



MUELLER & CO., LLP

Certified Public Accountants – Business & Financial Advisors

ASSURANCE

**AMERICAN LIBRARY ASSOCIATION
RETIREMENT PLAN**

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2018

MUELLER

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CONTENTS

	<u>PAGE</u>
Basic Financial Statements	
Independent Auditor's Report	1-2
Statements of Net Assets Available for Benefits	3
Statement of Changes in Net Assets Available for Benefits	4
Notes to Financial Statements	5-15
Supplementary Information	
Schedule of Delinquent Participant Contributions	16
Schedule of Assets (Held at End of Year)	17



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INDEPENDENT AUDITOR'S REPORT

Plan Participants and Executive Board
American Library Association Retirement Plan
Chicago, Illinois

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the American Library Association Retirement Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2018 and 2017, and the related statement of changes in net assets available for benefits for the year ended December 31, 2018, and the 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 conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matter described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the United States Department of Labor Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information detailed in Note 3, which was certified by Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF), the custodian of the Plan, except for comparing this information with the related information included in the financial statements and supplemental schedules. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained a certification from the custodian as of December 31, 2018 and 2017, and for the year ended December 31, 2018, that the information provided to the Plan Administrator by the custodian is complete and accurate.

Basis for Disclaimer of Opinion, Continued

In addition, the Plan has not maintained sufficient accounting records and supporting documents relating to certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009. Accordingly, we were unable to apply auditing procedures sufficient to determine the extent to which the financial statements have been affected by these conditions.

Further, as described in Note 10, the Plan has excluded from investments in the accompanying statements of net assets available for benefits certain annuity and custodial accounts issued to current and former employees prior to January 1, 2009, as permitted by the Department of Labor's Field Assistance Bulletin No. 2009-02, Annual Reporting Requirements for 403(b) Plans. The investment income and distributions related to such accounts have also been excluded from the accompanying statement of changes in net assets available for benefits. Under accounting principles generally accepted in the United States of America, these accounts and the related income and distributions should have been included in the accompanying financial statements. The effects of these excluded annuity and custodial accounts and the related income and distributions are not determinable.

Disclaimer of Opinion

Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraphs, we have not been able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion. Accordingly, we do not express an opinion on these financial statements.

Other Matter

The supplemental schedule of assets (held at end of year) as of December 31, 2018 and the supplemental schedule of delinquent participant contributions for the year ended December 31, 2018, are required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. The supplemental schedules are the responsibility of the Plan's management. Because of the significance of the matter described in the Basis for Disclaimer of Opinion paragraphs, we do not express an opinion on the supplemental schedules.

Report on Form and Content in Compliance with DOL Rules and Regulations

The form and content of the information included in the financial statements and supplemental schedules, other than that derived from the information certified or provided by the custodian, have been audited by us in accordance with auditing standards generally accepted in the United States of America and, in our opinion, are presented in compliance with the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974.

Muller & Co., LLP

Chicago, Illinois
September 6, 2019

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN
STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS
DECEMBER 31, 2018 AND 2017

	2018	2017
Assets:		
Investments at fair value	\$ 65,630,407	71,138,093
Investments at contract value	3,601,596	3,435,795
	69,232,003	74,573,888
Liabilities	-	-
Net assets available for benefits	\$ 69,232,003	74,573,888

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

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS
AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2018

Additions:

Contributions:

Employer	\$ 994,577
Participants	1,321,820
Rollover	<u>620,800</u>

2,937,197

Investment and other income (loss):

Net depreciation in fair value of investments	(3,549,250)
Interest and dividends	<u>1,014,725</u>

(2,534,525)

Total additions

402,672

Deductions:

Benefits paid to participants

5,744,557

Total deductions

5,744,557

Decrease in net assets

(5,341,885)

Net assets available for benefits:

Beginning of year 74,573,888

End of year \$ 69,232,003

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

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS

NOTE 1 - PLAN DESCRIPTION

The following brief description of the American Library Association Retirement Plan (Plan) provides only general information. Participants should refer to the Plan agreement for a more complete description of the Plan's provisions.

General

The Plan is a defined contribution 403(b) plan covering all employees of American Library Association (Organization) who may make deferral contributions immediately upon hire. After completing two years of service as defined in the Plan agreement, employees become eligible for the Organization match and nondiscretionary contributions. The match is allocated effective the first full pay period after the employee's anniversary date, as defined by the Plan. The nondiscretionary contribution is allocated to qualifying participants each pay period. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Executive Board oversees governance of the Plan. The Executive Board determines the appropriateness of the Plan's investment offerings and monitors investment performance.

Loan Balances

Employees are eligible to borrow from Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF) using a portion of their plan account as security for the loan. Under the borrowing terms, Plan assets of 110% of the loan amount serves as collateral to these loans. See Note 12 for loan balances at December 31, 2018 and 2017.

Contributions

Eligible employees may contribute up to 100% of pretax annual compensation, as defined by the Plan. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Organization provides a matching contribution and a nondiscretionary contribution to employees with 2 years of eligible service, as defined in the Plan document. The matching contribution is equal to 3% of the eligible participant's compensation, as defined, for those participants contributing at least 3% of compensation. A matching contribution is not made for participants contributing less than 3%. The Organization's nondiscretionary contribution is equal to 4% of compensation for eligible employees. The Organization contributed \$994,577 to the Plan during the year ended December 31, 2018. Contributions are subject to Internal Revenue Service (IRS) limitations.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 1 - PLAN DESCRIPTION, CONTINUED

Participant Accounts

Each participant's account is credited with the participant's contribution and receives an allocation of the Organization contributions and Plan earnings. Participant accounts are charged with an allocation of administrative expenses that are paid by the Plan. Allocations are based on participant account balances or compensation, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and the Organization contributions plus actual earnings thereon. Therefore, there are no forfeited nonvested accounts as of December 31, 2018 and 2017.

Investment Options

Upon enrollment in the Plan, a participant may direct their account balance in a variety of investment choices as more fully described in the Plan's literature. Participants may change their investment options at any time.

Payment of Benefits

On termination of service due to severance of employment, death, disability or retirement, a participant or a participant's beneficiary may elect to receive a lump-sum amount equal to the value of the participant's vested interest in his or her account, installment payments or an annuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Accounting

The financial statements of the Plan are prepared on the accrual basis of accounting.

Use of Estimates

The preparation of financial statements in accordance with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, changes therein and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Investment Valuation and Income Recognition

Investments are reported at fair value, except for fully benefit-responsive investment contracts, which are reported at contract value. Fair value is the price that would be received to sell an asset or paid to transfer a liability in an orderly transaction between market participants at the measurement date. See Note 4 for discussion of fair value measurements. Contract value is the relevant measure for the portion of the net assets available for benefits of a defined contribution plan attributable to fully benefit-responsive investment contracts because contract value is the amount participants normally would receive if they were to initiate permitted transactions under the terms of the Plan.

Purchases and sales of securities are recorded on a trade-date basis. Interest income is recorded on the accrual basis. Dividends are recorded on the ex-dividend date. Net depreciation in fair value of investments includes the Plan's gains and losses on investments bought and sold as well as held during the year.

Payment of Benefits

Benefits are recorded when paid.

Expenses

Certain expenses of maintaining the Plan are paid by the Plan, unless otherwise paid by the Organization. Expenses that are paid by the Organization are excluded from these financial statements. Fees related to the administration of loans receivable from participants are charged directly to the participant's account. Investment related expenses are included in net depreciation in fair value of investments.

Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Plan's ability to continue as a going concern for the one-year period from the date the financial statements are available to be issued. Management's assessment did not identify any conditions or events raising substantial doubt about the Plan's ability to continue as a going concern for the period from September 6, 2019 to September 6, 2020.

Subsequent Events

Subsequent events have been evaluated through September 6, 2019, the date that the financial statements were available for issue. All subsequent events, if any, requiring recognition as of December 31, 2018, have been incorporated into these financial statements.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 3 - CERTIFIED INVESTMENTS

Certain information related to investments disclosed in the accompanying financial statements and supplemental schedules, including investments held at December 31, 2018 and 2017, and net depreciation in fair value of investments, interest and dividends for the year ended December 31, 2018, was obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by TIAA-CREF, the custodian of the Plan.

NOTE 4 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (Level 1 measurements) and the lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy are described below:

- | | |
|---------|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date. |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as: <ul style="list-style-type: none">• Quoted prices for similar assets or liabilities in active markets;• Quoted prices for identical or similar assets or liabilities in inactive markets;• Inputs other than quoted prices that are observable for the asset or liability;• Inputs that are derived principally from or corroborated by observable market data by correlation or other means. |

If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.

- | | |
|---------|-----------------------------------------------------------------------------------------------------|
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement. |
|---------|-----------------------------------------------------------------------------------------------------|

The asset's or liability's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Following is a description of the valuation methodologies used for assets measured at fair value. There were no changes in the methodologies used during the years ended December 31, 2018 and 2017.

Variable annuity contracts: Valued at the total net asset value (NAV) of shares held at year end which is based on the fair value of the underlying investments. The Plan's interest in the variable annuity contract is valued based on the information reported by the contract holder.

Guaranteed annuity contract – non-benefit-responsive: The fixed annuity contract is reported at contract value which approximates fair value. This determination is based on TIAA-CREF's credit rating and yield during 2018 and 2017 being comparable to similar alternative investments and the interest rate which resets annually being comparable to a ten year treasury bond.

Pooled separate accounts: Valued at the total of the NAV of investments held by the Plan at year end.

Registered investment companies: Valued at the quoted market price of shares held by the Plan at year end.

The methods described above may produce a fair value calculation that may not be indicative of net realizable value or reflective of future fair values. Furthermore, while the Plan believes its valuation methods are appropriate and consistent with other market participants, the use of different methodologies or assumptions to determine the fair value of certain financial instruments could result in a different fair value measurement at the reporting date.

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2018 and 2017:

	Assets at Fair Value as of December 31, 2018			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets in the fair value hierarchy:				
Guaranteed annuity contract \$	-	-	21,350,086	21,350,086
Registered investment companies	<u>9,000,527</u>	-	-	<u>9,000,527</u>
Total assets				
in the fair value hierarchy \$	<u>9,000,527</u>	-	<u>21,350,086</u>	30,350,613
Assets measured at NAV				<u>35,279,794</u>
Total assets at fair value			\$	<u>65,630,407</u>

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

	Assets at Fair Value as of December 31, 2017			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets in the fair value hierarchy:				
Guaranteed annuity contract	\$ -	-	21,657,347	21,657,347
Registered investment companies	<u>9,522,190</u>	-	-	<u>9,522,190</u>
Total assets in the fair value hierarchy	\$ <u>9,522,190</u>	<u>-</u>	<u>21,657,347</u>	<u>31,179,537</u>
Assets measured at NAV				<u>39,958,556</u>
Total assets at fair value				\$ <u>71,138,093</u>

The Plan's policy is to recognize transfers between Levels 1 and 2 and into and out of Level 3 as of the date of the event or change in circumstances that caused the transfer. For the year ended December 31, 2018, transfers into Level 3 are summarized below.

The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2018.

	<u>Guaranteed Annuity Contract - Non-Benefit-Responsive</u>
Balance, beginning of year	\$ 21,657,347
Realized gains	393,359
Unrealized gains relating to instruments still held at the reporting date	303,271
Investment earnings	221,106
Purchases	194,608
Sales	(1,905,194)
Transfers	<u>485,589</u>
Balance, end of year	\$ <u>21,350,086</u>

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

**NOTES TO FINANCIAL STATEMENTS
(CONTINUED)**

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Quantitative Information About Significant Unobservable Inputs Used in Level 3 Fair Value Measurements

The following table represents the Plan's Level 3 financial instruments, the valuation techniques used to measure the fair value of those financial instruments and the significant unobservable inputs and the ranges of the values for those inputs as of December 31, 2018 and 2017.

<u>Instrument</u>	<u>2018 Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range of Significant Input Values</u>
Guaranteed annuity contract – non-benefit-responsive	\$21,350,086	Discounted cash flow	Risk adjusted discount rate applied	RC – 3.50% to 4.50%

<u>Instrument</u>	<u>2017 Fair Value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable Inputs</u>	<u>Range of Significant Input Values</u>
Guaranteed annuity contract – non-benefit-responsive	\$21,657,347	Discounted cash flow	Risk adjusted discount rate applied	RC – 3.50% to 4.25%

Investments Measured Using the Net Asset Value per Share Practical Expedient

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of December 31, 2018 and 2017. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

<u>December 31, 2018</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Variable annuity contracts (a)	\$ 31,839,213	N/A	Daily	None
Pooled separate accounts (b)	\$ 3,440,581	N/A	Daily	None
<u>December 31, 2017</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Variable annuity contracts (a)	\$ 36,641,346	N/A	Daily	None
Pooled separate accounts (b)	\$ 3,317,210	N/A	Daily	None

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED

Investments Measured Using the Net Asset Value per Share Practical Expedient, Continued

(a) Variable annuity contracts are comprised of various investment types and objectives, including the following:

- Asset allocation/balanced funds seek the highest total return over time consistent with an emphasis on both capital growth and income primarily through investments in debt and equity securities.
- Bonds seek maximum total return consistent with preservation of capital and prudent investment management by investing primarily in investment grade securities.

(b) Pooled separate accounts are comprised of a real estate fund that seeks growth of capital and current income by investing primarily in securities of real estate and real estate related issuers, derivatives and other instruments that have economic characteristics similar to such securities.

NOTE 5 - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS

The Plan has entered into a traditional fully benefit-responsive guaranteed investment contract with TIAA-CREF totaling \$3,601,596 and \$3,435,795 as of December 31, 2018 and 2017, respectively. TIAA-CREF maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting rate is based on a formula established by the contract issuer but may not be less than 3%. The crediting rate is reviewed on a quarterly basis for resetting. The guaranteed investment contract does not permit the issuing company to terminate the agreement prior to the scheduled maturity date.

This contract meets the fully benefit-responsive investment contract criteria and therefore is reported at contract value. Contract value is the relevant measure for fully benefit-responsive investment contracts because this is the amount received by participants if they were to initiate permitted transactions under the terms of the Plan. Contract value, as reported to the Plan by TIAA-CREF, represents contributions made under the contract, plus earnings, less participant withdrawals and administrative expenses. Participants may ordinarily direct the withdrawal or transfer of all or a portion of their investment at contract value.

The Plan's ability to receive amounts due is dependent on the issuer's ability to meet its financial obligations. The issuer's ability to meet its contractual obligations may be affected by future economic and regulatory developments.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 5 - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS, CONTINUED

Certain events might limit the ability of the Plan to transact at contract value with the issuer. Such events include (1) amendments to the Plan documents (including complete or partial Plan termination or merger with another plan), (2) changes to the Plan's prohibition on competing investment options or deletion of equity wash provisions, (3) bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spinoffs of a subsidiary) that cause a significant withdrawal from the Plan, (4) the failure of the Plan to qualify for exemption from federal income taxes or any required prohibited transaction exemption under ERISA or (5) premature termination of the contract. No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuers and that also would limit the ability of the Plan to transact at contract value with the participants.

In addition, certain events allow the issuer to terminate the contract with the Plan and settle at an amount different from contract value. Such events include (1) an uncured violation of the Plan's investment guidelines, (2) a breach of material obligation under the contract, (3) a material misrepresentation and (4) a material amendment to the agreement without the consent of the issuer.

NOTE 6 - RELATED PARTY TRANSACTIONS AND PARTY-IN-INTEREST TRANSACTIONS

Certain Plan investments are managed by TIAA-CREF. TIAA-CREF is the custodian of the Plan and, therefore, these transactions qualify as party-in-interest transactions.

Certain employees of the Organization provide administrative services for the Plan and are not reimbursed for their services from the Plan. Certain other administrative expenses of the Plan are paid by the Organization on behalf of the Plan.

NOTE 7 - PLAN TERMINATION

Although it has not expressed any intent to do so, the Organization has the right under the Plan to discontinue its contributions at any time and to terminate the Plan subject to the provisions of ERISA.

NOTE 8 - TAX STATUS OF PLAN

The Plan Administrator believes that the Plan has been designed to comply with the requirements of section 403(b) of the Internal Revenue Code (IRC) and, therefore, believes the Plan is qualified and the related custodial accounts are tax-exempt. Therefore, no provision for income taxes has been included in the Plan's financial statements.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 8 - TAX STATUS OF PLAN, CONTINUED

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability (or asset) if the Plan has taken uncertain tax positions that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan, and has concluded that as of December 31, 2018 and 2017, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements.

The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any open tax periods or any tax periods in progress. The Plan Administrator has no reason to believe Form 5500 is subject to examination for years prior to 2015.

NOTE 9 - RISK AND UNCERTAINTIES

The Plan invests in various investment securities. Investment securities are exposed to various risks such as interest rate, market and credit risks. Due to the level of risk associated with certain securities, it is at least reasonably possible that changes in the values of investment securities will occur in the near term and that such changes could materially affect participants' account balances and the amounts reported in the statements of net assets available for benefits.

NOTE 10 - EXCLUDED CONTRACTS

The Plan Administrator has elected to exclude from investments certain annuity and custodial accounts which may have been issued to current and former employees prior to January 1, 2009, as permitted by the Department of Labor's Field Assistance Bulletin No. 2009-02, Annual Reporting Requirements for 403(b) Plans. The investment income and distributions related to such accounts have also been excluded from the statement of changes in net assets available for benefits. Accounting principles generally accepted in the United States of America require that these accounts and the related income and distributions be included in the accompanying financial statements. The Plan Administrator is not able to determine the amount of these excluded annuity and custodial accounts and the related income and distributions because records relating to these are not available or do not exist.

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

NOTES TO FINANCIAL STATEMENTS (CONTINUED)

NOTE 11 - PROHIBITED TRANSACTIONS

The Organization failed to remit to the Plan's custodian certain participant contributions within the period prescribed by the Department of Labor's (DOL) regulations in 2018 and 2017 totaling \$90,122 and \$89,643, respectively. Delays in remitting contributions to the custodian were due to administrative errors and constitute prohibited transactions. During 2018, the Organization made contributions of \$1,064 relating to the 2017 and 2018 late remittances to compensate participants for potential lost income due to the delays.

NOTE 12 - PLAN LOANS

Participants may borrow from TIAA-CREF using a portion of their Plan account as security for the loan. The minimum loan is \$1,000 and may be up to the lesser of \$50,000 or 45% of their combined TIAA and CREF accumulation attributable to participation under the Plan and 90% of their CREF or TIAA Real Estate accumulation attributable to participation under the Plan. The loans bear interest at rates that range from 4.00% to 4.39%, which are commensurate with local prevailing rates as determined periodically by TIAA-CREF. Principal and interest is paid ratably through quarterly ACH transfers by the participant to TIAA-CREF. The Plan Administrator has concluded that these loans are not Plan assets and that such arrangements are exempt transactions.

The balances as of December 31, 2018 and 2017 were \$145,207 and \$172,176, respectively. Under the borrowing terms, Plan assets of 110% of the loan amount serves as collateral to these loans.

In the event of default, such loans are reportable to Plan participants as taxable income but remain outstanding and continue to accrue interest until repaid by the Plan participant or the participant becomes eligible to receive a distribution under the terms of the Plan. As of December 31, 2018 and 2017, there were \$11,659 and \$12,533 loans in default, respectively.

S U P P L E M E N T A R Y I N F O R M A T I O N

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

SCHEDULE H, LINE 4A - SCHEDULE OF DELINQUENT PARTICIPANT CONTRIBUTIONS

YEAR ENDED DECEMBER 31, 2018

EIN: 36-2166947		Totals that Constitute Nonexempt Prohibited Transactions			Total Fully Corrected Under VFCP and PTE 2002-51
Plan No. 001		Contributions Not Corrected	Contributions Corrected Outside Voluntary Fiduciary Correction Program (VFCP)	Contributions Pending Correction in VFCP	
Participant Contributions Transferred Late to Plan					
Check Here if Late Participant Loan Repayments are Included					
2017	\$ 89,643	\$ -	\$ -	\$ -	\$ 89,643
2018	90,122	-	-	-	90,122
	<u>\$ 179,765</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ 179,765</u>

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN
EIN 36-2166947 - PLAN NUMBER 001
SCHEDULE H, LINE 4I - SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2018

IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	CURRENT VALUE **
* College Retirement Equities Fund variable annuities	CREF Stock	\$ 14,356,332
* College Retirement Equities Fund variable annuities	CREF Money Market	821,820
* College Retirement Equities Fund variable annuities	CREF Social Choice	1,570,536
* College Retirement Equities Fund variable annuities	CREF Bond Market	3,441,725
* College Retirement Equities Fund variable annuities	CREF Global Equities	4,756,438
* College Retirement Equities Fund variable annuities	CREF Growth	3,506,922
* College Retirement Equities Fund variable annuities	CREF Equity Index	2,500,422
* College Retirement Equities Fund variable annuities	CREF Inflation - Linked Bond	885,018
* College Retirement Equities Fund variable annuities	TIAA Traditional - benefit-responsive	3,601,596
* College Retirement Equities Fund variable annuities	TIAA Traditional - non-benefit-responsive	21,350,086
* College Retirement Equities Fund variable annuities	TIAA Real Estate	3,440,581
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2010 Retirement	320,551
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2015 Retirement	577,045
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2020 Retirement	25,193
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2025 Retirement	887,583
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2030 Retirement	1,101,377
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2035 Retirement	731,437
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2040 Retirement	309,970
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2045 Retirement	463,761
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2050 Retirement	197,660
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2055 Retirement	155,096
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle 2060 Retirement	29,117
* College Retirement Equities Fund variable annuities	TIAA-CREF International Equity Retirement	1,357,549
* College Retirement Equities Fund variable annuities	TIAA-CREF Large Cap Value Retirement	1,259,545
* College Retirement Equities Fund variable annuities	TIAA-CREF Mid Cap Growth Retirement	197,812
* College Retirement Equities Fund variable annuities	TIAA-CREF Mid Cap Value Retirement	566,900
* College Retirement Equities Fund variable annuities	TIAA-CREF Small Cap Equity Retirement	793,977
* College Retirement Equities Fund variable annuities	TIAA-CREF Lifecycle Retirement Inc.- Retirement	25,954
		<u>\$ 69,232,003</u>

* Represents a party-in-interest.

** Cost information is not required as per special rule for certain participant-directed transactions.

The above information has been certified by TIAA-CREF as complete and accurate.