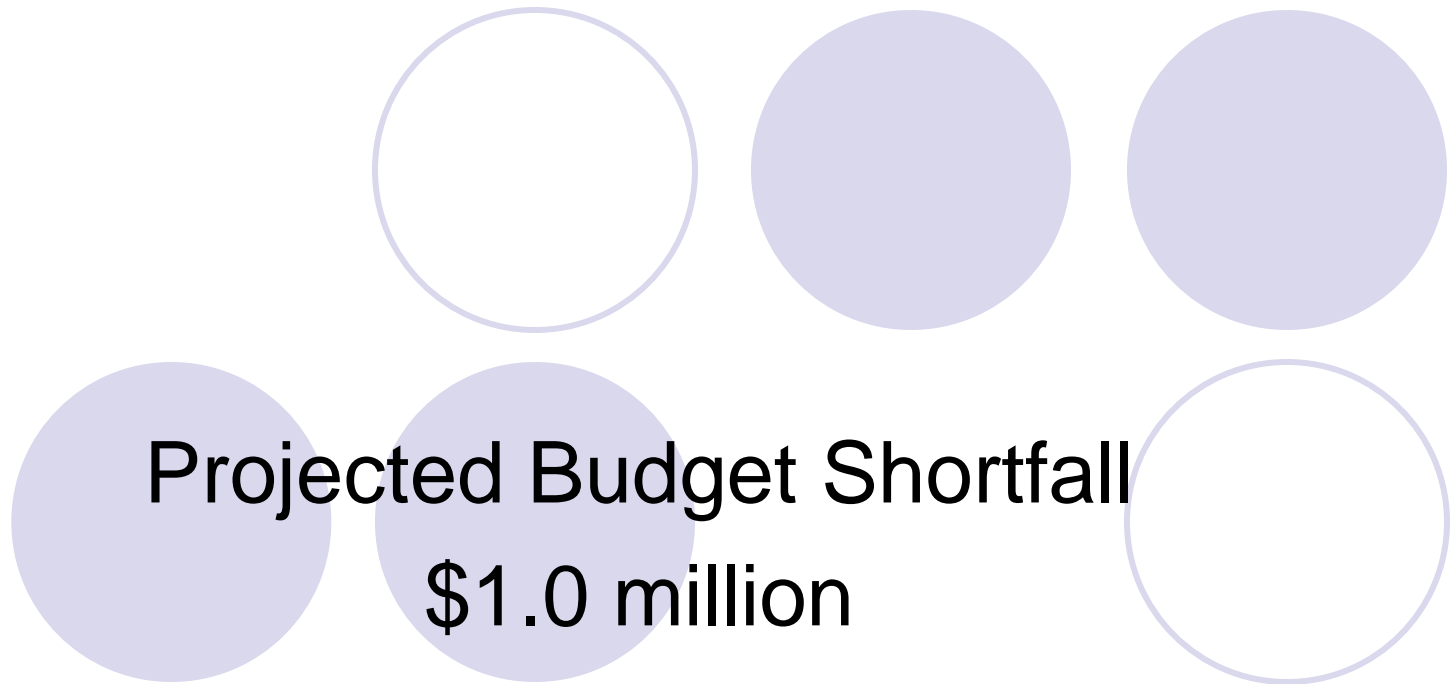
- Less than budget by \$729,049 (-11.2%)
- Less than the same time FY08 by \$291,971 (-4.9%)

Three Month Highlights



- General Fund Excess Expenses Over Revenues
Net Revenue Loss – (\$1.1 million)
 - Better than the budget target of a net revenue loss of
(-\$1.5 million)

Fiscal Year 2010 Contingency Plans



Anticipated Shortfalls

● Publishing (Contribution Margin)	(\$ 250,000)
● Conference (Contribution Margin)	(\$ 500,000)
● Dues Reduction	(\$ 220,000)
● Benefits Increase	<u>(\$ 90,000)</u>
Total Shortfall	(\$ 1,060,000)

Proposed Expense Adjustments

● Unallocated Fund	\$ 250,000
● Furlough	\$ 260,000
● General Expense Reductions	\$ 250,000
● Use of Reserves	<u>\$ 300,000</u>

Total Offset	\$1,060,000
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Role of BARC



- To review the proposed budget, as forwarded by the ALA Executive Board, in the context of the ALA strategic plan, annual priorities and budget assumptions; to review the financial performance of the Association and the budget impact of potential actions of ALA Council; to make budget recommendations to the ALA Executive Board and to report to Council regarding budget analysis and process.

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Thanks for Your Attention