**TO:** PLA Board of Directors

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

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

**DATE:** May 22, 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 |  |
| FY19 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 April 2019\***

Operating Budget

As of April 2019, PLA has an actual operating loss of $237,378, compared to a budgeted operating loss of $513,196. This significant (47%) variance is due to lower expenses and increased sponsorship revenue that was not anticipated during the budgeting process.

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| --- | --- | --- | --- | --- | --- |
|  | **Apr 2019**  **YTD Budget** | **Apr 2019**  **YTD Actual** | **Apr 2019 Variance** | **Apr 2019 Variance %** | **Remaining Current Budget** |
| **Total Revenues** | $564,348 | $527,483 | ($36,865) | -7% | $324,930 |
| **Total Expenses before OH and tax** | $1,041,474 | $786,855 | $254,618 | 24% | $765,466 |
| **Contribution Margin** | ($477,125) | ($259,372) | $217,753 | 46% | ($440,536) |
| **Overhead and Tax** | $36,070 | $14,005 | $22,065 | 61% | $35,627 |
|  |  |  |  |  |  |
|  | **YTD Budget** | **YTD Actual** | **Variance** | **Variance %** |  |
| **Net Revenue (Expense)** | ($513,196) | ($273,378) | $239,818 | 47% |  |
|  |  |  |  |  |  |
| **Beginning NAB** | **Ending NAB** | **Net Revenue** | **Increase in NAB** |  |  |
| $3,866,402 | $3,595,024 | ($271,378) | -7% |  |  |

* Operating Revenue: At the close of April 2019, PLA had budgeted for $564,348 in revenue and has an 7% negative variance, with actual revenue of $527,483. This is in line with the last report (January 2019) when revenue was 6% under budget. However, since the last report, revenue in many areas has adjusted to be at or over budget, and nearly all of the shortfall is concentrated in four areas. Dues are about $7,000 under budget. Revenue from Every Child Ready to Read product sales is approximately $4,000 under budget and revenue from Project Outcome regional trainings are $44,000 below budget. In addition, $40,000 was budgeted for regional education events which are not being held in FY19. On the positive side, revenue for other publications including PLDS, webinar sales, and Public Libraries ad sales are all over budget. In addition, PLA benefited from registration fees for unbudgeted events ($9,550 for a 2019 Midwinter Meeting Institute, and $18,525 for the first regional Equity Starts with Us training) and also secured two unanticipated sponsorships ($43,000 from Capital One, and $61,000 from Google). Dues, which are relatively on target and a primary source of revenue in a non-PLA conference year, will help PLA maintain the present course, however we expect to end FY19 with a 8-10% negative variance in revenue ($68-85,000 under budget) due to lack of regional and Project Outcome training events.
* On the expense side, at the close of April 2019 PLA had budgeted to spend $1,041,474 and has spent $786,855, for a favorable variance of 24%. Some variances logically follow the reduced income: regional education events and Project Outcome trainings are under budget by a combined $72,000 because they are not occurring. Planning and promotion of the PLA 2020 Conference is also under budget by over $68,000, in part due to timing but also due to reduced reliance on print materials and giveaways. Other major variances in expenses are primarily due to timing: Inclusive Internship Initiative Cost Share ($45,871); general member services ($23,395); and administrative costs ($20,323). Given the status of activity at the three-quarters point in the fiscal year, PLA predicts we may stay around 20% under budget, with expenses closer to $1.28 million rather than $1.6 million as budgeted.

Grant Budgets

By the close of April 2019, PLA had spent $1,851,558 in grant funds compared to a budgeted amount of $1,554,287. This large variance ($297,271) is primarily due to two factors, as reported since the Midwinter Meeting board report. First, 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. Second, renewal of the IMLS-funded Inclusive Internship Initiative (3184) did not occur until after the FY19 budget process was completed.

PLA Long Term Investment

As of April, PLA’s long-term investment stood at $1,455,604 compared to $1,362,579 same time last year. We estimate interest of approximately $55,000. The PLA Budget & Finance Committee will recommend how that interest be used in FY20.

Overhead

Total overhead to ALA for FY19 was budgeted at $366,635. As of April 2019, PLA had paid ALA $192,823 versus the budgeted amount of $245,167.