AMERICAN LIBRARY ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS
AND REPORT OF
INDEPENDENT CERTIFIED PUBLIC ACCOUNTANTS

YEARS ENDED AUGUST 31, 2017 AND 2016

C O N T E N T S

INDEPENDENT AUDITORS' REPORT

Executive Board
American Library Association
Chicago, Illinois

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of American Library Association, which comprise the consolidated statements of financial position as of August 31, 2017 and 2016, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the consolidated 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 consolidated 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 consolidated 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 consolidated financial statements referred to above present fairly, in all material respects, the financial position of American Library Association as of August 31, 2017 and 2016, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Chicago, Illinois
T/B/D

American Library Association
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31,

ASSETS	2017	2016
CURRENT ASSETS		
Cash and cash equivalents	$ 1,182,336	$ 530,850
Short-term investments	8,177,379	14,154,503
Accounts receivable, less allowance for doubtful accounts and returns of $361,730 and $318,091 in 2017 and 2016, respectively	3,683,835	3,777,336
Inventories, less reserves of $233,051 and $212,136 in 2017 and 2016, respectively	1,718,186	1,783,741
Grants receivable	237,809	571,552
Prepaid expenses and other assets	1,069,519	474,212
Total current assets	16,069,064	21,292,194
PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	10,855,967	11,187,841
GOODWILL	1,000,000	1,826,567
INTANGIBLE ASSETS, LESS AMORTIZATION	1,045,450	1,405,616
LONG-TERM INVESTMENTS	43,542,959	40,015,284
TOTAL ASSETS	$ 72,513,440	$ 75,727,502

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

American Library Association
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION - CONTINUED
August 31,

LIABILITIES AND NET ASSETS	2017	2016
CURRENT LIABILITIES		
Accounts payable	$ 3,191,359	$ 3,089,538
Accrued liabilities	919,802	1,061,001
Deferred revenue		
Publication subscriptions	2,236,491	2,211,902
Membership dues	3,947,673	3,890,351
Conference fees	3,438,861	2,603,236
Grants and awards	3,791,312	4,715,005
Line of credit	-	1,000,000
Current portion of capital lease obligation	-	29,604
Current portion of long-term debt	1,200,000	1,300,000
Total current liabilities	18,725,498	19,900,637
LONG-TERM DEBT, NET OF CURRENT PORTION	2,000,000	3,200,000
NON-CURRENT PORTION OF ACCRUED POST-RETIREMENT BENEFITS	11,896,615	22,243,200
Total liabilities	32,622,113	45,343,837
NET ASSETS		
Unrestricted	34,994,051	25,048,179
Temporarily restricted	4,382,576	4,820,786
Permanently restricted	514,700	514,700
Total net assets	39,891,327	30,383,665
TOTAL LIABILITIES AND NET ASSETS	$ 72,513,440	$ 75,727,502

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

American Library Association
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended August 31, 2017

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and other support				
Operating revenues				
Membership dues	$ 8,115,536	$ -	$ -	$ 8,115,536
Sales of books and materials	6,342,871	-	-	6,342,871
Subscriptions	4,516,120	-	-	4,516,120
Advertising	5,903,057	-	-	5,903,057
Meetings and conferences	11,695,804	-	-	11,695,804
Grants and awards	5,686,659	633,049	-	6,319,708
Contributions	1,193,644	199,717	-	1,393,361
Dividends and interest income				
Short-term investments	1,333,533	-	-	1,333,533
Long-term investments	308,648	17,678	-	326,326
Other	3,049,254	5,466	-	3,054,720
Total operating revenues	48,145,126	855,910	-	49,001,036
Net assets released from restrictions				
Satisfaction of program restrictions	1,342,281	(1,342,281)	-	-
Total revenues and other support	49,487,407	(486,371)	-	49,001,036
Expenses				
Payroll	23,058,262	-	-	23,058,262
Outside services	8,427,506	-	-	8,427,506
Travel	2,171,550	-	-	2,171,550
Meetings and conferences	7,409,712	-	-	7,409,712
Scholarships and awards	421,140	-	-	421,140
Publications	3,642,228	-	-	3,642,228
Administration	6,491,879	-	-	6,491,879
Post-retirement benefits	2,212,700	-	-	2,212,700
Total expenses	53,834,977	-	-	53,834,977
Other post-retirement employee benefit-related credit other than net periodic post-retirement cost	12,450,612	-	-	12,450,612
Excess (deficiency) of operating revenues and other support over operating expenses	8,103,042	(486,371)	-	7,616,671
Non-operating				
Net realized and change in unrealized gains (losses)				
Short-term investments	(248,569)	-	-	(248,569)
Long-term investments	2,937,713	48,161	-	2,985,874
Change in investment in publishing venture	(19,747)	-	-	(19,747)
Impairment loss - goodwill	(826,567)	-	-	(826,567)
CHANGE IN NET ASSETS	9,945,872	(438,210)	-	9,507,662
Net assets, beginning of year	25,048,179	4,820,786	514,700	30,383,665
Net assets, end of year	$ 34,994,051	$ 4,382,576	$ 514,700	$ 39,891,327

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

American Library Association
CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
Year ended August 31, 2016

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Revenues and other support				
Operating revenues				
Membership dues	$ 8,432,373	$ -	$ -	$ 8,432,373
Sales of books and materials	7,144,582	-	-	7,144,582
Subscriptions	4,663,865	-	-	4,663,865
Advertising	5,781,529	-	-	5,781,529
Meetings and conferences	12,760,179	-	-	12,760,179
Grants and awards	5,689,618	639,845	-	6,329,463
Contributions	929,009	250,720	-	1,179,729
Dividends and interest income				
Short-term investments	1,168,625	-	-	1,168,625
Long-term investments	683,261	20,473	-	703,734
Other	2,885,157	-	-	2,885,157
Total operating revenues	50,138,198	911,038	-	51,049,236
Net assets released from restrictions				
Satisfaction of program restrictions	1,524,787	(1,524,787)	-	-
Total revenues and other support	51,662,985	(613,749)	-	51,049,236
Expenses				
Payroll	21,616,123	-	-	21,616,123
Outside services	8,483,080	-	-	8,483,080
Travel	2,074,204	-	-	2,074,204
Meetings and conferences	7,554,394	-	-	7,554,394
Scholarships and awards	456,462	-	-	456,462
Publications	4,274,830	-	-	4,274,830
Administration	7,333,814	-	-	7,333,814
Post-retirement benefits	2,095,876	-	-	2,095,876
Total expenses	53,888,783	-	-	53,888,783
Other post-retirement employee benefit-related credit other than net periodic post-retirement cost	571,604	-	-	571,604
Deficiency of operating revenues and other support over operating expenses	(1,654,194)	(613,749)	-	(2,267,943)
Non-operating				
Net realized and change in unrealized gains				
Short-term investments	195,760	-	-	195,760
Long-term investments	908,041	15,640	-	923,681
Change in investment in publishing venture	(5,854)	-	-	(5,854)
CHANGE IN NET ASSETS	(556,247)	(598,109)	-	(1,154,356)
Net assets, beginning of year	25,604,426	5,418,895	514,700	31,538,021
Net assets, end of year	$ 25,048,179	$ 4,820,786	$ 514,700	$ 30,383,665

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

American Library Association
CONSOLIDATED STATEMENTS OF CASH FLOWS
Years ended August 31,

		2017		2016
Cash flows from operating activities				
Change in net assets	$	9,507,662	$	(1,154,356)
Adjustments to reconcile change in net assets to net cash				
provided by (used in) operating activities				
Depreciation and amortization - property and equipment		2,150,132		2,419,723
Amortization - intangible assets		360,166		369,416
Net realized and change in unrealized (gains) losses				
Short-term investments		248,569		(195,760)
Long-term investments		(2,985,874)		(923,681)
Change in investment in publishing venture		(19,747)		(5,854)
Impairment loss - goodwill		826,567		-
Increase in allowance for doubtful accounts and returns		43,639		74,521
Increase in reserve for inventories		20,915		55,549
Changes in operating assets and liabilities				
Accounts receivable		49,862		126,073
Inventories		44,640		(253,625)
Grants receivable		333,743		645,702
Prepaid expenses and other assets		(595,307)		616,448
Accounts payable		101,821		(1,878,202)
Accrued liabilities		(141,199)		85,523
Deferred revenue		(6,157)		649,014
Accrued post-retirement benefits		(10,346,585)		1,047,584
Net cash provided by (used in) operating activities		(407,153)		1,678,075
Cash flows from investing activities				
Purchase of property and equipment		(1,818,258)		(1,893,309)
Purchase of short-term investments		(21,336,991)		(11,555,042)
Proceeds from sale of short-term investments		27,065,546		12,083,227
Purchase of long-term investments		(10,960,418)		(19,989,908)
Proceeds from sale of long-term investments		10,438,364		19,583,004
Net cash provided by (used in) investing activities		3,388,243		(1,772,028)
Cash flows from financing activities				
Proceeds from line of credit		-		1,000,000
Payments on line of credit		(1,000,000)		-
Payments on capital lease obligations		(29,604)		(94,400)
Principal payments of long-term debt		(1,300,000)		(1,500,000)
Net cash used in financing activities		(2,329,604)		(594,400)
NET INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		651,486		(688,353)
Cash and cash equivalents, beginning of year		530,850		1,219,203
Cash and cash equivalents, end of year	$	1,182,336	$	530,850
Supplemental disclosure of cash flow information				
Cash paid for interest expense	$	169,242	$	199,116

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

NOTE A - PURPOSE OF ORGANIZATION

The accompanying consolidated financial statements represent the accounts of the American Library Association (the "Association") and its affiliate, the ALA Allied Professional Association, Inc. (the "ALA/APA") and the Margaret Alexander Edwards Trust (the "Edwards Trust").

The Association, a not-for-profit corporation under Section 501(c)(3) of the Internal Revenue Code of 1986 (the "IRC") and the oldest and largest national library association in the world, is organized to promote libraries and librarianship. Governed by a council of 186 members (the "Council") and representing more than 56,000 personal and organizational members, the mission of the Association is to provide leadership for the development, promotion and improvement of library and information services and the profession of librarianship in order to enhance learning and ensure access to information for all.

The ALA/APA, governed by the Council, is organized to promote the mutual professional interests of librarians and other library workers. The ALA/APA was incorporated in July 2003 as a not-for-profit corporation under Section 501(c)(6) of the IRC. Significant intercompany transactions have been eliminated in consolidation.

The Edwards Trust, governed by the Council, is organized to promote reading among young adults. The Edwards Trust was established in 1989 under Section 501(c)(3) of the IRC as an exempt private foundation. Significant intercompany transactions have been eliminated in consolidation.

NOTE B - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Use of Estimates

The preparation of the consolidated financial statements in conformity with accounting principles generally accepted in the United States of America ("US GAAP") requires the use of estimates and assumptions that affect the amounts reported in the consolidated financial statements and accompanying notes. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ from those estimates.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are assets whose use has been limited by donors to a specific time period or purpose. Assets released from restrictions are reported in the consolidated statements of operations and changes in net assets as additions to unrestricted net assets.

Permanently restricted net assets consist of amounts designated by donors to be held in perpetuity. Earnings, gains and losses on permanently restricted net assets are included in unrestricted revenue and other support unless restricted by donors.

Contributions

Contributions are considered to be available for the general programs of the Association unless specifically restricted by the donor. Contributions are recorded at fair value.

Unconditional promises of others to contribute cash or other assets are reported at fair value at the date the promise is made. The contributions are reported as temporarily or permanently restricted if they are received with donor stipulations that limit the use of the contributed assets to a specific time period or purpose or if the contribution is to be held in perpetuity. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Association reports the support as unrestricted. Restricted earnings are recorded as additions to temporarily restricted net assets until such amounts are expended in accordance with the donor's specifications.

When a donor restriction expires, temporarily restricted net assets are reclassified as unrestricted net assets and are reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions.

Grant Revenue

Grant revenue is recognized when the expenses have been incurred for the purpose specified by the grantor. Payments received in advance are initially recorded as deferred revenue. Grants that make payments on a reimbursement basis are included in grants receivable on the accompanying consolidated statements of financial position until payment is received.

Revenue Recognition

Membership dues are recorded as revenue over the period for which such dues have been assessed. Revenue from publishing activities is recognized as follows: sales of books and other materials are recorded when the goods are shipped to a customer; subscriptions to publications are recorded over the respective subscription period; and advertising in publications is recorded when the publication is issued.

Registration fees for attending meetings, conferences and certain special projects are recorded as revenue at the time the related program takes place.

The Association receives significant amounts of membership dues, publication subscriptions and fees for meetings, conferences and special projects in advance of earning this revenue. The advance payments are recorded as deferred revenue in the accompanying consolidated statements of financial position.

In May 2014, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update (ASU) No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers. ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing, and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted for annual reporting periods beginning after December 15, 2016. The Association is currently evaluating the methods of adoption allowed by ASU No. 2014-09 and the effect that ASU No. 2014-09 is expected to have on its financial position, results of operations, and cash flows and related disclosures.

Advertising

Advertising costs are expensed as incurred.

Cash Equivalents

Cash equivalents consist of money market account deposits that are highly liquid and have a maturity of three months or less at the date of acquisition. Cash includes cash held in bank accounts with balances that exceed the Federal Deposit Insurance Corporation insured limits of $250,000. The Association has not experienced any losses in such accounts and management believes it is not exposed to significant financial risk.

Accounts Receivable

The Association evaluates the collectability of its accounts receivable based on the length of time the receivables are outstanding and the anticipated future collectible amounts based on historical experience. Accounts receivable are charged to the allowance for doubtful accounts when they are deemed uncollectible and payments subsequently received on such receivables are credited to the allowance for doubtful accounts. The Association does not require collateral.

Fair Value Measurements

The Fair Value Measurements and Disclosures Topic of the FASB Accounting Standards Codification ("ASC") establishes a fair value hierarchy that is based on the valuation inputs used in the fair value measurements. Observable inputs are inputs that market participants would use in pricing the asset or liability based on market data obtained from independent sources. Unobservable inputs reflect assumptions that market participants would use in pricing the asset or liability based on the best information available in the circumstances. The fair value hierarchy is broken down into three levels based on the transparency of inputs as follows:

Level 1 - Quoted prices are available in active markets for identical assets or liabilities as of the report date. A quoted price for an identical asset or liability in an active market provides the most reliable fair value measurement because it is directly observable to the market.

Level 2 - Pricing inputs are other than quoted prices in active markets, which are either directly or indirectly observable as of the report date. These include investments for which quoted prices are available but which are traded less frequently and investments that are fairly valued using other securities, the parameters of which can be directly observed. Also included in Level 2 are investments measured using a Net Asset Value ("NAV") per share, or its equivalent, that may be redeemed at that NAV at the dates of the consolidated statements of financial position or in the near term, which is generally considered to be within 90 days.

Level 3 - Securities that have little to no pricing observability as of the report date. These securities are measured using management's best estimate of fair value, where the inputs into the determination of fair value are not observable and require significant management judgment or estimation. Also included in Level 3 are investments measured using a NAV per share, or its equivalent, that can never be redeemed at the NAV or for which redemption at NAV is uncertain due to lock-up periods or other investment restrictions.

Transfers between levels are recognized as of the end of the reporting period.

Inputs are used in applying the various valuation techniques and broadly refer to the assumptions that market participants use to make valuation decisions, including assumptions about risk. Inputs may include price information, volatility statistics, specific and broad credit data, liquidity statistics, and other factors. A financial instrument's level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. However, the determination of what constitutes observable input requires significant judgment by the Association. The Association considers observable data to be that market data that is readily available, regularly distributed or updated, reliable and verifiable, not proprietary, and provided by independent sources that are actively involved in the relevant market. The categorization of a financial instrument within the fair value hierarchy is based upon the pricing transparency of the instrument and does not necessarily correspond to the Association's perceived risk of that instrument.

Inventories

Inventories primarily include books, pamphlets, posters and paper. Inventories are carried at the lower of cost (first-in, first-out basis) or market, and are recorded at an amount that includes direct expenses incurred in production. Indirect and copy editing costs are charged to expense as incurred.

Inventories are stated net of a reserve for excess and obsolete items. Reserves for obsolete inventories are based on estimated future sales as related to quantities of stock on hand. Consignment inventories are sold by the Association based upon sales agreements with two publishing companies.

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation and amortization. Capitalization occurs when the aggregate cost of property or equipment exceeds $1,000 and that property has an estimated useful life of three years or more. Buildings are depreciated over useful lives of 37 to 50 years, furniture and equipment are depreciated over useful lives of 3 to 10 years, and technology and related equipment are depreciated or amortized over useful lives of 3 to 5 years. Depreciation and amortization is provided using the straight-line method. Upon retirement or sale of assets, the cost and related accumulated depreciation and amortization are removed from the accounts, and any resulting gain or loss is credited or charged in determining the change in net assets.

Goodwill

The Association applies the acquisition method of accounting for business combinations. Under this method, all assets and liabilities acquired in a business combination, including goodwill, are recorded at fair value. The purchase price allocation requires subjective judgments concerning estimates of the fair value of the acquired assets and liabilities. Goodwill consists principally of the excess of cost over the fair value of net assets acquired in business combinations, as further described in Note H and I, and is not amortized.

In January 2017, the Financial Accounting Standards Board ("FASB") issued ASU No. 2017-04, *Goodwill And Other (Topic 350) – Simplifying the Test for Goodwill Impairment.* ASU No. 2017-04 simplifies the subsequent measurement of goodwill by eliminating Step 2 of the goodwill impairment test. In computing the implied fair value of goodwill under Step 2, an entity had to perform procedures to determine the fair value at the impairment testing date of its assets and liabilities (including unrecognized assets and liabilities) following the procedure that would be required in determining the fair value of assets acquired and liabilities assumed in a business combination. Under ASU No. 2017-04, an entity should perform its goodwill impairment test by comparing the fair value of a reporting unit with its carrying amount and then recognize an impairment charge, as necessary, for the amount by which the carrying amount exceeds the reporting unit's fair value, not to exceed the total amount of goodwill allocated to that reporting unit.

ASU No. 2017-04 is effective for fiscal years and interim periods within those years beginning after December 15, 2021, and early adoption is permitted for interim or annual goodwill impairment tests performed on testing dates after January 1, 2017. The Company adopted ASU No. 2017-04 for its goodwill impairment test in 2017.

Going Concern Evaluation

In August 2014, the FASB issued ASU No. 2014-15, Presentation of Financial Statements – Going Concern (Subtopic 205-40). ASU No. 2014-15 is effective for the Association for annual periods ending after December 15, 2016. In the 2017 consolidated financial statements, the Association adopted ASU No. 2014-15, which requires management to assess, for each interim and annual reporting period, whether adverse conditions or events, considered in the aggregate, raise substantial doubt about the Association's ability to continue as a going concern for the one-year period from the date the consolidated financial statements are available to be issued. In addition, management is required to consider whether it is probable that their plans intended to mitigate any adverse conditions or events that they identify will be effectively implemented and whether it is probable that, if implemented, their plans will mitigate the identified conditions or events that raised substantial doubt. ASU No. 2014-15 also prescribes the disclosures required to be made in periods when substantial doubt is raised and certain disclosures are required in such periods irrespective of whether it is probable that substantial doubt is alleviated by the effective implementation of management's plans. Management's assessment did not identify any conditions or events raising substantial doubt about the Association's ability to continue as a going concern for the period from T/B/D, 2017 to T/B/D, 2018.

Revenue from Contracts

In May 2014, the FASB issued ASU No. 2014-09, Revenue from Contracts with Customers (Topic 606), which supersedes the revenue recognition requirements in Accounting Standards Codification 605, Revenue Recognition. ASU No. 2014-09 provides for a single five-step model to be applied to all revenue contracts with customers.

ASU No. 2014-09 also requires additional financial statement disclosures about the nature, amount, timing and uncertainty of revenue and cash flows arising from customer contracts, including significant judgments and changes in judgments. ASU No. 2014-09 is effective for annual reporting periods beginning after December 15, 2018. Early adoption is permitted for annual reporting periods beginning after December 15, 2016. The Organization is currently evaluating the methods of adoption allowed by ASU No. 2014-09 and the effect that ASU No. 2014-09 is expected to have on its financial position, results of operations and cash flows and related disclosures.

Leases

In February 2016, the FASB issued ASU No. 2016-02, Leases, which is intended to improve financial reporting about leasing transactions. ASU No. 2016-02 requires that leased assets be recognized as assets on the statements of financial position and the liabilities for the obligations under the lease also be recognized on the statements of financial position. ASU

No. 2016-02 requires disclosures to help investors and other financial statement users better understand the amount, timing, and uncertainty of cash flows arising from leases. The required disclosures include qualitative and quantitative requirements. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2019 and interim periods within those fiscal years beginning after December 15, 2020. Early adoption is permitted. ASU No. 2016-02 must be adopted using a modified retrospective transition, and provides for certain practical expedients. Transition will require application of the new guidance at the beginning of the earliest comparative period presented. The Association is currently evaluating the methods of adoption allowed by ASU No. 2016-02 and the effect that ASU No. 2016-02 is expected to have on its financial position, results of operations, and cash flows and related disclosures.

Presentation of Financial Statements

In August 2016, the FASB issued ASU No. 2016-14, Presentation of Financial Statements of Not-for-Profit Entities (Topic 958). ASU No. 2016-14 is intended to simplify how the Association classifies its net assets, and also improve the information it presents in the consolidated financial statements and notes about liquidity, financial performance and cash flows. ASU No. 2016-14 is effective for annual financial statements issued for fiscal years beginning after December 15, 2017, and for interim periods with fiscal years beginning after December 15, 2018. The Association is currently evaluating the methods of adoption allowed by ASU No. 2016-14 and the effect that ASU No. 2016-14 is expected to have on its financial position, results of operations and cash flows and related disclosures.

NOTE C - TEMPORARILY AND PERMANENTLY RESTRICTED NET ASSETS

Temporarily restricted net assets at August 31, 2017 and 2016 are available for the following purposes:

	2017	2016
Preparation and publication of reading lists	$ 734,943	$ 762,802
Scholarships, awards and fellowships	3,553,748	3,960,351
Promotion of public libraries	68,655	71,722
Other	25,230	25,911
	$ 4,382,576	$ 4,820,786

	2017	2016
Purpose or time restrictions accomplished		
Preparation and publication of reading lists	$ 44,168	$ 60,817
Scholarships, awards and fellowships	1,293,800	1,459,965
Promotion of public libraries	3,067	2,848
Other	1,246	1,157
	$ 1,342,281	$ 1,524,787

As of August 31, 2017 and 2016, the Association's permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support the following purposes:

	2017	2016
Preparation and publication of reading lists	$ 100,000	$ 100,000
Scholarships, awards and fellowships	411,700	411,700
Other	3,000	3,000
	$ 514,700	$ 514,700

NOTE D - INVESTMENT IN PUBLISHING VENTURE

The Association is a participant, with two other organizations, in a publishing venture. The three participating organizations (the "Participant(s)") each own, as tenants in common, one-third shares of the copyright created by the efforts of this publishing venture. Under a separate agreement, a committee was established to administer a fund (the "Fund") and to apply the assets of the Fund toward making amendments and revisions to the copyrighted materials, and to fund future product development, travel and administrative support. Each Participant is obligated to remit to the Fund a royalty of 10% of the Participant's sales of the copyrighted material. The Association serves as custodian for the Fund on behalf of the Participants.

At August 31, 2017 and 2016, the Association has a $665,000 net receivable (net of $117,000 in allowance reserves) and a $615,000 receivable (net of $108,000 in allowance reserves), respectively, from the Fund for expenditures paid. Total amounts paid by the Association to the Fund for royalties during the years ended August 31, 2017 and 2016, were $118,037 and $123,765, respectively. For 2017 and 2016, the Association's portion of the Fund's net loss was $19,747 and $5,854, respectively, which is reflected in the accompanying consolidated statements of operations and changes in net assets.

The following summarizes the condensed financial information of the Fund as of and for the years ended August 31:

	2017	2016
Total assets	$ 182,263	$ 181,880
Total liabilities	768,025	708,402
Revenues	119,556	129,398
Expenses	178,796	146,960

NOTE E - MARGARET ALEXANDER EDWARDS TRUST

On December 20, 2013, the Association assumed control of the Edwards Trust (the "Trust") with an approximate fair value of $970,000. The purpose of the trust is to distribute funds to further the personal reading of young adults.

The Trust is a separate legal entity and is consolidated with the activities of the Association. The Trust is managed in accordance with the same investment, disbursement and spending policies as the Association's other investment funds.

NOTE F - ALLOWANCE FOR DOUBTFUL ACCOUNTS AND RETURNS

Changes in the Association's allowance for doubtful accounts and returns for the years ended August 31, 2017 and 2016, are as follows:

	2017	2016
Beginning balance	$ 318,091	$ 243,570
Provision for bad debts	73,797	65,146
Accounts written off	(35,184)	(4,085)
Amount recovered	5,026	13,460
Ending balance	$ 361,730	$ 318,091

NOTE G - PROPERTY AND EQUIPMENT

The components of property and equipment balances at August 31, 2017 and 2016, are as follows:

	2017	2016
Land	$ 2,443,394	$ 2,443,394
Buildings and improvements	14,393,006	14,326,422
Furniture and other equipment	2,893,950	2,867,607
Technology and related equipment	24,601,824	23,446,400
Total property and equipment	44,332,174	43,083,823
Less accumulated depreciation and amortization	33,476,207	31,895,982
Property and equipment, net	$ 10,855,967	$ 11,187,841

Unamortized software development costs included in property and equipment at August 31, 2017 and 2016, were $1,350,043 and $1,170,759, respectively. Related amortization expense was $597,060 and $872,473 in 2017 and 2016, respectively. Property and equipment depreciation and amortization expense was $2,150,132 and $2,419,723 for the years ended August 31, 2017 and 2016, respectively.

NOTE H - INTANGIBLE ASSETS

The Association recognizes an acquired intangible asset apart from goodwill whenever the intangible asset arises from contractual or other legal rights, or when it can be separated or divided from the acquired entity and sold, transferred, licensed, rented, or exchanged, either individually or in combination with a related contract, asset, or liability. Intangible assets are stated at cost less accumulated amortization and consist of trademarks and brand extension, co-publishing relationship, distribution relationship, backlist, customer relationships, online and catalog and a non-compete agreement. The Association reviews intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Impairment losses are recognized if the carrying amount of an intangible subject to amortization is not recoverable from expected future cash flows and its carrying amount exceeds its fair value. There was no impairment of intangible assets at August 31, 2017 and 2016.

The Association initially allocated $4,250,000 of the purchase price in the Neal Schuman Publishers, Inc. acquisition on December 23, 2011, to the intangible assets in the following table. During the year ended August 31, 2013, a $380,000 impairment loss was recognized on intangible assets, resulting in the allocation of $3,870,000 to the following groupings and estimation of useful lives as determined by independent expert appraisal:

	August 31, 2017			
Intangible Asset	Carrying Amount	Accumulated Amortization	Net	Estimated Useful Life (Years)
Trademarks & brand extension	$ 1,684,000	$ (926,200)	$ 757,800	10
Co-publishing relationship	998,000	(784,143)	213,857	7
Distribution relationship	356,000	(295,786)	60,214	7
Backlist	516,000	(516,000)	-	3
Customer relationships	92,000	(78,421)	13,579	7
Online & catalog	150,000	(150,000)	-	3
Non-compete agreement	74,000	(74,000)	-	4
	$ 3,870,000	$ (2,824,550)	$ 1,045,450	

	August 31, 2016			
Intangible Asset	Carrying Amount	Accumulated Amortization	Net	Estimated Useful Life (Years)
Trademarks & brand extension	$ 1,684,000	$ (757,800)	$ 926,200	10
Co-publishing relationship	998,000	(641,571)	356,429	7
Distribution relationship	356,000	(255,643)	100,357	7
Backlist	516,000	(516,000)	-	3
Customer relationships	92,000	(69,370)	22,630	7
Online & catalog	150,000	(150,000)	-	3
Non-compete agreement	74,000	(74,000)	-	4
	$ 3,870,000	$ (2,464,384)	$ 1,405,616	

Amortization expense charged to the operations of the Association was $360,166 and $369,416 for the years ended August 31, 2017 and 2016, respectively. Amortization has been computed based on the estimated useful lives described above.

The estimated intangible assets amortization expense for each of the next five years is as follows:

2018	$ 360,166
2019	264,283
2020	168,400
2021	168,400
2022	84,201
Total	$ 1,045,450

The above information was the result of an acquisition of the net assets of Neal Schuman Publishers, Inc. for a total purchase price of $7,058,918, funded through operating cash and a term loan on December 23, 2011. The purchase was accounted for under the acquisition method of accounting, whereby the underlying assets acquired were recorded at their fair value. The excess of the purchase price over the fair value of the net assets acquired was initially recorded as goodwill of $2,326,567. A $500,000 goodwill impairment loss was recognized during the year ended August 31, 2013. An additional goodwill impairment loss of $826,567 was recognized during the year ended August 31, 2017. As of August 31, 2017 and 2016, goodwill was $1,000,000 and $1,826,567, respectively.

NOTE I - GOODWILL

The Association performs an annual impairment analysis of goodwill. The events and circumstances considered significant are under-performance relative to projected future operating results and significant changes in the overall business and/or product strategies. Impairment of goodwill is evaluated by performing a qualitative assessment to determine if it is more likely than not that the fair value of the reporting unit is less than its carrying value. If the carrying amount of the reporting unit exceeds its fair value, an impairment loss for the excess is recorded. The implied fair value is determined by estimating the future earnings of the reporting unit using the income approach model.

The result of this analysis concluded the carrying amount exceeded fair value and an impairment loss of $826,567 was recorded in the consolidated statement of operations for the year ended August 31, 2017. There was no impairment of goodwill at August 31, 2016.

NOTE J - INVESTMENTS

The composition of the Association's investment portfolio at August 31 is as follows:

	2017		2016	
Type	Cost or amortized cost	Carrying value	Cost or amortized cost	Carrying value
Short-term investments				
Cash	$ 99,251	$ 99,251	$ 276,336	$ 276,336
Corporate securities	6,465,551	6,756,996	7,970,349	8,262,888
U.S. Government securities	1,311,588	1,321,132	5,502,057	5,615,279
Total short-term investments	$ 7,876,390	$ 8,177,379	$ 13,748,742	$ 14,154,503

	2017		2016	
Type	Cost or amortized cost	Carrying value	Cost or amortized cost	Carrying value
Long-term investments				
Cash	$ 777,793	$ 777,793	$ 924,330	$ 924,330
Common stock	15,990,415	22,071,882	15,387,048	18,060,455
Corporate securities	18,823,945	17,789,413	18,192,883	17,569,267
U.S. Government securities	-	-	1,006,000	1,065,775
Fund of funds hedge fund	824,799	840,405	984,467	940,706
Hedge fund	1,000,000	1,026,596	1,000,000	1,005,319
Private equity fund	1,042,500	1,036,870	462,500	449,432
Total long-term investments	$ 38,459,452	$ 43,542,959	$ 37,957,228	$ 40,015,284

Investments valued at NAV as of August 31, 2017 and 2016, consisted of the following:

	2017			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Fund of funds hedge fund (a)	$ 840,405	$ -	Quarterly	Up to 120 days
Hedge fund	1,026,596	-		
Private equity fund	1,036,870	1,707,500		
Total investments recorded at NAV	$2,903,871	$ 1,707,500		

	2016			
	Fair value	Unfunded commitments	Redemption frequency	Redemption notice period
Fund of funds hedge fund (a)	$ 940,706	$ -	Quarterly	Up to 120 days
Hedge fund	1,005,319	-		
Private equity fund	449,432	2,287,500		
Total investments recorded at NAV	$ 2,395,457	$ 2,287,500		

(a) The objective of this fund is to preserve capital while generating consistent long-term appreciation across all market cycles. The fund of funds hedge fund invests all of its assets in a master fund which provides investors the ability to more easily approximate a multi-manager portfolio, thus providing exposure to a variety of investment styles and philosophies. Requested withdrawals are subject to a 5% hold-back provision until the fund's next audit cycle is completed.

Investment return (loss) consists of the following for the years ended August 31:

	2017	2016
Net change in unrealized gain on investments	$ 2,881,518	$ 957,611
Net realized gain (loss) on the sale of investments	(144,213)	161,830
	2,737,305	1,119,441
Dividends and interest income	1,659,859	1,872,359
	$ 4,397,164	$ 2,991,800

NOTE K - FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used to measure the carrying value of each class of financial instruments appearing on the accompanying consolidated statements of financial position for which it is practical to estimate the fair value.

Cash and Cash Equivalents

Cash and cash equivalents consist principally of money market accounts and are carried at amortized cost, which approximates fair value.

Accounts and Grants Receivable

Accounts and grants receivable are shown net of allowance for uncollectible amounts and are reflected at their approximate fair value.

Investments

Investments are stated at fair value, except for investments in cash, which are at amortized cost. Investments with values that are based on quoted market prices in active markets and are, therefore, classified within Level 1, include active listed equities, certain U.S. Government and sovereign obligations, corporate bonds, precious metal commodities and certain money market securities. The Association does not adjust the quoted price for such instruments, even in situations where the Association holds a large position and a sale could reasonably impact the quoted price.

Investments that trade in markets that are not considered to be active, but are valued based on quoted market prices, dealer quotations or alternative pricing sources supported by observable inputs, are classified within Level 2. These include certain U.S. Government and sovereign obligations, government agency securities, investment-grade corporate bonds, certain mortgage products, certain bank loans and bridge loans, less liquid listed equities, state, municipal and provincial obligations, and certain loan commitments. As Level 2 investments include positions that are not traded in active markets and/or are subject to transfer restrictions, valuations may be adjusted to reflect illiquidity and/or non-transferability, which are generally based on available market information.

Investments classified within Level 3 have significant unobservable inputs, as they trade infrequently or not at all. Level 3 instruments include hedge funds, private equity and real estate investments, certain bank loans and bridge loans, less liquid corporate debt securities (including distressed debt instruments), collateralized debt obligations, and less liquid mortgage securities backed by either commercial or residential real estate. When observable prices are not available for these securities, the Association uses one or more valuation techniques.

Short-term investments are available for short-term operations and long-term investments are investments intended to be held more than one year. Investment purchases and sales are recorded as of the trade date.

Deferred Revenue

The carrying amount approximates the fair value and is based upon the publication subscriptions, membership dues, conference fees, and grants and awards received in advance and not yet deemed to be earned by the Association.

The following table summarizes the fair value of assets by level as of August 31:

	2017			
	Level 1	Level 2	Level 3	Total
Assets				
Common stock	$ 22,071,882	$ -	$ -	$ 22,071,882
U.S. Government securities	773,722	547,410	-	1,321,132
Corporate securities	23,773,207	773,202	-	24,546,409
Fund of funds hedge fund	-	-	840,405	840,405
Hedge fund	-	-	1,026,596	1,026,596
Private equity fund	-	-	1,036,870	1,036,870
Total assets at fair value	$ 46,618,811	$ 1,320,612	$ 2,903,871	$ 50,843,294

	2016			
	Level 1	Level 2	Level 3	Total
Assets				
Common stock	$ 18,060,455	$ -	$ -	$ 18,060,455
U.S. Government securities	5,593,692	1,087,362	-	6,681,054
Corporate securities	21,507,584	4,324,571	-	25,832,155
Fund of funds hedge fund	-	-	940,706	940,706
Hedge fund	-	-	1,005,319	1,005,319
Private equity fund	-	-	449,432	449,432
Total assets at fair value	$ 45,161,731	$ 5,411,933	$ 2,395,457	$ 52,969,121

The changes in investments included in Level 3 assets measured at fair value are summarized as follows:

Balance, August 31, 2016	$ 1,166,463
Realized gains	3,611
Unrealized gains	(66,948)
Purchases	1,462,500
Distributions	(170,169)
Balance, August 31, 2016	$ 2,395,457
Realized gains	4,478
Unrealized gains	88,082
Purchases	580,000
Distributions	(164,146)
Balance, August 31, 2017	$ 2,903,871

The Association is obligated under certain investment agreements to advance additional funding periodically, up to specified levels. As of August 31, 2017 and 2016, the Association had future unfunded commitments in level 3 investments of $1,707,500 and $2,287,500, respectively.

NOTE L - ENDOWMENT NET ASSETS

The Association's endowment consists of funds established for a variety of purposes. Its endowment includes both donor-restricted endowment funds and funds designated by the Executive Board to function as endowments. As required by US GAAP, net assets associated with endowment funds, including funds designated by the Executive Board to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

The Executive Board of the Association has interpreted the Uniform Prudent Management of Institutional Funds Act ("UPMIFA") as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Association classifies as permanently restricted net assets (1) the original value of gifts donated to the permanent endowment, (2) the original value of subsequent gifts to the permanent endowment, and (3) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the Association in a manner consistent with the standard of prudence prescribed by UPMIFA. In accordance with 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 purposes of the Association and the donor-restricted endowment fund
3. General economic conditions
4. The possible effects 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

From time to time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Association to retain as a fund of perpetual duration. In accordance with US GAAP, deficiencies of this nature would be reported in unrestricted net assets. These deficiencies could result from unfavorable market fluctuations that occur shortly after the investment of new permanently restricted contributions or continued appropriation for certain programs that may be deemed prudent by the Executive Board. There were no such deficiencies as of August 31, 2017 or 2016.

The Association has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the Association must hold in perpetuity or for a donor-specified period(s) as well as Board-designated funds. Under these policies, as approved by the Executive Board, the endowment assets are invested in a manner that is intended to produce results that exceed the price and yield results of the S&P 500 index while assuming a moderate level of investment risk. The Association expects its endowment funds, over time, to provide an average rate of return of approximately 5% annually. Actual returns in any given year may vary from this amount.

Effective September 1, 2011, the annual spending formula is based on a range of 3% to 5% of the trailing five-year quarterly (20 quarters) rolling average of each fund's calendar quarterly net asset balance.

Endowment net asset composition as of August 31, 2017 and 2016 is as follows:

	2017			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ -	$ 927,470	$ 514,700	$ 1,442,170
Board-designated endowment funds	14,258,787	-	-	14,258,787
Total funds	$ 14,258,787	$ 927,470	$ 514,700	$15,700,957

	2016			
	Unrestricted	Temporarily restricted	Permanently restricted	Total
Donor-restricted endowment funds	$ -	$ 962,506	$ 514,700	$ 1,477,206
Board-designated endowment funds	13,929,709	-	-	13,929,709
Total funds	$ 13,929,709	$ 962,506	$ 514,700	$15,406,915

Changes in endowment net assets for the years ended August 31, 2017 and 2016 were as follows:

	Unrestricted	Temporarily restricted	Permanently restricted	Total
Endowment net assets, August 31, 2015	$ 14,002,611	$ 1,052,519	$ 514,700	$ 15,569,830
Additions and transfers	3,607	-	-	3,607
Dividends and interest	-	20,473	-	20,473
Net gains (realized and unrealized)	289,662	15,657	-	305,319
Appropriation of endowment assets for expenditures	(366,171)	(126,143)	-	(492,314)
Endowment net assets, August 31, 2016	$ 13,929,709	$ 962,506	$ 514,700	$ 15,406,915
Additions and transfers	5,962	-	-	5,962
Dividends and interest	-	17,677	-	17,677
Net gains (realized and unrealized)	926,667	48,163	-	974,830
Appropriation of endowment assets for expenditures	(603,551)	(100,876)	-	(704,427)
Endowment net assets, August 31, 2017	$ 14,258,787	$ 927,470	$ 514,700	$ 15,700,957

NOTE M - LINE OF CREDIT

The Association has a $2,500,000 unsecured line of credit with a bank, which is due on demand. Under the terms of the agreement, interest on amounts borrowed is payable at the bank's prime rate of interest. As of August 31, 2017 and 2016, the outstanding balances on the line of credit were $-0- and $1,000,000, respectively.

NOTE N - EMPLOYEE RETIREMENT PLANS

The Association has a defined contribution retirement plan ("Plan") covering all regular full-time employees who have completed two years of service. Contributions to the Plan are used to purchase separate annuity contracts for each participating employee. The Association provides a contribution to all participants equal to 4% of annual base salary. Additional voluntary contributions up to 3% of annual base salary are shared equally by the Association and employees. The cost of this Plan, which is included in payroll expenses, was $928,806 and $836,787 in 2017 and 2016, respectively.

The Association offers deferred compensation plans under Internal Revenue Code 457(b) and 457(f) to a select group of management. The Association has recorded an expense related to these deferred compensation plans of $-0- and $50,000 for the years ended August 31, 2017 and 2016, respectively.

NOTE O - COMMITMENTS AND CONTINGENCIES

The Association leases certain office facilities and equipment.

Operating Leases

The future minimum rental payments required under operating leases that have initial or remaining non-cancelable lease terms in excess of one year as of August 31, 2017, are as follows:

Years ending August 31,		
2018	$	106,736
2019		71,215
2020		21,664
2021		2,477
2022		780
Total	$	202,872

Total rental expenses under operating leases were $132,037 and $118,287 in 2017 and 2016, respectively.

NOTE P - LONG-TERM DEBT

On July 2, 2012, the Association obtained an unsecured term loan from a financial institution in the amount of $10,100,000. This loan was amended on August 3, 2015.

The original loan was to support the acquisition of Neal Schuman Publishers, Inc., to refinance series 2006 Variable Rate Revenue Bonds, refinance a term loan related to the commercial condo office in Connecticut, to fund an interest rate swap termination payment and to fund certain costs of issuance.

The terms of the amended long-term refinancing consist of annual principal payments each August, monthly interest payments calculated at 3%, provided the Association meets required covenants, limitations on additional indebtedness and the maintenance of various financial ratios.

Maturities of long-term debt are as follows:

Years ending August 31,	
2018	$ 1,200,000
2019	1,100,000
2020	900,000
Total	$ 3,200,000

Interest expense amounted to $133,517 and $179,125 in 2017 and 2016, respectively.

NOTE Q - TAXES

The Association is a tax-exempt organization under Section 501(c)(3) of the IRC. The ALA/APA is exempt under Section 501(c)(6) of the IRC. These Section 501(c)(3) and Section 501(c)(6) organizations are taxed only on income classified as unrelated business income. The ALA/APA did not have any unrelated business income for the years ended August 31, 2017 and 2016. The Association has income derived from certain advertising activities that has been determined to be unrelated business income. Unrelated business income is taxed in accordance with federal and state income tax regulations. The provision for unrelated business income taxes was $-0- in 2017 and 2016.

The Edwards Trust is an exempt private foundation under Section 501(c)(3) of the IRC and is taxed on undistributed income, as defined by the IRC. Tax returns are filed on a calendar-year basis for the Edwards Trust. The provision for income taxes was $122 and $1,000 for the calendar years 2017 and 2016, respectively.

The tax years ended 2013, 2014 and 2015 are still open to audit for both federal and state purposes.

Based on the evaluation of the Association's tax positions, management believes all positions taken would be upheld under an examination; therefore, no provision for the effects of uncertain tax positions has been recorded for the years ended August 31, 2017 and 2016.

NOTE R - OTHER POST-RETIREMENT EMPLOYEE BENEFITS

The Association maintains a voluntary contributory plan providing post-retirement healthcare and non-contributory post-retirement life insurance. The Association's employees who meet certain age and service requirements at the time of their retirement are eligible to participate. Effective January 1, 2017, two pools of insureds were created within the voluntary contributory plan: one for non-Medicare retirees and one for Medicare-eligible retirees. Non-Medicare retirees can select coverage from one of three medical plans; Medicare-eligible retirees receive coverage under one medical plan; and all participants can select coverage from one of two dental plans. The Association's post-retirement plan is unfunded.

In 2011, the voluntary contribution plan was amended to provide retiree health insurance benefits to employees who reach 62 years of age with 5 years of service. Prior to amendment the voluntary contribution plan allowed coverage to employees who had reached 65 years of age with 5 years of service or who reached 55 years of age with 20 years of service.

The following table presents the amounts related to the voluntary contribution plan recognized in the Association's consolidated statements of financial position as of August 31:

	2017	2016
Benefit obligation, beginning of year	$ 22,829,193	$ 21,816,282
Service cost	1,295,893	1,117,901
Interest cost	1,014,129	1,075,297
Actuarial (gain) loss	(12,547,934)	(668,926)
Retiree contributions	160,193	232,041
Medicare Part D subsidy	19,368	11,955
Benefits paid, net of Medicare Part D subsidy	(504,364)	(755,357)
Benefit obligation, end of year	$ 12,266,478	$ 22,829,193

The current portion of the benefit obligation at August 31, 2017 and 2016, is $369,863 and $585,993, respectively, and is included in accrued liabilities in the accompanying consolidated statements of financial position.

The summary of the changes in plan assets as of August 31, 2017 and 2016 is as follows:

	2017	2016
Plan assets at fair value, beginning of year	$ -	$ -
Retiree contributions	160,193	232,041
Medicare Part D subsidy	19,368	11,955
Employer contributions, net of Medicare Part D subsidy	324,803	511,361
Benefits paid	(504,364)	(755,357)
Plan assets at fair value, end of year	$ -	$ -
Funded status at end of year	$ (12,266,478)	$ (22,829,193)

The Association anticipates contributions of $369,863 to plan assets will be made during 2018. Estimated benefit payments are $369,863 in 2018, $370,721 in 2019, $394,409 in 2020, $388,521 in 2021, $433,328 in 2022 and $2,925,983 in 2023 through 2027.

Net periodic benefit cost is comprised of the following:

	2017	2016
Service cost	$ 1,295,893	$ 1,117,901
Interest cost	1,014,129	1,075,297
Amortization of unrecognized prior service cost	(97,322)	(97,322)
Total net periodic benefit cost	$ 2,212,700	$ 2,095,876

Amounts that have not yet been recognized as a component of net periodic benefit cost consist of the following at August 31:

	2017	2016
Prior service cost	$ (950,837)	$ (1,048,159)
Net (gain) loss	(11,287,872)	1,260,062
Total included in unrestricted net assets	$ (12,238,709)	$ 211,903

Other post-retirement employee benefit-related costs (credits) other than net periodic post-retirement cost recognized in the consolidated statements of operations and changes in net assets are as follows at August 31:

	2017	2016
Net actuarial gain	$ (12,547,934)	$ (668,926)
Amortization of previously unrecognized prior service cost	97,322	97,322
Total benefit-related credits other than net periodic benefit cost	$ (12,450,612)	$ (571,604)

Assumptions as of August 31, 2017 and 2016 used to determine the benefit obligation are as follows:

	2017	2016
Weighted-average discount rate	4.25%	4.5%

The gross weighted-average annual assumed rate of increase in the per capita cost of covered benefits (healthcare cost trend rate) is 6.33% for 2017 and is assumed to decrease gradually to 5% for 2024 and remain at that level thereafter. The gross dental trend rate is 5% for 2017 and is assumed to remain at that level thereafter. A 1% increase in the healthcare cost trend rate would increase the benefit obligation by $2,398,478 and a 1% decrease would decrease the benefit obligation by $1,865,165. Additionally, a 1% increase in the healthcare cost trend rate would increase combined service and interest cost by $628,762 and a 1% decrease would decrease combined service and interest cost by $466,209.

NOTE S - FUNCTIONAL EXPENSES

Expenses incurred by the Association for the years ended August 31 were for the following purposes:

	2017	2016
Program services	$ 47,259,843	$ 48,582,829
General and administrative activities	3,994,751	2,886,750
Fundraising activities	367,683	323,328
	51,622,277	51,792,907
Less post retirement expenses (recovery)	(10,237,912)	1,524,272
	$ 41,384,365	$ 53,317,179

NOTE T - SUBSEQUENT EVENTS

Subsequent to August 31, 2017, the Association received notification of additional grant funding of approximately $4,000,000. $2,900,000 of the funding will be used in support of collaborative work related to data and impact in the public library field, as well as to expand international engagement. $1,100,000 will be used to instill Truth, Racial Healing and Transformation nationwide leading narrative change and using healing practitioners in humanities-based programs.

The Association evaluated its August 31, 2017 consolidated financial statements for subsequent events through T/B/D, the date the financial statements were issued, and is not aware of any other subsequent events that would require recognition or disclosure in the consolidated financial statements.

NOTE U - RECLASSIFICATIONS

Certain amounts in the 2016 consolidated financial statements have been reclassified to conform with the year 2017 presentation.

SUPPLEMENTARY INFORMATION

INDEPENDENT AUDITORS' REPORT
ON SUPPLEMENTAL INFORMATION

Executive Board
American Library Association
Chicago, Illinois

Our report on our audits of the consolidated financial statements of American Library Association as of August 31, 2017 and 2016 appears on pages 1 and 2. Those audits were made for the purpose of forming an opinion on such consolidated financial statements taken as a whole. The 2017 and 2016 information on pages 34 through 44 is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and related directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated 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 as of and for the years ended August 31, 2017 and 2016 is fairly stated in all material respects in relation to the consolidated financial statements as a whole.

Chicago, Illinois
T/B/D

American Library Association **Exhibit I**

American Library Association
DETAILS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION
August 31, 2017 (with comparative totals as of August 31, 2016)

ASSETS	2017 Operating Fund	2017 Plant Fund	2017 Grants and Awards Fund	2017 Long-Term Investments Fund	2017 Total all funds	2017 ALA/APA	2017 Edwards Trust	2017 Subtotal	2017 Eliminations	2017 Total	2016 Total
CURRENT ASSETS											
Cash and cash equivalents	$ 1,178,661	$ -	$ -	$ -	$ 1,178,661	$ 3,675	$ -	$ 1,182,336	$ -	$ 1,182,336	$ 530,850
Short-term investments	8,177,379	-	-	-	8,177,379	-	-	8,177,379	-	8,177,379	14,154,503
Accounts receivable, less allowance for doubtful accounts and returns of $361,730 and $318,091 in 2017 and 2016, respectively	3,480,566	-	-	113,081	3,593,647	-	-	3,593,647	90,188	3,683,835	3,777,336
Inventories, less reserves of $233,051 and $212,136 in 2017 and 2016, respectively	1,717,262	-	-	-	1,717,262	924	-	1,718,186	-	1,718,186	1,783,741
Grants receivable	-	-	237,809	-	237,809	-	-	237,809	-	237,809	571,552
Prepaid expenses and other assets	1,069,519	-	-	-	1,069,519	-	-	1,069,519	-	1,069,519	474,212
Total current assets	15,623,387	-	237,809	113,081	15,974,277	4,599	-	15,978,876	90,188	16,069,064	21,292,194
PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	-	8,787,510	-	2,068,457	10,855,967	-	-	10,855,967	-	10,855,967	11,187,841
GOODWILL	1,000,000	-	-	-	1,000,000	-	-	1,000,000	-	1,000,000	1,826,567
INTANGIBLE ASSETS, LESS AMORTIZATION	1,045,450	-	-	-	1,045,450	-	-	1,045,450	-	1,045,450	1,405,616
LONG-TERM INVESTMENTS	-	-	-	42,578,235	42,578,235	-	964,724	43,542,959	-	43,542,959	40,015,284
LOAN RECEIVABLE	105,000	-	-	-	105,000	-	-	105,000	(105,000)	-	-
DUE (TO) FROM OTHER FUNDS	1,913,552	(5,554,904)	4,286,981	(647,267)	(1,638)	91,826	-	90,188	(90,188)	-	-
TOTAL ASSETS	$ 19,687,389	$ 3,232,606	$ 4,524,790	$ 44,112,506	$ 71,557,291	$ 96,425	$ 964,724	$ 72,618,440	$ (105,000)	$ 72,513,440	$ 75,727,502

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American Library Association **Exhibit I - Continued**

DETAILS OF CONSOLIDATED STATEMENT OF FINANCIAL POSITION - CONTINUED

August 31, 2017 (with comparative totals as of August 31, 2016)

	2017										
LIABILITIES AND NET ASSETS	Operating Fund	Plant Fund	Grants and Awards Fund	Long-Term Investments Fund	Total all funds	ALA/APA	Edwards Trust	Subtotal	Eliminations	Total	2016 Total
CURRENT LIABILITIES											
Accounts payable	$ 3,191,359	$ -	$ -	$ -	$ 3,191,359	$ -	$ -	$ 3,191,359	$ -	$ 3,191,359	$ 3,089,538
Accrued liabilities	887,196	32,606	-	-	919,802	-	-	919,802	-	919,802	1,061,001
Deferred revenue											
Publication subscriptions	2,236,220	-	-	-	2,236,220	271	-	2,236,491	-	2,236,491	2,211,902
Membership dues	3,947,673	-	-	-	3,947,673	-	-	3,947,673	-	3,947,673	3,890,351
Conference fees	3,438,861	-	-	-	3,438,861	-	-	3,438,861	-	3,438,861	2,603,236
Grants and awards	-	-	3,791,312	-	3,791,312	-	-	3,791,312	-	3,791,312	4,715,005
Line of credit	-	-	-	-	-	-	-	-	-	-	1,000,000
Current portion of capital lease obligation	-	-	-	-	-	-	-	-	-	-	29,604
Current portion of long-term debt	-	1,200,000	-	-	1,200,000	-	-	1,200,000	-	1,200,000	1,300,000
Total current liabilities	13,701,309	1,232,606	3,791,312	-	18,725,227	271	-	18,725,498	-	18,725,498	19,900,637
LONG-TERM DEBT, NET OF CURRENT PORTION	-	2,000,000	-	-	2,000,000	-	-	2,000,000	-	2,000,000	3,200,000
NON-CURRENT PORTION OF ACCRUED POST-RETIREMENT BENEFITS	11,896,615	-	-	-	11,896,615	105,000	-	12,001,615	(105,000)	11,896,615	22,243,200
Total liabilities	25,597,924	3,232,606	3,791,312	-	32,621,842	105,271	-	32,727,113	(105,000)	32,622,113	45,343,837
NET ASSETS (DEFICIT)											
Unrestricted	(5,910,535)	-	-	40,723,887	34,813,352	(8,846)	189,545	34,994,051	-	34,994,051	25,048,179
Temporarily restricted	-	-	733,478	2,873,919	3,607,397	-	775,179	4,382,576	-	4,382,576	4,820,786
Permanently restricted	-	-	-	514,700	514,700	-	-	514,700	-	514,700	514,700
Total net assets (deficit)	(5,910,535)	-	733,478	44,112,506	38,935,449	(8,846)	964,724	39,891,327	-	39,891,327	30,383,665
TOTAL LIABILITIES AND NET ASSETS	$19,687,389	$ 3,232,606	$ 4,524,790	$44,112,506	$71,557,291	$ 96,425	$ 964,724	$ 72,618,440	$ (105,000)	$ 72,513,440	$ 75,727,502

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American Library Association **Exhibit II**

DETAILS OF CONSOLIDATED STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

August 31, 2017 (with comparative totals as of August 31, 2016)

	2017																		
	Unrestricted													Temporarily restricted			Permanently restricted		
	American Library Association																		
	Operating Fund																		
	General activities	Divisional activities	Round table activities	Post-retirement benefit activities	Technology Reserve Fund	Total Operating Fund	Plant Fund	Grants and Awards Fund	Long-Term Investments Fund	Total all funds	ALA/APA	Edwards Trust	Total unrestricted	American Library Association Long-Term Investments Fund/ Grants and Awards Fund	Edwards Trust	Total temporarily restricted	American Library Association Long-Term Investments Fund	Total	2016 Total
Revenues and other support																			
Operating revenues																			
Membership dues	$ 5,363,955	$ 2,583,294	$ 168,287	$ -	$ -	$ 8,115,536	$ -	$ -	$ -	$ 8,115,536	$ -	$ -	$ 8,115,536	$ -	$ -	$ -	$ -	$ 8,115,536	$ 8,432,373
Sales of books and materials	4,212,395	1,919,359	194,706	-	-	6,326,460	-	-	16,403	6,342,863	8	-	6,342,871	-	-	-	-	6,342,871	7,144,582
Subscriptions	2,828,109	1,608,156	3,826	-	-	4,440,091	-	-	-	4,440,091	76,029	-	4,516,120	-	-	-	-	4,516,120	4,663,865
Advertising	4,451,366	1,447,337	4,354	-	-	5,903,057	-	-	-	5,903,057	-	-	5,903,057	-	-	-	-	5,903,057	5,781,529
Meetings and conferences	7,960,908	3,621,442	55,690	-	-	11,638,040	-	-	39,979	11,678,019	17,785	-	11,695,804	-	-	-	-	11,695,804	12,760,179
Grants and awards	-	-	-	-	-	-	-	5,686,659	-	5,686,659	-	-	5,686,659	633,049	-	633,049	-	6,319,708	6,329,463
Contributions	213,089	942,163	36,565	-	-	1,191,817	-	-	-	1,191,817	1,827	-	1,193,644	199,717	-	199,717	-	1,393,361	1,179,729
Dividends and interest income																			
Short-term investments	1,333,533	-	-	-	-	1,333,533	-	-	-	1,333,533	-	-	1,333,533	-	-	-	-	1,333,533	1,168,625
Long-term investments	-	-	-	-	-	-	-	-	277,061	277,061	-	31,587	308,648	17,678	-	17,678	-	326,326	703,734
Other	1,306,302	1,684,223	4,026	-	-	2,994,551	-	-	11	2,994,562	54,692	-	3,049,254	5,466	-	5,466	-	3,054,720	2,885,157
Total operating revenues	27,669,657	13,805,974	467,454	-	-	41,943,085	-	5,686,659	333,454	47,963,198	150,341	31,587	48,145,126	855,910	-	855,910	-	49,001,036	51,049,236
Net assets released from restrictions																			
Satisfaction of program restrictions	-	-	-	-	-	-	-	558,570	734,254	1,292,824	-	49,457	1,342,281	(1,292,824)	(49,457)	(1,342,281)	-	-	-
Total revenues and other support	27,669,657	13,805,974	467,454	-	-	41,943,085	-	6,245,229	1,067,708	49,256,022	150,341	81,044	49,487,407	(436,914)	(49,457)	(486,371)	-	49,001,036	51,049,236
Expenses																			
Payroll	15,172,577	6,197,168	250	-	-	21,369,995	-	1,472,986	166,330	23,009,311	48,951	-	23,058,262	-	-	-	-	23,058,262	21,616,123
Outside services	4,342,135	1,408,752	8,636	-	-	5,759,523	122,131	2,253,985	271,996	8,407,635	13,615	6,256	8,427,506	-	-	-	-	8,427,506	8,483,080
Travel	1,004,247	489,602	10,320	-	-	1,504,169	-	570,189	96,196	2,170,554	996	-	2,171,550	-	-	-	-	2,171,550	2,074,204
Meetings and conferences	3,830,480	2,305,391	122,379	-	-	6,258,250	-	1,101,499	49,478	7,409,227	485	-	7,409,712	-	-	-	-	7,409,712	7,554,394
Scholarships and awards	-	-	-	-	-	-	-	-	420,140	420,140	-	1,000	421,140	-	-	-	-	421,140	456,462
Publications	2,439,471	1,042,453	87,505	-	-	3,569,429	-	63,465	7,587	3,640,481	1,747	-	3,642,228	-	-	-	-	3,642,228	4,274,830
Administration	4,405,053	1,025,164	10,822	-	-	5,441,039	714,131	233,224	59,003	6,447,397	39,360	5,122	6,491,879	-	-	-	-	6,491,879	7,333,814
Post-retirement benefits	-	-	-	2,212,700	-	2,212,700	-	-	-	2,212,700	-	-	2,212,700	-	-	-	-	2,212,700	2,095,876
Inter-fund transfers	250,459	145,943	11,594	-	167,806	575,802	(836,262)	87,591	135,789	(37,080)	-	37,080	-	-	-	-	-	-	-
Total expenses before overhead allocation	31,444,422	12,614,473	251,506	2,212,700	167,806	46,690,907	-	5,782,939	1,206,519	53,680,365	105,154	49,458	53,834,977	-	-	-	-	53,834,977	53,888,783
Overhead allocation	(2,080,969)	1,601,847	16,832	-	-	(462,290)	-	462,290	-	-	-	-	-	-	-	-	-	-	-
Total expenses	29,363,453	14,216,320	268,338	2,212,700	167,806	46,228,617	-	6,245,229	1,206,519	53,680,365	105,154	49,458	53,834,977	-	-	-	-	53,834,977	53,888,783
Other post-retirement employee benefit-related credit other than net periodic post-retirement cost	-	-	-	12,450,612	-	12,450,612	-	-	-	12,450,612	-	-	12,450,612	-	-	-	-	12,450,612	571,604
Excess (deficiency) of operating revenues and other support over operating expenses	(1,693,796)	(410,346)	199,116	10,237,912	(167,806)	8,165,080	-	-	(138,811)	8,026,269	45,187	31,586	8,103,042	(436,914)	(49,457)	(486,371)	-	7,616,671	(2,267,943)
Non-operating																			
Net realized and change in unrealized gains (losses)																			
Short-term investments	(248,569)	-	-	-	-	(248,569)	-	-	-	(248,569)	-	-	(248,569)	-	-	-	-	(248,569)	195,760
Long-term investments	-	-	-	-	-	-	-	-	2,864,184	2,864,184	-	73,529	2,937,713	48,161	-	48,161	-	2,985,874	923,681
Change in investment in publishing venture	(19,747)	-	-	-	-	(19,747)	-	-	-	(19,747)	-	-	(19,747)	-	-	-	-	(19,747)	(5,854)
Impairment loss - goodwill	(826,567)	-	-	-	-	(826,567)	-	-	-	(826,567)	-	-	(826,567)	-	-	-	-	(826,567)	-
CHANGE IN NET ASSETS BEFORE INTER-FUND TRANSFERS	(2,788,679)	(410,346)	199,116	10,237,912	(167,806)	7,070,197	-	-	2,725,373	9,795,570	45,187	105,115	9,945,872	(388,753)	(49,457)	(438,210)	-	9,507,662	(1,154,356)
Inter-fund transfers	-	(412,000)	(50,000)	-	-	(462,000)	-	-	462,000	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	(2,788,679)	(822,346)	149,116	10,237,912	(167,806)	6,608,197	-	-	3,187,373	9,795,570	45,187	105,115	9,945,872	(388,753)	(49,457)	(438,210)	-	9,507,662	(1,154,356)
Net assets (deficit), beginning of year	(1,138,785)	15,103,278	1,766,302	(27,517,171)	(732,356)	(12,518,732)	-	-	37,536,514	25,017,782	(54,033)	84,430	25,048,179	3,996,150	824,636	4,820,786	514,700	30,383,665	31,538,021
Net assets (deficit), end of year	$ (3,927,464)	$ 14,280,932	$ 1,915,418	$ (17,279,259)	$ (900,162)	$ (5,910,535)	$ -	$ -	$ 40,723,887	$ 34,813,352	$ (8,846)	$ 189,545	$ 34,994,051	$ 3,607,397	$ 775,179	$ 4,382,576	$ 514,700	$ 39,891,327	$ 30,383,665

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American Library Association
DETAILS OF LONG-TERM INVESTMENTS FUND
August 31, 2017 (with comparative totals as of August 31, 2016)

Exhibit III

	2017															
	Unrestricted										Temporarily restricted					
	Life Member Fund	Future Fund	Carnegie Fund	Spectrum Family of Funds	Scholarships	Awards	Divisions	Huron Plaza	Edwards Trust	Total unrestricted	Long-Term Investments Fund	Edwards Trust	Total temporarily restricted	Permanently restricted	Total	2016 Total
Additions (transfers)																
Contributions	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ -	$ 199,717	$ -	$ 199,717	$ -	$ 199,717	$ 250,720
Dividends and interest income (transfers)	48,739	(557,237)	47,338	204,671	80,549	223,392	229,609	-	31,587	308,648	17,678	-	17,678	-	326,326	703,734
Other	-	-	-	2,674	(300)	54,250	-	-	-	56,624	5,466	-	5,466	-	62,090	38,177
Total additions (transfers)	48,739	(557,237)	47,338	207,345	80,249	277,642	229,609	-	31,587	365,272	222,861	-	222,861	-	588,133	992,631
Net assets released from restrictions																
Satisfaction of program restrictions	-	5,962	44,168	251,260	47,656	379,957	5,251	-	49,457	783,711	(734,254)	(49,457)	(783,711)	-	-	-
Total operating	48,739	(551,275)	91,506	458,605	127,905	657,599	234,860	-	81,044	1,148,983	(511,393)	(49,457)	(560,850)	-	588,133	992,631
Deductions																
Payroll	-	-	-	-	-	166,330	-	-	-	166,330	-	-	-	-	166,330	87,349
Outside services	9,568	79,769	10,155	41,025	16,467	69,828	45,184	-	6,256	278,252	-	-	-	-	278,252	262,491
Travel and related expenses	-	-	-	91,817	1,479	2,900	-	-	-	96,196	-	-	-	-	96,196	55,354
Meetings and conferences	-	-	-	19,432	-	30,046	-	-	-	49,478	-	-	-	-	49,478	39,244
Scholarships and awards	-	-	34,014	298,800	40,650	46,676	-	-	1,000	421,140	-	-	-	-	421,140	456,462
Publications	-	-	-	-	-	7,587	-	-	-	7,587	-	-	-	-	7,587	5,938
Administration expenses	75,761	(33,455)	-	(206)	-	16,903	-	-	5,122	64,125	-	-	-	-	64,125	107,295
Inter-fund transfers	-	-	-	24	-	67,624	68,141	-	37,080	172,869	-	-	-	-	172,869	241,385
Total deductions	85,329	46,314	44,169	450,892	58,596	407,894	113,325	-	49,458	1,255,977	-	-	-	-	1,255,977	1,255,518
Excess (deficit)	(36,590)	(597,589)	47,337	7,713	69,309	249,705	121,535	-	31,586	(106,994)	(511,393)	(49,457)	(560,850)	-	(667,844)	(262,887)
Non-operating																
Net realized gains (losses)	(506)	(5,161)	(485)	(2,110)	(825)	(2,286)	(2,355)	-	(329)	(14,057)	(189)	-	(189)	-	(14,246)	172,199
Change in unrealized gains	113,974	931,828	109,012	478,791	187,962	519,127	537,218	-	73,858	2,951,770	48,350	-	48,350	-	3,000,120	751,482
Total non-operating	113,468	926,667	108,527	476,681	187,137	516,841	534,863	-	73,529	2,937,713	48,161	-	48,161	-	2,985,874	923,681
CHANGE IN NET ASSETS BEFORE INTER-FUND TRANSFERS	76,878	329,078	155,864	484,394	256,446	766,546	656,398	-	105,115	2,830,719	(463,232)	(49,457)	(512,689)	-	2,318,030	660,794
Inter-fund transfers	-	-	-	-	-	50,000	412,000	-	-	462,000	-	-	-	-	462,000	475,000
CHANGE IN NET ASSETS	76,878	329,078	155,864	484,394	256,446	816,546	1,068,398	-	105,115	3,292,719	(463,232)	(49,457)	(512,689)	-	2,780,030	1,135,794
Net assets, beginning of year	1,512,110	12,565,868	699,074	5,873,188	2,253,076	5,420,476	7,144,265	2,068,457	84,430	37,620,944	3,337,167	824,636	4,161,803	514,700	42,297,447	41,161,653
Net assets, end of year	$ 1,588,988	$ 12,894,946	$ 854,938	$ 6,357,582	$ 2,509,522	$ 6,237,022	$ 8,212,663	$ 2,068,457	$ 189,545	$ 40,913,663	$ 2,873,935	$ 775,179	$ 3,649,114	$ 514,700	$ 45,077,477	$ 42,297,447

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American Library Association **Exhibit IV**
SCHEDULES OF GENERAL ACTIVITIES EXPENSES
Years ended August 31,

	2017	2016
Publishing department activities	$ 10,906,143	$ 11,234,329
Conference activities	8,652,273	8,304,105
Advocacy and member relations		
Library	396,839	382,833
Office for research and evaluation	212,127	202,584
Public awareness office	461,691	482,495
Chapter relations	149,538	145,296
Public programs	194,326	205,033
Library advocacy	297,330	273,721
Member/customer service center	744,816	357,360
International relations	230,906	244,751
AED - Advocacy and member relations	259,872	670,971
Total advocacy and member relations	2,947,445	2,965,044
Executive office and governance		
Executive Board and Committees	433,268	442,784
Executive office	1,068,912	1,039,814
Development office	367,683	323,328
Total executive office and governance	1,869,863	1,805,926
Member programs and services		
Washington office and Office for Information Technology Policy and Office of Government Relations	2,163,986	2,163,492
Office for Intellectual Freedom	606,883	556,013
Office for Human Resource Development and Recruitment	369,060	426,951
Office for Accreditation	267,730	257,690
Senior AED - member programs and services	279,212	296,174
Awards program	6,221	7,093
Office for Diversity, Literacy and Outreach Services	446,244	418,882
Total member programs and services	4,139,336	4,126,295
Administration		
Business expense	1,100,305	1,138,718
Administrative services	178,707	169,829
Finance and accounting	1,610,503	1,507,481
Human resources	846,852	716,483
Information technology and telecommunication services	2,895,515	2,582,281
Subscription equivalent - American Libraries	387,220	416,439
Plant Fund transfer	1,399,310	1,461,402
Distribution center and reprographics	70,788	114,032
Total administration before overhead allocation	8,489,200	8,106,665
Total general activities expenses before allocation to other activities	37,004,260	36,542,364
Less Technology Reserve Fund expenses	(167,806)	(323,687)
Overhead recovery	(7,473,001)	(7,846,481)
Net general activities expenses	$ 29,363,453	$ 28,372,196

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American Library Association **Exhibit V**

PUBLISHING ACTIVITIES - COMBINING SCHEDULE OF UNRESTRICTED REVENUES AND EXPENSES

Year ended August 31, 2017 (with comparative totals for the year ended August 31, 2016)

	2017								
	ALA Editions	Booklist	American Libraries	Digital Reference	eLearning	Products and Promotions	Pub. AED/ other	Total	2016 Total
Unrestricted operating revenues and other support									
Sales of books and materials	2,569,480	68,804	190	28,751	607,585	696,981	-	3,971,791	4,515,361
Subscriptions	-	1,411,109	66,268	1,160,471	182,431	-	-	2,820,279	2,898,157
Advertising	53,885	2,389,999	818,571	-	4,500	-	-	3,266,955	3,358,146
Other	22,955	890,765	49,484	(675)	3,745	668	-	966,942	934,175
Total unrestricted operating revenues and other support	2,646,320	4,760,677	934,513	1,188,547	798,261	697,649	-	11,025,967	11,705,839
Operating expenses									
Payroll	1,090,022	1,490,687	667,883	219,202	213,381	165,804	601,402	4,448,381	4,155,568
Outside services	59,435	97,410	37,131	10,574	38,873	14,653	95,979	354,055	326,524
Travel	23,927	30,104	14,964	6,646	841	3,124	5,724	85,330	129,477
Meetings and conferences	4,087	29,898	-	-	-	1,693	1,275	36,953	57,907
Publications	761,986	466,570	157,958	92,580	68,734	278,421	66,875	1,893,124	2,078,860
Administration (recovery)	867,565	269,668	163,928	461,871	154,245	82,353	(83,266)	1,916,364	2,133,702
Inter-unit transfers	95,250	151,000	(354,389)	39,103	58,918	37,159	(764,405)	(737,364)	(679,521)
Total operating expenses before overhead allocation	2,902,272	2,535,337	687,475	829,976	534,992	583,207	(76,416)	7,996,843	8,202,517
Overhead allocation	698,543	1,256,819	247,038	313,981	208,825	184,094	-	2,909,300	3,031,812
Total operating expenses	3,600,815	3,792,156	934,513	1,143,957	743,817	767,301	(76,416)	10,906,143	11,234,329
Excess (deficiency) of unrestricted operating revenues and other support over operating expenses	(954,495)	968,521	-	44,590	54,444	(69,652)	76,416	119,824	471,510
Non-operating									
Impairment loss - goodwill	(826,567)	-	-	-	-	-	-	(826,567)	-
CHANGE IN NET ASSETS	(1,781,062)	968,521	-	44,590	54,444	(69,652)	76,416	(706,743)	471,510

See independent auditors' report on supplemental information.

American Library Association **Exhibit VI**

DIVISIONAL ACTIVITIES - COMBINING SCHEDULE OF UNRESTRICTED REVENUES, EXPENSES AND CHANGES IN NET ASSETS

August 31, 2017 (with comparative totals as of August 31, 2016)

	2017												2016
	PLA	ACRL and CHOICE	AASL	ASCLA	ALCTS	LLAMA	RUSA	UFL	LITA	ALSC	YALSA	Total	Total
Unrestricted revenues and other support													
Membership dues	$ 525,513	$ 638,573	$ 272,156	$ 43,988	$ 187,628	$ 169,343	$ 163,844	$ 54,755	$ 139,600	$ 166,586	$ 221,308	$ 2,583,294	$ 2,676,450
Sales of books and materials	45,956	717,292	30,714	10,616	2,668	53,733	71,129	77,514	-	842,235	67,502	1,919,359	2,147,980
Subscriptions	38,204	1,427,751	7,440	-	21,919	-	14,366	77,257	-	9,140	12,079	1,608,156	1,693,894
Advertising	4,854	1,359,996	30,165	-	1,250	-	-	-	20,323	10,675	20,074	1,447,337	1,270,261
Meetings and conferences	45,403	2,727,070	16,232	-	319,225	30,620	7,410	27,680	143,327	160,785	143,690	3,621,442	5,633,608
Contributions	35,779	462,600	92,475	3,445	77,596	1,050	52,110	125,883	32,010	4,900	54,315	942,163	706,866
Other	235,962	976,210	6,324	44	4,326	7,052	10,289	7,923	6,991	407,958	21,144	1,684,223	1,681,547
Total unrestricted revenues and other support	931,671	8,309,492	455,506	58,093	614,612	261,798	319,148	371,012	342,251	1,602,279	540,112	13,805,974	15,810,606
Expenses													
Payroll	677,255	2,820,161	533,508	75,158	281,020	198,918	236,724	324,818	191,761	501,600	356,245	6,197,168	5,847,393
Outside services	315,198	729,884	115,873	4,651	41,571	13,618	18,587	11,585	7,622	36,036	114,127	1,408,752	1,767,593
Travel	63,878	201,802	106,440	3,822	11,013	5,642	10,199	5,307	10,592	42,241	28,666	489,602	691,178
Meetings and conferences	103,000	1,574,873	96,254	9,090	83,326	19,992	70,437	19,128	100,714	153,822	74,755	2,305,391	2,266,785
Publications	72,832	674,614	90,615	1,966	20,605	126	8,912	25,594	7,349	89,267	50,573	1,042,453	1,237,313
Administration	36,991	607,780	36,955	8,140	10,367	5,895	15,633	5,643	45	268,420	29,295	1,025,164	1,241,981
Inter-fund transfers	44,645	37,631	61,455	(40,182)	35,468	(5,416)	38,606	(33,697)	(6)	42,700	(35,261)	145,943	9,959
Total expenses before overhead allocation	1,313,799	6,646,745	1,041,100	62,645	483,370	238,775	399,098	358,378	318,077	1,134,086	618,400	12,614,473	13,062,202
Overhead allocation	28,596	1,228,950	9,002	1,401	48,307	14,070	12,969	10,446	32,665	176,043	39,398	1,601,847	2,034,562
Total expenses	1,342,395	7,875,695	1,050,102	64,046	531,677	252,845	412,067	368,824	350,742	1,310,129	657,798	14,216,320	15,096,764
Excess (deficiency) of unrestricted revenues and other support over expenses before inter-fund transfers	(410,724)	433,797	(594,596)	(5,953)	82,935	8,953	(92,919)	2,188	(8,491)	292,150	(117,686)	(410,346)	713,842
Inter-fund transfers	-	(250,000)	-	-	-	-	-	-	-	(162,000)	-	(412,000)	(400,000)
Excess (deficiency) of unrestricted revenues and other support over expenses	(410,724)	183,797	(594,596)	(5,953)	82,935	8,953	(92,919)	2,188	(8,491)	130,150	(117,686)	(822,346)	313,842
Net assets (deficit), beginning of year	3,464,601	7,037,437	757,639	136,488	219,863	195,477	382,111	(193,177)	407,081	2,461,927	233,831	15,103,278	14,789,436
Net assets (deficit), end of year	$ 3,053,877	$ 7,221,234	$ 163,043	$ 130,535	$ 302,798	$ 204,430	$ 289,192	$ (190,989)	$ 398,590	$ 2,592,077	$ 116,145	$ 14,280,932	$ 15,103,278

See independent auditors' report on supplemental information.

American Library Association **Exhibit VII**

CONSOLIDATED STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS BY PROGRAM ACTIVITY

Years ended August 31,

	2017	2016
Revenue		
Membership dues	$ 8,115,536	$ 8,432,373
Program activities		
Publishing	16,160,694	16,923,603
Meetings and conferences	14,382,047	14,974,674
Products and promotions	697,649	883,686
Grants and awards	6,319,708	6,329,463
Long-term investments	261,807	288,897
Total program activities	45,937,441	47,832,696
Other		
Interest and dividends	1,659,859	1,872,359
Miscellaneous	1,403,736	1,344,181
Total revenue	49,001,036	51,049,236
Expenses		
Program activities		
Publishing	14,848,457	15,477,349
Meetings and conferences	13,198,004	12,993,670
Products and promotions	767,301	895,546
Grants and awards	6,245,229	6,361,282
Office activities	5,018,284	5,207,891
Membership activities	5,926,591	6,391,548
Long-term investments	1,255,977	1,255,543
Total program activities	47,259,843	48,582,829
General and administrative activities		
Administration	4,362,434	3,210,078
Post-retirement benefits (credits)	(10,237,912)	1,524,272
Total expenses	41,384,365	53,317,179
Operating revenues (expenses)	7,616,671	(2,267,943)
Non-operating		
Net realized and unrealized gains on investments	2,737,305	1,119,441
Impairment loss - goodwill	(826,567)	-
Change in investment in publishing venture	(19,747)	(5,854)
CHANGE IN NET ASSETS	9,507,662	(1,154,356)
Net assets, beginning of year	30,383,665	31,538,021
Net assets, end of year	$ 39,891,327	$ 30,383,665

See independent auditors' report on supplemental information.

ALA Allied Professional Association, Inc. **Exhibit VIII**

STATEMENTS OF FINANCIAL POSITION

August 31,

ASSETS	2017	2016
Cash and cash equivalents	$ 3,675	$ 8,488
Inventories	924	924
Due from General Fund	91,826	41,826
TOTAL ASSETS	$ 96,425	$ 51,238

LIABILITIES AND NET DEFICIT

LIABILITIES		
Deferred subscription revenue	$ 271	$ 271
Start-up advance	105,000	105,000
Total liabilities	105,271	105,271
NET DEFICIT		
Unrestricted net deficit	(8,846)	(54,033)
TOTAL LIABILITIES AND NET DEFICIT	$ 96,425	$ 51,238

See independent auditors' report on supplemental information.

ALA Allied Professional Association, Inc. **Exhibit VIII - Continued**

STATEMENTS OF OPERATIONS AND CHANGES IN DEFICIENCY IN NET ASSETS

Years ended August 31,

	2017	2016
Revenues and other support		
Operating revenues and other support		
Sales of books and materials	$ 8	$ 52,000
Continuing education	54,000	54,000
Subscriptions	76,029	54,182
Meetings and conferences	17,785	14,360
Contributions	1,827	1,482
Other	692	917
Total revenues and other support	150,341	176,941
Expenses		
Payroll and related expenses	48,951	59,477
Outside services	13,615	46,031
Travel and related expenses	996	1,930
Meetings and conferences	485	475
Publications	1,747	2,717
Administration	39,360	42,769
Total expenses	105,154	153,399
CHANGE IN NET ASSETS	45,187	23,542
Net deficit, beginning of year	(54,033)	(77,575)
Net deficit, end of year	$ (8,846)	$ (54,033)

See independent auditors' report on supplemental information.

ALA Allied Professional Association, Inc. **Exhibit VIII - Continued**

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2017	2016
Cash flows from operating activities		
Change in net assets	$ 45,187	$ 23,542
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities		
Changes in operating assets and liabilities		
Accounts receivable	-	3,650
Due from General Fund	(50,000)	(67,383)
Deferred revenue	-	(330)
Net cash used in operating activities	(4,813)	(40,521)
Cash flows used in financing activities		
Loan payments to the Association	-	(50,000)
Net decrease in cash and cash equivalents	(4,813)	(90,521)
Cash and cash equivalents, beginning of year	8,488	99,009
Cash and cash equivalents, end of year	$ 3,675	$ 8,488

See independent auditors' report on supplemental information.