

FLORIDA LIBRARY ASSOCIATION, INC.

FINANCIAL REPORT

For the Year Ended December 31, 2010

FLORIDA LIBRARY ASSOCIATION, INC.

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FINANCIAL REPORT

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To The Executive Board
Florida Library Association, Inc.
Lake City, Florida

We have audited the accompanying statement of financial position of the Florida Library Association, Inc., a nonprofit organization, as of December 31, 2010, and the related statements of activities, functional expenses and cash flows for the year then ended. These financial statements are the responsibility of the Organization's management. Our responsibility is to express an opinion on these financial statements based on our audit. The prior year summarized comparative information has been derived from the Organization's 2009 financial statements, and in our report dated March 8, 2010, we expressed an unqualified opinion on those financial statements.

We conducted our audit 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 financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the 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 audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Florida Library Association, Inc. as of December 31, 2010, and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

POWELL & JONES
Certified Public Accountants
July 7, 2011

FLORIDA LIBRARY ASSOCIATION, INC.**STATEMENT OF FINANCIAL POSITION****December 31, 2010****(With Summarized Financial Information for December 31, 2009)**

ASSETS	2010	2009
Current assets		
Cash and cash equivalents	\$ 243,440	\$ 199,065
Prepaid expenses	2,916	1,667
Total assets	\$ 246,356	\$ 200,732
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 3,973	\$ -
Payroll taxes payable	1,206	2,210
Deferred revenue	48,685	47,484
Total liabilities	53,864	49,694
Net assets		
Unrestricted	161,710	126,153
Temporarily restricted	30,782	24,885
	192,492	151,038
Total liabilities and net assets	\$ 246,356	\$ 200,732

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)

SUPPORT AND REVENUES	Unrestricted	Temporarily Restricted	Totals	
			2010	2009
Support				
Donations	\$ 15,644	\$ 10,954	\$ 26,598	\$ 24,600
Revenues				
Conference and event income	125,029	-	125,029	123,562
Memberships	101,303	-	101,303	103,204
ALTAFF grant income	-	1,500	1,500	-
Interest income	1,562	-	1,562	1,718
Other	2,644	-	2,644	1,820
Total revenues	230,538	1,500	232,038	230,304
Total support and revenues	246,182	12,454	258,636	254,904
EXPENSES				
Personal services				
Salaries and wages	68,673	-	68,673	68,599
Payroll taxes	5,202	-	5,202	5,459
Employee benefits	2,150	-	2,150	7,433
Total personal services	76,025	-	76,023	81,491
Operating expenses				
Advocacy	23,289	-	23,289	22,829
Accounting services	5,000	-	5,000	5,560
Awards	553	-	553	565
Conferences	72,286	57	72,343	66,563
Dues	175	-	175	160
Donations	250	-	250	350
Executive Board	-	-	-	1,093
Financial service fees	17	-	17	450
Insurance	3,560	-	3,560	3,639
Legal fees	880	-	880	5,745
Management services	2,263	-	2,263	21,000
Member communications	5,446	-	5,446	10,617
Non conference events	2,344	-	2,344	1,844
Office expenses	11,675	-	11,675	14,844
Recruitment and retention	6,862	-	6,862	4,566
Scholarships	6,500	-	6,500	7,500
Total operating expenses	141,100	57	141,157	167,325
Total expenses	217,125	57	217,182	248,816
RECLASSIFICATION OF TEMPORARILY RESTRICTED NET ASSETS				
Satisfaction of purpose restrictions	6,500	(6,500)	-	-
Increase (decrease) in net assets	35,557	6,897	41,454	6,088
Net assets, beginning of year	126,153	24,885	151,038	144,950
Net assets, end of year	\$ 161,710	\$ 30,782	\$ 192,492	\$ 151,038

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2010

(With Summarized Financial Information for the Year Ended December 31, 2009)

	Program Services	Supporting Services	Totals	
			(Memorandum Only)	
			2010	2009
PERSONAL SERVICES				
Salaries	\$ -	\$ 68,673	\$ 68,673	\$ 68,599
Payroll taxes	-	5,202	5,202	5,459
Employee benefits	-	2,150	2,150	7,433
	-	76,025	76,025	81,491
OPERATING EXPENSES				
Advocacy				
Library day	719	-	719	1,907
Advocate contract	-	22,340	22,340	20,687
Legislative committee	230	-	230	167
Other advocacy expenses	-	-	-	68
Accounting	-	5,000	5,000	5,560
Awards	-	553	553	565
Conferences				
Management fees	23,263	-	23,263	21,000
Pre-conference expenses	-	-	-	105
Registration expenses	5,216	-	5,216	3,529
Exhibits and sponsors	3,794	-	3,794	3,700
Printing and postage	4,161	-	4,161	3,804
Presidents program	1,880	-	1,880	308
Other program expenses	1,103	-	1,103	2,689
Food and beverages	22,348	-	22,348	29,408
Audio/visual	10,644	-	10,644	16,925
Travel	1,457	-	1,457	566
Other expenses	726	-	726	5,529
Dues	-	175	175	160
Donations	-	250	250	350
Travel	-	-	-	-
Directors and officers insurance	-	985	985	994
Other expenses	-	367	367	1,093
Financial service fees	-	17	17	450
Office management				
Rentals and leases	-	6,800	6,800	8,000
Travel	-	2,022	2,022	2,829
Small equipment	-	-	-	319
Insurance	-	2,576	2,576	2,644
Other expenses	-	2,853	2,853	3,696
Legal fees	880	-	880	5,745
Member communications	5,415	-	5,415	10,617
Non conference events	1,964	-	1,964	1,844
Recruitment and retention	-	6,862	6,862	4,567
Scholarships and related expenses	6,557	-	6,557	7,500
Total operating expenses	90,357	50,800	141,157	167,325
Total expenses	\$ 90,357	\$ 126,825	\$ 217,182	\$ 248,816

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2010
(With Summarized Financial Information for the Year Ended December 31, 2009)

	2010	2009
Cash flows from operating activities:		
Cash received from conference and event participants	\$ 125,029	\$ 123,562
Cash received from supporters	26,598	24,600
Cash received from memberships	102,503	103,204
Cash received from grants	1,500	-
Cash paid for employees and benefits	(76,025)	(81,468)
Cash paid to contractors and vendors	(139,436)	(167,433)
Cash received from interest	1,562	1,718
Cash received from other sources	2,644	1,820
Net cash provided by operating activities	44,375	6,003
Cash flows from investing activities:		
Change in unrestricted cash and cash equivalents	-	2,619
Change in temporarily restricted cash and cash equivalents	-	115,131
Net cash provided by investing activities	-	117,750
Net increase in cash	44,375	123,753
Cash, beginning of year	199,065	75,312
Cash, end of year	\$ 243,440	\$ 199,065
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 41,454	\$ 6,088
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) decrease in prepaid expenses	(1,249)	(1,000)
Increase (decrease) in accounts payable and other liabilities	2,969	(2,819)
Increase in deferred revenue	1,201	3,734
Total adjustments	2,921	(85)
Net cash provided by operating activities	\$ 44,375	\$ 6,003

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2010

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization and Purpose – Florida Library Association, Inc., (the Organization) is organized to promote the library interests of the State of Florida and to cooperate and coordinate its activities with regional and national library associations.

Basis of Accounting – Florida Library Association, Inc. follows standards of accounting and financial reporting prescribed for nonprofit organizations. It uses the accrual basis of accounting which recognizes revenues when earned and expenses as incurred. Federal, state and local government grants are recorded when performance occurs under the terms of any grant agreement.

Financial Statement Presentation – Financial statement presentation follows the requirements of the Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets.

Financial statement presentation also follows the requirements of SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. In accordance with SFAS No. 116, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions. The Organization does not have any permanently restricted net assets.

All assets and all liabilities associated with the operation of the Organization are included on the Statement of Financial Position. The costs of providing various programs and other activities are outlined in the Statement of Activities and categorized on a functional basis in the Statement of Functional Expenses. Salaries and other expenses which are associated with a specific program are charged directly to that program. Salaries and other expenses which benefit more than one program are allocated to the various programs based on the relative benefit provided.

Cash Equivalents – For financial statement purposes, cash equivalents consist of short-term highly liquid investments which are readily convertible into cash within ninety (90) days of purchase.

Revenue Recognition and Accounts Receivable – Annual contributions and memberships are generally available for unrestricted use in the related year unless specifically restricted by the donor. These contributions and memberships are recorded as received. Memberships due in subsequent years that are received in the current year are reported as deferred revenues for reporting purposes. Conference and non conference event revenues are recorded as received. Certain sponsorship revenues are recorded as pledged. Receivables are considered past due based upon contractual terms. There is no recorded allowance for uncollectible receivables as past experience has indicated that these receivables are usually collected prior to year end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When the purpose restriction is accomplished, temporarily restricted net assets are reclassified to

unrestricted net assets and reported in the Statement of Activities as net assets released from restrictions. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Property and Equipment – When applicable in a given year, property and equipment are recorded at cost, or in the case of donated assets, at fair market value when received. Maintenance and repairs are expensed as they are incurred. Depreciation and amortization expense is computed using the straight-line method over the estimated useful lives of the assets.

Estimates – The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect certain reported amounts and disclosures. Accordingly, actual results could differ from those estimates.

Fair Value of Financial Instruments – The following methods and assumptions were used to estimate fair value of each class of financial instruments for which it is feasible to estimate that value:

- Cash, Cash Equivalents, Accounts Receivable and Accounts Payable – Carrying amount approximates fair value due to the short maturity of these financial instruments.

Memorandum Only-Total Columns – The total column on the Statement of Functional Expenses is captioned “memorandum only” to indicate that they are presented only to facilitate financial analysis. Data in this column do not present financial information in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

NOTE 2. FIXED ASSETS AND DEPRECIATION

Depreciation of buildings, furniture and equipment is provided over the estimated useful lives of the respected assets on a straight-line basis. In accordance with applicable Organization guidelines assets costing less than \$1,000 are generally fully expensed in their year of acquisition. The Organization had no fixed assets meeting these guidelines at December 31, 2010.

NOTE 3. CONTINGENCIES

Management does not believe that the Organization had any identifiable contingent liabilities at December 31, 2010.

NOTE 4. PERSONAL LEAVE COMMITMENTS

The Organization allots 25 days of personal leave time per year per its employment agreement with the Organization’s Executive Director. There has been no accrual of benefits payable at December 31, 2010 under this contract because the agreement does not make a provision for any payout of unused personal leave days upon termination of the contract.

NOTE 5. ACCOUNTS RECEIVABLE

The Organization utilizes accounts receivable to record pledged conference sponsorships revenues at the time the sponsorships are pledged. At December 31, 2010, the Organization had no uncollected accounts receivables.

NOTE 6. PENSION PLAN

The Organization's employment contract with its Executive Director makes a provision for the establishment of a Simple IRA or similar retirement plan in which the employee will be eligible to participate. The Organization is obliged to contribute three percent (3%) of the employee's salary to such plan. The Organization contributed \$2,150 toward the retirement plan in the current fiscal year. This amount included the 2009 contribution (3% of salary paid June – December 2009) and the 2010 contribution.

NOTE 7. INCOME TAXES

The Organization has been granted an exemption from income taxes under Internal Revenue Service Code, Section 501(c)(3), as a non-profit corporation. As required by Internal Revenue Service regulations, the Organization annually files a Form 990, "Return of Organization Exempt from Income Tax" with the Internal Revenue Service.

NOTE 8. LEASE AGREEMENT

The Organization has a lease agreement for 400 square feet of building space located at 164 NW Madison Street in Lake City, Florida for a period of one year from June 1, 2010 through May 31, 2011. The Organization is obligated to pay \$400 monthly throughout the one year of this agreement.

Remaining future minimum lease payments under this agreement are as follows:

<u>Year</u>	<u>Amount</u>
2011	<u>\$ 2,400</u>

NOTE 9. EXPENSES BY FUNCTION

Expenses by function have been allocated among program and supporting services classifications on estimates made by the Organization's management.

NOTE 10. CONCENTRATION OF CREDIT RISK

At December 31, 2010, the bank balances totaled \$243,440 all of which was covered by federal depository insurance.

NOTE 11. DONATED SERVICES

The Organization received a significant amount of donated services from unpaid volunteers who serve as officers and board members and assist in special programs. No amounts have been recognized in the Statement of Activities because criteria for recognition under Financial Accounting Standards Board Statement No. 116 have not been satisfied.

NOTE 12. TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are available for the following purposes/periods:

Periods after December 31, 2010	
Scholarships	\$ 19,566
Advocacy	9,716
ALTAFF Grant	1,500
Total temporarily restricted	<u>\$ 30,782</u>

Cash reserves provided for these restricted assets are held in a savings account at Bank of America which had a balance of \$30,782 as of December 31, 2010.

Net assets were released from donor restrictions by incurring expenses satisfying the purpose or time restrictions specified by donors as follows:

Purpose restriction accomplished:	
General scholarships	\$ 4,500
Minority scholarships	2,000
	<u>\$ 6,500</u>

NOTE 13. DEFERRED REVENUES

The Organization records the pre-collected subsequent year dues and subscriptions and certain event registrations as deferred revenue until the year for which the dues and subscriptions apply or until the event occurs, at which time the monies become unconditional and are recognized.

At December 31, 2010, deferred revenue consisted of the following:

Dues	\$ 40,525
FL subscriptions	120
Conference registration	530
Exhibitors	5,295
Sponsors	1,615
Other	600
	<u>\$ 48,685</u>

COMPLIANCE SECTION

MANAGEMENT LETTER

To the Board of Directors
Florida Library Association, Inc.
Lake City, Florida

In planning and performing our audit of the financial statements of Florida Library Association, Inc. for the year ended December 31, 2010, we considered the Organization's internal control structure to plan our auditing procedures for the purpose of expressing our opinion on the financial statements and not to provide assurance on the internal control structure.

However, during our audit, we noted certain matters involving the internal control structure, and other matters that are presented here for your consideration. This letter does not affect our report dated July 7, 2011, on the financial statements of Florida Library Association, Inc.

PRIOR YEAR FINDINGS

Cash Receipts – From our test of receipts received and deposited in the prior and current years, we found that the Organization does not utilize a pre-numbered receipting system.

To strengthen internal control and the audit trail over receipts, we again recommend that pre-numbered receipts be issued for each individual transaction. We also recommend that the Organization implement a process that reconciles all amounts collected by electronic means to the cash account deposits being made for these collections to ensure that all receipts collected in a given time period are deposited in a timely fashion. The Organization should also implement a process that reconciles the registration fees and other monies collected for Organization events to the listing of attendees and other participants.

CURRENT YEAR FINDINGS

There were no additional findings in the current year.

CONCLUSION

We have reviewed information regarding our audit with the Executive Director and have provided her with appropriate documentation as requested. We very much enjoyed the challenges and experiences associated with this our first audit of the Organization. We appreciate the overall quality of the financial records, and personnel in the Organization's office. We also appreciate the helpful assistance and courtesy afforded us by these employees.

POWELL & JONES
Certified Public Accountants
July 7, 2011