

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION

ANNUAL FINANCIAL STATEMENTS

FOR THE YEAR ENDED JUNE 30, 2018

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Illinois School Library Media Association

Report on the Financial Statements

We have audited the accompanying financial statements of Illinois School Library Media Association (a nonprofit organization), which comprise the statement of assets, liabilities, and net assets-modified cash basis as of June 30, 2018, and the related statement of support, revenues, and expenses-modified cash basis for the year then ended, 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 the modified cash basis of accounting as described in Note 1; this includes determining that the modified cash basis of accounting is an acceptable basis for the preparation of the financial statements in the circumstances. Management is also responsible for 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 our audit. We conducted our audit in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the 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 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 financial statements.

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 assets, liabilities, and net assets of Illinois School Library Media Association, as of June 30, 2018, and its support, revenues, and expenses for the year then ended in accordance with the modified cash basis of accounting as described in Note 1.

Basis of Accounting

We draw attention to Note 1 of the financial statements, which describes the basis of accounting. The financial statements are prepared on the modified cash basis of accounting, which is a basis of accounting other than accounting principles generally accepted in the United States of America. Our opinion is not modified with respect to that matter.

Willock Warning & Co, PC

Willock Warning & Co., P.C.

Pekin, Illinois

November 26, 2018

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION
STATEMENT OF ASSETS, LIABILITIES AND NET ASSETS - MODIFIED CASH BASIS
JUNE 30, 2018

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
ASSETS			
Current assets			
Cash and cash equivalents	\$ 249,959	\$ 35,485	\$ 285,444
Short-term investments	-	33,443	33,443
Due from other fund	-	335	335
Total current assets	<u>249,959</u>	<u>69,263</u>	<u>319,222</u>
Other assets			
Long-term investments	-	2,285,125	2,285,125
Total assets	<u>\$ 249,959</u>	<u>\$ 2,354,388</u>	<u>\$ 2,604,347</u>
LIABILITIES AND NET ASSETS			
Current liabilities			
Accounts payable	\$ 2,647	\$ 472	\$ 3,119
Due to other fund	335	-	335
Total current liabilities	<u>2,982</u>	<u>472</u>	<u>3,454</u>
Net assets			
Unrestricted	233,428	-	233,428
Temporarily restricted	13,549	-	13,549
Permanently restricted	-	2,353,916	2,353,916
Total net assets	<u>246,977</u>	<u>2,353,916</u>	<u>2,600,893</u>
Total liabilities and net assets	<u>\$ 249,959</u>	<u>\$ 2,354,388</u>	<u>\$ 2,604,347</u>

The notes to the financial statements are an integral part of this statement.

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION
STATEMENT OF SUPPORT, REVENUES AND EXPENSES - MODIFIED CASH BASIS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>General Fund</u>	<u>Endowment Fund</u>	<u>Total</u>
UNRESTRICTED NET ASSETS			
Unrestricted support and revenue:			
Conferences and workshops	\$ 84,758	\$ -	\$ 84,758
Membership dues	39,994	-	39,994
Sales	1,129	-	1,129
Readers choice awards	11,460	-	11,460
Miscellaneous	1,763	-	1,763
Interest income	<u>1,965</u>	<u>-</u>	<u>1,965</u>
Total unrestricted support and revenue	141,069	-	141,069
Net assets released from restrictions:			
Contributions and donations	<u>6,095</u>	<u>-</u>	<u>6,095</u>
Total unrestricted support and reclassifications	<u>147,164</u>	<u>-</u>	<u>147,164</u>
Expenses:			
Conferences and workshops	112,779	-	112,779
Direct member benefits	28,834	-	28,834
General and administrative	65,036	-	65,036
Readers choice awards	<u>3,834</u>	<u>-</u>	<u>3,834</u>
Total expenses	<u>210,483</u>	<u>-</u>	<u>210,483</u>
Decrease in unrestricted net assets	<u>(63,319)</u>	<u>-</u>	<u>(63,319)</u>
TEMPORARILY RESTRICTED NET ASSETS			
Contributions and donations	3,744	-	3,744
Net assets released from restriction	<u>(6,095)</u>	<u>-</u>	<u>(6,095)</u>
Decrease in temporarily restricted net assets	<u>(2,351)</u>	<u>-</u>	<u>(2,351)</u>
PERMANENTLY RESTRICTED NET ASSETS			
Endowment fund contributions	-	270	270
Net investment income	-	172,294	172,294
Endowment funds released	-	(54,235)	(54,235)
General and administrative expenses	<u>-</u>	<u>(16,722)</u>	<u>(16,722)</u>
Increase in permanently restricted net assets	<u>-</u>	<u>101,607</u>	<u>101,607</u>
Change-in net assets	(65,670)	101,607	35,937
Net assets, beginning of year	<u>312,647</u>	<u>2,252,309</u>	<u>2,564,956</u>
Net assets, end of year	<u>\$ 246,977</u>	<u>\$ 2,353,916</u>	<u>\$ 2,600,893</u>

The notes to the financial statements are an integral part of this statement.

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - Summary of Significant Accounting Policies

Organization and Nature of Activities

The Illinois School Library Media Association is a nonprofit organization incorporated in the State of Illinois, whose members are school librarians. The Association provides leadership and support for the development, promotion, and improvement of school library media programs and the school library media profession in Illinois.

Basis of Accounting

The Association presents its financial statements on the modified cash basis of accounting; accordingly, their related revenues (such as accounts receivable and revenue for billed or provided services not yet collected), certain liabilities and their related expenses (such as accounts payable and expenses for goods or services received but not yet paid, and accrued expenses and liabilities) and capital assets and their related depreciation are not recorded in these financial statements.

Income Taxes

As a nonprofit corporation, the Illinois School Library Media Association is exempt from federal income taxes to the extent of exempt income and related expenses under Section 501(C)(3) of the Internal Revenue Code. The Association files an annual report with the Office of the Illinois Attorney General Charitable Trust Division and is also exempt from state income taxation. Accordingly, no provision for income taxes has been made in the accompanying financial statements.

Contributions and Donations

Contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction is accomplished, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of support, revenue and expenses-modified cash basis as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires the use of management's estimates.

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 1 - continued

Investments

Investments are composed of fixed income accounts and equity securities and are carried at fair value.

Donated Services

The Association receives donated services from its officers and board of directors, but is not able to determine a valuation of these services for reporting purposes.

Functional Expenses

The Association allocates its expenses on a functional basis among the various programs. Expenses that can be identified with a specific program are allocated directly according to their natural expenditure classification.

NOTE 2 - CASH AND CASH EQUIVALENTS

Cash at June 30, 2018 consisted of unrestricted, temporarily restricted and permanently restricted funds over which the board of directors has discretionary control for use in carrying on the operations of the Association. Cash consisted of:

Unrestricted	\$ 236,410
Temporarily restricted	13,549
Permanently restricted	<u>35,485</u>
Total cash	<u>\$ 285,444</u>

NOTE 3 - INVESTMENTS

Investments, as of June 30, 2018, are summarized as follows:

	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Permanently restricted:			
Money market	\$ 33,443	\$ 33,443	\$ 33,443
Fixed income	490,119	483,561	483,561
Equity	<u>1,509,444</u>	<u>1,801,564</u>	<u>1,801,564</u>
Total	<u>\$ 2,033,006</u>	<u>\$ 2,318,568</u>	<u>\$ 2,318,568</u>

ILLINOIS SCHOOL LIBRARY MEDIA ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
JUNE 30, 2018

NOTE 3 - continued

The following schedule summarizes the investment return and its classification in the Statement of Support, Revenues, and Expenses-Modified Cash Basis for the year ended June 30, 2018:

Permanently restricted:

Interest and dividends (net of investment fees)	\$ 28,971
Realized gains	129,913
Unrealized gains	<u>13,410</u>
Net investment income	<u>\$ 172,294</u>

NOTE 4 - TEMPORARILY RESTRICTED NET ASSETS

The Association solicits funds from members for professional development and to provide for assistance for members in case of natural disaster. At June 30, 2018, the restricted fund balances were as follows:

Professional development	\$ 5,654
Disaster relief	<u>7,895</u>
Temporarily restricted net assets	<u>\$ 13,549</u>

NOTE 5 - PERMANENTLY RESTRICTED NET ASSETS

During the fiscal year ended June 30, 2007, an Endowment Fund was set up by the Board of Directors from money received from the Library Book Selection Service (LBSS). Previously, the LBSS Board had announced its intention to dissolve and to donate all of its assets to the Association with the stipulation that the funds be used to establish grants to support quality library materials in school libraries.

At June 30, 2018, the total value of the endowment fund was \$2,353,916.