

2006-2007 EBD #4.5

TO: ALA Executive Board

RE: Controller's Report

ACTION REQUESTED/INFORMATION/REPORT:

Presented for information.

CONTACT PERSON:

Russ Swedowski, 312/280-4253, rswedows@ala.org

DATE: October 4, 2006

BACKGROUND:

The Controller submits a quarterly information report to the Executive Board on some or all of the following:

- Inventory Levels
- Credit and Collections
- UBIT
- Cash Management/Bond Fund
- Audit Process/Schedule
- Tax Filing Status

TO: Finance and Audit Committee
FROM: Russell Swedowski
DATE: October 4, 2006
RE: Fall Meeting Agenda Items

Inventory Levels-ALA Editions and Products & Promotions-

Inventory levels at August 31, 2006, Schedule 1, are as follows: ALA Editions \$699,378 and Products and Promotions (Graphics) \$664,832. The ALA Editions inventory reflects a \$41,000 valuation (down from \$49,000 at August 31, 2005) for Guide to Reference Books, 11th Edition. The largest item in the inventory for Products and Promotions at August 31, 2006 are the Read products (28 in total), valued at \$57,904.

As of August 31, 2006 the excess and obsolete inventory reserves, Schedule 2, reflect the following balances, ALA Editions (\$296,000) and Products and Promotions (\$159,000). In FY 2006, Graphics destroyed \$1,147 and ALA Editions destroyed \$841 of product deemed excess or obsolete. See Schedule 3 for historical destruction levels. Additions to the reserve, net of reductions, through August are \$27,712 for ALA Editions and \$44,200 for Graphics (Schedule 4). Testing of the reserve levels will be performed as a part of the year-end closing process.

Credit and Collections-

The aging of our trade receivables has continued to show improvement. While the 150+ day category has increased to \$207,376 as compared to the August 31, 2005 balance of \$187,717, the change is not material. Total trade accounts receivable are \$2,186,254 at August 31, 2006 as compared to \$2,961,546 at August 31, 2005.

The new fulfillment company, PBD, designed and provided several special year-end reports for use in the year-end close and audit. These reports are being used to test the adequacy of the bad debt reserve and the reserve for credit memos. The pre-adjusted reserve for bad debts had increased by \$65,452 at August 31, 2006 resulting in a balance of \$395,756. Year-end testing of this balance, to be completed with the first close, will likely note that the reserve is adequate. Excellent efforts by PBD and Credit and Collections at collecting accounts receivable are a major reason for the adequacy of the reserve.

Annual Audit 2006-

On Monday, July 17, 2006 representatives from Ernst & Young, the Association's audit firm arrived at 40 East Huron to commence the preliminary audit work. Association accounting staff provided the auditors the work papers and reconciliation's they have requested so that they can complete the audit in a timely manner. The auditors will return for final fieldwork during the period November 7, 2006 to November 18, 2006. Audit work on the A-133 report has been scheduled for April 2007.

Cash Management and Bond Fund-

Total cash and short-term investments at August 31, 2006 amounted to \$15,937,365 as compared to \$16,803,644 a year ago. The decrease is mainly related to lower deferred revenues for meetings and conferences. Year-to-date interest income is \$627,410, which is \$112,780 less than the budget of \$740,190 and \$94,763 more than last year.

The Neuberger Berman bond fund investment balance is \$11,685,678 at August 31, 2006. As noted in Schedule 6, this investment has produced over \$5,872,000 in interest income since December 1991 and the yield has been well above the yield from certificates of deposit. With regard to risk of principal, the account finished FY 2006 with a realized/unrealized loss of \$132,146. At August 31, 2006 the cumulative (computed since December, 1991) net realized/unrealized loss is \$335,211. See Schedule 7 for additional details.

AMERICAN LIBRARY ASSOCIATION
HISTORICAL INVENTORY LEVELS
AS OF AUGUST 31, 19XX

SCHEDULE 1

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	TOTAL	% 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%	1,407,568	-10.08%	
2002	534,669	-4.13%	728,283	-14.31%	1,262,951	-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%	1,407,737	8.88%	
2005	622,796	8.90%	718,072	-14.09%	1,340,868	-4.75%	
2006	31-Aug-06	664,832	6.75%	699,378	-2.60%	1,364,210	1.74%

AMERICAN LIBRARY ASSOCIATION
HISTORICAL E&O RESERVE LEVELS
AS OF AUGUST 31, 19XX

SCHEDULE 2

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	TOTAL	% 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	31-Aug-06	159,162	37.08%	295,589	10.00%	454,751	18.17%	33.33%

AMERICAN LIBRARY ASSOCIATION
HISTORICAL INVENTORY DESTRUCTION
AS OF AUGUST 31, 19XX

SCHEDULE 3

YEAR	GRAPHICS	ALA EDITIONS	TOTAL
1989	0	139,729	139,729
1990	0	67,163	67,163
1991	116,334	68,283	184,617
1992	64,677	88,007	152,684
1993	24,324	61,613	85,937
1994	149,748	17,501	167,249
1995	59,954	46,884	106,838
1996	29,484	28,449	57,933
1997	7,306	37,396	44,702
1998	218,188	39,048	257,236
1999	73,439	35,221	108,660
2000	63,290	94,208	157,498
2001	97,112	139,990	237,102
2002	67,969	35,841	103,810
2003	26,276	2,693	28,969
2004	4	0	4
2005	21,981	64,403	86,384
2006	31-Aug-06 1,147	841	1,988
	1,021,233	967,271	1,988,504

AMERICAN LIBRARY ASSOCIATION
HISTORICAL INVENTORY RESERVE ADDITIONS
AS OF AUGUST 31, 19XX

SCHEDULE 4

YEAR	GRAPHICS	ALA EDITIONS	TOTAL
1989	56,248	55,000	111,248
1990	0	0	0
1991	69,000	18,172	87,172
1992	55,893	70,000	125,893
1993	36,570	36,031	72,601
1994	89,187	35,239	124,426
1995	86,220	36,848	123,068
1996	47,770	44,760	92,530
1997	111,390	94,269	205,659
1998	101,865	153,081	254,946
1999	115,866	81,855	197,721
2000	42,490	61,748	104,238
2001	43,999	56,362	100,361
2002	41,300	54,163	95,463
2003	50,500	47,448	97,948
2004	300	14,817	15,117
2005	62,700	37,453	100,153
2006	31-Aug-06 44,200	27,712	71,912
	1,055,498	924,958	1,980,456

AMERICAN LIBRARY ASSOCIATION
AGING OF TRADE ACCOUNTS RECEIVABLE

SCHEDULE 5

FISCAL 04-05	CURR	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOT. ACCT REC
September 2004	1,609,494	311,381	123,140	61,958	176,285	195,234	2,477,491
October 2004	1,019,312	599,696	122,574	85,524	55,834	332,824	2,215,765
November 2004	1,228,752	319,497	455,358	56,900	52,129	313,522	2,426,157
December 2004	1,002,303	487,842	128,188	93,375	23,638	195,955	1,931,299
January 2005	1,127,474	270,563	249,026	61,465	53,839	133,920	1,896,288
February 2005	1,241,523	437,186	213,238	131,610	30,309	121,847	2,175,713
March 2005	1,917,471	652,172	220,006	122,887	183,097	377,009	3,472,643
April 2005	1,244,810	1,015,857	282,422	62,944	59,880	434,422	3,100,336
May 2005	1,001,148	506,694	443,105	77,394	(3,957)	256,791	2,281,176
June 2005	1,248,286	252,470	248,389	130,881	13,520	(15,263)	1,878,283
July 2005	1,516,343	517,023	212,408	153,824	157,401	163,579	2,720,577
August 2005	1,524,828	837,936	208,263	121,448	81,354	187,717	2,961,546
04-05 Totals	15,681,744	6,208,315	2,906,117	1,160,211	883,329	2,697,557	29,537,273
FISCAL AVG	1,306,812	517,360	242,176	96,684	73,611	224,796	2,461,439

AMERICAN LIBRARY ASSOCIATION
AGING OF TRADE ACCOUNTS RECEIVABLE

SCHEDULE 5

FISCAL 05-06	CURR	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOT. ACCT REC
September 2005	1,582,591	575,497	629,489	93,418	46,694	11,222	2,938,911
October 2005	1,141,911	486,370	268,489	508,428	18,616	37,824	2,461,638
November 2005	1,350,871	348,159	251,332	175,081	480,460	60,074	2,665,977
December 2005	1,125,197	653,974	197,193	168,956	124,933	489,254	2,759,507
January 2006	1,588,756	404,827	350,416	67,624	85,800	595,257	3,092,678
February 2006	1,878,227	464,758	169,292	128,513	23,395	546,620	3,210,804
March 2006	1,450,805	968,413	246,117	32,820	42,637	325,113	3,065,903
April 2006	1,208,707	558,857	529,401	100,832	(12,025)	201,391	2,587,163
May 2006	1,104,495	377,446	447,213	273,423	64,190	109,607	2,376,375
June 2006	1,311,855	383,034	185,059	206,589	212,587	81,754	2,380,878
July 2006	1,106,212	525,319	244,696	66,986	119,478	287,397	2,350,088
August 2006	1,137,732	420,422	233,790	160,486	26,448	207,376	2,186,254
05-06 Totals	15,987,359	6,167,076	3,752,486	1,989,155	1,233,212	2,952,889	32,076,176
FISCAL AVG	1,332,280	513,923	312,707	165,263	102,768	246,074	2,673,015

HISTORY OF DEPOSITS TO THE NEUBERGER BERMAN ACCOUNTS

SCHEDULE 6

AS OF AUGUST 31, 19XX

DATE	AMOUNT	# MONTHS	YEAR	MARKET VALUE	INTEREST INCOME	YIELD
15-Dec-91	1,500,000	179	1991	1,493,202	5,529	6.66%
15-Feb-92	500,000	177	1992	2,107,981	91,630	6.82%
15-Feb-93	1,000,000	165	1993	4,717,417	174,093	5.93%
15-May-93	1,000,000	162	1994	4,726,074	264,791	4.94%
15-Jun-93	500,000	161	1995	5,784,008	319,958	6.57%
15-Jun-95	750,000	137	1996	5,990,229	374,246	6.53%
21-Mar-01	400,000	66	1997	6,377,031	400,808	6.25%
29-Mar-01	400,000	66	1998	6,855,814	418,743	6.30%
20-Apr-01	555,400	65	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%
			31-Aug-06	11,685,678	472,702	4.68%
				=====		
					5,871,816	
				=====		

SCHEDULE 7

AMERICAN LIBRARY ASSOCIATION
 NEUBERGER BERMAN BOND FUND
 STATEMENT OF REALIZED GAINS AND LOSSES
 FOR THE TWELVE MONTHS ENDING AUGUST 31, 2006

MONTHLY REALIZED/UNREALIZED GAIN/(LOSS)

	BOND FUND #1 SUBTOTAL UNREALIZED	REALIZED	BOND FUND #2 TOTAL UNREALIZED	REALIZED	PPG MERRILL LYNCH UNREALIZED	REALIZED	NET
SEPTEMBER	(21,637)	(67)	(35,737)	(955)	(24,733)	0	(83,129)
OCTOBER	(10,775)	(4,134)	(32,401)	45	(19,547)	127	(66,685)
NOVEMBER	19,800	(19,184)	12,486	(8,409)	(1,524)	0	3,169
DECEMBER	23,849	(22,470)	21,248	(8,428)	10,095	(2,898)	21,396
JANUARY	3,059	(2,926)	(8,198)	(3,306)	(4,990)	(5,926)	(22,287)
FEBRUARY	2,431	(6,111)	21,374	(26,688)	(7,697)	0	(16,691)
MARCH	(1,875)	(3,676)	(26,305)	(4,559)	(30,111)	0	(66,526)
APRIL	2,260	(3,940)	(15,054)	0	(9,281)	0	(26,015)
MAY	8,806	(10,468)	19,454	(290)	(16,571)	0	931
JUNE	(4,431)	(420)	(5,184)	(2,841)	2,323	(13,383)	(23,936)
JULY	16,866	0	37,836	(8,383)	28,304	0	74,623
AUGUST	5,065	2,923	28,895	2,605	38,518	(9,946)	68,060
IND SECURITIES					4,944		4,944
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FY 1993 CFWD	43,418	(70,473)	18,414	(61,209)	(30,270)	(32,026)	(132,146)
FY 1994 CFWD	58,654	12,277					70,931
FY 1995 CFWD	(156,399)	(69,198)					(225,597)
FY 1996 CFWD	93,596	(22,622)	4,226	(105)			75,095
FY 1997 CFWD	(66,905)	(1,983)	(22,489)	3,738			(87,639)
FY 1998 CFWD	26,857	24,234	22,728	(6,023)			67,796
FY 1999 CFWD	66,645	2,908	29,601	6,348			105,502
FY 2000 CFWD	(92,624)	(34,831)	(60,828)	7,844	(56,811)	(17,950)	(255,200)
FY 2001 CFWD	56,095	(48,716)	36,945	(30,200)	31,671	(34,284)	11,511
FY 2002 CFWD	125,591	39,538	51,791	22,697	34,830	24,279	298,726
FY 2003 CFWD	(39,265)	17,957	73,991	14,918	(3,901)	14,517	78,217
FY 2004 CFWD	(76,357)	2,002	(112,917)	87,065	(53,834)	34,883	(119,158)
FY 2005 CFWD	(47,062)	(44,618)	(10,436)	(22,627)	(15,989)	2,356	(138,376)
FY 2005 CFWD	12,975	(94,536)	(58,538)	(31,551)	(18,621)	(26,748)	(217,019)
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	5,219	(288,061)	(27,512)	(9,105)	(112,925)	(34,973)	(467,367)