

ALA American Library Association

EBD #4.19
2015-2016

TO: ALA Executive Board

DATE: June 25, 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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2016 Annual Audit

The ALA's auditor Mueller & Co will be conducting their fifth year audit for the ALA fiscal year ending August 31, 2016.

The Mueller staff and ALA staff held a planning meeting on May 13, 2016 to overview the FY16 audit. The Association's FY16 preliminary audit is scheduled for July 5th through July 8th, 2016, and the field work is scheduled to commence on October 31st through November 18th.

Total ALA Statement of Financial Position

| TOTAL ALA | April 2016 | April 2015 | Change | Change % |
|--------------------------|-------------------|-------------------|---------------|-----------------|
| Total Assets | \$77,500,676 | \$84,175,071 | (\$6,674,395) | -7.9% |
| Total Liabilities | \$47,299,031 | \$44,736,173 | \$2,562,858 | 5.7% |
| Net Assets | \$30,201,645 | \$39,438,898 | (\$9,237,253) | -23.4% |

| ASSETS | April 2016 | % to Total Assets | April 2015 | % to Total Assets | Change FY16 - FY15 |
|---------------------------------|-------------------|------------------------------|-------------------|------------------------------|-------------------------------|
| Cash | 1,702,108 | 2.20% | 3,922,348 | 4.66% | (2,220,240) |
| Short-Term Investment | 15,107,395 | 19.49% | 16,450,147 | 19.54% | (1,342,752) |
| Accounts Receivable, Net | 3,324,079 | 4.29% | 2,746,817 | 3.26% | 577,262 |
| Grants Receivable | 685,943 | 0.89% | 1,243,383 | 1.48% | (557,440) |
| APA Receivable | 105,000 | 0.14% | 170,000 | 0.20% | (65,000) |
| Inventories, Net | 1,575,228 | 2.03% | 1,854,928 | 2.20% | (279,700) |
| Prepaid Expenses | 1,502,541 | 1.94% | 1,374,577 | 1.63% | 127,964 |
| Total Current Assets | 24,002,294 | 30.97% | 27,762,200 | 32.98% | (3,759,906) |
| Fixed Assets, Net | 11,333,114 | 14.62% | 11,708,009 | 13.91% | (374,895) |
| Goodwill | 1,826,567 | 2.36% | 1,826,567 | 2.17% | 1 |
| Intangible Assets, Net | 1,590,324 | 2.05% | 1,940,136 | 2.30% | (349,812) |
| Long-Term Investment | 38,749,749 | 50.00% | 40,939,533 | 48.64% | (2,189,784) |
| Due To/From | (1,373) | 0.00% | (1,373) | 0.00% | 0 |
| TOTAL ASSETS | 77,500,676 | 100.00% | 84,175,071 | 100.00% | (6,674,395) |

LIABILITIES

| | April 2016 | % to Total Liabilities | April 2015 | % to Total Liabilities | Change FY16 - FY15 |
|--|-------------------|---------------------------|-------------------|---------------------------|-----------------------|
| Current Portion, L-T Debt | 1,531,952 | 3.24% | 685,872 | 1.53% | 846,080 |
| Accounts Payable | 2,753,016 | 5.82% | 2,072,156 | 4.63% | 680,860 |
| Accrued Payroll | 404,474 | 0.86% | 281,934 | 0.63% | 122,540 |
| Deferred Membership | 4,507,039 | 9.53% | 4,459,698 | 9.97% | 47,341 |
| Deferred Subscriptions | 2,517,107 | 5.32% | 2,653,384 | 5.93% | (136,277) |
| Deferred Conferences | 5,637,313 | 11.92% | 6,131,711 | 13.71% | (494,398) |
| Grants and Awards | 3,850,982 | 8.14% | 3,455,246 | 7.72% | 395,736 |
| Total Current Liabilities | 21,201,883 | 44.83% | 19,740,000 | 44.13% | 1,461,883 |
| Post Retirement Benefits | 21,567,545 | 45.60% | 16,658,963 | 37.24% | 4,908,582 |
| Long-Term Debts | 4,529,604 | 9.58% | 8,337,210 | 18.64% | (3,807,606) |
| TOTAL LIABILITIES | 47,299,031 | 100.00% | 44,736,173 | 100.00% | 2,562,858 |
| | | 61.03% | | 53.15% | |
| NET ASSET BALANCE | 30,201,645 | 38.97% | 39,438,898 | 46.85% | (9,237,253) |
| TOTAL LIABILITIES/NET ASSET BALANCE | 77,500,676 | 100.00% | 84,175,071 | 100.00% | (6,674,395) |

Total assets are \$6,674,395 lower than April 2015 primarily due to lower value of the Long-Term investment due to lower equity market performance, lower cash balance due to \$2,805,000 pay down amount of the loan in August, 2015 and lower grant receivable balance, offset by higher Accounts Receivable balance.

Total liabilities are \$2,562,858 higher than April 2015 primarily due to increased Post retirement liability, increase in Accounts Payable balance due to PLA National Conference, offset by lower long-term debt due to pay down of the original loan.

Total ALA Net Asset Balance is \$30,201,645 which is \$9,237,253, 23.4% less than April 2015.

Current Ratio

| | April 2016 | April 2015 |
|-------------------------|--------------------|--------------------|
| Current Assets | \$24,002,294 | \$27,762,200 |
| Current Liabilities | \$21,201,883 | \$19,740,000 |
| Working Capital: | \$2,800,411 | \$8,022,200 |
| Current Ratio: | 1.13 | 1.41 |

**Total ALA Statement of Revenues and Expenses
April 30, 2016**

| REVENUES BY FUND | Year-To-Date Actual April 2016 | % to Total Revenue Actual | Year-To-Date Budget April 2016 | % to Total Revenue Budget | Year-To-Date Variance April 2016 |
|-----------------------------|---|--|---|--|---|
| General Fund | 15,425,705 | 47.71% | 16,669,654 | 51.47% | (1,243,949) |
| Division | 11,751,594 | 36.35% | 11,569,168 | 35.72% | 182,426 |
| Round Table | 253,780 | 0.78% | 257,652 | 0.80% | (3,872) |
| Grants and Awards | 4,086,366 | 12.64% | 3,466,781 | 10.70% | 619,585 |
| Long-Term Investment | 813,901 | 2.52% | 426,515 | 1.32% | 387,386 |
| Total | 32,331,346 | 100.00% | 32,389,771 | 100.00% | (58,425) |

| EXPENSES BY FUND | Year-To-Date Actual April 2016 | % to Total Expenses Actual | Year-To-Date Budget April 2016 | % to Total Expenses Budget | Year-To-Date Variance April 2016 |
|-----------------------------|---|---|---|---|---|
| General Fund | 17,501,130 | 52.57% | 17,958,283 | 53.17% | 457,153 |
| Division | 10,983,856 | 32.99% | 11,636,327 | 34.45% | 652,471 |
| Round Table | 131,069 | 0.39% | 175,485 | 0.52% | 44,416 |
| Plant Fund | 0 | 0.00% | 8,572 | 0.03% | 8,572 |
| Grants and Awards | 4,086,366 | 12.27% | 3,466,781 | 10.26% | (619,585) |
| Long-Term Investment | 588,504 | 1.77% | 531,582 | 1.57% | (56,922) |
| Total | 33,290,926 | 100.00% | 33,777,030 | 100.00% | 486,104 |

| NET OPERATING REVENUES(EXPENSES) BY FUND | Year-To-Date Actual April 2016 | % to Net Rev(Exp) Actual | Year-To-Date Budget April 2016 | % to Net Rev(Exp) Budget | Year-To-Date Variance April 2016 |
|---|---|---|---|---|---|
| General Fund | (2,075,425) | -216.28% | (1,288,629) | -92.89% | (786,796) |
| Division | 767,738 | 80.01% | (67,159) | -4.84% | 834,897 |
| Round Table | 122,711 | 12.79% | 82,167 | 5.92% | 40,544 |
| Plant Fund | 0 | 0.00% | (8,572) | -0.62% | 8,572 |
| Grants and Awards | (0) | 0.00% | 0 | 0.00% | (1) |
| Long-Term Investment | 225,397 | 23.49% | (105,067) | -7.57% | 330,463 |
| Total | (959,580) | -100.00% | (1,387,259) | -100.00% | 427,679 |

Total ALA revenue is \$58,425 less than FY16 year-to-date budget.

Total General Fund revenue is \$1,243,949 less than budget due to lower publication related revenue (\$692K) and MW16 conference revenue (\$215K).

Total ALA expenses are \$486,104 less than year-to-date budget.

General Fund expenses are \$457,153 less than budget due to lower payroll related expenses, lower professional fees, higher overhead recovered from grants and PLA conference, offset by higher health insurance cost.

Division expenses are \$652,471 less than budget due to lower payroll related expenses, lower conference related expenses, lower publication related expenses, offset by higher professional fees.

Grant expenses are \$619,585 more than budget due to unbudgeted grant activities.

Net operating expense at April 2016 is \$959,580 which is \$427,679 better than budget.

General Fund Statement of Revenues and Expenses April 30, 2016

| REVENUES | Year-To-Date Actual April 2016 | % to Total Revenue Actual | Year-To-Date Budget April 2016 | % to Total Revenue Budget | Year-To-Date Variance April 2016 |
|---|---|---|---|---|---|
| Publishing Services | 7,823,517 | 50.72% | 8,718,142 | 52.30% | (894,625) |
| Member Programs & Services | 2,984,793 | 19.35% | 3,260,873 | 19.56% | (276,080) |
| Advocacy & Member Relations | 3,717,742 | 24.10% | 3,757,600 | 22.54% | (39,858) |
| Interest Income | 834,346 | 5.41% | 843,672 | 5.06% | (9,326) |
| Mail List Sales | 40,772 | 0.26% | 59,700 | 0.36% | (18,928) |
| Executive Office | 24,532 | 0.16% | 29,667 | 0.18% | (5,135) |
| Total Revenues | 15,425,702 | 100.00% | 16,669,654 | 100.00% | (1,243,952) |
| | | | | | |
| EXPENSES | Year-To-Date Actual April 2016 | % to Total Expenses Actual | Year-To-Date Budget April 2016 | % to Total Expenses Budget | Year-To-Date Variance April 2016 |
| Publishing Services | 7,662,876 | 43.79% | 7,850,780 | 43.72% | 187,904 |
| Member Program and Services | 6,505,846 | 37.17% | 6,648,408 | 37.02% | 142,562 |
| Advocacy & Member Relations | 2,037,743 | 11.64% | 2,143,228 | 11.93% | 105,485 |
| Executive Office | 3,114,780 | 17.80% | 3,163,884 | 17.62% | 49,104 |
| Finance/Accounting/Staff Support | 1,199,857 | 6.86% | 1,270,646 | 7.08% | 70,789 |
| Overhead Recovered | (3,927,065) | -22.44% | (3,927,434) | -21.87% | (369) |
| General Administration | 907,093 | 5.18% | 808,772 | 4.50% | (98,321) |
| Total Expenses | 17,501,130 | 100.00% | 17,958,283 | 100.00% | 457,153 |
| Operating Net Revenue (Expenses) | (2,075,428) | | (1,288,629) | | (786,799) |

Liquidity Ratio (Schedule 8 & 9)

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

| April 2016 | Ratio | Required |
|--------------------|-------|----------|
| Cash to Debt Ratio | 5.55 | 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.

Cash Management

| | April 2016 | April 2015 | Change | Change % |
|---------------------------------------|--------------|--------------|---------------|----------|
| Total Cash | \$1,702,108 | \$3,922,348 | (\$2,220,240) | -56.6% |
| Working Capital (schedule 1) | \$14,845,510 | \$16,318,753 | (\$1,473,243) | -9.0% |
| Total Cash and Working Capital | \$16,547,618 | \$20,241,101 | (\$3,693,483) | -18.2% |

The total cash and working capital balance is \$3,693,483 than April 2015. This is due to the pay down of the original loan in the amount of \$2,805,000 and PLA National Conference expenses paid.

Working Capital Activities

| | April 2016 | |
|--|--------------|--------------|
| Interest income since December 1991 | \$10,557,152 | (schedule 1) |
| Net realized/unrealized gain(loss) since December 1991 | \$106,017 | (schedule 2) |
| Year-to-date net realized/unrealized gain(loss) - FY16 onl | \$72,499 | (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 April 2016. We are in the process of renewing the line of credit.

Endowment

| (Schedule 3) | April 2016 | April 2015 | Change | Change % |
|--|--------------|--------------|---------------|----------|
| Investment Balance | \$38,749,749 | \$40,939,533 | (\$2,189,784) | -5.3% |
| YTD Realized/Unrealized Gain/Loss | (\$368,643) | \$681,594 | (\$1,050,237) | -154.1% |
| YTD Interest/Dividend, net of transfer | \$505,412 | \$563,814 | (\$58,402) | -10.4% |

The year-to-date Long-Term Investment realized and unrealized loss of \$368,643 is comprised of \$659,885 of realized gain and \$1,028,528 of unrealized loss. The year-to-date interest/dividend income earned is 1,251,513 before the transfer to the General Fund.

Trade Accounts Receivable

| Trade Accounts Receivable(Sched 4) | April 2016 | % to Total A/R | April 2015 | % to Total A/R | Change |
|------------------------------------|-------------|----------------|-------------|----------------|-------------|
| Current | \$753,143 | 33.02% | \$1,128,784 | 73.12% | (\$375,641) |
| 30 days | \$289,794 | 12.71% | \$378,818 | 24.54% | (\$89,024) |
| 60 days | \$353,187 | 15.49% | \$57,735 | 3.74% | \$295,452 |
| 90 days | \$183,518 | 8.05% | \$58,006 | 3.76% | \$125,512 |
| 120 days | \$178,945 | 7.85% | (\$50,590) | -3.28% | \$229,535 |
| 150 days | \$522,120 | 22.89% | (\$28,955) | -1.88% | \$551,075 |
| Total | \$2,280,708 | 100.00% | \$1,543,798 | 100.00% | \$736,910 |

Inventory

| Inventory Levels (Sched 5) | April 2016 | % to Total Inventory | April 2015 | % to Total Inventory | Change FY16 - FY15 |
|----------------------------|-------------|----------------------|-------------|----------------------|--------------------|
| ALA Editions | \$676,494 | 46.97% | \$725,748 | 45.84% | (\$49,254) |
| Neal-Schuman | \$402,025 | 27.91% | \$469,447 | 29.65% | (\$67,422) |
| Graphics | \$361,861 | 25.12% | \$388,141 | 24.51% | (\$26,280) |
| TOTAL | \$1,440,380 | 100.00% | \$1,583,336 | 100.00% | (\$142,956) |

| Inventory Reserve Levels (Sched 6) | April 2016 | % to Total Reserve | April 2015 | % to Total Reserve | Change FY16 - FY15 |
|------------------------------------|------------|--------------------|------------|--------------------|--------------------|
| ALA Editions | \$81,000 | 41.93% | \$26,678 | 37.37% | \$54,322 |
| Neal-Schuman | \$64,709 | 33.50% | \$23,159 | 32.44% | \$41,550 |
| Graphics | \$47,459 | 24.57% | \$21,556 | 30.19% | \$25,903 |
| TOTAL | \$193,168 | 100.00% | \$71,393 | 100.00% | \$121,775 |

Intangible Assets and Goodwill

| | April 2016 | April 2015 | Change |
|---|--------------------|--------------------|--------------------|
| Intangible Assets | \$3,870,000 | \$3,870,000 | \$0 |
| Amortization | (\$2,279,676) | (\$1,929,864) | (\$349,812) |
| Net Intangible Assets | \$1,590,324 | \$1,940,136 | (\$349,812) |
| Goodwill (including Workforce) | \$1,826,567 | \$1,826,567 | \$0 |
| Total Net Intangible Assets and Goodwill | \$3,416,891 | \$3,766,703 | (\$349,812) |

Deferred Revenue

| | April 2016 | April 2015 | Change |
|--------------------------|---------------------|---------------------|--------------------|
| Membership Dues | \$4,507,039 | \$4,459,698 | \$47,341 |
| Subscriptions | \$2,517,107 | \$2,653,384 | (\$136,277) |
| Conferences | \$5,637,313 | \$6,131,711 | (\$494,398) |
| Grants and Awards | \$3,850,982 | \$3,455,246 | \$395,736 |
| TOTAL | \$16,512,441 | \$16,700,039 | (\$187,598) |

General Fund deferred membership revenue increased by \$18,540, Divisions increased by \$31,647 and Round Table decreased by \$2,846.

Deferred subscription revenue decreased by \$136,277 due to decrease in RDA, CHOICE and Booklist, offset by strong UFL activities.

Deferred conference revenue decreased by \$494,398 mainly due to lower AC16 deferred conference revenue balance compared to AC15.

Grant deferred revenue is \$395,736 more than April 2015 due to new grants such as FINRA and Dollar General. Friends of AASL received grant in Dec 2015 for \$600K.

Long-Term Debt (Schedule 10)

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

In April 2015, The Association submitted a request to the Executive Board for approval to refinance ALA's existing loan, which was approved. On August 3, 2015, the modification of ALA's loan with JPMorgan Chase has closed. The new principal and interest payment schedule is attached. The next payment is due on August 3, 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 APRIL 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 | DUE DATE | INTEREST | TOTAL PAYMENT |
|------------------|--------------------|-------------|------------------|--------------------|
| PAYMENT SCHEDULE | \$1,500,000 | AUGUST 2016 | \$179,125 | \$1,679,125 |
| | \$1,300,000 | AUGUST 2017 | \$133,517 | \$1,433,517 |
| | \$1,200,000 | AUGUST 2018 | \$94,233 | \$1,294,233 |
| | \$1,100,000 | AUGUST 2019 | \$57,992 | \$1,157,992 |
| | \$900,000 | AUGUST 2020 | \$25,125 | \$925,125 |
| | \$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% |
| April 2016 | \$14,845,510 | \$249,719 | 2.58% |
| | | 10,557,152 | |

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 | 29,989 | 0 | 25,151 | (8,319) | 35,789 | (4,853) | 77,757 |
| APRIL 2016 | 14,740 | 0 | (1,281) | 0 | 6,107 | 998 | 20,564 |
| MAY 2016 | | | | | | | 0 |
| JUNE 2016 | | | | | | | 0 |
| JULY 2016 | | | | | | | 0 |
| AUGUST 2016 | | | | | | | 0 |
| TOTAL - FY16 | (6,017) | 0 | 57,365 | (17,114) | 41,703 | (3,438) | 72,499 |
| 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 | 320,423 | (552,660) | 219,189 | (64,233) | 284,452 | (101,154) | 106,017 |

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 | 850,615 | 887,610 | | | | | 760,494 |
| FIXED INCOME | 2,046,524 | 2,092,212 | 2,099,760 | 1,984,942 | 2,084,564 | 2,071,356 | 2,006,030 | 2,084,623 | | | | | 2,058,751 |
| EQUITIES | 7,982,797 | 8,598,687 | 8,540,675 | 8,306,577 | 7,981,442 | 7,898,807 | 8,271,378 | 8,211,725 | | | | | 8,224,011 |
| MUTUAL FUNDS | 25,852,798 | 27,225,856 | 27,173,273 | 26,518,280 | 24,679,909 | 24,374,000 | 25,933,679 | 26,203,272 | | | | | 25,995,133 |
| ALTERNATIVE INVT | 1,184,777 | 1,184,777 | 1,226,920 | 1,181,494 | 1,311,494 | 1,389,486 | 1,365,743 | 1,362,520 | | | | | 1,275,901 |
| TOTAL | 37,747,885 | 39,713,095 | 39,523,499 | 38,709,603 | 37,213,897 | 36,429,154 | 38,427,444 | 38,749,749 | 0 | 0 | 0 | 0 | 38,314,291 |
| UNREALIZED AND REALIZED GAIN/LOSS | | | | | | | | | | | | | |
| REALIZED GAIN/LOSS | (72,559) | 14,855 | 46,567 | 19,005 | (50,411) | (757,628) | (10,880) | 1,470,937 | | | | | 659,885 |
| UNREALIZED GAIN/LOSS | (923,268) | 1,912,253 | (361,685) | (1,519,809) | (1,454,343) | 584,645 | 1,911,980 | (1,178,301) | | | | | (1,028,528) |
| NET (REALIZED/UNREAL) | (995,827) | 1,927,108 | (315,118) | (1,500,804) | (1,504,754) | (172,983) | 1,901,100 | 292,636 | 0 | 0 | 0 | 0 | (368,643) |
| INTEREST/DIVIDEND | 103,254 | 56,793 | 146,280 | 705,952 | 31,131 | 41,935 | 108,752 | 57,417 | | | | | 1,251,513 |

**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 | \$699,879 | \$515,460 | \$277,576 | \$214,977 | \$140,575 | \$436,213 | \$2,284,680 |
| APRIL 2016 | \$753,143 | \$289,794 | \$353,187 | \$183,518 | \$178,945 | \$522,120 | \$2,280,707 |
| MAY 2016 | | | | | | | \$0 |
| JUNE 2016 | | | | | | | \$0 |
| JULY 2016 | | | | | | | \$0 |
| AUGUST 2016 | | | | | | | \$0 |
| FY 2016 AVERAGE | \$834,654 | \$480,123 | \$348,806 | \$238,480 | \$166,443 | \$326,127 | \$2,394,633 |
| % | 34.86% | 20.05% | 14.57% | 9.96% | 6.95% | 13.62% | 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% |
| April 2016 | 361,861 | -2.87% | 676,494 | -2.78% | 402,025 | -4.08% | 1,440,380 | -3.17% |

**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% |
| April 2016 | 47,459 | 19.72% | 81,000 | 32.12% | 64,709 | 19.13% | 193,168 | 24.41% | 13.41% |

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 | |

Cash to Debt Ratio

SCHEDULE 8

| | April 30, 2016 | April 30, 2015 | August 31, 2015 Audited |
|--|---------------------|---------------------|----------------------------|
| CASH TO DEBT RATIO | | | |
| CASH AND EQUIVALENT | \$1,710,570 | \$3,913,737 | \$1,120,194 |
| SHORT-TERM INVESTMENT | \$15,098,933 | \$16,458,757 | \$14,486,928 |
| LONG-TERM INVESTMENT | \$38,749,749 | \$40,939,533 | \$38,678,845 |
| TOTAL CASH AND INVESTMENTS | \$55,559,252 | \$61,312,027 | \$54,285,967 |
| TEMPORARILY RESTRICTED NET ASSETS | \$4,919,330 | \$5,242,481 | \$5,418,895 |
| PERMANENTLY RESTRICTED NET ASSETS | \$514,700 | \$514,700 | \$514,700 |
| DEFERRED REVENUE | \$16,512,440 | \$16,700,039 | \$12,771,480 |
| NET ASSETS AND DEFERRED REVENUE | \$21,946,470 | \$22,457,220 | \$18,705,075 |
| UNRESTRICTED CASH AND INVESTMENT(A) | \$33,612,782 | \$38,854,807 | \$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 | \$31,952 | \$38,372 | \$94,400 |
| NON-CURR PORTION OF CAPITAL LEASE | \$29,604 | \$179,710 | \$29,604 |
| TOTAL INDEBTEDNESS(B) | \$6,061,556 | \$9,023,082 | \$6,124,004 |
| CASH TO DEBT RATIO (A/B) | 5.55 | 4.31 | 5.81 |
| CASH TO 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, 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 |

| | 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 | | 0.00 | 8,000.00 | 8,000.00 | |
| 11/1/2017 | 3,200,000.00 | | 0.00 | 8,266.67 | 8,266.67 | |
| 12/1/2017 | 3,200,000.00 | | 0.00 | 8,000.00 | 8,000.00 | |
| 1/1/2018 | 3,200,000.00 | | 0.00 | 8,266.67 | 8,266.67 | |
| 2/1/2018 | 3,200,000.00 | | 0.00 | 8,266.67 | 8,266.67 | |
| 3/1/2018 | 3,200,000.00 | | 0.00 | 7,466.67 | 7,466.67 | |
| 4/1/2018 | 3,200,000.00 | | 0.00 | 8,266.67 | 8,266.67 | |
| 5/1/2018 | 3,200,000.00 | | 0.00 | 8,000.00 | 8,000.00 | |
| 6/1/2018 | 3,200,000.00 | | 0.00 | 8,266.67 | 8,266.67 | |
| 7/1/2018 | 3,200,000.00 | | 0.00 | 8,000.00 | 8,000.00 | |
| 8/1/2018 | 3,200,000.00 | 1,200,000.00 | | 8,266.67 | 1,208,266.67 | |
| 9/1/2018 | 2,000,000.00 | | 0.00 | 5,166.67 | 5,166.67 | 94,233.33 |
| 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 |
| 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 |
| Total: | | 6,000,000.00 | 541,241.67 | | 541,241.67 | |