

2014 - 2015 EBD #4.8

TO: ALA Executive Board

DATE: February 2, 2015

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:

	<u>Page #</u>	<u>Sched Page #</u>
2014 Annual Audit	1	
Total ALA Financial Position	1	
Total ALA Statement of Revenues and Expenses	1	
General Fund Statement of Revenues and Expenses	2	
Cash Management (Schedule 1 & 2)	2	6 & 7
Endowment (Schedule 3)	3	8
Deferred Revenue	3	
Long-Term Debt (Chase)	3	
Trade Accounts Receivable (Schedule 4)	4	9
Inventory (Schedule 5 & 6)	4	10 & 11
Intangible Assets and Goodwill (Schedule 7)	4	12
Liquidity Ratio (Schedule 8 & 9)	5	13 - 14
Grant Indirect Cost Rate	5	

2014 Annual Audit

The ALA's auditor Mueller & Co performed the third year audit for the ALA fiscal year ending August 31, 2014. The audit commenced on November 3, 2014, and the last day of field work was November 21, 2014. The Association has received an unmodified (clean) opinion.

Total ALA Financial Position

TOTAL ALA	November 30, 2014	November 30, 2013	Change
Total Assets	\$82,390,316	\$78,036,468	\$4,353,848
Total Liabilities	\$43,996,467	\$45,511,227	(\$1,514,760)
Net Assets	\$38,393,849	\$32,525,241	\$5,868,608

The increase in total assets at November 30, 2014 compared to November 30, 2013 is due to higher value of the Long-Term Investment, higher Short-Term Investment balance, offset by lower net Intangible Assets due to amortization.

The Endowment balance at November 30, 2014 is \$40,989,191, which is \$3,917,591 higher than November 30, 2013.

The Short-Term investment balance at November 30, 2014 is \$14,614,608, which is \$1,409,482 higher than November 30, 2013.

This is mainly due to the \$850,000 funds set aside from operating cash account to pay the JPMorgan Chase loan.

The July 2014 loan payment was paid from the operating account.

The decrease in total liabilities is due to lower long-term debt, lower Postretirement benefit obligation, and lower capital lease obligation.

Total ALA Net Asset Balance increased by \$5,868,608 mainly due to higher value of the Long-Term Investment.

Total ALA Statement of Revenues and Expenses

TOTAL ALA(All Funds)	YTD Actual November 30, 2014	YTD Budget November 30, 2014	YTD Variance	YTD Actual November 30, 2013
Total Revenue	\$8,843,324	\$9,462,283	(\$618,959)	\$9,471,560
Total Expenses	\$9,867,575	\$10,930,195	\$1,062,620	\$10,349,028
Net Revenue from Operations	(\$1,024,251)	(\$1,467,912)	\$443,661	(\$877,468)

Total ALA revenue is \$618,959 less than budget, mainly due to timing of Grant expenditures.

Total ALA expenses are \$1,062,620 less than budget. Division expenses are \$440,225 under budget and Grant expenses are \$456,835 under budget. The expense savings are in lower professional fees, meetings and conferences, publication related expenses, and operating expenses.

Total ALA net expense from operations which excludes the Technology Reserve expenses and combined net realized and unrealized gain from both Short-term and Long-Term Investment is \$1,024,251 which is \$443,661 better than budget.

GENERAL FUND	YTD Actual November 30, 2014	YTD Budget November 30, 2014	YTD Variance	YTD Actual November 30, 2013
Total Revenue	\$4,947,533	\$5,056,879	(\$109,346)	\$4,845,685
Total Expenses	\$5,870,594	\$5,845,167	(\$25,427)	\$5,805,690
Net Revenue from Operations	(\$923,061)	(\$788,288)	(\$134,773)	(\$960,005)

General fund net revenue is \$109,346 less than budget, \$101,848 more than November 2013. Revenue is less than budget due to lower subscription revenue, advertising revenue and interest revenue. Expenses are on budget and consistent with prior year-to-date expenses.

Cash Management

	November 30, 2014	November 30, 2013	Change
Total Cash	\$4,136,956	\$4,136,032	\$924
Bond Fund (schedule 1)	\$14,614,608	\$13,205,126	\$1,409,482
Total Cash and S-T investment	\$18,751,564	\$17,341,158	\$1,410,406

The Short-Term Investment balance is higher due to repayment of loan from operating account. 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, and the balance was paid in April 2014. The balance also includes \$850,000 set aside from operating cash to meet long-term debt payment. The July 2014 principal payment was paid from the operating account.

Bond Fund Activities

Interest income since December 1991	\$10,107,846	(schedule 1)
Net realized/unrealized gain(loss) since December 1991	\$200,666	(schedule 2)
Year-to-date net realized/unrealized gain(loss) - FY15 only	\$37,745	(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 November 30, 2014. The line of credit was renewed effective June 30, 2015.

Endowment

(Schedule 3)	November 30, 2014	November 30, 2013	Change
Investment Balance	\$40,989,191	\$37,071,600	\$3,917,591
YTD Realized/Unrealized Gain/Loss	\$529,396	\$2,533,769	(\$2,004,373)
YTD Interest/Dividend, net of transfer	\$165,977	\$271,259	(\$105,282)

The year-to-date Long-Term Investment realized and unrealized gain of \$529,396 is comprised of \$1,532,070 of realized gain and \$1,002,674 of unrealized loss. The year-to-date interest/dividend income is \$165,977, net of transfer to the General Fund.

Deferred Revenue

	November 30, 2014	November 30, 2013	Change
Membership Dues	\$3,734,400	\$3,492,580	\$241,820
Subscriptions	\$2,431,673	\$2,391,076	\$40,597
Conferences	\$5,257,249	\$5,220,418	\$36,831
Grants and Awards	\$4,082,851	\$4,084,724	(\$1,873)
TOTAL	\$15,506,173	\$15,188,798	\$317,375

Membership deferred revenue at November 30, 2014 is \$241,820 higher than November 30, 2013. General Fund deferred membership increased by \$167,107, Divisions increased by \$70,953.

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 second annual principal payment was made on July 1, 2014 in the amount of \$647,500. Interest payments are made monthly. From July 2014 to June 2015, \$50,000 is being set aside every month from the operating fund to meet the long-term debt obligation. The next payment is due on July 1, 2015. 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:

	ORIGINAL LOAN AMOUNT	%	PRINCIPAL PAYMENTS MADE	LOAN BALANCE NOVEMBER 2014
NEAL SCHUMAN	\$5,811,491	57.54%	\$745,137	\$5,066,354
DC	\$2,705,000	26.78%	\$346,829	\$2,358,171
CHOICE	\$1,583,509	15.68%	\$203,034	\$1,380,475
TOTAL LOAN	\$10,100,000	100.00%	\$1,295,000	\$8,805,000

Trade Accounts Receivable

Trade Accounts Receivable(Sched 4)	November 30, 2014	November 30, 2013	Change
Current	\$1,463,554	\$1,130,686	\$332,868
30 days	\$168,797	(\$17,126)	\$185,923
60 days	\$71,711	\$191,747	(\$120,036)
90 days	\$21,725	\$3,280	\$18,445
120 days	\$7,482	\$20,369	(\$12,887)
150 days	(\$43,976)	\$17,251	(\$61,227)
Total	\$1,689,293	\$1,346,207	\$343,086

Inventory

Inventory Levels (Sched 5)	November 30, 2014	November 30, 2013	Change
ALA Editions	\$1,205,331	\$970,339	\$234,992
Neal-Schuman	\$797,553	\$796,604	\$949
Graphics	\$508,626	\$494,454	\$14,172
TOTAL	\$2,511,510	\$2,261,397	\$250,113
Inventory Reserve Levels (Sched 6)	November 30, 2014	November 30, 2013	Change
ALA Editions	\$536,798	\$305,414	\$231,384
Neal-Schuman	\$329,214	\$187,037	\$142,177
Graphics	\$139,313	\$128,101	\$11,212
TOTAL	\$1,005,325	\$620,552	\$384,773

Intangible Assets and Goodwill (Schedule 7)

	August 31, 2014	Change	November 30, 2014
Intangible Assets	\$3,870,000	\$0	\$3,870,000
Amortization	(\$1,605,302)	(\$150,166)	(\$1,755,468)
Net Intangible Assets	\$2,264,698		\$2,114,532
Goodwill (including Workforce)	\$1,826,567		\$1,826,567
Total Net Intangible Assets and Goodwill	\$4,091,265	\$0	\$3,941,099

The analysis of an impairment of goodwill and intangible assets was performed by Plante Moran at August 31, 2014. There is no write down of Intangible Assets at August 31, 2014. An amortization schedule is attached.

Liquidity Ratio (Schedule 8)

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

At November 30, 2014	Ratio	Required
Debt Service coverage Ratio	-0.25	1.1:1.0
Cash to Debt Ratio	4.76	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.

Grants Indirect Cost Rate

The National Business Office has completed their internal review and approval process of the ALA indirect cost rate negotiation. The rate was finalized on December 16, 2014 at 19.42% to be effective September 1, 2014 through August 31, 2016.

**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%
2014	\$14,283,648	\$296,854	2.20%
Nov 2014	\$14,614,608	\$87,994	2.10%
		10,107,846	4.78%

AMERICAN LIBRARY ASSOCIATION
 NEUBERGER BERMAN BOND FUND
 STATEMENT OF UNREALIZED/REALIZED GAINS AND LOSSES
 FOR THE TWELVE MONTHS ENDING AUGUST 31, 2015

SCHEDULE 2

MONTH	LORD ABBETT		NBF		PPG		NET
	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	
9/30/2014	(15,298)	(2,127)	(31,016)	794	(30,307)	0	(77,954)
10/31/2014	37,351	0	13,246	6,405	20,787	1,194	78,983
11/30/2014	5,895	(1,731)	13,782	(1,880)	20,650	0	36,716
12/31/2014							0
1/31/2015							0
2/28/2015							0
3/31/2015							0
4/30/2015							0
5/31/2015							0
6/30/2015							0
7/31/2015							0
8/31/2015							0
TOTAL - FY14	27,948	(3,858)	(3,988)	5,319	11,130	1,194	37,745
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
TOTAL	260,470	(429,890)	198,916	(48,598)	307,904	(88,136)	200,666

AMERICAN LIBRARY ASSOCIATION
LONG-TERM INVESTMENT

SCHEDULE 3

	SEPT 14	OCT 14	NOV 14	DEC 14	JAN 15	FEB 15	MAR 15	APR 15	MAY 15	JUNE 15	JULY 15	AUG 15	AVERAGE
LONG-TERM INVESTMENT													
CASH/MONEY MARKET	1,464,371	1,869,957	883,359										1,405,896
FIXED INCOME	1,504,221	506,608	1,669,635										1,226,821
EQUITIES	14,574,255	8,975,902	9,168,924										10,906,360
MUTUAL FUNDS	20,428,231	27,479,317	27,865,050										25,257,533
ALTERNATIVE INVT	1,442,806	1,443,778	1,402,223										1,429,602
TOTAL	39,413,883	40,275,561	40,989,191	0	0	0	0	0	0	0	0	0	40,226,212
UNREALIZED AND REALIZED GAIN/LOSS													
REALIZED GAIN/LOSS	528,903	991,116	12,051										1,532,070
UNREALIZED GAIN/LOSS	(1,383,554)	(89,136)	470,016										(1,002,674)
NET (REALIZED/UNREAL)	(854,651)	901,980	482,067	0	0	0	0	0	0	0	0	0	529,396
INTEREST/DIVIDEND	68,364	53,855	153,909										276,127

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

SCHEDULE 4

FISCAL YEAR 2015	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
SEPTEMBER 2014	\$1,307,634	\$415,554	\$304,981	\$43,382	\$11,536	(\$50,115)	\$2,032,972
OCTOBER 2014	\$1,107,685	\$204,514	\$91,991	\$8,958	\$6,113	(\$54,830)	\$1,364,431
NOVEMBER 2014	\$1,463,554	\$168,797	\$71,711	\$21,725	\$7,482	(\$43,976)	\$1,689,293
DECEMBER 2014							\$0
JANUARY 2015							\$0
FEBRUARY 2015							\$0
MARCH 2015							\$0
APRIL 2015							\$0
MAY 2015							\$0
JUNE 2015							\$0
JULY 2015							\$0
AUGUST 2015							\$0
TOTAL - FY 2015							5,086,696
FY 2015 AVERAGE	\$1,292,958	\$262,955	\$156,228	\$24,688	\$8,377	(\$49,640)	\$1,695,565
%	76.26%	15.51%	9.21%	1.46%	0.49%	-2.93%	100.00%

FISCAL YEAR 2014	CURRENT	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOTAL
SEPTEMBER 2013	\$1,479,955	\$358,560	\$222,779	\$37,145	\$53,136	(\$58,368)	\$2,093,207
OCTOBER 2013	\$768,532	\$474,765	\$59,398	\$30,975	\$20,090	(\$16,581)	\$1,337,179
NOVEMBER 2013	\$1,130,686	(\$17,126)	\$191,747	\$3,280	\$20,369	\$17,251	\$1,346,207
DECEMBER 2013	\$898,263	\$188,672	\$51,200	\$43,672	(\$9,234)	(\$3,147)	\$1,169,426
JANUARY 2014	\$1,217,968	\$212,136	\$226,811	\$8,093	\$22,827	(\$19,305)	\$1,668,530
FEBRUARY 2014	\$1,454,657	\$325,080	\$147,050	\$78,543	(\$4,217)	(\$25,196)	\$1,975,917
MARCH 2014	\$1,383,095	\$392,845	\$235,700	\$48,178	\$29,699	(\$37,390)	\$2,052,127
APRIL 2014	\$981,984	\$456,817	\$223,392	\$78,549	\$26,365	(\$34,510)	\$1,732,597
MAY 2014	\$882,452	\$441,304	\$230,540	\$74,714	\$61,822	(\$41,661)	\$1,649,171
JUNE 2014	\$1,511,709	\$330,736	\$188,304	\$53,981	\$42,870	\$31,489	\$2,159,089
JULY 2014	\$1,256,031	\$397,243	\$162,275	\$83,738	\$4,710	\$14,966	\$1,918,963
AUGUST 2014	\$1,501,883	\$238,410	\$190,668	\$78,097	\$18,575	(\$69,121)	\$1,958,512
FY 2014 AVERAGE	\$1,205,601	\$316,620	\$177,489	\$51,580	\$23,918	(\$20,131)	\$1,755,077
%	68.69%	18.04%	10.11%	2.94%	1.36%	-1.15%	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%
Nov-14	508,626	7.06%	1,205,331	2.01%	797,553	0.28%	2,511,510	2.43%

**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%
Nov-14	139,313	1.71%	536,798	-3.86%	329,214	2.21%	1,005,325	-1.19%	40.03%

Amortization schedule
Intangible Assets and Goodwill

SCHEDULE 7

	Fair Value	Useful Life	FY 2012	FY 2013	IMPAIRMENT	ADJUSTED	FY 2014	FY 2015	FY 2016	FY 2017	FY 2018	FY 2019	FY 2020	FY 2021	FY 2022	TOTAL
Intangible Assets	12/23/2011	(Years)			FY2013	FAIR VALUE										
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
Total Intangible Assets			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

	November 30, 2014	August 31, 2014 Audited	August 31, 2013 Audited
DEBT SERVICE COVERAGE RATIO			
CHANGE IN UNRESTRICTED NET ASSETS	(\$540,532)	\$7,329,151	\$465,514
POST RETIREMENT BENEFITS	\$0	(\$354,511)	\$329,244
DEPRECIATION	\$463,167	\$1,861,314	\$1,926,217
AMORTIZATION	\$355,067	\$1,345,167	\$1,385,864
INTEREST EXPENSE	\$81,281	\$364,585	\$412,768
IMPAIRMENT OF GW & INTANGIBLE ASSETS	\$0	\$0	\$880,000
REALIZED/UNREALIZED GAINS/LOSSES	(\$565,895)	(\$4,857,519)	(\$1,628,355)
TOTAL CASH FLOW (A)	(\$206,912)	\$5,688,187	\$3,771,252
CURRENT PORTION -LONG TERM DEBT	\$647,500	\$647,500	\$647,500
CURRENT PORTION -CAPITAL LEASE	\$83,126	\$159,611	\$142,090
INTEREST EXPENSE	\$81,281	\$364,585	\$412,768
TOTAL CURRENT LONG TERM DEBT (B)	\$811,907	\$1,171,696	\$1,202,358
DEBT SERVICE COVERAGE (A/B)	(0.25)	4.85	3.14
DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0
CASH TO DEBT RATIO			
	August 31, 2014 Audited	August 31, 2014 Audited	August 31, 2013 Audited
CASH AND EQUIVALENT	\$4,136,956	\$2,145,298	\$3,215,197
SHORT-TERM INVESTMENT	\$14,614,608	\$14,430,970	\$12,397,093
LONG-TERM INVESTMENT	\$40,989,191	\$40,221,326	\$34,381,883
TOTAL CASH AND INVESTMENTS	\$59,740,755	\$56,797,594	\$49,994,173
TEMPORARILY RESTRICTED NET ASSETS	\$4,621,294	\$4,477,929	\$3,761,735
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$11,423,321	\$8,901,389	\$9,232,922
NET ASSETS AND DEFERRED REVENUE	\$16,559,315	\$13,894,018	\$13,509,357
UNRESTRICTED CASH AND INVESTMENT(A)	\$43,181,440	\$42,903,576	\$36,484,816
CURRENT PORTION OF LONG-TERM DEBT	\$647,500	\$647,500	\$647,500
NON-CURR PORTION OF LONG-TERM DEBT	\$8,157,500	\$8,157,500	\$8,805,000
CURRENT PORTION OF CAPITAL LEASE	\$83,126	\$159,611	\$142,090
NON-CURR PORTION OF CAPITAL LEASE	\$179,710	\$124,005	\$283,615
TOTAL INDEBTEDNESS(B)	\$9,067,836	\$9,088,616	\$9,878,205
CASH TO DEBT RATIO (A/B)	4.76	4.72	3.69
CASH TO DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0

HISTORY			
DEBT SERVICE COVERAGE RATIO	August 31, 2014 Audited	August 31, 2013 Audited	31-Aug-12 Audited
CHANGE IN UNRESTRICTED NET ASSETS	\$7,329,151	\$465,514	\$589,555
POST RETIREMENT BENEFITS	(\$354,511)	\$329,244	\$341,853
DEPRECIATION	\$1,861,314	\$1,926,217	\$1,643,990
AMORTIZATION	\$1,345,167	\$1,385,864	\$1,286,146
INTEREST EXPENSE	\$364,585	\$412,768	\$235,523
LETTER OF CREDIT FEE	\$0	\$880,000	\$17,711
REALIZED/UNREALIZED GAINS/LOSSES	(\$4,857,519)	(\$1,628,355)	(\$1,062,154)
TOTAL CASH FLOW (A)	\$5,688,187	\$3,771,252	\$3,052,624
CURRENT PORTION -LONG TERM DEBT	\$647,500	\$647,500	\$647,500
CURRENT PORTION -CAPITAL LEASE	\$159,611	\$142,090	\$223,816
INTEREST EXPENSE	\$364,585	\$412,768	\$235,523
LETTER OF CREDIT FEE			\$17,711
TOTAL CURRENT LONG TERM DEBT (B)	\$1,171,696	\$1,202,358	\$1,124,550
	4.85	3.14	2.71
	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0
CASH TO DEBT RATIO	August 31, 2014 Audited	August 31, 2013 Audited	31-Aug-12 Audited
CASH AND EQUIVALENT	\$2,145,298	\$3,215,197	\$2,672,539
SHORT-TERM INVESTMENT	\$14,430,970	\$12,397,093	\$13,828,329
LONG-TERM INVESTMENT	\$40,221,326	\$34,381,883	\$32,560,816
TOTAL CASH AND INVESTMENTS	\$56,797,594	\$49,994,173	\$49,061,684
TEMPORARILY RESTRICTED NET ASSETS	\$4,477,929	\$3,761,735	\$5,048,836
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$8,901,389	\$9,232,922	\$9,077,417
NET ASSETS AND DEFERRED REVENUE	\$13,894,018	\$13,509,357	\$14,640,953
UNRESTRICTED CASH AND INVESTMENT(A)	\$42,903,576	\$36,484,816	\$34,420,731
CURRENT PORTION OF LONG-TERM DEBT	\$647,500	\$647,500	\$647,500
NON-CURR PORTION OF LONG-TERM DEBT	\$8,157,500	\$8,805,000	\$9,452,500
CURRENT PORTION OF CAPITAL LEASE	\$159,611	\$142,090	\$223,816
NON-CURR PORTION OF CAPITAL LEASE	\$124,005	\$283,615	\$485,209
TOTAL INDEBTEDNESS(B)	\$9,088,616	\$9,878,205	\$10,809,025
CASH TO DEBT RATIO (A/B)	4.72	3.69	3.18
CASH TO DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0

	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	\$1,330,694	\$419,035	\$0	\$0
UNREALIZED GAINS(LOSSES) ON SECURITIE	(\$1,960,406)	\$635,040	\$1,355,561	\$1,875,959
TOTAL CASH FLOW (A)	\$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 CAPITALIZED 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
LIQUID ASSET RATIO	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
CASH TO DEBT RATIO	August 31, 2011 Audited	August 31, 2010 Audited	5/31/2009 Audited	8/31/2008 Audited
UNENCUMBERED/UNRESTRICTED SECURIT	\$46,474,833	\$44,472,341	\$39,796,575	\$43,595,869
CASH AND EQUIVALENT	\$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

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	\$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	\$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	\$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					
06/01/2015	30	0.083	\$8,805,000.00		\$0.00	\$26,537.29	\$26,537.29	\$8,805,000.00
07/01/2015	31	0.086	\$8,805,000.00		\$0.00	\$25,681.25	\$25,681.25	\$8,805,000.00
08/01/2015	31	0.086	\$8,157,500.00	\$647,500.00	\$26,537.29	\$674,037.29	\$8,157,500.00	\$8,157,500.00
09/01/2015	30	0.083	\$8,157,500.00		\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
10/01/2015	31	0.086	\$8,157,500.00		\$0.00	\$23,792.71	\$23,792.71	\$8,157,500.00
11/01/2015	30	0.083	\$8,157,500.00		\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
12/01/2015	31	0.086	\$8,157,500.00		\$0.00	\$23,792.71	\$23,792.71	\$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	\$24,585.80	\$24,585.80	\$8,157,500.00
03/01/2016	31	0.086	\$8,157,500.00		\$0.00	\$22,999.62	\$22,999.62	\$8,157,500.00
04/01/2016	30	0.083	\$8,157,500.00		\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
05/01/2016	31	0.086	\$8,157,500.00		\$0.00	\$23,792.71	\$23,792.71	\$8,157,500.00
06/01/2016	30	0.083	\$8,157,500.00		\$0.00	\$24,585.80	\$24,585.80	\$8,157,500.00
07/01/2016	31	0.086	\$8,157,500.00	\$1,147,500.00	\$23,792.71	\$23,792.71	\$8,157,500.00	\$8,157,500.00
08/01/2016	31	0.086	\$7,010,000.00		\$0.00	\$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	\$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	\$1,147,500.00	\$20,445.83	\$20,445.83	\$7,010,000.00	\$7,010,000.00
08/01/2017	31	0.086	\$5,862,500.00		\$0.00	\$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	\$17,668.92	\$17,668.92	\$5,862,500.00
03/01/2018	31	0.086	\$5,862,500.00		\$0.00	\$15,959.03	\$15,959.03	\$5,862,500.00
04/01/2018	30	0.083	\$5,862,500.00		\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
05/01/2018	31	0.086	\$5,862,500.00		\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
06/01/2018	30	0.083	\$5,862,500.00		\$0.00	\$17,668.92	\$17,668.92	\$5,862,500.00
07/01/2018	31	0.086	\$5,862,500.00		\$0.00	\$17,098.96	\$17,098.96	\$5,862,500.00
08/01/2018	31	0.086	\$4,715,000.00	\$1,147,500.00	\$17,668.92	\$1,165,168.92	\$4,715,000.00	\$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
					\$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				