

2006-2007 EBD #4.14

**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](mailto:rswedows@ala.org)

**DATE:** January 10, 2007

**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/Tax Filing Status
- Cash Management/Bond Fund

TO: Finance & Audit Committee

FROM: Russell Swedowski

DATE: January 10, 2007

RE: Midwinter Meeting Agenda Items

***Inventory Levels-ALA Editions and Products & Promotions-***

Inventory levels at November 30, 2006, Schedule 1, are as follows; ALA Editions \$697,237, and Products and Promotions (Graphics) \$726,195. The ALA Editions inventory reflects a \$39,000 valuation (down from \$48,000 at November 30, 2005) for Guide to Reference Books, 11th Edition. The 12th edition is in production. The largest item in the inventory for Products and Promotions at November 30, 2006 was \$55,000 (\$51,000 at April 30, 2006) of Read products, a total of 28 different items.

As of November 30, 2006 the excess and obsolete inventory reserves, Schedule 2, reflect the following balances, ALA Editions (\$301,000) and Products and Promotions (\$171,000). In FY 2006, Graphics and ALA Editions destroyed \$1,147 and \$841 of excess or obsolete products. All destroyed product is charged against the respective inventory reserves for excess and obsolete products. In FY 2007, no significant destruction has taken place to date. See Schedule 3 for historical destruction levels. Additions to the reserve through November are \$7,000 for ALA Editions and \$11,000 for Graphics (Schedule 4).

***Credit and Collections-***

At November 30, 2006, trade accounts receivable were \$2,148,037 as compared to \$2,665,977 at November 30, 2005. The 150+ day aging bucket at November 30, 2006 contained \$133,957 of receivables as compared to \$60,074 at November 30, 2005. The increase is a result of various Midwinter exhibitor billings that are outstanding.

***Unrelated Business Income Tax (UBIT)-***

The preparation of the final UBIT worksheets and the actual tax returns will commence in February, with a target completion date of early March. The proper extensions have been filed to extend the January 15th due date to April 15th. Estimated payments for FY 2006 were made in a timely manner. The initial expected total tax liability was \$20,879 for the Federal return and \$6,613 for the state of Illinois return. However, the final close of 2006 included additional revenues that were not in the close used to compute the provision. As a result, the actual tax liability may be slightly higher than the provision. The returns will include a taxable income of \$5,000 for the final days of Huron Plaza operations.

***Cash Management and Bond Fund-***

Total cash and short-term investments at November 30, 2006 amounted to \$17,337,638 as compared to \$16,804,444 a year ago. The increase is due to higher deferred revenues for grants and accounts payable offset by the payments related the property in Washington, D.C. Year-to-date interest income is \$147,395, which is \$12,395 more than the budget of \$135,000 and \$1,372 more than last year.

The Neuberger Berman bond fund investment balance is \$11,887,800 at November 30, 2006 as compared to \$11,401,636 at November 30, 2005. As noted in Schedule 6, this investment has produced over \$5,994,000 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 and is currently reflecting a gain of \$100,227 for FY 2007. At November 30, 2006 the cumulative (computed since December 1991) net realized/unrealized loss is \$367,130. 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	664,832	6.75%	699,378	-2.60%	1,364,210	1.74%
2007	30-Nov-06	726,195	697,237	-0.31%	1,423,432	4.34%

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	159,162	37.08%	295,589	10.00%	454,751	18.17%	33.33%
2007	30-Nov-06	170,524	302,870	12.71%	473,394	4.10%	33.26%

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	1,147	841	1,988
2007	30-Nov-06 4	6	10
	1,021,237	967,277	1,988,514

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	44,200	27,712	71,912
2007	30-Nov-06 11,366	7,287	18,653
	1,066,864	932,245	1,999,109

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	1,983,155	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

AMERICAN LIBRARY ASSOCIATION  
AGING OF TRADE ACCOUNTS RECEIVABLE

SCHEDULE 5

FISCAL 06-07	CURR	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOT. ACCT REC
September 2006	1,627,751	326,773	283,207	118,500	7,525	105,407	2,469,161
October 2006	1,288,110	565,430	227,457	193,648	63,363	94,735	2,432,741
November 2006	1,109,530	382,761	246,057	94,213	181,519	133,957	2,148,037
December 2006							
January 2007							
February 2007							
March 2007							
April 2007							
May 2007							
June 2007							
July 2007							
August 2007							
06-07 Totals	4,025,391	1,274,963	756,721	406,361	252,406	334,098	7,049,940
FISCAL AVG	1,341,797	424,988	252,240	135,454	84,135	111,366	2,349,980

HISTORY OF DEPOSITS TO THE NEUBERGER BERMAN ACCOUNTS

SCHEDULE 6

AS OF AUGUST 31, 19XX

DATE	AMOUNT	30-Nov-06 # MONTHS	YEAR	MARKET VALUE	INTEREST INCOME	YIELD
15-Dec-91	1,500,000	182	1991	1,493,202	5,529	6.66%
15-Feb-92	500,000	180	1992	2,107,981	91,630	6.82%
15-Feb-93	1,000,000	168	1993	4,717,417	174,093	5.93%
15-May-93	1,000,000	165	1994	4,726,074	264,791	4.94%
15-Jun-93	500,000	164	1995	5,784,008	319,958	6.57%
15-Jun-95	750,000	140	1996	5,990,229	374,246	6.53%
21-Mar-01	400,000	69	1997	6,377,031	400,808	6.25%
29-Mar-01	400,000	69	1998	6,855,814	418,743	6.30%
20-Apr-01	555,400	68	1999	7,005,423	422,880	6.11%
			2000	7,324,250	422,114	6.12%
	6,605,400		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	472,702	4.68%
			30-Nov-06	11,887,800	122,477	4.77%

5,994,293

AMERICAN LIBRARY ASSOCIATION  
 NEUBERGER BERMAN BOND FUND  
 STATEMENT OF REALIZED GAINS AND LOSSES  
 FOR THE THREE MONTHS ENDING NOVEMBER 30, 2007

SCHEDULE 7

	MONTHLY REALIZED/UNREALIZED GAIN/(LOSS)				BOND FUND #1 SUBTOTAL		BOND FUND #2 TOTAL		PPG MERRILL LYNCH		NET
	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	
SEPTEMBER	9,195	(8)	13,791	0	14,420	0	37,398				
OCTOBER	6,774	0	9,504	1,069	5,194	0	22,541				
NOVEMBER	6,222	(6,653)	18,654	3,556	18,509	0	40,288				
DECEMBER							0				
JANUARY							0				
FEBRUARY							0				
MARCH							0				
APRIL							0				
MAY							0				
JUNE							0				
JULY							0				
AUGUST							0				
IND SECURITIES							0				
	22,191	(6,661)	41,949	4,625	38,123	0	100,227				
FY 1993 CFWD	58,654	12,277					70,931				
FY 1994 CFWD	(156,399)	(69,198)					(225,597)				
FY 1995 CFWD	93,596	(22,622)	4,226	(105)			75,095				
FY 1996 CFWD	(66,905)	(1,983)	(22,489)	3,738			(87,639)				
FY 1997 CFWD	26,857	24,234	22,728	(6,023)			67,796				
FY 1998 CFWD	66,645	2,908	29,601	6,348			105,502				
FY 1999 CFWD	(92,624)	(34,831)	(60,828)	7,844			(17,950)				
FY 2000 CFWD	56,095	(48,716)	36,945	(30,200)			31,671				
FY 2001 CFWD	125,591	39,538	51,791	22,697			34,830				
FY 2002 CFWD	(39,265)	17,957	73,991	14,918			24,279				
FY 2003 CFWD	(76,357)	2,002	(112,917)	87,065			14,517				
FY 2004 CFWD	(47,062)	(44,618)	(10,436)	(22,627)			(53,834)				
FY 2005 CFWD	12,975	(94,536)	(58,538)	(31,551)			2,356				
FY 2006 CFWD	43,418	(70,473)	18,414	(61,209)			(26,748)				
	27,410	(294,722)	14,437	(4,480)	(74,802)	(34,973)	(367,130)				