

**FLORIDA LIBRARY ASSOCIATION, INC.**

**FINANCIAL REPORT**

**For the Year Ended December 31, 2011**

**FLORIDA LIBRARY ASSOCIATION, INC.**

**FINANCIAL REPORT**

**For the Year Ended December 31, 2011**

**TABLE OF CONTENTS**

	<b>PAGE NO.</b>
<b>FINANCIAL SECTION</b>	
Independent Auditor's Report	4
Statement of Financial Position	5
Statement of Activities	6
Statement of Functional Expenses	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 12
<b>COMPLIANCE SECTION</b>	
Management Letter	14

**FINANCIAL SECTION**

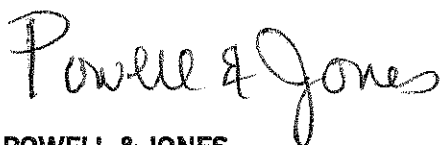
## INDEPENDENT AUDITOR'S REPORT

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, 2011, 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 2010 financial statements, and in our report dated July 7, 2011, 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, 2011, 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  
June 21, 2012

**FLORIDA LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF FINANCIAL POSITION**  
**December 31, 2011**

(With Summarized Financial Information for December 31, 2010)

<b>ASSETS</b>	<u>2011</u>	<u>2010</u>
<b>Current assets</b>		
Cash and cash equivalents	\$ 285,417	\$ 243,440
Accounts receivable	45	-
Prepaid expenses	10,824	2,916
<b>Total assets</b>	<u>\$ 296,286</u>	<u>\$ 246,356</u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>Current liabilities</b>		
Accounts payable	\$ 2,916	\$ 3,973
Accrued payroll liabilities	2,455	1,206
Deferred revenue	59,745	48,685
<b>Total liabilities</b>	<u>65,116</u>	<u>53,864</u>
<b>Net assets</b>		
Unrestricted	194,492	161,710
Temporarily restricted:		
ALTAFF funds	1,500	1,500
Advocacy	18,745	9,716
General scholarships	8,315	10,410
Minority scholarships	8,118	9,156
<b>Total net assets</b>	<u>231,170</u>	<u>192,492</u>
<b>Total liabilities and net assets</b>	<u>\$ 296,286</u>	<u>\$ 246,356</u>

See notes to financial statements.

**FLORIDA LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF ACTIVITIES**

For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)

SUPPORT AND REVENUES	Unrestricted	Temporarily Restricted	Totals	
			2011	2010
<b>Support</b>				
Donations	\$ 7,884	\$ 13,030	\$ 20,914	\$ 26,598
<b>Revenues</b>				
Conference and event income	140,266	-	140,266	125,029
Memberships	112,040	-	112,040	101,303
ALTAFF grant income	-	-	-	1,500
Interest income	788	-	788	1,562
Other	1,909	-	1,909	2,644
<b>Total revenues</b>	<b>255,003</b>	<b>-</b>	<b>255,003</b>	<b>232,038</b>
<b>Total support and revenues</b>	<b>262,887</b>	<b>13,030</b>	<b>275,917</b>	<b>258,636</b>
<b>EXPENSES</b>				
<b>Personal services</b>				
Salaries and wages	54,957	-	54,957	68,673
Payroll taxes	5,804	-	5,804	5,202
Employee benefits	6,772	-	6,772	2,150
<b>Total personal services</b>	<b>67,533</b>	<b>-</b>	<b>67,533</b>	<b>76,025</b>
<b>Operating expenses</b>				
Advocacy	31,468	-	31,468	23,289
Accounting services	8,000	-	8,000	5,000
Awards	686	-	686	553
Conferences	87,995	-	87,995	72,343
Dues	150	-	150	175
Donations	500	-	500	250
Executive Board	1,187	-	1,187	-
Financial service fees	-	-	-	17
Insurance	3,928	-	3,928	3,560
Legal fees	-	-	-	880
Management services	-	-	-	2,263
Member communications	1,640	-	1,640	5,446
Non conference events	5,934	-	5,934	2,344
Office expenses	10,150	-	10,150	11,675
Recruitment and retention	10,934	-	10,934	6,862
Scholarships and related expenses	-	7,134	7,134	6,500
<b>Total operating expenses</b>	<b>162,572</b>	<b>7,134</b>	<b>169,706</b>	<b>141,157</b>
<b>Total expenses</b>	<b>230,105</b>	<b>7,134</b>	<b>237,239</b>	<b>217,182</b>
<b>Increase in net assets</b>	<b>32,782</b>	<b>5,896</b>	<b>38,678</b>	<b>41,454</b>
<b>Net assets, beginning of year</b>	<b>161,710</b>	<b>30,782</b>	<b>192,492</b>	<b>151,038</b>
<b>Net assets, end of year</b>	<b>\$ 194,492</b>	<b>\$ 36,678</b>	<b>\$ 231,170</b>	<b>\$ 192,492</b>

See notes to financial statements.

**FLORIDA LIBRARY ASSOCIATION, INC.**  
**STATEMENT OF FUNCTIONAL EXPENSES**  
For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)

	Program Services	Supporting Services	Totals	
			(Memorandum Only)	
			2011	2010
<b>PERSONAL SERVICES</b>				
Salaries	\$ -	\$ 54,957	\$ 54,957	\$ 68,673
Payroll taxes	-	5,804	5,804	5,202
Employee benefits	-	6,772	6,772	2,150
	-	67,533	67,533	76,025
<b>OPERATING EXPENSES</b>				
<b>Advocacy</b>				
Library day	1,892	-	1,892	719
Advocate contract	-	29,023	29,023	22,340
Legislative committee	553	-	553	230
Accounting	-	8,000	8,000	5,000
Awards	-	686	686	553
<b>Conferences</b>				
Management fees	21,375	-	21,375	23,263
Registration expenses	3,191	-	3,191	5,216
Exhibits and sponsors	5,520	-	5,520	3,794
Printing and postage	4,829	-	4,829	4,161
Presidents program	3,448	-	3,448	1,880
Other program expenses	4,639	-	4,639	1,103
Food and beverages	34,912	-	34,912	22,348
Audio/visual	10,081	-	10,081	10,644
Travel	-	-	-	1,457
Other expenses	-	-	-	726
Dues	-	150	150	175
Donations	-	500	500	250
<b>Executive Board</b>				
Directors and officers insurance	-	973	973	985
Other expenses	-	1,187	1,187	367
Financial service fees	-	-	-	17
<b>Office management</b>				
Rentals and leases	-	4,800	4,800	6,800
Travel	-	1,752	1,752	2,022
Insurance	-	2,955	2,955	2,576
Other expenses	-	3,598	3,598	2,853
Legal fees	-	-	-	880
Member communications	1,640	-	1,640	5,415
Non conference events	5,934	-	5,934	1,964
Recruitment and retention	-	10,934	10,934	6,862
Scholarships and related expenses	7,134	-	7,134	6,557
Total operating expenses	105,148	64,558	169,706	141,157
Total expenses	\$ 105,148	\$ 132,091	\$ 237,239	\$ 217,182

See notes to financial statements.

**FLORIDA LIBRARY ASSOCIATION, INC.**

**STATEMENT OF CASH FLOWS**

For the Year Ended December 31, 2011

(With Summarized Financial Information for the Year Ended December 31, 2010)

	<u>2011</u>	<u>2010</u>
Cash flows from operating activities:		
Cash received from conference and event participants	\$ 151,326	\$ 125,029
Cash received from supporters	20,914	26,598
Cash received from memberships	112,040	102,503
Cash received from grants	-	1,500
Cash paid for employees and benefits	(66,284)	(76,025)
Cash paid to contractors and vendors	(178,671)	(139,436)
Cash received from interest	788	1,562
Cash received from other sources	1,864	2,644
Net cash provided by operating activities	<u>41,977</u>	<u>44,375</u>
 Net increase in cash	 41,977	 44,375
 Cash, beginning of year	 243,440	 199,065
Cash, end of year	<u>\$ 285,417</u>	<u>\$ 243,440</u>
 Reconciliation of increase in net assets to net cash provided by operating activities:		
 Increase in net assets	 <u>\$ 38,678</u>	 <u>\$ 41,454</u>
 Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
Increase in accounts receivable	(45)	-
Increase in prepaid expenses	(7,908)	(1,249)
Increase (decrease) in accounts payable	(1,057)	2,969
Increase in accrued liabilities	1,249	-
Increase in deferred revenue	11,060	1,201
Total adjustments	<u>3,299</u>	<u>2,921</u>
Net cash provided by operating activities	<u>\$ 41,977</u>	<u>\$ 44,375</u>

See notes to financial statements.



**FLORIDA LIBRARY ASSOCIATION, INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**December 31, 2011**

**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. Memorandum Only - Total Columns**

The total column on the Statement of Functional Expenses is captioned "memorandum only" to indicate that it is presented only to facilitate financial analysis. Data in this column does not present results of operations or functional expenses in conformity with generally accepted accounting principles. Neither is such data comparable to a consolidation.

#### **F. 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.

#### **G. Cash Equivalents**

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

#### **H. 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.

#### **I. 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.

#### **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, 2011.

**NOTE 3. CONTINGENCIES**

Management does not believe that the Organization had any identifiable contingent liabilities at December 31, 2011.

**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, 2011 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, 2011, 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 \$1,472 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 2011, 2010, and 2009 are currently subject to review and adjustment by 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, and was renewed for the period June 1, 2011 through May 31, 2012. The Organization is obligated to pay \$400 monthly throughout the term of this agreement.

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

<u>Year</u>	<u>Amount</u>
2012	\$ 2,000
	<u>\$ 2,000</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, 2011, the bank balances totaled \$285,417 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, 2011	
Scholarships	\$ 16,433
Advocacy	18,745
ALTAFF Grant	1,500
Total temporarily restricted	<u>\$ 36,678</u>

Cash reserves provided for these restricted assets are held in a savings account at Bank of America which had a balance of \$244,979 as of December 31, 2011.

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	\$ 5,100
Minority scholarships	2,000
	<u>\$ 7,100</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, 2011, deferred revenue consisted of the following:

Dues	\$ 49,755
Exhibitors	4,000
Sponsors	5,500
Other	490
	<u>\$ 59,745</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, 2011, 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 June 21, 2012, on the financial statements of Florida Library Association, Inc.

### PRIOR YEAR FINDINGS

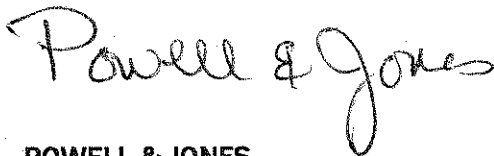
There were no reportable findings in the prior year.

### CURRENT YEAR FINDINGS

There were no 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  
June 21, 2012