**Public Library Association - FY21 – August 2021 Financial Narrative (Q4/Year End)**

**FY21 Operating Budget as of August 2021, Final Close**

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| **GENERAL FUND (12-401)**  ***Including Conference*** | **August 2021**  **YTD Budget** | **August 2021**  **YTD Actual** | **August 2021 Variance** |
| **Total Revenues** | $771,600 | 748,667 | ($22,933) |
| **Total Expenses before OH and tax** | ($1,244,656) | ($877,950) | $366,706 |
| **Overhead and Tax** | ($55,545) | ($28,673) | $26,872 |
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|  | **YTD Budget** | **YTD Actual** | **Variance** |
| **Net Revenue (Expense)** | ($528,601) | ($157,956) | $370,645 |
| **Beginning NAB** |  | **Ending NAB** |  |
| $4,664,935 |  | $4,506,979 |  |
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| **LONG TERM INVESTMENT** | **FY21 Actual August 2021 Final Close** |
| **Beginning Balance FY21** | $1,761,881 |
| **Interest/Dividends FY21** | $53,133 |
| **Expenses FY21** | ($11,557) |
| **Endowment Gain/Loss** | $339,420 |
| **Ending Net Assets FY21** | $2,142,877 |

Year Close Overview: PLA ends the fiscal year with a $157,956 loss to its fund balance, but exceeding the budgeted $528K loss by $370K. PLA missed its revenue target by 3% ($22,933), due to a lag in revenue anticipated in Q4: $45,000 in site development revenue for Digital Learn which will move to FY22, due to production delays; and $18,000 in budgeted revenue for the Advancing Family Engagement virtual classroom series that experienced pandemic delays. On the expense side, FY21 was a year of meticulous attention to budget combined with pandemic-related underspending of budgets for in-person CE, conference planning, and in-person membership events. These dynamics combined land PLA with expenses at 30% under the budgeted $1,244,656. One note: Final FY21 expenses include a $75K FY20 PLA National Conference AV expense that was recorded to FY21 due to an initial misclassification by ALA accounting staff.

Net Asset Balance: PLA began FY20 with $3,493,338 in its fund balance, and primarily due to the success of PLA 2020 in Nashville, PLA closed FY20 with a fund balance of $4,664,935.PLA was budgeted to close FY21 with roughly $530,000 in losses to its fund balance, dropping it down to about $4,135,000. *However*, per the FY21 close, PLA’s net loss was significantly smaller than budget bringing the net asset balance to 4,506,979. While PLA shows a robust net asset balance on paper, the planned FY22 transfer of $350K from our net asset balance to the Long Term Investment fund has been denied due to ALA’s cash flow position.

Operating Budget: PLA’s actual FY21 net loss of $157,956, compares favorably to a budget net loss of $528,601. PLA has stayed well below the budgeted loss for all of FY21. This favorable position is due to the following:

* Administrative costs (staff, board management) end the year underbudget by almost 11%. This is due to savings in staff salaries (interim executive director), facilities rentals and travel.
* Dues income exceeded budget substantially. Dues revenue was exactly on target as of Q1, and about one-third *over* budget as of Q2 and Q3. In Q3, PLA was 36% over budget. As noted previously, ALA divisions budgeted dues income at about 2/3 of a normal year, anticipating that the COVID-19 pandemic and other factors would reduce membership. While a normal non-conference year might yield $550,000 in PLA member dues, only $387,200 was budgeted. With the close of Q4, PLA closes the year with $519,888 in dues revenue, which is lower than usual, but 34% higher than budgeted.
* PLA’s paid webinars generated $71,240 in sales revenue against budgeted revenue of $52,000. On top of that, PLA received a $100,000 fund transfer from the Washington Office to underwrite PLA’s census data literacy project work., This transfer was credited to an expense line due to the internal unit transfer from PPA. PLA’s Web CE account (due to multiple census related webinars). Webinars close the year with $141,596 in net revenue.
* Live professional development activities were optimistically budgeted for FY21, and they will not be held. These include space planning, Equity Starts with Us, and Project Outcome trainings. Since these events are not being held, expenses were minimal, and two virtual programs have helped generate missing revenue for PLA.
  + The new EDISJ Leadership Lab series, offered virtually, generated $42,765 in revenue, hitting 40% of the $110,000 yearly revenue target for the live EDISJ trainings. Due to lower expenses, however, the net stands at $30,219, which exceeds the budgeted net of $25,672.
  + The Advancing Family Engagement virtual classroom series closed under budget for FY21, with $18,600 in revenue from its second cohort, and ending the year with a net of $6,777, under the budgeted $14,000 in revenue. The third cohort was postponed to FY22 due to staff capacity and the ramp up for the national conference.

* Publication revenue ends the year with sales of general publications exceeding budgeted revenue ($25,645 vs $6,400) and the same with Every Child Ready to Read ($28,596 vs $5,400). Factoring in expenses across both projects, net revenue is at $37,146 compared to budgeted net revenue of $3,000. And *Public Libraries* magazine, projected to lose $79,073 in FY21, closes the year with a $32,866 deficit, exceeding budget by 42%.
* PLA’s only active conference account, Conference Planning, was budgeted to spend $94,500 during FY21 on conference promotion, site visits, facility deposits and other “off year” expenses. This account closed the year with $49,563 in expenses, 51% below budget due to pandemic delays.
* Other spots to note include the Partners (fundraising) account, which has actual net revenue of $9,996, against a budgeted loss of $300. This account will be sunsetted in FY21 with the establishment of restricted fund account for PLA donations. DigitalLearn, which closes the year, as anticipated, losing $83,026 due to ongoing course development, will begin generating revenue in FY22 through system subsite fees.

Long Term Investment: PLA began FY21 with a balance of $1,761,881, a $219,794 increase from the beginning balance of FY20. Similar to FY20, the investment fund has done very well in FY21. In addition to interest dividends of $53,133, endowment realized gains are at $145,528and unrealized gains are $193,892. PLA rolled it’s eligible transfer of $65,770 back into the endowment. Service charges to manage the investment were $11,557. At the FY21 close, PLA has an endowment balance of $2,142,877, realizing an overall increase of $380,996.

Grant Budgets: At the close of August 2021, PLA had received $1,768,065 in grant funds compared to a budgeted amount of $1,234,646, for a difference of $533,419. Grant spending is far exceeded budget because PLA only budgeted for the Gates Legacy grant in FY21 yet confirmed multiple grants after FY21 budgeting “closed” in the late summer of 2020 and into FY21. Revenue and expenses for many of those grants began in FY21, although not budgeted.

* Spending in the grant projects *which were included in the FY21 budget* (Gates funds) exceeded budget: a total of $990,532 was spent against a budget of $952,900. These funds support about half of PLA’s staff salary and benefits but also include professional services, such as continued support of Project Outcome and PLA’s new data initiatives, strategic planning consulting, and PLA’s conference manager. Staff costs are near budget, however professional services exceeded budget significantly. $486,982 was spent during FY21 against a budget of only $150,000. However, some of this overage was offset because almost none of the $126,000 budgeted for travel/meal/meetings was spent. Additionally, the consulting/professional services overage included temporary staffing costs for PLA’s data projects, which are positioned to generate revenue in future years.

* Other active grants – the Inclusive Internship Initiative, Latinx family engagement project, Microsoft projects, short story project completion, and digital learning (AT&T) projects ended FY21 on track.

Overhead to ALA: Between the operating budget and grants, PLA is budgeted to provide ALA with about $157,000 in overhead in FY21. At the close of FY21, ALA had assessed $198,492 exceeding budget by nearly 30%, due to additional grants revenue.

* Overhead in PLA’s operating budget, which generally comes from registration revenue, is assessed as revenue comes in, and PLA has been charged $28,673 against a budgeted amount of $55,545. This almost 50% shortfall is in part due to cancellation of in-person trainings as noted above (no event = no registration fee = no overhead).
* PLA budgeted $102,000 on overhead fees for grants spending, because as noted above, only one grant was actually included in the budget.
  + Overhead fees on grants vary based on funder guidelines, but every active PLA grant has some overhead budgeted, ranging from about 7% (the health insurance project) to 14% (the IMLS grant), with most (Microsoft, Gates, AT&T) at 12%.
  + As close of FY21 PLA has been assessed $169,819 in overhead on grants, which is nearly 30% over budget, due to additional grant funded projects which started after the “close” of the FY21 budget.