



**MUELLER & CO., LLP**

*Certified Public Accountants – Business & Financial Advisors*

**ASSURANCE**

**AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN**

**AUDITED FINANCIAL STATEMENTS**

**YEAR ENDED DECEMBER 31, 2019**

**MUELLER**

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## INDEPENDENT AUDITOR'S REPORT

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

### Report on the Financial Statements

We were engaged to audit the accompanying financial statements of American Library Association Retirement Plan (Plan) which comprise the statements of net assets available for benefits as of December 31, 2019 and 2018, and the related statement of changes in net assets available for benefits for the year ended December 31, 2019, and the related notes to the financial statements.

### Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audits in accordance with auditing standards generally accepted in the United States of America. Because of the matters described in the Basis for Disclaimer of Opinion paragraph, however, we were not able to obtain sufficient appropriate audit evidence to provide a basis for an audit opinion.

### Basis for Disclaimer of Opinion

As permitted by 29 CFR 2520.103-8 of the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974, the Plan Administrator instructed us not to perform, and we did not perform, any auditing procedures with respect to the information detailed in Note 3, which was certified by Teachers Insurance and Annuity Association of America and College Retirement Equities Fund, the custodian of the Plan, except for comparing such information with the related information included in the financial statements and supplemental schedule. We have been informed by the Plan Administrator that the custodian holds the Plan's investment assets and executes investment transactions. The Plan Administrator has obtained certifications from the custodian as of December 31, 2019 and 2018, and for the year ended December 31, 2019, that the information provided to the Plan Administrator by the custodian is complete and accurate.

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

### **Basis for Disclaimer of Opinion, Continued**

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

### **Disclaimer of Opinion**

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

### **Other Matter**

The supplemental schedule of assets (held at end of year) as of December 31, 2019, is required by the Department of Labor's Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974 and is presented for the purpose of additional analysis and is not a required part of the financial statements. Because of the significance of the matters described in the Basis for Disclaimer of Opinion paragraph, we do not express an opinion on the supplemental schedule.

### **Report on Form and Content in Compliance with Department of Labor Rules and Regulations**

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

*Muller & Co., LLP*

Chicago, Illinois  
October 7, 2020

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2019 AND 2018

	<u>2019</u>	<u>2018</u>
<b>Assets:</b>		
Investments at fair value	\$ 73,928,962	65,630,407
Investments at contract value	<u>3,203,422</u>	<u>3,601,596</u>
	77,132,384	69,232,003
<b>Liabilities</b>	<u>-</u>	<u>-</u>
Net assets available for benefits	<u>\$ 77,132,384</u>	<u>69,232,003</u>

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

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

STATEMENT OF CHANGES IN NET ASSETS  
AVAILABLE FOR BENEFITS

YEAR ENDED DECEMBER 31, 2019

**Additions:**

Investment income:

Net appreciation in fair value of investments	\$ 9,577,114
Interest and dividends	<u>1,460,193</u>
	<u>11,037,307</u>

Contributions:

Employer	997,594
Participants	1,341,877
Rollovers	<u>289,575</u>
	<u>2,629,046</u>

Total additions 13,666,353

**Deductions:**

Benefits paid to participants	5,765,698
Administrative expenses	<u>274</u>
Total deductions	<u>5,765,972</u>

Increase in net assets 7,900,381

**Net assets available for benefits:**

Beginning of year	<u>69,232,003</u>
End of year	<u>\$ 77,132,384</u>

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

## AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS

#### NOTE 1 - DESCRIPTION OF THE PLAN

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

#### General

The Plan is a defined contribution 403(b) plan covering all full-time employees of the Organization who may make deferral contributions immediately upon hire. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA). The Executive Board oversees governance of the Plan, determines the appropriateness of the Plan's investment offerings and monitors investment performance.

#### Loan Balances

Employees are eligible to borrow from Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF) using a portion of their Plan account as security for the loan. Under borrowing terms, Plan assets of 110% of the loan amount serve as collateral to these loans. See Note 11 for the loan balances at December 31, 2019, and 2018.

#### Contributions

Each year, participants may contribute up to 100% of pretax annual compensation, as defined in the Plan agreement. Participants who have attained age 50 before the end of the Plan year are eligible to make catch-up contributions. Participants may also contribute amounts representing distributions from other qualified defined benefit or defined contribution plans. The Organization provides a matching contribution and a nondiscretionary contribution to employees with two years of eligible service, as defined in the Plan document. The matching contribution is equal to 3% of the eligible participant's compensation, as defined, for those participants contributing at least 3% of compensation. A matching contribution is not made for participants contributing less than 3%. The Organization's nondiscretionary contribution is equal to 4% of compensation for eligible employees. The Organization contributed \$997,594 to the Plan during the year ended December 31, 2019. Contributions are subject to certain Internal Revenue Service (IRS) limitations.

#### Participant Accounts

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

#### Vesting

Participants are vested immediately in their contributions and the Organization contributions plus actual earnings thereon. Therefore, there are no forfeited nonvested accounts as of December 31, 2019, and 2018.

## AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### **NOTE 1 - DESCRIPTION OF THE PLAN, CONTINUED**

##### Investment Options

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

##### Payment of benefits

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

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

##### Basis of Accounting

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

##### Use of Estimates

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

##### Investment Valuation and Income Recognition

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

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

##### Payment of Benefits

Benefits are recorded when paid.

## AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### **NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED**

##### Administrative Expenses

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

##### Going Concern Evaluation

In accordance with accounting principles generally accepted in the United States of America, management performed an evaluation to determine if adverse conditions or events, considered in the aggregate, raise substantial doubt about the Plan's ability to continue as a going concern for the one-year period from the date the financial statements are available to be issued. Management's assessment did not identify any conditions or events raising substantial doubt about the Plan's ability to continue as a going concern for the period from October 7, 2020 to October 7, 2021.

##### Subsequent Events

Subsequent events have been evaluated through October 7, 2020, the date that the financial statements were available for issue.

In March 2020, the World Health Organization declared the outbreak of a novel coronavirus (COVID-19) as a pandemic. The extent of the impact of COVID-19 on the Organization and the Plan's investment performance will depend on certain developments, including the duration and spread of the outbreak. At this time, the extent to which COVID-19 may impact the Plan's results of operations is uncertain.

On March 27, 2020, the Coronavirus Aid, Relief, and Economic Security (CARES) Act was passed by Congress. The CARES Act contains several provisions that temporarily impact 403(b) plans, including the waiver of required minimum distributions, a new hardship withdrawal option, increased loan limits, and a pause option for loan payments. The provisions of the CARES Act may be effective and operationalized immediately, prior to amending the Plan document. The Organization has adopted provisions of the CARES Act, but has not formally amended the Plan document.

#### **NOTE 3 - CERTIFIED INVESTMENTS**

Certain information related to investments disclosed in the accompanying financial statements and supplemental schedule, including investments held at December 31, 2019 and 2018, and net appreciation in fair value of investments, interest and dividends for the year ended December 31, 2019, was obtained or derived from information supplied to the Plan Administrator and certified as complete and accurate by TIAA-CREF, the custodian of the Plan.

## AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### NOTE 4 - FAIR VALUE MEASUREMENTS

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

- |         |  |
|---------|--|
| Level 1 | Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Plan has the ability to access at the measurement date.  |
| Level 2 | Inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly or indirectly, such as: <ul style="list-style-type: none"><li>• Quoted prices for similar assets or liabilities in active markets;</li><li>• Quoted prices for identical or similar assets or liabilities in inactive markets;</li><li>• Inputs other than quoted prices that are observable for the asset or liability;</li><li>• Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</li></ul> If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability. |
| Level 3 | Inputs to the valuation methodology are unobservable and significant to the fair value measurement.  |

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

Following is a description of the valuation methodologies used for assets measured at fair value. There have been no changes in the methodologies used at December 31, 2019 and 2018.

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

Guaranteed annuity contract - non-benefit-responsive: The fixed annuity contract is reported at contract value which approximates fair value. This determination is based on TIAA-CREF's credit rating and yield during 2019 and 2018 being comparable to similar alternative investments and the interest rate which resets annually being comparable to a ten year treasury bond.

**AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED**

Pooled separate accounts: Primarily valued at NAV per share based on quoted market prices of underlying investments.

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

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

The following table sets forth by level, within the fair value hierarchy, the Plan's assets at fair value as of December 31, 2019 and 2018:

	<b>Assets at Fair Value as of December 31, 2019</b>			
	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Assets in the fair value hierarchy:				
Guaranteed annuity contract	\$ -	-	20,478,938	20,478,938
Registered investment companies	<u>11,878,877</u>	<u>-</u>	<u>-</u>	<u>11,878,877</u>
Total assets in the fair value hierarchy	<u>\$ 11,878,877</u>	<u>-</u>	<u>20,478,938</u>	32,357,815
Assets measured at NAV				<u>41,571,147</u>
Total assets at fair value				<u>\$ 73,928,962</u>

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

Gains and losses included in changes in net assets available for benefits for the year ended December 31, 2019, are reported in net appreciation in fair value of investments.

**AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED**

The Plan's policy is to recognize transfers between Levels 1 and 2 and into and out of Level 3 as of the date of the event of change in circumstances that caused the transfer. The following table sets forth a summary of changes in the fair value of the Plan's Level 3 assets for the year ended December 31, 2019.

Balance, beginning of year	\$ 21,350,086
Realized gains	594,530
Unrealized gains relating to instruments still held at the reporting date	58,898
Investment earnings	186,388
Purchases	198,016
Sales	(2,018,141)
Transfers	<u>109,161</u>
Balance, end of year	<u>\$ 20,478,938</u>

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

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

<u>Instrument</u>	<u>2019 Fair value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable inputs</u>	<u>Range of Significant Input Values</u>
Guaranteed annuity contract - Non-benefit-responsive	\$ 20,478,938	Discounted cash flow	Risk adjusted discount rate applied	RC - 3.60% to 5.35%
<u>Instrument</u>	<u>2018 Fair value</u>	<u>Principal Valuation Technique</u>	<u>Unobservable inputs</u>	<u>Range of Significant Input Values</u>
Guaranteed annuity contract - Non-benefit-responsive	\$ 21,350,086	Discounted cash flow	Risk adjusted discount rate applied	RC - 3.50% to 4.50%

**Investments Measured Using the Net Asset Value per Share Practical Expedient**

The following table summarizes investments measured at fair value based on the NAV per share practical expedient as of December 31, 2019 and 2018, respectively. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

**AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 4 - FAIR VALUE MEASUREMENTS, CONTINUED**

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

<u>December 31, 2019</u>	<u>Fair Value</u>	<u>Unfunded Commitments</u>	<u>Redemption Frequency (if currently eligible)</u>	<u>Redemption Notice Period</u>
Variable annuity contracts (a)	\$ 37,876,983	N/A	Daily	None
Pooled separate accounts (b)	\$ 3,694,164	N/A	Daily	None

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

- a) Variable annuity contracts are comprised of various investment types and objectives, including the following:
- Asset allocation/balanced funds seek the highest total return over time consistent with an emphasis on both capital growth and income primarily through investments in debt and equity securities.
  - Bonds seek maximum total return consistent with preservation of capital and prudent investment management by investing primarily in investment grade securities.
- b) Pooled separate accounts are comprised of a real estate fund that seeks growth of capital and current income by investing primarily in securities of real estate and real estate related issuers, derivatives and other instruments that have economic characteristics similar to such securities.

**NOTE 5 - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS**

The Plan entered into a traditional fully benefit-responsive guaranteed investment contract with TIAA-CREF totaling \$3,203,422 for 2019 and \$3,601,596 for 2018. TIAA-CREF maintains the contributions in a general account. The account is credited with earnings on the underlying investments and charged for participant withdrawals and administrative expenses. The guaranteed investment contract issuer is contractually obligated to repay the principal and a specified interest rate that is guaranteed to the Plan. The crediting rate is based on a formula established by the contract issuer but may not be less than 3%. The crediting rate is reviewed on a quarterly basis for resetting. The guaranteed investment contract does not permit the insurance company to terminate the agreement prior to the scheduled maturity date.

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

**AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 5 - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS, CONTINUED**

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

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

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

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

Certain Plan investments are managed by TIAA-CREF. TIAA-CREF is the custodian of the Plan and, therefore, these transactions qualify as party-in-interest transactions. Fees paid by the Plan for the investment management, recordkeeping and transaction processing services amounted to \$274 for the year ended December 31, 2019.

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

All of these party-in-interest transactions are exempt from the prohibited transaction rules of ERISA.

**NOTE 7 - PLAN TERMINATION**

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

## AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

### NOTES TO FINANCIAL STATEMENTS (CONTINUED)

#### **NOTE 8 - TAX STATUS OF PLAN**

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

Accounting principles generally accepted in the United States of America require Plan management to evaluate tax positions taken by the Plan and recognize a tax liability if the Plan has taken an uncertain position that more likely than not would not be sustained upon examination by the IRS. The Plan Administrator has analyzed the tax positions taken by the Plan and has concluded that as of December 31, 2019 and 2018, there are no uncertain positions taken or expected to be taken that would require recognition of a liability or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any tax periods in progress. The Plan Administrator has no reason to believe Form 5500 is subject to examination for years prior to 2016.

#### **NOTE 9 - RISK AND UNCERTAINTIES**

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

#### **NOTE 10 - EXCLUDED CONTRACTS**

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

**AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN**

**NOTES TO FINANCIAL STATEMENTS  
(CONTINUED)**

**NOTE 11 - PLAN LOANS**

Participants may borrow from TIAA-CREF using a portion of their Plan account as security for the loan. The minimum loan is \$1,000 and may be up to the lesser of \$50,000 or 45% of their combined TIAA and CREF accumulation attributable to participation under the Plan and 90% of their TIAA or CREF Real Estate accumulation attributable to participation under the Plan. The loans bear interest at rates that range from 4.00% to 5.84%, which are commensurate with local prevailing rates as determined periodically by TIAA-CREF. Principal and interest is paid ratably through quarterly ACH transfers by the participant to TIAA-CREF. The Plan Administrator has concluded that these loans are not Plan assets and that such arrangements are exempt transactions.

The balances as of December 31, 2019 and 2018 were \$108,759 and \$145,707, respectively. Under the borrowing terms, Plan assets of 110% of the loan amount serves as collateral to these loans.

In the event of default, such loans are reportable to Plan participants as taxable income but remain outstanding and continue to accrue interest until repaid by the Plan participant or the participant becomes eligible to receive a distribution under the terms of the Plan. As of December 31, 2019 and 2018, there were \$16,317 and \$11,659 of loans in default, respectively.

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

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

**DECEMBER 31, 2019**

a.	b. IDENTITY OF ISSUE, BORROWER, LESSOR OR SIMILAR PARTY	c. DESCRIPTION OF INVESTMENT INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	d. COST**	e. CURRENT VALUE
	College Retirement Equities Fund			
*	Variable Annuities (CREFVA)	CREF Bond Market	X	\$ 3,628,594
*	CREFVA	CREF Equity Index	X	3,294,619
*	CREFVA	CREF Global Equities	X	5,961,088
*	CREFVA	CREF Growth	X	3,992,692
*	CREFVA	CREF Inflation-Linked Bond	X	986,669
*	CREFVA	CREF Money Market	X	699,244
*	CREFVA	CREF Social Choice	X	2,143,028
*	CREFVA	CREF Stock	X	17,171,049
*	CREFVA	TIAA Guaranteed - Non Benefit Responsive	X	20,478,938
*	CREFVA	TIAA Real Estate	X	3,694,164
*	CREFVA	TIAA-CREF International Equity	X	1,878,884
*	CREFVA	TIAA-CREF Large Cap Value Retirement	X	1,405,056
*	CREFVA	TIAA-CREF Lifecycle Retirement Inc.	X	29,834
*	CREFVA	TIAA-CREF Lifecycle 2010 Retirement	X	357,736
*	CREFVA	TIAA-CREF Lifecycle 2015 Retirement	X	677,343
*	CREFVA	TIAA-CREF Lifecycle 2020 Retirement	X	35,405
*	CREFVA	TIAA-CREF Lifecycle 2025 Retirement	X	1,099,884
*	CREFVA	TIAA-CREF Lifecycle 2030 Retirement	X	1,495,519
*	CREFVA	TIAA-CREF Lifecycle 2035 Retirement	X	1,030,930
*	CREFVA	TIAA-CREF Lifecycle 2040 Retirement	X	481,539
*	CREFVA	TIAA-CREF Lifecycle 2045 Retirement	X	658,645
*	CREFVA	TIAA-CREF Lifecycle 2050 Retirement	X	326,183
*	CREFVA	TIAA-CREF Lifecycle 2055 Retirement	X	267,149
*	CREFVA	TIAA-CREF Lifecycle 2060 Retirement	X	44,625
*	CREFVA	TIAA-CREF Mid Cap Growth Retirement	X	287,367
*	CREFVA	TIAA-CREF Mid Cap Value Retirement	X	709,573
*	CREFVA	TIAA-CREF Small Cap Equity Retirement	X	<u>1,093,205</u>
	Total investments at fair value			<u>\$ 73,928,962</u>
*	CREFVA	TIAA Guaranteed - Benefit Responsive	X	<u>\$ 3,203,422</u>

\* Represents a party-in-interest.

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

X Investments are in individual participant-directed accounts.

See Independent Auditor's Report.