

FLORIDA LIBRARY ASSOCIATION, INC.

FINANCIAL REPORT

For the Year Ended December 31, 2014

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FINANCIAL SECTION

INDEPENDENT AUDITOR'S REPORT

To the Executive Board
Florida Library Association, Inc.
Tallahassee, Florida

Report on the Financial Statements

We have audited the accompanying financial statements of Florida Library Association, Inc., (a nonprofit organization) which comprise the statement of financial position as of December 31, 2014, and the related statements of activities, functional expenses, and cash flows for the year then ended, and the related notes to the financial statements.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. 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 from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statement, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness or significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of Florida Library Association, Inc. as of December 31, 2014, and the changes in

its net assets and its cash flows for the year then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Summarized Comparative Information

We have previously audited Florida Library Association, Inc.'s 2013 financial statements, and our report dated February 7, 2014, expressed an unmodified opinion on those audited financial statements. In our opinion, the summarized comparative information presented herein as of and for the year ended December 31, 2013, is consistent, in all material respects, with the audited financial statements from which it has been derived.

POWELL & JONES
May 21, 2015

**FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION**

December 31, 2014

(With Summarized Financial Information for December 31, 2013)

ASSETS	2014	2013
Current assets		
Cash and cash equivalents	\$ 385,861	\$ 417,017
Accounts receivable	700	-
Prepaid expenses	6,942	26,362
Total assets	\$ 393,503	\$ 443,379
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,049	\$ 3,001
Accrued payroll liabilities	10,493	14,718
Deferred revenue	51,375	67,175
Total liabilities	63,917	84,894
Net assets		
Unrestricted	306,941	320,460
Temporarily restricted:		
ALTAFF funds	1,500	1,500
Advocacy	-	17,701
General scholarships	6,445	9,384
Honor roll	5,260	-
Minority scholarships	9,440	9,440
Total net assets	329,586	358,485
Total liabilities and net assets	\$ 393,503	\$ 443,379

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

SUPPORT AND REVENUES	Unrestricted	Temporarily Restricted	Totals	
			2014	2013
Support				
Donations	\$ 16,455	\$ 10,421	\$ 26,876	\$ 24,997
Revenues				
Conference and event income	153,941	-	153,941	149,747
Memberships	116,106	-	116,106	114,255
Interest income	515	-	515	929
Other	9,976	-	9,976	12,317
Total revenues	280,538	-	280,538	277,248
Total support and revenues	296,993	10,421	307,414	302,245
EXPENSES				
Personnel services				
Salaries and wages	103,685	-	103,685	56,891
Payroll taxes	6,074	-	6,074	4,749
Employee benefits	7,427	-	7,427	6,876
Total personnel services	117,186	-	117,186	68,516
Operating expenses				
Advocacy	7,598	17,801	25,399	25,708
Accounting services	8,053	-	8,053	8,000
Awards	506	-	506	490
Conferences	118,599	-	118,599	95,721
Dues	1,620	-	1,620	750
Donations	-	-	-	250
Executive Board	-	-	-	115
Financial service fees	136	-	136	-
Occupancy	7,881	-	7,881	5,320
Insurance	3,998	-	3,998	3,523
Travel	6,006	-	6,006	2,486
Member communications	6,467	-	6,467	1,720
Non conference events	350	-	350	1,073
Office expenses	12,220	-	12,220	8,477
Other program expenses	6,836	-	6,836	-
Recruitment and retention	13,056	-	13,056	11,296
Scholarships and related expenses	-	8,000	8,000	6,886
Total operating expenses	193,326	25,801	219,127	171,815
Total expenses	310,512	25,801	336,313	240,331
Change in net assets	(13,519)	(15,380)	(28,899)	61,914
Net assets, beginning of year	320,460	38,025	358,485	296,571
Net assets, end of year	\$ 306,941	\$ 22,645	\$ 329,586	\$ 358,485

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2014

(With Summarized Financial Information for the Year Ended December 31, 2013)

	Program Services	Supporting Services	2014	2013
PERSONNEL SERVICES				
Salaries	\$ -	\$ 103,685	\$ 103,685	\$ 56,891
Payroll taxes	-	6,074	6,074	4,749
Employee benefits	-	7,427	7,427	6,876
	-	<u>117,186</u>	<u>117,186</u>	<u>68,516</u>
OPERATING EXPENSES				
Advocacy				
Library day	262	-	262	287
Advocate contract	25,399	-	25,399	25,388
Legislative committee	1,000	-	1,000	320
Accounting	-	8,053	8,053	8,000
Awards	506	-	506	490
Conferences				
Management fees	50,758	-	50,758	20,023
Registration expenses	3,008	-	3,008	4,211
Exhibits and sponsors	7,573	-	7,573	6,675
Printing and postage	4,469	-	4,469	4,913
Presidents program	7,210	-	7,210	3,338
Other program expenses	7,236	-	7,236	5,029
Food and beverages	38,261	-	38,261	44,740
Audio/visual	11,389	-	11,389	8,738
Dues	1,620	-	1,620	750
Donations	-	-	-	250
Executive Board				
Directors and officers insurance	-	1,233	1,233	905
Other expenses	-	1,263	1,263	115
Financial service fees	-	136	136	-
Office management				
Rentals and leases	-	7,881	7,881	5,320
Travel	-	6,006	6,006	2,486
Insurance	-	2,765	2,765	2,618
Other expenses	6,836	2,859	9,695	7,964
Member communications	1,998	-	1,998	-
Non conference events	350	-	350	1,073
Recruitment and retention	-	13,056	13,056	11,296
Scholarships and related expenses	8,000	-	8,000	6,886
Total operating expenses	<u>175,875</u>	<u>43,252</u>	<u>219,127</u>	<u>171,815</u>
Total expenses	<u>\$ 175,875</u>	<u>\$ 160,438</u>	<u>\$ 336,313</u>	<u>\$ 240,331</u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2014
(With Summarized Financial Information for the Year Ended December 31, 2013)

	2014	2013
Cash flows from operating activities:		
Cash received from conference and event participants	\$ 138,141	\$ 153,457
Cash received from supporters	26,876	24,997
Cash received from memberships	115,406	114,255
Cash received from interest	515	929
Cash received from other sources	9,976	12,317
Cash paid for employees and benefits	(121,411)	(66,861)
Cash paid to contractors and vendors	(200,659)	(181,730)
Net cash provided by (used for) operating activities	(31,156)	57,364
Net increase (decrease) in cash	(31,156)	57,364
Cash, beginning of year	417,017	359,653
Cash, end of year	\$ 385,861	\$ 417,017
Reconciliation of change in net assets		
to net cash provided by (used for) operating activities:		
Change in net assets	\$ (28,899)	\$ 61,914
Adjustments to reconcile change in net assets to net cash		
used by operating activities:		
Increase (decrease) in accounts receivable	(700)	-
(Increase) decrease in prepaid expenses	19,420	(10,068)
(Increase) decrease in accounts payable	(952)	153
(Increase) decrease in accrued liabilities	(4,225)	1,655
(Increase) decrease in deferred revenue	(15,800)	3,710
Total adjustments	(2,257)	(4,550)
Net cash provided by (used for) operating activities	\$ (31,156)	\$ 57,364

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2014

NOTE 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

A. Organization and Purpose

Florida Library Association, Inc., (the Organization), formed in 1966, 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.

B. Basis of Accounting

FLA 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, and other public grants are recorded as support when performance occurs under the terms of the grant agreement.

The Organization follows Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) 958 "Not-for-Profit Entities". Under FASB ASC 958, 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) based upon the existence or absence of donor-imposed restrictions.

Florida Library Association, Inc. also follows FASB ASC 958 regarding accounting for contributions made and received. In accordance with FASB ASC 958, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

All assets and all liabilities associated with the operation of the Organization are included on the Statement of Financial Position.

The costs of providing the various programs and other activities have been detailed in the Statement of Functional Expenses and summarized on a functional basis in the Statement of Activities. 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.

C. Fixed Assets and Depreciation

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.

D. Revenue Recognition

Annual contributors 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. Any conference revenues due in the subsequent year that are

received in the current year are recorded as deferred revenue for reporting purposes. Certain sponsorship revenues are recorded as pledged. Receivables are considered past due based on 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 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.

E. 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.

F. Cash Equivalents

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

G. Deferred Revenues

As applicable year-to-year, the Organization records deferred revenue on its statement of financial position. Deferred revenues arise when resources are received by the Organization before it has fully earned them, as when grant monies are received prior to the incurrence of qualifying expenditures. In subsequent periods, or when the Organization has fully earned the revenues, the liability for deferred revenue is removed from the statement of financial position and revenue is recognized.

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

At December 31, 2014, the Organization had no assets or liabilities subject to disclosure of fair value measurements per FASB Statement No. 157.

I. Advertising Costs

The Organization's general policy is to expense advertising costs as incurred.

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, 2014.

NOTE 3. CONTINGENCIES

Management does not believe that the Organization had any identifiable contingent liabilities at December 31, 2014.

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. This agreement allows for an accrual of a maximum 480 hours of used personal leave to be paid out upon termination of the agreement. At December 31, 2014, the balance of this liability totaled \$4,864.

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, 2014, the Organization had \$700 of 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 \$2,031 toward the retirement plan for the current fiscal year.

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. Those for 2014, 2013, and 2012 are currently subject to review and adjustment by the Internal Revenue Service.

NOTE 8. LEASE AGREEMENT

The Organization had a lease agreement on a month-to-month arrangement for 400 square feet of building space located at 164 NW Madison Street in Lake City, Florida for the period of December 1, 2013 through February 28, 2014 until its relocation. Upon its relocation on March 1, 2014, the Organization had a lease with FJ Black, LLC, for office space located at 541 East Tennessee Street, Suite 103, Tallahassee, Florida 32308. The lease term is for 12 months commencing on March 1, 2014 and ending on February 28, 2015 at a rate of \$700 per month with the right to renew the lease at the end of the term for 12 months. Rent expenses for 2014 were \$7,881.

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, 2014, the bank balances totaled \$385,861 of which \$383,538 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 ASC 958 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, 2014	
Scholarships	\$ 15,885
Honor Roll	5,260
ALTAFF Grant	1,500
Total temporarily restricted	<u>\$ 22,645</u>

Cash reserves provided for these restricted assets are held in a savings account at Bank of America which had a balance of \$101,083 as of December 31, 2014.

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	\$ 8,000
Advocacy	17,801
	<u>\$ 25,801</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, 2014, deferred revenue consisted of the following:

Dues	\$ 38,240
Registration	2,380
Sponsors	3,385
Other	7,370
	<u>\$ 51,375</u>

NOTE 14. COMPARATIVE DATA

The financial statements include certain prior year summarized comparative information in total but not by net asset class. Such information does not include sufficient detail to constitute a presentation in conformity with generally accepted accounting principles. Accordingly, such information should be read in conjunction with the Association's financial statements for the year ended December 31, 2013, from which the summarized information was derived.

NOTE 15. RELATED PARTY TRANSACTIONS

There were no related party transactions this year.

NOTE 16. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through May 21, 2015, the date the financial statements were available to be issued.

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, 2014, 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.

During our audit, we noted no matters involving the internal control structure, and other matters that are presented here for your consideration. This letter does not affect our report dated May 21, 2015, on the financial statements of Florida Library Association, Inc.

PRIOR YEAR FINDINGS

There were no reportable findings in the prior year.

CURRENT YEAR FINDINGS

There were no reportable 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 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
May 21, 2015