

FLORIDA LIBRARY ASSOCIATION, INC.

FINANCIAL REPORT

For the Year Ended December 31, 2012

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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, 2012, 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 2011 financial statements, and in our report dated June 21, 2012, 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, 2012, 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
February 18, 2013

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
December 31, 2012

(With Summarized Financial Information for December 31, 2011)

ASSETS	<u>2012</u>	<u>2011</u>
Current assets		
Cash and cash equivalents	\$ 359,653	\$ 285,417
Accounts receivable	-	45
Prepaid expenses	16,294	10,824
Total assets	<u>\$ 375,947</u>	<u>\$ 296,286</u>
 LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable	\$ 2,848	\$ 2,916
Accrued payroll liabilities	13,063	2,455
Deferred revenue	63,465	59,745
Total liabilities	<u>79,376</u>	<u>65,116</u>
 Net assets		
Unrestricted	259,647	194,492
Temporarily restricted:		
ALTAFF funds	1,500	1,500
Advocacy	19,071	18,745
General scholarships	8,786	8,315
Minority scholarships	7,567	8,118
Total net assets	<u>296,571</u>	<u>231,170</u>
 Total liabilities and net assets	<u>\$ 375,947</u>	<u>\$ 296,286</u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
For the Year Ended December 31, 2012

(With Summarized Financial Information for the Year Ended December 31, 2011)

SUPPORT AND REVENUES	Unrestricted	Temporarily Restricted	Totals	
			2012	2011
Support				
Donations	\$ 11,015	\$ 14,965	\$ 25,980	\$ 20,914
Revenues				
Conference and event income	156,433	-	156,433	140,266
Memberships	120,145	-	120,145	112,040
Interest income	775	-	775	788
Other	1,334	-	1,334	1,909
Total revenues	<u>278,687</u>	<u>-</u>	<u>278,687</u>	<u>255,003</u>
Total support and revenues	<u>289,702</u>	<u>14,965</u>	<u>304,667</u>	<u>275,917</u>
EXPENSES				
Personal services				
Salaries and wages	65,250	-	65,250	54,957
Payroll taxes	4,621	-	4,621	5,804
Employee benefits	6,390	-	6,390	6,772
Total personal services	<u>76,261</u>	<u>-</u>	<u>76,261</u>	<u>67,533</u>
Operating expenses				
Advocacy	19,341	7,969	27,310	31,468
Accounting services	8,000	-	8,000	8,000
Awards	572	-	572	686
Conferences	94,301	-	94,301	87,995
Dues	150	-	150	150
Donations	250	-	250	500
Executive Board	915	-	915	1,187
Financial service fees	20	-	20	-
Insurance	3,332	-	3,332	3,928
Member communications	1,562	-	1,562	1,640
Non conference events	192	-	192	5,934
Office expenses	10,646	-	10,646	10,150
Recruitment and retention	9,005	-	9,005	10,934
Scholarships and related expenses	-	6,750	6,750	7,134
Total operating expenses	<u>148,286</u>	<u>14,719</u>	<u>163,005</u>	<u>169,706</u>
Total expenses	<u>224,547</u>	<u>14,719</u>	<u>239,266</u>	<u>237,239</u>
Increase in net assets	65,155	246	65,401	38,678
Net assets, beginning of year	<u>194,492</u>	<u>36,678</u>	<u>231,170</u>	<u>192,492</u>
Net assets, end of year	<u>\$ 259,647</u>	<u>\$ 36,924</u>	<u>\$ 296,571</u>	<u>\$ 231,170</u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF FUNCTIONAL EXPENSES
For the Year Ended December 31, 2012

(With Summarized Financial Information for the Year Ended December 31, 2011)

	Program Services	Supporting Services	Totals	
			(Memorandum Only)	
			2012	2011
PERSONAL SERVICES				
Salaries	\$ -	\$ 65,250	\$ 65,250	\$ 54,957
Payroll taxes	-	4,621	4,621	5,804
Employee benefits	-	6,390	6,390	6,772
	-	76,261	76,261	67,533
OPERATING EXPENSES				
Advocacy				
Library day	1,523	-	1,523	1,892
Advocate contract	-	25,412	25,412	29,023
Legislative committee	375	-	375	553
Accounting	-	8,000	8,000	8,000
Awards	-	572	572	686
Conferences				
Management fees	26,058	-	26,058	21,375
Registration expenses	5,021	-	5,021	3,191
Exhibits and sponsors	5,895	-	5,895	5,520
Printing and postage	3,610	-	3,610	4,829
Presidents program	3,800	-	3,800	3,448
Other program expenses	4,810	-	4,810	4,639
Food and beverages	37,079	-	37,079	34,912
Audio/visual	8,028	-	8,028	10,081
Dues	-	150	150	150
Donations	-	250	250	500
Executive Board				
Directors and officers insurance	-	876	876	973
Other expenses	-	915	915	1,187
Financial service fees	-	20	20	-
Office management				
Rentals and leases	-	4,968	4,968	4,800
Travel	-	1,793	1,793	1,752
Insurance	-	2,456	2,456	2,955
Other expenses	-	3,885	3,885	3,598
Member communications	1,562	-	1,562	1,640
Non conference events	192	-	192	5,934
Recruitment and retention	-	9,005	9,005	10,934
Scholarships and related expenses	6,750	-	6,750	7,134
Total operating expenses	104,703	58,302	163,005	169,706
Total expenses	\$ 104,703	\$ 134,563	\$ 239,266	\$ 237,239

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2012
(With Summarized Financial Information for the Year Ended December 31, 2011)

	2012	2011
Cash flows from operating activities:		
Cash received from conference and event participants	\$ 160,153	\$ 151,326
Cash received from supporters	25,980	20,914
Cash received from memberships	120,145	112,040
Cash paid for employees and benefits	(65,653)	(66,284)
Cash paid to contractors and vendors	(168,543)	(178,671)
Cash received from interest	775	788
Cash received from other sources	1,379	1,864
Net cash provided by operating activities	74,236	41,977
Net Increase in cash	74,236	41,977
Cash, beginning of year	285,417	243,440
Cash, end of year	\$ 359,653	\$ 285,417
Reconciliation of increase in net assets to net cash provided by operating activities:		
Increase in net assets	\$ 65,401	\$ 38,678
Adjustments to reconcile increase in net assets to net cash provided by operating activities:		
(Increase) decrease in accounts receivable	45	(45)
(Increase) in prepaid expenses	(5,470)	(7,908)
Decrease in accounts payable	(68)	(1,057)
Increase in accrued liabilities	10,608	1,249
Increase in deferred revenue	3,720	11,060
Total adjustments	8,835	3,299
Net cash provided by operating activities	\$ 74,236	\$ 41,977

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2012

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, 2012.

NOTE 3. CONTINGENCIES

Management does not believe that the Organization had any identifiable contingent liabilities at December 31, 2012.

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, 2012, the balance of this liability totaled \$10,346.

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, 2012, 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 \$1,590 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 2012, 2011, and 2010 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, 2012 through May 31, 2013. The Organization is obligated to pay \$400 plus \$24 for utility costs monthly throughout the term of this agreement.

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

<u>Year</u>	<u>Amount</u>
2013	<u>\$ 2,120</u>
	<u><u>\$ 2,120</u></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, 2012, the bank balances totaled \$359,659 of which only \$250,000 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, 2012	
Scholarships	\$ 16,353
Advocacy	19,071
ALTAFF Grant	1,500
Total temporarily restricted	<u>\$ 36,924</u>

Cash reserves provided for these restricted assets are held in a savings account at Bank of America which had a balance of \$245,494 as of December 31, 2012.

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	\$ 4,750
Minority scholarships	2,000
Advocacy	7,969
	<u>\$ 14,719</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, 2012, deferred revenue consisted of the following:

Dues	\$ 56,005
Exhibitors	2,750
Registrations	2,860
Sponsors	500
Other	1,350
	<u>\$ 63,465</u>

NOTE 14. RELATED PARTY TRANSACTIONS

To facilitate conference coordination, the Organization entered into a contractual agreement with one of its Executive Board members. Payments under this agreement totaled \$4,522 for the year ended December 31, 2012. This same agreement exists for the upcoming 2013 conference coordination as well.

NOTE 15. SUBSEQUENT EVENTS

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through February 18, 2013, the date the financial statements were available to be issued.

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, 2012, 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 *February 18, 2013*, 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
February 18, 2013