

2011 – 2012 ALA CD #33.1

ALA Council/Executive Board/Membership
Information Session

Annual Conference 2012

BUDGET ANALYSIS AND REVIEW COMMITTEE

REPORT TO COUNCIL

Annual Conference

Saturday, June 23, 2012

Anaheim, CA

BARC REPORT

- Fiscal Year 2012 Budget Update
- Summer Projections and Budget Adjustments
- Status of Membership Retention Proposals
- Fiscal 2013 Budget Development
- Budget Monitoring/Contingency Plans
- Update on ALA Financial Learning Series

FISCAL YEAR 2012 BUDGET UPDATE

8 month Period Ending April 30, 2012 – Total ALA Revenues

	YTD	YTD		%
	<u>Actual</u>	<u>Budget</u>	<u>Variance</u>	<u>Change</u>
General Fund	\$ 15,608,166	\$ 14,935,623	\$ 672,543	4.5%
Divisions	\$ 11,267,030	\$ 12,022,837	\$ (755,807)	-6.3%
Round Tables	\$ 183,594	\$ 246,104	\$ (62,510)	-25.4%
Grants/Awards	\$ 3,542,257	\$ 3,369,235	\$ 173,022	5.1%
LTI	\$ <u>538,866</u>	\$ <u>558,444</u>	\$ <u>(19,578)</u>	<u>-3.5%</u>
Total	\$ <u>31,139,913</u>	\$ <u>31,132,243</u>	\$ <u>7,670</u>	<u>0.0%</u>

FISCAL YEAR 2012 BUDGET UPDATE

8 month Period Ending April 30, 2012 – Total ALA Expenses

	YTD <u>Actual</u>	YTD <u>Budget</u>	<u>Variance</u>	% <u>Change</u>
General Fund	\$ 17,972,861	\$ 16,548,952	\$ (1,423,909)	-8.6%
Divisions	\$ 9,757,279	\$ 11,403,311	\$ 1,646,032	14.4%
Round Tables	\$ 74,502	\$ 159,301	\$ 84,799	53.2%
Plant Fund	\$ -	\$ 170,800	\$ 170,800	100.0%
Grants/Awards	\$ 3,542,257	\$ 3,369,235	\$ (173,022)	-5.1%
LTI	<u>\$ 226,849</u>	<u>\$ 333,480</u>	<u>\$ 106,631</u>	<u>32.0%</u>
Total	<u>\$ 31,573,748</u>	<u>\$ 31,985,079</u>	<u>\$ 411,331</u>	<u>1.3%</u>

FISCAL YEAR 2012 BUDGET UPDATE

- 8 month Period Ending April 30, 2012 – Total ALA Net Revenue

	<u>YTD Actual</u>	<u>YTD Budget</u>	<u>Variance</u>	<u>% Change</u>
Total Revenues	\$ 31,139,913	\$ 31,132,243	\$ 7,670	0.0%
Total Expenses	<u>\$ 31,573,748</u>	<u>\$ 31,985,079</u>	<u>\$ 411,331</u>	<u>1.3%</u>
Net Revenue	<u>\$ (433,835)</u>	<u>\$ (852,836)</u>	<u>\$ 419,001</u>	<u>49.1%</u>

Summer Year End Projections

- Based on April Results – Total ALA

	<u>ANNUAL BUDGET</u>	<u>SUMMER PROJECTION</u>	<u>VARIANCE</u>	<u>% CHANGE</u>
GENERAL FUND	\$ 27,072,978	\$ 27,645,537	\$ 572,559	2.1%
DIVISIONS	\$ 16,348,510	\$ 15,173,843	\$ (1,174,667)	(7.2%)
ROUND TABLES	\$ 430,639	\$ 430,639	\$ -	
GRANTS AND AWARDS	\$ 5,319,332	\$ 5,319,332	\$ -	
LONG TERM INVESTMENT FUND	\$ 837,756	\$ 837,756	\$ -	
TOTAL REVENUES	\$ 50,009,215	\$ 49,407,107	\$ (602,108)	(1.2%)
GENERAL FUND	\$ 27,072,978	\$ 28,506,498	\$ (1,433,520)	(5.3%)
DIVISIONS	\$ 16,435,834	\$ 14,989,023	\$ 1,446,811	8.8%
ROUND TABLES	\$ 351,373	\$ 351,373	\$ -	
GRANTS AND AWARDS	\$ 5,319,332	\$ 5,319,332	\$ -	
LONG TERM INVESTMENT FUND	\$ 674,740	\$ 674,740	\$ -	
TOTAL EXPENSES	\$ 49,854,257	\$ 49,840,966	\$ 13,291	0.03%
NET REVENUE(LOSS)	\$ 154,958	\$ (433,859)	\$ (588,817)	(380.0%)

Summer Year End Projections

- Based on April Results - General Fund Net Revenue

	<u>Annual Budget</u>	<u>Summer Projection</u>	<u>Variance</u>	<u>% Change</u>
Total Revenues	\$ 27,072,978	\$ 27,645,537	\$ 572,559	2.1%
Total Expenses	<u>\$ 27,072,978</u>	<u>\$ 28,506,498</u>	<u>\$ (1,433,520)</u>	<u>(5.3%)</u>
Net Revenue	<u>\$ 0</u>	<u>\$ (860,961)</u>	<u>\$ (860,961)</u>	<u>NA</u>

FY 2012 General Fund Summer Adjustment Details - Revenues

<u>Revenue</u>	<u>Variance to Budget</u>
Publishing (1)	\$1,862,000
Annual Conference (2)	(\$ 857,000)
Interest Income	(\$ 390,000)
Miscellaneous (Mail list etc.)	<u>(\$ 42,000)</u>
Total	\$ 572,000

1) Neal-Schuman	\$1,982,000
RDA	(\$ 90,000)
2) Registration	(\$ 473,000)
Exhibits	(\$ 357,000)

FY 2012 General Fund Summer Adjustment Details - Expenses

Expenses

Publishing (3/4)	(\$2,335,000)
Annual Conference	\$ 438,000
Benefits	\$ 177,000
Unallocated/Contingency	\$ 323,000
Communications	\$ 117,000
Overhead	\$ 78,000
Executive Office	\$ 70,000
Other	<u>(\$ 301,000)</u>
Total	(\$1,433,000)

3) Neal-Schuman Operating Expenses	\$1,429,000
One-time acquisition costs	\$ 717,000
4) Reduction to Neal-Schuman book value	\$ 335,000

Mid Year Summer Adjustment Details

- *Publishing Expense Note (4)*

4) Reduction to Neal Schuman book value - \$335,000

Note: Certain intangible assets such as trademark, backlist, on-line catalog, etc. have a value that extends between 3 and 10 years. A portion of the value or useful life will be recognized as an expense each year. The expense for FY 2012 will be \$335,000 and is based on valuations provided by the accounting firm of Blackman Kallick.

Actions to Cover Deficit

General Fund – Spring Meeting

Projected Deficit - \$400,000

The Executive Board approved the transfer of the remaining unused interest of \$94,551 from the ALA Future Fund interest generated from 2005 and 2006 to partially offset the projected FY 2012 General Fund operating deficit.

Additionally,

The Executive Board approved the use of up to \$300,000 in General Fund net asset balance reserves to further offset the projected FY 2012 General Fund operating deficit.

Actions to Cover Deficit

General Fund – Net Asset Balance

Net Asset Balance - Beginning FY12	\$1,428,293
Use of Reserves to Cover FY12 Loss	(\$ 860,960)
Use of Future Fund Interest	\$ 94,000
2015 Projects Expensed in FY12	<u>(\$ 200,000)</u>
Total FY12 Use of Reserves	(\$ 966,960)
Net Asset Balance - Ending FY12	\$ 461,333
Projected FY13 additions to net assets	<u>\$ 200,000</u>
Projected Net Asset Balance - Ending FY13	\$ 661,333

Membership Proposals

- Approved at Spring Meeting -

Increase the Retention of Recently Dropped Members*

- Join & Save /First Year Members
 - offer a discounted renewal rate
 - incremental increases through year three to full member rate
- Small & Very Small Libraries – Organizational Members
 - offer a discounted renewal rate (1x 50% of regular rate)
 - build ongoing relationship
 - show support during difficult economic times

*Dropped for non-payment in the last 12 months for individual members; 24 months for organizational members

FISCAL YEAR 2013 PLAN

BUDGET PREPARATION PROCESS

(All General Fund Units, Divisions, and Roundtables)

- Key Functions/Alignment with ALA Priorities i.e. ALA 2015 strategic plan
- Environmental Assumptions
- Positive/Negative Trends
- Major Multiyear Unit Goals
- Service and Product Enhancements
- New Business Development Strategies
- Current Year Budget Review
- Next Fiscal Year Budget Request

BUDGET MONITORING/CONTINGENCIES

- Detailed Month-to-Month Budget Review
- October 2012 - Final FY12 Results
- February 2013 - FY13 Six-Month Analysis
(Annual Projections)
- Detailed Revenue Trends Analysis
 - Publishing
 - Dues
 - Meetings and Conferences
 - Grants and Awards
 - Interest and Dividends
- Detailed Expense Reduction Strategies – if needed

ALA's Financial Learning Series

- Round Table Financial Orientation – Just Added

<http://www.ala.org/aboutala/governance/financialdata/treasurerspage/learnroundtables>

- New Business Development – Currently Under Development
- Current Offerings:
 - Operating Agreement
 - Budget Cycle and Process
 - Organizational Structure
 - Long Term Investment Fund (Endowment)
- Series will be supplemented by a one hour meeting at the Midwinter Meeting in Seattle.

Thank You for Your Attention