**TO:** PLA Board of Directors

**FROM:** Barb Macikas, Executive Director and Scott Allen, Deputy Director

**RE:** FY19 Financial Report, January 2019

**DATE:** March 26, 2019

**ACTION REQUESTED/INFORMATION/REPORT:** Report

**FY19 Budget Overview**

PLA’s final FY19 budget includes total revenue of $3.2 million with expenses of $3.95 million, for a net loss of $749,540. The fund balance is projected to be $3.1 million at the close of FY19.

|  |  |  |
| --- | --- | --- |
| **Fund Balance, FY18 Close** |  | $3,866,403 |
| FY19 Revenue |  $852,413  |  |
| FY 19 Revenue - Grants |  $2,350,278  |  |
| **Total Revenue, FY19** |  | $3,202,691 |
| Expenses |  ($1,552,321) |  |
| Expenses - Grants |  ($2,033,275) |  |
| **Total Expenses, FY19** |  | ($3,585,596) |
| Overhead & Taxes | ($49,632) |  |
| Overhead & Taxes - Grants |  ($317,003) |  |
| **Total OH & Taxes, FY19** |   | ($366,635) |
| **Fiscal Year Results** |  | ($749,540) |
| **Projected Fund Balance, FY19 Close** |  | $3,116,683 |

**FY19 Budget Status as of January 2019\***

Operating Budget

As of January 2019, PLA has an actual operating loss of $156,177, compared to a budgeted operating loss of $346,814. This significant (55%) variance is due to lower than anticipated expenses and sponsorship revenue that was not anticipated during the budgeting process.

|  |  |  |  |  |  |
| --- | --- | --- | --- | --- | --- |
|  | **Jan 2019****YTD Budget** | **Jan 2019** **YTD Actual** | **Jan 2019 Variance** | **Jan 2019 Variance %** | **Remaining Current Budget** |
| **Total Revenues** | $356,417  | $335,289  | ($21,128) | -6% | $517,124  |
| **Total Expenses before OH and tax** | $675,476  | $484,306  | $191,170  | 28% | $1,068,016  |
| **Contribution Margin** | ($319,059) | ($149,017) | $170,042  | 53% | ($550,892) |
| **Overhead and Tax** | $27,754  | $7,160  | $20,594  | 74% | $42,472  |
|  |  |  |  |  |  |
|  | **YTD Budget** | **YTD Actual** | **Variance** | **Variance %** |  |
| **Net Revenue (Expense)** | ($346,814) | ($156,177) | $190,636  | 55% |  |
|  |  |  |  |  |  |
| **Beginning NAB** | **Ending NAB** | **Net Revenue** | **Increase in NAB** |  |  |
| $3,866,402  | $3,710,225  | ($156,177) | -4.04% |  |  |

* Operating Revenue: At the close of January 2019, PLA had budgeted for $356,417 in revenue and has an 6% negative variance, with actual revenue of $335,289. Revenue from products and events is low; ad revenue, publication sales, and webinar sales are under budget. This is likely due to continued difficulty securing advertisers and the need for PLA to invest in creating new product lines to boost revenues. The current product line is unlikely to meet revenue targets. PLA is unlikely to meet revenue targets for these products in FY19. Project Outcome regional training is also below revenue targets but mainly due to timing of events. However, dues are slightly ahead of budgeted revenue, and PLA benefited from registrations for an unbudgeted 2019 Midwinter Meeting Institute. In addition, two unbudgeted sponsorships (a $43,000 grant from Capital One, and a $61,000 share of ALA’s grant from Google which was recognized in PLA’s budget as a credit to expenses) resulted in positive net revenue in the PLA Partners project.
* On the expense side, at the close of January 2019 PLA had budgeted to spend $703,230 and has spent $491,466, for a favorable variance of 30%. Projects under budget for expenses as of January 2019 include regional continuing education events including our EDISJ trainings ($140 spent versus combined budget of $45,692), Project Outcome regional training ($6,459 spent versus budget of $20,468), DigitalLearn ($15,666 spent versus budget of $32,075), and the Inclusive Internship Initiative Cost Share ($103,376 spent versus budget of $143,851). Most of the activities in these projects are occurring so the variance in expenses is mostly due to timing, and PLA anticipates ending FY19 near budget for expenses.

Grant Budgets

By the close of January 2019 PLA had spent $893,317 in grant funds compared to a budgeted amount of $762,817. As reported in the Midwinter Meeting board report, a large payment for the African Library and Information Associations and Institutions project (3176) was budgeted in FY18 but delayed and issued in early FY19, and renewal of the IMLS-funded Inclusive Internship Initiative (3184) did not occur until after the FY19 budget process was completed.

Overhead

Total overhead to ALA for FY19 was budgeted at $366,635. As of January 2019, PLA had paid ALA $134,505 versus the budgeted amount of $155,987. In March 2019, ALA Finance asked units to project overhead, and PLA projected that we will provide ALA with about $310,000 in overhead in FY19, or about $50,000 less than budgeted. This is primarily due to a shift from charging expenses to Legacy (3175) to the General Operating grant (3177), but also due to low product sales and registrations.