

**American Library Association
Finance and Audit Committee Report
to the ALA Executive Board
January 24, 2017**

Please refer to Budget Analysis and Review Committee report EBD #3.2 and the January 20th, 2017 meeting that was held in conjunction with the Finance and Audit Committee for information regarding discussions and action at that meeting.

On Monday, January 23rd F&A met and discussed the following financial items:

- Meeting with the Auditor – Mueller, LLP
 - FY16 Auditor Report – EBD #4.7
 - FY16 Single Audit Report – EBD #4.8
 - Required Auditor Communications – EBD #4.9
 - **Action Item**
- Controller’s Report – EBD #4.1
- Auditor Evaluation – CBD #16.0
 - **Action Item**

FY16 Audit Report – EBD #4.7 (EBD#4.7, EBD#4.8 & EBD #4.9)

John Fedus, Partner and Jeffrey Delheimer, Partner of Muller & Co., LLP presented the audit results related to the fiscal year 2016 - *Audit Results (EBD #4.7), Single Audit Results EBD #4.8) and Required Communications EBD #4.9)*. ALA received an unmodified/Clean opinion – the best possible rating - and that the financial statements fairly represented in all material respects, the financial position of the American Library Association. The same finding was made to the Association’s single audit for government grants, while the required communications reflected no significant findings and acceptable estimates used during the engagement.

As a result, the following action was taken:

Action Item: F&A recommends to the Executive Board acceptance of the FY 2016 audit report (EBD #4.7, #4.8 and #4.9) as presented by Mueller & Co., LLP.

Controller's Report – EBD #4.1

Joann Lee, Controller, presented the Controller's report on the activities of 1st quarter 2016 to the committee. A number of information pieces were covered in other reports presented by the CFO. The following represents some of the other highlights covered in this session:

- The Association's current ratio was 1.04x compared to 1.11x last year
- The Association's Debt Service Coverage and Cash to Debt ratios were strong at 5.9x compared to 5.5x to 1.0 last year.
- The Cash/Working Capital balance was \$13.9 million compared to \$14.4 million last year
- The Association had a draw of \$1.5 million from its working capital on 9/19/16.
- Made a \$1.0 million draw on line of credit for operations on 8/5/16 and made the first repayment (\$500,000) on 12/7/16
- Deferred revenue was \$15.9 million compared to \$15.1 million last year due to higher Grants & Awards
- Scheduled long-term debt payment of \$1.5 million made in August. The next scheduled payment (\$1.3 million) is 8/17. The current outstanding balance is \$4.5 million

Auditor Evaluation – (CBD #16.0) Closed Session

Mark Leon and Joanne Lee discussed with the committee the work of the audit firm during the execution of the 2016 audit. It was noted that there were a number of criteria used to assess the performance of the auditor. The results of these findings suggested a strong recommendation to continue using the firm. It was further noted that with the continuity in the firm's staff, has played a major role in the success of the audit process. The audit firm is in the strong position of knowing how ALA operates.

Acknowledgement

F&A extends its sincere thanks to the ALA finance staff: Mark Leon, Joanne Lee, Keith Brown, and Latasha Bryant for their work throughout the year and support in preparing for the committee meetings and discussions. The chair would also like to thank Keith Michael Fiels and Mary Ghikas for their insightful and helpful input and participation.

Respectfully submitted:

Susan Hildreth, Treasurer and Chair
Loida Garcia-Febo (Absent Monday)
Peter Hepburn
Andrew Pace
Ann Martin, BARC Chair