

# ANNUAL MEMBERSHIP MEETING

Thursday, May 30, 2013  
Jacob Javits Convention Center  
New York, New York

## AGENDA

### **1. Call to Order**

### **2. Report of the President**

Becky Anderson, Anderson's Bookshops, Naperville, IL

### **3. Report of the Vice President, including Membership Report**

Steve Bercu, BookPeople, Austin, TX

### **4. Report of the Chief Executive Officer, including Financial Report**

Oren J. Teicher

### **5. Old Business and General Orders**

### **6. New Business**

### **7. Adjourn**

## **ABA BOARD OF DIRECTORS**

June 2012 to June 2013

Becky Anderson, ABA President  
Anderson's Bookshops, Naperville, IL

Steve Bercu, ABA Vice President/Secretary  
BookPeople, Austin, TX

Sarah Bagby  
Watermark Books, Wichita, KS

Betsy Burton  
The King's English, Salt Lake City, UT

Tom Campbell  
The Regulator Bookshop, Durham, NC

John Evans  
Diesel, A Bookstore, Brentwood, CA

Valerie Koehler  
Blue Willow Bookshop, Houston, TX

Matt Norcross  
McLean & Eakin, Petoskey, MI

Jonathan Welch  
Talking Leaves Books, Buffalo, NY

Ken White  
Books Inc., San Francisco, CA

2013 BOARD OF DIRECTORS  
Election Results

OFFICERS

(term ending June 2015)

**President**

Steve Bercu

BookPeople, Austin, TX

**VP/Secretary**

Betsey Burton

The King's English, Salt Lake City, UT

DIRECTORS

(term ending June 2016)

Annie Philbrick

Bank Square Books, Mystic, CT

Robert A. Sindelar

Third Place Books, Lake Forest, WA

NOMINATING COMMITTEE

John Evans (chair)

DIESEL, A Bookstore, Brentwood, CA

Valerie Koehler

Blue Willow Bookshop, Houston, TX

Sue Boucher

Lake Forest Book Store, Lake Forest, IL

Mark Mouser

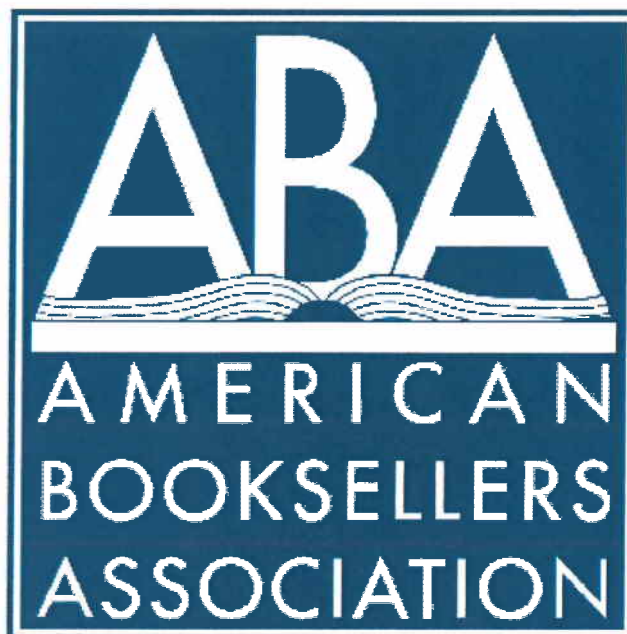
University Book Store, Seattle, WA

Casey Coonertz

Bookshop Santa Cruz, Santa Cruz, CA

## MEMBERSHIP REPORT

	May 15, 2012	<b>May 15, 2013</b>
Bookstore Locations*	1900	<b>1971</b>
	*1567 companies	<b>*1632 companies</b>
Associate	356	<b>394</b>
Provisional	194	<b>217</b>
Auxiliary	47	<b>51</b>
Foreign	20	<b>23</b>
<b>Total</b>	<b>2517</b>	<b>2656</b>



American Booksellers Association, Inc. and Subsidiaries

Consolidated Financial Statements  
(Together with Independent Auditors' Report)

Years Ended September 30, 2012 and 2011

## INDEPENDENT AUDITORS' REPORT

To the Board of Directors  
American Booksellers Association, Inc. and Subsidiaries

We have audited the accompanying consolidated balance sheets of the American Booksellers Association, Inc. and Subsidiaries (the "Association") as of September 30, 2012 and 2011, and the related consolidated statements of activities and cash flows for the years then ended. These consolidated financial statements are the responsibility of the Association's management. Our responsibility is to express an opinion on these consolidated financial statements based on our audits. We did not audit the financial statements of Libris Indemnity Company ("LIBRIS"), a wholly owned subsidiary, which statements reflect total assets constituting approximately 5% and 7% as of September 30, 2012 and 2011, respectively, and operating revenue constituting approximately 14% and 16% for the years ended September 30, 2012 and 2011, respectively, of the related consolidated totals. Those statements were audited by other auditors whose reports have been furnished to us, and our opinion, insofar as it relates to the amounts included for LIBRIS as of September 30, 2012 and 2011, and for the years then ended, is based solely on the reports of the other auditors.

We conducted our audits in accordance with auditing standards generally accepted in the United States of America. Those standards require that we plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the consolidated financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation. We believe that our audits and the report of the other auditors provide a reasonable basis for our opinion.

In our opinion, based on our audits and the report of the other auditors, the consolidated financial statements referred to above present fairly, in all material respects, the financial position of the American Booksellers Association, Inc. and Subsidiaries as of September 30, 2012 and 2011, and the changes in their net assets and their cash flows for the years then ended, in conformity with accounting principles generally accepted in the United States of America.

Our audits were conducted for the purpose of forming an opinion on the consolidated financial statements of the Association taken as a whole. The supplementary information (shown on pages 13-21) is presented for the purposes of additional analysis of the consolidated financial statements rather than to present the financial position and changes in net assets of the individual companies and is not a required part of the consolidated financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the consolidated financial statements. The supplementary information has been subjected to the auditing procedures applied in the audits of the consolidated financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the consolidated financial statements or to the consolidated financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, which insofar as it relates to LIBRIS is based on the report of other auditors, the supplementary information is fairly stated in all material respects when considered in relation to the consolidated financial statements taken as a whole.

*Marko Paneth & Shron LLP*

New York, NY  
May 15, 2013

**AMERICAN BOOKSELLERS ASSOCIATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED BALANCE SHEETS**  
**AS OF SEPTEMBER 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>ASSETS</b>		
Cash and cash equivalents (Notes 2D, 2E and 12)	\$ 455,436	\$ 672,449
Investments, at fair value (Notes 2F, 3, 10, 12, 13 and 15)	23,718,782	21,168,862
Accounts receivable, net (Note 2H)	733,549	722,597
Due from related parties (Note 5)	1,091,306	1,081,972
Property and equipment, net (Notes 2G and 4)	158,383	291,209
Prepaid expenses and other assets (Note 8)	614,351	597,090
 <b>TOTAL ASSETS</b>	 <b>\$ 26,771,807</b>	 <b>\$ 24,534,179</b>
 <b>LIABILITIES</b>		
Accounts payable and accrued expenses (Note 10A)	\$ 786,054	\$ 932,288
Deferred revenue (Note 2J)	615,569	689,093
Outstanding losses - insurance program (Note 2I)	486,241	567,349
 <b>TOTAL LIABILITIES</b>	 <b>1,887,864</b>	 <b>2,188,730</b>
 <b>COMMITMENTS AND CONTINGENCIES (Note 10)</b>		
 <b>NET ASSETS - UNRESTRICTED (Note 2B)</b>		
Undesignated	15,118,609	12,840,906
Designated for American Booksellers Foundation for Free Expression, Inc. (Notes 5 and 14)	2,500,000	2,500,000
Designated for contingencies (Notes 9 and 14)	7,265,334	7,004,543
 <b>TOTAL NET ASSETS - UNRESTRICTED</b>	 <b>24,883,943</b>	 <b>22,345,449</b>
 <b>TOTAL LIABILITIES AND NET ASSETS</b>	 <b>\$ 26,771,807</b>	 <b>\$ 24,534,179</b>

The accompanying notes are an integral part of these consolidated financial statements.

**AMERICAN BOOKSELLERS ASSOCIATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF ACTIVITIES**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>OPERATING ACTIVITIES</b> (Note 2C):		
<b>Revenue</b> (Note 2J):		
Membership dues	\$ 786,690	\$ 701,859
Content and information	526,454	453,063
Co-op advertising revenue	1,305,891	1,315,573
Products and services	239,919	242,927
Insurance premiums earned	772,535	865,605
Convention revenue (Note 6)	548,477	528,003
Interest and dividends, net (Note 3)	239,098	268,339
E-Commerce	872,289	696,707
Children's Booksellers program	110,080	110,839
Other revenue	77,843	69,616
<b>Total operating revenue</b>	<b>5,479,276</b>	<b>5,252,531</b>
<b>Expenses:</b>		
<b>Program activities:</b>		
Membership services	653,756	696,834
Content and information	865,867	901,690
Products and services	57,109	56,949
Convention and meetings	330,489	307,520
Insurance program	805,218	640,610
Book Sense (IndieBound) marketing (Note 2K)	949,925	851,437
Children's Booksellers program	155,693	109,702
E-Commerce	643,117	438,390
<b>Total program activities</b>	4,461,174	4,003,132
<b>Supporting activities:</b>		
General and administrative	1,725,714	1,886,146
<b>Total operating expenses</b>	<b>6,186,888</b>	<b>5,889,278</b>
<b>Deficit of operating revenue and gains over operating expenses</b>	<b>(707,612)</b>	<b>(636,747)</b>
<b>NON-OPERATING ACTIVITIES</b> (Note 2C):		
ABFFE grant (Note 5)	(100,065)	(111,532)
Income taxes benefit (expense) (Note 8)	43,955	(57,600)
Prior year activity	(104,675)	-
Realized gain on investments (Note 3)	548,440	1,316,380
Unrealized gain (loss) on investments (Notes 3 and 15)	2,858,451	(1,652,877)
<b>Total non-operating activities</b>	<b>3,246,106</b>	<b>(505,629)</b>
<b>CHANGE IN NET ASSETS</b>	<b>2,538,494</b>	<b>(1,142,376)</b>
Net assets - beginning of year	22,345,449	23,487,825
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 24,883,943</b>	<b>\$ 22,345,449</b>

The accompanying notes are an integral part of these consolidated financial statements.



**AMERICAN BOOKSELLERS ASSOCIATION, INC. AND SUBSIDIARIES**  
**CONSOLIDATED STATEMENTS OF CASH FLOWS**  
**FOR THE YEARS ENDED SEPTEMBER 30, 2012 AND 2011**

	<b>2012</b>	<b>2011</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES:</b>		
Change in net assets	\$ 2,538,494	\$ (1,142,376)
Adjustments to reconcile change in net assets to net cash used by operating activities		
Depreciation expense	132,826	93,246
Net realized appreciation of investments	(548,440)	(1,316,380)
Net unrealized (appreciation) depreciation of investments	(2,858,451)	1,652,877
Subtotal	(735,571)	(712,633)
Changes in operating assets and liabilities:		
Decrease (increase) in assets:		
Accounts receivable	(10,952)	67,194
Due from related parties	(9,334)	15,418
Prepaid expenses and other assets	(17,261)	80,902
(Decrease) increase in liabilities:		
Accounts payable and accrued expenses	(146,234)	56,392
Deferred revenue	(73,524)	(50,233)
Outstanding losses - insurance program	(81,108)	(167,959)
<b>Net Cash Used by Operating Activities</b>	<b>(1,073,984)</b>	<b>(710,919)</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES:</b>		
Proceeds from sale of investments	10,820,135	16,334,928
Purchases of investments	(9,963,164)	(15,095,639)
Purchases of property and equipment	-	(205,920)
<b>Net Cash Provided by Investing Activities</b>	<b>856,971</b>	<b>1,033,369</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES:</b>		
Withdrawal from line of credit	2,839,252	2,103,121
Repayment of line of credit	(2,839,252)	(2,103,813)
<b>Net Cash Used by Financing Activities</b>	<b>-</b>	<b>(692)</b>
<b>NET (DECREASE) INCREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(217,013)</b>	<b>321,758</b>
Cash and cash equivalents - beginning of year	672,449	350,691
<b>CASH AND CASH EQUIVALENTS - END OF YEAR</b>	<b>\$ 455,436</b>	<b>\$ 672,449</b>
<b>Supplemental Disclosure of Cash Flow Information:</b>		
Cash Paid During the Year:		
Interest	\$ 2,790	\$ 3,354

Statement of Income and Expenses

	March 2013 Actual	Fiscal 2013 Projected	Fiscal 2013 Budget	Variance
<b>INCOME</b>				
Content (Education & Information)	564,933	569,176	541,000	28,176
BEA Royalty & Sponsorships	10,000	560,500	550,500	10,000
Membership Dues	355,580	769,000	788,000	(19,000)
Affinity programs	128,242	242,000	238,000	4,000
Publisher Marketing Support	610,282	1,330,000	1,330,000	0
Children Program	1,003	127,500	127,500	0
E-commerce	465,382	950,000	935,000	15,000
Investment Income (net of expenses)	846,368	936,000	583,000	353,000
Miscellaneous	84,133	160,000	160,000	0
<b>Total Income</b>	<b>3,065,923</b>	5,644,176	5,253,000	<b>391,176</b>
<b>PROGRAM COSTS</b>				
Content (Education & Information)	492,451	870,748	883,667	12,919
BEA Royalty & Event Sponsorships	95,422	188,950	185,290	(3,660)
Membership	194,160	385,300	446,331	61,031
Technology	74,017	175,013	190,148	15,135
Children Program	43,814	169,208	169,208	0
Affinity Programs Costs	2,520	5,500	5,500	0
Book Buyers Handbook	27,303	53,364	53,364	0
Publisher Marketing Support	512,112	1,129,500	1,139,606	10,106
E-Commerce	401,529	835,877	830,440	(5,437)
<b>Total Program Costs</b>	1,843,328	3,813,460	3,903,554	90,094
<b>Income Less Program Costs</b>	<b>1,222,595</b>	1,830,716	1,349,446	481,270
Governance (Board & Committees)	75,459	151,000	150,700	(300)
General Administration	770,228	1,564,900	1,515,721	(49,179)
ABFFE Subsidy for 2012	0	30,000	50,000	20,000
<b>Total Governance &amp; Administration Costs</b>	845,687	1,745,900	1,716,421	(29,479)
<b>OPERATING RESULT (Before Taxes)</b>	<b>376,908</b>	84,816	(366,975)	<b>451,791</b>
Taxes	250	17,000	17,000	0
<b>Operating Result After Taxes</b>	<b>376,658</b>	67,816	(383,975)	451,791
Unrealized Investment Gain (Loss)	169,046	169,046	0	169,046
<b>Result Includes Unrealized Gain (Loss)</b>	<b>545,704</b>	236,862	(383,975)	<b>620,837</b>

## Balance Sheet

Included Book Sense Inc.

	<u>March-13</u>	<u>March-12</u>	
<b>ASSETS</b>			
<b>Cash and Investments</b>			
Cash/Money Market Fund	340,180	107,807	
Investments	21,810,749	21,561,254	
Unrealized Market Value	<u>2,384,761</u>	<u>2,754,569</u>	
<b>Total</b>	<b>24,535,690</b>	<b>24,423,630</b>	
Receivables (LIBRIS)	500,000	500,000	
Receivables (Includes Accrued Receivables)	473,689	262,811	
Receivables (ABFFE)	1,110,782	1,107,128	
Receivables (Includes Book Sense Inc., ABA & BOS)	(69,087)	(147,428)	
Inventory	8,197	6,843	
Prepaid Expenses	39,220	36,478	
Fixed Assets (Net of Depreciation)	102,464	221,315	
Other Assets (Security Deposit for Office Lease)	40,000	113,330	
<b>Total Assets</b>	<u><b>26,740,955</b></u>	<u><b>26,524,107</b></u>	
<b>LIABILITIES &amp; FUND BALANCE</b>			
<b>Liabilities</b>			
Accounts Payable	142,109	105,177	
Credit Line Used	0	55,606	
Accrued Expenses	329,916	223,126	
Deposits & Others	167,422	176,463	
Deferred Dues Income	303,710	412,217	
Other Deferred Revenue	<u>58,750</u>	<u>54,500</u>	
<b>Total Liabilities</b>	<b>1,001,907</b>	<b>1,027,089</b>	
<b>Fund Balance</b>			
Accumulated Balance	15,383,527	13,397,984	
Current Year Earning	545,704	3,075,354	
Restricted Reserve	7,309,817	6,523,680	
Reserve for ABFFE	<u>2,500,000</u>	<u>2,500,000</u>	
<b>Total Fund Balance</b>	<b>25,739,048</b>	<b>25,497,018</b>	
<b>Total Liabilities and Fund Balance</b>	<u><b>26,740,955</b></u>	<u><b>26,524,107</b></u>	