

ALA American Library Association

EBD #4.15
2015 - 2016

TO: ALA Executive Board

DATE: April 14, 2016

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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Total ALA Statement of Financial Position

TOTAL ALA	February 2016	February 2015	Change	Change %
Total Assets	\$74,877,900	\$85,309,001	(\$10,431,101)	-12.2%
Total Liabilities	\$48,025,584	\$46,902,112	\$1,123,472	2.4%
Net Assets	\$26,852,316	\$38,406,889	(\$11,554,573)	-30.1%

Total assets are \$10,431,001 lower than February 2015 due to lower value of the Long-Term investment due to poor market performance, lower cash balance, lower inventories and amortization of Intangible Assets, offset by higher Accounts Receivable balance.

Total liabilities are \$1,123,473 higher than February 2015 primarily due to increased Postretirement liability, offset by lower long-term debt due to pay down of the loan in the amount of \$2,805,000 to the existing loan.

Total ALA Net Asset Balance is \$11,554,574, 30.1% less than February 2015, totaling \$26,852,316.

Liquidity Ratio (Schedule 8 & 9)

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

February 2016	Ratio	Required
Debt Service coverage Ratio	(0.60)	1.1:1.0
Cash to Debt Ratio	4.87	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.

Total ALA Statement of Revenues and Expenses

(ALL COMBINED FUNDS)	Year-To-Date Actual February 2016	Year-To-Date Budget February 2016	Year-To-Date Variance February 2016	Prior Year Actual February 2015	Change FY16 - FY15
Total Revenues	22,910,083	23,247,629	(337,546)	21,499,359	1,410,724
Total Expenses	24,925,920	25,310,831	384,911	22,435,467	(2,490,453)
Net Operating Rev(Exp)	(2,015,837)	(2,063,202)	47,365	(936,108)	(1,079,729)

Total ALA revenue is \$337,546 less than FY16 year-to-date budget, \$1,410,724 more than February 2015.
Total General Fund revenue is \$893,562 less than budget and Divisions revenue is \$368,586 less than budget.

Total ALA expenses are \$384,911 less than year-to-date budget, \$2,490,453 more than February 2015.
Division expenses are \$780,794 less than budget, \$1,057,985 more than February 2015.

Net operating expense at February 2016 is \$2,015,837 which is \$47,365 better than budget mainly due to expense savings in division expenses. Net Revenue at February 2016 is \$1,079,729 less than February 2015.

General Fund Statement of Revenues and Expenses

GENERAL FUND	YTD Actual February 2016	YTD Budget February 2016	YTD February 2016	YTD Actual February 2015	Change FY16 - FY15
Total Revenue	\$12,359,561	\$13,253,127	(\$893,566)	\$12,313,261	\$46,300
Total Expenses	\$14,172,408	\$14,203,756	\$31,348	\$13,553,471	\$618,937
Net Revenue from Operations	(\$1,812,847)	(\$950,629)	(\$862,218)	(\$1,240,210)	(\$572,637)

The General Fund revenue is \$893,566 less than budget due to lower publication related revenue, subscription revenue, lower advertising revenue, lower MW 16 conference revenue and lower royalty revenue.

The General Fund expenses are \$31,348 less than budget. Major variances are due to higher MW16 conference related expenses by \$254,805, lower overhead recovered, offset by lower operating expenses and lower professional fees.

Cash Management

	February 2016	February 2015	Change	Change %
Total Cash	\$1,468,115	\$5,279,065	(\$3,810,950)	-72.2%
Bond Fund (schedule 1)	\$14,328,630	\$14,697,579	(\$368,949)	-2.5%
Total Cash and S-T investment	\$15,796,745	\$19,976,644	(\$4,179,899)	-20.9%

Total cash and short-term investment balance includes the principal payment of the long term debt in the amount of \$647,500 and \$2,805,000 pay down amount of the loan which was made from the operating account in May 2015.

Working Capital Activities

February 2016

Interest income since December 1991	\$10,500,244	(schedule 1)
Net realized/unrealized gain(loss) since December 1991	\$7,696	(schedule 2)
Year-to-date net realized/unrealized gain(loss) - FY16 only	(\$25,822)	(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 February 2016.

Endowment

(Schedule 3)	February 2016	February 2015	Change	Change %
Investment Balance	\$36,429,154	\$41,834,903	(\$5,405,749)	-12.9%
YTD Realized/Unrealized Gain/Loss	(\$2,562,379)	\$692,298	(\$3,254,677)	-470.1%
YTD Interest/Dividend, net of transfer	\$555,557	\$803,424	(\$247,867)	-30.9%

The year-to-date Long-Term Investment realized and unrealized loss of \$2,562,379 is comprised of \$800,171 of realized loss and \$1,762,207 of unrealized loss. The year-to-date interest/dividend income is 1,085,345 before the transfer to the General Fund.

Trade Accounts Receivable

Trade Accounts Receivable(Sched 4)	February 2016	February 2015	Change
Current	\$870,701	\$1,419,226	(\$548,525)
30 days	\$505,955	\$372,742	\$133,213
60 days	\$359,948	\$37,626	\$322,322
90 days	\$251,558	\$26,225	\$225,333
120 days	\$168,671	\$15,139	\$153,532
150 days	\$275,114	(\$15,431)	\$290,545
Total	\$2,431,947	\$1,855,527	\$576,420

Inventory

Inventory Levels (Sched 5)	February 2016	February 2015	Change	% to Total Inventory
ALA Editions	\$675,658	\$688,687	(\$13,029)	46.74%
Neal-Schuman	\$401,673	\$471,210	(\$69,537)	27.79%
Graphics	\$368,132	\$378,618	(\$10,486)	25.47%
TOTAL	\$1,445,463	\$1,538,515	(\$93,052)	100.00%
Inventory Reserve Levels (Sched 6)	February 2016	February 2015	Change	% to Inventory Level
ALA Editions	\$77,011	\$21,048	\$55,963	11.40%
Neal-Schuman	\$62,400	\$18,404	\$43,996	15.54%
Graphics	\$45,723	\$19,996	\$25,727	12.42%
TOTAL	\$185,134	\$59,448	\$125,686	12.81%

Intangible Assets and Goodwill (Schedule 7)

	February 2016	February 2015	Change
Intangible Assets	\$3,870,000	\$3,870,000	\$0
Amortization	(\$2,218,106)	(\$1,848,794)	(\$369,313)
Net Intangible Assets	\$1,651,894	\$2,021,206	(\$369,313)
Goodwill (including Workforce)	\$1,826,567	\$1,826,567	\$0
Total Net Intangible Assets and Goodwill	\$3,478,461	\$3,847,773	(\$369,313)

Deferred Revenue

	February 2016	February 2015	Change
Membership Dues	\$4,585,342	\$4,461,702	\$123,640
Subscriptions	\$2,832,565	\$2,927,433	(\$94,868)
Conferences	\$6,426,514	\$6,103,350	\$323,164
Grants and Awards	\$3,569,989	\$4,103,969	(\$533,980)
TOTAL	\$17,414,410	\$17,596,454	(\$182,044)

General Fund deferred membership revenue increased by \$58,005 and Divisions increased by \$64,456.

Deferred subscription revenue decreased by \$94,868 due to decrease in RDA, offset by strong UFL activities.

Deferred conference revenue increased by \$323,164 due to two National Conferences in FY2016 and one in FY2015. PLA deferred revenue is \$3,168,155 and Annual is \$2,716,512 at February 2016.

Grant deferred revenue is \$533,980 less than February 2015. FINRA, Dollar General, Gates and Disney are new grants that were received in FY2015, and Gates - Transforming Communities grant was closed in FY2016.

Long-Term Debt (Schedule 10)

Background

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, 2016 in the amount of \$1,500,000.

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 FEBRUARY 2016
NEAL SCHUMAN	\$5,811,491	57.54%	\$2,359,120	\$3,452,371
DC	\$2,705,000	26.78%	\$1,098,069	\$1,606,931
CHOICE	\$1,583,509	15.68%	\$642,811	\$940,698
TOTAL LOAN	\$10,100,000	100.00%	\$4,100,000	\$6,000,000

		PRINCIPAL	INTEREST	TOTAL PAYMENT
PAYMENT SCHEDULE	FY 2016	\$1,500,000	\$179,125	\$1,679,125
	FY 2017	\$1,300,000	\$133,517	\$1,433,517
	FY 2018	\$1,200,000	\$94,233	\$1,294,233
	FY 2019	\$1,100,000	\$57,992	\$1,157,992
	FY 2020	\$900,000	\$25,125	\$925,125
	TOTAL PAYMENT	\$6,000,000	\$489,992	\$6,489,992

Grant Indirect Cost Rate

The Association has started gathering information to be submitted to the U.S. Department of the Interior National Business Center to negotiate the indirect cost rate to be effective September 1, 2016 through August 31, 2018.

**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%
FEB 2016	\$14,310,178	\$192,811	2.61%
		10,500,244	4.72%

AMERICAN LIBRARY ASSOCIATION
WORKING CAPITAL
STATEMENT OF UNREALIZED/REALIZED GAINS AND LOSSES
FOR THE TWELVE MONTHS ENDING AUGUST 31, 2016

SCHEDULE 2

MONTH	LA/MLPA		NBF		PPG		NET
	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	
SEPTEMBER 2015	503	0	20,256	0	13,920	(967)	33,712
OCTOBER 2015	(5,486)	0	(9,926)	487	(1,092)	0	(16,017)
NOVEMBER 2015	(17,222)	0	(14,142)	(513)	(18,075)	0	(49,952)
DECEMBER 2015	(47,063)	0	(18,629)	(4,768)	(30,138)	0	(100,598)
JANUARY 2016	23,418	0	38,764	(4,001)	28,608	0	86,789
FEBRUARY 2016	(4,896)	0	17,172	0	6,584	1,384	20,244
MARCH 2016							0
APRIL 2016							0
MAY 2016							0
JUNE 2016							0
JULY 2016							0
AUGUST 2016							0
TOTAL - FY16	(50,746)	0	33,495	(8,795)	(193)	417	(25,822)
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)
TOTAL	275,694	(552,660)	195,319	(55,914)	242,556	(97,299)	7,696

AMERICAN LIBRARY ASSOCIATION
LONG-TERM INVESTMENT

SCHEDULE 3

	SEPT 15	OCT 15	NOV 15	DEC 15	JAN 16	FEB 16	MAR 16	APR 16	MAY 16	JUNE 16	JULY 16	AUG 16	AVERAGE
LONG-TERM INVESTMENT													
CASH/MONEY MARKET	680,989	611,562	482,872	718,310	1,156,488	695,505							724,288
FIXED INCOME	2,046,524	2,092,212	2,099,760	1,984,942	2,084,564	2,071,356							2,063,226
EQUITIES	7,982,797	8,598,687	8,540,675	8,306,577	7,981,442	7,898,807							8,218,164
MUTUAL FUNDS	25,852,798	27,225,856	27,173,273	26,518,280	24,679,909	24,374,000							25,970,686
ALTERNATIVE INVT	1,184,777	1,184,777	1,226,920	1,181,494	1,311,494	1,389,486							1,246,492
TOTAL	37,747,885	39,713,095	39,523,499	38,709,603	37,213,897	36,429,154	0	0	0	0	0	0	38,222,856
UNREALIZED AND REALIZED GAIN/LOSS													
REALIZED GAIN/LOSS	(72,559)	14,855	46,567	19,005	(50,411)	(757,628)							(800,171)
UNREALIZED GAIN/LOSS	(923,268)	1,912,253	(361,685)	(1,519,809)	(1,454,343)	584,645							(1,762,207)
NET (REALIZED/UNREAL)	(995,827)	1,927,108	(315,118)	(1,500,804)	(1,504,754)	(172,983)	0	0	0	0	0	0	(2,562,379)
INTEREST/DIVIDEND	103,254	56,793	146,280	705,952	31,131	41,935							1,085,345

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

SCHEDULE 4

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							\$0
APRIL 2016							\$0
MAY 2016							\$0
JUNE 2016							\$0
JULY 2016							\$0
AUGUST 2016							\$0
FY 2016 AVERAGE	\$870,701	\$505,955	\$359,948	\$251,558	\$168,671	\$275,114	\$2,431,947
%	35.80%	20.80%	14.80%	10.34%	6.94%	11.31%	100.00%

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	\$1,317,097	\$411,932	\$117,137	\$25,277	\$7,798	(\$38,004)	\$1,841,237
JANUARY 2015	\$1,296,330	\$208,280	\$113,324	\$22,385	\$10,941	(\$61,705)	\$1,589,555
FEBRUARY 2015	\$1,419,226	\$372,742	\$37,626	\$26,225	\$15,139	(\$15,431)	\$1,855,527
MARCH 2015	\$1,301,941	\$275,019	\$97,608	(\$43,906)	(\$6,905)	(\$16,508)	\$1,607,249
APRIL 2015	\$1,128,784	\$378,818	\$57,735	\$58,006	(\$50,590)	(\$28,955)	\$1,543,798
MAY 2015	\$1,040,678	\$320,611	\$165,883	\$29,908	\$27,314	(\$78,491)	\$1,505,903
JUNE 2015	\$888,556	\$399,672	\$329,387	\$175,284	\$104,182	\$136,402	\$2,033,483
JULY 2015	\$1,019,474	\$555,614	\$275,782	\$222,721	\$114,474	\$241,921	\$2,429,986
AUGUST 2015	\$854,259	\$471,557	\$423,912	\$133,035	\$97,516	\$86,038	\$2,066,317
FY 2015 AVERAGE	\$1,178,768	\$348,593	\$173,923	\$60,250	\$28,750	\$6,362	\$1,796,646
%	65.61%	19.40%	9.68%	3.35%	1.60%	0.35%	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%
FEB 2016	368,132	-1.18%	675,658	-2.90%	401,673	-4.16%	1,445,463	-2.83%

**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%
FEB 2016	45,723	15.34%	77,011	25.61%	62,400	14.87%	185,134	19.23%	12.81%

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

	February 29, 2016	February 28, 2015	August 31, 2015 Audited
DEBT SERVICE COVERAGE RATIO			
CHANGE IN UNRESTRICTED NET ASSETS	(\$4,914,082)	(\$596,453)	(\$2,091,402)
POST RETIREMENT BENEFITS	\$0	\$0	\$0
DEPRECIATION	\$848,206	\$921,969	\$1,804,493
AMORTIZATION	\$433,395	\$653,293	\$1,280,285
INTEREST EXPENSE	\$95,968	\$161,734	\$303,225
IMPAIRMENT OF GW & INTANGIBLE ASSETS	\$0	\$0	\$0
REALIZED/UNREALIZED GAINS/LOSSES	\$2,550,066	(\$722,971)	\$1,935,260
TOTAL CASH FLOW (A)	(\$986,447)	\$417,572	\$3,231,861
CURRENT PORTION -LONG TERM DEBT	\$1,500,000	\$647,500	\$1,500,000
CURRENT PORTION -CAPITAL LEASE	\$47,744	\$53,309	\$94,400
INTEREST EXPENSE	\$95,968	\$161,734	\$303,225
TOTAL CURRENT LONG TERM DEBT (B)	\$1,643,712	\$862,543	\$1,897,625
DEBT SERVICE COVERAGE (A/B)	(0.60)	0.48	1.70
DEBT BENCHMARK	1.1 TO 1.0	1.1 TO 1.0	1.1 TO 1.0
CASH TO DEBT RATIO			
CASH AND EQUIVALENT	\$1,468,115	\$5,279,065	\$1,120,194
SHORT-TERM INVESTMENT	\$14,525,562	\$14,866,147	\$14,486,928
LONG-TERM INVESTMENT	\$36,429,154	\$41,834,903	\$38,678,845
TOTAL CASH AND INVESTMENTS	\$52,422,831	\$61,980,115	\$54,285,967
TEMPORARILY RESTRICTED NET ASSETS	\$4,879,321	\$4,689,577	\$5,418,895
PERMANENTLY RESTRICTED NET ASSETS	\$514,700	\$514,700	\$514,700
DEFERRED REVENUE	\$17,414,410	\$17,596,454	\$12,771,480
NET ASSETS AND DEFERRED REVENUE	\$22,808,431	\$22,800,731	\$18,705,075
UNRESTRICTED CASH AND INVESTMENT(A)	\$29,614,400	\$39,179,384	\$35,580,892
CURRENT PORTION OF LONG-TERM DEBT	\$1,500,000	\$647,500	\$1,500,000
NON-CURR PORTION OF LONG-TERM DEBT	\$4,500,000	\$8,157,500	\$4,500,000
CURRENT PORTION OF CAPITAL LEASE	\$47,744	\$53,309	\$94,400
NON-CURR PORTION OF CAPITAL LEASE	\$29,604	\$179,710	\$29,604
TOTAL INDEBTEDNESS(B)	\$6,077,348	\$9,038,019	\$6,124,004
CASH TO DEBT RATIO (A/B)	4.87	4.33	5.81
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	\$7,250,558	\$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	(\$4,923,794)	(\$1,628,355)	(\$1,062,154)
TOTAL CASH FLOW (A)	\$5,543,319	\$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
	4.73	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	\$2,174,154	\$3,215,197	\$2,672,539
SHORT-TERM INVESTMENT	\$14,422,212	\$12,397,093	\$13,828,329
LONG-TERM INVESTMENT	\$40,221,326	\$34,381,883	\$32,560,816
TOTAL CASH AND INVESTMENTS	\$56,817,692	\$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	\$11,551,918	\$9,232,922	\$9,077,417
NET ASSETS AND DEFERRED REVENUE	\$16,544,547	\$13,509,357	\$14,640,953
UNRESTRICTED CASH AND INVESTMENT(A)	\$40,273,145	\$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)	4.43	3.69	3.18
CASH TO DEBT BENCHMARK	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	\$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
	8/31/2011	8/31/2010	5/31/2009	8/31/2008
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
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

**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		8,000.00	8,000.00		
11/1/2017	3,200,000.00		8,266.67	8,266.67		
12/1/2017	3,200,000.00		8,000.00	8,000.00		
1/1/2018	3,200,000.00		8,266.67	8,266.67		
2/1/2018	3,200,000.00		8,266.67	8,266.67		
3/1/2018	3,200,000.00		7,466.67	7,466.67		
4/1/2018	3,200,000.00		8,266.67	8,266.67		
5/1/2018	3,200,000.00		8,000.00	8,000.00		
6/1/2018	3,200,000.00		8,266.67	8,266.67		
7/1/2018	3,200,000.00		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	