

Kellogg-Hubbard Library

Annual Financial Report FY2020

The Kellogg-Hubbard Library (KHL) is funded primarily from three sources: 1) tax revenues from Montpelier, Berlin, Calais, East Montpelier, Middlesex and Worcester; 2) distributions from the Library's endowment, and 3) private donations. To a lesser extent, the Library receives some grants, income from fines, non-resident borrower fees and other miscellaneous revenue. KHL also benefits greatly from restricted donations made by generous donors for specific purposes.

This Fiscal Year was marked with 3 significant changes: starting in July 2019, we adjusted our administrative model from a 3-person administrative team led by an executive director to a 2-person co-directorship model; this change resulted in a planned financial surplus. January 2020 marked the very successful completion of our *Give the Library a Lift!* (GLL) capital campaign, our first capital campaign in over ten years. This was quickly followed in March 2020 by the Governor's COVID-19 state of emergency declaration, requiring us to close the Library for several months with continued remote work by employees. The Library staff moved quickly to continue to serve our communities online and with curb-side pick-up. Our annual *PoemCity* program (a month-long celebration of poetry) was virtual this year and our raffles of a Paddleboard and a kayak, were sold online rather than at the Farmers' Markets. With excellent planning and management by the Co-Directors, we were able to close FY 2020 with healthy reserve funds in what was a most unusual year for operations.

Following is additional information concerning FY 2020:

Tax Revenues

Continuing our every-other-year funding strategy, Montpelier taxpayers were asked and passed an increase of 6% for FY 2020 (Montpelier was level-funded in FY 2019). Alternately, Berlin, Calais, East Montpelier, Middlesex and Worcester, were all level-funded in FY 2020, having passed modest increases voted in by taxpayers in those communities in FY 2019.

Endowment Distribution

The Library took our standard 5% (of the average of last 12 quarters) withdrawal from the endowment. Despite radical market fluctuations during the fiscal year, our endowment portfolio managed to increase \$84,582 during this year.

Fundraising

The Library raised \$173,000 in fundraising through a combination of appeals, book sales, raffles, special events and grants. We are so grateful for the extra support given by many donors after the pandemic hit; we had been anticipating major income losses and instead were able to meet and exceed our fundraising goals by over \$7,000. This was partly by receiving a \$5,000 COVID-related grant, as well as a few unexpected large donations. Given that we had to close our booksale when the library closed, these extra donations helped to cover the loss of over \$5,000 in revenue that would usually have been generated by the sale.

In addition, we also received \$19,390 in restricted funds that helped the library enhance our offerings, including increasing our available digital books and audiobooks, adding the new digital offerings of Flipster (an online magazine subscription) and Kanopy (a video streaming service), purchasing give-away books for foster families and newborn babies in our service area,

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and more.

Building/Occupancy

The *Give the Library a Lift!* capital campaign funded the start of several large building projects, most notably the upgrade and modernization of our 45-year-old elevator. We were also able to complete the restoration of all the Library's historic windows this year, as well as install a new A/C unit in our Hayes Room meeting room space on the main floor. The Library's historic building is a treasured resource for Montpelier, though an ongoing challenge to maintain and afford. As an independent nonprofit, we are responsible for all repairs and maintenance ourselves, from snow shoveling to landscaping, cleaning to plumbing, maintaining systems (elevator, fire alarms, sprinklers, etc.) to properly insuring our assets. It takes a good portion of our annual budget to just keep up with the ongoing maintenance. This is one of the reasons we recently set target balances for several of our reserve funds, including the Occupancy Reserve and a plan to achieve the targets.

In FY 2020, we were also able to install automatic door openers to our two basement doors (accessible from the elevator), install a new water fountain (paid for by a donor), upgrade our East Montpelier room by adding soundproofing and redoing the floors (paid for by a donor), convert this basement space into a kid-friendly after-school space (paid for by a donor), refinish the basement floor in the landing area, soundproof one of our 2nd floor office spaces, repair some window issues, replace the batteries in our fire alarm panel, fix the granite benches outside, and much, much more! We were also able to purchase and install a self-checkout kiosk, which will help reduce wait times at the desk and give patrons the option of managing their own check-outs.

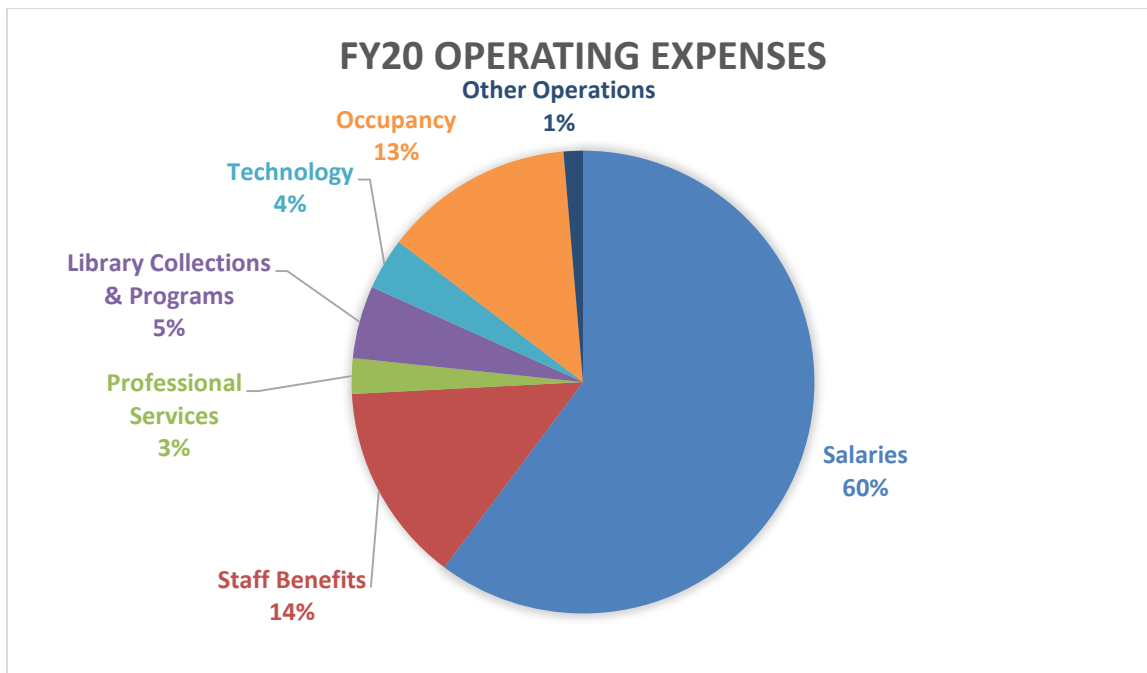
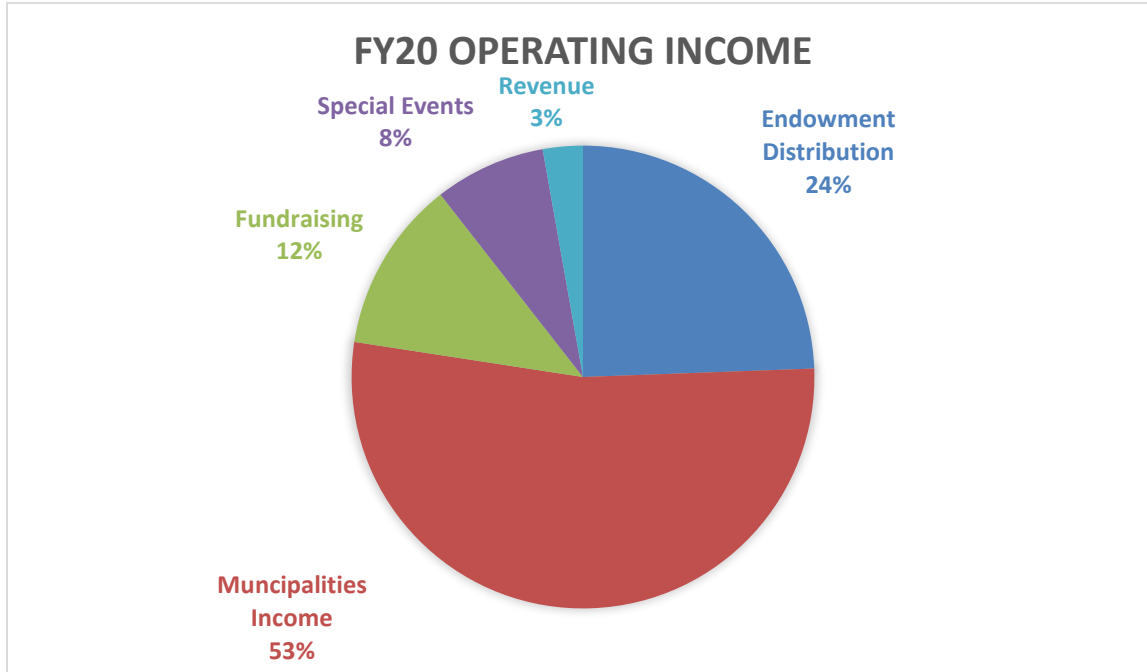
End of Year

As mentioned before, we had a planned surplus of \$32,000 due to the change in our administrative model. When the pandemic hit, we were anticipating that we might face some dramatic income losses in the final quarter of our fiscal year, and we adjusted course immediately. We also had some natural expense reductions due to the closure of our building and the limitations of service because of the pandemic. The Library was able to maintain all our regular staff throughout the pandemic, though we did have some attrition as one staff member moved out of state and another took a different job. Due to the generosity of donors and an abundance of caution on spending, we ended the year with a positive net result of \$51,218. This equates to a 5.5% surplus, beyond the savings we were anticipating, which we will use to fund a Technology and Innovation reserve fund and increase our Cash Flow reserves. This year, the Board set goals for our reserve funds to help ensure the financial stability and security of the organization in the years ahead.

We are incredibly grateful to our donors who continued to support us after the pandemic hit and who contributed to our incredibly successful *Give the Library a Lift!* fund. Our donors continue to ensure the Library will continue to be a viable and beautiful community resource for generations to come.

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Graphic Representations of Operating Revenue and Expenditures



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Once again, I wish to express what a pleasure and honor it is to serve this beloved organization as a Board Member and Treasurer. I continue to be humbled by the enthusiasm and devotion this organization, through its management staff, Trustees, and employees, demonstrates in serving the City and our member towns, as a center of learning, joy and community.

Susan A. Zeller, KHL Treasurer