

AMERICAN LIBRARY ASSOCIATION
REPORT OF INDEPENDENT CERTIFIED
PUBLIC ACCOUNTANTS
CONSOLIDATED FINANCIAL STATEMENTS
AND SINGLE AUDIT REPORTS
AUGUST 31, 2014

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INDEPENDENT AUDITORS' REPORT

Executive Board
American Library Association
Chicago, Illinois

Report on the Financial Statements

We have audited the accompanying consolidated financial statements of American Library Association which comprise the statements of financial position as of August 31, 2014 and 2013, and the related statements of operations and changes in net assets and cash flows for the years then ended, and the related notes to the consolidated financial statements.

Management's Responsibility for the Financial Statements

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

Auditors' Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We conducted our audits in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the consolidated financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

Auditors' Responsibility, Continued

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of American Library Association as of August 31, 2014 and 2013, and the changes in net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

Other Reporting Required by *Government Auditing Standards*

In accordance with *Government Auditing Standards*, we have also issued our report dated T/B/D on our consideration of the American Library Association's internal control over financial reporting and on our tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements and other matters. The purpose of that report is to describe the scope of our testing of internal control over financial reporting and compliance and the results of that testing, and not to provide an opinion on internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering American Library Association's internal control over financial reporting and compliance.

Chicago, Illinois
T/B/D

[INSERT FOOTNOTES AND EXCEL SPREADSHEETS]

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SINGLE AUDIT REPORTS AND SCHEDULES

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INDEPENDENT AUDITORS' REPORT

Executive Board
American Library Association
Chicago, Illinois

We have audited the consolidated financial statements of American Library Association (the Association), as of and for the year ended August 31, 2014, and have issued our report thereon dated T/B/D, which contained an unmodified opinion on those consolidated financial statements. Our audit was conducted for the purpose of forming an opinion on the consolidated financial statements as a whole. The accompanying schedule of expenditures of federal awards, as required by the Office of Management and Budget Circular A-133, Audits of States, Local Governments, and Non-Profit Organizations is presented for purposes of additional analysis and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and 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.

Chicago, Illinois
T/B/D

American Library Association
SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS
Year ended August 31, 2014

<u>Federal grantor/pass-through grantor/program title</u>	<u>CFDA number</u>	<u>Pass-through Identification number</u>	<u>Federal Expenditures</u>
Department of Education Pass-through Synergy	84.XXX	ED05CO0049	\$ 29,983
Department of Health and Human Services National Institutes of Health National Library of Medicine - Changing The Face of Medicine	93.XXX	NLM-03-256-SAN	23,734
Institute of Museum and Library Services Laura Bush 21st Century Librarian Program			
Summit on the Future of Libraries	45.313	N/A	35,000
Center for the Future of Libraries	45.313	N/A	23,940
Library Support Staff Certification #2	45.313	N/A	62,531
Discovering Librarianship	45.313	N/A	151,687
Digital Literacy	45.313	N/A	137,140
Spectrum PHD Building Change	45.313	N/A	279,572
Total Laura Bush 21st Century Librarian Program			689,870
National Leadership Grants			
Assessing the Impact of Library Programs	45.312	N/A	99,996
Library Demo	45.312	N/A	(8,438)
Early Literacy Research	45.312	N/A	83,291
Summer Reading App	45.312	N/A	3,855
YA Summit	45.312	N/A	49,205
Public Libraries and Digital Services	45.312	N/A	157,833
Story Corps	45.312	N/A	109,921
Assessment in Action	45.312	N/A	79,704
Casualty: School Libraries and Student Success(CLASS)	45.312	N/A	71,596
SPARKS! Grant for Financial Literacy Education	45.312	N/A	18,750
Pass-through Florida State University - Equity of Public Library Services	45.312	LG-61-12-0714-12	6,194
Pass-through Westchester - Creative Aging	45.312	LG-07-11-0307-11	2,616
Total National Leadership Grants			674,523
Total Institute of Museum and Library Services			1,364,393
National Science Foundation Pass-through Space Science Institute Traveling Exhibition	47.XXX	DRL-1010844	19,877
The Smithsonian National Museum of Nature History Pass through John Templeton Foundation	45.XXX	48344	20,137
National Endowment for the Humanities Promotion of the Humanities - Public Programs			
Pride & Passion: African American Baseball Exhibition	45.164	N/A	594
Bookshelf: Muslim Lives	45.164	N/A	30,079
Bookshelf: Muslim Lives Phase II	45.164	N/A	162,605
Dust Bowl Exhibition and Programs	45.164	N/A	180,100
Latino American Phase I	45.164	N/A	2,730
Pass-through Shakespeare Library - Manifold Greatness: The Creation and Afterlife of King James Bible	45.164	GI-50262-10	674
Pass-through Shakespeare Library - Shakespeare and His First Folio Traveling Exhibition	45.164	GI-50663-14	27,690
Pass-through National Trust for the Humanities - Muslim Journeys Film	45.164	MU-50003-12	18
Pass-through The Huntington Library - Forever Free: Lincoln Project II	45.164	GL-22129-02	-
Pass-through - National Constitution Center Lincoln the Constitution & the Civil War Supplement	45.164	GI-50031-08	-
Lincoln the Constitution & the Civil War Supplement 2	45.164	GI-50031-08	137,589
Pass-through Poets House - Poetic Voice - Muslim World	45.164	MW-50010-12	1,041
Pass-through The Smithsonian Institution (National Museum of African American History) - Changing American Traveling Exhibition	45.164	F13CC10358	305,693
Total National Endowment for the Humanities			848,813
Total expenditures of Federal Awards			\$ 2,306,937

AMERICAN LIBRARY ASSOCIATION

NOTES TO SCHEDULE OF EXPENDITURES OF FEDERAL AWARDS

AUGUST 31, 2014

NOTE 1 - SINGLE AUDIT REPORTING ENTITY

American Library Association (the Association) received Federal and state funding through grants and contracts with certain Federal and state agencies and subcontractors with various other agencies. All expenditures related to the Federal awards are included in the scope of U.S. Office of Management and Budget Circular A-133, *Audits of State, Local Governments, and Not-Profit Organizations*.

NOTE 2 - BASIS OF ACCOUNTING

The schedule of expenditures of Federal awards has been presented on an accrual basis of accounting. Expenditures are recorded, accordingly, when incurred rather than when paid.

NOTE 3 - CATEGORIZATION OF EXPENDITURES

The schedule of expenditures of Federal awards reflects Federal expenditures for all individual grants that were active during the year. The categorization of expenditures by program included in the schedule of expenditures of Federal awards is based on the Catalog of Federal Domestic Assistance (CFDA). Changes in the categorization of expenditures occur based on revisions to the CFDA, which are issued annually. In accordance with the Association's policy, the schedule of expenditures of Federal awards for the fiscal year ended August 31, 2014, reflects CFDA changes issued through August 2014.

INDEPENDENT AUDITORS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS BASED ON AN AUDIT OF FINANCIAL STATEMENTS PERFORMED IN ACCORDANCE WITH *GOVERNMENT AUDITING STANDARDS*

Executive Board
American Library Association
Chicago, IL

We have audited, in accordance with the auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards* issued by the Comptroller General of the United States, the consolidated financial statements of American Library Association, which comprise the statement of financial position as of August 31, 2014, and the related statements of operations and changes in net assets and cash flows for the year then ended, and the related notes to the consolidated financial statements and have issued our report thereon dated T/B/D.

Internal Control over Financial Reporting

In planning and performing our audit of the consolidated financial statements, we considered American Library Association's internal control over financial reporting (internal control) to determine the audit procedures that are appropriate in the circumstances for the purpose of expressing our opinion on the consolidated financial statements, but not for the purpose of expressing an opinion on the effectiveness of American Library Association's internal control. Accordingly, we do not express an opinion on the effectiveness of American Library Association's internal control.

A deficiency in internal control exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, misstatements on a timely basis. *A material weakness* is a deficiency, or a combination of deficiencies, in internal control, such that there is a reasonable possibility that a material misstatement of the entity's financial statements will not be prevented, or detected and corrected on a timely basis. *A significant deficiency* is a deficiency, or a combination of deficiencies, in internal control that is less severe than a material weakness, yet important enough to merit attention by those charged with governance.

Our consideration of internal control was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control that might be material weaknesses or significant deficiencies. Given these limitations, during our audit we did not identify any deficiencies in internal control that we consider to be material weaknesses. However, material weaknesses may exist that have not been identified.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether American Library Association's consolidated financial statements are free from material misstatement, we performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of consolidated financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit, and accordingly, we do not express such an opinion. The results of our tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

Purpose of this Report

The purpose of this report is solely to describe the scope of our testing of internal control and compliance and the results of that testing, and not to provide an opinion on the effectiveness of the entity's internal control or on compliance. This report is an integral part of an audit performed in accordance with *Government Auditing Standards* in considering the entity's internal control and compliance. Accordingly, this communication is not suitable for any other purpose.

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**INDEPENDENT AUDITORS' REPORT ON COMPLIANCE FOR EACH
MAJOR PROGRAM AND REPORT ON INTERNAL CONTROL OVER COMPLIANCE
REQUIRED BY OMB CIRCULAR A-133**

Executive Board
American Library Association
Chicago, IL

Report on Compliance for Each Major Federal Program

We have audited American Library Association's (the Association) compliance with the types of compliance requirements described in the OMB A-133, *Compliance Supplement* that could have a direct and material effect on the Association's major federal programs for the year ended August 31, 2014. The Association's major federal programs are identified in the summary of auditors' results section of the accompanying schedule of findings and questioned costs.

Management's Responsibility

Management is responsible for compliance with the requirements of laws, regulations, contracts and grants applicable to its federal programs.

Auditors' Responsibility

Our responsibility is to express an opinion on compliance for each of American Library Association's major federal programs based on our audit of the types of compliance requirements referred to above. We conducted our audit of compliance in accordance with auditing standards generally accepted in the United States of America; the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of United States; and OMB Circular A-133, *Audits of States, Local Governments, and Non-Profit Organizations*. Those standards and OMB Circular A-133 require that we plan and perform the audit to obtain reasonable assurance about whether noncompliance with the types of compliance requirements referred to above that could have a direct and material effect on a major federal program occurred. An audit includes examining, on a test basis, evidence about American Library Association's compliance with those requirements and performing such other procedures as we considered necessary in the circumstances.

We believe that our audit provides a reasonable basis for our opinion on compliance for each major federal program. However, our audit does not provide a legal determination of American Library Association's compliance.

Opinion on Each Major Federal Program

In our opinion, American Library Association complied, in all material respects, with the types of compliance requirements referred to above that could have a direct and material effect on its major programs for the year ended August 31, 2014.

Report Internal Control over Compliance

Management of American Library Association is responsible for establishing and maintaining effective internal control over compliance with the types of requirements referred to above. In planning and performing our audit, we considered American Library Association's internal control over compliance with the types of requirements that could have a direct and material effect on its major programs in order to determine our auditing procedures that are appropriate in the circumstances for the purpose of expressing an opinion on compliance for each major federal program and to test and report on internal control over compliance in accordance with OMB Circular A-133, but not for the purpose of expressing an opinion on the effectiveness of internal control over compliance. Accordingly, we do not express an opinion on the effectiveness of the American Library Association's internal control over compliance.

A deficiency in internal control over compliance exists when the design or operation of a control over compliance does not allow management or employees, in the normal course of performing their assigned functions, to prevent, or detect and correct, noncompliance with a type of compliance requirement of a federal program on a timely basis. *A material weakness in internal control over compliance* is a deficiency, or combination of deficiencies in internal control over compliance, such that there is a reasonable possibility that material noncompliance with a type of compliance requirement of a federal program will not be prevented, or detected and corrected, on a timely basis. A significant deficiency in internal control over compliance is a deficiency, or a combination of deficiencies, in internal control over compliance with a type of compliance requirement of a federal program that is less severe than a material weakness in internal control over compliance, yet important enough to merit attention by those charged with governance.

Our consideration of internal control over compliance was for the limited purpose described in the first paragraph of this section and was not designed to identify all deficiencies in internal control over compliance that might be material weakness or significant deficiencies. We did not identify any deficiencies in internal control over compliance that we consider to be material weaknesses, as defined above. However, material weaknesses may exist that have not been identified.

The purpose of this report on internal control over compliance is solely to describe the scope for our testing of internal control over compliance and the results of that testing based on the requirements of OMB Circular A-133. Accordingly, this report is not suitable for any other purpose.

Chicago, Illinois
T/B/D

AMERICAN LIBRARY ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS

AUGUST 31, 2014

Part I - Summary of Auditors' Results

Financial Statement Section

Type of auditors' report issued:	Unmodified
Internal control over financial reporting:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be a material weakness?	None reported
Noncompliance material to financial statements noted?	No

Federal Awards Section

Internal control over major programs:	
Material weakness identified?	No
Significant deficiency(ies) identified not considered to be a material weakness?	None reported
Type of auditors' report issued on compliance for major programs:	Unmodified
Any audit findings disclosed that are required to be reported in accordance with Circular A-133, Section 510(a) of OMB Circular A-133?	No
Identification of major programs:	

<u>CFDA Number</u>	<u>Name of Federal Program or Cluster</u>
45.313	Institute of Museum and Library Services - Laura Bush 21 st Century Librarian Program
45.164	National Endowment for the Humanities - Promotion of the Humanities – Public Programs
Dollar threshold used to distinguish between Type A and Type B programs:	\$300,000
Auditee qualified as low-risk auditee?	No

AMERICAN LIBRARY ASSOCIATION

SCHEDULE OF FINDINGS AND QUESTIONED COSTS, CONTINUED

AUGUST 31, 2014

Part II - Financial Statement Finding

None noted.

Part III - Federal Award Findings and Questioned Costs

None noted

Schedule of Prior Year Findings and Questioned Costs

None noted

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