

ALAMEDA COUNTY LIBRARY FOUNDATION

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INDEPENDENT AUDITORS' REPORT

May 3, 2012

Board of Directors
Alameda County Library Foundation
Fremont, California

We have audited the accompanying statement of financial position of the

ALAMEDA COUNTY LIBRARY FOUNDATION
(A Nonprofit Corporation)

as of June 30, 2011 and 2010, and the related statements of activities and cash flows for the years then ended. These financial statements are the responsibility of the management of the Alameda County Library Foundation (the Foundation). Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with generally accepted auditing standards of 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 in the first paragraph present fairly, in all material respects, the financial position of the Foundation as of June 30, 2011 and 2010, and the results of its operations and its cash flows for the years then ended in conformity with generally accepted accounting principles of the United States of America.

Our audits were made for the purpose of forming an opinion on the basic financial statements taken as a whole. The additional information contained on pages 8 through 9 is presented for the purpose of additional analysis and is not a required part of the basic financial statements. Such information has not been subjected to the auditing procedures applied to the audits of the basic financial statements, and accordingly, we express no opinion on them.

Harrison Accounting Group, Inc.

Harrison Accounting Group, Inc.



ALAMEDA COUNTY LIBRARY FOUNDATION
 (A Nonprofit Corporation)
 STATEMENTS OF FINANCIAL POSITION
 FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

ASSETS

	<u>2011</u>	<u>2010</u>
CURRENT ASSETS		
Cash in checking	\$ 419,928	\$ 211,848
Cash in savings	1,024,129	572,684
Miscellaneous receivable	-	90
	<u> </u>	<u> </u>
Total current assets	<u>\$ 1,444,057</u>	<u>\$ 784,622</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 228	\$ -
	<u> </u>	<u> </u>
Total current liabilities	<u>228</u>	<u>-</u>
NET ASSETS		
Temporarily restricted funds	97,629	77,525
Unrestricted	1,346,200	707,097
	<u> </u>	<u> </u>
Total net assets	<u>1,443,829</u>	<u>784,622</u>
	<u> </u>	<u> </u>
Total liabilities and net assets	<u>\$ 1,444,057</u>	<u>\$ 784,622</u>

ALAMEDA COUNTY LIBRARY FOUNDATION
STATEMENTS OF ACTIVITIES
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

	2011			2010		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
REVENUES AND PUBLIC SUPPORT						
Program revenues	\$ 1,206,527	\$ 51,617	\$ 1,258,144	\$ 709,187	\$ 33,000	\$ 742,187
Interest income	2,319	-	2,319	3,948	-	3,948
	<u>1,208,846</u>	<u>51,617</u>	<u>1,260,463</u>	<u>713,135</u>	<u>33,000</u>	<u>746,135</u>
EXPENSES						
Program expenses	503,570	31,513	535,083	203,093	60,096	263,189
General and administrative	41,701	-	41,701	55,282	-	55,282
Fundraising expenses	24,472	-	24,472	28,817	-	28,817
Total expenses	<u>569,743</u>	<u>31,513</u>	<u>601,256</u>	<u>287,192</u>	<u>60,096</u>	<u>347,288</u>
INCREASE (DECREASE) IN NET ASSETS	639,103	20,104	659,207	425,943	(27,096)	398,847
NET ASSETS, beginning of year	<u>707,097</u>	<u>77,525</u>	<u>784,622</u>	<u>281,154</u>	<u>104,621</u>	<u>385,775</u>
NET ASSETS, end of year	<u>\$ 1,346,200</u>	<u>\$ 97,629</u>	<u>\$ 1,443,829</u>	<u>\$ 707,097</u>	<u>\$ 77,525</u>	<u>\$ 784,622</u>

ALAMEDA COUNTY LIBRARY FOUNDATION
 STATEMENTS OF CASH FLOWS
 FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

OPERATING ACTIVITIES	2011	2010
Increase in net assets	\$ 659,207	\$ 398,847
Adjustment to reconcile increase in net assets to net cash used in operating activities:		
Changes in:		
Miscellaneous receivable	90	(90)
Accounts payable	228	(2,387)
	659,525	396,370
Net cash provided by operating activities		
INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES	-	-
	659,525	396,370
INCREASE IN CASH		
CASH, BEGINNING OF YEAR	784,532	388,162
CASH, END OF YEAR	\$ 1,444,057	\$ 784,532

ALAMEDA COUNTY LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

(a) Organization and Nature of Activities

The Alameda County Library Foundation (the Foundation) is a nonprofit organization formed to help raise funds for books and materials, including international language materials, to support library programs. These programs include children's and toddler's story time, student homework centers, jail and juvenile hall literacy programs, an author's series, summer reading program, and various cultural programs and programs for seniors. The Foundation's support comes primarily from individual donor contributions and private grants.

(b) Income Tax Status

The Foundation is a qualified nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code and is exempt from federal and state income taxes. Although the Foundation is exempt from federal and state income taxes for the current tax year, the exemption does not apply to "unrelated business taxable income."

(c) Use of 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. Although these estimates are based on management's knowledge of current events and actions it may undertake in the future, they may ultimately differ from actual results.

(d) Cash and Cash Equivalents

The Foundation considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents.

(e) Restricted and Unrestricted Revenue and Support

Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

NOTE 2 - DONATED SERVICES

Many individuals volunteer their time and perform a variety of tasks that assist the Foundation with specific assistance programs, campaign solicitations, and various committee assignments. No amounts have been reflected in the financial statements for these types of donated services because, although clearly substantial, no reliable basis exists for determining an appropriate amount.

ALAMEDA COUNTY LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the amount of \$97,629 and \$77,525 for the years ended June 30, 2011 and 2010, respectively, are available for miscellaneous purposes. Net assets were released from donor restrictions by incurring expenses satisfying the purpose specified by the donors as follows:

	2011	2010
Bookleggers	\$ 2,050	\$ 1,550
Books - Children's	32,268	31,998
Books - General	11,075	11,075
Branches	(12,791)	(3,438)
Capital Campaign	33,998	-
Homework Centers	26,200	26,450
Reading for Life - Jails	5,100	5,100
Write to Read Program	1,092	6,092
Other	(1,363)	(1,302)
	<u>\$ 97,629</u>	<u>\$ 77,525</u>

NOTE 4 - FUNCTIONAL ALLOCATION OF EXPENSES

The costs of providing the various programs and activities have been summarized on a functional basis in the statement of activities. Accordingly, certain costs have been allocated among the programs and supporting services benefited.

NOTE 5 - CREDIT RISK CONCENTRATION

The Foundation maintains cash accounts in one commercial bank located in California. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. The Foundation had cash balances on deposit during the fiscal year ended June 30, 2011 and 2010 that exceeded the FDIC insured limits.

NOTE 6 - UNCERTAINTY FOR INCOME TAXES

On July 1, 2009, the Foundation adopted FASB ASC 740 relating to the uncertainty for income taxes. As required by FASB ASC 740, the Foundation is required to make a provision in its financial statements and income tax returns for the uncertainty in the measurement and recognition of income taxes. FASB ASC 740 requires income taxes to be measured on a more-likely-than-not recognition threshold for tax positions taken or expected to be taken on a tax return.

Based on the Foundation's income tax status as a qualified nonprofit organization as described in Section 501(c)(3) of the Internal Revenue Code, it would be only subject to income taxes on unrelated business income. The Foundation management has determined that there has been no unreported unrelated business income and thus feels if any were found under audit, the income tax impact on the financial statements would be immaterial. Therefore, no provision is required.

ALAMEDA COUNTY LIBRARY FOUNDATION
NOTES TO FINANCIAL STATEMENTS
FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010

NOTE 7 - FAIR VALUE OF FINANCIAL INSTRUMENTS

The Foundation has a number of financial instruments, some of which are held for trading purposes. The Foundation estimates that the fair value of all financial instruments at June 30, 2011 does not materially differ from the aggregate carrying values of its financial instruments recorded in the accompanying balance sheet. The estimated fair value amounts have been determined by the Foundation using available market information and appropriate valuation methodologies. Considerable judgement is necessarily required in interpreting market data to develop the estimates of fair value, and, accordingly, the estimates are not necessarily indicative of the amounts that the Foundation could realize in a current market exchange.

NOTE 8 - SUBSEQUENT EVENTS

In preparing the financial statements, the Foundation has evaluated events and transactions for potential recognition or disclosure through May 3, 2012, the date the financial statements were available to be issued.

SUPPLEMENTARY
INFORMATION



ALAMEDA COUNTY LIBRARY FOUNDATION
 SUPPLEMENTARY SCHEDULE
 FOR THE FISCAL YEARS ENDED JUNE 30, 2011 AND 2010
 Unaudited - (See accountants' report)

	2011	2010
Program revenues		
Corporate Fundraising	\$ 589,200	\$ 289,587
Capital campaign	541,655	302,165
Annual campaign	127,289	106,123
Special events	-	1,000
Other	-	43,312
Total program revenues	\$ 1,258,144	\$ 742,187
Program expenses		
Board development program		
Board retreat	\$ 203	\$ 2,236
Capital campaign	6,313	29,546
Total board development program	6,516	31,782
Library program	528,567	231,407
Total program expenses	\$ 535,083	\$ 263,189
General and administrative expenses		
Bank/finance fees	\$ 1,539	\$ 3,392
Dues and subscriptions	2,318	2,136
Insurance	1,371	-
Office supplies	2,461	12,280
Other	100	749
Outside services	11,145	21,787
Postage	6,687	3,771
Printing	14,812	2,387
Staff development	468	5,229
Taxes and licenses	105	335
Telephone	-	1,353
Travel	695	1,863
Total general and administrative expenses	\$ 41,701	\$ 55,282
Fundraising expenses		
Consulting	\$ 7,275	\$ 8,520
Donor acquisition	8,640	3,106
Miscellaneous	1,345	3,669
Newsletter	4,315	3,728
Special event	2,897	9,794
Total fundraising expenses	\$ 24,472	\$ 28,817