

TO: ALA Executive Board

DATE: June 29, 2013

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:

Annual Audit Planning - FY 2013

Total ALA Financial Position

Cash Management

Deferred Revenue

Long-Term Debt (Chase)

Trade Accounts Receivable

Inventory

Intangible Assets and Goodwill

Liquidity Ratio

Grant Overhead Rate

Annual Audit Planning - FY 2013

The ALA's auditor Mueller & Co will be conducting the second year audit for the ALA fiscal year ending August 31, 2013. The Mueller staff and ALA staff held a planning meeting on May 29, 2013 to overview the FY13 audit. The Association's FY13 preliminary audit is scheduled for July 15th through July 22nd, 2013, and the field work is scheduled to commence on November 4th through November 22nd, 2013.

Total ALA Financial Position

	May 31, 2013	May 31, 2012	Change
Total Assets	\$78,284,003	\$70,171,565	\$8,112,438
Total Liabilities	\$47,433,716	\$40,958,857	\$6,474,859
Net Assets	\$30,850,287	\$29,212,708	\$1,637,579

The increase in total assets at May 31, 2013 compared to May 31, 2012 is due to the higher value of the Long-Term Investment and Short -Term Investment. The Bond funds used to purchase Neal-Schuman was repaid in July 2012. The increase in long-term debt is due to the acquisition of Neal-Schuman Publishers.

	May 31, 2013	May 31, 2012	YTD Budget	Variance
Total Revenue	\$35,930,262	\$34,083,361	\$35,472,031	\$458,231
Total Expenses	\$35,685,822	\$35,180,857	\$39,287,157	\$3,601,335
Net Revenue	\$244,440	(\$1,097,496)	(\$3,815,126)	\$4,059,566

The variance in the total revenue is due to realized and unrealized gain from endowment due strong market performance. The variance in the General Fund revenue is due to lower books, Digital Reference and Graphics revenue, but showing strong advertising revenue. Division revenue is lower than budget due to lower books, subscription and advertising revenue.

The expenses for both General Fund and Divisions are lower than budget in salaries, publishing related expenses, and operating expenses.

Cash Management

	May 31, 2013	May 31, 2012	Change
Total Cash	\$2,514,836	\$4,140,929	(\$1,626,093)
Bond Fund (schedule 1)	\$13,992,892	\$7,866,154	\$6,126,738
Total Cash and S-T investment	\$16,507,728	\$12,007,083	\$4,500,645

The decrease in cash balance is due to lower revenue and monthly transfer of funds being set aside for the principal payment. The increase in the bond fund is due to the repayment of \$5,500,000 in July 2012. In December 2011, there was a down of the bond fund for \$7,500,000 to finance the Neal-Shuman purchase.

Bond Fund Activities

Interest income since December 1991	\$9,642,026	(schedule 1)
Net realized/unrealized gain since December 1991	\$412,221	(schedule 2)
Year-to-date net realized/unrealized loss	(\$167,472)	(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 April 5, 2013 for \$1,000,000 to meet operating cash needs and was repaid in full on May 30, 2013.

Deferred Revenue

	May 31, 2013	May 31, 2012	Change
Membership Dues	\$4,608,530	\$4,620,428	(\$11,898)
Subscriptions	\$2,522,453	\$2,310,147	\$212,306
Conferences-Annual Conference	\$5,173,363	\$4,613,657	\$559,706
Conferences-Division	\$1,506,504	\$1,173,659	\$332,845
Conferences-Other	\$420,832	\$371,116	\$49,716
TOTAL	\$14,231,682	\$13,089,007	\$1,142,675

Membership deferred revenue at May 31, 2013 is lower than May 31, 2012 due to lower personal membership. The increase in deferred subscription revenue is due to increased activities for CHOICE. Both registration and exhibits for annual are improved for Chicago compared to Anaheim last year. The increase in deferred conference revenue for division is due to two division conferences in FY14, and one in FY13.

Long-Term Debts

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. Schedule of principal payment and amortization schedule is attached.

The first principal payment is due on July 1, 2013 in the amount of \$647,500. Interest payments are made monthly. From January 2013 to June 2013, \$100,000 is being set aside every month from the operating fund to meet the cash needs. The fund is invested in Blackrock Strategic fund. To date, there has been set aside \$600,000 and has earned \$4,615 in interest income.

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

	LOAN AMOUNT	%	Principal Payment	Interest payment Monthly
NEAL SCHUMAN	\$5,811,491	57.54%	\$372,568	\$17,515
DC	\$2,705,000	26.78%	\$173,415	\$8,152
CHOICE	\$1,583,509	15.68%	\$101,517	\$4,772
TOTAL LOAN	\$10,100,000	100.00%	\$647,500	\$30,440

Trade Accounts Receivable (Credit and Collections)

Trade Accounts Receivable(Sched 3)	May 31, 2013	May 31, 2012	Change
Current	\$1,536,477	\$1,498,511	\$37,966
30 days	\$311,058	\$228,531	\$82,527
60 days	\$204,993	(\$22,835)	\$227,828
90 days	\$3,558	\$20,069	(\$16,511)
120 days	\$12,568	\$14,435	(\$1,867)
150 days	(\$43,158)	(\$16,493)	(\$26,665)
Total	\$2,025,496	\$1,722,218	\$303,278

Inventory

Inventory Levels (Sched 4)	May 31, 2013	May 31, 2012	Change
ALA Editions	\$905,892	\$869,936	\$35,956
Neal-Schuman	\$751,224	\$383,684	\$367,540
Graphics	\$512,453	\$520,750	(\$8,297)
TOTAL	\$2,169,569	\$1,774,370	\$395,199

Inventory Reserve Levels (sched 5)	May 31, 2013	May 31, 2012	Change
ALA Editions	\$259,827	\$265,450	(\$5,623)
Neal-Schuman	\$168,782	\$0	\$168,782
Graphics	\$115,359	\$131,738	(\$16,379)
TOTAL	\$543,968	\$397,188	\$146,780

Intangible Assets and Goodwill (schedule 6)

Intangible Assets	\$4,250,000
Amortization at May 31, 2013	(\$837,197)
Net Intangible Assets	\$3,412,803
Goodwill (including Workforce)	\$2,326,567
Total Net Intangible Assets and Goodwill	\$5,739,370

The analysis of an impairment of goodwill and intangible assets is to be performed annually. The Association has obtained Plante and Moran to perform the valuation of Intangible Assets. The valuation work is scheduled to commence in mid September and a final report in early November.

Liquidity Ratio (schedule 7)

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

At May 31, 2013	Ratio	Required
Debt Service coverage Ratio	0.56	1.1:1.0
Cash to Debt Ratio	3.06	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 is required evidencing a Cash to Debt Ratio of at least 1.5 to 1.0. The Association has filed the compliance certificate with JP Morgan at February 28, 2013.

Grant Overhead Rate

The Association received its indirect cost negotiation agreement from the U.S. Department of the Interior National Business Center on July 23, 2012. The rate was negotiated for the NEH. The rate of 18.57% will be effective for the period Sept 1, 2010 through August 31, 2013.

NEUBERGER BERMAN ACCOUNTS
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%	
31-May-13	\$13,958,465	\$241,084	2.52%	
		9,642,026	5.01%	AVG

HISTORY OF DEPOSITS TO THE NEUBERGER BERMAN

DATE	AMOUNT	# OF MONTHS
12/15/1991	\$1,500,000	261
02/15/1992	\$500,000	259
02/15/1993	\$1,000,000	247
05/15/1993	\$1,000,000	244
06/15/1993	\$500,000	243
06/15/1995	\$750,000	219
03/21/2001	\$400,000	148
03/29/2001	\$400,000	148
04/20/2001	\$555,400	147
08/18/2008	\$2,000,000	58
05/29/2009	(\$900,000)	49
09/22/2009	(\$500,000)	45
08/09/2011	(\$1,000,000)	22
12/23/2011	(\$7,500,000)	18
07/06/2012	\$5,500,000	11
02/08/2013	\$200,000	4
03/08/2013	\$100,000	3
04/08/2013	\$100,000	2
05/09/2013	\$100,000	1
	\$4,705,400	

AMERICAN LIBRARY ASSOCIATION
 NEUBERGER BERMAN BOND FUND
 STATEMENT OF UNREALIZED/REALIZED GAINS AND LOSSES
 FOR THE TWELVE MONTHS ENDING AUGUST 31, 2013

SCHEDULE 2

MONTH	NEUBERGER #1		NEUBERGER #2		M/L - PPG		NET
	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	
09/30/2012	(3497.00)	0.00	53761.00	(53873.00)	949.00	0.00	(2,660)
10/31/2012	(2104.00)	(11507.00)	25328.00	113.00	(11778.00)	4736.00	4,788
11/30/2012	(1697.00)	670.00	(4870.00)	4538.00	(12349.00)	5052.00	(8,656)
12/31/2012	(12,823)	2,520	(23,849)	5,169	(10,834)	0	(39,817)
01/31/2013	(11,845)	0	(28,228)	(676)	(31,746)	5,171	(67,324)
02/28/2013	5,865	335	12,123	(1,437)	9,627	(416)	26,097
03/31/2013	26,611	0	(2,248)	(1,196)	(7,143)	0	16,024
04/30/2013	802	0	17,844	(702)	4,133	13,878	35,955
05/31/2013	(24,517)	0	(73,211)	3,908	(58,035)	1,900	(149,955)
06/30/2013							0
07/31/2013							0
08/31/2013							0
TOTAL - FY13	(23,205)	(7,982)	(23,350)	(44,156)	(117,176)	30,321	(185,548)
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
TOTAL	\$127,959	(\$319,606)	\$183,530	\$32,900	\$100,732	\$119,234	\$244,749

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

SCHEDULE 3

FISCAL YEAR 2013	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
SEPTEMBER 2012	\$1,855,593	\$279,993	\$58,586	\$93,706	(\$4,837)	(\$125,915)	\$2,157,126
OCTOBER 2012	\$1,403,298	\$476,768	\$90,124	(\$2,082)	\$21,008	(\$110,422)	\$1,878,694
NOVEMBER 2012	\$1,026,297	\$308,362	\$242,693	\$44,011	(\$3,312)	(\$101,191)	\$1,516,860
DECEMBER 2012	\$984,200	\$305,695	\$142,331	\$63,647	\$24,731	(\$54,082)	\$1,466,522
JANUARY 2013	\$1,472,194	\$169,992	\$111,394	\$61,063	\$13,133	(\$42,411)	\$1,785,365
FEBRUARY 2013	\$1,218,040	\$400,643	\$93,163	\$28,670	\$35,122	(\$25,632)	\$1,750,006
MARCH 2013	\$1,725,848	\$362,256	\$152,569	\$6,833	(\$26,391)	(\$18,743)	\$2,202,372
APRIL 2013	\$1,274,228	\$646,566	\$110,661	\$65,773	\$543	(\$54,262)	\$2,043,509
MAY 2013	\$1,536,477	\$311,058	\$204,993	\$3,558	\$12,568	(\$43,158)	\$2,025,496
JUNE 2013							\$0
JULY 2013							\$0
AUGUST 2013							\$0
TOTAL - FY 2013	\$12,496,175	\$3,261,333	1,206,514	365,179	72,565	(575,816)	16,825,950
FY 2013 AVERAGE	\$1,388,464	\$362,370	\$134,057	\$40,575	\$8,063	(\$63,980)	\$1,869,550
%	74.27%	19.38%	7.17%	2.17%	0.43%	-3.42%	100.00%

FISCAL YEAR 2012	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
SEPTEMBER 2011	\$1,436,651	\$223,333	\$11,630	\$46,852	\$5,147	(\$54,173)	\$1,669,440
OCTOBER 2011	\$1,053,634	\$414,962	\$127,966	(\$7,132)	\$22,688	(\$49,480)	\$1,562,638
NOVEMBER 2011	\$1,014,906	\$271,857	\$126,763	\$20,722	(\$12,645)	(\$38,654)	\$1,382,949
DECEMBER 2011	\$1,060,207	\$307,772	\$62,142	\$32,221	\$14,569	(\$51,932)	\$1,424,979
JANUARY 2012	\$1,263,558	\$161,512	\$76,040	\$13,946	\$19,991	(\$41,781)	\$1,493,266
FEBRUARY 2012	\$1,398,572	\$139,669	\$26,383	\$19,728	(\$1,425)	(\$51,776)	\$1,531,151
MARCH 2012	\$1,130,859	\$533,789	\$58,478	\$11,290	\$1,998	(\$27,743)	\$1,708,671
APRIL 2012	\$1,121,724	\$208,313	\$96,164	\$29,552	\$4,332	(\$22,456)	\$1,437,629
MAY 2012	\$1,498,511	\$228,531	(\$22,835)	\$20,069	\$14,435	(\$16,493)	\$1,722,218
JUNE 2012	\$1,488,266	\$226,048	\$98,847	(\$30,083)	(\$70,274)	\$685	\$1,713,489
JULY 2012	\$1,215,748	\$383,600	\$108,057	(\$43,271)	(\$79,776)	(\$23,975)	\$1,560,383
AUGUST 2012	\$1,147,582	\$323,688	\$365,141	\$135,738	\$3,831	(\$133,911)	\$1,842,069
TOTAL - FY 2012	\$14,830,218	\$3,423,074	1,134,776	249,632	(77,129)	(511,689)	\$19,048,882
FY 2012 AVERAGE	\$1,235,852	\$285,256	\$94,565	\$20,803	(\$6,427)	(\$42,641)	\$1,587,407
%	77.85%	17.97%	5.96%	1.31%	-0.40%	-2.69%	100.00%

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

SCHEDULE 4

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%
05/31/2013	512,453	-5.31%	905,892	4.69%	751,224	11.88%	2,169,569	4.41%

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

SCHEDULE 5

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	NEAL SCHUMAN	% CHANGE	TOTAL		% CHANGE	% OF TOTAL INVENTORY
							ALA EDITIONS	%		
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%	
05/31/13	115,359	-12.4297%	259,827	5.86%	168,782	20.56%	543,968	5.18%	26.56%	

**Amortization schedule
Intangible Assets and Goodwill**

SCHEDULE 6

Intangible Assets	Fair Value 12/23/2011	Useful Life (Years)	FY 2012	At 05/31/13 (06/13/08/13)	FY 2013 (06/13/08/13)	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	13,875	4,625	18,500	18,500	9,250							74,000
Trademarks & Brands Extension	\$1,684,000	10	84,200	126,300	42,100	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	129,000	43,000	172,000	86,000								516,000
Distribution Relationship	\$631,000	7	45,071	67,607	22,536	90,143	90,143	90,143	90,143	90,143	45,071				631,000
Co-Publishing Relationship	\$998,000	7	71,286	106,928	35,643	142,571	142,571	142,571	142,571	142,571	71,286				997,999
Online & Catalog	\$150,000	3	25,000	37,500	12,500	50,000	25,000								150,000
Customer Relationship	\$197,000	7	14,071	21,107	7,036	28,143	28,143	28,143	28,143	28,143	14,071				197,000
Total Intangible Assets			334,879	502,318	167,439	668,757	558,757	438,507	429,257	429,257	288,828	168,400	168,400	84,200	4,248,999
Cumulative amortization			334,879	837,197	1,004,636	1,674,393	2,233,150	2,671,657	3,100,914	3,630,171	3,828,989	3,997,388	4,165,769	4,248,999	
Net Intangible Assets	\$4,250,000		3,915,121	3,412,803	3,245,364	2,575,607	2,016,850	1,578,343	1,149,086	719,829	421,001	252,601	84,201	1	
Goodwill	\$2,326,567	Indefinite	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	
Total Net Intangible Assets and Goodwill	\$6,576,567		\$6,241,688	\$5,739,370	\$5,571,931	\$4,902,174	\$4,343,417	\$3,904,910	\$3,476,653	\$3,046,396	\$2,747,568	\$2,579,168	\$2,410,768	\$2,326,568	

SCHEDULE 7

	May 31, 2013	May 31, 2012	PRO FORMA 08/31/2013	PRO FORMA 08/31/2014
DEBT SERVICE COVERAGE RATIO				
CHANGE IN UNRESTRICTED NET ASSETS	\$107,679	(\$1,264,564)	(\$1,075,245)	(\$495,785)
POST RETIREMENT BENEFITS	\$0	\$0	\$0	\$0
DEPRECIATION	\$1,461,602	\$1,200,104	\$1,982,065	\$2,013,844
AMORTIZATION	\$1,023,898	\$691,156	\$1,382,444	\$1,403,495
INTEREST EXPENSE	\$312,157	\$92,763	\$332,160	\$328,120
LETTER OF CREDIT FEE	\$0	\$0	\$0	\$0
REALIZED/UNREALIZED GAINS/LOSSES	(\$2,324,293)	\$280,765	(\$99,046)	(\$99,387)
TOTAL CASH FLOW (A)	\$581,043	\$1,000,224	\$2,522,378	\$3,150,287
CURRENT PORTION -LONG TERM DEBT	\$647,500	\$273,099	\$647,500	\$647,500
CURRENT PORTION -CAPITAL LEASE	\$70,622	\$177,256	\$229,938	\$167,255
INTEREST EXPENSE	\$312,157	\$92,763	\$332,160	\$328,120
LETTER OF CREDIT FEE	\$0	\$0	\$0	\$0
TOTAL CURRENT LONG TERM DEBT (B)	\$1,030,279	\$543,118	\$1,209,598	\$1,142,875
DEBT SERVICE COVERAGE (A/B)	0.56	1.84	2.09	2.76
DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0
CASH TO DEBT RATIO				
CASH AND EQUIVALENT	\$2,514,836	\$4,140,929	\$3,000,000	\$2,000,000
SHORT-TERM INVESTMENT	\$13,992,892	\$7,866,154	\$14,000,000	\$14,000,000
LONG-TERM INVESTMENT	\$34,944,466	\$31,110,779	\$34,000,000	\$35,000,000
TOTAL CASH AND INVESTMENTS	\$51,452,194	\$43,117,862	\$51,000,000	\$51,000,000
TEMPORARILY RESTRICTED NET ASSETS	\$4,144,929	\$4,757,212	\$4,100,000	\$4,100,000
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$14,231,682	\$13,089,007	\$10,000,000	\$9,000,000
NET ASSETS AND DEFERRED REVENUE	\$18,891,311	\$18,360,919	\$14,614,700	\$13,614,700
UNRESTRICTED CASH AND INVESTMENT(A)	\$32,560,883	\$24,756,943	\$36,385,300	\$37,385,300
CURRENT PORTION OF LONG-TERM DEBT	\$647,500	\$273,099	\$647,500	\$647,500
NON-CURR PORTION OF LONG-TERM DEBT	\$9,452,500	\$4,299,274	\$8,805,000	\$8,157,500
CURRENT PORTION OF CAPITAL LEASE	\$70,612	\$177,256	\$229,938	\$167,255
NON-CURR PORTION OF CAPITAL LEASE	\$485,209	\$531,769	\$255,271	\$88,016
TOTAL INDEBTEDNESS(B)	\$10,655,821	\$5,281,398	\$9,937,709	\$9,060,271
CASH TO DEBT RATIO (A/B)	3.06	4.69	3.66	4.13
CASH TO DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0

HISTORY FY13

SCHEDULE 8

	April 30, 2013	March 31, 2013	Feb 28, 2013	Nov 30, 2012	31-Aug-12 Audited
DEBT SERVICE COVERAGE RATIO					
CHANGE IN UNRESTRICTED NET ASSETS	\$712,121	(\$1,147,319)	(\$869,223)	(\$1,574,511)	\$589,555
POST RETIREMENT BENEFITS	\$0	\$0	\$0	\$0	\$341,853
DEPRECIATION	\$1,297,459	\$1,135,840	\$971,696	\$481,225	\$1,643,990
AMORTIZATION	\$910,132	\$796,365	\$682,599	\$366,280	\$1,286,146
INTEREST EXPENSE	\$275,931	\$240,158	\$205,378	\$99,331	\$235,523
LETTER OF CREDIT FEE	\$0	\$0	\$0	\$0	\$17,711
REALIZED/UNREALIZED GAINS/LOSSES	(\$2,516,308)	(\$1,772,979)	(\$1,112,744)	(\$133,916)	(\$1,062,154)
TOTAL CASH FLOW (A)	\$679,335	(\$747,935)	(\$122,294)	(\$761,591)	\$3,052,624
CURRENT PORTION -LONG TERM DEBT	\$647,500	\$647,500	\$647,500	\$647,500	\$647,500
CURRENT PORTION -CAPITAL LEASE	\$88,921	\$107,071	\$125,073	\$178,205	\$223,816
INTEREST EXPENSE	\$275,931	\$240,158	\$205,378	\$99,331	\$235,523
LETTER OF CREDIT FEE	\$0	\$0	\$0	\$0	\$17,711
TOTAL CURRENT LONG TERM DEBT (B)	\$1,012,352	\$994,729	\$977,951	\$925,036	\$1,124,550
	0.67	(0.75)	(0.13)	(0.82)	2.71
	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0
CASH TO DEBT RATIO					
	April 30, 2013	March 31, 2013	Feb 28, 2013	Nov 30, 2012	31-Aug-12 audited
CASH AND EQUIVALENT	\$2,966,529	\$1,956,210	\$3,511,427	\$2,427,734	\$2,672,539
SHORT-TERM INVESTMENT	\$14,017,153	\$13,976,501	\$13,961,580	\$13,592,310	\$13,828,329
LONG-TERM INVESTMENT	\$35,271,966	\$34,549,530	\$33,825,255	\$32,466,629	\$32,560,816
TOTAL CASH AND INVESTMENTS	\$52,255,648	\$50,482,241	\$51,298,262	\$48,486,673	\$49,061,684
TEMPORARILY RESTRICTED NET ASSETS	\$4,133,505	\$4,115,812	\$4,068,511	\$4,021,087	\$5,048,836
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$13,518,370	\$14,723,982	\$13,253,629	\$11,382,329	\$9,077,417
NET ASSETS AND DEFERRED REVENUE	\$18,166,575	\$19,354,494	\$17,836,840	\$15,918,116	\$14,640,953
UNRESTRICTED CASH AND INVESTMENT(A)	\$34,089,073	\$31,127,747	\$33,461,422	\$32,568,557	\$34,420,731
CURRENT PORTION OF LONG-TERM DEBT	\$647,500	\$647,500	\$647,500	\$647,500	\$647,500
NON-CURR PORTION OF LONG-TERM DEBT	\$9,452,500	\$9,452,500	\$9,452,500	\$9,452,500	\$9,452,500
CURRENT PORTION OF CAPITAL LEASE	\$88,921	\$107,071	\$125,073	\$178,205	\$223,816
NON-CURR PORTION OF CAPITAL LEASE	\$485,209	\$485,209	\$485,209	\$485,209	\$485,209
TOTAL INDEBTEDNESS(B)	\$10,674,130	\$10,692,280	\$10,710,282	\$10,763,414	\$10,809,025
CASH TO DEBT RATIO (A/B)	3.19	2.91	3.12	3.03	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	1.1 TO 1.0

Yearly Amortization
Date

Annual Rate
3.50%

Outstanding Principal	Principal Payment	Interest Payment	Total Payment	Ending Principal
\$10,100,000.00	\$0.00	\$353,500.00	\$353,500.00	\$10,100,000.00
\$10,100,000.00	\$647,500.00	\$353,500.00	\$1,001,000.00	\$9,452,500.00
\$9,452,500.00	\$647,500.00	\$330,837.50	\$978,337.50	\$8,805,000.00
\$8,805,000.00	\$647,500.00	\$308,175.00	\$955,675.00	\$8,157,500.00
\$8,157,500.00	\$1,147,500.00	\$285,512.50	\$1,433,012.50	\$7,010,000.00
\$7,010,000.00	\$1,147,500.00	\$245,350.00	\$1,392,850.00	\$5,862,500.00
\$5,862,500.00	\$1,147,500.00	\$205,187.50	\$1,352,687.50	\$4,715,000.00

Monthly Amortization
Date

Outstanding Principal	Principal Payment	Interest Payment	Total Payment	Ending Principal
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$27,494.44	\$27,494.44	\$10,100,000.00
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
\$10,100,000.00	\$647,500.00	\$30,440.28	\$677,940.28	\$9,452,500.00
\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
\$9,452,500.00	\$0.00	\$25,731.81	\$25,731.81	\$9,452,500.00
\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
\$9,452,500.00	\$647,500.00	\$28,488.78	\$675,988.78	\$8,805,000.00
\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
\$8,805,000.00	\$0.00	\$23,969.17	\$23,969.17	\$8,805,000.00
\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00

05/01/2015	31	0.086	\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
06/01/2015	30	0.083	\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
07/01/2015	31	0.086	\$8,805,000.00	\$647,500.00	\$26,537.29	\$674,037.29	\$8,157,500.00
08/01/2015	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
09/01/2015	30	0.083	\$8,157,500.00	\$0.00	\$23,792.71	\$23,792.71	\$8,157,500.00
10/01/2015	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
11/01/2015	30	0.083	\$8,157,500.00	\$0.00	\$23,792.71	\$23,792.71	\$8,157,500.00
12/01/2015	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
01/01/2016	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
02/01/2016	29	0.081	\$8,157,500.00	\$0.00	\$22,999.62	\$22,999.62	\$8,157,500.00
03/01/2016	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
04/01/2016	30	0.083	\$8,157,500.00	\$0.00	\$23,792.71	\$23,792.71	\$8,157,500.00
05/01/2016	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
06/01/2016	30	0.083	\$8,157,500.00	\$0.00	\$23,792.71	\$23,792.71	\$8,157,500.00
07/01/2016	31	0.086	\$8,157,500.00	\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
08/01/2016	31	0.086	\$7,010,000.00	\$1,147,500.00	\$1,172,085.80	\$1,172,085.80	\$7,010,000.00
09/01/2016	30	0.083	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
10/01/2016	31	0.086	\$7,010,000.00	\$0.00	\$20,445.83	\$20,445.83	\$7,010,000.00
11/01/2016	30	0.083	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
12/01/2016	31	0.086	\$7,010,000.00	\$0.00	\$20,445.83	\$20,445.83	\$7,010,000.00
01/01/2017	31	0.086	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
02/01/2017	28	0.078	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
03/01/2017	31	0.086	\$7,010,000.00	\$0.00	\$19,082.78	\$19,082.78	\$7,010,000.00
04/01/2017	30	0.083	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
05/01/2017	31	0.086	\$7,010,000.00	\$0.00	\$20,445.83	\$20,445.83	\$7,010,000.00
06/01/2017	30	0.083	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
07/01/2017	31	0.086	\$7,010,000.00	\$0.00	\$20,445.83	\$20,445.83	\$7,010,000.00
08/01/2017	31	0.086	\$5,862,500.00	\$1,147,500.00	\$21,127.36	\$1,168,627.36	\$5,862,500.00
09/01/2017	30	0.083	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
10/01/2017	31	0.086	\$5,862,500.00	\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
11/01/2017	30	0.083	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
12/01/2017	31	0.086	\$5,862,500.00	\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
01/01/2018	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
02/01/2018	28	0.078	\$5,862,500.00	\$0.00	\$15,959.03	\$15,959.03	\$5,862,500.00
03/01/2018	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
04/01/2018	30	0.083	\$5,862,500.00	\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
05/01/2018	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
06/01/2018	30	0.083	\$5,862,500.00	\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
07/01/2018	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
08/01/2018	31	0.086	\$4,715,000.00	\$1,147,500.00	\$1,165,168.92	\$1,165,168.92	\$4,715,000.00
09/01/2018	30	0.083	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
10/01/2018	31	0.086	\$4,715,000.00	\$0.00	\$13,752.08	\$13,752.08	\$4,715,000.00
11/01/2018	30	0.083	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
12/01/2018	31	0.086	\$4,715,000.00	\$0.00	\$13,752.08	\$13,752.08	\$4,715,000.00
01/01/2019	31	0.086	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
02/01/2019	28	0.078	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
03/01/2019	31	0.086	\$4,715,000.00	\$0.00	\$12,835.28	\$12,835.28	\$4,715,000.00
					\$14,210.49	\$14,210.49	\$4,715,000.00

04/01/2019	30	0.083	\$4,715,000.00	\$0.00	\$13,752.08	\$13,752.08	\$4,715,000.00
05/01/2019	31	0.086	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
06/01/2019	30	0.083	\$4,715,000.00	\$0.00	\$13,752.08	\$13,752.08	\$4,715,000.00
07/01/2019			\$4,715,000.00				\$4,715,000.00

