AMERICAN LIBRARY ASSOCIATION

CONSOLIDATED FINANCIAL STATEMENTS
AND SUPPLEMENTARY INFORMATION

As of and for the Years Ended August 31, 2023 And 2022

And Report of Independent Auditor

Cherry Bekaert LLP
Your Guide Forward

AMERICAN LIBRARY ASSOCIATION
TABLE OF CONTENTS

Cherry Bekaert LLP
Your Guide Forward

Report of Independent Auditor

To the Executive Board
American Library Association
Chicago, Illinois

Opinion

We have audited the accompanying consolidated financial statements of American Library Association (a not-for-profit organization), which comprise the consolidated statements of financial position as of August 31, 2023 and 2022, and the related consolidated statements of operations and changes in net assets, functional expenses, and cash flows for the years then ended, and the related notes to the consolidated financial statements.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of American Library Association as of August 31, 2023 and 2022, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Basis for Opinion

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are required to be independent of American Library Association and to meet our other ethical responsibilities in accordance with the relevant ethical requirements relating to our audits. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Prior Period Consolidated Financial Statements

The consolidated financial statements as of August 31, 2022, were audited by PKF Mueller, LLP, which was acquired by Cherry Bekaert LLP as of October 11, 2023, and whose report dated February 20, 2023, expressed an unmodified opinion on those statements.

Adoption of New Accounting Standard

As described in Note B of the consolidated financial statements, for the year ended August 31, 2023, American Library Association adopted Accounting Standards Update (ASU) No. 2016-02, *Leases (Topic 842)*. Our opinion is not modified with respect to this matter.

Responsibilities of Management for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated financial statements in accordance with accounting principles generally accepted in the United States of America, and for 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.

In preparing the consolidated financial statements, management is required to evaluate whether there are conditions or events, considered in the aggregate, that raise substantial doubt about American Library Association's ability to continue as a going concern within one year after the date that the consolidated financial statements are available to be issued.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance but is not absolute assurance and, therefore, is not a guarantee that an audit conducted in accordance with generally accepted auditing standards will always detect a material misstatement when it exists. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control. Misstatements are considered material if there is a substantial likelihood that, individually or in the aggregate, they would influence the judgment made by a reasonable user based on the consolidated financial statements.

In performing an audit in accordance with generally accepted auditing standards, we:

- Exercise professional judgment and maintain professional skepticism throughout the audit.

- Identify and assess the risks of material misstatement of the consolidated financial statements, whether due to fraud or error, and design and perform audit procedures responsive to those risks. Such procedures include examining, on a test basis, evidence regarding the amounts and disclosures in the consolidated financial statements.

- Obtain an understanding of internal control relevant to the audit 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 American Library Association's internal control. Accordingly, no such opinion is expressed.

- Evaluate the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluate the overall presentation of the consolidated financial statements.

- Conclude whether, in our judgment, there are conditions or events, considered in the aggregate, that raise substantial doubt about American Library Association's ability to continue as a going concern for a reasonable period of time.

We are required to communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit, significant audit findings, and certain internal control related matters that we identified during the audits.

Report on Supplementary Information

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The consolidating statement of financial position (Exhibit I), consolidating statement of operations and changes in net assets (Exhibit II), as well as the statements of financial position (Exhibit III), statements of operations and changes in net assets (Exhibit III) and statements of cash flows (Exhibit III) for ALA Allied Professional Association, Inc. on pages 39-44 are presented for purposes of additional analysis and are not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The information has been subjected to the auditing procedures applied in the audit of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to 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 is fairly stated, in all material respects, in relation to the consolidated financial statements as a whole.

Cherry Bekaert LLP

Chicago, Illinois
March 11, 2024

CONSOLIDATED FINANCIAL STATEMENTS

American Library Association
CONSOLIDATED STATEMENTS OF FINANCIAL POSITION
August 31,

ASSETS	2023	2022
CURRENT ASSETS		
Cash and cash equivalents	$ 3,061,028	$ 2,856,962
Short-term investments	13,535,197	11,537,162
Accounts receivable, less allowance for doubtful accounts and returns of $955,900 and $413,160 in 2023 and 2022, respectively	3,115,938	6,629,476
Inventories, less reserves of $143,612 and $194,145 in 2023 and 2022, respectively	872,950	948,176
Grants receivable	4,013,133	331,354
Prepaid expenses and other assets	1,209,784	753,858
Total current assets	25,808,030	23,056,988
PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	9,052,674	8,755,087
OTHER ASSETS	53,141	-
RIGHT OF USE ASSETS - OPERATING LEASES, NET	12,753,110	-
LONG-TERM INVESTMENTS	61,582,491	60,916,150
TOTAL ASSETS	$ 109,249,446	$ 92,728,225

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	2023	2022
CURRENT LIABILITIES		
Accounts payable	$ 3,893,103	$ 3,872,703
Accrued liabilities	1,141,791	1,083,281
Deferred revenue		
Grants	210,657	-
Publication subscriptions	1,505,561	1,563,399
Membership dues	4,068,747	3,908,114
Conference fees	2,193,612	1,251,264
Deferred rent	-	2,124,426
Line of credit	-	1,000,000
Current portion of obligations under finance lease	47,367	-
Current portion of obligations under operating leases	913,291	-
Current portion of long-term debt	412,714	355,491
Total current liabilities	14,386,843	15,158,678
OBLIGATIONS UNDER FINANCE LEASE, NET OF CURRENT PORTION	113,158	-
OBLIGATIONS UNDER OPERATING LEASES, NET OF CURRENT PORTION	14,004,530	-
LONG-TERM DEBT, NET OF CURRENT PORTION	2,377,370	2,790,084
NON-CURRENT PORTION OF ACCRUED POST-RETIREMENT BENEFITS	6,134,125	7,905,303
Total liabilities	37,016,026	25,854,065
NET ASSETS		
Without donor restrictions	51,621,802	43,063,603
With donor restrictions	20,611,618	23,810,557
Total net assets	72,233,420	66,874,160
TOTAL LIABILITIES AND NET ASSETS	$ 109,249,446	$ 92,728,225

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, 2023

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Operating revenues			
Membership dues	$ 7,097,063	$ -	$ 7,097,063
Sales of books and materials	5,604,398	-	5,604,398
Subscriptions	3,217,115	-	3,217,115
Advertising	4,475,437	-	4,475,437
Meetings and conferences	8,468,318	-	8,468,318
Grants and awards	2,393,794	9,689,152	12,082,946
Contributions	8,744,265	903,309	9,647,574
In-kind contributions	774,000	-	774,000
Dividends and interest income, net of investment fees			
Short-term investments	1,200,840	-	1,200,840
Long-term investments	1,278,385	-	1,278,385
Other	3,118,634	-	3,118,634
Total operating revenues	46,372,249	10,592,461	56,964,710
Net assets released from restrictions			
Satisfaction of program restrictions	13,791,400	(13,791,400)	-
Total revenues and other support	60,163,649	(3,198,939)	56,964,710
Expenses			
Program services	42,636,886	-	42,636,886
Management and general	12,002,740	-	12,002,740
Fundraising	412,076	-	412,076
Total expenses	55,051,702	-	55,051,702
Excess (deficiency) of operating revenues and other support over operating expenses	5,111,947	(3,198,939)	1,913,008
Non-operating			
Net periodic pension cost other than service cost	317,013	-	317,013
Pension-related changes other than net periodic pension costs	1,386,822	-	1,386,822
Net realized and change in unrealized gains (losses), net of investment fees			
Short-term investments	(69,526)	-	(69,526)
Long-term investments	1,843,890	-	1,843,890
Change in investment in publishing venture	(3,332)	-	(3,332)
Loss on sale of assets	(28,615)	-	(28,615)
CHANGE IN NET ASSETS	8,558,199	(3,198,939)	5,359,260
Net assets, beginning of year	43,063,603	23,810,557	66,874,160
Net assets, end of year	$ 51,621,802	$ 20,611,618	$ 72,233,420

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

	Without Donor Restrictions	With Donor Restrictions	Total
Revenues and other support			
Operating revenues			
Membership dues	$ 7,124,903	$ -	$ 7,124,903
Sales of books and materials	6,509,239	-	6,509,239
Subscriptions	3,479,455	-	3,479,455
Advertising	4,808,743	-	4,808,743
Meetings and conferences	8,604,295	-	8,604,295
Grants and awards	602,271	11,608,204	12,210,475
Forgiveness of CARES Act funding and Employee Retention Credit	5,078,786	-	5,078,786
Contributions	3,230,543	290,578	3,521,121
Dividends and interest income, net of investment fees			
Short-term investments	991,278	-	991,278
Long-term investments	1,723,788	-	1,723,788
Other	3,543,201	2,125	3,545,326
Total operating revenues	45,696,502	11,900,907	57,597,409
Net assets released from restrictions			
Satisfaction of program restrictions	6,408,606	(6,408,606)	-
Total revenues and other support	52,105,108	5,492,301	57,597,409
Expenses			
Program services	37,870,437	-	37,870,437
Management and general	11,192,582	-	11,192,582
Fundraising	586,608	-	586,608
Total expenses	49,649,627	-	49,649,627
Excess of operating revenues and other support over operating expenses	2,455,481	5,492,301	7,947,782
Non-operating			
Net periodic pension cost other than service cost	214,478	-	214,478
Pension-related changes other than net periodic pension costs	919,226	-	919,226
Net realized and change in unrealized losses, net of investment fees			
Short-term investments	(544,588)	-	(544,588)
Long-term investments	(10,706,128)	-	(10,706,128)
Change in investment in publishing venture	19,907	-	19,907
CHANGE IN NET ASSETS	(7,641,624)	5,492,301	(2,149,323)
Net assets, beginning of year	50,705,227	18,318,256	69,023,483
Net assets, end of year	$ 43,063,603	$ 23,810,557	$ 66,874,160

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

American Library Association
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES
Year ended August 31, 2023

	Program Services								Supporting Services		
	Membership Services	Public Policy and Advocacy	Conferences	Publishing	Diversity, Literacy, and Outreach	Intellectual Freedom	Offices for Mission and Values	Total Program Services	Management and General	Fundraising	Total
Grants and other assistance	$ 102,521	$ -	$ -	$ 45,971	$ 450,259	$ -	$ 5,788,763	$ 6,387,514	$ 178,005	$ -	$ 6,565,519
Salaries and wages	5,804,572	1,283,122	556,026	3,068,280	146,391	208,643	1,285,743	12,352,777	3,814,913	137,312	16,305,002
Pension plan contributions	322,603	71,313	30,902	170,527	8,136	11,596	71,458	686,535	212,024	7,631	906,190
Other employee benefits	995,038	219,957	95,316	525,974	25,095	35,766	220,406	2,117,552	470,935	23,538	2,612,025
Payroll taxes	411,847	91,040	39,451	217,701	10,387	14,804	91,226	876,456	270,676	9,743	1,156,875
Professional services	1,301,494	671,025	630,321	132,421	29,758	129,593	862,882	3,757,494	1,108,990	67,854	4,934,338
Accounting fees	-	-	-	-	-	-	-	-	142,100	-	142,100
Legal fees	-	78,998	-	-	-	-	-	78,998	178,937	-	257,935
Bank service fees	185,014	363	138,466	15,970	27,354	2,301	18,382	387,850	236,235	2,227	626,312
Advertising and promotion	898,166	-	-	(8,837)	-	4,523	184,654	1,078,506	-	-	1,078,506
Royalties	121,058	-	-	255,502	476	16,190	1,210	394,436	-	-	394,436
Office expenses	441,585	85,863	252,075	414,981	4,888	3,173	192,834	1,395,399	453,659	7,607	1,856,665
Information technology	303,464	70,231	144,807	163,510	19,736	12,358	204,353	918,459	268,829	9,077	1,196,365
Occupancy	42,572	709	-	-	-	-	-	43,281	2,491,052	-	2,534,333
Travel	339,770	275,702	449,205	53,576	109,542	18,240	109,716	1,355,751	261,681	5,022	1,622,454
Conferences and meetings	1,551,273	71,394	4,091,882	14,667	60,435	20,079	209,003	6,018,733	44,051	9,513	6,072,297
Interest expense	-	-	-	-	-	-	-	-	183,500	-	183,500
Insurance	4,812	10,837	-	-	-	-	24	15,673	126,453	-	142,126
Depreciation and amortization	116,731	76,917	5,760	342,560	1,462	3,057	10,192	556,679	1,018,203	2,038	1,576,920
Bad debt expense	73,429	-	-	634,466	-	-	-	707,895	-	-	707,895
Publications and printing	1,288,931	8,095	96,973	1,363,685	4,114	81,459	139,272	2,982,529	(185,876)	999	2,797,652
Equipment/furniture rental and repair	48,388	171,032	-	-	-	-	1,873	221,293	85,351	-	306,644
Temporary employees	175,063	-	69,375	-	34,763	-	11,875	291,076	638,222	129,515	1,058,813
Income taxes	6,000	-	-	6,000	-	-	-	12,000	4,800	-	16,800
	$ 14,534,331	$ 3,186,598	$ 6,600,559	$ 7,416,954	$ 932,796	$ 561,782	$ 9,403,866	$ 42,636,886	$ 12,002,740	$ 412,076	$ 55,051,702

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

American Library Association
CONSOLIDATED STATEMENT OF FUNCTIONAL EXPENSES - CONTINUED
Year ended August 31, 2022

	Program Services								Supporting Services		
	Membership Services	Public Policy and Advocacy	Conferences	Publishing	Diversity, Literacy, and Outreach	Intellectual Freedom	Offices for Mission and Values	Total Program Services	Management and General	Fundraising	Total
Grants and other assistance	$ 100,802	$ 377,229	$ -	$ 54,928	$ 193,000	$ -	$ 4,313,756	$ 5,039,715	$ 20,409	$ 265,415	$ 5,325,539
Salaries and wages	5,976,349	1,303,649	488,794	2,970,132	235,904	204,267	1,313,009	12,492,104	3,372,054	129,411	15,993,569
Pension plan contributions	356,386	77,740	29,148	177,117	14,068	12,181	78,298	744,938	221,085	7,717	973,740
Other employee benefits	1,034,695	225,703	84,626	514,224	40,842	35,365	227,323	2,162,778	408,676	22,405	2,593,859
Payroll taxes	455,036	99,259	37,217	226,144	17,962	15,553	99,972	951,143	256,747	9,853	1,217,743
Professional services	1,547,625	719,134	758,222	144,193	31,387	208,849	318,725	3,728,135	1,574,163	46,607	5,348,905
Accounting fees	-	-	-	-	-	-	-	-	111,872	-	111,872
Legal fees	100	41,333	-	-	-	-	-	41,433	178,898	2,200	222,531
Bank service fees	189,202	447	98,989	22,563	31,823	1,494	19,714	364,232	183,288	1,345	548,865
Advertising and promotion	151,984	-	4,560	(25,346)	-	-	51,680	182,878	-	12,513	195,391
Royalties	109,415	-	-	304,573	15	15,345	1,436	430,784	-	-	430,784
Office expenses	633,146	114,246	187,706	364,158	2,883	2,021	115,230	1,419,390	470,305	4,233	1,893,928
Information technology	280,744	69,396	87,426	134,492	15,880	11,100	135,346	734,384	217,093	41,239	992,716
Occupancy	38,638	791	-	-	-	-	-	39,429	2,343,925	-	2,383,354
Travel	626,563	132,208	166,721	40,829	217,614	9,707	45,276	1,238,918	137,444	17,743	1,394,105
Conferences and meetings	1,352,184	140,638	2,466,743	28,652	7,336	87	169,148	4,164,788	39,909	11,793	4,216,490
Interest expense	-	-	-	-	-	-	-	-	122,384	-	122,384
Insurance	6,156	685	-	-	-	-	-	6,841	80,202	-	87,043
Depreciation and amortization	149,184	76,750	4,246	706,877	1,585	2,432	10,751	951,825	1,075,223	2,150	2,029,198
Bad debt expense	49,514	-	-	45,305	-	-	-	94,819	102,525	-	197,344
Publications and printing	1,207,385	12,565	93,922	1,226,608	8,597	53,995	54,801	2,657,873	(88,720)	1,825	2,570,978
Equipment/furniture rental and repair	35,712	186,806	28	-	-	-	-	222,546	119,777	-	342,323
Temporary employees	176,473	-	-	-	-	-	25,011	201,484	245,323	10,159	456,966
	$ 14,477,293	$ 3,578,579	$ 4,508,348	$ 6,935,449	$ 818,896	$ 572,396	$ 6,979,476	$ 37,870,437	$ 11,192,582	$ 586,608	$ 49,649,627

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

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

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 5,359,260	$ (2,149,323)
Adjustments to reconcile change in net assets to net cash provided by (used in) operating activities		
Depreciation and amortization - property and equipment	1,540,372	1,744,998
Amortization - goodwill and intangible assets	-	284,200
Amortization - right of use assets under operating leases	942,421	-
Amortization - right of use asset under finance lease	36,548	-
Forgiveness of CARES Act funding	-	(2,000,000)
Loss on disposal of property and equipment	28,615	-
Net realized and unrealized (gains) losses	(1,901,673)	10,935,925
Change in investment in publishing venture	(3,332)	19,907
Interest paid on obligations under finance lease	(3,869)	-
Increase in allowance for doubtful accounts and returns	542,740	74,814
Increase (decrease) in reserve for inventories	(50,533)	51,415
Changes in operating assets and liabilities		
Accounts receivable	2,970,798	(3,832,895)
Inventories	125,759	(18,605)
Grants receivable	(3,681,779)	358,430
Prepaid expenses and other assets	(455,926)	(224,508)
Other assets	(53,141)	-
Accounts payable	20,400	2,216,961
Accrued liabilities	58,510	32,445
Deferred revenue	1,255,800	(39,972)
Deferred rent	-	310,340
Obligations under operating leases	(902,136)	-
Accrued post-retirement benefits	(1,771,178)	(1,361,395)
Net cash provided by operating activities	4,057,656	6,402,737
Cash flows from investing activities		
Purchase of property and equipment	(1,708,197)	(573,681)
Purchase of investments	(44,417,331)	(18,491,582)
Proceeds from sale of investments	43,657,960	15,440,039
Net cash used in investing activities	(2,467,568)	(3,625,224)
Cash flows from financing activities		
Proceeds from line of credit	-	1,000,000
Payments on line of credit	(1,000,000)	(3,500,000)
Proceeds from Economic Injury Disaster Loan	-	1,850,000
Principal payments on obligation under finance lease	(30,531)	-
Principal payments of long-term debt	(355,491)	(345,859)
Net cash used in financing activities	(1,386,022)	(995,859)
NET INCREASE IN CASH AND CASH EQUIVALENTS	204,066	1,781,654
Cash and cash equivalents, beginning of year	2,856,962	1,075,308
Cash and cash equivalents, end of year	$ 3,061,028	$ 2,856,962
Supplemental disclosure of cash flow information		
Cash paid for interest	$ 178,660	$ 122,384
Noncash investing and financing activities		
Property and equipment acquired through finance lease obligation	$ 194,925	$ -
Forgiveness of CARES Act funding	$ -	$ 2,000,000

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 affiliates, 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 approximately 48,000 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 accordance with accounting principles generally accepted in the United States of America ("U.S. 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.

Without and With Donor Restricted Net Assets

Without donor restricted net assets are:
Net assets available for use in general operations and not subject to donor-imposed restrictions.

With donor restricted net assets are:

Assets whose use have 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 without donor restricted net assets.

Assets designated by donors to be held in perpetuity. Earnings, gains, and losses on these restricted net assets are included in without donor restricted revenue and other support unless restricted by donors.

Support

The Association recognizes contributions and grant revenue when cash, securities or other assets, an unconditional promise to give, or a notification of a beneficial interest is received. Conditional promises to give, that is, those with a measurable performance or other barrier, and a right of return, are not recognized until the conditions on which they depend have been substantially met.

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 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 without donor restriction. Restricted earnings are recorded as additions to net assets with donor restrictions until such amounts are expended in accordance with the donor's specifications. When a donor restriction expires, net assets with donor restrictions are reclassified as net assets without donor restrictions and are reported in the accompanying consolidated statements of operations and changes in net assets as net assets released from restrictions.

Grant Revenue
A portion of the Association's revenue is derived from cost-reimbursable federal grants, which are conditioned upon certain performance requirements and/or the incurrence of allowable qualifying expenses. Amounts received are recognized as revenue when the Association has incurred expenditures in compliance with specific contract or grant provisions. Grants that make payments on a reimbursement basis are included in grants receivable in the accompanying consolidated statements of financial position until payment is received.

The Association received cost-reimbursable grants of $4,145,685 and $3,201,232 that had not been recognized at August 31, 2023 and 2022, respectively, because qualifying expenditures had not yet been incurred. No amounts have been received in advance under the federal and state contracts and grants.

Revenue Recognition

The Association derives a significant portion of its revenue from revenue sources that involve contracts with members and customers. Those sources include membership dues; sales of books and other materials, subscriptions to publications, and advertising in publications; royalties and registration fees for attending meetings, conferences and certain special programs. Revenues are recognized when control of these goods or services is transferred to members and customers, in an amount that reflects the consideration the Association expects to be entitled to in exchange for those goods or services. The Association does not have any significant financing components as payments are received within a year of the services being provided. Costs incurred to obtain a contract will be expensed as incurred when the amortization period is less than a year. All contracts contain specified pricing for each performance obligation thus allocation of the transaction price is not necessary.

Disaggregation of Revenue from Contracts with Customers
The following table disaggregates the Association's revenue based on the timing of satisfaction of performance obligations for the years ended August 31:

	2023	2022
Performance obligations satisfied at a point in time	$ 20,054,344	$ 21,855,160
Performance obligations satisfied over time	$ 11,926,621	$ 12,216,801

Revenues from performance obligations satisfied at a point in time consist of revenues from the sales of books and other materials; advertising in publications; and registration fees for meetings, conferences, and special programs. Revenues from performance obligations satisfied over time consist of membership dues, subscriptions, and royalties. Royalties are included in other income on the consolidated statements of operations and changes in net assets.

Performance Obligations
For performance obligations related to membership dues, control transfers to the member over time. The Association offers annual memberships and lifetime memberships. Revenue is recorded ratably as control is passed to the customer over the term of the membership. The Association has determined that the life expectancy of a member is eighty years.

For performance obligations related to sales of books and other materials, control transfers to the customer at a point in time. Revenue from the sales of books and materials is recognized upon shipment of goods to customers.

For performance obligations related to subscriptions, control transfers to the customer over time. Revenue is recognized ratably over the respective subscription period.

For performance obligations related to advertising in publications, control transfers to the customer at a point in time. Revenue is recorded at the time the publication in which the advertisement is included is issued.

For performance obligations related to royalties, control transfers to the customer over time. The Association recognizes royalty revenue on fixed fee agreements ratably over the course of the contract as control is passed to the customer over the term of the agreement. The Association recognizes royalty revenue on agreements where revenue is determined based on a percentage of licensing fees or as a percentage of net revenue by using the output method based on terms agreed upon in contracts established with customers.

For performance obligations related to registration fees for meetings, conferences, and special programs, control transfers to the member or customer at a point in time. Revenue is recorded at the specified date that the program is held.

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

Contract Balances

The timing of revenue recognition, billings, and cash collections results in billed accounts receivable and deferred revenue on the statements of financial position. The beginning and ending contract balances were as follows:

	September 1, 2021	August 31, 2022	August 31, 2023
Accounts receivable	$ 3,209,739	$ 7,042,636	$ 4,071,838
Deferred revenue	$ 6,762,749	$ 6,722,777	$ 7,767,920

Advertising

Advertising costs are expensed as incurred. Advertising expense for the years ended August 31, 2023 and 2022 was $304,508 and $195,391, respectively, and is included in advertising and promotion on the statements of functional expenses.

Cash and 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 Financial Accounting Standards Board ("FASB") 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:

<u>Level 1</u> - 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.

<u>Level 2</u> - 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.

<u>Level 3</u> - 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 measured at the lower of cost (first-in, first-out basis) or net realizable value, and are recorded at an amount that includes direct expenses incurred in production. Indirect and copy editing costs are expensed 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 3 years or more. Buildings and improvements are depreciated over useful lives of 10 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 are 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 and Intangible Assets

The Association applied the acquisition method of accounting for business combinations. Under this method, all assets and liabilities acquired in a business combination, including goodwill, were recorded at fair value. The purchase price allocation required subjective judgments concerning estimates of the fair value of the acquired assets and liabilities. Goodwill consisted principally of the excess of cost over the fair value of net assets acquired in business combinations. Goodwill was amortized on a straight-line basis over the remaining useful life of the intangible assets, two and a half years, and was full amortized as of August 31, 2022.

Amortization expense charged to operations was $200,000 for the year ended August 31, 2022.

The Association recognized 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 were stated at cost less accumulated amortization and consisted of trademarks and brand extension, co-publishing relationship, distribution relationship, backlist, customer relationships, online and catalog, and a non-compete agreement. The Association reviewed intangible assets for impairment whenever events or changes in circumstances indicate that the carrying amount of assets may not be recoverable. Impairment losses were recognized if the carrying amount of an intangible subject to amortization was not recoverable from expected future cash flows and its carrying amount exceeds its fair value.

Amortization expense charged to the operations of the Association was $84,200 for the year ended August 31, 2022. Amortization was computed on a straight-line basis based on the estimated useful lives ranging from four to ten years. There was no amortization expense for the year ended August 31, 2023.

Functional Expenses

The costs of program and supporting service activities have been summarized on a functional basis in the consolidated statements of operations and changes in net assets. The consolidated statements of functional expenses present the natural classification detail of expenses by function. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

Directly identifiable expenses are charged to programs and supporting services. Information technology expenses related to more than one function are charged to programs and supporting services based on the level of effort in the other functional expense categories. Management and general expenses include those expenses that are not directly identifiable with any other specific function. Expenses are reflected by their natural category according to the activity to which they pertain.

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 Association's ability to continue as a going concern. 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 March 11, 2024 to March 11, 2025.

Employee Retention Credit

The provisions of the CARES Act provide an Employee Retention Credit ("ERC"), which is a refundable tax credit against certain employment taxes for eligible employers. Management determined the Association qualifies for the ERC and has elected to treat the credit in accordance with the conditional government grants model. The Association has recognized $3,078,786 as forgiveness of CARES Act funding in the consolidated statements of operations and changes in net assets for the year ended August 31, 2022. The Association has a related receivable balance of $3,078,786 as of August 31, 2022. The Association filed for refunds of the ERC in November 2022 and received the entire balance during fiscal year 2023.

Adoption of New Accounting Standard - Leases

In February 2016, the FASB issued Accounting Standards Update ("ASU") No. 2016-02, Leases (Accounting Standards Codification ("ASC") 842). The FASB also subsequently issued additional ASUs, which amended and clarified ASC 842. The most significant change in the new leasing guidance is the requirement to recognize right-of-use ("ROU") assets and lease liabilities for operating leases on the statement of financial position. ASU No. 2016-02 is effective for fiscal years beginning after December 15, 2021.

The Association elected to adopt these ASUs effective September 1, 2022 and utilized the available practical expedients. As a result of adoption, the Association recorded ROU assets and lease liabilities under operating leases of $13,695,531 and $15,819,958, respectively, effective September 1, 2022. The difference between the ROU assets and lease liabilities was recorded as a $2,124,426 reduction to beginning deferred rent.

Leases

The Association leases certain buildings and equipment. The determination of whether an arrangement is a lease is made at the lease's inception. Under ASC 842, a contract is (or contains) a lease if it conveys the right to control the use of an identified asset for a period of time in exchange for consideration. Control is defined under the standard as having both the right to obtain substantially all of the economic benefits from use of the asset and the right to direct the use of the asset. Management only reassesses its determination if the terms and conditions of the contract are changed.

Operating leases are included in operating lease ROU assets, other current liabilities, and operating lease liabilities in the consolidated statement of financial position. Finance leases are included in property and equipment, other current liabilities, and other long-term liabilities in the consolidated statement of financial position.

ROU assets represent the right to use an underlying asset for the lease term, and lease liabilities represent the obligation to make lease payments. Operating lease ROU assets and liabilities are recognized at the lease commencement date based on the present value of lease payments over the lease term. The Association uses the implicit rate when it is readily determinable. Since most of the Association's leases do not provide an implicit rate, to determine the present value of lease payments, management uses the Association's risk free rate based on the information available at lease commencement. Operating lease ROU assets also include any lease payments made and exclude any lease incentives. Lease expense for lease payments is recognized on a straight-line basis over the lease term. The Association's lease terms may include options to extend, contract or terminate the lease when it is reasonably certain that the option will be exercised.

The Association has lease agreements with lease and non-lease components, which are generally accounted for separately with amounts allocated to the lease and non-lease components based on stand-alone prices.

None of the lease agreements contain any material residual value guarantees.

NOTE C - INVESTMENTS

The Association has included in investments restricted cash and investment balances of $7,924,411 and $9,000,357 at August 31, 2023 and 2022, respectively, which represents grant funds received in advance to be expended in accordance with specifically-defined purposes, as described in the grant agreement.

NOTE D - NET ASSETS WITH DONOR RESTRICTIONS

Net assets with donor restrictions at August 31, 2023 and 2022 are available for the following purposes:

	2023	2022
Subject to expenditure for specified purposes:		
Preparation and publication of reading lists	$ 560,519	$ 612,951
Scholarships, awards, grants, and fellowships	19,621,871	22,765,887
Promotion of public libraries	412,179	415,612
Other	17,049	16,107
	$ 20,611,618	$ 23,810,557

Included in the amounts above are the Association's net assets which are restricted to investments in perpetuity, the income from which is expendable to support the following purposes:

	2023	2022
Subject to endowment spending policy:		
Preparation and publication of reading lists	$ 100,000	$ 100,000
Scholarships, awards, and fellowships	371,700	371,700
Other	3,000	3,000
	$ 474,700	$ 474,700

Net assets released from donor restrictions during the years ended August 31, 2023 and 2022, because donor restrictions were met by satisfying the stated purpose are as follows:

	2023	2022
Purpose restrictions accomplished:		
Preparation and publication of reading lists	$ 52,432	$ 52,300
Scholarships, awards, grants, and fellowships	13,734,088	6,349,821
Promotion of public libraries	3,433	4,560
Other	1,448	1,925
	$ 13,791,400	$ 6,408,606

NOTE E - 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, 2023 and 2022, the Association has a $467,000 net receivable (net of $82,000 in allowance reserves) and a $497,000 net receivable (net of $88,000 in allowance reserves), respectively, from the Fund for expenditures paid. Total amounts owed by the Association to the Fund for royalties during the years ended August 31, 2023 and 2022, were $99,620 and $143,911, respectively. For 2023 and 2022, the Association's portion of the Fund's net income (loss) was $(3,333) and $19,907, 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:

	2023	2022
Total assets	$ 97,786	$ 143,711
Total liabilities	534,192	570,122
Revenues	104,810	98,050
Expenses	114,806	38,150

NOTE F - MARGARET ALEXANDER EDWARDS TRUST

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

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

NOTE G - ALLOWANCE FOR DOUBTFUL ACCOUNTS AND RETURNS

Changes in the Association's allowance for doubtful accounts and returns for the years ended August 31, 2023 and 2022, are as follows:

	2023	2022
Beginning balance	$ 413,160	$ 338,346
Provision for bad debts	660,737	144,819
Accounts written off	(117,997)	(70,005)
Ending balance	$ 955,900	$ 413,160

NOTE H - PROPERTY AND EQUIPMENT

The components of property and equipment at August 31, 2023 and 2022, are as follows:

	2023	2022
Land	$ 2,263,971	$ 2,263,971
Buildings and improvements	4,665,288	4,642,434
Furniture and other equipment	1,906,872	1,903,453
Technology and related equipment	21,386,739	19,796,038
Total property and equipment	30,222,870	28,605,896
Less accumulated depreciation and amortization	(21,170,196)	(19,850,809)
Property and equipment, net	$ 9,052,674	$ 8,755,087

Unamortized software development costs included in property and equipment at August 31, 2023 and 2022, were $546,796 and $689,689, respectively. Related amortization expense was $285,225 and $430,516 for the years ended August 31, 2023 and 2022, respectively. Property and equipment depreciation and amortization expense was $1,291,697 and $1,314,482 for the years ended August 31, 2023 and 2022, respectively.

NOTE I – INVESTMENTS

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

Type	2023	2022
Short-term investments		
Cash	$ 6,311,030	$ 3,820,974
Common stock	531,116	454,608
Certificates of deposit	-	1,016,376
Stocks and related	3,355,438	-
Corporate securities	3,337,613	6,245,204
Total short-term investments	$ 13,535,197	$ 11,537,162

	2023	2022
Long-term investments		
Cash	$ 2,311,841	$ 1,542,298
Common stock	31,062,141	25,617,582
Certificates of deposit	-	5,000,000
Treasury notes	4,709,648	-
Corporate securities	16,622,489	23,233,327
Fund of funds hedge fund	228,652	341,438
Hedge fund	3,322,243	1,330,674
Private equity funds	3,325,477	3,850,831
Total long-term investments	$ 61,582,491	$60,916,150

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

	2023	2022
Unrealized loss on investments	$ (2,455,200)	$ (15,172,754)
Net realized gain on the sale of investments	4,356,873	4,236,829
Investment fees	(306,274)	(395,261)
Dividends and interest income	2,658,190	2,795,536
	$ 4,253,589	$ 8,535,650)

NOTE J - 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.

Investments

Investments are stated at fair value, except for investments in cash. Investments with values that are based on quoted market prices in active markets and are, therefore, classified within Level 1, include common stock and corporate securities. The Association does not adjust the quoted price for such instruments.

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 certificates of deposit and treasury notes. 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. The fair values of the fund of funds hedge fund, hedge fund, and private equity funds, have been estimated using the net asset value per share of investments as a practical expedient. Because of the use of net asset value as a practical expedient, these investments are no longer classified in the fair value hierarchy.

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.

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

	2023			
	Level 1	Level 2	Level 3	Total
Assets				
Common stock	$31,593,257	-	-	$ 31,593,257
Treasury notes	-	4,709,648	-	4,709,648
Stocks	3,355,438	-	-	3,355,438
Corporate securities	19,960,102	-	-	19,960,102
	$54,908,797	4,709,648	-	59,618,445
Assets measured at NAV[(a)]				6,876,372
Total assets at fair value				$ 66,494,817

	2022			
	Level 1	Level 2	Level 3	Total
Assets				
Common stock	$26,072,190	-	-	$ 26,072,190
Certificates of deposit	-	6,016,376	-	6,016,376
Corporate securities	28,458,986	-	-	28,458,986
	$54,531,176	6,016,376	-	60,547,552
Assets measured at NAV[a]				6,542,487
Total assets at fair value				$ 67,090,039

[a] In accordance with subtopic 820-10, certain investments that were measured at NAV per share (or its equivalent) have not been classified in the fair value hierarchy. The fair value amounts presented in this table are intended to permit reconciliation of the fair value hierarchy to the line items presented in the consolidated statements of financial position.

For the years ended August 31, 2023 and 2022, there were no significant transfers in or out of Level 3.

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of August 31:

	2023		
	Fair value	Redemption frequency	Redemption notice period
Fund of funds hedge fund (a)	$ 228,652	Quarterly	Up to 120 days
Hedge fund (b)	3,322,243	Quarterly	Up to 120 days
Private equity funds (c,d)	3,325,477	Quarterly	Up to 120 days
Total investments recorded at NAV	$ 6,876,372		

	2022		
	Fair value	Redemption frequency	Redemption notice period
Fund of funds hedge fund (a)	$ 341,438	Quarterly	Up to 120 days
Hedge fund (b)	2,350,218	Quarterly	Up to 120 days
Private equity funds (c,d)	3,850,831	Quarterly	Up to 120 days
Total investments recorded at NAV	$ 6,542,487		

(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.

(b) The objectives of this fund are to generate an attractive level of current income for distribution to stockholders; to preserve and protect stockholders' capital investments; to achieve appreciation of NAV over time; and to enable stockholders to utilize real estate as an asset class in diversified, long-term investment portfolios.

(c) The objective of one of these funds is to provide enhanced risk-adjusted returns to investors through exposure to a diversified mix of alternative investments. The fund's platform includes complementary asset management businesses - private equity, real assets, credit and hedge fund solutions. Except in limited circumstances, withdrawals from the fund are not permitted.

(d) The objectives of the other fund within this classification are as follows for private equity and growth equity investments, respectively:

- to seek opportunities to invest substantial capital to acquire a controlling ownership stake in large capitalization companies with strong business franchises, attractive growth prospects, defensible market positions, and the ability to generate attractive returns; and to forge strong partnerships with highly motivated management teams who put their own capital at risk.
- to invest in secular growth areas in securities with structured downside protection (i.e., liquidation preferences and strong governance and minority rights), and to help entrepreneurs scale their business and assist them with execution while taking on limited fundamental technology risk.

Except in limited circumstances, withdrawals from the fund are not permitted.

NOTE K - ENDOWMENT NET ASSETS

The Association's endowment (the "Endowment") consists of funds established for a variety of purposes. The Endowment includes both donor-restricted endowment funds and funds designated by the Executive Board to function as endowments. As required by U.S. 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 retains in perpetuity (1) the original value of gifts donated to the Endowment, (2) the original value of subsequent gifts to the Endowment, and (3) accumulations to the 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 retained in perpetuity is subject to appropriation 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 U.S. GAAP, deficiencies of this nature would be reported in net assets with donor restrictions. These deficiencies could result from unfavorable market fluctuations that occur shortly after the investment of new 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, 2023 or 2022.

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, 2023 and 2022 is as follows:

	2023		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 890,467	$ 890,467
Board-designated endowment funds	16,425,082	-	16,425,082
Total funds	$ 16,425,082	$ 890,467	$ 17,315,549

	2022		
	Without Donor Restrictions	With Donor Restrictions	Total
Donor-restricted endowment funds	$ -	$ 994,282	$ 994,282
Board-designated endowment funds	16,083,607	-	16,083,607
Total funds	$ 16,083,607	$ 994,282	$ 17,077,889

Changes in endowment net assets for the years ended August 31, 2022 and 2021 were as follows:

	Without Donor Restrictions	With Donor Restrictions	Total
Endowment net assets, August 31, 2021	$ 19,318,628	$ 1,055,657	$ 20,374,285
Additions and transfers	1,937	-	1,937
Net investment return	(3,092,134)	-	(3,092,134)
Appropriation of endowment assets for expenditures	(144,824)	(61,375)	(206,199)
Endowment net assets, August 31, 2022	16,083,607	994,282	17,077,889
Additions and transfers	3,377	-	3,377
Net investment return	558,263	-	558,263
Appropriation of endowment assets for expenditures	(220,165)	(103,815)	(323,980)
Endowment net assets, August 31, 2023	$ 16,425,082	$ 890,467	$ 17,315,549

NOTE L - LINE OF CREDIT

The Association has a $5,000,000 unsecured line of credit with a bank, which is due on demand and matures on or before July 31, 2024. Under the terms of the agreement, interest on amounts borrowed is payable at the bank's prime rate of interest (8.5% and 5.5% as of August 31, 2023 and 2022, respectively). There was no outstanding balance on the line of credit as of August 31, 2023. As of August 31, 2022, the outstanding balance on the line of credit was $1,000,000.

NOTE M - EMPLOYEE RETIREMENT PLANS

The Association has a defined contribution retirement plan ("Plan") covering all employees of the Association who may make deferral contributions immediately upon hire. Regular full-time employees who have completed two years of service become eligible for the Association match and nondiscretionary contributions. The Association provides a contribution to all eligible 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 eligible employees. Contributions to the Plan are used to purchase separate annuity contracts for each participating employee. The cost of this Plan, which is included in payroll expenses, was $906,190 and $953,739 in 2023 and 2022, respectively.

The Association offers deferred compensation plans under IRC 457(b) and 457(f) to a select group of management. The Association did not record an expense related to these deferred compensation plans for the year ended August 31, 2023. The Association recorded an expense related to these deferred compensation plans of $20,000 for the year ended August 31, 2022.

NOTE N - LEASES

As of and for the Year Ended August 31, 2023
The Association has operating lease agreements that require monthly payments ranging from $247 to $105,817, and lease maturity dates through April 2035. Certain leases include optional renewal periods. When it is reasonably certain that a renewal option will be exercised that renewal period is included in the lease term, and the related payments are reflected in the ROU asset and lease liability. The Association is also obligated by a lease agreement that meets the criteria of a finance lease. The finance lease requires monthly payments of $4,360 and the lease matures November 2026.

All of the Association's leases include fixed rental payments. While the majority of the leases are gross leases, the Association also has a number of leases which require separate payments to the lessor based on the property taxes assessed on the property, as well as a portion of the common area maintenance associated with the property. The Association has elected the practical expedient not to separate lease and nonlease components for all leases.

Lease expense for the year ended August 31, 2023 was as follows:

Finance lease:	
Amortization of ROU assets	$ 36,548
Interest expense	4,840
Operating leases:	
Fixed rent expense	1,441,264
Total expense	$ 1,482,652

The amount recognized as an ROU asset related to the finance lease is included in property and equipment, net in the accompanying consolidated statement of financial position, while the related lease liability is included in the current portion of finance lease obligation and long-term debt. As of August 31, 2023, the right-of-use asset and lease liability related to the finance lease was as follows:

ROU asset	$ 158,377
Finance lease obligation - current	$ 47,367
Finance lease obligation - noncurrent	113,158
Total finance lease obligation	$ 160,525

Aggregate future minimum lease payments and the present value of net future minimum payments at August 31, 2023 are as follows:

	Finance	Operating	Total
2024	$ 52,320	$ 1,382,298	$ 1,434,618
2025	52,320	1,392,854	1,445,174
2026	52,320	1,422,005	1,474,325
2027	13,080	1,457,180	1,470,260
2028	-	1,488,623	1,488,623
Thereafter	-	10,916,576	10,916,576
Less: present value discount	(9,515)	(3,141,715)	(3,151,230)
Total	$ 160,525	$ 14,917,821	$ 15,078,346

As of August 31, 2023, the weighted-average remaining lease term for all operating leases is 11.63 years while the remaining lease term for the finance lease is 3.25 years. Because the Association generally does not have access to the rate implicit in the lease, the Association utilizes the risk free rate as the discount rate. The weighted-average discount rate associated with operating leases as of August 31, 2023 is 3.26% while the discount rate associated with the finance lease as of August 31, 2023 is 3.68%.

As of and for the Year Ended August 31, 2022

The Association has obligations under operating leases primarily for buildings and equipment, expiring at various dates through April 2035. The leases require the Association to pay taxes, insurance, utilities, and maintenance costs. Total rent expense under these leases was $1,489,331 for the year ended August 31, 2022.

NOTE O - COMMITMENTS AND CONTINGENCIES

Letter of Credit

To secure performance under the terms of the lease agreements, the Association obtained a Letter of Credit in the amount of $1,075,290 with an expiration date of June 21, 2024. If there are no events of default or breach by the Association, the Letter of Credit deposit decreases to an aggregate amount of:

$716,860 on the first day of the sixth lease year
$358,430 on the first day of the ninth lease year
$-0- on the first day on the twelfth lease year

Paycheck Protection Program Loans

The Paycheck Protection Program (“PPP”) loans (see Note P) and forgiveness are subject to examination under the terms of the agreement with the Small Business Administration (“SBA”) for a period of six years from the date the PPP loan is forgiven or paid in full. The Association is not currently under examination nor has the Association been contacted.

Employee Retention Credit

The $3,078,786 employee retention credit (“ERC”) is subject to examination for a period of up to five years from the filing date of the ERC refunds. The Association is not currently under examination nor has the Association been contacted.

Unfunded Commitments

The Association is obligated under certain investment agreements to advance additional funding periodically, up to specified levels. As of August 31, 2023 and 2022, the Association had future unfunded commitments in Level 3 investments of $850,000.

NOTE P - SHORT-TERM AND LONG-TERM DEBT

On April 10, 2020, the Association received loan proceeds in the amount of $4,213,035 under the PPP. Established as part of the Coronavirus Aid, Relief and Economic Security Act ("CARES Act"), the PPP provides for loans to qualifying businesses in amounts up to 2½ times the business's average monthly payroll expenses. PPP loans and accrued interest are forgivable after a "covered period" of 24 weeks as long as the borrower maintains its payroll levels and uses the loan proceeds for eligible purposes, including payroll, benefits, rent, and utilities. The forgiveness amount will be reduced if the borrower terminates employees or reduces salaries during the covered period. Any unforgiven portion of a PPP loan is payable over two or five years at an interest rate of 1%, with a deferral of payments for 10 months after the end of the covered period. The Association submitted its application for loan forgiveness and the PPP loan was forgiven in full on July 2, 2021.

On February 4, 2021, the Association received loan proceeds in the amount of $2,000,000 under the PPP. The loan is subject to the same provisions as those detailed in the first paragraph above. The Association submitted its application for loan forgiveness and the PPP loan was forgiven in full on November 22, 2021.

The Association recorded a note payable for $2,000,000 as of August 31, 2021 and recorded forgiveness during the year ended August 31, 2022.

<u>Economic Injury Disaster Loan</u>
In June 2020, the Association received a $150,000 Economic Injury Disaster Loan from the SBA. On October 30, 2021, the SBA approved an increase in the loan amount to $2,000,000. Installment payments, including principal and interest, of $8,659 monthly began in December 2022. The balance of principal and interest will be payable in June 2050. Interest accrues at a rate of 2.75%. The loan is collateralized by all tangible and intangible personal property of the Association. Proceeds are restricted solely as working capital to alleviate economic injury caused by disaster occurring in the month of March 2020 and continuing thereafter.

<u>Financing agreement – Furniture and Equipment</u>
In connection with the move to a new office space during fiscal year ended August 31, 2020, the Association entered into an agreement to finance furniture and equipment up to $2,886,138.

The amount financed was $1,688,842 and is payable in monthly installments over the next five years at an interest rate of 2.75%. The loan is secured by the furniture and equipment purchased under the agreement.

Maturities under the Economic Injury Disaster Loan and financing agreement are as follows:

Years ending August 31,		
2024	$	412,714
2025		362,365
2026		165,438
2027		53,719
2028		55,215
Thereafter		1,740,634
Total	$	2,790,084

Interest expense amounted to $183,700 and $122,384 in 2023 and 2022, 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, 2023 and 2022. 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 $12,000 in 2023 and $4,000 in 2022. The Edwards Trust is an exempt private foundation under Section 501(c)(3) of the IRC and is taxed on net investment income and 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 $2,494 and $1,385 for the calendar years 2023 and 2022, respectively.

The tax years ended 2020, 2021 and 2022 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, 2023 and 2022.

Annual Filing Requirement

In December 2022, the Association reached an investment trading threshold which required the Association to obtain a Large Trader Identification Number and file Form 13H with the Securities and Exchange Commission. Form 13H is required to be filed on an annual basis.

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 five years of service. Prior to amendment the voluntary contribution plan allowed coverage to employees who had reached 65 years of age with five years of service.

In 2018, the voluntary contribution plan was amended to provide retiree health insurance benefits to employees rendering five years of service after reaching the age of 57. Prior to this amendment, benefits were provided to employees who attain age 62 with five 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:

	2023	2022
Benefit obligation, beginning of year	$ 8,332,311	$ 9,616,607
Service cost	183,030	175,133
Interest cost	365,346	265,261
Actuarial loss (gain)	(2,069,181)	(1,398,965)
Retiree contributions	143,419	204,210
Benefits paid, net of Medicare Part D subsidy	(454,040)	(529,935)
Benefit obligation, end of year	$ 6,500,885	$ 8,332,311

The current portion of the benefit obligation at August 31, 2023 and 2022, is $366,760 and $427,008, 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, 2023 and 2022 is as follows:

	2023	2022
Plan assets at fair value, beginning of year	$ -	$ -
Retiree contributions	143,419	204,210
Employer contributions, net of Medicare Part D subsidy	310,621	325,725
Benefits paid, net of Medicare Part D subsidy	(454,040)	(529,935)
Plan assets at fair value, end of year	$ -	$ -
Funded status at end of year	($ 6,500,885)	($ 8,332,311)

The Association anticipates contributions of $366,760 to plan assets will be made during 2024. Estimated benefit payments are $366,760 in 2024, $354,807 in 2025, $394,843 in 2026, $419,703 in 2027, and $3,072,879 from 2028 through 2032.

Net periodic benefit cost is comprised of the following:

	2023	2022
Service cost	$ 183,030	$ 175,133
Interest cost	365,346	265,261
Amortization of unrecognized prior service cost	(97,322)	(97,322)
Amortization of unrecognized net gain	(585,037)	(382,417)
	(317,013)	(214,478)
Total net periodic benefit recovery	($ 133,983)	($ 39,345)

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

	2023	2022
Prior service cost	($ 366,904)	($ 464,226)
Net gain	(5,435,625)	(3,951,481)
Total included in without donor restricted net assets	($ 5,802,529)	($ 4,415,707)

Other post-retirement employee benefit-related cost 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:

	2023	2022
Net actuarial gain	($ 2,069,181)	($ 1,398,965)
Amortization of net gain	585,037	382,417
Amortization of previously unrecognized prior service cost	97,322	97,322
Total benefit-related cost (recovery) other than net periodic benefit cost	($ 1,386,822)	($ 919,226)

Assumptions as of August 31, 2023 and 2022 used to determine the benefit obligation are as follows:

	2023	2022
Weighted-average discount rate	5.00%	4.50%

The gross weighted-average annual assumed rate of increase in the per capita cost of covered benefits (healthcare cost trend rate) is 7.5% for 2023 and is assumed to decrease gradually to 5% for 2031 and remain at that level thereafter. The gross dental trend rate is 3.67% for 2023 and is assumed to decrease gradually to 3% for 2025 and remain at that level thereafter. A 1% increase in the healthcare cost trend rate would increase the benefit obligation by $712,361 and a 1% decrease would decrease the benefit obligation by $611,208. Additionally, a 1% increase in the healthcare cost trend rate would increase combined service and interest cost by $124,059 and a 1% decrease would decrease combined service and interest cost by $102,844.

NOTE S - SUBSEQUENT EVENTS

The Association evaluated its August 31, 2023 consolidated financial statements for subsequent events through March 11, 2024, the date the financial statements were issued, and is not aware of any subsequent events that would require recognition or disclosure in the consolidated financial statements other than the item noted below.

New grants and donations
From September 2023 through March 2024, the Association received written notification from a donor advised fund of an award of $10,000,000 to be received over the next two years which is intended for general operating support and program initiatives.

NOTE T - LIQUIDITY AND AVAILABILITY

Financial assets available for general expenditure, that is, without donor or other restrictions limiting their use, within one year of the consolidated statements of financial position dated August 31 consisted of the following:

	2023	2022
Cash and cash equivalents	$ 3,061,028	$ 2,856,962
Short-term investments	13,535,197	11,537,162
Accounts receivable, net	3,115,938	6,629,476
Grants receivable	4,013,133	331,354
Long-term investments	791,073	753,009
	$ 24,516,369	$ 22,107,963

The financial assets listed above represent the amounts that are available for operations.

The Association's endowment funds consist of donor-restricted endowments and funds designated by the Board as endowments. Income from donor-restricted endowments is restricted for specific purposes, except for amounts available for general use. Donor-restricted endowment funds are not available for general expenditure.

The Association's board-designated endowment of $16,425,082 is subject to an annual spending rate of 5% as described in Note M. Although the Association does not intend to spend from this board-designated endowment (other than amounts appropriated for general expenditure as part of the Board's annual budget approval and appropriation), these amounts could be made available if necessary.

As part of the Association's liquidity management plan, cash in excess of daily requirements is invested in short-term investments, certificates of deposit, and money market funds.

SUPPLEMENTARY INFORMATION

ASSETS	2023 Operating Fund	2023 Plant Fund	2023 Grants and Awards Fund	2023 Long-Term Investments Fund	2023 Total all funds	2023 ALA/APA	2023 Edwards Trust	2023 Subtotal	2023 Eliminations	2023 Total	2022 Total
CURRENT ASSETS											
Cash and cash equivalents	$ 2,956,526	$ -	$ -	$ -	$ 2,956,526	$ 104,502	$ -	$ 3,061,028	$ -	$ 3,061,028	$ 2,856,962
Short-term investments	13,535,197	-	-	-	13,535,197	-	-	13,535,197	-	13,535,197	11,537,162
Accounts receivable, less allowance for doubtful accounts and returns of $955,900 and $413,160 in 2023 and 2022, respectively	2,935,691	-	-	-	2,935,691	-	-	2,935,691	180,247	3,115,938	6,629,476
Inventories, less reserves of $143,612 and $194,145 in 2023 and 2022, respectively	872,026	-	-	-	872,026	924	-	872,950	-	872,950	948,176
Grants receivable	-	-	4,013,133	-	4,013,133	-	-	4,013,133	-	4,013,133	331,354
Prepaid expenses and other assets	1,209,784	-	-	-	1,209,784	-	-	1,209,784	-	1,209,784	753,858
Total current assets	21,509,224	-	4,013,133	-	25,522,357	105,426	-	25,627,783	180,247	25,808,030	23,056,988
PROPERTY AND EQUIPMENT, LESS ACCUMULATED DEPRECIATION AND AMORTIZATION	-	9,052,674	-	-	9,052,674	-	-	9,052,674	-	9,052,674	8,755,087
OTHER ASSETS	53,141	-	-	-	53,141	-	-	53,141	-	53,141	-
RIGHT OF USE ASSETS - OPERATING LEASES, NET	12,753,110	-	-	-	12,753,110	-	-	12,753,110	-	12,753,110	-
LONG-TERM INVESTMENTS	4,709,648	-	-	55,750,314	60,459,962	-	1,122,529	61,582,491	-	61,582,491	60,916,150
DUE (TO) FROM OTHER FUNDS	(9,771,917)	(9,036,594)	23,696,246	(4,978,762)	(91,027)	165,932	105,342	180,247	(180,247)	-	-
TOTAL ASSETS	$ 29,253,206	$ 16,080	$ 27,709,379	$ 50,771,552	$ 107,750,217	$ 271,358	$ 1,227,871	$ 109,249,446	$ -	$ 109,249,446	$ 92,728,225

See independent auditor's report.

	2023										2022
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	Total
CURRENT LIABILITIES											
Accounts payable	$ 3,893,103	$ -	$ -	$ -	$ 3,893,103	$ -	$ -	$ 3,893,103	$ -	$ 3,893,103	$ 3,872,703
Accrued liabilities	1,125,711	16,080	-	-	1,141,791	-	-	1,141,791	-	1,141,791	1,083,281
Deferred revenue											
Grants and fees	-	-	210,657	-	210,657	-	-	210,657	-	210,657	-
Publication subscriptions	1,505,561	-	-	-	1,505,561	-	-	1,505,561	-	1,505,561	1,563,399
Membership dues	4,068,747	-	-	-	4,068,747	-	-	4,068,747	-	4,068,747	3,908,114
Conference fees	2,193,612	-	-	-	2,193,612	-	-	2,193,612	-	2,193,612	1,251,264
Deferred rent	-	-	-	-	-	-	-	-	-	-	2,124,426
Line of credit	-	-	-	-	-	-	-	-	-	-	1,000,000
Current portion of obligations under finance lease	47,367	-	-	-	47,367	-	-	47,367	-	47,367	-
Current portion of obligations under operating leases	913,291	-	-	-	913,291	-	-	913,291	-	913,291	-
Current portion of long-term debt	412,714	-	-	-	412,714	-	-	412,714	-	412,714	355,491
Total current liabilities	14,160,106	16,080	210,657	-	14,386,843	-	-	14,386,843	-	14,386,843	15,158,678
OBLIGATIONS UNDER FINANCE LEASES, NET OF CURRENT PORTION	113,158	-	-	-	113,158	-	-	113,158	-	113,158	-
OBLIGATIONS UNDER OPERATING LEASES, NET OF CURRENT PORTION	14,004,530	-	-	-	14,004,530	-	-	14,004,530	-	14,004,530	-
LONG-TERM DEBT, NET OF CURRENT PORTION	2,377,370	-	-	-	2,377,370	-	-	2,377,370	-	2,377,370	2,790,084
NON-CURRENT PORTION OF ACCRUED POST-RETIREMENT BENEFITS	6,134,125	-	-	-	6,134,125	-	-	6,134,125	-	6,134,125	7,905,303
Total liabilities	36,789,289	16,080	210,657	-	37,016,026	-	-	37,016,026	-	37,016,026	25,854,065
NET ASSETS (DEFICIT)											
Without donor restrictions	(7,536,083)	-	10,732,464	47,511,350	50,707,731	271,358	642,713	51,621,802	-	51,621,802	43,063,603
With donor restrictions	-	-	16,766,258	3,260,202	20,026,460	-	585,158	20,611,618	-	20,611,618	23,810,557
Total net assets (deficit)	(7,536,083)	-	27,498,722	50,771,552	70,734,191	271,358	1,227,871	72,233,420	-	72,233,420	66,874,160
TOTAL LIABILITIES AND NET ASSETS	$ 29,253,206	$ 16,080	$ 27,709,379	$ 50,771,552	$ 107,750,217	$ 271,358	$ 1,227,871	$ 109,249,446	$ -	$ 109,249,446	$ 92,728,225

See independent auditor's report.

	2023									
	Without Donor Restrictions									
	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
Revenues and other support										
Operating revenues										
Membership dues	$ 4,799,234	$ 2,097,007	$ 200,822	$ -	$ -	$ 7,097,063	$ -	$ -	$ -	$ 7,097,063
Sales of books and materials	3,310,404	2,170,294	59,046	-	-	5,539,744	-	361	34,609	5,574,714
Subscriptions	2,083,211	1,057,946	1,388	-	-	3,142,545	-	-	-	3,142,545
Advertising	3,329,173	1,145,714	550	-	-	4,475,437	-	-	-	4,475,437
Meetings and conferences	6,312,901	2,092,417	34,795	-	-	8,440,113	-	-	4,150	8,444,263
Grants and awards	-	-	-	-	-	-	-	2,393,794	-	2,393,794
Forgiveness of CARES Act funding and ERC credit	-	-	-	-	-	-	-	-	-	-
Contributions	1,328,255	701,242	19,942	-	-	2,049,439	-	6,666,403	25,371	8,741,213
In-kind contributions	-	774,000	-	-	-	774,000	-	-	-	774,000
Dividends and interest income, net of investment fees										
Short-term investments	1,200,840	-	-	-	-	1,200,840	-	-	-	1,200,840
Long-term investments	-	-	-	-	-	-	-	-	1,233,282	1,233,282
Other	1,070,928	1,848,141	163,825	-	-	3,082,894	-	766	1,823	3,085,483
Total operating revenues	23,434,946	11,886,761	480,368	-	-	35,802,075	-	9,061,324	1,299,235	46,162,634
Net assets released from restrictions										
Satisfaction of program restrictions	-	-	-	-	-	-	-	13,380,638	394,627	13,775,265
Total revenues and other support	23,434,946	11,886,761	480,368	-	-	35,802,075	-	22,441,962	1,693,862	59,937,899
Expenses										
Payroll	13,357,354	6,310,169	17,168	183,030	-	19,867,721	-	1,754,889	-	21,622,610
Outside services	5,517,925	1,151,395	78,269	-	-	6,747,589	137,476	1,437,153	40,600	8,362,818
Travel	1,036,330	216,942	5,741	-	-	1,259,013	-	314,043	49,399	1,622,455
Meetings and conferences	4,470,228	1,512,697	136,892	-	-	6,119,817	-	2,536,550	42,999	8,699,366
Scholarships and awards	-	-	-	-	-	-	-	-	452,730	452,730
Publications	1,738,664	729,516	21,840	-	-	2,490,020	-	314,800	(1,786)	2,803,034
Administration	5,901,327	862,188	14,195	-	-	6,777,710	187,281	4,285,881	113,014	11,363,886
Inter-fund transfers	(611,087)	(649,411)	(47,262)	-	-	(1,307,760)	(324,757)	16,673	1,563,814	(52,030)
Total expenses before overhead allocation	31,410,741	10,133,496	226,843	183,030	-	41,954,110	-	10,659,989	2,260,770	54,874,869
Overhead allocation	(2,256,455)	1,141,332	19,885	-	-	(1,095,238)	-	1,060,238	-	(35,000)
Total expenses	29,154,286	11,274,828	246,728	183,030	-	40,858,872	-	11,720,227	2,260,770	54,839,869
Excess (deficiency) of operating revenues and other support over operating expenses	(5,719,340)	611,933	233,640	(183,030)	-	(5,056,797)	-	10,721,735	(566,908)	5,098,030
Non-operating										
Net periodic pension cost other than service cost	-	-	-	317,013	-	317,013	-	-	-	317,013
Pension-related changes other than net periodic pension costs	-	-	-	1,386,822	-	1,386,822	-	-	-	1,386,822
Net realized and change in unrealized gains (losses), net of investment fees										
Short-term investments	(69,526)	-	-	-	-	(69,526)	-	-	-	(69,526)
Long-term investments	-	-	-	-	-	-	-	10,729	1,791,034	1,801,763
Change in investment in publishing venture	(3,332)	-	-	-	-	(3,332)	-	-	-	(3,332)
Loss on sale of assets	-	(28,615)	-	-	-	(28,615)	-	-	-	(28,615)
CHANGE IN NET ASSETS	(5,792,198)	583,318	233,640	1,520,805	-	(3,454,435)	-	10,732,464	1,224,126	8,502,155
Inter-fund transfers	-	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	(5,792,198)	583,318	233,640	1,520,805	-	(3,454,435)	-	10,732,464	1,224,126	8,502,155
Net assets (deficit), beginning of year	(9,624,101)	18,094,048	3,269,357	(14,883,078)	(937,874)	(4,081,648)	-	-	46,287,224	42,205,576
Net assets (deficit), end of year	$ (15,416,299)	$ 18,677,366	$ 3,502,997	$ (13,362,273)	$ (937,874)	$ (7,536,083)	$ -	$ 10,732,464	$ 47,511,350	$ 50,707,731

	2023								
	Without Donor Restrictions			With Donor Restrictions					
	ALA/APA	Edwards Trust	Total Without Donor Restrictions	American Library Association Long-Term Investments Fund/ Grants and Awards Fund	Edwards Trust	American Library Association Long-Term Investments Fund	Total With Donor Restrictions	Total	2022 Total
Revenues and other support									
Operating revenues									
Membership dues	$ -	$ -	$ 7,097,063	$ -	$ -	$ -	$ -	$ 7,097,063	$ 7,124,903
Sales of books and materials	29,684	-	5,604,398	-	-	-	-	5,604,398	6,509,239
Subscriptions	74,570	-	3,217,115	-	-	-	-	3,217,115	3,479,455
Advertising	-	-	4,475,437	-	-	-	-	4,475,437	4,808,743
Meetings and conferences	24,055	-	8,468,318	-	-	-	-	8,468,318	8,604,295
Grants and awards	-	-	2,393,794	9,689,152	-	-	9,689,152	12,082,946	6,453,028
Forgiveness of CARES Act funding and ERC credit	-	-	-	-	-	-	-	-	5,078,786
Contributions	3,052	-	8,744,265	903,309	-	-	903,309	9,647,574	9,278,568
In-kind contributions	-	-	774,000	-	-	-	-	774,000	-
Dividends and interest income, net of investment fees									
Short-term investments	-	-	1,200,840	-	-	-	-	1,200,840	991,278
Long-term investments	-	45,103	1,278,385	-	-	-	-	1,278,385	1,723,788
Other	33,000	151	3,118,634	-	-	-	-	3,118,634	3,545,326
Total operating revenues	164,361	45,254	46,372,249	10,592,461	-	-	10,592,461	56,964,710	57,597,409
Net assets released from restrictions									
Satisfaction of program restrictions	-	16,135	13,791,400	(13,775,265)	(16,135)	-	(13,791,400)	-	-
Total revenues and other support	164,361	61,389	60,163,649	(3,182,804)	(16,135)	-	(3,198,939)	56,964,710	57,597,409
Expenses									
Payroll	57,657	-	21,680,267	-	-	-	-	21,680,267	20,658,347
Outside services	39,020	-	8,401,838	-	-	-	-	8,401,838	7,874,151
Travel	-	-	1,622,455	-	-	-	-	1,622,455	1,394,105
Meetings and conferences	-	400	8,699,766	-	-	-	-	8,699,766	6,616,880
Scholarships and awards	-	1,439	454,169	-	-	-	-	454,169	448,689
Publications	191	-	2,803,225	-	-	-	-	2,803,225	2,586,244
Administration	18,097	7,999	11,389,982	-	-	-	-	11,389,982	10,071,211
Inter-fund transfers	185	51,845	-	-	-	-	-	-	-
Total expenses before overhead allocation	115,150	61,683	55,051,702	-	-	-	-	55,051,702	49,649,627
Overhead allocation	35,000	-	-	-	-	-	-	-	-
Total expenses	150,150	61,683	55,051,702	-	-	-	-	55,051,702	49,649,627
Excess (deficiency) of operating revenues and other support over operating expenses	14,211	(294)	5,111,947	(3,182,804)	(16,135)	-	(3,198,939)	1,913,008	7,947,782
Non-operating									
Net periodic pension cost other than service cost	-	-	317,013	-	-	-	-	317,013	214,478
Pension-related changes other than net periodic pension costs	-	-	1,386,822	-	-	-	-	1,386,822	919,226
Net realized and change in unrealized gains (losses), net of investment fees									
Short-term investments	-	-	(69,526)	-	-	-	-	(69,526)	(544,588)
Long-term investments	-	42,127	1,843,890	-	-	-	-	1,843,890	(10,706,128)
Change in investment in publishing venture	-	-	(3,332)	-	-	-	-	(3,332)	19,907
Loss on sale of assets	-	-	(28,615)	-	-	-	-	(28,615)	-
CHANGE IN NET ASSETS	14,211	41,833	8,558,199	(3,182,804)	(16,135)	-	(3,198,939)	5,359,260	(2,149,323)
Inter-fund transfers	-	-	-	-	-	-	-	-	-
CHANGE IN NET ASSETS	14,211	41,833	8,558,199	(3,182,804)	(16,135)	-	(3,198,939)	5,359,260	(2,149,323)
Net assets (deficit), beginning of year	257,147	600,880	43,063,603	22,734,564	601,293	474,700	23,810,557	66,874,160	69,023,483
Net assets (deficit), end of year	$ 271,358	$ 642,713	$ 51,621,802	$ 19,551,760	$ 585,158	$ 474,700	$ 20,611,618	$ 72,233,420	$ 66,874,160

See independent auditor's report.

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

STATEMENTS OF FINANCIAL POSITION

August 31,

ASSETS	2023	2022
Cash and cash equivalents	$ 104,502	$ 89,409
Inventories	924	924
Due from General Fund	165,932	167,085
TOTAL ASSETS	$ 271,358	$ 257,418

LIABILITIES AND NET ASSETS		
LIABILITIES		
Deferred subscription revenue	$ -	$ 271
NET ASSETS		
Without donor restrictions	271,358	257,147
TOTAL LIABILITIES AND NET ASSETS	$ 271,358	$ 257,418

See Independent Auditor's Report.

ALA Allied Professional Association, Inc. **Exhibit III - Continued**
STATEMENTS OF OPERATIONS AND CHANGES IN NET ASSETS
Years ended August 31,

	2023	2022
Revenues and other support		
Operating revenues and other support		
Sales of books and materials	$ 29,684	$ 33,340
Continuing education	33,000	33,000
Subscriptions	74,570	76,291
Meetings and conferences	24,055	25,045
Contributions	3,052	1,785
Total revenues and other support	164,361	169,461
Expenses		
Payroll and related expenses	57,657	55,615
Outside services	39,020	26,716
Travel and related expenses	-	92
Publications	191	2,257
Administration	18,097	4,823
Inter-fund transfers	185	-
Total expenses before overhead allocation	115,150	89,503
Overhead allocation	35,000	35,000
Total expenses	150,150	124,503
CHANGE IN NET ASSETS	14,211	44,958
Net assets, beginning of year	257,147	212,189
Net assets, end of year	$ 271,358	$ 257,147

See Independent Auditor's Report.

STATEMENTS OF CASH FLOWS

Years ended August 31,

	2023	2022
Cash flows from operating activities		
Change in net assets	$ 14,211	$ 44,958
Adjustments to reconcile change in net assets to		
net cash provided by (used in) operating activities		
Changes in operating assets and liabilities		
Due from General Fund	1,153	(22,858)
Deferred revenue	(271)	-
Net cash provided by operating activities	15,093	22,100
Cash and cash equivalents, beginning of year	89,409	67,309
Cash and cash equivalents, end of year	$ 104,502	$ 89,409

See Independent Auditor's Report.