

Public Library of Science

Financial Statements

December 31, 2020
(With Comparative Totals for 2019)



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Public Library of Science
San Francisco, California

We have audited the accompanying financial statements of Public Library of Science (a California nonprofit corporation) (the "Organization"), which comprise the statement of financial position as of December 31, 2020, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Public Library of Science as of December 31, 2020, and the changes in its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Public Library of Science's 2019 financial statements, and our report dated June 5, 2020 expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2019, is consistent, in all material respects, with the audited financial statements from which it has been derived.

A handwritten signature in black ink that reads "Armanino LLP". The signature is written in a cursive, flowing style.

Armanino^{LLP}
San Francisco, California

June 22, 2021

Public Library of Science
Statement of Financial Position
December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
ASSETS		
Current assets		
Cash	\$ 2,724,775	\$ 765,342
Program and accounts receivable, net	4,153,521	1,664,364
Prepaid expenses and other current assets	<u>1,138,285</u>	<u>741,470</u>
Total current assets	<u>8,016,581</u>	<u>3,171,176</u>
Noncurrent assets		
Investments	13,704,267	11,760,867
Restricted investment	175,976	145,976
Property and equipment, net	93,302	502,699
Loan receivable	64,140	62,407
Deposits	<u>8,402</u>	<u>8,402</u>
Total noncurrent assets	<u>14,046,087</u>	<u>12,480,351</u>
Total assets	<u>\$ 22,062,668</u>	<u>\$ 15,651,527</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Institutional deposits	\$ 1,423,360	\$ 908,863
Accrued liabilities	1,367,069	1,089,315
Accounts payable	1,320,240	1,215,309
Notes payable - PPP loan	2,567,157	-
Deferred revenue	<u>340,956</u>	<u>410,268</u>
Total current liabilities	7,018,782	3,623,755
Deferred rent liability	<u>210,526</u>	<u>227,403</u>
Total liabilities	<u>7,229,308</u>	<u>3,851,158</u>
Net assets		
Without donor restrictions	14,792,206	11,800,369
With donor restrictions	<u>41,154</u>	<u>-</u>
Total net assets	<u>14,833,360</u>	<u>11,800,369</u>
Total liabilities and net assets	<u>\$ 22,062,668</u>	<u>\$ 15,651,527</u>

The accompanying notes are an integral part of these financial statements.

Public Library of Science
Statement of Activities
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues, gains and other support				
Publication fees	\$ 34,310,825	\$ -	\$ 34,310,825	\$ 31,515,547
Less: support provided to authors	<u>(1,882,204)</u>	<u>-</u>	<u>(1,882,204)</u>	<u>(1,667,819)</u>
Publication fees, net	32,428,621	-	32,428,621	29,847,728
Unrealized and realized gains on investments, net	1,031,939	-	1,031,939	1,006,083
Interest and dividend income	413,937	-	413,937	420,855
Advertising	261,704	-	261,704	267,707
Grants and contributions	10,788	49,578	60,366	158,006
Institutional program revenue	45,000	-	45,000	-
Reprints	11,909	-	11,909	2,838
Other income (expense), net	(145,256)	-	(145,256)	(61,338)
Net assets released from restrictions	<u>8,424</u>	<u>(8,424)</u>	<u>-</u>	<u>-</u>
Total revenues, gains and other support	<u>34,067,066</u>	<u>41,154</u>	<u>34,108,220</u>	<u>31,641,879</u>
Functional expenses				
Publishing program services	27,773,602	-	27,773,602	25,316,860
Management and general	<u>3,301,627</u>	<u>-</u>	<u>3,301,627</u>	<u>5,208,240</u>
Total functional expenses	<u>31,075,229</u>	<u>-</u>	<u>31,075,229</u>	<u>30,525,100</u>
Change in net assets	2,991,837	41,154	3,032,991	1,116,779
Net assets, beginning of year	<u>11,800,369</u>	<u>-</u>	<u>11,800,369</u>	<u>10,683,590</u>
Net assets, end of year	<u>\$ 14,792,206</u>	<u>\$ 41,154</u>	<u>\$ 14,833,360</u>	<u>\$ 11,800,369</u>

The accompanying notes are an integral part of these financial statements.

Public Library of Science
Statement of Functional Expenses
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Publishing Program Services	Management and General	2020 Total	2019 Total
Expenses				
Salaries and benefits	\$ 16,797,365	\$ 1,977,232	\$ 18,774,597	\$ 18,744,128
Production costs	6,007,825	-	6,007,825	5,863,087
Facility costs	1,646,560	92,446	1,739,006	2,083,045
Professional fees	813,740	544,661	1,358,401	694,189
Technology	1,228,790	105,760	1,334,550	997,818
Office and other	199,492	551,891	751,383	458,638
Marketing and advertising	691,445	-	691,445	557,048
Training and recruitment	251,052	40	251,092	446,690
Travel, meals, and promotion	137,333	29,597	166,930	680,457
	<u>\$ 27,773,602</u>	<u>\$ 3,301,627</u>	<u>\$ 31,075,229</u>	<u>\$ 30,525,100</u>
Total expenses				

The accompanying notes are an integral part of these financial statements.

Public Library of Science
Statement of Cash Flows
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	2020	2019
Cash flows from operating activities		
Change in net assets	\$ 3,032,991	\$ 1,116,779
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization	274,985	373,583
Unrealized and realized investment gains, net	(1,031,939)	(1,006,083)
Loss (gain) on disposal of property and equipment	146,574	(396)
Deferred rent liability	(16,877)	59,191
Accrued interest	(1,733)	(1,681)
Changes in operating assets and liabilities		
Program and accounts receivable, net	(2,489,157)	490,209
Prepaid expenses and other current assets	(396,815)	(138,281)
Accounts payable	104,931	(480,218)
Accrued liabilities	277,755	(621,392)
Institutional deposits	514,497	326,135
Deferred revenue	(69,312)	(156,663)
Net cash provided by (used in) operating activities	345,900	(38,817)
Cash flows from investing activities		
Proceeds (purchase) of restricted investment	(30,000)	30,000
Purchase of investments	(2,209,034)	(5,531,354)
Sale of investments	1,297,573	5,615,995
Proceeds from sale of property and equipment	500	-
Purchase of property and equipment	(12,663)	(18,437)
Net cash provided by (used in) investing activities	(953,624)	96,204
Cash flows from financing activities		
Proceeds from notes payable - PPP loan	2,567,157	-
Net cash provided by financing activities	2,567,157	-
Net increase in cash	1,959,433	57,387
Cash, beginning of year	765,342	707,955
Cash, end of year	\$ 2,724,775	\$ 765,342

The accompanying notes are an integral part of these financial statements.

Public Library of Science
Notes to Financial Statements
December 31, 2020

1. NATURE OF OPERATIONS

The Public Library of Science ("Organization" or "PLOS") was incorporated in the State of California, USA on July 11, 2001, as a California nonprofit public benefit corporation with company number C2354500, and is registered in the UK with company number FC031758 and branch number BR016828 with headquarters located in San Francisco. PLOS is a nonprofit Open Access publisher empowering researchers to accelerate progress in science and medicine by leading a transformation in research communication. Everything that PLOS publishes is Open Access - freely available online for anyone to learn from, share and reuse. As Open Science advances, we are working to break boundaries to make research more accessible, more equitable, and more transparent. Sharing research openly facilitates trust and collaboration, accelerating progress across all areas of science and advancing the health of our environment and society.

The organization's core objectives are to:

- Work with research communities globally to provide ways to overcome unnecessary barriers to immediate availability, access, and use of research.
- Pursue a publishing strategy that optimizes the inclusivity, openness, quality, and integrity of the publication process.
- Develop innovative approaches to the assessment, organization, and reuse of ideas and data.

For more information, visit PLOS' website at www.plos.org.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting and financial statement presentation

The financial statements of PLOS have been prepared on the accrual basis of accounting and in conformity with accounting principles generally accepted in the United States of America ("U.S. GAAP") specific to nonprofit organizations. Net assets and changes therein are classified as follows:

- *Net assets without donor restrictions* - These funds represent the portion of net assets that are not restricted by donor-imposed stipulations. These net assets are intended for use by management and the Board of Directors for general operations.
- *Net assets with donor restrictions* - These funds represent the portion of net assets for which use is limited by donor-imposed stipulations. This include donor-imposed stipulations that either expire by passage of time and/or can be fulfilled and removed by actions of PLOS or donor-imposed stipulations that are restricted in perpetuity. PLOS does not have any net assets held in perpetuity.

Revenues are reported as increases in net assets without donor restrictions unless use of the related asset is limited by donor-imposed restrictions. PLOS recognizes support from net assets with restrictions when the restrictions imposed by the donors have been satisfied or expired. Expenses are reported as decreases in net assets without donor restrictions.

Public Library of Science
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Basis of accounting and financial statement presentation (continued)

Gains and losses on assets and liabilities are reported as increases or decreases in net assets without donor restrictions unless their use is restricted by explicit donor restriction or by law. Expirations of restrictions on net assets (i.e., the donor-stipulated purpose has been fulfilled and/or the stipulated time period has elapsed) are reported as reclassifications between the applicable classes of net assets. Revenues with donor restriction received that meet the donor-imposed stipulation during the same fiscal period are recorded as revenue with donor restriction and are released from restriction in the corresponding fiscal period.

Prior year summarized information

The financial statements include certain prior year summarized comparative information in total, but not by net asset class. Such summarized information does not include sufficient detail to constitute a presentation in conformity with U.S. GAAP. Accordingly, such information should be read in conjunction with PLOS' financial statements for the year ended December 31, 2019 from which the summarized information was derived.

Cash

PLOS considers all highly liquid investments which include domestic and foreign country deposits with remaining maturities of three months or less to be cash equivalents. PLOS maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. PLOS has not experienced any losses in such accounts. PLOS attempts to limit its credit risk associated with cash equivalents and marketable securities by utilizing outside advisors and managers to place its investments with highly rated corporate and financial institutions.

Investments

PLOS' investments are stated at fair value based on quoted prices in active markets. Any related changes in realized or unrealized gain (loss) are reflected in changes in market value in the statement of activities.

Restricted investment

PLOS maintains one certificate of deposit with an original maturity in excess of three months with a bank that is pledged as security for its office lease. At December 31, 2020, the restricted investment amounted to \$175,976.

Contributions receivable

Contributions receivable represent unconditional promises from donors. There are no unconditional or conditional contributions receivable at December 31, 2020.

Public Library of Science
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Program and accounts receivable

Program and accounts receivable consist of author fees, sponsorship, and advertising. Reserves for potential bad debts are maintained based on historical credit losses and management's expectations. The allowance for bad debts was \$331,566 as of December 31, 2020.

Loan receivable

PLOS has a 10 year loan receivable with an original principal balance of \$50,000 from ORCID, Inc. This loan was entered into on November 10, 2011 and accrues interest at an annual rate of 2.75%. Outstanding accrued interest amounted to \$14,140 at December 31, 2020. The borrower's charitable purpose is to promote accuracy and integrity in attribution, and further collaboration in scientific research and scholarship. Specifically, the loan to ORCID is to solve the author/contributor name ambiguity problem in scholarly communications by creating a central registry of unique identifiers for individual researchers and an open and transparent linking mechanism between ORCID and other current author ID schemes.

Long-lived assets

Long-lived assets are reviewed for impairment whenever events or changes in circumstances indicate that their carrying amounts may not be recoverable. Recoverability of assets is measured by comparison of the carrying amount of the asset to the net undiscounted future cash flows expected to be generated from the asset. If the future undiscounted cash flows are not sufficient to recover the carrying value of the assets, the assets' carrying value is adjusted to fair value. There was no impairment of assets during the year ended December 31, 2020.

Property and equipment

Property and equipment are valued at cost or, if donated, at fair market value on the date of donation. The cost of property and equipment greater than \$1,000 is capitalized and depreciated over the estimated useful life of each class of depreciable asset using the straight-line method or over the lesser of the lease term or useful life for leasehold improvements.

Depreciation and amortization of property and equipment is computed using the straight-line method over the following estimated useful lives:

Leasehold improvements	Lesser of lease term or 1 to 5 years
Computer hardware and software	3 - 5 years
Furniture and fixtures	3 - 10 years
Website	5 years

Public Library of Science
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Fair value measurements

Fair value is defined as the price that would be received to sell an asset or paid to transfer a liability (i.e., the "exit price") in an orderly transaction between market participants at the measurement date. In determining fair value, PLOS uses various valuation approaches. A hierarchy has been established for inputs used in measuring fair value that maximizes the use of observable inputs and minimizes the use of unobservable inputs by requiring that the most observable inputs be used when available. Observable inputs are inputs that market participants would use in pricing the asset or liability developed based on market data obtained from sources independent of the PLOS. Unobservable inputs are inputs that reflect PLOS' assumptions about what market participants would use in pricing the asset or liability developed based on the best information available in the circumstances.

The following methods and assumptions were used to estimate the fair value of financial instruments:

- *Level 1* - investments include quoted prices (unadjusted) in active markets for identical investments that PLOS has the ability to access at the measurement date.
- *Level 2* - investments include other significant observable inputs (including quoted prices for similar instruments, interest rates, prepayment terms, credit risk, etc.).
- *Level 3* - investments include significant unobservable inputs (including PLOS' own assumptions in determining the fair value of instruments).

The categorization within the valuation hierarchy is based upon the lowest level of input that is significant to the fair value measurement.

Institutional deposits

Institutional deposits represent unused prepaid publication fee deposits from institutional accounts. These are refundable amounts should the institution terminate its arrangements with PLOS.

Deferred revenue

Deferred revenue consists of publication fees collected in advance of publication.

Deferred rent

PLOS leases building space in San Francisco, California and Cambridge, U.K. under operating leases. The leases contain rental increases at various points throughout the lease terms. PLOS recognizes rent expense on a straight-line basis over the lease terms. Deferred rent is provided to reflect the differences between rent recorded in the financial statements and actual rent paid according to the lease terms.

Public Library of Science
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue

PLOS receives revenue from a variety of sources. The most significant portion of revenues is derived from publication fees, which represents fees that authors pay in order to have their scientific articles published in one of PLOS' various online journals. PLOS receives article submissions from authors and then performs a detailed peer review prior to publishing the article. Publication fee revenue is recognized at the time of publication. The publication fee amount is based on pre-established rates.

Publication fee support includes amounts extended to individual authors with financial hardships through the Publication Fee Assistance program and authors whose research is funded by eligible low- and middle-income countries through the PLOS Global Participation Initiative.

Advertising revenue is recognized when the advertising is published.

Contributions

Contributions, including unconditional promises to give, are recognized as revenues in the period the promise is received at fair value. Conditional promises to give are not recognized until they become unconditional; that is when the conditions on which they depend are substantially met. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as support without donor restrictions.

Donated property is recorded at the estimated fair value at the date of receipt. PLOS reports gifts of property as support without restrictions unless explicit donor stipulations specify how the donated assets are to be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, PLOS reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Contributed services and costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. PLOS did not recognize any in-kind contributions during the year ended December 31, 2020.

Public Library of Science
Notes to Financial Statements
December 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Functional allocation of expenses

Costs of providing PLOS' programs and other activities have been allocated between publishing program services and general and administration functional expenses based upon time and other cost studies performed by PLOS. Indirect costs were allocated to the programs and supporting services by a method that best measured the relative degree of benefit which was primarily based on headcount and individual's respective functions.

Income taxes

PLOS has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. The exemptions are subject to periodic review by the federal and state taxing authorities, and management is confident that PLOS continues to satisfy all federal and state statutes in order to qualify for continued tax exemption status. PLOS may periodically receive unrelated business income (such as advertising income, etc.) requiring PLOS to file separate tax returns under federal and state statutes. PLOS also has certain transactions requiring the payment of additional employer taxes to HM Revenue and Customs in the U.K. Under such conditions, PLOS calculates and accrues the applicable taxes. PLOS is not subject to examination by taxing authorities, nor was for any prior years.

PLOS assesses tax positions taken or expected to be taken against more-likely-than-not recognition threshold and measurement attributes for financial statement recognition. Based on an analysis prepared by PLOS, it was determined that PLOS believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

Subsequent events

Management of the Organization has evaluated events and transactions subsequent to December 31, 2020, for potential recognition or disclosure in the financial statements. The Organization did not have subsequent events that required recognition or disclosure in the financial statements for the year ended December 31, 2020. Subsequent events have been evaluated through the date the financial statements became available to be issued, June 22, 2021.

Public Library of Science
Notes to Financial Statements
December 31, 2020

3. INVESTMENTS

Investments consisted of the following:

	Cost	Fair Value
Fixed income	\$ 5,095,678	\$ 5,330,639
Domestic stock	2,305,994	3,119,340
International stock	4,407,360	5,254,288
	\$ 11,809,032	\$ 13,704,267

Unrealized and realized gains, net of fees, on investments for the year are as follows:

Net unrealized gain on investments	\$ 890,405
Net realized gain on sale of investments	161,534
Investment fees	(20,000)
	\$ 1,031,939

4. FAIR VALUE MEASUREMENTS

The Organization's assets at fair value as of December 31, 2020 within the fair value hierarchy, are as follows:

	Level 1	Level 2	Level 3	Total
Fixed income	\$ 5,330,639	\$ -	\$ -	\$ 5,330,639
Domestic stocks	3,119,340	-	-	3,119,340
International stocks	5,254,288	-	-	5,254,288
	\$ 13,704,267	\$ -	\$ -	\$ 13,704,267

5. PROPERTY AND EQUIPMENT

Property and equipment consisted of the following:

Computer hardware and software	\$ 2,135,753
Leasehold improvements	326,286
Website	947,818
Furniture and fixtures	306,690
	3,716,547
Accumulated depreciation	(3,623,245)
	\$ 93,302

Public Library of Science
Notes to Financial Statements
December 31, 2020

5. PROPERTY AND EQUIPMENT (continued)

Depreciation and amortization expense for the year ended December 31, 2020 amounted to \$274,985 and is included in facility costs in the statement of functional expenses.

6. NOTES PAYABLE - PAYCHECK PROTECTION PROGRAM LOAN

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security Act, commonly referred to as the CARES ACT, was signed into law. One of the component of the CARES Act was the Paycheck Protection Program ("PPP") which provides small business with the resources needed to maintain their payroll and cover applicable overhead such as office space lease expenditures. The PPP is implemented by the Small Business Administration ("SBA") with the support from the Department of the Treasury. On April 16, 2020, PLOS received a PPP loan for \$2,567,157. The loan accrues interest at a rate of 1% and has an original maturity date of two years which can be extended to five years by mutual agreement between PLOS and the lender. Payments of the principal and interest are deferred for the first ten month of the loan. Under the terms of the CARES Act, PPP loan recipients can apply for and be granted forgiveness for all or a portion of the loan granted under the PPP. Such forgiveness will be determined based on the use of the loan proceeds for payroll costs, covered mortgage interest payments, covered rent payments and covered utilities with certain limitations. PLOS believes that it will likely qualify for the loan to be forgiven, but there is uncertainty around the standards and operations of the PPP, and no assurance at this time is provided that PLOS will obtain forgiveness in whole or in part.

PLOS believes that all loan proceeds were used for eligible expenses as stipulated by the loan mandate. At December 31, 2020, the PPP loan balance amounted to \$2,567,157 and is recognized as a note payable in the statement of financial position. PLOS applied for PPP loan forgiveness and submitted an application in 2021. Forgiveness of loan proceeds will be recognized as income in the period PLOS receives formal forgiveness.

7. NET ASSETS FROM DONOR RESTRICTIONS

Net assets with donor restrictions consisted of the following:

To study how credibility and impact of research artifacts influence scholarly research activities	<u>\$ 41,154</u>
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Net assets with donor restrictions released from restriction during the year were as follows:

To study how credibility and impact of research artifacts influence scholarly research activities	<u>\$ 8,424</u>
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Public Library of Science
Notes to Financial Statements
December 31, 2020

8. LEASE COMMITMENTS

In November 2016, PLOS entered into an operating lease that began June 1, 2017 and was to expire on May 31, 2024 for a rentable area of 20,502 square footage. In March 2020, PLOS amended its lease with the same landlord for a rentable area of 9,508 square feet effective September 1, 2020. The amendment reduced the current monthly lease payment from \$112,385 through May 2020 and \$115,750 through August 2020 to \$69,725 starting on September 1, 2020 with stipulated periodic rental increases. PLOS accounts for operating leases which have stipulated rental adjustments under the straight-line method. PLOS is responsible for its proportionate share of building, maintenance and operating expenses which includes property taxes, insurance, and utilities. In connection with the leases, PLOS is required to collateralize the rental agreements with a deposit for performance under the rental contracts. The required deposit amounted to \$175,976 at December 31, 2020 and is reflected as restricted investment on the statement of financial position.

In July 2010, PLOS entered into an operating lease agreement for office space in the United Kingdom through July 18, 2020. During 2013 and 2014, PLOS entered into an operating lease agreement for expanded premises of its office space in the United Kingdom through July 18, 2020. This operating lease agreement was renewed in March 2020 to extend to July 2025. PLOS is responsible for repairs and maintenance to keep the premises in "good repair and condition" and is also subject to value added tax (VAT) on the periodic rent charges. The combined leases, exclusive of VAT, require periodic rental payments which equate to £116,578 British Pounds Sterling annually (approximately U.S. \$156,545 as of December 31, 2020).

The scheduled minimum lease payments under the lease terms are as follows:

Year ending December 31,

2021	\$	986,508
2022		1,011,671
2023		1,037,590
2024		1,064,287
2025		<u>80,011</u>
	\$	<u>4,180,067</u>

Rent expense for the year ended December 31, 2020 amounted to \$2,567,157 and is included in facility costs in the statement of functional expenses.

9. RETIREMENT PLAN

For U.S. based employees, PLOS offers the opportunity for participation in a salary reduction retirement plan qualified under Internal Revenue Code Section 401(k). The Public Library of Science 401(k) Profit Sharing Plan & Trust provides employees with the opportunity to defer up to 4% of their salary. PLOS matches 100% of employee contributions up to 3% of compensation, and then matches 50% of employee contributions on the next 2% of compensation. PLOS contributed \$392,720 to the plan for the year ended December 31, 2020.

Public Library of Science
Notes to Financial Statements
December 31, 2020

9. RETIREMENT PLAN (continued)

For U.K.-based employees, PLOS offers a policy under Royal London whereby participants must contribute a minimum of 3% of their salary for a matching PLOS contribution up to 5%. PLOS contributed \$158,794 to the plan for the year ended December 31, 2020.

10. LIQUIDITY AND FUNDS AVAILABLE

As part of the Organization's liquidity management, PLOS invests its excess cash and operating reserves in its investment portfolio managed by Vanguard Institutional Advisors. PLOS' investment portfolio contains equity and fixed income mutual funds that can be redeemed on one day's notice.

PLOS strives to maintain net assets without restrictions that are equal to at least three months of its average monthly expenses, although the organization may choose to go below this level to invest in new initiatives.

Financial assets available within one year of the balance sheet date for general operating expenditures are as follows:

Financial assets	
Cash	\$ 2,683,621
Program and accounts receivable, net	4,153,521
Investments	<u>13,704,267</u>
	<u>\$ 20,541,409</u>

11. RISKS AND UNCERTAINTIES

The COVID-19 pandemic has impacted and could further impact the Organization's operations and the operations of the Organization's authors, suppliers and vendors as a result of quarantines, facility closures, and travel and logistics restrictions. Fiscal 2020 was a challenging year for the Organization because of the COVID-19 pandemic. Offices were shut down with little notice and staff had to quickly adjust to working from home settings. The Organization provided support to employees to ensure they had access to all the relevant technology tools to help make the transition less onerous. Also, prior to the pandemic, the Organization re-negotiated its San Francisco office lease to a much smaller space better suited for the Organization's staffing levels and needs. However, due to the public health crisis, the Organization is not planning to let people back to the office at least until July 2021. The extent to which the COVID-19 pandemic impacts the Organization's business, results of operations and financial condition will depend on future developments, which are highly uncertain and cannot be predicted, including, but not limited to the effects of the COVID-19 pandemic on the Organization's authors and suppliers. Even after the COVID-19 pandemic has subsided, the Organization may continue to experience adverse impacts to its business as a result of any economic recession or depression that has occurred or may occur in the future, particularly in countries like India which is the location of some of the Organization's vendors. Therefore, the Organization cannot reasonably estimate the impact at this time.

SUPPLEMENTARY INFORMATION



INDEPENDENT AUDITOR'S REPORT ON SUPPLEMENTARY INFORMATION

To the Board of Directors
Public Library of Science
San Francisco, California

We have audited the financial statements of Public Library of Science as of and for the year ended December 31, 2020 and our report thereon dated June 22, 2021, which expressed an unmodified opinion on those financial statements, appears on pages 1 - 2. Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The information on pages 19 - 20 is presented for purposes of additional analysis and is not a required part of the 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 information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

Armanino LLP

Armanino^{LLP}
San Francisco, California

June 22, 2021



An independent firm
associated with Moore
Global Network Limited

Public Library of Science
Statement of Activities with Publication Fee Support Presented as Program Expense
For the Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Without Donor Restrictions	With Donor Restrictions	2020 Total	2019 Total
Revenues, gains and other support				
Publication fees	\$ 34,310,825	\$ -	\$ 34,310,825	\$ 31,515,547
Unrealized and realized gains on investments, net	1,031,939	-	1,031,939	1,006,083
Interest and dividend income	413,937	-	413,937	420,855
Advertising	261,704	-	261,704	267,707
Contributions	10,788	49,578	60,366	158,006
Institutional program revenue	45,000	-	45,000	-
Reprints	11,909	-	11,909	2,838
Other income (expense), net	(145,256)	-	(145,256)	(61,338)
Net assets released from restrictions	8,424	(8,424)	-	-
	<u>35,949,270</u>	<u>41,154</u>	<u>35,990,424</u>	<u>33,309,698</u>
Functional expenses				
Publishing program services	29,655,806	-	29,655,806	26,984,679
Management and general	3,301,627	-	3,301,627	5,208,240
Total functional expenses	<u>32,957,433</u>	<u>-</u>	<u>32,957,433</u>	<u>32,192,919</u>
Change in net assets	2,991,837	41,154	3,032,991	1,116,779
Net assets, beginning of year	<u>11,800,369</u>	<u>-</u>	<u>11,800,369</u>	<u>10,683,590</u>
Net assets, end of year	<u>\$ 14,792,206</u>	<u>\$ 41,154</u>	<u>\$ 14,833,360</u>	<u>\$ 11,800,369</u>

Public Library of Science
Statement of Functional Expenses with Publication Fee Support Presented as Program Expense
For The Year Ended December 31, 2020
(With Comparative Totals for 2019)

	Publishing Program Services	Management and General	2020 Total	2019 Total
Expenses				
Salaries and benefits	\$ 16,797,365	\$ 1,977,232	\$ 18,774,597	\$ 18,744,128
Production costs	6,007,825	-	6,007,825	5,863,087
Facility costs	1,646,560	92,446	1,739,006	2,138,147
Publication fee support	1,882,204	-	1,882,204	1,667,819
Technology	1,228,790	105,760	1,334,550	997,818
Professional fees	813,740	544,661	1,358,401	694,189
Travel, meals, and promotion	137,333	29,597	166,930	680,457
Marketing and advertising	691,445	-	691,445	509,525
Office and other	199,492	551,891	751,383	451,059
Training and recruitment	251,052	40	251,092	446,690
	<u>251,052</u>	<u>40</u>	<u>251,092</u>	<u>446,690</u>
Total expenses	<u>\$ 29,655,806</u>	<u>\$ 3,301,627</u>	<u>\$ 32,957,433</u>	<u>\$ 32,192,919</u>