

FLORIDA LIBRARY ASSOCIATION, INC.

FINANCIAL REPORT

For the Year Ended December 31, 2008

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, 2008, 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 and 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 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, 2008, 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 and Jones
Certified Public Accountants
February 4, 2009

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF FINANCIAL POSITION

December 31, 2008

ASSETS

Current assets

Cash and cash equivalents	\$ 75,312
Investments	117,752
Prepaid expenses	667
Total assets	<u>\$ 193,730</u>

LIABILITIES AND NET ASSETS

Current liabilities

Accounts payable	\$ 2,470
Payroll taxes payable	2,560
Deferred revenue	43,750
Total liabilities	<u>48,781</u>

Net assets

Unrestricted	112,497
Temporarily restricted	32,453
	<u>144,950</u>

Total liabilities and net assets	<u>\$ 193,730</u>
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See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2008

SUPPORT AND REVENUES	Unrestricted	Temporarily Restricted	Total
Support			
Donations	\$ 16,707	\$ 6,893	\$ 23,600
Revenues			
Conference and event income	122,243	-	122,243
Memberships	129,639	-	129,639
Interest income	5,007	-	5,007
Other	1,925	-	1,925
Total revenues	<u>258,814</u>	<u>-</u>	<u>258,814</u>
Total support and revenues	<u>275,521</u>	<u>6,893</u>	<u>282,414</u>
EXPENSES			
Personal services			
Salaries and wages	41,979	-	41,979
Payroll taxes	3,211	-	3,211
Total personal services	<u>45,190</u>	<u>-</u>	<u>45,190</u>
Operating expenses			
Advocacy	31,737	-	31,737
Accounting services	503	-	503
Awards	642	-	642
Conferences	86,798	-	86,798
Dues	220	-	220
Donations	1,000	-	1,000
Executive board	1,954	-	1,954
Financial service fees	315	-	315
Insurance	966	-	966
Management services	55,777	-	55,777
Member communications	10,529	-	10,529
Non conference events	4,541	-	4,541
Recruitment and retention	7,360	-	7,360
Scholarships	6,000	-	6,000
Total operating expenses	<u>208,343</u>	<u>-</u>	<u>208,343</u>
Total expenses	<u>253,532</u>	<u>-</u>	<u>253,532</u>
RECLASSIFICATION OF TEMPORARILY RESTRICTED NET ASSETS			
Satisfaction of purpose restrictions	10,818	(10,818)	-
Increase (decrease) in net assets	32,806	(3,925)	28,881
Net assets, beginning of year	79,690	36,378	116,068
Net assets, end of year	<u>\$ 112,497</u>	<u>\$ 32,453</u>	<u>\$ 144,950</u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF FUNCTIONAL EXPENSES

For the Year Ended December 31, 2008

	Program Services	Supporting Services	Total (Memorandum Only)
PERSONAL SERVICES			
Salaries	\$ -	\$ 41,978	\$ 41,978
Payroll taxes	-	3,212	3,212
	<u>-</u>	<u>45,190</u>	<u>45,190</u>
OPERATING EXPENSES			
Advocacy			
Library day	2,324	-	2,324
Advocate contract	-	24,236	24,236
Legislative committee	358	-	358
Training and education	-	4,818	4,818
Accounting	-	503	503
Awards	-	642	642
Conferences			
Management fees	21,000	-	21,000
Pre-conference expenses	2,377	-	2,377
Exhibits and sponsors	8,464	-	8,464
Printing and postage	4,824	-	4,824
Open-close presidents	4,443	-	4,443
Other program expenses	5,243	-	5,243
Food and beverages	25,454	-	25,454
Audio/visual	14,431	-	14,431
Travel	562	-	562
Dues	-	220	220
Donations	-	1,000	1,000
Executive board			
Travel	-	400	400
Directors and officers insurance	-	966	966
Parliamentarian	-	450	450
Other expenses	-	1,104	1,104
Financial service fees	-	315	315
Office management			
Contractual expenses	-	37,223	37,223
Rentals and leases	-	4,667	4,667
Travel	-	3,487	3,487
Small equipment	-	3,943	3,943
Insurance	-	2,350	2,350
Other expenses	-	4,108	4,108
Member communications	10,529	-	10,529
Non conference events	4,541	-	4,541
Recruitment and retention	-	7,360	7,360
Scholarships and related expenses	6,000	-	6,000
Total operating expenses	<u>110,550</u>	<u>97,792</u>	<u>208,342</u>
Total expenses	<u>\$ 110,550</u>	<u>\$ 142,982</u>	<u>\$ 253,532</u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2008

Cash flows from operating activities:	
Cash received from conference and event participants	\$ 122,243
Cash received from supporters	23,600
Cash received from memberships	131,515
Cash paid to employees	(42,630)
Cash paid to contractors and vendors	(200,609)
Cash received from interest	5,007
Cash received from other sources	1,925
Net cash provided by operating activities	<u>41,050</u>
Cash flows from investing activities:	
Net transfers to operating cash	28,676
Change in unrestricted cash and cash equivalents	(11,931)
Change in temporarily restricted cash and cash equivalents	(2,407)
Net cash provided by investing activities	<u>14,339</u>
Net increase in cash	55,389
Cash, beginning of year	19,923
Cash, end of year	<u>\$ 75,312</u>
Reconciliation of increase in net assets to net cash provided by operating activities:	
Increase in net assets	<u>\$ 28,881</u>
Adjustments to reconcile increase in net assets to net cash provided by operating activities:	
Decrease in prepaid expenses	5,264
Increase in accounts payable and other liabilities	5,030
Increase in deferred revenue	1,875
Total adjustments	<u>12,169</u>
Net cash provided by operating activities	<u>\$ 41,050</u>

See notes to financial statements.

FLORIDA LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
December 31, 2008

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.

Investments – Investments, consisting of money market funds, are stated at fair market value. These funds were held at Merrill Lynch in two separate accounts which had a combined balance of \$ 117,752 at December 31, 2008.

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, 2008.

NOTE 3. CONTINGENCIES

Management does not believe that the Organization had any identifiable contingent liabilities at December 31, 2008.

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, 2008 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, 2008, 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 once established. The Organization has not made any contributions to any plan as of December 31, 2008 because no plan has yet been established. There has been no provision for accrual of any benefits payable at year end because the employment contract does not provide a time frame requirement for the establishment of the plan.

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, 2008 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>
2009	\$ 8,000
2010	<u>3,333</u>
	<u>\$ 11,333</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, 2008, the bank balances totaled \$75,312 all of which was covered by federal depository insurance.

The Organization's invested cash at December 31, 2008 totaled \$117,752, \$100,000 of which was covered insurance with the Securities Investor Protection Corporation (SIPC). There is an additional insurance policy with Lloyd's of London that the Organization's investment company Merrill Lynch obtained for additional protection for its customers who exceed the SIPC limits. This policy however is subject to an aggregate limit of \$600 million and depending on the number of policy payouts, it may or may not afford coverage for the remaining \$17,752.

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, 2008	
Scholarships	\$ 29,194
Advocacy	<u>3,259</u>
Total Temporarily Restricted	<u>\$ 32,453</u>

Cash reserves provided for these restricted assets were held in a separate Merrill Lynch Money Market account with a balance of \$30,594 as of December 31, 2008.

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	\$ 4,000
Minority Scholarships	2,000
Training and education	<u>4,818</u>
Total restrictions released	<u>\$10,818</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, 2008, deferred revenue consisted of the following:

Dues	\$ 42,811
FL Subscriptions	250
Library Days	35
F F & B Workshop	<u>699</u>
	<u>\$ 43,750</u>