

TO: ALA Executive Board

DATE: October 24, 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

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 Association's FY13 preliminary audit was completed in July 2013, and the field work is scheduled to commence on November 4th through November 22nd, 2013.

Total ALA Financial Position

	August 31, 2013	August 31, 2012	Change
Total Assets	\$76,507,418	\$76,175,776	\$331,642
Total Liabilities	\$44,396,656	\$45,569,474	(\$1,172,818)
Net Assets	\$32,110,762	\$30,606,301	\$1,504,461

The increase in total assets at August 31, 2013 compared to August 31, 2012 is due to the higher value of the Long-term Investment offset by the decrease in short-term investment value and amortization of the intangible assets. The Association had a \$1,000,000. draw from the Bond fund in August 2013 and \$500,000 was repaid in October 2013. The decrease in total liabilities is due to lower deferred grants revenue and decrease in the long-term debt.

	August 31, 2013	August 31, 2012	YTD Budget	Variance
Total Revenue	\$51,494,512	\$50,525,869	\$52,719,238	(\$1,224,726)
Total Expenses	\$49,989,597	\$50,221,164	\$54,267,558	\$4,277,961
Net Revenue	\$1,504,915	\$304,705	(\$1,548,320)	\$3,053,235

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, Graphics revenue, and advertising revenue. Division revenue is higher than budget due to strong conference activities, but lower book sales and subscription revenue.

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

Cash Management

	August 31, 2013	August 31, 2012	Change
Total Cash	\$3,140,667	\$2,608,747	\$531,920
Bond Fund (schedule 1)	\$12,397,094	\$13,828,329	(\$1,431,235)
Total Cash and S-T investment	\$15,537,761	\$16,437,076	(\$899,315)

The decrease in cash and S-T investment balance is due to lower revenue and \$450,000 in unrealized/realized loss for the year. The Association had a \$1,000,000 draw from the Bond fund in August 2013, and \$500,000 repayment was made on October 10, 2013.

Bond Fund Activities

Interest income since December 1991	\$9,722,998	(schedule 1)
Net realized/unrealized gain(loss) since December 1991	\$14,542	(schedule 2)
Year-to-date net realized/unrealized gain(loss)	(\$415,755)	(schedule 2)

Line of Credit

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

There was no outstanding loan as of August 31, 2013.

The Association had a draw on September 13, 2013 for \$500,000 to meet operating cash needs and was repaid in full on September 24, 2013.

Deferred Revenue

	August 31, 2013	August 31, 2012	Change
Membership Dues	\$4,049,838	\$4,204,404	(\$154,566)
Subscriptions	\$2,500,257	\$2,249,141	\$251,116
Conferences-2014 Annual and MW	\$833,785	\$1,305,335	(\$471,550)
Conferences-Division	\$1,801,721	\$1,317,202	\$484,519
TOTAL	\$9,185,601	\$9,076,082	\$109,519

Membership deferred revenue at August 31, 2013 is lower than August 31, 2012 due to lower personal membership. The increase in deferred subscription revenue is due to increased activities for RDA and CHOICE. The advanced exhibits deposit for annual is lower for Las Vegas compared to Chicago last year. The increase in deferred conference revenue for division is due to two division conferences in FY14, and one in FY13.

Long-Term Debt

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 was made on July 1, 2013 in the amount of \$647,500. Interest payments are made monthly. From July 2013 to June 2014, \$50,000 is being set aside every month from the operating fund to meet the cash needs. The next payment is due on July 1, 2014. The fund is invested in Blackrock Strategic fund.

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

Trade Accounts Receivable(Sched 3)	August 31, 2013	August 31, 2012	Change
Current	\$1,276,104	\$1,147,582	\$128,522
30 days	\$502,781	\$323,688	\$179,093
60 days	\$205,993	\$365,141	(\$159,148)
90 days	\$89,383	\$135,738	(\$46,355)
120 days	\$16,135	\$3,831	\$12,304
150 days	(\$17,643)	(\$133,911)	\$116,268
Total	\$2,072,753	\$1,842,069	\$230,684

Inventory

Inventory Levels (Sched 4)	August 31, 2013	August 31, 2012	Change
ALA Editions	\$949,027	\$865,274	\$83,753
Neal-Schuman	\$785,543	\$671,444	\$114,099
Graphics	\$521,304	\$541,212	(\$19,908)
TOTAL	\$2,255,874	\$2,077,930	\$177,944

Inventory Reserve Levels (sched 5)	August 31, 2013	August 31, 2012	Change
ALA Editions	\$289,431	\$245,450	\$43,981
Neal-Schuman	\$168,782	\$140,000	\$28,782
Graphics	\$125,142	\$131,733	(\$6,591)
TOTAL	\$583,355	\$517,183	\$66,172

Intangible Assets and Goodwill (schedule 6)

Intangible Assets	\$4,250,000
Amortization at August 31, 2013	(\$1,004,636)
Net Intangible Assets	\$3,245,364
Goodwill (including Workforce)	\$2,326,567
Total Net Intangible Assets and Goodwill	\$5,571,931

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 in progress and expected to be completed 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 August 31, 2013	Ratio	Required
Debt Service coverage Ratio	2.86	1.1:1.0
Cash to Debt Ratio	3.62	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. The August 31, 2013 Compliance Certificate to JP Morgan is due on October 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%	
2013	\$12,397,094	\$322,056	2.52%	
		9,722,998	5.01%	AVG

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	(25,068)	0	(72,322)	308	13,633	(83,202)	(166,651)
07/31/2013	6,939	0	1,680	687	3,151	0	12,457
08/31/2013	31,124	(48,145)	(46,419)	14,615	35,275	(62,463)	(76,013)
TOTAL - FY13	(10,210)	(56,127)	(140,411)	(28,546)	(65,117)	(115,344)	(415,755)
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	\$140,954	(\$367,751)	\$66,469	\$48,510	\$152,791	(\$26,431)	\$14,542

**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	\$1,402,636	\$455,794	\$171,338	\$4,833	\$8,686	(\$7,550)	\$2,035,737
JULY 2013	\$1,113,702	\$472,300	\$290,211	\$51,786	(\$19,898)	(\$25,506)	\$1,882,595
AUGUST 2013	\$1,276,104	\$502,781	\$205,993	\$89,383	\$16,135	(\$17,643)	\$2,072,753
TOTAL - FY 2013	\$16,288,617	\$4,692,208	1,874,056	511,181	77,488	(626,515)	22,817,035
FY 2013 AVERAGE	\$1,357,385	\$391,017	\$156,171	\$42,598	\$6,457	(\$52,210)	\$1,901,420
%	71.39%	20.56%	8.21%	2.24%	0.34%	-2.75%	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%
2013	521,304	-3.68%	949,027	9.68%	785,543	16.99%	2,255,874	8.56%

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

SCHEDULE 5

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%

SCHEDULE 6

**Amortization schedule
Intangible Assets and Goodwill**

Intangible Assets	Fair Value 12/23/2011	Useful Life (Years)	FY 2012	FY 2013	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	18,500	18,500	9,250							74,000
Trademarks & Brands Extension	\$1,684,000	10	84,200	168,400	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	172,000	86,000								516,000
Distribution Relationship	\$631,000	7	45,071	90,143	90,143	90,143	90,143	90,143	90,143	45,071				631,000
Co-Publishing Relationship	\$998,000	7	71,286	142,571	142,571	142,571	142,571	142,571	142,571	71,287				997,999
Online & Catalog	\$150,000	3	25,000	50,000	50,000	25,000								150,000
Customer Relationship	\$197,000	7	14,071	28,143	28,143	28,143	28,143	28,143	28,143	14,071				197,000
Total Intangible Assets			334,879	669,757	669,757	558,757	438,507	429,257	429,257	298,828	168,400	168,400	84,200	4,250,000
Cumulative amortization			334,879	1,004,638	1,674,393	2,233,150	2,671,657	3,100,914	3,530,171	3,829,000	3,997,400	4,165,800	4,250,000	
Net Intangible Assets	\$4,250,000		3,915,121	3,245,364	2,575,607	2,016,950	1,578,343	1,149,086	719,829	421,000	252,600	84,200	0	
Goodwill	\$2,326,567	Indefinite	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,567	\$2,326,537	\$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	\$5,571,931	\$4,902,174	\$4,343,417	\$3,704,910	\$3,475,653	\$3,046,398	\$2,747,567	\$2,579,167	\$2,410,787	\$2,326,567	

Liquidity Ratio

SCHEDULE 7

DEBT SERVICE COVERAGE RATIO	August 31, 2013 Unaudited	August 31, 2012 Audited	PRO FORMA 08/31/2013	PRO FORMA 08/31/2014
CHANGE IN UNRESTRICTED NET ASSETS	\$1,363,774	\$589,555	(\$1,075,245)	(\$495,785)
POST RETIREMENT BENEFITS	\$0	\$341,853	\$0	\$0
DEPRECIATION	\$1,902,274	\$1,643,990	\$1,982,065	\$2,013,844
AMORTIZATION	\$1,385,864	\$1,286,146	\$1,382,444	\$1,403,495
INTEREST EXPENSE	\$408,608	\$235,523	\$332,160	\$328,120
LETTER OF CREDIT FEE	\$0	\$17,711	\$0	\$0
REALIZED/UNREALIZED GAINS/LOSSES	(\$1,628,355)	(\$1,062,154)	(\$99,046)	(\$99,387)
TOTAL CASH FLOW (A)	\$3,432,165	\$3,052,624	\$2,522,378	\$3,150,287
CURRENT PORTION -LONG TERM DEBT	\$647,500	\$647,500	\$647,500	\$647,500
CURRENT PORTION -CAPITAL LEASE	\$142,089	\$223,816	\$229,938	\$167,255
INTEREST EXPENSE	\$408,608	\$235,523	\$332,160	\$328,120
LETTER OF CREDIT FEE	\$0	\$17,711	\$0	\$0
TOTAL CURRENT LONG TERM DEBT (B)	\$1,198,197	\$1,124,550	\$1,209,598	\$1,142,875
DEBT SERVICE COVERAGE (A/B)	2.86	2.71	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	August 31, 2013 Unaudited	August 31, 2012 Audited	PRO FORMA 08/31/2013	PRO FORMA 08/31/2014
CASH AND EQUIVALENT	\$3,140,668	\$2,672,539	\$3,000,000	\$2,000,000
SHORT-TERM INVESTMENT	\$12,397,093	\$13,828,329	\$14,000,000	\$14,000,000
LONG-TERM INVESTMENT	\$34,381,883	\$32,560,816	\$34,000,000	\$35,000,000
TOTAL CASH AND INVESTMENTS	\$49,919,644	\$49,061,684	\$51,000,000	\$51,000,000
TEMPORARILY RESTRICTED NET ASSETS	\$4,149,309	\$5,048,836	\$4,100,000	\$4,100,000
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$9,185,601	\$9,077,417	\$10,000,000	\$9,000,000
NET ASSETS AND DEFERRED REVENUE	\$13,849,610	\$14,640,953	\$14,614,700	\$13,614,700
UNRESTRICTED CASH AND INVESTMENT(A)	\$36,070,034	\$34,420,731	\$36,385,300	\$37,385,300
CURRENT PORTION OF LONG-TERM DEBT	\$647,500	\$647,500	\$647,500	\$647,500
NON-CURR PORTION OF LONG-TERM DEBT	\$8,805,000	\$9,452,500	\$8,805,000	\$8,157,500
CURRENT PORTION OF CAPITAL LEASE	\$142,089	\$223,816	\$229,938	\$167,255
NON-CURR PORTION OF CAPITAL LEASE	\$383,157	\$485,209	\$255,271	\$88,016
TOTAL INDEBTEDNESS(B)	\$9,977,746	\$10,809,025	\$9,937,709	\$9,060,271
CASH TO DEBT RATIO (A/B)	3.62	3.18	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

Yearly Amortization

Date	Outstanding Principal	Principal Payment	Interest Payment	Total Payment	Ending Principal
07/01/2012	\$10,100,000.00	\$0.00	\$353,500.00	\$353,500.00	\$10,100,000.00
07/01/2013	\$10,100,000.00	\$647,500.00	\$353,500.00	\$1,001,000.00	\$9,452,500.00
07/01/2014	\$9,452,500.00	\$647,500.00	\$330,837.50	\$978,337.50	\$8,805,000.00
07/01/2015	\$8,805,000.00	\$647,500.00	\$308,175.00	\$955,675.00	\$8,157,500.00
07/01/2016	\$8,157,500.00	\$1,147,500.00	\$285,512.50	\$1,433,012.50	\$7,010,000.00
07/01/2017	\$7,010,000.00	\$1,147,500.00	\$245,350.00	\$1,392,850.00	\$5,862,500.00
07/01/2018	\$5,862,500.00	\$1,147,500.00	\$205,187.50	\$1,352,687.50	\$4,715,000.00
07/01/2019	\$4,715,000.00				

Monthly Amortization

Date	Outstanding Principal	Principal Payment	Interest Payment	Total Payment	Ending Principal
08/01/2012	\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
09/01/2012	\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
10/01/2012	\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
11/01/2012	\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
12/01/2012	\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
01/01/2013	\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
02/01/2013	\$10,100,000.00	\$0.00	\$27,494.44	\$27,494.44	\$10,100,000.00
03/01/2013	\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
04/01/2013	\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
05/01/2013	\$10,100,000.00	\$0.00	\$30,440.28	\$30,440.28	\$10,100,000.00
06/01/2013	\$10,100,000.00	\$0.00	\$29,458.33	\$29,458.33	\$10,100,000.00
07/01/2013	\$10,100,000.00	\$647,500.00	\$30,440.28	\$677,940.28	\$9,452,500.00
08/01/2013	\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
09/01/2013	\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
10/01/2013	\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
11/01/2013	\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
12/01/2013	\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
01/01/2014	\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
02/01/2014	\$9,452,500.00	\$0.00	\$25,731.81	\$25,731.81	\$9,452,500.00
03/01/2014	\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
04/01/2014	\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
05/01/2014	\$9,452,500.00	\$0.00	\$28,488.78	\$28,488.78	\$9,452,500.00
06/01/2014	\$9,452,500.00	\$0.00	\$27,569.79	\$27,569.79	\$9,452,500.00
07/01/2014	\$9,452,500.00	\$647,500.00	\$28,488.78	\$675,988.78	\$8,805,000.00
08/01/2014	\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
09/01/2014	\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
10/01/2014	\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
11/01/2014	\$8,805,000.00	\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
12/01/2014	\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
01/01/2015	\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
02/01/2015	\$8,805,000.00	\$0.00	\$23,969.17	\$23,969.17	\$8,805,000.00
03/01/2015	\$8,805,000.00	\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
04/01/2015	\$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	\$8,157,500.00	\$1,147,500.00	\$24,585.80	\$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	\$19,082.78	\$19,082.78	\$7,010,000.00
03/01/2017	31	0.086	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
04/01/2017	30	0.083	\$7,010,000.00	\$0.00	\$20,445.83	\$20,445.83	\$7,010,000.00
05/01/2017	31	0.086	\$7,010,000.00	\$0.00	\$21,127.36	\$21,127.36	\$7,010,000.00
06/01/2017	30	0.083	\$7,010,000.00	\$0.00	\$20,445.83	\$20,445.83	\$7,010,000.00
07/01/2017	31	0.086	\$7,010,000.00	\$1,147,500.00	\$21,127.36	\$1,168,627.36	\$5,862,500.00
08/01/2017	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
09/01/2017	30	0.083	\$5,862,500.00	\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
10/01/2017	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
11/01/2017	30	0.083	\$5,862,500.00	\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
12/01/2017	31	0.086	\$5,862,500.00	\$0.00	\$17,668.92	\$17,668.92	\$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	\$1,147,500.00	\$17,668.92	\$1,165,168.92	\$4,715,000.00
08/01/2018	31	0.086	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
09/01/2018	30	0.083	\$4,715,000.00	\$0.00	\$13,752.08	\$13,752.08	\$4,715,000.00
10/01/2018	31	0.086	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$4,715,000.00
11/01/2018	30	0.083	\$4,715,000.00	\$0.00	\$13,752.08	\$13,752.08	\$4,715,000.00
12/01/2018	31	0.086	\$4,715,000.00	\$0.00	\$14,210.49	\$14,210.49	\$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	\$12,835.28	\$12,835.28	\$4,715,000.00
03/01/2019	31	0.086	\$4,715,000.00	\$0.00	\$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