

**2005-2006 EBD #4.11**

TO: Finance and Audit Committee

FROM: Russell Swedowski

DATE: December 30, 2005

RE: Midwinter Meeting Agenda Items

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

Inventory levels at November 30, 2005, schedule 1, are as follows; ALA Editions \$750,751, and Products and Promotions (Graphics) \$624,169. The ALA Editions inventory reflects a \$48,000 valuation (down from \$51,000 at November 30, 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 November 30, 2005 was \$14,000 (\$20,000 at November 30, 2004) of At Your Library products, a total of 13 different items.

As of November 30, 2005 the excess and obsolete inventory reserves, schedule 2, reflect the following balances, ALA Editions (\$275,000) and Products and Promotions (\$130,000). In FY 2005, Graphics and ALA Editions destroyed \$22,000 and \$64,000 of excess or obsolete products. All destroyed product is charged against the respective inventory reserves for excess and obsolete products. In FY 2006, no significant destruction has taken place to date. See schedule 3 for historical destruction levels. Additions to the reserve through November are \$6,000 for ALA Editions and \$14,000 for Graphics (schedule 4).

**Credit and Collections-**

At November 30, 2005, trade accounts receivable were \$2,665,977 as compared to \$2,426,157 at November 30, 2004. The 150+ day aging bucket at November 30, 2005 contained \$60,074 of receivables as compared to \$313,522 at November 30, 2004. The decrease is a result of the receipt of two Endowment pledges, the Schneider Book Award pledge for \$60,000 and the William Boyd pledge of \$100,000. In addition, there are 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 2005 were made in a timely manner. The expected total tax liability is \$9,168 for the Federal return and \$3,948 for the state of Illinois return. The returns will include a taxable loss of \$25,000 for the final days of Huron Plaza operations.

**Cash Management and Bond Fund-**

Total cash and short-term investments at November 30, 2005 amounted to \$16,804,444 as compared to \$19,402,524 a year ago. The decrease is due to the increase in accounts receivable and payments related to the purchase of the property in Washington, D.C. Year-to-date interest income is \$146,023, which is \$39,025 less than the budget of \$185,048 and \$7,351 more than last year.

The Neuberger Berman bond fund investment balance is \$11,401,647 at November 30, 2005 as compared to \$11,256,074 at November 30, 2004. As noted in schedule 6, this investment has produced over \$5,520,000 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 2005 with a realized/unrealized loss of \$217,019 and is currently reflecting a loss of \$186,245 for FY 2006. At November 30, 2005 the cumulative (computed since December, 1991) net realized/unrealized loss is \$521,456. 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	30-Nov-05 624,169	0.22%	750,751	4.55%	1,374,920	2.54%

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	30-Nov-05 129,846	11.83%	274,533	2.16%	404,379	5.08%	29.41%

AMERICAN LIBRARY ASSOCIATION      SCHEDULE 3  
HISTORICAL INVENTORY DESTRUCTION  
AS OF AUGUST 31, 19XX

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	30-Nov-05	292	5	297
		1,020,378	966,435	1,986,813
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AMERICAN LIBRARY ASSOCIATION      SCHEDULE 4  
HISTORICAL INVENTORY RESERVE ADDITIONS  
AS OF AUGUST 31, 19XX

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	30-Nov-05	13,702	5,820	19,522
		1,025,000	903,066	1,928,066
		=====	=====	=====

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							
January 2006							
February 2006							
March 2006							
April 2006							
May 2006							
June 2006							
July 2006							
August 2006							
05-06 Totals	4,075,373	1,410,026	1,149,310	776,927	545,770	109,120	8,066,526
FISCAL AVG	1,358,458	470,009	383,103	258,976	181,923	36,373	2,688,842

## HISTORY OF DEPOSITS TO THE NEUBERGER BERMAN ACCOUNTS

## SCHEDULE 6

AS OF AUGUST 31, 19XX						
DATE	AMOUNT	30-Nov-05 # MONTHS	YEAR	MARKET VALUE	INTEREST INCOME	YIELD
15-Dec-91	1,500,000	170	1991	1,493,202	5,529	6.66%
15-Feb-92	500,000	168	1992	2,107,981	91,630	6.82%
15-Feb-93	1,000,000	156	1993	4,717,417	174,093	5.93%
15-May-93	1,000,000	153	1994	4,726,074	264,791	4.94%
15-Jun-93	500,000	152	1995	5,784,008	319,958	6.57%
15-Jun-95	750,000	127	1996	5,990,229	374,246	6.53%
21-Mar-01	400,000	57	1997	6,377,031	400,808	6.25%
29-Mar-01	400,000	57	1998	6,855,814	418,743	6.30%
20-Apr-01	555,400	56	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%
			30-Nov-05	11,401,647	121,719	4.40%
					5,520,833	
					=====	

AMERICAN LIBRARY ASSOCIATION  
NEUBERGER BERMAN BOND FUND  
STATEMENT OF REALIZED GAINS AND LOSSES  
FOR THE THREE MONTHS ENDING NOVEMBER 30, 2005

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	
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	(36,431)
DECEMBER							0
JANUARY							0
FEBRUARY							0
MARCH							0
APRIL							0
MAY							0
JUNE							0
JULY							0
AUGUST							0
IND SECURITIES							0

	(52,212)	(23,385)	(55,652)	(9,319)	(45,804)	127	(186,245)
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	(56,811)	(17,950)	(255,200)
FY 2000 CFWD	56,095	(48,716)	36,945	(30,200)	31,671	(34,284)	11,511
FY 2001 CFWD	125,591	39,538	51,791	22,697	34,830	24,279	298,726
FY 2002 CFWD	(39,265)	17,957	73,991	14,918	(3,901)	14,517	78,217
FY 2003 CFWD	(76,357)	2,002	(112,917)	87,065	(53,834)	34,883	(119,158)
FY 2004 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)
	(90,411)	(240,973)	(101,578)	42,785	(128,459)	(2,820)	(521,456)