

MICHIGAN LIBRARY ASSOCIATION
LANSING, MICHIGAN
REPORT FOR THE YEAR ENDED JUNE 30, 2021

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FINANCIAL STATEMENTS

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December 8, 2021

INDEPENDENT ACCOUNTANT'S REVIEW REPORT

To the Board of Directors of
Michigan Library Association

We have reviewed the accompanying financial statements of Michigan Library Association (a nonprofit organization), which comprise the statements of financial position as of June 30, 2021 and 2020, and the related statements of activities; functional expenses, and cash flows for the years then ended, and the related notes to the financial statements. A review includes primarily applying analytical procedures to management's financial data and making inquiries of management. A review is substantially less in scope than an audit, the objective of which is the expression of an opinion regarding the financial statements as a whole. Accordingly, we do not express such an opinion.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement whether due to fraud or error.

Accountant's Responsibility

Our responsibility is to conduct the review engagement in accordance with Statements on Standards for Accounting and Review Services promulgated by the Accounting and Review Services Committee of the AICPA. Those standards require us to perform procedures to obtain limited assurance as a basis for reporting whether we are aware of any material modifications that should be made to the financial statements for them to be in accordance with accounting principles generally accepted in the United States of America. We believe that the results of our procedures provide a reasonable basis for our conclusion.

Accountant's Conclusion

Based on our review, we are not aware of any material modifications that should be made to the accompanying financial statements in order for them to be in accordance with the accounting principles generally accepted in the United States of America.

Supplementary Information

The supplementary information included in Schedules 1 and 2 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information is the responsibility of management and was derived from, and relates directly to, the underlying accounting and other records used to prepare the financial statements. The supplementary information has been subjected to the review procedures applied in our review of the basic financial statements. We are not aware of any material modifications that should be made to the supplementary information. We have not audited the supplementary information and do not express an opinion on such information.

A handwritten signature in dark ink that reads "Lewis & Knopf, P.C." in a cursive, stylized script.

LEWIS & KNOPF, P.C.
CERTIFIED PUBLIC ACCOUNTANTS

MICHIGAN LIBRARY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
AS OF JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>ASSETS</u>		
<u>CURRENT ASSETS</u>		
Cash and Cash Equivalents	\$545,415	\$625,779
Investments	540,020	350,298
Accounts Receivable	130	6,704
Prepaid Expenses	11,279	11,863
Total Current Assets	<u>\$1,096,844</u>	<u>\$994,644</u>
<u>NONCURRENT ASSETS</u>		
Fixed Assets	20,729	22,410
Less: Accumulated Depreciation	<u>20,729</u>	<u>22,410</u>
Total Noncurrent Assets	<u>\$0</u>	<u>\$0</u>
<u>TOTAL ASSETS</u>	<u>\$1,096,844</u>	<u>\$994,644</u>
<u>LIABILITIES</u>		
<u>CURRENT LIABILITIES</u>		
Accounts Payable	\$7,391	\$21,472
Accrued Payroll	3,529	4,117
Accrued Vacation	10,143	9,001
Deferred Revenue	305,988	253,034
SBA Loan	<u>67,757</u>	<u>0</u>
Total Current Liabilities	<u>\$394,808</u>	<u>\$287,624</u>
<u>NET ASSETS</u>		
<u>NET ASSETS</u>		
<u>Without Donor Restrictions</u>		
Undesignated	622,314	626,558
Designated by the Board	<u>71,038</u>	<u>70,778</u>
Total Without Donor Restrictions	<u>\$693,352</u>	<u>\$697,336</u>
<u>With Donor Restrictions</u>		
Purpose Restrictions	3,684	4,684
Perpetual in Nature	<u>5,000</u>	<u>5,000</u>
Total With Donor Restrictions	<u>\$8,684</u>	<u>\$9,684</u>
Total Net Assets	<u>\$702,036</u>	<u>\$707,020</u>
<u>TOTAL LIABILITIES AND NET ASSETS</u>	<u>\$1,096,844</u>	<u>\$994,644</u>

See accompanying notes and independent accountant's review report.

MICHIGAN LIBRARY ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021		2020	
	Without Donor Restrictions	With Donor Restrictions	Without Donor Restrictions	With Donor Restrictions
	Total		Total	
SUPPORT AND REVENUES				
Memberships Dues	\$387,896	\$0	\$387,896	\$0
Professional Development	125,726	0	125,726	0
Grants	875	44,000	44,875	20,375
Miscellaneous	10,344	0	10,344	0
Net Assets Released From Restrictions	45,000	(45,000)	0	(20,375)
Total Support and Revenues	\$569,841	(\$1,000)	\$568,841	\$0
				\$779,614
EXPENSES				
Program Services	442,406	0	442,406	0
Support Services				
Management and General	128,248	0	128,248	0
Fundraising	3,171	0	3,171	0
Total Support Services	\$131,419	\$0	\$131,419	\$0
Total Expenses	\$573,825	\$0	\$573,825	\$0
				\$669,370
CHANGE IN NET ASSETS				
	(\$3,984)	(\$1,000)	(\$4,984)	\$0
NET ASSETS - BEGINNING				
	697,336	9,684	707,020	9,684
NET ASSETS - ENDING				
	\$693,352	\$8,684	\$702,036	\$9,684
				\$707,020

See accompanying notes and independent accountant's review report.

MICHIGAN LIBRARY ASSOCIATION
STATEMENTS OF FUNCTIONAL EXPENSES
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	2021				2020			
	Supporting Services		Program Services	Total	Supporting Services		Program Services	Total
	Management and General	Fundraising			Management and General	Fundraising		
EXPENSES								
Salaries	\$197,458	\$63,186	\$2,633	\$263,277	\$217,118	\$2,894	\$289,490	
Payroll Taxes	15,064	4,820	201	20,085	17,076	223	22,767	
Employee Benefits	25,241	8,077	337	33,655	26,677	356	35,570	
Total Personnel Costs	\$237,763	\$76,083	\$3,171	\$317,017	\$260,871	\$3,473	\$347,827	
Professional Development	41,935	0	0	41,935	146,600	0	146,600	
Awards and Grants	6,214	0	0	6,214	5,311	0	5,311	
Staff Development	1,338	446	0	1,784	16,303	0	16,530	
Travel	337	112	0	449	6,766	0	8,221	
Facilities	21,205	7,068	0	28,273	19,331	7,989	27,320	
Office Supplies	1,693	565	0	2,258	4,737	2,369	7,106	
Contracted Services	89,167	29,722	0	118,889	62,062	13,197	75,259	
Printing and Postage	4,960	1,654	0	6,614	1,053	2,996	4,049	
Equipment and Technology	25,595	8,532	0	34,127	13,706	3,706	17,412	
Miscellaneous Expenses	12,199	4,066	0	16,265	12,608	864	13,472	
Total Expenses Before Depreciation	\$442,406	\$128,248	\$3,171	\$573,825	\$549,348	\$3,473	\$669,107	
Depreciation Expense	0	0	0	0	203	60	263	
TOTAL EXPENSES	\$442,406	\$128,248	\$3,171	\$573,825	\$549,551	\$3,473	\$669,370	

See accompanying notes and independent accountant's review report.

MICHIGAN LIBRARY ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

	<u>2021</u>	<u>2020</u>
<u>CASH FLOWS FROM OPERATING ACTIVITIES</u>		
Change in Net Assets	(\$4,984)	\$110,244
Adjustments to Reconcile Change in Net Assets to Net Cash Provided by Operating Activities		
Depreciation	0	263
Change in		
Accounts Receivable	6,574	(1,276)
Prepaid Expenses	584	23,914
Accounts Payable	(14,081)	16,452
Accrued Payroll	(588)	(8,232)
Accrued Vacation	1,142	(8,059)
Deferred Revenue	52,954	(56,597)
Net Cash Provided By Operating Activities	\$41,601	\$76,709
<u>CASH FLOWS FROM INVESTING ACTIVITIES</u>		
Purchase of Investments	(1,519,722)	(874,485)
Maturity of Investments	1,330,000	945,000
Net Cash Provided By (Used in) Investing Activities	(\$189,722)	\$70,515
<u>CASH FLOWS FROM FINANCING ACTIVITIES</u>		
SBA Loan Proceeds	67,757	0
Net Cash Provided By Financing Activities	\$67,757	\$0
<u>NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS</u>	(\$80,364)	\$147,224
Cash and Cash Equivalents at Beginning of Year	625,779	478,555
<u>CASH AND CASH EQUIVALENTS AT END OF YEAR</u>	<u>\$545,415</u>	<u>\$625,779</u>

See accompanying notes and independent accountant's review report.

MICHIGAN LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A) NATURE OF ACTIVITIES

Michigan Library Association (the Association) was incorporated in 1968 as a nonprofit corporation dedicated to the support of its members, to the advancement of librarianship, and to the promotion of quality library service for all Michigan citizens. Michigan Library Association's membership is comprised of nearly 1,650 individual and institutional members from public, academic, private, and special libraries. The Association also endeavors to enhance the educational opportunities of the general public by conducting continuing education programs and promoting expansion of library resources and facilities.

Michigan Library Association operates under an elected Board of Directors and an Executive Director. The majority of the Association's revenue is from membership dues and continuing education revenues.

B) BASIS OF ACCOUNTING

The accounting policies of Michigan Library Association conform to U.S. generally accepted accounting principles (GAAP) as applicable to nonprofit entities as noted below. The Financial Accounting Standards Board (FASB) is the accepted standard-setting body for establishing nonprofit accounting and financial reporting principles. The financial statements of the Michigan Library Association have been prepared on the accrual basis of accounting.

Accordingly, the Association reports its financial position and activities in two classes of net assets (net assets without donor restrictions and net assets with donor restrictions based upon the existence or absence of donor-imposed restrictions. Contributions received are recorded as without donor restriction, or with donor restriction support, depending on the existence and/or nature of any donor restrictions.

C) CASH AND CASH EQUIVALENTS

Cash and cash equivalents consists of petty cash, checking, and money market savings accounts. Cash equivalents consist of certificates of deposit with original maturity dates of 90 days or less. For the statement of cash flow purposes, the Association considers all highly liquid short-term investments as cash.

D) INVESTMENTS

Investments consist of certificates of deposit with original maturity dates of greater than 90 days. Investments are recorded at fair value. Net investment return or loss is included in the statement of activities and consists of interest and dividend income, realized and unrealized gains and losses, less investment expenses.

E) CONCENTRATION RISKS

The Association has cash with financial institutions in the amount of \$44,180 and \$53,854 as of June 30, 2021 and 2020, respectively, that is not federally insured due to either the type of financial instruments purchased or having greater than Federal Deposit Insurance Corporation (FDIC) limits on deposit at a particular bank.

The Association is required by accounting principles generally accepted in the United States of America to disclose significant concentrations of credit risk regardless of the degree of such risk. Financial instruments, which potentially subject the Association to concentrations of credit risk, consist of the cash and investments defined above.

The Association places its cash and investments with high credit-quality financial institutions. Although such investments and cash balances exceeded the federally insured limits at certain times during the year and at year-end, they are, in the opinion of management, subject to minimal risk.

MICHIGAN LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

F) INCOME TAXES

Michigan Library Association is a nonprofit corporation and has been granted exemption from income tax under Section 501(c)(3) of the Internal Revenue Code. The Association is not classified as a private foundation.

G) FIXED ASSETS

Fixed assets acquired by the Association greater than \$2,500 are capitalized and stated at cost, if purchased, or at fair value, if donated. The cost of normal maintenance that does not add to the value of assets or materially extend the asset lives is not capitalized. Depreciation is computed using the straight-line method over the estimated useful lives of the respective assets, which range from 3 to 10 years.

H) ESTIMATES

The preparation of financial statements in conformity with accounting principles generally accepted in the U.S. requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

I) REVENUE RECOGNITION

Revenue is recognized when earned. Program service fees, membership dues, fees and auxiliary payments received in advance are deferred to the period the related services are performed or expenditures are incurred. Gifts and contributions are recognized when cash, securities or other assets, or an unconditional promise to give is received. Conditional promises to give are recognized when the conditions on which they depend have been substantially met.

J) DEFERRED REVENUE

The annual membership dues are billed in advance to finance operations for the upcoming fiscal year. Those dues collected prior to their due date are recorded as deferred revenue and will be recognized as revenue in the subsequent fiscal year. Annual conference and other miscellaneous revenue collected in advance are also deferred.

K) CONTRIBUTIONS

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted support that increases those net asset classes. When a restriction expires, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as net assets released from restrictions.

Contributions with donor-imposed restrictions that are met in the same year as the gifts are received are reported as revenue of net assets without donor restrictions class.

L) FUNCTIONAL EXPENSES

The cost of providing programs and other activities have been reported in the statement of activities. The statement of functional expenses presents the natural classification of expenses that are allocated to program or supporting functions of the Association. Certain costs of the Association have been allocated to program service and supporting service activities. Payroll and related expenses have been allocated based upon time percentages determined from the Association's time study results. Most other costs are either charged directly or are allocated to program service and supporting service activities based on management's estimation of activity as a result of the time study.

MICHIGAN LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

M) FINANCIAL STATEMENT PRESENTATION

Net assets, revenues, gains, and losses are classified based on the existence or absence of donor or grantor imposed restrictions. Accordingly, net assets and changes therein are classified and reported as follows:

Net Assets Without Donor Restrictions – Net assets available for use in general operations and not subject to donor or grantor restrictions. The governing body has not designated, from net assets without donor restrictions, net assets for an endowment.

Net Assets With Donor Restrictions – Net assets subject to donor (or grantor) imposed restrictions. Some donor restrictions are temporary in nature, such as those that will be met by the passage of time or other events specified by the donor. Other donor restrictions are perpetual in nature, where the donor stipulates the resources are maintained in perpetuity. Gifts of long-lived assets and gifts of cash restricted for the acquisition of long-lived assets are recognized as revenue when the assets are placed in service. Donor restrictions are released when a restriction expires, that is, when the stipulated time has elapsed, or when the stipulated purpose has been accomplished (See Note 6).

2) LIQUIDITY AND AVAILABILITY

The following reflects the Association's financial assets as of June 30, 2021 and 2020 and are reduced by amounts not available for general use because of contractual or donor-imposed restrictions within one year of the date of the statement of financial position.

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the date of the statement of financial position, comprise the following at June 30, 2021 and 2020:

	2021	2020
Total Current Assets	\$ 1,096,844	\$ 994,644
Less Excludable items		
Prepaid Expenses	(11,279)	(11,863)
Total Financial Assets at June 30	1,085,565	982,781
Contractual or Donor-Imposed Restrictions		
Less Purpose Restricted Funds	(3,684)	(4,684)
Less Perpetual Funds	(5,000)	(5,000)
Financial Assets Available to Meet Cash Needs for General Expenditures Within One Year	<u>\$ 1,076,881</u>	<u>\$ 973,097</u>

The Association structures its financial assets to be available as its general expenditures, liabilities and other obligations come due. In addition, the Association invests cash in excess of daily requirements in short-term investments (certificates of deposits). The Association does not maintain any available lines of credit.

3) FIXED ASSETS

The following is a summary of the changes in fixed assets for the year ended June 30, 2021 and 2020:

	2021	2020
Equipment and Furniture	\$ 20,729	\$ 22,410
Less Accumulated Depreciation	(20,729)	(22,410)
<u>NET FIXED ASSETS</u>	<u>\$ 0</u>	<u>\$ 0</u>

MICHIGAN LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

4) NON-CANCELABLE OPERATING LEASE

The Association leases office facilities from 3410 Belle Chase Way, LLC under a non-cancelable operating lease which expires June 30, 2024. Monthly rent under this lease agreement is \$1,842 until June 30, 2021. Future minimum lease payments at June 30, 2021, under this agreement, are as follows:

Year Ending June 30,	
2022	\$ 22,764
2023	23,448
2024	24,156
<u>TOTAL</u>	<u>\$ 70,368</u>

Gross rental expenses for the year ended June 30, 2021 and 2020 was \$23,115 and \$21,456, respectively.

5) DEFERRED REVENUE

Deferred revenue for the year ended June 30, 2021 consist of the following:

	2021	2020
Advance Membership Dues	\$ 285,508	\$ 234,819
Advance Annual Conference	20,480	18,215
<u>TOTAL DEFERRED REVENUE</u>	<u>\$ 305,988</u>	<u>\$ 253,034</u>

6) NET ASSETS WITH DONOR RESTRICTIONS

The Association reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends, or purpose restriction is accomplished, net assets with donor restrictions are reclassified to net assets without donor restrictions and reported in the statement of activities as assets released from restrictions.

Net assets with donor restrictions are available for their restricted purpose at June 30, 2021 and 2020:

	2021	2020
W.H. Kaiser Memorial – Income	\$ 3,684	\$ 4,684
W.H. Kaiser Memorial – Endowment	5,000	5,000
<u>NET ASSETS WITH DONOR RESTRICTIONS</u>	<u>\$ 8,684</u>	<u>\$ 9,684</u>

7) ENDOWMENTS

Endowments consist of funds established for a variety of purposes and may include both donor-restricted funds and funds internally designated to function as endowments. Net assets associated with endowment funds, including funds designated by the governing board to function as endowments, are classified and reported based on the existence or absence of these restrictions.

The Association has interpreted the Michigan Uniform Prudent Management of Institutional Funds Act (UPMIFA) as permitting the preservation of the fair value of the original gift as of the date of the donor-restricted endowment funds, unless there are explicit donor stipulations to the contrary. At June 30, 2021 and 2020 there were no such donor stipulations. As a result of this interpretation, the Association retains in perpetuity (a) the original value of initial and subsequent gift amounts (including promises to give net of discount and allowance for doubtful accounts) donated to the endowment and (b) any accumulations to the endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added.

MICHIGAN LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

7) ENDOWMENTS (Continued)

Donor-restricted amounts not retained in perpetuity are subject to appropriation for expenditure by the Association in a manner consistent with the standard of prudence prescribed by the UPMIFA. The Association considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

1. The duration and preservation of the fund.
2. The purpose of the Association and the donor-restricted endowment fund.
3. General economic conditions.
4. The possible effect of inflation and deflation.
5. The expected total return from income and the appreciation of investments.
6. Other resources of the Association.
7. The investment policies of the Association.

As of June 30, the Association has the following endowment net asset composition by type of fund:

	With Donor Restrictions		
	Accumulated Investment Gains	Original Gift in Perpetuity by Donor	Total
<u>2021</u>			
Donor-Restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 0	\$ 5,000	\$ 5,000
Accumulated Investment Gains	3,684	0	3,684
<u>Endowment Net Assets, June 30, 2021</u>	<u>\$ 3,684</u>	<u>\$ 5,000</u>	<u>\$ 8,684</u>
<u>2020</u>			
Donor-Restricted Endowment Funds			
Original donor-restricted gift amount and amounts required to be maintained in perpetuity by donor	\$ 0	\$ 5,000	\$ 5,000
Accumulated Investment Gains	4,684	0	4,684
<u>Endowment Net Assets, June 30, 2020</u>	<u>\$ 4,684</u>	<u>\$ 5,000</u>	<u>\$ 9,684</u>

8) RETIREMENT PLAN

Description of the Plan - The Association has established a simplified employee pension plan. This plan is a defined contribution retirement plan under IRS Code 403(b) that covers substantially all employees over age 21. Employees are immediately eligible for the 403(b) plan upon hire and are eligible to receive 5% employer contributions after 90 days of employment.

Funding Policy - The obligation to contribute to and maintain the plan for employees was established by the Board of Directors. No contribution is required from the employees.

Annual Retirement Expense - The Association's contribution rate for the plan was 5% of each participating employee's gross wages. Total retirement expense under the 403(b) plan was \$12,333 and \$13,480 for the years ended June 30 2021 and 2020.

MICHIGAN LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED JUNE 30, 2021 AND 2020

9) PAYCHECK PROTECTION PROGRAM LOAN

In April 2020 and May 2021, the Association entered into Paycheck Protection Program loans (the "PPP Loans") with PNC Bank (the "Lender") evidencing an unsecured promissory note in the amount of \$67,757 and \$64,200 for the years ended June 30, 2021 and 2020 (the "PPP Note") pursuant to the Paycheck Protection Program (the "PPP") under the Coronavirus Aid, Relief, and Economic Security (CARES) Act. Subject to the terms of the PPP Note, the PPP Loan bears interest at a fixed rate of 1% per year, with the first six months of interest deferred, and payable over a term of two years. The PPP Loan is unsecured and guaranteed by the Small Business Administration (SBA).

The PPP Loan may be used for payroll costs, costs related to certain group health care benefits and insurance premiums, rent payments, utility payments, and also interest. PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP, with such forgiveness to be determined, subject to limitations, based on the use of the loan proceeds for payment of payroll costs and any payments of mortgage interest, rent, and utilities.

In accordance with FASB ASU 2018-08, *Clarifying the Scope and Accounting Guidance for Contributions Received and Contributions Made, Subtopic 958-605*, the Association has initially recorded the PPP loan as a loan liability. Pursuant to the ASU, the loan is recognized as income when the entity meets the terms of the loan by incurring eligible expenses. The Association incurred eligible expenses \$64,200 for the year ended June 30, 2020 and, therefore, has recognized \$64,200 of income included in grant revenue on the statement of activities for the years ended June 30, 2020. The Association applied for and was granted full forgiveness of \$64,200 in principal and \$562 in interest on March 4, 2021. The Association expects to incur eligible expenses subsequent to June 30, 2021 and intends to apply for and expects to receive full forgiveness of \$67,757. The loan will then be recognized as grant income at that time.

10) COVID-19 OUTBREAK

The outbreak of a novel coronavirus (COVID-19), which the World Health Organization declared in March 2020 to be a pandemic, continues to affect the economies of the United States of America and the world. Many State Governors issued temporary Executive Orders that, among other stipulations, effectively prohibit in-person work activities for most industries and businesses, having the effect of suspending or severely curtailing operations. As a result, the COVID-19 outbreak disrupted and affected some of the Association's operations. The extent of the ultimate impact of the pandemic on the Association's operational and financial performance will depend on various developments, including the duration and spread of the outbreak, impacts on the Association's members and employees, and access to safe working conditions, all of which cannot be reasonably predicted at this time, and may result in changes in accounting estimates and adverse impacts on profitability.

The full impact of the COVID-19 outbreak continues to evolve as of the date of this report. Management is actively monitoring the global and local situation and the impact on its financial condition, liquidity, operations, industry, and workforce. Given the continuous evolution of the COVID-19 outbreak and the responses to curb its spread, the Association is not able to estimate the effects of the COVID-19 outbreak on its results of operations, financial condition, or liquidity for periods ending after June 30, 2021.

11) SUBSEQUENT EVENTS

Management has evaluated subsequent events through the date of the accountant's review report, the date on which the financial statements were available to be issued.

Although the Association cannot estimate the length or gravity of the impact of the COVID-19 outbreak discussed in Note 11 at this time, if the pandemic continues, it may have an adverse effect on the Association's results of future operations, financial position, and liquidity in fiscal year 2021-22.

SUPPLEMENTAL INFORMATION

MICHIGAN LIBRARY ASSOCIATION
BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	Budget	Actual	Variance with Budget Positive (Negative)
<u>REVENUES</u>			
<u>Membership Dues</u>	\$365,000	\$387,896	\$22,896
<u>Professional Development</u>			
Annual Conference	78,000	64,340	(13,660)
Workshops	8,000	4,225	(3,775)
Spring Institute	30,000	39,621	9,621
Leadership and New Director Academy	8,750	16,515	7,765
Webinar	2,500	1,025	(1,475)
Total Continuing Education	\$127,250	\$125,726	(\$1,524)
<u>Miscellaneous</u>			
Investment/Interest Income	4,000	3,930	(70)
Marketing and Advertising Fees	500	1,336	836
Miscellaneous	200	1,991	1,791
Unrealized Gains/Losses on Investments	0	(8,192)	(8,192)
Job Board	5,500	4,627	(873)
Grants	41,500	44,875	3,375
SBA Grants	64,200	0	(64,200)
Subscriptions	4,500	4,535	35
Donations	1,500	2,117	617
Total Miscellaneous	\$121,900	\$55,219	(\$66,681)
<u>TOTAL REVENUES</u>	<u>\$614,150</u>	<u>\$568,841</u>	<u>(\$45,309)</u>
<u>EXPENSES</u>			
<u>Personnel</u>			
Salaries	269,950	263,277	6,673
Payroll Taxes	21,596	20,085	1,511
Employee Insurances	17,500	21,322	(3,822)
Retirement Contributions	13,500	12,333	1,167
Total Personnel	\$322,546	\$317,017	\$5,529
<u>Professional Development</u>			
Annual Conference	25,000	16,463	8,537
Spring Institute 2021 and Fall Institute 2020	10,000	6,800	3,200
Leadership & New Dir Academy	6,750	15,723	(8,973)
Advocacy Day	0	424	(424)
Workshops	4,000	2,500	1,500
Webinars	1,000	25	975
Total Professional Development	\$46,750	\$41,935	\$4,815

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SCHEDULE 1
(Continued)

MICHIGAN LIBRARY ASSOCIATION
BUDGETARY COMPARISON SCHEDULE OF REVENUES AND EXPENSES
FOR THE YEAR ENDED JUNE 30, 2021

	<u>Budget</u>	<u>Actual</u>	<u>Variance with Budget Positive (Negative)</u>
<u>EXPENSES</u> (Continued)			
<u>Awards and Grants</u>			
Awards	\$5,000	\$4,714	\$286
Scholarships and Grants Awarded	3,000	1,500	1,500
Total Awards and Grants	<u>\$8,000</u>	<u>\$6,214</u>	<u>\$1,786</u>
<u>Other Expenses</u>			
Staff Development	4,000	1,784	2,216
Travel and Parking	1,000	449	551
Facilities			
Rent	23,000	23,115	(115)
Utilities	2,600	1,982	618
Business Insurance	3,000	3,176	(176)
Office Supplies	4,000	2,258	1,742
Contracted Services	106,050	118,889	(12,839)
Printing and Postage			
Printing/Copies	4,000	2,913	1,087
Postage	860	1,899	(1,039)
Public Relations and Communications	3,500	1,802	1,698
Equipment and Technology			
Telephone/Internet Services	8,500	7,965	535
Hardware/Equipment	15,000	11,253	3,747
Equipment Repairs and Maintenance	0	170	(170)
Software Subscriptions	15,000	14,739	261
Website Design	10,000	0	10,000
Miscellaneous Expense			
Board and Committee Expenses	500	1,668	(1,168)
Dues and Memberships	3,500	6,753	(3,253)
Bank/Merchant Fees	6,000	5,831	169
Miscellaneous Expense	500	2,013	(1,513)
Depreciation	1,000	0	1,000
Total Other Expenses	<u>\$212,010</u>	<u>\$208,659</u>	<u>\$3,351</u>
<u>TOTAL EXPENSES</u>	<u>\$589,306</u>	<u>\$573,825</u>	<u>\$15,481</u>
<u>CHANGE IN NET ASSETS</u>	<u>\$24,844</u>	<u>(\$4,984)</u>	<u>(\$29,828)</u>

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MICHIGAN LIBRARY ASSOCIATION
SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2021 AND 2020

	2020									
	Without Donor Restriction - Board Designated					Donor Restricted				
	Without Donor Restrictions	Public Library	MLA Temporarily Restricted	Education	Advocacy	Intellectual Freedom	Michigan Academic Library Council	Public Library Endowment	Total Board Designated	Total Donor Restricted
REVENUES										
Contributions	\$3,570	\$0	\$0	\$60	\$220	\$10	\$535	\$0	\$825	\$0
Grants	69,200	0	0	0	0	0	0	0	0	20,375
Other	685,644	0	0	0	0	0	0	0	0	0
Net Assets Released From Restrictions	20,375	0	0	0	0	0	0	0	0	(20,375)
Total Revenues	\$778,789	\$0	\$0	\$60	\$220	\$10	\$535	\$0	\$825	\$0
EXPENSES										
	666,945	0	0	2,210	175	40	0	0	2,425	0
CHANGE IN NET ASSETS	\$111,844	\$0	\$0	(\$2,150)	\$45	(\$30)	\$335	\$0	(\$1,600)	\$0
NET ASSETS - JULY 1, 2019	514,714	1,156	1,000	18,600	11,802	2,567	17,253	20,000	72,378	9,684
NET ASSETS - JUNE 30, 2020	\$626,558	\$1,156	\$1,000	\$16,450	\$11,847	\$2,537	\$17,788	\$20,000	\$70,778	\$9,684

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MICHIGAN LIBRARY ASSOCIATION
SCHEDULE OF NET ASSETS
AS OF JUNE 30, 2021 AND 2020

	2021									
	Without Donor Restriction - Board Designated					Donor Restricted				
	Without Donor Restrictions	Equity Fund	MLA Temporarily Restricted	Education	Advocacy	Intellectual Freedom	Michigan Academic Library Council	Total Board Designated	Grants	Total Donor Restricted
REVENUES										
Contributions	\$357	\$635	\$0	\$1,025	\$50	\$50	\$0	\$1,760	\$0	\$0
Grants	875	0	0	0	0	0	0	0	44,000	44,000
Other	521,849	0	0	0	0	0	0	0	0	0
Net Assets Released From Restrictions	45,000	0	0	0	0	0	0	0	(44,000)	(45,000)
Total Revenues	\$568,081	\$635	\$0	\$1,025	\$50	\$50	\$0	\$1,760	\$0	(\$1,000)
EXPENSES										
	572,325	1,500	0	0	0	0	0	1,500	0	0
CHANGE IN NET ASSETS	(\$4,244)	(\$865)	\$0	\$1,025	\$50	\$50	\$0	\$260	\$0	(\$1,000)
NET ASSETS - JULY 1, 2020	626,558	21,156	1,000	16,450	11,847	2,537	17,788	70,778	0	9,684
NET ASSETS - JUNE 30, 2021	\$622,314	\$20,291	\$1,000	\$17,475	\$11,897	\$2,587	\$17,788	\$71,038	\$0	\$8,684

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