

CONSOLIDATED FINANCIAL STATEMENTS
AND OTHER FINANCIAL INFORMATION

American Library Association
Years Ended August 31, 2006 and 2005
With Report of Independent Auditors



American Library Association
 Consolidated Financial Statements
 and Other Financial Information
 Years Ended August 31, 2006 and 2005

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Report of Independent Auditors

The Executive Board
American Library Association

We have audited the accompanying consolidated statements of financial position of American Library Association (Association) as of August 31, 2006 and 2005, and the related consolidated statements of operations and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with auditing standards generally accepted in the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free of material misstatement. We were not engaged to perform an audit of the Association's internal control over financial reporting. Our audits included consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Association's internal control over financial reporting. Accordingly, we express no such opinion. An audit also includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements, assessing the accounting principles used and significant estimates made by management, and evaluating the overall financial statement presentation. We believe that our audits provide a reasonable basis for our opinion.

In our opinion, the consolidated financial statements referred to above present fairly, in all material respects, the consolidated financial position of the American Library Association as of August 31, 2006 and 2005, and the changes in its net assets and its cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The other financial information, Exhibits I through VIII, is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in our audit of the basic financial statements and, in our opinion, is fairly stated, in all material respects in relation to the basic financial statements taken as a whole.

Ernst & Young LLP

December 22, 2006

American Library Association

Consolidated Statements of Financial Position

	August 31	
	2006	2005
Assets		
Current assets:		
Cash and cash equivalents	\$ 4,973,323	\$ 5,472,980
Short-term investments	11,704,039	11,443,248
Accounts receivable, less allowance for doubtful accounts and returns (2006 – \$347,552; 2005 – \$330,305)	4,072,792	5,047,212
Inventories, less reserves (2006 – \$454,751; 2005 – \$384,827)	1,275,529	1,310,999
Grants receivable	759,125	444,514
Prepaid expenses and other receivables	775,865	562,162
Total current assets	<u>23,560,673</u>	<u>24,281,115</u>
Property and equipment, less accumulated depreciation	9,248,864	8,782,665
Long-term investments	26,440,483	24,258,429
Total assets	<u>\$ 59,250,020</u>	<u>\$ 57,322,209</u>
Liabilities and net assets		
Current liabilities:		
Accounts payable	\$ 3,955,845	\$ 4,652,146
Accrued liabilities	952,579	806,883
Accrued income taxes	43,631	37,270
Deferred revenue:		
Publication subscriptions	2,535,294	2,462,657
Membership dues	3,659,463	3,577,941
Conference fees	2,831,237	4,440,384
Grants and awards	524,385	722,945
Current portion of long-term debt	145,000	–
Total current liabilities	<u>14,647,434</u>	<u>16,700,226</u>
Long-term debt	3,030,000	3,175,000
Accrued postretirement benefits	10,760,153	9,229,840
Total liabilities	<u>28,437,587</u>	<u>29,105,066</u>
Net assets:		
Unrestricted:		
Nondesignated	24,263,806	22,566,373
Board-designated reserve	684,553	528,490
	<u>24,948,359</u>	<u>23,094,863</u>
Temporarily restricted	5,349,374	4,607,580
Permanently restricted	514,700	514,700
Total net assets	<u>30,812,433</u>	<u>28,217,143</u>
Total liabilities and net assets	<u>\$ 59,250,020</u>	<u>\$ 57,322,209</u>

See accompanying notes.

American Library Association

Consolidated Statements of Cash Flows

	Year Ended August 31	
	2006	2005
Operating activities		
Change in net assets	\$ 2,595,290	\$ 3,431,191
Adjustments to reconcile change in net assets to net cash provided by operating activities:		
Depreciation	1,049,590	1,021,846
Net realized and change in unrealized gains and losses:		
Short-term investments	134,980	217,019
Long-term investments	(1,016,809)	(2,828,459)
Increase (decrease) in allowance for doubtful accounts and returns	17,247	(168,860)
Increase in reserve for inventories – publishing and graphics	69,924	13,769
Change in operating assets and liabilities:		
Accounts receivable	957,173	(588,302)
Inventories – publishing and products and promotions	(34,454)	42,411
Grants receivable	(314,611)	(84,620)
Prepaid expenses and other receivables	(213,703)	1,009,228
Accounts payable	(696,301)	1,967,527
Accrued liabilities	145,696	258,325
Accrued income taxes	6,361	(5,483,837)
Accrued postretirement benefits	1,530,313	1,340,300
Deferred revenue	(1,653,548)	2,231,642
Net cash provided by operating activities	2,577,148	2,379,180
Investing activities		
Purchase of property and equipment, net	(1,515,789)	(5,823,154)
Purchase of long-term investments	(33,405,218)	(20,287,728)
Proceeds from sale of long-term investments	32,239,973	19,051,604
Purchase of short-term investments	(19,100,752)	(13,002,786)
Proceeds from sale of short-term investments	18,704,981	12,604,796
Net cash used in investing activities	(3,076,805)	(7,457,268)
Financing activities		
Issuance of long-term debt	–	3,175,000
Net cash provided by financing activities	–	3,175,000
Net decrease in cash and cash equivalents	(499,657)	(1,903,088)
Cash and cash equivalents at beginning of year	5,472,980	7,376,068
Cash and cash equivalents at end of year	\$ 4,973,323	\$ 5,472,980

See accompanying notes.

American Library Association

Notes to Consolidated Financial Statements

Years Ended August 31, 2006 and 2005

1. Purpose of Organization

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

The Association, a not-for-profit corporation under Section 501(c)3 of the Internal Revenue Code (the Code) and the oldest and largest national library association in the world, is organized to promote libraries and librarianship. Governed by a council of 182 members (the Council) and representing more than 64,600 personnel 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 Code. Significant intercompany transactions have been eliminated in consolidation.

2. Significant Accounting Policies

Use of Estimates

The preparation of the accompanying consolidated financial statements in conformity with accounting principles generally accepted in the United States requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements.

Estimates also affect the reported amounts of revenues and expenses during the reporting period. Although estimates are considered to be fairly stated at the time the estimates are made, actual results could differ.

Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets are assets whose use has been limited by donors to a specific time period or purpose. Assets released from restrictions are reported in the statement of operations and changes in net assets as additions to unrestricted net assets. Earnings are included in unrestricted revenue, gains, and other support unless restricted by donors.

American Library Association

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

Permanently restricted net assets consist of amounts held in perpetuity. Earnings on investments of the long-term investment fund are included in unrestricted revenue, gains, and other support unless restricted by donors.

Contributions

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

Unconditional promises to give cash and other assets are reported as either temporarily or permanently restricted net assets if they are received with donor stipulations that limit the use of the donated asset. When donor restrictions expire, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the consolidated statement of operations and changes in net assets as net assets released from restrictions. However, if a restriction is fulfilled in the same time period in which the contribution is received, the Association reports the support as unrestricted.

In addition, the Association received the following conditional promise to give that is not recognized as an asset in the consolidated statements of financial position:

	<u>2006</u>	<u>2005</u>
Conditional promise to give upon the Association meeting matching requirements	\$ 778,847	\$ 869,330

Revenue Recognition

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

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

American Library Association

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

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

Cash Equivalents

Cash equivalents consist of cash in bank accounts, money market account deposits, and certificates of deposit that are highly liquid and have a maturity of three months or less at the date of acquisition.

Investments

Investments in equity securities with readily determinable fair values and all investments in debt securities are recorded at their fair value in the Association's consolidated statement of financial position, and gains and losses are included in the Association's consolidated statement of operations and changes in net assets.

Short-term investments mainly consist of operating cash invested in fixed-income securities in an investment account with Merrill Lynch Pierce Fenner and Smith, Inc. Long-term investments consist of donor-restricted and unrestricted resources of the Association primarily held through an investment portfolio with Merrill Lynch Pierce Fenner and Smith, Inc. The investment portfolio is managed by independent investment managers. Investments are carried at fair value, with related gains and losses (both realized and unrealized) being reflected in the accompanying consolidated statements of operations and changes in net assets. Fair values of investments were determined based on quoted market prices.

Inventories

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

Property and Equipment

Property and equipment are carried at cost, less accumulated depreciation. Buildings are depreciated over useful lives of 37 to 40 years and furniture and equipment are depreciated over

American Library Association

Notes to Consolidated Financial Statements (continued)

2. Significant Accounting Policies (continued)

useful lives of 10 years. Depreciation is provided using the straight-line method. Upon retirement or sale of assets, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is credited or charged in determining the change in net assets.

3. Temporarily and Permanently Restricted Net Assets

Temporarily restricted net assets include gifts of cash and other assets for which donor-imposed restrictions have not yet been met. Temporarily restricted net assets at August 31 are available for the following purposes:

	2006	2005
Preparation and publication of reading lists	\$ 981,324	\$ 932,222
Scholarships, awards, and fellowships	4,213,778	3,514,234
Promotion of public libraries	128,607	135,408
Other	25,665	25,716
	\$ 5,349,374	\$ 4,607,580

Permanently restricted net assets include principal gifts of cash and other assets, which require, by donor restriction, that the corpus be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. As of August 31, the Association's permanently restricted net assets are restricted to investments in perpetuity, the income from which is expendable to support the following purposes:

	2006	2005
Preparation and publication of reading lists	\$ 100,000	\$ 100,000
Scholarships, awards, and fellowships	411,700	411,700
Other	3,000	3,000
	\$ 514,700	\$ 514,700

4. Property and Equipment

On June 17, 2004, the Association entered into an agreement to purchase an office condominium in Washington, D.C., subject to the satisfaction of certain conditions. The property was acquired on February 3, 2005. The total cost of the building, building improvements, and land was \$4,777,000. The purchase consisted of a \$1,500,000 down payment, \$3,175,000 from tax-exempt revenue bonds sold by the District of Columbia, and \$102,000 from operating funds.

American Library Association

Notes to Consolidated Financial Statements (continued)

4. Property and Equipment (continued)

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

	<u>2006</u>	<u>2005</u>
Land	\$ 1,717,248	\$ 1,717,248
Buildings and improvements	10,931,239	10,675,556
Furniture and other equipment	2,825,281	2,776,651
Technology and related equipment	8,570,932	7,359,456
	<u>24,044,700</u>	<u>22,528,911</u>
Less accumulated depreciation	14,795,836	13,746,246
Property and equipment, net	<u>\$ 9,248,864</u>	<u>\$ 8,782,665</u>

5. Investments

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

Type	<u>2006</u>		<u>2005</u>	
	Cost or Amortized Cost	Fair Value	Cost or Amortized Cost	Fair Value
Short-term investments:				
Cash and cash equivalents	\$ 261,198	\$ 261,198	\$ 413,798	\$ 413,798
Corporate bonds	3,183,771	3,163,058	2,433,047	2,422,538
United States government securities	8,323,672	8,279,783	8,633,601	8,606,912
	<u>\$11,768,641</u>	<u>\$11,704,039</u>	<u>\$11,480,446</u>	<u>\$11,443,248</u>
Long-term investments:				
Cash and cash equivalents	\$ 1,326,813	\$ 1,326,813	\$ 1,809,532	\$ 1,809,532
Common stock	15,228,120	17,361,163	14,052,419	16,658,826
Corporate bonds	3,114,977	3,121,809	1,827,228	1,853,068
United States government securities	4,629,246	4,630,698	3,919,587	3,937,003
	<u>\$24,299,156</u>	<u>\$26,440,483</u>	<u>\$21,608,766</u>	<u>\$24,258,429</u>

American Library Association

Notes to Consolidated Financial Statements (continued)

5. Investments (continued)

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

	<u>2006</u>	<u>2005</u>
Dividends and interest	\$ 1,307,326	\$ 1,169,080
Net realized and change in unrealized gains and losses	881,829	2,611,440
Total investment return	<u>\$ 2,189,155</u>	<u>\$ 3,780,520</u>

6. Line of Credit

The Association has a \$1,000,000 unsecured line of credit with a bank, which is due on demand. Under the terms of the agreement, interest on amounts borrowed is payable at the bank's prime rate of interest, less 0.50%. During fiscal 2006 and 2005, no borrowings were made under this line of credit.

7. Employee Retirement Plan

The Association has a defined-contribution retirement plan covering all regular full-time employees who have completed two years of service. Contributions to the plan are used to purchase separate annuity contracts for each participating employee. The Association provides a contribution to all participants equal to 4% of annual base salary. Additional voluntary contributions up to 3% of annual base salary are shared equally by the Association and employees. The cost of this plan, which is included in payroll expenses, was \$788,709 and \$795,490 for fiscal years 2006 and 2005, respectively.

8. Commitments and Contingencies

The Association leases certain office facilities and equipment. The future minimum rental payments required under operating leases that have initial or remaining noncancelable lease terms in excess of one year as of August 31, 2006, are as follows: \$168,083 in fiscal year 2007, \$50,564 in fiscal year 2008, \$5,675 in fiscal year 2009, \$2,935 in fiscal year 2010, and \$245 in 2011.

Total rental expenses under operating leases were \$269,436 and \$707,105 in 2006 and 2005, respectively.

American Library Association

Notes to Consolidated Financial Statements (continued)

9. Long-Term Debt

In 2005, the District of Columbia issued Variable Rate Revenue Bonds, Series 2005 (3.185% and 2.379% weighted-average rate during 2006 and 2005, respectively), maturing in varying annual installments through 2035. Proceeds from sale of the bond were loaned to the Association. The principal amount outstanding at August 31, 2006, which is subject to remarketing, is \$3,175,000, and it is secured by a letter of credit in the amount of \$3,211,535, payable through February 1, 2015.

The Association entered into a fixed/floating interest rate swap agreement with Bank of America (the Bank) that provides for a monthly fixed interest rate of 3.205% to be paid by the Association and a monthly floating rate, 67% of USD-LIBOR-BBA, to be paid by the Bank on the outstanding principal balance. The agreement is secured by the office condominium and five parking spaces at 1615 New Hampshire Avenue N.W., Washington, D.C.

Under the terms of the long-term debt arrangement, certain specified payments are required for bond redemption and interest payments. The terms of the long-term debt arrangement require, among other things, the maintenance of various financial ratios and limitations on additional indebtedness and pledging of assets.

Maturities of long-term debt for the five years ending August 31, 2011, are as follows: 2007 – \$145,000; 2008 – \$0; 2009 – \$155,000; 2010 – \$0; 2011 – \$170,000; and \$2,705,000 thereafter.

Gross interest paid amounted to \$41,627 in 2006.

10. Net Assets Released From Restrictions

During fiscal 2006 and fiscal 2005, net assets were released from donor restrictions by incurring expenses satisfying the donor's restrictions or by occurrence of other events specified by donors.

	2006	2005
Purpose restrictions accomplished:		
Preparation and publication of reading lists	\$ 31,467	\$ 27,252
Scholarships, awards, and fellowships	1,935,728	1,252,183
Promotion of public libraries	6,801	11,550
Other	996	1,397
	\$ 1,974,992	\$ 1,292,382

American Library Association

Notes to Consolidated Financial Statements (continued)

11. Fair Value of Financial Instruments

The carrying amounts reported in the consolidated statements of financial position for cash and cash equivalents, accounts receivable, accounts payable, and accrued liabilities are reasonable estimates of their fair value due to the short-term nature of these financial instruments. The fair values of short-term and long-term investments are based on quoted market prices.

12. Taxes

The Association is a tax-exempt organization under Section 501(c)(3) of the Code. The ALA/APA is exempt under Section 501(c)(6) of the Code. Section 501(c)(3) and Section 501(c)(6) organizations are taxed only on income classified as unrelated business income. The ALA/APA does not currently have any unrelated business income tax. The Association has income derived from certain advertising and rental 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 (credit) for unrelated business income taxes related to advertising, which is included in operating expenses, was \$27,493 and \$(72,271) in fiscal 2006 and fiscal 2005, respectively. Taxes paid were \$60,000 and \$5,526,000 in 2006 and 2005, respectively.

13. Other Postretirement Employee Benefits

The Association maintains a voluntary contributory plan providing postretirement healthcare and noncontributory postretirement life insurance. The Association's employees who meet certain age and service requirements at the time of their retirement are eligible to participate.

The Association has adopted Statement of Financial Accounting Standards (SFAS) No. 106, *Employers' Accounting for Postretirement Benefits Other than Pensions*. SFAS No. 106 requires that the projected future cost of providing postretirement benefits be recognized as an expense as employees render service instead of when the benefits are paid.

As permitted by SFAS No. 106, the Association elected to immediately recognize the transition obligation.

American Library Association

Notes to Consolidated Financial Statements (continued)

13. Other Postretirement Employee Benefits (continued)

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

	<u>2006</u>	<u>2005</u>
Benefit obligation at beginning of year	\$ 14,967,000	\$ 12,884,000
Service cost	682,000	580,000
Interest cost	811,000	761,000
Actuarial (gain) loss	(4,564,000)	990,000
Retiree contributions	105,000	105,000
Benefits paid	(351,000)	(353,000)
Benefit obligation at end of year	<u>\$ 11,650,000</u>	<u>\$ 14,967,000</u>

Reconciliation of funded status of the plan and total amount recognized:

Funded status of the plan	\$ (11,650,000)	\$ (14,967,000)
Unrecognized net loss	1,005,000	5,868,000
Unrecognized prior service cost	(115,000)	(131,000)
Accrued postretirement benefit cost	<u>\$ (10,760,000)</u>	<u>\$ (9,230,000)</u>

The Association anticipates contributions of \$229,000 to plan assets will be made during 2007. Estimated benefits payments are \$229,000 in 2007; \$260,000 in 2008; \$301,000 in 2009; \$356,000 in 2010; \$430,000 in 2011; and \$2,938,000 in 2012 through 2016.

Net periodic benefit cost comprises the following:

	<u>2006</u>	<u>2005</u>
Service cost	\$ 682,000	\$ 580,000
Interest cost	811,000	761,000
Amortization of:		
Unrecognized prior service cost	(16,000)	(16,000)
Unrecognized net loss	299,000	263,000
	<u>\$ 1,776,000</u>	<u>\$ 1,588,000</u>

American Library Association

Notes to Consolidated Financial Statements (continued)

13. Other Postretirement Employee Benefits (continued)

Assumptions as of August 31, 2006, used to determine the benefit obligation are as follows:

	<u>2006</u>	<u>2005</u>
Weighted-average discount rate	5.75%	5.50%

The gross weighted-average annual assumed rate of increase in the per capita cost of covered benefits (healthcare cost trend rate) is 10% for 2006 and is assumed to decrease gradually to 5% for 2016 and remain at that level thereafter. The gross dental trend rate is 5% for 2006 and is assumed to remain at that level thereafter. The healthcare and dental cost trend rate assumptions have a significant effect on the amounts reported. For example, increasing the assumed healthcare and dental cost trend rates by one percentage point would increase the accumulated postretirement benefit obligation as of August 31, 2006, by \$2,250,000 and the service and interest cost components of net periodic postretirement benefit cost for 2006 by \$348,000.

14. Functional Expenses

Expenses incurred by the Association were for the following purposes:

	<u>2006</u>	<u>2005</u>
Program services	\$ 39,817,957	\$ 37,076,372
General and administrative activities	5,146,912	5,631,343
Fund-raising activities	409,762	311,167
	<u>\$ 45,374,631</u>	<u>\$ 43,018,882</u>

Other Financial Information

American Library Association

Details of Consolidated Statements of Financial Position

Years Ended August 31, 2006 and 2005

	Operating Fund	Plant Fund	Grants and Awards	Long-Term Investments	Total All Funds	ALA/APA	Subtotal	Eliminations	2006 Total	2005 Total
Cash and cash equivalents	\$ 4,895,196	\$ -	\$ -	\$ -	\$ 4,895,196	\$ 78,127	\$ 4,973,323	\$ -	\$ 4,973,323	\$ 5,472,980
Short-term investments	11,704,039	-	-	-	11,704,039	-	11,704,039	-	11,704,039	11,443,248
Cash, cash equivalents, and short-term investments	16,599,235	-	-	-	16,599,235	78,127	16,677,362	-	16,677,362	16,916,228
Accounts receivable, less allowance for doubtful accounts and returns (2006 - \$347,552; 2005 - \$330,305)	4,091,488	33,799	-	87,395	4,212,682	-	4,212,682	(139,890)	4,072,792	5,047,212
Inventories, less reserves (2006 - \$454,751; 2005 - \$384,827)	1,275,529	-	-	-	1,275,529	-	1,275,529	-	1,275,529	1,310,999
Grants receivable	-	-	759,125	-	759,125	-	759,125	-	759,125	444,514
Prepaid expenses and other receivables	703,365	72,500	-	-	775,865	-	775,865	-	775,865	562,162
Total current assets	22,669,617	106,299	759,125	87,395	23,622,436	78,127	23,700,563	(139,890)	23,560,673	24,281,115
Property and equipment, less accumulated depreciation	-	7,180,333	-	2,068,457	9,248,790	74	9,248,864	-	9,248,864	8,782,665
Long-term investments	-	-	-	26,440,483	26,440,483	-	26,440,483	-	26,440,483	24,258,429
Loan receivable	186,000	-	-	-	186,000	-	186,000	(186,000)	-	-
Due from (to) other funds, net (Note 1)	1,298,055	(4,107,522)	1,632,126	1,177,341	-	-	-	-	-	-
Total due from (to) other funds, net	1,298,055	(4,107,522)	1,632,126	1,177,341	-	-	-	-	-	-
Total assets	\$ 24,153,672	\$ 3,179,110	\$ 2,391,251	\$ 29,773,676	\$ 59,497,709	\$ 78,201	\$ 59,575,910	\$ (325,890)	\$ 59,250,020	\$ 57,322,209

American Library Association

Details of Consolidated Statements of Financial Position (continued)

Years Ended August 31, 2006 and 2005

	Operating Fund	Plant Fund	Grants and Awards	Long-Term Investments	Total All Funds	ALA/APA	Subtotal	Eliminations	2006 Total	2005 Total
Liabilities and net assets										
Current liabilities:										
Accounts payable	\$ 3,969,192	\$ 1,276	\$ -	\$ -	\$ 3,970,468	\$ 125,267	\$ 4,095,735	\$ (139,890)	\$ 3,955,845	\$ 4,652,146
Accrued liabilities	949,745	2,834	-	-	952,579	-	952,579	-	952,579	806,883
Accrued income taxes	43,631	-	-	-	43,631	-	43,631	-	43,631	37,270
Deferred revenue:										
Publication subscriptions	2,533,300	-	-	-	2,533,300	1,994	2,535,294	-	2,535,294	2,462,657
Membership dues	3,659,463	-	-	-	3,659,463	-	3,659,463	-	3,659,463	3,577,941
Conference fees	2,831,237	-	-	-	2,831,237	-	2,831,237	-	2,831,237	4,440,384
Grants and awards	3,218	-	521,167	-	524,385	-	524,385	-	524,385	722,945
Current portion of long-term debt	-	145,000	-	-	145,000	-	145,000	-	145,000	-
Total current liabilities	13,989,786	149,110	521,167	-	14,660,063	127,261	14,787,324	(139,890)	14,647,434	16,700,226
Accrued postretirement benefits	10,760,153	-	-	-	10,760,153	-	10,760,153	-	10,760,153	9,229,840
Long-term debt	-	3,030,000	-	-	3,030,000	-	3,030,000	-	3,030,000	3,175,000
Loan payable	-	-	-	-	-	186,000	186,000	(186,000)	-	-
Total liabilities	24,749,939	3,179,110	521,167	-	28,450,216	313,261	28,763,477	(325,890)	28,437,587	29,105,066
Net assets:										
Unrestricted:										
Nondesignated	(1,280,820)	-	-	25,779,686	24,498,866	(235,060)	24,263,806	-	24,263,806	22,566,373
Board-designated reserve	684,553	-	-	-	684,553	-	684,553	-	684,553	528,490
Temporarily restricted	(596,267)	-	-	25,779,686	25,183,419	(235,060)	24,948,359	-	24,948,359	23,094,863
Permanently restricted	-	-	1,870,084	3,479,290	5,349,374	-	5,349,374	-	5,349,374	4,607,580
Total net assets	(596,267)	-	1,870,084	29,773,676	31,047,493	(235,060)	30,812,433	-	30,812,433	514,700
Total liabilities and net assets	\$ 24,153,672	\$ 3,179,110	\$ 2,391,251	\$ 29,773,676	\$ 59,497,709	\$ 78,201	\$ 59,575,910	\$ (325,890)	\$ 59,250,020	\$ 57,322,209

Note 1: Interfund Transactions (Exhibit I)
 Interfund receivables and payables at August 31, 2006, consist of the following:

Plant Fund – Due to Operating Fund	\$ 4,107,522
Operating Fund – Due to Long-Term Investments Fund	1,177,341
Operating Fund – Due to Grants and Awards Fund	1,632,126

The Plant Fund has borrowed amounts from the Operating Fund in order to purchase certain furniture and equipment, buildings, and building improvements and fund its operating deficits. The amount due to the Long-Term Investments Fund from the Operating Fund consists of the difference between expenditures paid and contributions received by the Operating Fund. A committee appointed by the Executive Board of the Association has oversight for the Long-Term Investment Fund. The amount due to the Grants and Awards Fund from the Operating Fund represents net cash collected but not yet spent on the underlying projects.

American Library Association
 Details of Consolidated Statements of Operations and Changes in Net Assets
 Years Ended August 31, 2006 and 2005

	American Library Association											Total				
	Unrestricted										Temporarily Restricted		Permanently Restricted			
	Operating Fund		Post-Benefit Retirement	Board Approved Activities	Total Operating Fund	Plant Fund	Grants and Awards Fund	Long-Term Investments Fund	Total All Funds	ALA/APA Eliminations				Total Prior to Eliminations	Total Unrestricted Net Assets	
Revenues, gains, and other support	\$ 5,218,180	\$ 2,647,409	\$ 174,725	\$ -	\$ 8,040,314	\$ -	\$ -	\$ -	\$ 8,040,314	\$ -	\$ 8,040,314	\$ -	\$ -	\$ -	\$ 8,040,314	\$ 7,824,240
Operating revenues and gains:																
Memberships dues	3,063,757	1,433,123	56,791	-	4,853,671	-	-	-	4,853,671	-	4,853,671	-	-	-	4,879,337	4,947,805
Sales of books and materials	2,713,804	1,884,641	12,348	-	4,610,793	-	-	-	4,610,793	-	4,610,793	-	-	-	4,787,248	4,719,590
Subscriptions	6,681,598	5,488,253	34,783	-	12,174,614	-	-	-	12,174,614	-	12,174,614	-	-	-	6,228,742	5,608,306
Advertising	1,855,601	-	-	-	1,855,601	-	-	-	1,855,601	-	1,855,601	-	-	-	12,174,614	9,713,622
Meetings and conferences	262,127	409,779	13,055	-	684,961	-	-	-	2,059,944	-	2,059,944	-	-	-	1,855,601	1,949,416
Products and promotions	630,822	-	-	-	630,822	-	-	-	763,012	-	763,012	-	-	-	2,198,429	3,890,846
Grants	1,409,240	955,047	41,309	-	2,405,596	-	-	-	630,822	-	630,822	-	-	-	420,410	1,520,073
Contributions	26,715,644	14,421,445	350,025	-	41,485,114	-	-	-	2,405,596	-	2,405,596	-	-	-	38,855	631,664
Dividends and interest income:																
Short-term investments	-	-	-	-	-	-	-	-	21,100	-	21,100	-	-	-	2,428,696	2,495,655
Long-term investments	-	-	-	-	-	-	-	-	44,260,758	-	44,260,758	-	-	-	2,657,694	47,088,092
Other	-	-	-	-	-	-	-	-	1,974,992	-	1,974,992	-	-	-	(1,974,992)	-
Total operating revenues and gains	26,715,644	14,421,445	350,025	-	41,485,114	-	-	-	46,235,750	169,640	46,405,390	-	-	-	47,088,092	43,838,633
Net assets released from restrictions:																
Satisfaction of program restrictions	-	-	-	-	-	-	-	-	1,776,000	-	1,776,000	-	-	-	-	-
Total operating revenues, gains, and other support	26,715,644	14,421,445	350,025	-	41,485,114	-	-	-	46,235,750	169,640	46,405,390	-	-	-	47,088,092	43,838,633
Expenses																
Payroll	13,195,144	4,199,956	974	-	17,399,074	-	-	-	618,516	-	618,516	-	-	-	682,702	-
Outside services	3,652,440	1,599,710	13,477	-	5,265,627	54,911	-	-	443,396	18,114,050	18,114,050	-	-	-	18,114,050	17,408,641
Travel	1,156,540	1,092,943	7,959	-	2,257,442	828	-	-	139	2,636,221	2,636,221	-	-	-	6,011,499	5,119,811
Meetings and conferences	2,484,076	1,736,139	113,576	-	4,333,891	-	-	-	778,656	7,556	7,556	-	-	-	2,636,221	2,636,221
Publications	3,758,125	1,382,480	65,269	-	5,205,874	-	-	-	5,345,804	10,791	5,376,595	-	-	-	5,376,595	1,834,370
Operating	3,449,617	836,944	9,864	-	4,296,425	668,576	-	-	84,416	5,302,642	5,316,086	-	-	-	5,316,086	5,138,705
Postretirement benefits	440,626	257,575	11,950	-	710,151	(724,315)	-	-	(239,263)	13,444	6,090,157	-	-	-	6,144,190	5,461,580
Interfund transfers	281,139,568	11,055,847	223,069	-	292,418,484	-	-	-	1,776,000	716	1,776,000	-	-	-	1,776,000	6,447,775
Total expenses before overhead allocated	(2,050,177)	1,675,448	19,873	-	(354,856)	-	-	-	243,813	45,374,631	45,374,631	-	-	-	45,374,631	43,018,882
Overhead allocated	26,089,391	12,781,295	242,942	-	40,889,628	-	-	-	4,031,999	289,191	45,374,631	-	-	-	45,374,631	-
Total expenses	634,253	1,640,150	107,083	-	595,486	-	-	-	4,743,824	(39,551)	1,030,759	-	-	-	1,713,461	819,751
Net realized and change in unrealized gains and losses:																
Short-term investments	(134,980)	-	-	-	(134,980)	-	-	-	(134,980)	-	(134,980)	-	-	-	(134,980)	(217,019)
Long-term investments	489,273	1,640,150	107,083	-	2,276,506	-	-	-	957,717	957,717	957,717	-	-	-	1,016,809	2,828,459
Change in net assets	(210,373)	(491,999)	(53,199)	-	(755,571)	-	-	-	1,432,541	1,893,047	1,853,496	-	-	-	2,595,290	3,431,191
Transfer of net assets	675,589	8,965,181	555,028	-	10,497,000	(381,202)	-	-	755,571	-	755,571	-	-	-	741,794	-
Net assets at beginning of year	\$ 954,489	\$ 10,113,332	\$ 608,912	\$ -	\$ 656,371	\$ -	\$ -	\$ -	\$ 23,290,372	\$ (195,599)	\$ 23,094,863	\$ -	\$ -	\$ -	\$ 514,700	\$ 24,705,952
Net assets at end of year	\$ 954,489	\$ 10,113,332	\$ 608,912	\$ -	\$ 656,371	\$ -	\$ -	\$ -	\$ 25,779,686	\$ 25,183,419	\$ 25,948,359	\$ -	\$ -	\$ -	\$ 514,700	\$ 28,217,143

American Library Association
 Details of Long-Term Investment Funds

Years Ended August 31, 2006 and 2005

Life Member Fund	Future Fund	Carnegie Fund	Spectrum Family of Funds	Unrestricted				Huron Plaza	Divisions	Awards	Scholarships	Total Unrestricted Net Assets	Temporarily Restricted	Permanently Restricted	2006 Total	2005 Total
				Future Fund	Carnegie Fund	Spectrum Family of Funds	Awards									
\$	\$ 54,773	\$	\$ 12,310	\$ 10,968	\$	\$	\$	\$	\$	\$	\$ 78,051	\$ 420,410	\$	\$ 498,461	\$ 657,629	
30,348	289,687		90,474	34,105	99,692	93,343					637,649	38,855		676,504	631,664	
30,348	344,460		102,784	45,073	99,692	93,343					715,700	459,265		1,174,965	1,289,293	
		31,467	(94,469)	22,974	41,502	1,463					2,937	(2,937)				
30,348	344,460	31,467	8,315	68,047	141,194	94,806					718,637	456,328		1,174,965	1,289,293	
10,533	97,001	10,185	27,015	8,466	38,589	28,859					220,648			220,648	190,781	
					139						139			139	3,800	
		21,275	136,675	27,000	4,392	34,888					39,280			39,280	26,744	
											213,977			213,977	257,912	
13,744			(255,000)		8,416						8,416			8,416	3,058	
				12	(480)	2,373					(239,363)			(239,363)	(222)	
24,277	97,001	31,466	(91,310)	35,478	80,781	66,120					716			716	1,140	
6,071	247,459	1	99,625	32,569	60,413	28,686					474,824	456,328		243,813	483,213	
														931,152	806,980	
68,727	656,695		204,606	77,262	232,218	207,607					1,447,115	88,627		1,535,742	1,363,655	
(22,925)	(221,204)		(67,844)	(25,815)	(79,264)	(72,346)					(489,398)	(29,535)		(518,933)	1,464,804	
45,802	435,491		136,762	51,447	152,954	135,261					957,717	59,092		1,016,809	2,428,459	
51,873	682,950	1	236,387	84,016	213,367	163,947					1,432,541	515,420		1,947,961	3,634,539	
					68,199	476,999					755,571			755,571	499,998	
1,131,941	11,845,428	139,544	2,167,092	1,146,359	1,713,564	3,379,189					23,591,574			27,070,144	(210,577)	
\$ 1,183,814	\$ 12,528,378	\$ 139,545	\$ 2,403,479	\$ 1,440,748	\$ 1,995,130	\$ 4,020,135	\$ 2,068,457	\$ 2,068,457	\$ 25,779,686	\$ 3,479,290	\$ 514,700	\$ 514,700	\$ 27,070,144	\$ 27,773,676	\$ 27,070,144	

Note 1: Interfund Transactions (Exhibit III)

The change in net assets for Huron Plaza for the year ended August 31, 2005, has been transferred to the Future Fund and the Spectrum of Family of Funds in accordance with Executive Board policy.

American Library Association
Schedules of General Activities Expenses

	Year Ended August 31	
	2006	2005
Publishing department activities	\$ 10,503,211	\$ 9,667,484
Conference activities	6,206,616	5,894,633
Communications		
Library	330,339	291,469
Office for Research and Statistics	201,337	192,937
Public Information Office	647,283	626,596
Chapter relations	79,485	74,662
Public programs	128,014	132,946
Membership/customer service center	628,961	615,341
International relations	197,664	204,269
Director – communications	407,137	507,614
Total communications	<u>2,620,220</u>	<u>2,645,834</u>
Executive office and governance		
Executive board and council	299,634	367,999
Other committees	79,189	95,860
Executive office	660,533	656,325
Development office	409,762	311,167
Total executive office and governance	<u>1,449,118</u>	<u>1,431,351</u>
Membership programs and services		
Office for Literary and Outreach Services	346,338	274,151
Washington office and Office for Information Technology Policy	2,146,110	2,490,006
Office for Intellectual Freedom	642,416	634,397
Office for Human Resource Development and Recruitment	321,505	321,522
Office for Accreditation	323,279	252,560
Senior AED – membership programs and services	222,448	180,617
Awards program	5,712	9,037
Diversity	220,005	174,432
Total membership programs and services	<u>4,227,813</u>	<u>4,336,722</u>
Administration		
Election expense	239,760	220,533
Business expense	1,214,844	1,278,720
Administrative services	321,673	309,857
Finance and accounting	1,178,587	1,177,434
Building maintenance	(1,725)	736,654
Human resources	595,012	587,863
Information Technology and Telecommunication Services	1,834,861	1,779,801
Subscription equivalent – American Libraries	586,608	417,035
Plant Fund transfer	1,489,087	–
Distribution center and reprographics	111,641	155,476
Total administration before overhead allocations	<u>7,570,348</u>	<u>6,663,373</u>
Total general activities expenses before allocation to other activities	<u>32,577,326</u>	<u>30,639,397</u>
Overhead recovery	(6,487,935)	(5,117,478)
Net general activities expenses	<u>\$ 26,089,391</u>	<u>\$ 25,521,919</u>

American Library Association
Publishing Activities

Combining Schedule of Unrestricted Revenue and Expenses

Years Ended August 31, 2006 and 2005

	ALA Editions	Booklist and Booklinks	American Libraries	ALA Tech Source	Products and Promotions	Pub. AED/ Other	2006 Total	2005 Total
Unrestricted revenues, gains, and other support								
Sales of books and materials								
Subscriptions	\$ 2,833,066	\$ 59,796	\$ 2,837	\$ 12,326	\$ 1,855,447	\$ -	\$ 4,763,472	\$ 4,896,506
Advertising	-	2,145,898	127,243	365,888	-	-	2,639,029	2,687,049
Miscellaneous	-	2,497,234	986,838	900	-	-	3,484,972	3,296,644
Total unrestricted revenues, gains, and other support	94,520	1,004,854	14,827	1,556	154	-	1,115,911	1,128,995
Expenses								
Payroll	2,927,586	5,707,782	1,131,745	380,670	1,855,601	-	12,003,384	12,009,194
Outside services	682,945	1,560,105	674,179	146,438	417,669	353,648	3,834,984	3,418,058
Travel	54,743	256,863	86,469	99,776	11,991	2,968	512,810	324,388
Meetings and conferences	40,222	89,710	40,998	5,518	16,637	21,750	214,835	152,203
Publication	2,686	48,351	4,367	86	6,462	3,750	65,702	56,302
Operating	705,423	807,700	427,654	60,244	789,214	62,670	2,852,905	2,981,031
Interunit transfers	389,323	461,995	207,053	30,624	196,594	(168,709)	1,116,880	1,059,582
Total expenses before overhead allocated	78,592	157,252	(556,827)	22,430	44,941	(469,981)	(723,593)	(581,808)
Overhead allocated	1,953,934	3,381,976	883,893	365,116	1,483,508	(193,904)	7,874,523	7,409,756
Total expenses	641,087	1,250,006	247,852	83,366	406,377	-	2,628,688	2,257,728
Excess of unrestricted revenue, gains, and other support over expenses	2,595,021	4,631,982	1,131,745	448,482	1,889,885	(193,904)	10,503,211	9,667,484
	\$ 332,565	\$ 1,075,800	\$ -	\$ (67,812)	\$ (34,284)	\$ 193,904	\$ 1,500,173	\$ 2,341,710

American Library Association
Divisional Activities

Combining Schedule of Unrestricted Revenue, Expenses, and Changes in Net Assets
Years Ended August 31, 2006 and 2005

PLA	ACRL and CHOICE	AASL	ASCLA	ALCTS	LAMA	RUSA	ALTA	LITA	ALSC	VALSA	2006 Total	2005 Total
	\$ 470,579	\$ 533,896	\$ 344,524	\$ 224,400	\$ 219,566	\$ 232,120	\$ 55,995	\$ 223,416	\$ 143,272	\$ 153,509	\$ 2,647,409	\$ 2,445,445
Unrestricted revenues, gains, and other												
Membership dues	201,625	375,961	291,769	23,796	9,096	32,523	298	4,733	703,458	37,467	1,453,123	1,456,786
Sale of books and materials	34,207	1,570,870	15,612	79,995	32,127	70,712	-	58,659	11,285	11,174	1,884,641	1,876,181
Subscriptions	143,266	1,344,735	62,651	4,582	297	29,239	-	27,702	8,413	12,228	1,633,213	1,460,622
Advertising	3,112,305	2,644,405	1,570,380	983	112,354	30,685	9,601	137,685	98,860	78,210	5,458,233	2,874,442
Meetings and conferences	-	-	-	-	-	-	-	-	-	-	-	-
Interest and dividends	99,250	70,774	87,216	3,500	31,800	32,450	2,380	51,015	6,154	19,210	409,779	4,769
Contributions	34,042	674,183	106,694	16,587	30,732	3,718	576	7,192	20,439	60,774	955,047	942,395
Other	4,095,274	4,834,824	2,216,846	65,222	340,613	431,447	68,850	510,402	991,881	372,572	14,421,445	11,639,576
Total unrestricted revenues, gains, and other												
Expenses												
Payroll	390,860	1,953,630	427,534	69,639	153,792	113,930	136,263	173,112	384,634	187,507	4,199,956	4,179,132
Outside services	761,839	531,350	200,744	10,740	13,720	22,603	825	12,159	27,301	11,848	1,599,710	974,671
Travel	713,114	154,778	68,601	7,716	25,338	24,583	4,872	15,939	20,232	13,866	1,092,943	553,925
Meetings and conferences	671,714	319,088	310,330	9,176	84,894	59,646	5,134	95,805	119,765	30,615	1,736,239	1,659,316
Publications	254,060	690,268	126,530	11,916	50,049	41,764	5,374	45,278	81,851	46,825	1,382,480	1,466,931
Operating	252,946	271,196	73,180	3,265	28,951	24,227	(7,289)	36,362	127,264	10,745	836,944	1,062,353
Interunit transfers	105,261	21,590	41,294	(47,486)	27,334	45,024	(80,588)	29,063	37,732	33,040	257,575	260,064
Total expenses before overhead allocated	3,149,794	3,941,900	1,248,213	64,966	294,909	331,777	64,600	407,718	798,779	334,446	11,105,847	10,156,392
Overhead allocated	690,862	433,558	348,604	1,792	33,972	16,038	164	37,641	82,364	14,657	1,675,448	949,730
Total expenses	3,840,656	4,375,458	1,596,817	66,758	310,705	347,815	64,764	445,359	881,143	349,103	12,781,295	11,106,122
Excess (deficiency) of unrestricted revenues, gains, and other support over expenses	254,618	459,366	620,029	(9,203)	29,908	83,632	4,086	65,043	110,738	23,469	1,640,150	533,454
Net asset transfers to other funds	(250,000)	(150,000)	(25,000)	-	(2,000)	(49,999)	-	-	(15,000)	-	(491,999)	(449,999)
Net assets at beginning of year	950,403	4,429,820	1,029,944	64,880	155,458	341,366	(3,991)	447,782	1,026,751	414,111	8,965,181	8,881,726
Net assets at end of year	\$ 955,021	\$ 4,739,186	\$ 1,024,973	\$ 63,344	\$ 146,255	\$ 374,999	\$ 95	\$ 512,825	\$ 1,122,489	\$ 437,580	\$ 10,113,332	\$ 8,965,181

American Library Association

Consolidated Statements of Operations and Changes
in Net Assets by Program Activity

	Year Ended August 31	
	2006	2005
Revenue		
Membership dues	\$ 8,040,314	\$ 7,824,240
Program activities:		
Publishing	15,980,276	15,554,807
Meetings and conferences	14,343,985	11,739,660
Products and promotions	1,855,601	1,949,416
Grants and awards	4,258,373	3,890,846
Long-term investments	498,460	615,315
	<u>44,977,009</u>	<u>41,574,284</u>
Other:		
Interest and dividends	1,307,326	1,169,080
Miscellaneous	803,757	1,095,269
Total revenue	<u>47,088,092</u>	<u>43,838,633</u>
Expenses		
Program activities:		
Publishing	12,987,779	12,293,370
Meetings and conferences	11,067,853	9,081,938
Graphics program	1,889,886	1,574,146
Grants and awards	4,031,999	3,565,625
Office activities	5,423,363	5,640,544
Membership activities	4,173,264	4,437,639
Long-term investments	243,813	483,110
	<u>39,817,957</u>	<u>37,076,372</u>
General and administrative activities:		
Huron Plaza	-	18,029
Administration	3,780,674	4,336,481
Postretirement benefits	1,776,000	1,588,000
Total expenses	<u>45,374,631</u>	<u>43,018,882</u>
Operating revenues greater than operating expenses	1,713,461	819,751
Nonoperating:		
Net realized and unrealized gains on investments	881,829	2,611,440
Change in net assets	<u>2,595,290</u>	<u>3,431,191</u>
Net assets at beginning of year	28,217,143	24,785,952
Net assets at end of year	<u>\$ 30,812,433</u>	<u>\$ 28,217,143</u>

American Library Association
ALA Allied Professional Association

Statements of Financial Position

	August 31	
	2006	2005
Assets		
Current assets:		
Cash and equivalents	\$ 78,127	\$ 112,584
Total current assets	78,127	112,584
Property and equipment, less accumulated depreciation	74	74
Total assets	\$ 78,201	\$ 112,658
 Liabilities and deficit		
Current liabilities:		
Accounts payable	\$ -	\$ -
Accrued liabilities	-	182
Due to General Fund	125,267	119,371
Deferred revenue subscriptions	1,994	2,614
Total current liabilities	127,261	122,167
Start-up advance	186,000	186,000
Total liabilities	313,261	308,167
 Net deficit:		
Unrestricted (deficit)	(235,060)	(195,509)
Total deficit	(235,060)	(195,509)
Total liabilities and deficit	\$ 78,201	\$ 112,658

American Library Association
ALA Allied Professional Association

Statements of Operations and Changes in Deficiency in Net Assets

	Year Ended August 31	
	2006	2005
Revenues, gains, and other support		
Operating revenues and gains:		
Sales of books and other materials	\$ 25,666	\$ 18,253
Subscriptions	96,455	64,906
Contributions	24,419	14,725
Other	23,100	3,791
Total operating revenues, gains, and other support	<u>169,640</u>	<u>101,675</u>
Expenses		
Payroll and related expenses	96,460	89,254
Outside services	26,917	3,132
Travel and related expenses	7,556	3,757
Meetings and conferences	10,781	9,642
Publication-related expenses	13,444	11,399
Operating expenses	54,033	58,803
Total expenses	<u>209,191</u>	<u>175,987</u>
Deficiency of operating revenues, gains, and other support over operating expenses	<u>(39,551)</u>	<u>(74,312)</u>
Change in net assets	(39,551)	(74,312)
Deficit at beginning of year	(195,509)	(121,197)
Deficit at end of year	<u>\$ (235,060)</u>	<u>\$ (195,509)</u>

American Library Association
ALA Allied Professional Association

Statements of Cash Flows

	Year Ended August 31	
	2006	2005
Operating activities		
Change in net assets	\$ (39,551)	\$ (74,312)
Adjustments to reconcile change in net assets to net cash used in operating activities:		
Depreciation	-	49
Changes in operating assets and liabilities:		
Due to General Fund	5,896	46,379
Accounts payable	-	(17,266)
Accrued liabilities	(182)	-
Deferred revenue	(620)	274
Net cash used in operating activities	(34,457)	(44,876)
Investing activities		
Purchase of property and equipment, net	-	-
Net cash used in investing activities	-	-
Financing activities		
Loan payable to the Association	-	121,000
Net cash provided by financing activities	-	121,000
Net (decrease) increase in cash and cash equivalents	(34,457)	76,124
Cash and cash equivalents at beginning of year	112,584	36,460
Cash and cash equivalents at end of year	\$ 78,127	\$ 112,584