

**EBD #4.23  
2003-2004**

TO: Finance and Audit  
FROM: Russell Swedowski  
DATE: June 10, 2004  
RE: Controller's Report

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

Inventory levels at April 30, 2004, schedule 1, are as follows; ALA Editions \$814,931, and Products and Promotions (Graphics) \$548,144. The ALA Editions inventory reflects a \$54,000 valuation (down from \$55,000 at March 31, 2004) for Guide to Reference Books, 11th Edition. The 12th edition is in production. The largest item in the inventory for Products and Promotions at April 30, 2004 was \$23,000 (\$24,000 at March 31, 2004) of At Your Library products, a total of 21 different items. These were relatively new products, so there is a limited amount of history to refer to in assessing if there are any problem products, although there were three items valued at \$4,800 that were destroyed at year-end, 2003.

As of April 30, 2004 the excess and obsolete inventory reserves, Schedule 2, reflect the following balances, ALA Editions (\$309,000) and Products and Promotions (\$108,000). In FY 2003, Graphics destroyed \$26,276 of product deemed excess or obsolete. ALA Editions destroyed \$2,693 of excess or obsolete products. All destroyed product is charged against the respective inventory reserves for excess and obsolete products. In FY 2004, no destruction has taken place to date, although Graphics has plans to destroy \$26,000 of inventory. See Schedule 3 for historical destruction levels. Additions to the reserve through April are \$28,000 for ALA Editions and \$33,000 for Graphics (Schedule 4).

**Credit and Collections-**

At April 30, 2004, trade accounts receivable were \$2,119,615 as compared to \$2,253,232 at April 30, 2004. The 150+ day aging bucket at April 30, 2004 contained \$55,623 of receivables as compared to \$198,546 at April 30, 2003. The decrease is a result of an increase in collection activity against bookstores by PBD and in iMIS (advertising billings) by Association staff. The PBD 150+ receivable balance is \$239 while the iMIS 150+ balance is \$55,384.

**Audit Planning-**

Initial planning for the 2004 audit has commenced. Preliminary audit work is expected to take place in early July. The final audit work is tentatively scheduled for November 8, 2004, however Ernst & Young is trying to resolve schedule conflicts for one of the staff members assigned to the Association's audit.

**Cash Management and Bond Fund-**

Total cash and short-term investments at April 30, 2004 amounted to \$16,048,845 as compared to \$14,871,039 a year ago. The increase is caused by lower accounts receivable and National Conferences for PLA and AASL. Year-to-date interest income is \$326,150, which is \$13,816 less than the budget of \$339,966 and \$44,116 more than last year.

The Neuberger Berman bond fund investment balance is \$11,082,952 at April 30, 2004 as compared to \$10,714,195 at April 30, 2003. As noted in schedule 6, this investment has produced over \$4,768,000 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 2003 with a realized/unrealized loss of \$119,158 and is currently reflecting a loss of \$141,958 for FY 2004. At April 30, 2004 the cumulative (computed since December 1991) net realized/unrealized loss is \$121,774. See Schedule 7 for additional details.

**Unrelated Business Income Tax-**

The Federal and state income tax returns were filed on April 6, 2004. Income tax refund requests were included on both returns. The Federal refund request was for \$4,281,500. A check for the full refund was received on May 28, 2004 and the refund was deposited in the Future Fund. The state refund request, which has not yet been received, was for \$966,400. The large amounts relate to the tax liability from the sale of Huron Plaza, which is not reportable for income tax purposes until the FY 2004 tax return is due.

**Cash Flow-**

In an effort to increase the amount of interest income the Association earns in the General Fund a review of the bond fund investments has been performed. Historical charts of cash and investment balances, operating cash requirements and yields indicate that a reallocation of the bond fund investments may increase interest income. In addition, excess operating cash could be put to productive use as an addition to the bond fund investments.

AMERICAN LIBRARY ASSOCIATION  
HISTORICAL INVENTORY LEVELS  
AS OF AUGUST 31, 1953

SCHEDULE 1

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	TOTAL	% CHANGE
1969	541,698		697,828		1,242,456	
1960	757,983	39.18%	718,588	2.97%	1,476,571	18.84%
1961	661,005	-12.79%	763,198	7.04%	1,430,203	-3.14%
1962	686,760	3.90%	741,549	-7.49%	1,398,309	-2.28%
1963	715,912	4.24%	696,409	-2.13%	1,412,321	1.00%
1964	729,317	1.87%	635,325	-8.77%	1,364,642	-3.38%
1965	809,352	10.97%	604,191	-4.90%	1,413,546	3.58%
1966	780,814	-2.99%	1,092,104	80.75%	1,882,918	33.21%
1967	729,992	-7.70%	963,897	-11.74%	1,693,799	-10.04%
1968	569,964	-22.04%	1,094,800	13.56%	1,663,661	-1.78%
1969	463,294	-18.59%	956,806	-12.59%	1,420,100	-14.64%
2000	573,351	23.80%	991,811	3.66%	1,565,392	10.23%
2001	557,676	-2.77%	849,689	-14.31%	1,407,568	-10.08%
2002	581,669	4.13%	728,283	-14.31%	1,262,951	-10.27%
2003	498,778	-6.71%	764,163	9.04%	1,292,881	2.37%
2004	548,144	9.90%	811,931	2.62%	1,363,075	5.43%

AMERICAN LIBRARY ASSOCIATION  
HISTORICAL F&O RESERVE LEVELS  
AS OF AUGUST 31, 1953

SCHEDULE 2

YEAR	GRAPHICS	% CHANGE	ALA EDITIONS	% CHANGE	TOTAL	% CHANGE	OF TOTAL INVENTORY
1969	181,200		253,172		434,372		34.98%
1960	181,700	0.00%	186,009	-26.53%	367,269	-15.46%	24.87%
1961	133,866	-26.17%	135,898	-26.94%	269,764	-26.54%	18.86%
1962	125,082	-6.56%	117,891	-13.25%	242,973	-9.93%	17.38%
1963	137,328	9.79%	92,309	-21.70%	229,637	-5.49%	16.26%
1964	76,767	-41.10%	110,047	19.23%	186,814	-18.63%	13.69%
1965	103,033	34.22%	100,011	-9.12%	203,044	8.69%	14.36%
1966	121,319	17.75%	116,322	16.31%	237,641	17.04%	12.62%
1967	225,103	83.79%	173,195	48.89%	398,598	67.73%	23.53%
1968	109,060	-51.01%	287,228	65.84%	396,308	-0.57%	23.87%
1969	151,508	32.90%	383,862	16.24%	485,370	22.47%	34.18%
2000	130,652	-13.77%	304,402	-9.72%	432,054	-10.96%	27.60%
2001	77,539	-40.65%	217,774	-37.75%	295,313	-31.65%	20.96%
2002	50,870	-34.39%	286,096	8.41%	286,966	-7.83%	22.72%
2003	75,094	47.62%	280,854	18.96%	355,945	24.04%	27.53%
2004	108,246	44.15%	309,327	10.10%	417,473	17.28%	30.63%

AMERICAN LIBRARY ASSOCIATION  
 HISTORICAL INVENTORY DESTRUCTION  
 AS OF AUGUST 31, 195X

SCHEDULE 3

YEAR	GRAPHICS	ALA EDITIONS	TOTAL
1989	0	139,729	139,729
1990	0	67,163	67,163
1991	116,331	68,283	184,617
1992	64,677	68,007	132,684
1993	21,324	61,613	85,937
1994	118,748	17,501	167,249
1995	53,954	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	35,721	109,160
2000	63,290	94,208	157,498
2001	97,112	139,990	237,102
2002	67,969	35,841	103,810
2003	36,276	2,693	26,969
2004 30-Apr-2004	0	0	0
	998,101	902,026	1,900,128

AMERICAN LIBRARY ASSOCIATION  
 HISTORICAL INVENTORY RESERVE ADDITIONS  
 AS OF AUGUST 31, 195X

SCHEDULE 4

YEAR	GRAPHICS	ALA EDITIONS	TOTAL
1989	56,248	55,000	111,248
1990	0	0	0
1991	69,060	15,172	87,172
1992	55,893	70,060	125,893
1993	36,576	36,031	72,601
1994	89,187	35,239	124,426
1995	86,220	36,848	123,068
1996	47,776	44,760	92,536
1997	111,390	94,283	205,659
1998	101,865	153,081	254,946
1999	115,866	84,855	197,721
2000	42,430	61,748	104,238
2001	43,939	56,362	100,361
2002	44,300	54,163	95,463
2003	50,500	47,448	97,948
2004 30-Apr-2004	33,152	28,376	61,528
	981,450	873,352	1,854,802

AMERICAN LIBRARY ASSOCIATION  
AGING OF TRADE ACCOUNTS RECEIVABLE

SCHEDULE 5

FISCAL 02-03	CURN	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOT. ACCT REC
September 2002	1,023,010	340,676	243,300	268,791	114,101	142,384	2,142,553
October 2002	1,220,255	467,102	220,183	132,034	204,847	200,354	2,441,795
November 2002	1,484,774	568,013	318,117	119,609	47,681	220,983	2,759,207
December 2002	1,106,282	689,681	311,971	178,104	36,422	149,117	2,471,577
January 2003	998,572	421,055	311,539	240,945	115,628	120,334	2,208,082
February 2003	1,618,172	401,688	230,064	436,172	121,858	448,840	3,256,795
March 2003	1,339,874	679,368	172,658	150,764	203,540	309,305	2,655,509
April 2003	942,762	533,497	416,084	78,613	83,731	198,546	2,253,232
May 2003	1,062,476	328,885	275,245	201,796	43,963	47,629	1,939,894
June 2003	1,101,645	439,931	212,741	40,481	(55,747)	(228,934)	1,510,076
July 2003	915,602	480,458	148,308	93,298	23,472	(351,147)	1,310,530
August 2003	1,074,334	289,858	269,198	121,006	57,280	22,233	1,633,929
02-03 Totals	13,797,757	5,610,212	3,129,436	2,062,172	993,776	1,179,684	26,807,988
FISCAL AVG	1,149,813	470,018	260,786	171,844	82,815	98,307	2,233,582

AMERICAN LIBRARY ASSOCIATION  
AGING OF TRADE ACCOUNTS RECEIVABLE

SCHEDULE 5

FISCAL 03-04	CURN	30 DAYS	60 DAYS	90 DAYS	120 DAYS	150 DAYS	TOT. ACCT REC
September 2003	1,650,655	415,165	153,926	113,662	81,430	275,776	2,720,614
October 2003	1,072,809	558,651	183,116	62,313	59,206	65,599	2,001,893
November 2003	948,672	497,112	341,425	140,777	49,083	7,210	1,984,228
December 2003	1,023,887	302,093	191,781	158,472	76,699	(16,605)	1,736,841
January 2004	1,216,925	310,358	167,830	91,370	101,575	27,470	1,915,529
February 2004	987,632	581,811	166,936	126,282	46,815	(415)	1,909,010
March 2004	1,303,912	429,657	388,336	117,813	96,843	182,337	2,414,800
April 2004	1,054,706	472,473	285,019	189,645	62,149	55,623	2,119,615
May 2004							
June 2004							
July 2004							
August 2004							
03-04 Totals	9,259,100	3,507,829	1,778,372	1,000,294	573,802	596,994	16,806,489
FISCAL AVG	1,157,400	449,739	282,296	125,037	71,725	74,624	2,100,811

SCHEDULE 6

HISTORY OF DEPOSITS TO THE MERIDEGE BERMAN ACCOUNTS

AS OF AUGUST 31, 19XX

DATE	AMOUNT	30-Apr-2004 # MONTHS	YEAR	MARKET VALUE	INTEREST INCOME	YIELD
15-Dec-91	1,500,000	151	1991	1,483,302	5,529	6.66%
15-Feb-92	500,000	149	1992	2,107,983	91,630	6.82%
15-Feb-93	1,000,000	136	1993	4,717,417	174,093	5.93%
15-May-93	1,000,000	133	1994	4,726,074	264,791	4.94%
15-Jul-93	500,000	132	1995	5,784,008	319,958	6.57%
15-Jul-95	750,000	106	1996	5,990,229	374,246	6.53%
21-Mar-2001	400,000	38	1997	6,377,031	400,808	6.25%
29-Mar-2001	400,000	38	1998	6,855,814	418,748	6.30%
30-Apr-2001	555,400	37	1999	7,005,423	422,660	6.11%
	6,605,400		2000	7,324,250	429,114	6.12%
			2001	9,794,308	521,609	5.90%
			2002	10,389,702	579,012	5.99%
			2003	11,037,007	474,382	3.81%
			30-Apr-2004	11,082,952	288,367	4.18%

=====

1,768,162

=====

SCHEDULE 7

AMERICAN LIBRARY ASSOCIATION  
 REBERGER BERMAN BOND FUND  
 STATEMENT OF REALIZED GAINS AND LOSSES  
 FOR THE EIGHT MONTHS ENDING APRIL 30, 2004

MONTHLY REALIZED/UNREALIZED GAIN/(LOSS)

	BOND FUND #1		BOND FUND #2		PPG MERRILL LYNCH		NET
	UNREALIZED	REALIZED	UNREALIZED	REALIZED	UNREALIZED	REALIZED	
SEPTEMBER	21,089	(117)	51,494	0	31,418	(6,263)	97,621
OCTOBER	(25,363)	(388)	(41,592)	7,789	(18,616)	(273)	(75,469)
NOVEMBER	(15,912)	2,350	(10,693)	(2,368)	(1,241)	(2,774)	(29,738)
DECEMBER	7,166	0	9,628	113	8,537	0	25,444
JANUARY	(6,349)	(1,668)	(3,437)	1,985	(5,771)	5,001	(10,439)
FEBRUARY	2,758	(2,240)	7,655	3,318	6,252	557	18,300
MARCH	(4,837)	(2,911)	9,155	0	(8,867)	9,567	2,127
APRIL	(40,421)	(1,312)	(77,204)	(555)	(46,930)	(576)	(166,636)
MAY							0
JUNE							0
JULY							0
AUGUST							0
BOND SECURITIES						(106)	(106)
=====							
FY 1993 CFWD	(66,695)	(6,486)	(54,894)	10,282	(35,218)	5,153	(141,958)
FY 1994 CFWD	58,654	12,277					70,931
FY 1995 CFWD	(156,399)	(69,138)					(225,537)
FY 1996 CFWD	93,596	(22,622)	4,226	(105)			75,095
FY 1997 CFWD	(66,905)	(1,983)	(22,469)	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	(92,674)	(34,831)	(60,826)	7,844	(56,811)	(17,950)	(255,209)
FY 2001 CFWD	56,095	(48,716)	96,945	(30,200)	31,671	(34,284)	11,511
FY 2002 CFWD	125,591	39,538	51,291	22,697	34,830	24,279	298,726
FY 2003 CFWD	(39,265)	17,957	74,991	14,918	(3,901)	14,517	78,217
FY 2004 CFWD	(76,357)	2,002	(12,917)	87,065	(53,834)	34,883	(119,158)
=====							
	(64,807)	(84,920)	(31,946)	116,564	(83,263)	26,598	(121,774)
=====							