

**2010-11 ALA CD #13.4  
(2011 Annual Conference)**

# **Treasurer's Report to Council**

**Presented By – James Neal  
Tuesday June 28, 2011  
New Orleans, LA**

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## Topics to Cover

1. Fiscal Year 2011 Budget
2. ALA Long-Term Investment Fund
3. Proposed Change in ALA Policy 8.5.1
4. ALA Investments in New Technologies
5. New Business Development Strategies
6. Fiscal Year 2012 Budget

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## FISCAL YEAR 2011 BUDGET UPDATE

- 8 month Period Ending April 30, 2011 -

- ⊙ **Total ALA Revenues** (all combined funds)  
\$27,300,659 - \$ 481,518 less than budget (-1.7%) and  
\$6.4 million less than last year (-18.9%)
- ⊙ **Total ALA Expenses** (all combined funds)  
\$29,729,574 - \$ 703,892 less than budget (-2.3%) and  
\$3.8 million less than last year (-11.2%)
- ⊙ **General Fund Revenues**  
\$14,744,758 - \$ 603,672 less than budget (-3.3%) and  
\$ 106,343 more than last year (0.7%)
- ⊙ **General Fund Expenses**  
\$17,591,730 - \$ 613,842 more than budget (3.0%) and  
\$ 696,144 more than last year (4.1%)

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## FISCAL YEAR 2011 STATUS

- 8 month Period Ending April 30, 2011 cont -

⊙ Division Revenues:	\$ 641,376 less than budget (-6.7%)
Division Expenses:	\$1,493,832 less than budget (-14.4%)
⊙ Roundtable Revenues:	\$ 23,820 less than budget (-11.0%)
Roundtable Expenses:	\$ 67,783 less than budget (-46.6%)
⊙ Grants and Awards:	\$ 438,948 more than budget (18.1%)
⊙ Investment Interest Dividends:	\$ 248,302 more than budget (77.2%)
⊙ Long-Term Investment:	\$33,750,178 (\$28.9 million in Aug. 2010)

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## General Fund Budget Adjustment Sources

### Revenue Shortfall

General Fund	(\$ 442,000)
Expense Overage	(\$ 449,000)
Total	(\$ 891,000)

### Expense Adjustments

Personnel Related	\$ 128,000
Building & Technology Related	\$ 131,000
Governance/Committees	\$ 38,000
Publishing & Conferences	\$ 170,000
BCBS Refund	\$ 220,000
BCBS Reserve	\$ 50,000
Total	\$ 737,000
Shortfall/Board Reserves	(\$ 154,000)

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## Potential Use of Reserves

**\$154,000 - \$375,000**

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## Long-Term Investment Fund

- Building Through Planned Giving & Gifts

\$33,471,467 (as of May 31, 2011),

(\$28.9 million at end of FY10)

- Growth in value through managed investments.
- Transfers from fund balances.
- New gifts and contributions.

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## Long-Term Investment Fund

- Building Through Planned Giving & Gifts

- Planned Giving Campaign
- Fundraising Advisory Committee
- Policies and Procedures
- Giving Instruments:
  - Bequests
  - Retirement Fund Designations
  - Life Insurance Designations
  - Gift Annuities
  - Charitable Remainder Trusts

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## Changes in

**ALA Policy 8.5.1** – payout formula and language

- New Payout Formula: 3% - 5% of the trailing five-year quarterly (20) rolling average of each funds net asset balance.
- The change will make more dollars available – approximately \$650,000 – for use in scholarships, awards, program initiatives and general operations.
- The change will make planning for and the budgeting of such funds much easier.

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## Changes in

### ALA Policy 8.5.1 – payout formula and language

(con't)

- ⊙ The initial rate will be 4%.
- ⊙ The proposed rate will be reviewed annually by the Endowment Trustees and the Finance & Audit committee with final approval by the Executive Board.

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## Investment in New

### Technologies and Systems – A Strategic Priority

- ⊙ Financial/Accounting System
  - ⊙ Web Content Management System
  - ⊙ E-Commerce System
  - ⊙ Hardware Upgrades
  - ⊙ Software Upgrades
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- ⊙ Capital Budget
  - ⊙ Technology Reserve Fund

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## FY 2012 Capital Request

	Purchase Price	Depreciation Year 1	Depreciation Year 2
Computer & Related - GF	\$ 69,860	\$ 10,319	\$ 20,639
ITTS - ALA wide Technology - GF	\$ 837,940	\$ 83,794	\$ 167,588
Computer Related- Divisions	\$ 155,952	\$ 16,325	\$ 32,651
General Furniture & Equipment	\$ 44,312	\$ 4,431	\$ 8,862
Building Improvements	\$ 307,000	\$ 15,350	\$ 30,700
Technology Reserve Fund	\$ 650,000	\$ 65,000	\$ 130,000
Publishing Development Costs	\$ 192,000	\$ 19,200	\$ 38,400
Contingency	\$ 100,000	\$ 16,667	\$ 33,333
<b>Total Capital Requests</b>	<b>\$2,357,054</b>	<b>\$231,086</b>	<b>\$ 462,173</b>

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## New Business Development

◎ Primary Sources of Revenue:

- Membership
- Conferences
- Publishing

◎ How to Build New Revenue Streams for ALA:

- Current Products to Current Markets
- New Products to Current Markets
- Current Products to New Markets
- New Products to New Markets

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## New Business Development

Areas of Current Activity and Exploration:

- Electronic Publishing
- Continuing Education Online
- International Community
- Public/Library Users
- Mergers and Acquisitions

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## *Fiscal Year 2012 Budget* *- The Next Steps -*

Details and Approval

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## ALA's Financial Value Proposition

*"To develop and deploy the financial resources that support the strategic plan and delivery of programs that are responsive to member needs and support the improvement of library service."*

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## Budget Aligned with ALA Programmatic Priorities (Key Action Areas)

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

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## Total ALA FY 2012 Budgetary Ceiling

Net Assets  
(Unexpended balance remaining from FY 2011)

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Revenue  
(Anticipated for FY 2012)

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Budgetary Ceiling

See Article IX, page 30 of ALA Handbook

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**GENERAL FUND ANNUAL  
ESTIMATE of INCOME**

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**\$27,820,693**

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**General Fund Annual  
Estimate of Income**

Budgeted FY 2012 Revenues

Dues	\$5,852,775
Material Sales	5,477,060
Subscriptions	2,653,558
Advertising	3,931,211
Meet/Conferences	7,394,187
Miscellaneous	<u>2,511,902</u>
<b>Total Budgetary Ceiling</b>	<b>\$27,820,693</b>

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**Division Annual Estimate of Income**

Estimated Beginning -

Net Asset Balance <small>(Ending FY11 Projection)</small>	\$11,153,397
Budgeted FY 2012 Revenue	16,533,654
Other Revenue Transfers*	<u>24,075</u>
<b>Total Budgetary Ceiling</b>	<b>\$27,711,126</b>

\*Life and Continuing Member Dues

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**Round Tables Annual  
Estimate of Income**

Estimated Beginning -		
Net Asset Balance <small>(Ending FY11 Projection)</small>		\$988,830
Budgeted FY 2012 Revenue		<u>\$425,939</u>
 Total Budgetary Ceiling		 \$1,414,769 -----

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**Grants and Awards Annual  
Estimate of Income**

Non-Government		\$2,335,808
Governments		2,085,934
Contributions		<u>681,006</u>
 Total Budgetary Ceiling		 \$5,102,748 -----

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**Long-Term Investment  
Annual Estimate of Income**

Budgeted FY 2012 Revenue		\$555,713
Interest/Dividend Transfer*		-83,831
Spectrum Interest/Dividends		80,195
Spectrum Capital Gain		100,244
Life Member Dues		<u>-68,950</u>
 Total Budgetary Ceiling		 \$583,371 -----

\*Per policy 8.5.1

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**Technology Reserve Fund**

Beginning Balance - \$877,562  
 FY 2012 Expenses - \$279,969  
 Ending Balance - \$597,593

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**Total ALA FY 2012  
 Budgetary Ceilings**

General Fund	\$27,820,693
Divisions	27,711,126
Round Tables	1,414,769
Grants & Awards	5,102,748
Long Term Investments	<u>583,371</u>
Subtotal	\$62,632,707
Technology Reserve Fund	<u>\$279,969</u>
Total ALA	
FY 2012 Budgetary Ceiling	<u>\$62,912,676</u>

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