

ALA American Library Association

EBD #4.05

BARC #15.0

TO: ALA Executive Board

DATE: October 26, 2017

RE: Controller's Report

**ACTION REQUESTED/
INFORMATION REPORT:** Presented for information

CONTACT PERSON: Joanne Lee, Controller, 312-280-4254

BACKGROUND: The Controller submits a quarterly information report to the Executive Board on the following:

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2017 Annual Audit

The ALA's auditor Mueller & Co will be conducting the sixth year audit for the ALA fiscal year ending August 31, 2017.

The Association's FY17 preliminary audit was completed in July 2017, and the field work is scheduled to commence on October 30th through November 17th, 2017.

Total ALA Statement of Financial Position

TOTAL ALA	August 2017	August 2016	Change	Change %
Total Assets	\$73,223,126	\$75,814,784	(\$2,591,658)	-3.4%
Total Liabilities	\$32,736,288	\$45,343,566	(\$12,607,278)	-27.8%
Net Assets	\$40,486,838	\$30,471,218	\$10,015,620	32.9%

ASSETS	August 2017	% to Total Assets	August 2016	% to Total Assets	Change FY17 - FY16
Cash	1,206,657	1.65%	559,065	0.74%	647,592
Short-Term Investment	8,176,966	11.17%	14,154,503	18.67%	(5,977,537)
Accounts Receivable, Net	3,575,197	4.88%	3,734,594	4.93%	(159,397)
Grants Receivable	244,808	0.33%	571,552	0.75%	(326,744)
APA Receivable	105,000	0.14%	105,000	0.14%	0
Inventories, Net	1,717,262	2.35%	1,782,817	2.35%	(65,555)
Prepaid Expenses	964,540	1.32%	473,317	0.62%	491,223
Total Current Assets	15,990,430	21.84%	21,380,848	28.20%	(5,390,418)
Fixed Assets, Net	10,820,023	14.78%	11,187,842	14.76%	(367,819)
Goodwill	1,826,567	2.49%	1,826,567	2.41%	1
Intangible Assets, Net	1,045,451	1.43%	1,405,617	1.85%	(360,166)
Long-Term Investment	43,542,028	59.46%	40,015,285	52.78%	3,526,744
Due To/From	(1,373)	0.00%	(1,373)	0.00%	0
TOTAL ASSETS	73,223,126	100.00%	75,814,784	100.00%	(2,591,658)

LIABILITIES

	August 2017	% to Total Liabilities	August 2016	% to Total Liabilities	Change FY17 - FY16
Current Portion, L-T Debt	1,569,863	3.65%	1,915,597	4.22%	(345,734)
Accounts Payable	3,481,240	8.10%	4,351,365	9.60%	(870,125)
Accrued Payroll	292,064	0.68%	213,182	0.47%	78,882
Deferred Membership	3,947,007	9.18%	3,890,351	8.58%	56,656
Deferred Subscriptions	2,238,815	5.21%	2,211,631	4.88%	27,184
Deferred Conferences	3,443,725	8.01%	2,603,236	5.74%	840,490
Grants and Awards	3,866,960	8.99%	4,715,005	10.40%	(848,045)
Total Current Liabilities	18,839,673	43.82%	19,900,366	43.89%	(1,060,693)
Post Retirement Benefits	11,896,615	27.67%	22,243,200	49.05%	(10,346,585)
Long-Term Debts	2,000,000	4.65%	3,200,000	7.06%	(1,200,000)
TOTAL LIABILITIES	32,736,288	76.14%	45,343,566	100.00%	(12,607,278)
		44.71%		59.81%	
NET ASSET BALANCE	40,486,838	55.29%	30,471,218	40.19%	10,015,620
TOTAL LIABILITIES/NET ASSET BALANCE	73,223,126	100.00%	75,814,784	100.00%	(2,591,658)

Current Ratio

	August 2017	August 2016
Current Assets	\$15,990,430	\$21,380,848
Current Liabilities	\$18,839,673	\$19,900,366
Working Capital:	(\$2,849,243)	\$1,480,482

Total ALA Statement of Revenues and Expenses
August 31, 2017

REVENUES BY FUND	Year-To-Date Actual August 2017	% to Total Revenue Actual	Annual Budget August 2017	% to Total Revenue Budget	Year-To-Date Variance August 2017
General Fund	27,686,860	56.80%	29,587,222	59.11%	(1,900,362)
Division	13,799,977	28.31%	13,786,800	27.54%	13,177
Round Table	467,455	0.96%	439,913	0.88%	27,542
Grants and Awards	6,249,099	12.82%	5,393,710	10.78%	855,389
Long-Term Investment	542,966	1.11%	847,358	1.69%	(304,392)
Total	48,746,358	100.00%	50,055,004	100.00%	(1,308,646)

EXPENSES BY FUND	Year-To-Date Actual August 2017	% to Total Expenses Actual	Annual Budget August 2017	% to Total Expenses Budget	Year-To-Date Variance August 2017
General Fund (1)	28,997,718	56.72%	29,514,169	56.83%	516,451
Division	14,394,245	28.16%	15,773,910	30.37%	1,379,665
Round Table	266,981	0.52%	415,911	0.80%	148,930
Plant Fund	0	0.00%	0	0.00%	0
Grants and Awards	6,248,985	12.22%	5,393,712	10.39%	(855,274)
Long-Term Investment	1,215,044	2.38%	838,055	1.61%	(376,990)
Total	51,122,973	100.00%	51,935,756	100.00%	812,783

NET OPERATING REV(EXP) BY FUND	Year-To-Date Actual August 2017		Annual Budget August 2017		Year-To-Date Variance August 2017
General Fund	(1,310,858)		73,053		(1,383,911)
Division	(594,268)		(1,987,110)		1,392,842
Round Table	200,474		24,002		176,472
Plant Fund	0		0		0
Grants and Awards	114		(1)		116
Long-Term Investment	(672,078)		9,304		(681,382)
Total	(2,376,615)		(1,880,752)		(495,863)

(1) Neal Schuman amortization expense of \$360,116 is excluded.

General Fund Statement of Revenues and Expenses
August 31, 2017

REVENUES

	Year-To-Date Actual August 2017	% to Total Revenue Actual	Annual Budget August 2017	% to Total Revenue Budget	Year-To-Date Variance August 2017
Publishing Services	11,041,559	39.88%	12,426,083	42.00%	(1,384,524)
Member Programs & Services	9,690,642	35.00%	10,037,425	33.92%	(346,783)
Advocacy & Member Relations	5,401,303	19.51%	5,593,000	18.90%	(191,697)
Interest Income	1,333,893	4.82%	1,350,000	4.56%	(16,107)
Mail List Sales	119,456	0.43%	86,715	0.29%	32,742
Executive Office	100,007	0.36%	94,000	0.32%	6,007
Total Revenues	27,686,860	100.00%	29,587,222	100.00%	(1,900,362)

EXPENSES

	Year-To-Date Actual August 2017	% to Total Expenses Actual	Annual Budget August 2017	% to Total Expenses Budget	Year-To-Date Variance August 2017
Publishing Services (1)	10,563,772	36.40%	11,177,617	37.87%	613,845
Member Program and Services	13,517,992	46.58%	14,060,101	47.64%	542,109
Advocacy & Member Relations	3,044,693	10.49%	3,119,803	10.57%	75,110
Executive Office	4,885,622	16.84%	4,768,971	16.16%	(116,651)
Finance/Accounting/Staff Support	1,861,140	6.41%	1,830,833	6.20%	(30,307)
Overhead Recovered	(6,090,568)	-20.99%	(6,581,243)	-22.30%	(490,675)
General Administration	1,215,068	4.19%	1,138,087	3.86%	(76,981)
Total Expenses	28,997,718	99.92%	29,514,169	100.00%	516,451
Operating Net Revenue (Expenses)	(1,310,858)		73,053		(1,383,911)

(1) Neal Schuman amortization expense of \$360,116 is excluded.

Cash Management

	August 2017	August 2016	Change	Change %
Total Cash	\$1,206,657	\$559,065	\$647,592	115.8%
Working Capital (schedule 1)	\$8,176,966	\$14,154,503	(\$5,977,537)	-42.2%
Total Cash and Working Capital	\$9,383,623	\$14,713,568	(\$5,329,945)	-36.2%

In FY2017, the Association had a draw from the working capital for \$5,250,000 to meet operating cash needs.

SEPTEMBER 2016	1,500,000
JUNE 2017	250,000
JULY 2017	1,500,000
AUGUST 2017	2,000,000
AUGUST 2017	5,250,000

Working Capital Activities

	August 2017	
Interest income since December 1991	\$11,058,234	(schedule 1)
Net realized/unrealized gain(loss) since December 1991	(\$91,019)	(schedule 2)
Year-to-date net realized/unrealized gain(loss) - FY17 only	(\$288,338)	(schedule 2)

Line of Credit

The Association maintains a \$2,500,000 line of credit with JP Morgan Chase.

The Association had a draw on August 5, 2016 for \$1,000,000 to meet operating cash needs, and \$500,000 repayment was made on December 7, 2016. The balance was paid in August 2017 and there is no outstanding balance at August 2017.

Endowment

(Schedule 3)	August 2017	August 2016	Change	Change %
Investment Balance	\$43,542,028	\$40,015,285	\$3,526,743	8.8%
YTD Realized/Unrealized Gain/Loss	\$2,980,128	\$937,196	\$2,042,932	218.0%
YTD Interest/Dividend, net of transfer	\$326,282	\$703,734	(\$377,452)	-53.6%

The year-to-date Long-Term Investment realized and unrealized gain of \$2,980,128 is comprised of \$14,960 of realized loss and \$2,995,088 of unrealized gain. The year-to-date interest/dividend income earned is \$1,287,925 before the transfer to the General Fund.

Trade Accounts Receivable

Trade Accounts Receivable(Sched 4)	August 2017	% to Total A/R	August 2016	% to Total A/R	Change
Current	\$1,025,244	47.51%	\$745,209	33.49%	\$280,035
30 days	\$192,057	8.90%	\$352,406	15.83%	(\$160,349)
60 days	\$73,490	3.41%	\$213,405	9.59%	(\$139,915)
90 days	\$27,275	1.26%	\$172,019	7.73%	(\$144,744)
120 days	\$23,368	1.08%	\$58,882	2.65%	(\$35,514)
150 days	\$816,669	37.84%	\$683,569	30.72%	\$133,100
Total	\$2,158,103	100.00%	\$2,225,490	100.00%	(\$67,387)

Inventory

Inventory Levels (Sched 5)	August 2017	% to Total Inventory	August 2016	% to Total Inventory	Change FY17 - FY16
ALA Editions	\$670,931	45.22%	\$721,980	45.89%	(\$51,049)
Neal-Schuman	\$488,470	32.92%	\$494,538	31.43%	(\$6,068)
Graphics	\$324,410	21.86%	\$356,830	22.68%	(\$32,420)
TOTAL	\$1,483,811	100.00%	\$1,573,348	100.00%	(\$89,537)

Inventory Reserve Levels (Sched 6)	August 2017	% to Total Reserve	August 2016	% to Total Reserve	Change FY17 - FY16
ALA Editions	\$109,879	54.35%	\$80,626	40.14%	\$29,253
Neal-Schuman	\$82,087	40.60%	\$69,326	34.51%	\$12,761
Graphics	\$10,202	5.05%	\$50,930	25.35%	(\$40,728)
TOTAL	\$202,168	100.00%	\$200,882	100.00%	\$1,286

Intangible Assets and Goodwill

	August 2017	August 2016	Change
Intangible Assets	\$3,870,000	\$3,870,000	\$0
Amortization	(\$2,824,549)	(\$2,464,384)	(\$360,165)
Net Intangible Assets	\$1,045,451	\$1,405,616	(\$360,165)
Goodwill (including Workforce)	\$1,826,567	\$1,826,567	\$0
Total Net Intangible Assets and Goodwill	\$2,872,018	\$3,232,183	(\$360,165)

Deferred Revenue

	August 2017	August 2016	Change
Membership Dues	\$3,947,007	\$3,890,351	\$56,656
Subscriptions	\$2,238,815	\$2,211,631	\$27,184
Conferences	\$3,443,725	\$2,603,236	\$840,489
Grants and Awards	\$3,866,960	\$4,715,005	(\$848,045)
TOTAL	\$13,496,507	\$13,420,223	\$76,284

General Fund deferred membership revenue increased by \$24,419, Divisions increased by \$18,401 and Round Table increased by \$13,836.

Deferred subscription revenue increased by \$27,184.

Deferred conference revenue increased by \$840,489 due to two National conferences in FY18.

Grant deferred revenue is \$848,045 less than August 2016 due to new grants such as FINRA, Gates, Dollar General and Friends of AASL received in FY2016 were spent in FY2017.

Liquidity Ratio (Schedule 8 & 9)

In conjunction with Chase long-term debt arrangements, the Association is required to maintain certain financial ratios.

August 2017	Ratio	Required
Cash to Debt Ratio	10.79	1.1:1.0

In the event the Cash to Debt Ratio is greater than 1.1 to 1.0 but less than 1.5 to 1.0 as of the end of any two consecutive semi-annual accounting periods, the quarterly financial statements should be furnished to JP Morgan Chase within 60 days after the close of each quarter. A Compliance Certificate to JP Morgan Chase is required evidencing a Cash to Debt Ratio of at least 1.5 to 1.0 semi-annually.

Long-Term Debt (Schedule 10)

The Association has obtained a term loan from JP Morgan CHASE in the amount of \$10,100,000 on July 2, 2012. The loan is to support the acquisition of Neal-Schuman Publishers, Inc., to refinance the Washington D.C. office series 2006 Bonds, refinance a term loan related to a commercial condo office in Connecticut, to fund a swap termination payment, and to fund certain costs of issuance.

In April 2015, The Association submitted a request to the Executive Board for approval to refinance ALA's existing loan, which was approved.

On August 3, 2015, the modification of ALA's loan with JPMorgan Chase has closed.

The new principal and interest payment schedule is attached.

The next payment is due on August 3, 2018 in the amount of \$1,200,000.

The original \$10,100,000 loan is related to the following purchase of assets and has been allocated as follows:

	ORIGINAL LOAN AMOUNT	%	PRINCIPAL PAYMENTS MADE	LOAN BALANCE AUGUST 2017
NEAL SCHUMAN	\$5,811,491	57.54%	\$3,970,227	\$1,841,264
DC	\$2,705,000	26.78%	\$1,847,970	\$857,030
CHOICE	\$1,583,509	15.68%	\$1,081,803	\$501,706
TOTAL LOAN	\$10,100,000	100.00%	\$6,900,000	\$3,200,000

	PRINCIPAL	DUE DATE	INTEREST	TOTAL PAYMENT
PAYMENT SCHEDULE (FY17 - FY20)	\$1,300,000	AUGUST 2017	\$133,517	\$1,433,517
	\$1,200,000	AUGUST 2018	\$94,233	\$1,294,233
	\$1,100,000	AUGUST 2019	\$57,992	\$1,157,992
	\$900,000	AUGUST 2020	\$25,125	\$925,125
	\$4,500,000		\$310,867	\$4,810,867

**ALA WORKING CAPITAL
AS OF AUGUST 31, XXXX**

SCHEDULE 1

YEAR	MARKET VALUE	INTEREST INCOME	YIELD
1991	\$1,493,202	\$5,529	6.60%
1992	\$2,107,981	\$91,630	6.82%
1993	\$4,717,417	\$174,093	5.93%
1994	\$4,726,074	\$264,791	4.94%
1995	\$5,784,008	\$319,958	6.57%
1996	\$5,990,229	\$374,246	6.53%
1997	\$6,377,031	\$400,808	6.25%
1998	\$6,855,814	\$418,743	6.30%
1999	\$7,005,423	\$422,880	6.11%
2000	\$7,324,250	\$422,114	6.12%
2001	\$9,794,308	\$521,609	5.90%
2002	\$10,399,702	\$579,012	5.09%
2003	\$11,037,007	\$474,382	3.81%
2004	\$11,248,222	\$444,196	4.19%
2005	\$11,429,831	\$485,123	4.26%
2006	\$11,685,678	\$477,319	4.68%
2007	\$12,238,592	\$570,448	4.17%
2008	\$14,801,391	\$578,827	4.54%
2009	\$15,260,990	\$759,392	4.10%
2010	\$15,642,158	\$689,946	3.66%
2011	\$15,108,118	\$564,091	3.48%
2012	\$13,824,947	\$361,805	2.75%
2013	\$12,397,094	\$322,056	2.52%
2014	\$14,283,648	\$296,854	2.20%
2015	\$14,298,607	\$287,581	2.60%
2016	\$13,925,911	\$365,865	2.64%
2017	\$7,908,998	\$384,936	3.09%
		11,058,234	4.66%

AMERICAN LIBRARY ASSOCIATION
WORKING CAPITAL
STATEMENT OF UNREALIZED/REALIZED GAINS AND LOSSES
FOR THE TWELVE MONTHS ENDING AUGUST 31, 201

SCHEDULE 2

MONTH	LA/MLPA		NBf		PPG		NET
	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	
SEPTEMBER 2016	(324)	0	(2,112)	22	(25,219)	13,639	(13,993)
OCTOBER 2016	(22,085)	0	(27,764)	0	(18,427)	335	(67,942)
NOVEMBER 2016	(59,824)	(399)	(81,240)	0	(62,788)	0	(204,250)
DECEMBER 2016	(34,904)	0	(5,050)	0	(3,932)	0	(43,886)
JANUARY 2017	19,197	0	(1,562)	0	(1,979)	0	15,656
FEBRUARY 2017	10,237	0	13,791	783	11,351	(274)	35,888
MARCH 2017	83,595	(99,606)	0	(41,835)	(8,410)	392	(65,863)
APRIL 2017	8,783	0	0	0	15,875	(1,132)	23,526
MAY 2017	10,152	0	0	0	12,550	0	22,702
JUNE 2017	(6,586)	745	0	0	(13,969)	(242)	(20,052)
JULY 2017	12,082	(1,671)	0	0	9,192	0	19,603
AUGUST 2017	1,266	636	0	0	9,734	(1,363)	10,274
TOTAL - FY17	21,590	(100,294)	(103,937)	(41,029)	(76,024)	11,356	(288,338)
FY 1993	58,654	12,277	0	0	0	0	70,931
FY 1994	(156,399)	(69,198)	0	0	0	0	(225,597)
FY 1995	93,596	(22,622)	4,226	(105)	0	0	75,095
FY 1996	(66,905)	(1,983)	(22,489)	3,738	0	0	(87,639)
FY 1997	26,857	24,234	22,728	(6,023)	0	0	67,796
FY 1998	66,645	2,908	29,601	6,348	0	0	105,502
FY 1999	(92,624)	(34,831)	(60,828)	7,844	(56,811)	(17,950)	(255,200)
FY 2000	56,095	(48,716)	36,945	(30,200)	31,671	(34,284)	11,511
FY 2001	125,591	39,538	51,791	22,697	34,830	24,279	298,726
FY 2002	(39,265)	17,957	73,991	14,918	(3,901)	14,517	78,217
FY 2003	(76,357)	2,002	(112,917)	87,065	(53,834)	34,883	(119,158)
FY 2004	(47,062)	(44,618)	(10,436)	(22,627)	(15,989)	2,356	(138,376)
FY 2005	12,975	(94,536)	(58,538)	(31,551)	(18,621)	(26,748)	(217,019)
FY 2006	43,418	(70,473)	18,414	(61,209)	(30,270)	(32,026)	(132,146)
FY 2007	34,262	(1,670)	36,894	(14,040)	38,930	(2,681)	91,695
FY 2008	(22,135)	30,685	(27,305)	41,559	36,856	29,713	89,373
FY 2009	74,398	2,372	191,239	(89,612)	203,298	355	382,050
FY 2010	50,457	(1,242)	146,792	(2,911)	92,065	29,923	315,084
FY 2011	(28,259)	5,161	(56,709)	65,376	(13,306)	24,704	(3,033)
FY 2012	37,222	(58,869)	(56,519)	85,789	(27,010)	41,872	22,485
FY 2013	(10,210)	(56,127)	(140,411)	(28,546)	(65,117)	(115,344)	(415,755)
FY 2014	91,568	(58,281)	136,435	(102,427)	143,983	(62,899)	148,379
FY 2015	93,918	(126,628)	(41,080)	6,798	(54,025)	(8,386)	(129,403)
FY 2016	49,292	0	78,557	(24,961)	46,604	14,309	163,801
TOTAL	397,322	(652,954)	136,444	(113,109)	213,329	(72,051)	(91,019)

**AMERICAN LIBRARY ASSOCIATION
LONG-TERM INVESTMENT**

SCHEDULE 3

	SEPT 16	OCT 16	NOV 16	DEC 16	JAN 17	FEB 17	MAR 17	APR 17	MAY 17	JUNE 17	JULY 17	AUG 17	AVERAGE
LONG-TERM INVESTMENT													
CASH/MONEY MARKET	783,716	743,378	945,265	1,428,402	885,744	5,207,021	934,586	807,154	718,904	661,057	658,472	777,793	1,212,624
FIXED INCOME	2,304,640	2,277,315	2,046,558	2,074,613	2,094,755	9,262	0	0	0	0	0	0	900,595
EQUITIES	9,203,867	9,051,588	9,198,234	9,214,601	9,529,677	9,768,533	9,857,185	10,123,917	10,346,131	10,554,533	10,726,692	10,815,216	9,865,848
MUTUAL FUNDS	25,263,808	24,862,130	25,074,851	24,912,527	25,337,951	24,021,578	27,902,677	28,225,572	28,491,254	28,525,632	28,997,397	29,039,399	26,721,231
ALTERNATIVE INVT	2,400,272	2,404,704	2,373,634	2,370,153	2,482,072	2,559,206	2,584,639	2,708,455	2,751,511	2,813,115	2,894,635	2,903,871	2,603,855
TOTAL	39,956,303	39,339,115	39,638,542	40,000,296	40,330,198	41,565,598	41,279,087	41,865,098	42,307,801	42,554,338	43,277,195	43,536,279	41,304,154
UNREALIZED AND REALIZED GAIN/LOSS													
REALIZED GAIN/LOSS	56,605	182	3,497	(28,436)	39,530	(195,587)	7,037	7,730	4,951	16,843	33,590	39,096	(14,960)
UNREALIZED GAIN/LOSS	(42,964)	(653,910)	37,628	89,886	665,690	976,582	41,389	519,112	391,534	145,842	644,122	180,177	2,995,088
NET (REALIZED/UNREAL)	13,641	(653,728)	41,125	61,451	705,220	780,995	48,427	526,842	396,485	162,685	677,712	219,273	2,980,128
INTEREST/DIVIDEND	102,866	55,933	132,611	468,994	24,262	46,596	98,245	55,546	68,340	106,751	66,521	61,258	1,287,925

**AMERICAN LIBRARY ASSOCIATION
AGING OF TRADE ACCOUNTS RECEIVABLE**

SCHEDULE 4

FISCAL YEAR 2017	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
SEPTEMBER 2016	\$910,263	\$398,199	\$206,129	\$172,062	\$57,245	\$378,585	\$2,122,483
OCTOBER 2016	\$756,489	\$525,685	\$276,018	\$114,242	\$91,130	\$451,472	\$2,215,036
NOVEMBER 2016	\$671,000	\$356,919	\$187,689	\$215,154	\$61,503	\$489,763	\$1,982,028
DECEMBER 2016	\$589,773	\$336,051	\$143,959	\$166,537	\$48,638	\$516,898	\$1,801,856
JANUARY 2017	\$924,133	\$262,849	\$203,798	\$65,254	\$129,844	\$570,530	\$2,156,408
FEBRUARY 2017	\$1,206,807	\$122,625	\$166,875	\$109,014	\$43,726	\$658,046	\$2,307,093
MARCH 2017	\$1,163,148	\$314,773	(\$2,178)	\$102,511	\$56,967	\$560,818	\$2,196,039
APRIL 2017	\$902,018	\$307,445	\$151,598	(\$24,029)	\$67,152	\$595,440	\$1,999,624
MAY 2017	\$963,465	\$192,815	\$71,535	\$22,536	(\$34,886)	\$652,761	\$1,868,226
JUNE 2017	\$1,162,270	\$149,138	\$19,473	\$30,156	\$13,718	\$606,045	\$1,980,800
JULY 2017	\$890,893	\$297,896	\$76,358	(\$8,394)	\$28,356	\$605,526	\$1,890,635
AUGUST 2017	\$1,025,244	\$192,057	\$73,490	\$27,275	\$23,368	\$816,669	\$2,158,103
% to balance	47.51%	8.90%	3.41%	1.26%	1.08%	37.84%	100.00%
FY 2017 AVERAGE	\$930,459	\$288,038	\$131,229	\$82,693	\$48,897	\$575,213	\$2,056,528
% to FY17 average balance	45.24%	14.01%	6.38%	4.02%	2.38%	27.97%	100.00%

FISCAL YEAR 2016	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
SEPTEMBER 2015	\$1,276,899	\$491,752	\$422,564	\$236,160	\$88,017	\$130,222	\$2,645,614
OCTOBER 2015	\$711,996	\$603,734	\$416,761	\$293,042	\$209,611	\$113,887	\$2,349,031
NOVEMBER 2015	\$677,629	\$475,666	\$428,531	\$321,890	\$219,067	\$255,202	\$2,377,985
DECEMBER 2015	\$712,246	\$384,642	\$267,743	\$310,892	\$267,683	\$385,162	\$2,328,368
JANUARY 2016	\$973,426	\$483,983	\$306,543	\$147,021	\$123,281	\$338,610	\$2,372,864
FEBRUARY 2016	\$872,011	\$595,954	\$317,543	\$200,343	\$104,365	\$427,601	\$2,517,817
MARCH 2016	\$699,879	\$515,460	\$277,576	\$214,977	\$140,575	\$436,213	\$2,284,680
APRIL 2016	\$753,143	\$289,794	\$353,187	\$183,518	\$178,945	\$522,120	\$2,280,707
MAY 2016	\$520,903	\$484,056	\$167,332	\$227,659	\$151,469	\$639,859	\$2,191,278
JUNE 2016	\$828,800	\$524,981	\$158,256	\$114,285	\$127,730	\$657,452	\$2,411,504
JULY 2016	\$584,418	\$560,844	\$281,331	\$78,470	\$68,783	\$768,104	\$2,341,950
AUGUST 2016	\$745,209	\$352,406	\$213,402	\$172,019	\$58,882	\$683,569	\$2,225,487
% to Aug 16 balance	33.49%	15.84%	9.59%	7.73%	2.65%	30.72%	100.00%
FY 2016 AVERAGE	\$779,713	\$480,273	\$300,897	\$208,356	\$144,867	\$446,500	\$2,360,607
% to FY16 average balance	33.03%	20.35%	12.75%	8.83%	6.14%	18.91%	100.00%

**AMERICAN LIBRARY ASSOCIATION
HISTORICAL INVENTORY LEVELS
AS OF AUGUST 31, XXXX**

SCHEDULE 5

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	NEAL SCHUMAN	% CHANGE	TOTAL ALA EDITIONS	% CHANGE
1989	544,608		697,828				1,242,436	
1990	757,983	39.18%	718,588	2.97%			1,476,571	18.84%
1991	661,005	-12.79%	769,198	7.04%			1,430,203	-3.14%
1992	686,760	3.90%	711,549	-7.49%			1,398,309	-2.23%
1993	715,912	4.24%	696,409	-2.13%			1,412,321	1.00%
1994	729,317	1.87%	635,325	-8.77%			1,364,642	-3.38%
1995	809,352	10.97%	604,194	-4.90%			1,413,546	3.58%
1996	790,814	-2.29%	1,092,104	80.75%			1,882,918	33.21%
1997	729,902	-7.70%	963,897	-11.74%			1,693,799	-10.04%
1998	569,061	-22.04%	1,094,600	13.56%			1,663,661	-1.78%
1999	463,294	-18.59%	956,806	-12.59%			1,420,100	-14.64%
2000	573,551	23.80%	991,841	3.66%			1,565,392	10.23%
2001	557,678	-2.77%	849,889	-14.31%			1,407,567	-10.08%
2002	534,669	-4.13%	728,283	-14.31%			1,262,952	-10.27%
2003	498,778	-6.71%	794,103	9.04%			1,292,881	2.37%
2004	571,892	14.66%	835,846	5.26%			1,407,738	8.88%
2005	622,796	8.90%	718,072	-14.09%			1,340,868	-4.75%
2006	664,832	6.75%	699,378	-2.60%			1,364,210	1.74%
2007	692,621	4.18%	726,314	3.85%			1,418,935	4.01%
2008	616,266	-11.02%	619,219	-14.75%			1,235,485	-12.93%
2009	739,434	19.99%	716,785	15.76%			1,456,219	17.87%
2010	641,745	-13.21%	798,104	11.34%			1,439,849	-1.12%
2011	581,257	-9.43%	840,551	5.32%			1,421,808	-1.25%
2012	541,212	-6.89%	865,274	2.94%	671,444		2,077,930	46.15%
2013	521,304	-3.68%	949,027	9.68%	785,543	16.99%	2,255,874	8.56%
2014	475,105	-8.86%	1,181,568	24.50%	795,318	1.24%	2,451,992	8.69%
2015	372,544	-21.59%	695,855	-41.11%	419,126	-47.30%	1,487,525	-39.33%
2016	356,830	-4.22%	721,980	3.75%	494,538	17.99%	1,573,347	5.77%
2017	324,410	-9.09%	670,931	-7.07%	488,470	-1.23%	1,483,811	-5.69%

**AMERICAN LIBRARY ASSOCIATION
HISTORICAL INVENTORY RESERVE LEVELS
AS OF AUGUST 31, XXXX**

SCHEDULE 6

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	NEAL SCHUMAN	% CHANGE	TOTAL ALA EDITIONS	% CHANGE	% OF TOTAL INVENTORY
1989	181,200		253,172				434,372		34.96%
1990	181,200	0.00%	186,009	-26.53%			367,209	-15.46%	24.87%
1991	133,866	-26.12%	135,898	-26.94%			269,764	-26.54%	18.86%
1992	125,082	-6.56%	117,891	-13.25%			242,973	-9.93%	17.38%
1993	137,328	9.79%	92,309	-21.70%			229,637	-5.49%	16.26%
1994	76,767	-44.10%	110,047	19.22%			186,814	-18.65%	13.69%
1995	103,033	34.22%	100,011	-9.12%			203,044	8.69%	14.36%
1996	121,319	17.75%	116,322	16.31%			237,641	17.04%	12.62%
1997	225,403	85.79%	173,195	48.89%			398,598	67.73%	23.53%
1998	109,080	-51.61%	287,228	65.84%			396,308	-0.57%	23.82%
1999	151,508	38.90%	333,862	16.24%			485,370	22.47%	34.18%
2000	130,652	-13.77%	301,402	-9.72%			432,054	-10.98%	27.60%
2001	77,539	-40.65%	217,774	-27.75%			295,313	-31.65%	20.98%
2002	50,870	-34.39%	236,096	8.41%			286,966	-2.83%	22.72%
2003	75,094	47.62%	280,851	18.96%			355,945	24.04%	27.53%
2004	75,390	0.39%	295,668	5.28%			371,058	4.25%	26.36%
2005	116,109	54.01%	268,718	-9.11%			384,827	3.71%	28.70%
2006	159,162	37.08%	295,589	10.00%			454,751	18.17%	33.33%
2007	137,698	-13.49%	276,886	-6.33%			414,584	-8.83%	29.22%
2008	109,602	-20.40%	326,062	17.76%			435,664	5.08%	35.26%
2009	201,328	83.69%	285,829	-12.34%			487,157	11.82%	33.45%
2010	158,100	-21.47%	255,851	-10.49%			413,951	-15.03%	28.75%
2011	137,652	-12.93%	264,782	3.49%			402,434	-2.78%	28.30%
2012	131,733	-4.30%	245,450	-7.30%	140,000		517,183	28.51%	24.89%
2013	125,142	-5.00%	289,431	17.92%	168,782	20.56%	583,355	12.79%	28.49%
2014	136,973	9.45%	558,354	92.91%	322,080	90.83%	1,017,407	74.41%	41.49%
2015	39,641	-71.06%	61,310	-89.02%	54,320	-83.13%	155,271	-84.74%	10.44%
2016	50,930	28.48%	80,626	31.51%	69,326	27.63%	200,883	29.38%	13.95%
2017	10,202	-79.97%	109,879	36.28%	82,087	18.41%	202,168	0.64%	12.78%

Amortization schedule
Intangible Assets and Goodwill

SCHEDULE 7

Intangible Assets	Fair Value 12/23/2011	Useful Life (Years)	FY 2012	FY 2013	IMPAIRMENT FY2013	ADJUSTED FAIR VALUE	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Non-Compete Agreement	\$74,000	4	9,250	18,500		74,000	18,500	18,500	9,250							74,000
Trademarks & Brands Extension	\$1,684,000	10	84,200	168,400		1,684,000	168,400	168,400	168,400	168,400	168,400	168,400	168,400	168,400	84,200	1,684,000
Backlist	\$516,000	3	86,000	172,000		516,000	172,000	86,000								516,000
Distribution Relationship	\$631,000	7	45,071	90,143	(275,000)	356,000	40,143	40,143	40,143	40,143	40,143	20,071				356,000
Co-Publishing Relationship	\$998,000	7	71,286	142,571		998,000	142,571	142,571	142,571	142,571	142,571	71,288				998,000
Online & Catalog	\$150,000	3	25,000	50,000		150,000	50,000	25,000								150,000
Customer Relationship	\$197,000	7	14,071	28,143	(105,000)	92,000	9,052	9,052	9,052	9,052	9,052	4,526				92,000
Annual Amortization			334,879	669,757	(380,000)	3,870,000	600,666	489,666	369,416	360,166	360,166	264,285	168,400	168,400	84,200	3,870,000
Cumulative amortization			334,879	1,004,636		1,004,636	1,605,302	2,094,968	2,464,384	2,824,550	3,184,716	3,449,000	3,617,400	3,785,800	3,870,000	
Net Intangible Assets	\$4,250,000		3,915,121	3,245,364		2,865,364	2,264,698	1,775,032	1,405,616	1,045,450	685,284	421,000	252,600	84,200	(0)	
Goodwill	\$2,326,567	Indefinite	\$2,326,567	\$2,326,567	(\$500,000)	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	\$1,826,567	
Net Intangible Assets and Goodwill	\$6,576,567		\$6,241,688	\$5,571,931	(\$880,000)	\$4,691,931	\$4,091,265	\$3,601,599	\$3,232,183	\$2,872,017	\$2,511,851	\$2,247,567	\$2,079,167	\$1,910,767	\$1,826,567	

Liquidity Ratio

SCHEDULE 8

CASH TO DEBT RATIO	31-Aug-17 Unaudited	August 31, 2016 Audited
CASH AND EQUIVALENT	\$1,206,657	\$530,850
SHORT-TERM INVESTMENT	\$8,176,966	\$14,154,503
LONG-TERM INVESTMENT	\$43,542,028	\$40,015,284
TOTAL CASH AND INVESTMENTS	\$52,925,651	\$54,700,637
TEMPORARILY RESTRICTED NET ASSETS	\$4,382,588	\$4,820,786
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700
DEFERRED REVENUE	\$13,496,507	\$13,420,494
NET ASSETS AND DEFERRED REVENUE	\$18,393,795	\$18,755,980
UNRESTRICTED CASH AND INVESTMENT(A)	\$34,531,856	\$35,944,657
CURRENT PORTION OF LONG-TERM DEBT	\$1,200,000	\$1,300,000
NON-CURR PORTION OF LONG-TERM DEBT	\$2,000,000	\$3,200,000
LINE OF CREDIT	\$0	\$1,000,000
CURRENT PORTION OF CAPITAL LEASE	\$0	\$29,604
NON-CURR PORTION OF CAPITAL LEASE	\$0	\$0
TOTAL INDEBTEDNESS(B)	\$3,200,000	\$5,529,604
CASH TO DEBT RATIO (A/B)	10.79	6.50
CASH TO DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0

HISTORY

	August 31, 2015 Audited	August 31, 2014 Audited	August 31, 2013 Audited	31-Aug-12 Audited
DEBT SERVICE COVERAGE RATIO				
CHANGE IN UNRESTRICTED NET ASSETS	(\$2,091,402)	\$7,250,558	\$465,514	\$589,555
POST RETIREMENT BENEFITS	\$0	(\$354,511)	\$329,244	\$341,853
DEPRECIATION	\$1,804,493	\$1,861,314	\$1,926,217	\$1,643,990
AMORTIZATION	\$1,280,285	\$1,345,167	\$1,385,864	\$1,286,146
INTEREST EXPENSE	\$303,225	\$364,585	\$412,768	\$235,523
LETTER OF CREDIT FEE	\$0	\$0	\$880,000	\$17,711
REALIZED/UNREALIZED GAINS/LOSSES	\$1,935,260	(\$4,923,794)	(\$1,628,355)	(\$1,062,154)
TOTAL CASH FLOW (A)	\$3,231,861	\$5,543,319	\$3,771,252	\$3,052,624
CURRENT PORTION -LONG TERM DEBT	\$1,500,000	\$647,500	\$647,500	\$647,500
CURRENT PORTION -CAPITAL LEASE	\$94,400	\$159,611	\$142,090	\$223,816
INTEREST EXPENSE	\$303,225	\$364,585	\$412,768	\$235,523
LETTER OF CREDIT FEE				\$17,711
TOTAL CURRENT LONG TERM DEBT (B)	\$1,897,625	\$1,171,696	\$1,202,358	\$1,124,550
	1.70	4.73	3.14	2.71
	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0
CASH TO DEBT RATIO				
	August 31, 2015 Audited	August 31, 2014 Audited	August 31, 2013 Audited	31-Aug-12 Audited
CASH AND EQUIVALENT	\$1,120,194	\$2,174,154	\$3,215,197	\$2,672,539
SHORT-TERM INVESTMENT	\$14,486,928	\$14,422,212	\$12,397,093	\$13,828,329
LONG-TERM INVESTMENT	\$38,678,845	\$40,221,326	\$34,381,883	\$32,560,816
TOTAL CASH AND INVESTMENTS	\$54,285,967	\$56,817,692	\$49,994,173	\$49,061,684
TEMPORARILY RESTRICTED NET ASSETS	\$5,418,895	\$4,477,929	\$3,761,735	\$5,048,836
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$12,771,480	\$11,551,918	\$9,232,922	\$9,077,417
NET ASSETS AND DEFERRED REVENUE	\$18,705,075	\$16,544,547	\$13,509,357	\$14,640,953
UNRESTRICTED CASH AND INVESTMENT(A)	\$35,580,892	\$40,273,145	\$36,484,816	\$34,420,731
CURRENT PORTION OF LONG-TERM DEBT	\$1,500,000	\$647,500	\$647,500	\$647,500
NON-CURR PORTION OF LONG-TERM DEBT	\$4,500,000	\$8,157,500	\$8,805,000	\$9,452,500
CURRENT PORTION OF CAPITAL LEASE	\$94,400	\$159,611	\$142,090	\$223,816
NON-CURR PORTION OF CAPITAL LEASE	\$29,604	\$124,005	\$283,615	\$485,209
TOTAL INDEBTEDNESS(B)	\$6,124,004	\$9,088,616	\$9,878,205	\$10,809,025
CASH TO DEBT RATIO (A/B)	5.81	4.43	3.69	3.18
CASH TO DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0

SCHEDULE 9

	8/31/2011	8/31/2010	5/31/2009	8/31/2008
UNRESTRICTED NET ASSETS	\$555,957	\$2,724,200	(\$6,781,339)	\$412,544
DEPRECIATION	\$1,518,470	\$1,722,867	\$1,033,659	\$1,106,798
AMORTIZATION	\$442,362	\$244,132	\$16,350	\$137,606
INTEREST EXPENSE	\$150,693	\$154,369	\$46,630	\$87,146
LETTER OF CREDIT FEE	\$29,033	\$635,040	\$19,555	\$27,518
NET POST RETIREMENT BENEFITS	\$1,330,694	\$419,035	\$0	\$0
UNREALIZED GAINS/LOSSES	(\$1,960,406)	\$635,040	\$1,355,561	\$1,875,959
TOTAL CASH FLOW	\$2,066,803	\$6,534,683	(\$4,309,584)	\$3,647,571
CURRENT PORTION -LONG TERM DEBT	\$215,945	\$124,925	\$305,369	\$155,000
CURRENT PORTION -CAPITAL LEASE	\$9,272	\$85,000	\$28,368	\$80,779
INTEREST EXPENSE	\$150,693	\$154,369	\$46,630	\$87,146
LETTER OF CREDIT FEE	\$29,033	\$29,813	\$19,555	\$27,516
TOTAL CURRENT LONG TERM DEBT (B)	\$404,943	\$394,107	\$399,922	\$350,441
	5.10	16.58	(10.78)	10.41
	1.0 to 1.5	1.0 to 1.5	1.0 to 1.5	1.0 to 1.5
CASH TO DEBT RATIO				
	8/31/2011	8/31/2010	5/31/2009	8/31/2008
UNENCUMBERED/COMMITMENTS	\$46,474,833	\$44,472,341	\$39,796,575	\$43,595,869
CASH AND EQUIVALENTS	\$2,920,635	\$1,916,803	\$1,520,559	\$6,275,883
TOTAL LIQUID ASSETS	\$49,395,468	\$46,389,144	\$41,317,134	\$49,871,752
TOTAL LIABILITIES	\$39,080,797	\$37,027,629	\$39,139,134	\$33,508,284
	1.26	1.25	1.06	1.49
LIQUID ASSET BENCHMARK	.60 TO 1.0	.60 TO 1.0	.60 TO 1.0	.60 TO 1.0

**American Library Association
Amortization Schedule**

SCHEDULE 10

MONTH	LOAN BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PER FISCAL YEAR	FISCAL YEAR
7/1/2015	6,000,000.00	0.00	17,500.00	17,500.00		
8/1/2015	6,000,000.00	0.00	18,083.33	18,083.33		
9/1/2015	6,000,000.00	0.00	15,666.67	15,666.67	51,250.00	2015
10/1/2015	6,000,000.00	0.00	15,000.00	15,000.00		
11/1/2015	6,000,000.00	0.00	15,500.00	15,500.00		
12/1/2015	6,000,000.00	0.00	15,000.00	15,000.00		
1/1/2016	6,000,000.00	0.00	15,500.00	15,500.00		
2/1/2016	6,000,000.00	0.00	15,500.00	15,500.00		
3/1/2016	6,000,000.00	0.00	14,500.00	14,500.00		
4/1/2016	6,000,000.00	0.00	15,500.00	15,500.00		
5/1/2016	6,000,000.00	0.00	15,000.00	15,000.00		
6/1/2016	6,000,000.00	0.00	15,500.00	15,500.00		
7/1/2016	6,000,000.00	0.00	15,000.00	15,000.00		
8/1/2016	6,000,000.00	1,500,000.00	15,500.00	1,515,500.00		
9/1/2016	4,500,000.00	0.00	11,625.00	11,625.00	179,125.00	2016
10/1/2016	4,500,000.00	0.00	11,250.00	11,250.00		
11/1/2016	4,500,000.00	0.00	11,625.00	11,625.00		
12/1/2016	4,500,000.00	0.00	11,250.00	11,250.00		
1/1/2017	4,500,000.00	0.00	11,625.00	11,625.00		
2/1/2017	4,500,000.00	0.00	11,625.00	11,625.00		
3/1/2017	4,500,000.00	0.00	10,500.00	10,500.00		
4/1/2017	4,500,000.00	0.00	11,625.00	11,625.00		
5/1/2017	4,500,000.00	0.00	11,250.00	11,250.00		
6/1/2017	4,500,000.00	0.00	11,625.00	11,625.00		
7/1/2017	4,500,000.00	0.00	11,250.00	11,250.00		
8/1/2017	4,500,000.00	1,300,000.00	11,625.00	1,311,625.00		
9/1/2017	3,200,000.00	0.00	8,266.67	8,266.67	133,516.67	2017

**American Library Association
Amortization Schedule**

SCHEDULE 10

MONTH	LOAN BALANCE	PRINCIPAL PAYMENT	INTEREST PAYMENT	TOTAL PAYMENT	TOTAL PER FISCAL YEAR	FISCAL YEAR
10/1/2017	3,200,000.00	0.00	8,000.00	8,000.00		
11/1/2017	3,200,000.00	0.00	8,266.67	8,266.67		
12/1/2017	3,200,000.00	0.00	8,000.00	8,000.00		
1/1/2018	3,200,000.00	0.00	8,266.67	8,266.67		
2/1/2018	3,200,000.00	0.00	8,266.67	8,266.67		
3/1/2018	3,200,000.00	0.00	7,466.67	7,466.67		
4/1/2018	3,200,000.00	0.00	8,266.67	8,266.67		
5/1/2018	3,200,000.00	0.00	8,000.00	8,000.00		
6/1/2018	3,200,000.00	0.00	8,266.67	8,266.67		
7/1/2018	3,200,000.00	0.00	8,000.00	8,000.00		
8/1/2018	3,200,000.00	1,200,000.00	8,266.67	1,208,266.67		
9/1/2018	2,000,000.00	0.00	5,166.67	5,166.67	94,233.33	2018
10/1/2018	2,000,000.00	0.00	5,000.00	5,000.00		
11/1/2018	2,000,000.00	0.00	5,166.67	5,166.67		
12/1/2018	2,000,000.00	0.00	5,000.00	5,000.00		
1/1/2019	2,000,000.00	0.00	5,166.67	5,166.67		
2/1/2019	2,000,000.00	0.00	5,166.67	5,166.67		
3/1/2019	2,000,000.00	0.00	4,666.67	4,666.67		
4/1/2019	2,000,000.00	0.00	5,166.67	5,166.67		
5/1/2019	2,000,000.00	0.00	5,000.00	5,000.00		
6/1/2019	2,000,000.00	0.00	5,166.67	5,166.67		
7/1/2019	2,000,000.00	0.00	5,000.00	5,000.00		
8/1/2019	2,000,000.00	1,100,000.00	5,166.67	1,105,166.67		
9/1/2019	900,000.00	0.00	2,325.00	2,325.00	57,991.67	2019
10/1/2019	900,000.00	0.00	2,250.00	2,250.00		
11/1/2019	900,000.00	0.00	2,325.00	2,325.00		
12/1/2019	900,000.00	0.00	2,250.00	2,250.00		
1/1/2020	900,000.00	0.00	2,325.00	2,325.00		
2/1/2020	900,000.00	0.00	2,325.00	2,325.00		
3/1/2020	900,000.00	0.00	2,175.00	2,175.00		
4/1/2020	900,000.00	0.00	2,325.00	2,325.00		
5/1/2020	900,000.00	0.00	2,250.00	2,250.00		
6/1/2020	900,000.00	0.00	2,325.00	2,325.00		
7/1/2020	900,000.00	0.00	2,250.00	2,250.00		
8/1/2020	900,000.00	900,000.00	2,325.00	902,325.00	25,125.00	2020
Total:		6,000,000.00	541,241.67		541,241.67	