

**Indiana Library Federation, Inc.**

**Financial Statements**

**Year Ended December 31, 2017**

**Indiana Library Federation, Inc.**

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Year Ended December 31, 2017

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## **Independent Auditor's Report**

Board of Directors  
**Indiana Library Federation, Inc.**

### **Report on the Financial Statements**

We have audited the accompanying financial statements of Indiana Library Federation, Inc. (the "Federation") (a "Not-For-Profit Corporation"), which comprise the statement of financial position as of December 31, 2017 and the related statements of activities and cash flows 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 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 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 of 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.

**Kentucky**  
**Indiana**  
**Ohio**

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## **Independent Auditor's Report (Continued)**

### **Opinion**

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Indiana Library Federation, Inc. as of December 31, 2017 and the changes in its net assets and its cash flows for the year then ended, in conformity with accounting principles generally accepted in the United States of America.

### **Report on Supplementary Information**

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary information on page 15 is presented for purposes of additional analysis and is not a required part of the 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 financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the 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 financial statements as a whole.



Indianapolis, Indiana

May 14, 2018

**Indiana Library Federation, Inc.**  
**Statement of Financial Position**  
**December 31, 2017**

**Assets**

Current Assets

Cash and cash equivalents	\$ 259,063
Receivables	26,513
Prepaid expenses and other assets	4,452
Investments, at market value	<u>714,157</u>

Total Current Assets 1,004,185

Property and Equipment

Furniture and equipment	35,893
Less accumulated depreciation	<u>(29,665)</u>

6,228

Other Assets

Cash surrender value of life insurance policy	<u>10,330</u>
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Total Assets \$ 1,020,743

**Liabilities and Net Assets**

Liabilities

Accounts payable	\$ 18,343
Accrued payroll and benefits	8,772
Deferred revenue	<u>58,246</u>

Total Liabilities 85,361

Net Assets

Unrestricted	772,011
Temporarily Restricted Net Assets	110,371
Permanently Restricted Net Assets	<u>53,000</u>

Total Net Assets 935,382

Total Liabilities and Net Assets \$ 1,020,743

See accompanying notes.

**Indiana Library Federation, Inc.**  
**Statement of Activities**  
**Year Ended December 31, 2017**

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total All Funds</u>
Support and Revenue				
Membership dues	\$ 202,583	\$ -	\$ -	\$ 202,583
Conferences				
Registrations	197,238	-	-	197,238
Support	10,200	-	-	10,200
Exhibitors	58,115	-	-	58,115
Retail Sales	22	-	-	22
Other	72	-	-	72
Adult Literacy Study	22,000	-	-	22,000
Contributions	2,652	7,083	-	9,735
Investment income, net	73,326	20,001	-	93,327
Change in cash surrender value of life insurance policy	-	1,410	-	1,410
Net assets released from restrictions	3,000	(3,000)	-	-
	<u>569,208</u>	<u>25,494</u>	<u>-</u>	<u>594,702</u>
Total Support and Revenue				
Expenses				
Program related expenses				
Conferences	192,223	-	-	192,223
Member services	98,688	-	-	98,688
Advocacy	86,832	-	-	86,832
Other programs	46,848	-	-	46,848
Fundraising	2,910	-	-	2,910
Administrative and general	69,355	-	-	69,355
	<u>496,856</u>	<u>-</u>	<u>-</u>	<u>496,856</u>
Total Expenses				
Change in Net Assets	72,352	25,494	-	97,846
Net Assets, Beginning	<u>699,659</u>	<u>84,877</u>	<u>53,000</u>	<u>837,536</u>
Net Assets, Ending	<u>\$ 772,011</u>	<u>\$ 110,371</u>	<u>\$ 53,000</u>	<u>\$ 935,382</u>

See accompanying notes.

**Indiana Library Federation, Inc.**  
**Statement of Cash Flows**  
**Year Ended December 31, 2017**

Cash Flows from Operating Activities	
Change in net assets	\$ 97,846
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Net realized and unrealized gains on investments	(82,291)
Depreciation	2,431
Change in cash surrender value of life insurance policy	(1,410)
Changes in operating assets and liabilities	
Prepaid expenses	3,608
Receivables	(9,499)
Accounts payable	12,242
Accrued payroll taxes	2,260
Deferred revenue	<u>24,086</u>
Net Cash Provided by Operating Activities	49,273
Cash Flows from Investing Activities	
Purchases of investments	(112,346)
Sales and maturities of investments	<u>94,504</u>
Net Cash Used in Investing Activities	<u>(17,842)</u>
Net Increase in Cash and Cash Equivalents	31,431
Cash and Cash Equivalents, Beginning	<u>227,632</u>
Cash and Cash Equivalents, Ending	<u><u>\$ 259,063</u></u>

See accompanying notes.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements**  
**Year Ended December 31, 2017**

**Note A - Nature of Organization and Operations**

Indiana Library Federation, Inc. (the "Federation") was formed in 1927 and was organized as a Not-For-Profit corporation on August 9, 1976, under the laws of the state of Indiana.

The Federation exists to lead, educate, and advocate to advance library services for the benefit of Indiana residents. Additionally, scholarships are available to individuals seeking higher education and professional development in the library profession.

**Note B - Summary of Significant Accounting Policies**

1. Basis of Accounting: The accompanying financial statements have been prepared on the accrual basis of accounting.
2. Financial Statement Presentation: The Federation has adopted the Not-For-Profit Entities Topic of the Financial Accounting Standards Board ("FASB") Codification. Under the Not-For-Profit Entities Topic, the Federation is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted, temporarily restricted, and permanently restricted.

Unrestricted net assets result from all activities either involving member assessments or voluntary contributions in which no payer or donor-imposed restrictions existed beyond the stated purposes of the Federation. Unrestricted net assets represent amounts which are available for any purpose within the scope of the Federation's activities.

The Federation reports gifts of cash and other assets as 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 activities as net assets released from restrictions.

Permanently restricted net assets include those contributions and other inflows of assets whose use by the Federation is limited by donor-imposed stipulations that neither expire by passage of time nor can be fulfilled or otherwise removed by actions of the Federation.

3. Use of Estimates: The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of the revenues, expenses, gains, losses and other changes in net assets during the reporting period. Actual results could differ from those estimates.
4. Fair Value of Financial Instruments: The Financial Instruments Topic of the FASB Codification requires disclosure of an estimate of fair value of certain financial instruments. The Federation's significant financial instruments are cash and marketable equity securities. For these financial instruments, carrying value approximates fair value.
5. Concentration of Credit Risk: Financial instruments which potentially subject the Federation to concentrations of credit risk consist principally of cash and investments. The Federation places its investments with creditworthy financial institutions. By policy, these investments are kept within limits designed to prevent risks caused by concentration.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note B - Summary of Significant Accounting Policies (Continued)**

6. Cash Equivalents: The Federation considers all liquid investments with original maturities of three months or less to be cash equivalents. At December 31, 2017, cash equivalents consisted primarily of money market accounts.
7. Accounts Receivable: Accounts receivable are stated at unpaid balances. Receivables are considered uncollectible if full payments are not received in accordance with contractual terms. It is the Federation's policy to charge off uncollectible accounts receivable when management determines the amount will not be collected. No allowance for doubtful accounts was considered necessary.
8. Investments: The Federation carries investments in marketable securities with readily determinable market values and all investments in debt securities at their fair values in the statement of financial position. Due to the level of risk associated with certain investments, it is possible that changes in values of these investments could occur in the near term. Unrealized gains and losses are included in the change in net assets in the accompanying statement of activities.
9. Property and Equipment: Expenditures for property and equipment and items which substantially increase the useful life of existing assets are capitalized at cost. Maintenance, repairs and minor renewals are expensed as incurred. When properties are retired or otherwise disposed of, the related cost and accumulated depreciation are removed from the respective accounts and any gain or loss on disposition is credited to or charged against income for the period.

The Federation provides for depreciation on the straight-line method at rates designed to depreciate the cost of assets over estimated useful lives as follows:

Software	3 - 5 years
Furniture and Equipment	5 - 7 years

Depreciation expense was \$2,431 for the year ended December 31, 2017.

10. Support and Revenue: The Federation's revenues consist principally of income from conferences, memberships, and exhibitors. Other sources of revenue include investment income and donations.
11. Functional Allocation of Expenses: The costs of supporting the various programs and other activities have been summarized on a functional basis in the statement of activities. Certain costs have been allocated among the program and supporting services categories based upon various methods.
12. Deferred Income: Income related to memberships is deferred and recognized over the period to which the fees relate.
13. Income Taxes: The Federation is organized as a Not-For-Profit corporation, and has obtained exemption from federal and Indiana income taxes under Section 501(c)(3) of the U.S. Internal Revenue Code. Income from certain activities, not directly related to its tax-exempt purpose, should the organization ever have any, is subject to federal and state income taxes.
14. Uncertain Tax Positions: The Federation has evaluated tax positions taken in the tax returns filed and has determined that there are no uncertain tax positions as defined by U.S. GAAP.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note B - Summary of Significant Accounting Policies (Continued)**

15. Management's Review of Subsequent Events: Subsequent events for the Federation have been considered through the date of the Independent Auditor's Report which represents the date the financial statements were available to be issued.
16. New Accounting Pronouncements: In August 2016, the FASB issued ASU 2016-14, *Presentation of Financial Statements of Not-For-Profit Entities*. This updated guidance changes presentation and disclosure requirements for Not-For-Profit entities to provide more relevant information about their resources (and the changes in those resources) to donors, grantors, creditor and other uses. This guidance includes qualitative and quantitative requirements in the following areas: 1) net asset classes, 2) investment return, 3) expenses, 4) liquidity and availability of resources, and 5) presentation of operating cash flows. This standard will be effective for the year ending December 31, 2018.

In May 2014, the Financial Accounting Standards Board (FASB) issued ASU 2014-09, *Revenue from Contracts with Customers* (Topic 606). The standard's core principle is that an entity will recognize revenue when it transfers promised goods or services to customers in an amount that reflects the consideration to which the entity expects to be entitled in exchange for those goods or services. This standard also includes expanded disclosure requirements that result in an entity providing users of the financial statements with comprehensive information about the nature, amount, timing, and uncertainty of revenue and cash flows arising from the entity's contracts with customers. This standard will be effective for the year ending December 31, 2019.

In February 2016, the FASB issued ASU 2016-02, *Leases*. The standard requires all leases with lease terms over 12 months to be capitalized as a right-of-use asset and lease liability on the balance sheet at the date of lease commencement. Leases will be classified as either finance or operating. This distinction will be relevant for the pattern of expense recognition in the statement of operations. This standard will be effective for the year ending December 31, 2020.

The Federation is currently in the process of evaluating the impact of adoption of these ASU's on the financial statements.

**Note C - Investments**

As discussed in Note H, the Federation's investments in marketable securities are measured at fair value on a recurring basis in accordance with the Fair Value Measurement Topic of the FASB Codification.

The Federation's investments in marketable securities at December 31 is as follows:

	2017	
	Cost	Market
Mutual funds	\$ 249,908	\$ 268,958
Common stocks	359,380	445,199
Totals	\$ 609,288	\$ 714,157

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note C - Investments (Continued)**

Investment return for the year ended December 31 is summarized as follows:

	<u>2017</u>
Interest and dividend income	\$ 19,152
Net realized gains on investments	5,618
Net unrealized gains on investments	<u>76,673</u>
Total Investment Income	101,443
Investment related expenses	<u>(8,116)</u>
Net Investment Income	<u>\$ 93,327</u>

**Note D - Leases**

The Federation leases office space under a long-term lease agreement. The lease is classified as an operating lease and expires in August 2019. The lease calls for monthly payments totaling \$22,148 for 2018 and \$14,920 for 2019. Lease expense for 2017 was \$24,327. The Federation also has certain leases for office equipment which call for monthly payments totaling \$3,223 for 2018, \$3,223 for 2019, and \$1,074 for 2020.

**Note E - Commitments and Contingencies**

The Federation contracted with an independent contractor to perform government relations services in order to support the ideas and objectives of the membership of the Federation. The agreement is in effect through December 31, 2018 and calls for monthly payments of \$4,000, totaling \$48,000 annually.

The Federation has entered into certain hotel and convention center contracts for future conferences. Contracts stipulate the number of rooms to be reserved and the time period for which they are to be reserved and include food and beverage and rental space minimums. Contracts have been entered into through 2019. These contracts include cancellation penalties that require the Federation to pay liquid damages should the Federation cancel the contracted events. Damages are dependent upon the number of days in advance the cancellation is made. As of December 31, 2017, the Federation had potential cancellation penalties of approximately \$100,000.

**Note F - Restricted Net Assets**

Sara Laughlin Marketing Award Fund: This fund is intended to provide awards to libraries in recognition of outstanding, innovative, results-oriented marketing. Donations are temporarily restricted until the awards are distributed.

Sue Marsh Weller Memorial Scholarship Fund: This scholarship fund is intended solely for the awarding of scholarships to deserving candidates who are seeking higher education as a children's librarian. Donations are temporarily restricted until scholarships are awarded.

David Dickey Professional Development Award: This fund is intended to provide awards to individuals in academic libraries toward the cost of attending the annual conference. Donations are temporarily restricted until awards are distributed.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note F - Restricted Net Assets (Continued)**

Intellectual Freedom Fund: This fund is intended to provide support for libraries or for the Federation in response to costs associated with intellectual freedom challenges. Donations are temporarily restricted until the awards are distributed.

Indiana Public Library Association (IPLA) Library Champions Fund: This fund is intended to pay costs associated with research, information-sharing, external consultants and advocacy related to securing the future of public libraries. Donations are temporarily restricted until the awards are distributed.

William Gresh Memorial Scholarship Fund: This scholarship fund is intended solely for the awarding of scholarships to deserving candidates who are seeking higher education or professional development specific to certified school librarians. Donations are temporarily restricted until the scholarships are awarded.

Esther Schlundt Scholarship Fund: This scholarship fund is endowed and is intended solely for the awarding of scholarships to deserving candidates who are seeking higher education specific to librarians. Donations are permanently restricted and scholarships are awarded from accumulated investment earnings, which are temporarily restricted.

The following temporarily restricted net assets are available for scholarships, awards, and other restricted purposes at December 31:

	<u>2017</u>
Sara Laughlin Marketing Fund	\$ 10,366
Sue Marsh Weller Scholarship Fund	4,613
David Dickey Scholarship Fund	3,760
Intellectual Freedom Fund	4,371
IPLA Library Champions Fund	975
William Gresh Memorial Scholarship Fund	8,792
Esther Schlundt Scholarship Fund	<u>77,494</u>
Restricted Net Assets	<u><u>\$ 110,371</u></u>

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes or by occurrence of other events specified by donors.

	<u>2017</u>
Purpose restrictions accomplished	
Scholarships and awards	<u>\$ 3,000</u>
	<u><u>\$ 3,000</u></u>

Permanently restricted net assets consist of the Esther Schlundt Scholarship Fund totaling \$53,000 at December 31, 2017. This fund is endowed.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note G - Endowment**

The Federation's endowment consists of one fund, the Esther Schlundt Scholarship Fund, established to provide scholarships. The endowment consists of a donor-restricted endowment fund. As required by accounting principles generally accepted in the United States of America ("GAAP"), net assets associated with endowment funds, including funds designated by the Board of Directors to function as endowments, are classified and reported based on the existence or absence of donor-imposed restrictions.

*Interpretation of Relevant Law*

The Federation has been organized as a non-profit corporation within the State of Indiana where it maintains its headquarters and carries out its affairs. The State of Indiana adopted a version of Uniform Prudent Management of Institutional Funds Act ("UPMIFA") in 2007.

The Board of Directors of the Federation has interpreted UPMIFA as requiring the preservation of the fair value of the original gift as of the gift date of the donor-restricted endowment funds absent explicit donor stipulations to the contrary. As a result of this interpretation, the Federation classifies as permanently restricted net assets (a) the original value of gifts donated to the permanent endowment, (b) the original value of subsequent gifts to the permanent endowment, and (c) accumulations to the permanent endowment made in accordance with the direction of the applicable donor gift instrument at the time the accumulation is added to the fund. The remaining portion of the donor-restricted endowment fund that is not classified in permanently restricted net assets is classified as temporarily restricted net assets until those amounts are appropriated for expenditure by the organization in a manner consistent with the standard of prudence prescribed by UPMIFA.

In accordance with UPMIFA, the organization considers the following factors in making a determination to appropriate or accumulate donor-restricted endowment funds:

- 1) The duration and preservation of the fund
- 2) The purposes of the organization and the donor-restricted endowment fund
- 3) General economic conditions
- 4) The possible effect of inflation and deflation
- 5) The expected total return from income and the appreciation of investments
- 6) Other resources of the organization
- 7) The investment policies of the organization

Endowment net asset composition by type of fund as of December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Board Designated Endowment Funds	\$ -	\$ 77,494	\$ 53,000	\$ 130,494

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note G - Endowment (Continued)**

Changes in Endowment net assets for the year ended December 31, 2017:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Permanently Restricted</u>	<u>Total</u>
Endowment Net Assets, Beginning of Year	\$ -	\$ 58,493	\$ 53,000	\$ 111,493
Investment Return				
Interest and dividends	-	7,206	-	7,206
Net Appreciation (realized and unrealized)	<u>-</u>	<u>12,795</u>	<u>-</u>	<u>12,795</u>
Total Investment Return	-	20,001	-	20,001
Appropriation	<u>-</u>	<u>(1,000)</u>	<u>-</u>	<u>(1,000)</u>
Endowment Net Assets, End of Year	<u>\$ -</u>	<u>\$ 77,494</u>	<u>\$ 53,000</u>	<u>\$ 130,494</u>

A description of the amounts classified as temporarily and permanently restricted net assets for endowment funds are as follows as of December 31:

	<u>2017</u>
Permanently Restricted Net Assets	
The portion of endowment funds that is restricted by explicit donor stipulation	<u>\$ 53,000</u>
Total Endowment Funds Classified as Permanently Restricted Net Assets	<u>\$ 53,000</u>
	<u>2017</u>
Temporarily Restricted Net Assets	
Term endowment funds	<u>\$ 77,494</u>
Total Endowment Funds Classified as Temporarily Restricted Net Assets	<u>\$ 77,494</u>

*Funds with Deficiencies*

From time-to-time, the fair value of assets associated with individual donor-restricted endowment funds may fall below the level that the donor or UPMIFA requires the Federation to retain as a fund of perpetual duration. The Federation did not have any funds with deficiencies as of December 31, 2017.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note G - Endowment (Continued)**

*Return Objectives and Risk Parameters*

The Federation has adopted investment and spending policies for endowment assets that attempt to provide a predictable stream of funding to programs supported by its endowment while seeking to maintain the purchasing power of the endowment assets. Endowment assets include those assets of donor-restricted funds that the organization must hold in perpetuity or for a donor-specified period as well as board-designated funds. Under this policy, as approved by the Board of Directors, the endowment assets are invested in a manner that is intended to achieve a balanced return of income and modest growth of principal while assuming a moderate level of investment risk. The Federation expects its endowment funds, over time, to provide an average rate of return in excess of its expected spending policy appropriations.

*Strategies Employed for Achieving Objectives*

To satisfy its long-term rate-of-return objectives, the Federation relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends). The Federation targets a diversified asset allocation that places a greater emphasis on equity-based securities to achieve its long-term return objectives.

*Spending Policy and How the Investment Objectives Relate to Spending Policy*

The Federation has a policy of appropriating for distribution each year for scholarships. In establishing this policy, the Federation considered the long-term expected return on its endowment. Accordingly, over the long term, the Federation expects the current spending policy to allow its endowment to grow at a rate to preserve the future inflation-adjusted purchasing power of the endowment.

**Note H - Fair Value Measurement**

The Fair Value Measurement Topic of the FASB Codification establishes 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 lowest priority to unobservable inputs (Level 3 measurements). The three levels of the fair value hierarchy under the Topic are described below:

- Level 1: Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Federation has ability to access as of the measurement date.
- Level 2: Inputs to the valuation methodology include:
  - 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 assumptions about assumptions market participants would make in pricing the assets or liabilities and significant to the fair value measurement.

**Indiana Library Federation, Inc.**  
**Notes to Financial Statements (Continued)**  
**Year Ended December 31, 2017**

**Note H - Fair Value Measurement (Continued)**

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:

Mutual funds are valued at the net asset value of shares held and traded in an active market.

Common stocks are securities which are valued at the closing price reported on the active market on which the securities are traded.

Life insurance policies owned by the Federation are valued at their cash surrender value.

The methods described may produce a fair value measurement that may not be indicative of net realizable value or reflective of future fair values. Furthermore, although the Federation 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 is a summary of assets valued on a recurring basis in accordance with the Fair Measurement Topic for the year ended December 31, 2017:

	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual Funds	\$ 268,958	\$ -	\$ -	\$ 268,958
Common Stock	445,199	-	-	445,199
Cash surrender value of life insurance policy	-	10,330	-	10,330
	<u>\$ 714,157</u>	<u>\$ 10,330</u>	<u>\$ -</u>	<u>\$ 724,487</u>

## **Supplementary Information**

**Indiana Library Federation, Inc.**  
**Schedule I - Schedule of Functional Expenses**  
**Year Ended December 31, 2017**

	Program Services				Fundraising	Administrative and General	Total
	Conferences	Member Services	Advocacy	Other Programs			
Conferences	\$ 102,022	\$ -	\$ -	\$ -	\$ -	\$ -	\$ 102,022
Scholarships and awards	-	-	-	7,040	-	-	7,040
Salaries and wages	52,516	49,130	15,248	11,858	1,694	38,962	169,408
Benefits and taxes	7,286	6,816	2,115	1,645	235	5,407	23,504
Legislative Advocate contract	-	-	60,645	-	-	-	60,645
Supplies	846	791	246	191	27	627	2,728
Service contracts	2,285	2,138	663	516	74	1,696	7,372
Telephone	3,882	3,631	1,127	876	125	2,880	12,521
Technology and internet	4,500	4,209	1,306	1,016	145	3,339	14,515
Dues and subscriptions	345	323	100	518	11	257	1,554
Postage	641	599	186	145	21	475	2,067
Adult Literacy Program	-	-	-	19,000	-	-	19,000
Special Initiative	-	14,087	-	-	-	-	14,087
Leadership retreat	-	219	-	-	-	-	219
Accounting and legal fees	5,384	5,036	1,563	1,216	174	3,994	17,367
Bank charges	2,926	2,737	849	661	94	2,171	9,438
Insurance	1,307	1,223	380	295	42	970	4,217
Rent and occupancy	7,541	7,055	2,189	1,703	244	5,595	24,327
Mileage	424	396	123	96	14	314	1,367
Miscellaneous expense	318	298	92	72	10	237	1,027
Depreciation	-	-	-	-	-	2,431	2,431
	<u>\$ 192,223</u>	<u>\$ 98,688</u>	<u>\$ 86,832</u>	<u>\$ 46,848</u>	<u>\$ 2,910</u>	<u>\$ 69,355</u>	<u>\$ 496,856</u>

See independent auditor's report