

FLORIDA LIBRARY ASSOCIATION, INC.

FINANCIAL REPORT

For the Year Ended December 31, 2009

FLORIDA LIBRARY ASSOCIATION, INC.

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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, 2009, 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 2008 financial statements, and in our report dated February 4, 2009, 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, 2009, 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
March 8, 2010

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2009

(With Summarized Financial Information for the Year Ended December 31, 2008)

ASSETS	2009	2008
Current assets		
Cash and cash equivalents	\$ 199,065	\$ 75,312
Investments	-	117,751
Prepaid expenses	1,667	667
Total assets	\$ 200,732	\$ 193,730
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ -	\$ 2,470
Payroll taxes payable	2,210	2,560
Deferred revenue	47,484	43,750
Total liabilities	49,694	48,780
Net assets		
Unrestricted	126,153	112,497
Temporarily restricted	24,885	32,453
	151,038	144,950
Total liabilities and net assets	\$ 200,732	\$ 193,730

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2009

(With Summarized Financial Information for the Year Ended December 31, 2008)

SUPPORT AND REVENUES	Unrestricted	Temporarily Restricted	Totals	
			2009	2008
Support				
Donations	\$ 19,653	\$ 4,947	\$ 24,600	\$ 23,600
Revenues				
Conference and event income	123,562	-	123,562	122,243
Memberships	103,204	-	103,204	129,639
Interest income	1,718	-	1,718	5,007
Other	1,820	-	1,820	1,925
Total revenues	230,304	-	230,304	258,814
Total support and revenues	249,957	4,947	254,904	282,414
EXPENSES				
Personal services				
Salaries and wages	68,599	-	68,599	41,979
Payroll taxes	5,459	-	5,459	3,211
Employee benefits	7,433	-	7,433	-
Total personal services	81,491	-	81,491	45,190
Operating expenses				
Advocacy	22,829	-	22,829	31,737
Accounting services	5,560	-	5,560	506
Awards	565	-	565	642
Conferences	66,563	-	66,563	86,795
Dues	160	-	160	220
Donations	350	-	350	1,000
Executive Board	1,093	-	1,093	1,954
Financial service fees	450	-	450	315
Insurance	3,639	-	3,639	966
Legal fees	5,745	-	5,745	-
Management services	21,000	-	21,000	55,777
Member communications	10,617	-	10,617	10,529
Non conference events	1,844	-	1,844	4,541
Office expenses	14,844	-	14,844	-
Recruitment and retention	4,566	-	4,566	7,360
Scholarships	7,500	-	7,500	6,000
Total operating expenses	167,325	-	167,325	208,342
Total expenses	248,816	-	248,816	253,532
RECLASSIFICATION OF TEMPORARILY RESTRICTED NET ASSETS				
Satisfaction of purpose restrictions	12,515	(12,515)	-	-
Increase (decrease) in net assets	13,656	(7,568)	6,088	28,882
Net assets, beginning of year	112,497	32,453	144,950	116,068
Net assets, end of year	\$ 126,153	\$ 24,885	\$ 151,038	\$ 144,950

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)

	Program Services	Supporting Services	Totals	
			(Memorandum Only)	
			2008	2009
PERSONAL SERVICES				
Salaries	\$ -	\$ 68,599	\$ 68,599	\$ 41,978
Payroll taxes	-	5,459	5,459	3,212
Employee benefits	-	7,433	7,433	-
	-	81,491	81,491	45,190
OPERATING EXPENSES				
Advocacy				
Library day	1,907	-	1,907	2,324
Advocate contract	-	20,687	20,687	24,236
Legislative committee	167	-	167	358
Training and education	-	-	-	4,818
Other advocacy expenses	68	-	68	-
Accounting	-	5,560	5,560	503
Awards	-	565	565	642
Conferences				
Management fees	21,000	-	21,000	21,000
Pre-conference expenses	105	-	105	2,377
Registration expenses	3,529	-	3,529	-
Exhibits and sponsors	3,700	-	3,700	8,464
Printing and postage	3,804	-	3,804	4,824
Presidents program	308	-	308	4,443
Other program expenses	2,689	-	2,689	5,243
Food and beverages	29,408	-	29,408	25,454
Audio/visual	16,925	-	16,925	14,431
Travel	566	-	566	562
Other expenses	5,529	-	5,529	-
Dues	-	160	160	220
Donations	-	350	350	1,000
Executive Board				
Travel	-	-	-	400
Directors and officers insurance	-	994	994	966
Parliamentarian	-	-	-	450
Other expenses	-	1,093	1,093	1,104
Financial service fees	-	450	450	315
Office management				
Contractual expenses	-	-	-	37,223
Rentals and leases	-	8,000	8,000	4,667
Travel	-	2,829	2,829	3,487
Small equipment	-	319	319	3,943
Insurance	-	2,644	2,644	2,350
Other expenses	-	3,695	3,695	4,108
Legal fees	5,745	-	5,745	-
Member communications	10,617	-	10,617	10,529
Non conference events	1,844	-	1,844	4,541
Recruitment and retention	-	4,567	4,567	7,360
Scholarships and related expenses	7,500	-	7,500	6,000
Total operating expenses	115,411	51,914	167,325	208,342
Total expenses	\$ 115,411	\$ 133,404	\$ 248,816	\$ 253,532

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2009
(With Summarized Financial Information for the Year Ended December 31, 2008)

	2009	2008
Cash flows from operating activities:		
Cash received from conference and event participants	\$ 123,562	\$ 122,243
Cash received from supporters	24,600	23,600
Cash received from memberships	103,204	131,515
Cash paid for employees and benefits	(81,468)	(42,630)
Cash paid to contractors and vendors	(167,433)	(200,609)
Cash received from interest	1,718	5,007
Cash received from other sources	1,820	1,924
Net cash provided by operating activities	<u>6,003</u>	<u>41,050</u>
Cash flows from investing activities:		
Net transfers to operating cash	-	28,676
Change in unrestricted cash and cash equivalents	2,619	(11,931)
Change in temporarily restricted cash and cash equivalents	115,131	(2,406)
Net cash provided by investing activities	<u>117,750</u>	<u>14,339</u>
Net increase in cash	123,753	55,389
Cash, beginning of year	75,312	19,923
Cash, end of year	<u><u>\$ 199,065</u></u>	<u><u>\$ 75,312</u></u>
Reconciliation of Increase in net assets to net cash provided by operating activities:		
Increase in net assets	<u><u>\$ 6,088</u></u>	<u><u>\$ 28,881</u></u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) Decrease in prepaid expenses	(1,000)	5,264
Increase (Decrease) in accounts payable and other liabilities	(2,819)	5,030
Increase in deferred revenue	3,734	1,875
Total adjustments	<u>(85)</u>	<u>12,169</u>
Net cash provided by operating activities	<u><u>\$ 6,003</u></u>	<u><u>\$ 41,050</u></u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2009

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 are 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, 2009.

NOTE 3. CONTINGENCIES

Management does not believe that the Organization had any identifiable contingent liabilities at December 31, 2009.

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, 2009 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, 2009, 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 \$2,475 toward the retirement plan in the current fiscal year. This amount included the 2008 contribution (3% of salary paid June - December 2008) and the 2009 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 two years from June 1, 2009 through May 31, 2010. The Organization is obligated to pay \$666.67 monthly throughout the two years of this agreement.

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

<u>Year</u>	<u>Amount</u>
2010	\$ 3,333

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, 2009, the bank balances totaled \$199,065 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, 2009	
Scholarships	\$ 21,694
Advocacy	3,191
Total temporarily restricted	<u>\$ 24,885</u>

Cash reserves provided for these restricted assets are held in a savings account at Bank of America which had a balance of \$194,749 as of December 31, 2009.

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	\$ 5,500
Minority scholarships	2,000
Training and education	5,015
	<u>\$ 12,515</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, 2009, deferred revenue consisted of the following:

Dues	\$ 37,439
Honor roll	2,150
Library days	175
Exhibitors	2,950
Sponsors	3,000
Other	130
F F & B workshop	1,640
	<u>\$ 47,484</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, 2009, 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 March 8, 2010, 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.

All other prior year findings were corrected in the current year.

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
March 8, 2010