TO: ALA Executive Board

DATE: October 13, 2016

RE: Director of Financial Reporting and Compliance Report

ACTION REQUESTED/INFORMATION/REPORT:
Action requested/Information

CONTACT PERSON:
Denise Moritz, Director of Financial Reporting and Compliance, 312-280-5834

DRAFT OF MOTION:
The Finance & Audit Committee recommends to the Executive Board acceptance of the 403(b) audit as issued by Mueller & Co., LLP

DATE: October 13, 2016

BACKGROUND:

This report highlights the following:

- Form 5500 filings
- 403(b) audit for calendar year 2015
    - Δ ***Action Item***
- Audit for the fiscal year ended August 31, 2016
    - Δ Impairment testing
    - Δ Actuarial analysis
        - Form 990, Form 990-T and other filings

Report of the Director of Financial Reporting and Compliance

Form 5500 filings for the calendar year ended December 31, 2015

- Form 5500 for ALA's Employee Benefit Plans was electronically filed with the Department of Labor on August 31, 2016.
- Form 5500 and Form 8955-SSA for ALA's Retirement Plan were electronically filed with the Department of Labor and the Internal Revenue Service on October 12, 2016.

403(b) audit for the calendar year ended December 31, 2015

The management representation letter for the audit for the calendar year ended December 31, 2015 has been signed and fieldwork has been completed. Final audit reports were delivered to ALA on September 29, 2016.

Audit for the fiscal year ended August 31, 2016

- Impairment testing

  Internal strategic meetings and discussions were held in September and October 2016 between the Executive Director and the Publishing and Finance Departments. These collaborative discussions resulted in an updated business plan for Neal Schuman, which was sent to Plante Moran on October 10, 2016.

  Key points from the updated business plan are that two of the three major Neal Schuman textbooks are planned for release as follows:

  FY 2017 – 2nd best-selling textbook – Cassell, plus second year of Rubin
  FY 2018 – 3rd best-selling textbook – Evans, plus second year of Cassell

  A planning meeting between ALA's valuation experts (Plante Moran), ALA's independent financial statement auditors (Mueller & Co., LLP) and ALA management was held on September 23, 2016, to discuss the plan and timeline for the valuation work.

  The current timeline for the valuation work is as follows:

  - Week of October 10, 2016 – delivery of updated business plan, balance sheet, statement of operations and cash flow statement to Plante Moran
  - Week of October 31, 2016 – delivery of draft valuation report to ALA
  - Week of November 7, 2016 – delivery of final valuation report to ALA

  Plante Moran will begin testing the underlying assumptions and consideration will be given to goodwill impairment. After recognition of the $500,000 goodwill impairment loss for fiscal year ended August 31, 2013, the current fair market value of goodwill under consideration is $1,826,567.

  The valuation work will be tightly coordinated between our valuation experts at Plante Moran and ALA's financial statement auditors at Mueller & Co., LLP.

Preliminary results of the valuation work will be shared with the Finance and Audit Committee and the Executive Board in October 2016 and, if needed, a follow-up teleconference will be scheduled to share final results of the valuation work.

- Actuarial analysis
  ALA's Finance Department held planning meetings on July 12, 2016 and September 12, 2016, with ALA's actuary and financial statement auditors. Assumptions to be used in the calculation of the post-retirement benefit obligation were discussed.

Discount Rate:	The yield curve analysis as of August 31, 2016, produced a discount rate of 3.46%.
Mortality Tables:	In October 2015, the Society of Actuaries released an updated mortality improvement scale. The updated scale - MP-2015 - reflects smaller improvements in longevity. The use of MP-2015 will positively impact our liability calculation, resulting in a 1-1.5% reduction in the liability.

After internal discussions and consultation with ALA's actuary and independent auditors, management determined that a 4.5% discount rate would be used for fiscal year-end calculations. This is a decrease of .5% from the FY 2015 calculation and will result in a $2-$2.5 million increase in the liability.

Form 990, Form 990-T and other filings for the fiscal year ended August 31, 2015

- ALA's filings
  - ALA's federal Form 990 was filed electronically with the Internal Revenue Service on July 6, 2016. Prior to filing, the form was distributed to the Executive Board.
  - ALA's federal Form 990-T was filed with the Internal Revenue Service on July 15, 2016 with no tax due.
  - ALA's state Form IL-990-T was filed with the Illinois Department of Revenue on August 3, 2016 with no tax due.
  - ALA's state Form AG990-IL was filed with the Illinois Attorney General's Office on July 15, 2016.
  - ALA's state Form PC was filed with the Massachusetts Attorney General's Office on July 15, 2016.

- ALA-APA's federal Form 990-EZ was filed with the Internal Revenue Service on January 13, 2016.

MUELLER & CO., LLP
Certified Public Accountants ~ Business Advisors

ASSURANCE

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

AUDITED FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

Jeffrey A. Delheimer

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Elgin, Illinois 60123

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INDEPENDENT AUDITORS' REPORT

To the Executive Board
American Library Association Retirement Plan
Chicago, Illinois

Report on the Financial Statements

We were engaged to audit the accompanying financial statements of the American Library Association Retirement Plan (Plan), which comprise the statements of net assets available for benefits as of December 31, 2015 and 2014, and the related statement of changes in net assets available for benefits for the year ended December 31, 2015, and the 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on conducting the audit in accordance with auditing standards generally accepted in the United States of America. Because of the matter 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 United States Department of Labor 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 summarized in Note 3, which was certified by Teachers Insurance and Annuity Association of America and College Retirement Equities Fund (TIAA-CREF), the custodian of the Plan, except for comparing this 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 a certification from the custodian as of December 31, 2015 and 2014, and for the year ended December 31, 2015, that the information provided to the Plan Administrator by the custodian is complete and accurate.

Basis for Disclaimer of Opinion, Continued

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.

Further, as described in Note 8, 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) Plans. 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 - Supplemental Schedule

The supplemental schedule of assets (held at end of year) as of December 31, 2015, is presented for the purpose of additional analysis and is not a required part of the financial statements but is required by the Department of Labor's (DOL) Rules and Regulations for Reporting and Disclosure under the Employee Retirement Income Security Act of 1974. 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 DOL 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 or provided 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.

Mulley & Co., LLP

Elgin, Illinois
September 13, 2016

AMERICAN LIBRARY ASSOCIATION RETIREMENT PLAN

STATEMENTS OF NET ASSETS AVAILABLE FOR BENEFITS

DECEMBER 31, 2015 AND 2014

	2015	2014
Assets:		
Investments at fair value:		
Variable annuity contracts	$ 30,791,113	34,339,646
Guaranteed annuity contract - non-benefit-responsive	21,276,897	20,991,348
Pooled separate accounts	2,774,640	2,561,997
Registered investment companies	5,574,104	4,428,294
	60,416,754	62,321,285
Investments at contract value -		
Guaranteed annuity contract - benefit-responsive	2,843,707	2,902,706
Receivables:		
Organization contributions	30,293	20,792
Participant contributions	32,820	46,943
	63,113	67,735
Liabilities	-	-
Net assets available for benefits	$ 63,323,574	65,291,726

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, 2015

Additions to net assets:	
Contributions:	
Employer	$ 835,726
Participants	1,136,851
Rollover	457,636
	2,430,213
Investment and other income -	
Interest and dividends	1,332,856
Total additions	3,763,069
Deductions from net assets:	
Net depreciation in fair value of investments	144,180
Benefits paid	5,587,041
Total deductions	5,731,221
Decrease in net assets	(1,968,152)
Net assets available for benefits:	
Beginning of year	65,291,726
End of year	$ 63,323,574

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

NOTE 1 - PLAN DESCRIPTION

The following brief description of the American Library Association Retirement Plan (formerly known as American Library Association Defined Contribution 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 employees of the American Library Association (Organization) who may make deferral contributions immediately upon hire. After completing two years of service as defined in the Plan agreement, employees become eligible for the Organization match and nondiscretionary contributions. The match is allocated effective the first full pay period after the employee's anniversary date, as defined by the Plan. The nondiscretionary contribution is allocated to qualifying participants annually. The Plan is subject to the provisions of the Employee Retirement Income Security Act of 1974 (ERISA).

Loan Balances

Employees are eligible to make deferral contributions immediately upon hire and participants can borrow from TIAA-CREF using a portion of their plan account as security for the loan. Under the borrowing terms, Plan assets of 110% of the loan amount serves as collateral to these loans. See Note 10 for loan balances at December 31, 2015 and 2014.

Contributions

Eligible employees may contribute up to 100% of pretax annual compensation, as defined by the Plan. 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 contributes a matching contribution and a nondiscretionary contribution to employees with 2 years of eligibility service as defined in the Plan document. The matching contribution to the Plan 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 to the Plan is equal to 4% of compensation for eligible employees. Contributions are subject to Internal Revenue Service (IRS) limitations.

NOTE 1 - PLAN DESCRIPTION, CONTINUED

Participant Accounts

Each participant's account is credited with the participant's contribution and receives an allocation of the Organization contributions and Plan earnings. Allocations are based on participant account balances or compensation, as defined. The benefit to which a participant is entitled is the benefit that can be provided from the participant's vested account.

Vesting

Participants are immediately vested in their contributions and the Organization contributions plus actual earnings thereon.

Investment Options

Upon enrollment in 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 and changes in those assets and liabilities, and disclosure of contingent assets and liabilities. Actual results could differ from those estimates.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

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 3 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. Net depreciation includes the Plan's gains and losses on investments bought and sold as well as held during the year, interest income, recorded on the accrual basis, and dividends, recorded on the ex-dividend date.

Payment of Benefits

Benefits are recorded when paid.

Adoption of Accounting Policy - Plan Accounting

In May 2015, the Financial Accounting Standards Board issued Accounting Standards Update No. 2015-07, Fair Value Measurement (Topic 820): Disclosures for Investments in Certain Entities That Calculate Net Asset Value (NAV) per Share (or its equivalent). The amendments in this update remove the requirement to categorize within the fair value hierarchy all investments for which fair value is measured using the NAV per share practical expedient. However, sufficient information must be provided to permit reconciliation of the fair value of assets categorized within the fair value hierarchy to the amounts presented in the statements of net assets available for benefits. The amendments also remove the requirement to make certain disclosures for all investments that are eligible to be measured at fair value using the NAV per share practical expedient. The amendments in this update are effective for public business entities for fiscal years beginning after December 15, 2015. For all other entities, the amendments in this update are effective for fiscal years beginning after December 15, 2016. Early adoption is permitted. Upon adoption, the amendments shall be applied retrospectively to all periods presented. The Plan adopted this update for the 2015 plan year, and it was retrospectively applied to the period ended December 31, 2014. Prior year disclosures have been revised to reflect the retrospective application of this update. The impact of adopting this update is reflected in Note 3.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Adoption of Accounting Policy - Plan Accounting, Continued

In July 2015, the Financial Accounting Standards Board (FASB) issued Accounting Standards Update No. 2015-12 (Update), Plan Accounting: Defined Benefit Pension Plans (Topic 960), Defined Contribution Pension Plans (Topic 962), Health and Welfare Benefit Plans (Topic 965) – (I) Fully Benefit-Responsive Investment Contracts, (II) Plan Investment Disclosures, and (III) Measurement Date Practical Expedient (a consensus of the FASB Emerging Issues Task Force). The purpose of this Update is to simplify plan accounting.

- The amendments in Part I of this update designate contract value as the only required measure for direct investments in fully benefit-responsive investment contracts. Fully benefit-responsive investment contracts will be presented at contract value; accordingly there will no longer be an adjustment from fair value to contract value on the face of the financial statements.

- The amendments in Part II of this Update will eliminate the requirements for plans to disclose (1) individual investments that represent 5% or more of net assets available for benefits and (2) the net appreciation or depreciation for investments by general type for both participant directed investments and nonparticipant-directed investments. The net appreciation or depreciation in investments for the period will still be required to be presented in the aggregate. In addition, if an investment is measured using the NAV per share (or its equivalent) practical expedient in Topic 820 and that investment is in a fund that files a U.S. Department of Labor Form 5500, Annual Return/Report of Employee Benefit Plan, as a direct filing entity, disclosure of that investment's strategy will no longer be required.

- The amendments in Part III of this Update reduce complexity in employee benefit plan accounting by providing a practical expedient that permits plans to measure investments and investment-related accounts as of a month end date that is closest to the plan's fiscal year end, when the fiscal period does not coincide with month end.

The Update may be adopted in whole or by part (I, II, and III), as applicable. The amendments in this Update are effective for fiscal years beginning after December 15, 2015. Early adoption is permitted. Upon adoption, the amendments in Parts I and II shall be applied retrospectively to all periods presented; the amendments in Part III shall be applied prospectively. The Plan adopted this Update for the 2015 Plan year, and the amendments in Part I and Part II were retrospectively applied to the period ended December 31, 2014. Prior year disclosures in Note 3 have been revised to reflect the retrospective application. The impact of adopting these amendments is reflected in the financial statements.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES, CONTINUED

Subsequent Events

Subsequent events have been evaluated through September 13, 2016, the date that the financial statements were available for issue. All subsequent events, if any, requiring recognition as of December 31, 2015, have been incorporated into these financial statements.

NOTE 3 - FAIR VALUE MEASUREMENTS

The framework for measuring fair value 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:

- Quoted prices for similar assets or liabilities in active markets;
- Quoted prices for identical or similar assets or liabilities in inactive markets;
- Inputs other than quoted prices that are observable for the asset or liability;
- Inputs that are derived principally from or corroborated by observable market data by correlation or other means.

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.

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

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, 2015 and 2014.

Variable annuity contracts: Valued at the total 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's credit rating and yield during 2015 and 2014 being comparable to similar alternative investments and the interest rate which resets annually being comparable to a ten year treasury bond.

Pooled separate accounts: Valued at the total of the NAV of investments held by the Plan at year end.

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, 2015 and 2014:

	Assets at Fair Value as of December 31, 2015			
	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Guaranteed annuity contract	$ -	-	21,276,897	21,276,897
Registered investment companies	5,574,104	-	-	5,574,104
Total assets in the fair value hierarchy	5,574,104	-	21,276,897	26,851,001
Assets measured at NAV[(a)]	-	-	-	33,565,753
Total assets at fair value	$ 5,574,104	-	21,276,897	60,416,754

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

	Assets at Fair Value as of December 31, 2014			
	Level 1	Level 2	Level 3	Total
Assets in the fair value hierarchy:				
Guaranteed annuity contract	$ -	-	20,991,348	20,991,348
Registered investment companies	4,428,294	-	-	4,428,294
Total assets in the fair value hierarchy	4,428,294	-	20,991,348	25,419,642
Assets measured at NAV[(a)]	-	-	-	36,901,643
Total assets at fair value	$ 4,428,294	-	20,991,348	62,321,285

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

For the years ended December 31, 2015 and 2014, there were no significant transfers between Levels 1 and 2 and no transfers in or out of Level 3.

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, 2015.

	Guaranteed Annuity Contract Non-Benefit-Responsive
Balance, beginning of year	$ 20,991,348
Realized gains	215,005
Unrealized gains relating to instruments still held at the reporting date	679,270
Purchases	188,155
Sales	(863,889)
Transfers	67,008
Balance, end of year	$ 21,276,897
The amount of total gains or losses for the period attributable to the change in unrealized gains or losses relating to assets still held at the reporting date	$ 679,270

NOTE 3 - FAIR VALUE MEASUREMENTS, CONTINUED

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.

Instrument	Fair Value	Principal Valuation Technique	Unobservable Inputs	Range of Significant Input Values
Guaranteed annuity contract – non-benefit-responsive	$21,276,897	Discounted cash flow	Risk adjusted discount rate applied	RS – 3.25% to 4.75% SRA – 3.00% to 4.00% GRA – 3.25% to 4.75% GSRA – 3.00% to 4.00% RC – 3.60% to 5.10% RCP – 2.85% to 4.35%

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, 2015 and 2014, respectively. There are no participant redemption restrictions for these investments; the redemption notice period is applicable only to the Plan.

December 31, 2015	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Variable annuity contracts	$ 30,791,113	N/A	Daily	None
Pooled separate accounts	$ 2,774,640	N/A	Daily	None

December 31, 2014	Fair Value	Unfunded Commitments	Redemption Frequency (if currently eligible)	Redemption Notice Period
Variable annuity contracts	$ 34,339,646	N/A	Daily	None
Pooled separate accounts	$ 2,561,997	N/A	Daily	None

NOTE 4 - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS

The Plan holds a portfolio of investment contracts that comprises a traditional investment contract. These contracts meet the fully benefit-responsive investment contract criteria and therefore are 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 represents contributions made under each contract, plus earnings, less participant withdrawals and administrative expenses. The following represents the contract value of investment contracts held by the Plan.

	2015	2014
Traditional investment contracts	2,843,707	2,902,706

With traditional investment contracts, the Plan owns only the contract itself. Traditional investment contracts are designed to accrue interest based on crediting rates established by the contract issuers.

The traditional investment contract held by the Plan is a guaranteed investment contract. The contract issuer is contractually obligated to repay the principal and interest at 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 contract cannot be terminated before the scheduled maturity date.

The Plan's ability to receive amounts due in accordance with fully benefit-responsive investment contracts is dependent on the third party 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 contract issuer. These events may be different under each contract. Examples of such events include the following:

- The Plan's failure to qualify under Section 401(a) of the Internal Revenue Code
- Plan termination or merger
- Changes to the Plan's prohibition on competing investment options
- Bankruptcy of the Plan sponsor or other Plan sponsor events (for example, divestitures or spinoffs of a subsidiary) that significantly affect the Plan's normal operations

No events are probable of occurring that might limit the ability of the Plan to transact at contract value with the contract issuer and that also would limit the ability of the Plan to transact at contract value with the participants.

NOTE 4 - FULLY BENEFIT-RESPONSIVE INVESTMENT CONTRACTS, CONTINUED

In addition, certain events allow the issuer to terminate the contracts with the Plan and settle at an amount different from contract value. Those events may be different under each contract. Examples of such events include the following:

- An unsecured violation of the Plan's investment guidelines
- A breach of material obligation under the contract
- A material misrepresentation
- A material amendment to the agreements without the consent of the issuer

NOTE 5 - 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.

NOTE 6 - TAX STATUS OF PLAN

The Plan Administrator believes that the Plan has been designed to comply with the requirements of the section 403(b) of the Internal Revenue Code 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 (or asset) if the Plan has taken uncertain tax positions 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, 2015 and 2014, there are no uncertain tax positions taken or expected to be taken that would require recognition of a liability (or asset) or disclosure in the financial statements. The Plan is subject to routine audits by taxing jurisdictions; however, there are currently no audits for any open tax periods or any tax periods in progress. The Plan Administrator believes it is no longer subject to income tax examinations for years prior to 2012.

NOTE 7 - RELATED PARTY TRANSACTIONS

Certain Plan investments are issued or managed by TIAA-CREF, and therefore these transactions qualify as party-in-interest.

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.

NOTE 8 - 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.

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 - 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 CREF or TIAA Real Estate accumulation attributable to participation under this 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, 2015 and 2014, were $172,458 and $97,773, 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. During the current year, no loan balances went into default. As of December 31, 2015 and 2014, there were $10,341 and $9,916 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

SCHEDULE OF ASSETS (HELD AT END OF YEAR)

DECEMBER 31, 2015

	IDENTITY OF ISSUER, BORROWER, LESSOR OR SIMILAR PARTY	DESCRIPTION OF INVESTMENT, INCLUDING MATURITY DATE, RATE OF INTEREST, COLLATERAL, PAR OR MATURITY VALUE	CURRENT VALUE **
*	CREF	Stock	$ 13,524,412
*	CREF	Money Market	735,803
*	CREF	Social Choice	1,717,864
*	CREF	Bond Market	2,883,743
*	CREF	Global Equities	4,766,352
*	CREF	Growth	3,822,529
*	CREF	Equity Index	2,474,859
*	CREF	Inflation - Linked Bond	865,551
*	TIAA	Traditional - benefit-responsive	2,843,707
*	TIAA	Traditional - non-benefit-responsive	21,276,897
*	TIAA	Real Estate	2,774,640
*	TIAA-CREF	Lifecycle 2015 Retirement	199,882
*	TIAA-CREF	Lifecycle 2020 Retirement	6,148
*	TIAA-CREF	Lifecycle 2025 Retirement	287,712
*	TIAA-CREF	Lifecycle 2030 Retirement	686,358
*	TIAA-CREF	Lifecycle 2035 Retirement	195,715
*	TIAA-CREF	Lifecycle 2040 Retirement	161,809
*	TIAA-CREF	Lifecycle 2045 Retirement	104,013
*	TIAA-CREF	Lifecycle 2050 Retirement	49,127
*	TIAA-CREF	Lifecycle 2055 Retirement	46,514
*	TIAA-CREF	Lifecycle Retirement Income	46,225
*	TIAA-CREF	International Equity Retirement	976,921
*	TIAA-CREF	Large Cap Value Retirement	1,402,932
*	TIAA-CREF	Mid Cap Growth Retirement	80,927
*	TIAA-CREF	Mid Cap Value Retirement	791,438
*	TIAA-CREF	Small Cap Equity Retirement	538,383
			$ 63,260,461

* Represents a party-in-interest.

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

The above information has been certified by TIAA-CREF as complete and accurate.