**TO:** ALA Executive Board

**DATE:** January 26, 2021

**RE:** Joint Meeting report for the Budget, Analysis, and Review Committee (BARC) and the Finance and Audit Committee (F&A) to the Executive Board

**ACTION REQUESTED/INFORMATION/REPORT:**

Approval of the presidential programs preliminary budget.

Approval of the suspension of transfers into the ALA Endowment in the FY22 budget.

Approval and recommendation to Council of the budget objectives for the FY22 budget.

**ACTION REQUESTED BY:**

BARC and F&A

**CONTACT PERSON:**

Peter Hepburn, BARC Chair, [peter.hepburn@canyons.edu](file:///G:\My%20Drive\ALA%20Executive%20Board%20and%20Treasurer\2021%20Midwinter%20Meeting\peter.hepburn@canyons.edu), 661.362.3758

Maggie Farrell, ALA Treasurer and F&A Chair, [maggie.farrell@unlv.edu](file:///G:\My%20Drive\ALA%20Executive%20Board%20and%20Treasurer\2021%20Midwinter%20Meeting\maggie.farrell@unlv.edu), 702.895.2286

**DRAFT OF MOTIONS:**

* F&A with concurrence of BARC recommends to the Executive Board the presidential programs preliminary budget submitted by the 2021-2022 ALA President (EBD#3.14).
* F&A with concurrence of BARC recommends to the Executive Board suspension of transfers into the ALA Endowment in the FY 22 budget (EBD#13.3).

**BACKGROUND:**

Members of the Budget Analysis and Review Committee (BARC) and the Finance and Audit committee (F&A) held a joint meeting on Tuesday, January 19, to discuss and review a number of financial issues and are pleased to report to the Executive Board on our activities. Below is a list of the primary topics discussed:

* Presentation of and discussion with ALA Executive Director Tracie Hall an update and details of the Five-Year Strategic Pivot Plan (ALA CD#36)
* Discussion and approval for the proposed Presidential Initiative Budget for FY22 with President-Elect Patty Wong (EBD#3.14)
* Reviewed FY19 year-end financial results (EBD#3.18)
* Analyzed FY21 one-month results, September 30, 2020 (EBD#3.15)
* Discussed the Endowment Trustees Report (EBD#13.2)

Other discussion items included an update on the process of completing FY20 financial results, liaison visits, draft resolutions, and preparation for the joint Midwinter PBA, BARC, and Divisional Leaders’ meetings.

There were additional information reports provided to BARC and F&A including individual strategic investment budget reports, publishing, membership, advocacy, and FY21 Budget Guidance for ALA Managers.

**DETAILED INFORMATIONAL ITEMS:**

Executive Director Update (ALA CD#36)

Executive Director Tracie Hall provided an overview of the Strategic Pivot Plan which is a five-year plan to increase and diversify revenue streams, increase membership, expand professional development/continuing education, and increase non-library stakeholders in the future of libraries through ALA support.

Proposed FY22 Presidential Initiative Budget (EBD#3.14)

President Elect Patty Wong provided an overview on her initiatives for the coming year. Committee members were supportive of her inclusiveness and strengthening ALA-APA. BARC and F&A approved the budget for consideration of the Executive Board.

ALA FY20 Financial Results

Typically, BARC and F&A would be presented with year-end financial results for the most recently completed fiscal year in time for the Midwinter meeting. This not the case for FY20, however. The most recent monthly results available are for April 2020. Interim CFO Denise Moritz reported to the joint meeting that the monthly results are being completed according to a previously established timeline. ALA Finance staff continue to monitor the monthly results for significant variance from expectations; as of April 2020 results, there have been none to report.

ALA FY21 – One-Month Financials as of September 30, 2020 (EBD#3.15)

Interim CFO Denise Moritz reported on results for the current fiscal year noting that one month is very premature to assess any trends but that as they monitor current expenditures and membership numbers, the fiscal year is proceeding as forecasted. Committee members encouraged the Finance Office to streamline reports as monthly reports are not necessary for FY20 as the focus is to complete the fiscal year with accurate financial data. In addition, committee members encouraged the Finance Office to move from monthly reports to quarterly reports.

ALA FY22 Budget Preparation (EBD#3.20, EBD#3.19, and EBD#13.3)

Following the Midwinter meetings, ALA will start on the FY22 budget preparation. The committees reviewed the ALA Management’s budget assumptions that include a 2% cost of living adjustment, no furloughs, 26.5% overhead rate, etc. The Committees discussed Budget Objectives (Programmatic Priorities) that will focus on budget infrastructure and stability that will enable the programmatic priorities as outlined in the ALA Strategic Plan. The Budget Objectives that will be considered by the Executive Board and ALA Council for approval.

The Committees also discussed the current liquidity and the need to ensure that operations have enough short-term cash funds for current expenditures. BARC and then F&A approved the request to suspend transfers from operating net asset balances into the Endowment for FY22. The motion will be considered by the Executive Board.

Endowment Trustees Report (EBD#13.1)

Pat Wand, Senior Trustee, presented endowment portfolio results and recent activities. In addition, the committees discussed investments in environmental, social, and corporate governance (ESG) investing noting that the endowment is 52% ESG, and increase from this time last year when it was at 34%. The trustees are committed to increasing ESG investments.

**F&A Meeting – January 26, 2021**

F&A met in closed session with John Fedus, Mueller CPA, Chicago, regarding the timeframe for the FY20 Audit including current preliminary analysis and testing to be ready for the audit by June 2021. Mr. Fedus provided an overview of new accounting pronouncements that will impact FY20. Since the FY20 Audit is delayed, it is recommended that grant agencies be alerted to the delayed timeframe.

F&A discussed that it will be necessary to hold a special meeting in July 2021 to review the FY20 audit. It was noted that there would be a new F&A Committee so the Committee recommended that the Treasurer work with President Wong for an overlap of both committees. In addition, Committee members encouraged the development of an orientation session for new F&A Committee members and Mr. Fedus offered his assistance in providing training.

Interim CFP Denise Moritz provided an update on staffing within the Finance Office including their software platforms.

No action was taken during the closed meeting.

**ACTION ITEMS:**

F&A with concurrence of BARC recommends to the Executive Board the Presidential Programs preliminary budget submitted by the 2021-2022 ALA President (EBD #3.14).

F&A with concurrence of BARC recommends to the Executive Board suspension of transfers into the ALA Endowment in the FY22 budget (EBD #13.3).

Recommendation to Council of the Budget Objectives for the FY22 budget (EBD #3.19).

**ACKNOWLEDGEMENT:**

BARC and F&A extends its sincere thanks to the ALA finance staff: Denise Moritz, Joanne Lee, Keith Brown, Brad Geene, and Holly Robison for their work and support in preparing for the committees’ meeting and discussions.

Respectfully submitted:

BARC F & A

Peter Hepburn, Chair Maggie Farrell, Chair

Brett Bonfield Ed Garcia

Ann Ewbank Maria McCauley

Carl Harvey Patty Wong

John Lehner Peter Hepburn, BARC Chair

Rodney Lippard

Larry Neal

Karen Schneider

Maggie Farrell, Treasurer