

ALAMEDA COUNTY LIBRARY FOUNDATION

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INDEPENDENT AUDITORS' REPORT

September 10, 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, 2012 and 2011, 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, 2012 and 2011, 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.

ALAMEDA COUNTY LIBRARY FOUNDATION  
 (A Nonprofit Corporation)  
 STATEMENTS OF FINANCIAL POSITION  
 FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

ASSETS

	<u>2012</u>	<u>2011</u>
<b>CURRENT ASSETS</b>		
Cash in checking	\$ 224,265	\$ 419,928
Cash in savings	<u>583,692</u>	<u>1,024,129</u>
<b>Total current assets</b>	<u><u>\$ 807,957</u></u>	<u><u>\$ 1,444,057</u></u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	<u>\$ 1,126</u>	<u>\$ 228</u>
<b>Total current liabilities</b>	<u>1,126</u>	<u>228</u>
<b>NET ASSETS</b>		
Temporarily restricted funds	(593,523)	97,629
Unrestricted	<u>1,400,354</u>	<u>1,346,200</u>
<b>Total net assets</b>	<u>806,831</u>	<u>1,443,829</u>
<b>Total liabilities and net assets</b>	<u><u>\$ 807,957</u></u>	<u><u>\$ 1,444,057</u></u>

ALAMEDA COUNTY LIBRARY FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

	2012			2011		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND PUBLIC SUPPORT</b>						
Program revenues	\$ 145,139	\$ 344,524	\$ 489,663	\$ 1,206,527	\$ 51,617	\$ 1,258,144
Interest income	1,899	-	1,899	2,319	-	2,319
	<u>147,038</u>	<u>344,524</u>	<u>491,562</u>	<u>1,208,846</u>	<u>51,617</u>	<u>1,260,463</u>
<b>EXPENSES</b>						
Program expenses	-	1,035,676	1,035,676	503,570	31,513	535,083
General and administrative	60,784	-	60,784	41,701	-	41,701
Fundraising expenses	32,100	-	32,100	24,472	-	24,472
	<u>92,884</u>	<u>1,035,676</u>	<u>1,128,560</u>	<u>569,743</u>	<u>31,513</u>	<u>601,256</u>
<b>INCREASE (DECREASE) IN NET ASSETS</b>	54,154	(691,152)	(636,998)	639,103	20,104	659,207
<b>NET ASSETS, beginning of year</b>	<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>
<b>NET ASSETS, end of year</b>	<u>\$ 1,400,354</u>	<u>\$ (593,523)</u>	<u>\$ 806,831</u>	<u>\$ 1,346,200</u>	<u>\$ 97,629</u>	<u>\$ 1,443,829</u>

See accompanying notes to financial statements.

ALAMEDA COUNTY LIBRARY FOUNDATION  
 STATEMENTS OF CASH FLOWS  
 FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

OPERATING ACTIVITIES	2012	2011
Increase in net assets	\$ (636,998)	\$ 659,207
Adjustment to reconcile increase in net assets to net cash used in operating activities:		
Changes in:		
Miscellaneous receivable	-	90
Accounts payable	898	228
Net cash provided by operating activities	(636,100)	659,525
INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES	-	-
INCREASE IN CASH	(636,100)	659,525
CASH, BEGINNING OF YEAR	1,444,057	784,532
CASH, END OF YEAR	\$ 807,957	\$ 1,444,057

ALAMEDA COUNTY LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2012 AND 2011

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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, 2012 AND 2011

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the amount of \$(593,523) and \$97,629 for the years ended June 30, 2012 and 2011, 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:

	2012	2011
Bookleggers	\$ 2,100	\$ 2,050
Books - Children's	32,268	32,268
Books - General	11,075	11,075
Branches	(25,206)	(12,791)
Capital Campaign	(659,092)	33,998
Homework Centers	33,550	26,200
Reading for Life - Jails	5,100	5,100
Write to Read Program	892	1,092
Other	5,790	(1,363)
	<u>\$ (593,523)</u>	<u>\$ 97,629</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, 2012 and 2011 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, 2012 AND 2011

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NOTE 6 - UNCERTAINTY FOR INCOME TAXES (Continued)

Generally, the statute of limitations for examining income tax returns for federal purposes is three years from the filing date of the return and the State of California is four years from the filing date of the return. The 2007 through 2010 income tax returns are still considered open for examination by either the Internal Revenue Service or the Franchise Tax Board as of the date of these financial statements.

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, 2012 AND 2011  
Unaudited - (See independent accountants' report)

	<u>2012</u>	<u>2011</u>
Program revenues		
Corporate fundraising	\$ 320,350	\$ 589,200
Capital campaign	24,365	541,655
Annual campaign	144,948	127,289
Total program revenues	<u>\$ 489,663</u>	<u>\$ 1,258,144</u>
Program expenses		
Board development program		
Board retreat	\$ 383	\$ 203
Capital campaign	171,961	6,313
Total board development program	<u>172,344</u>	<u>6,516</u>
Library program	863,332	528,567
Total program expenses	<u>\$ 1,035,676</u>	<u>\$ 535,083</u>
General and administrative expenses		
Bank/finance fees	\$ 3,068	\$ 1,539
Dues and subscriptions	1,407	2,318
Insurance	1,456	1,371
Office supplies	739	2,461
Other	-	100
Outside services	15,522	11,145
Postage	12,619	6,687
Printing	21,472	14,812
Staff development	489	468
Staff recognition	2,888	-
Taxes and licenses	160	105
Travel	964	695
Total general and administrative expenses	<u>\$ 60,784</u>	<u>\$ 41,701</u>
Fundraising expenses		
Consulting	\$ 6,780	\$ 7,275
Donor acquisition	15,126	8,640
Miscellaneous	757	1,345
Newsletter	256	4,315
Special event	9,181	2,897
Total fundraising expenses	<u>\$ 32,100</u>	<u>\$ 24,472</u>