

ALAMEDA COUNTY LIBRARY FOUNDATION

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**INDEPENDENT AUDITOR'S REPORT**

July 31, 2013

Board of Directors  
Alameda County Library Foundation  
Fremont, California

We have audited the accompanying financial statements of the

**ALAMEDA COUNTY LIBRARY FOUNDATION**  
(A Nonprofit Corporation)

which comprise the statements of financial position as of June 30, 2013 and 2012, and the related statements of activities and cash flows for the years then ended, and the related notes to the financial statements.

***Management's Responsibility for the Financial Statements***

Management is responsible for the preparation and fair presentation of these financial statements in accordance with accounting principles generally accepted in the United States of America; this includes the design, implementation, and maintenance of internal control relevant to the preparation and fair presentation of financial statements that are free from material misstatement, whether due to fraud or error.

***Auditor's Responsibility***

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. Accordingly, we express no such opinion. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of significant accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

***Opinion***

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Alameda County Library Foundation as of June 30, 2013 and 2012, and the changes in its net assets and its cash flows for the years then ended in accordance with accounting principles generally accepted in the United States of America.

***Other-Matter***

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The supplementary schedule on Page 9, Statements of Activities - Detail, is presented for purposes of additional analysis and is not a required part of the financial statements. Such information is the responsibility of management and was derived from and relates directly to the underlying accounting and other records used to prepare the financial statements. The information has been subjected to the auditing procedures applied in the audit of the financial statements and certain additional procedures, including comparing and reconciling such information directly to the underlying accounting and other records used to prepare the financial statements or to the financial statements themselves, and other additional procedures in accordance with auditing standards generally accepted in the United States of America. In our opinion, the information is fairly stated in all material respects in relation to the financial statements as a whole.

A handwritten signature in black ink that reads 'Harrison Accounting Group, Inc.' in a cursive, flowing script.

HARRISON ACCOUNTING GROUP, INC.

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ALAMEDA COUNTY LIBRARY FOUNDATION  
(A Nonprofit Corporation)  
STATEMENTS OF FINANCIAL POSITION  
FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

ASSETS

	<u>2013</u>	<u>2012</u>
<b>CURRENT ASSETS</b>		
Cash in checking	\$ 307,100	\$ 224,265
Cash in savings	<u>594,321</u>	<u>583,692</u>
Total current assets	<u>\$ 901,421</u>	<u>\$ 807,957</u>

LIABILITIES AND NET ASSETS

<b>CURRENT LIABILITIES</b>		
Accounts payable	<u>\$ 9,956</u>	<u>\$ 1,126</u>
Total current liabilities	<u>9,956</u>	<u>1,126</u>
<b>NET ASSETS</b>		
Temporarily restricted funds	(556,609)	(593,523)
Unrestricted	<u>1,448,074</u>	<u>1,400,354</u>
Total net assets	<u>891,465</u>	<u>806,831</u>
Total liabilities and net assets	<u>\$ 901,421</u>	<u>\$ 807,957</u>

ALAMEDA COUNTY LIBRARY FOUNDATION  
STATEMENTS OF ACTIVITIES  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

	2013			2012		
	Unrestricted	Temporarily Restricted	Total	Unrestricted	Temporarily Restricted	Total
<b>REVENUES AND PUBLIC SUPPORT</b>						
Program revenues	\$ 160,699	\$ 335,506	\$ 496,205	\$ 145,139	\$ 344,524	\$ 489,663
Interest income	1,303	-	1,303	1,899	-	1,899
	<u>162,002</u>	<u>335,506</u>	<u>497,508</u>	<u>147,038</u>	<u>344,524</u>	<u>491,562</u>
<b>EXPENSES</b>						
Program expenses	25,832	298,592	324,424	-	1,035,676	1,035,676
General and administrative	54,109	-	54,109	60,784	-	60,784
Fundraising expenses	34,341	-	34,341	32,100	-	32,100
Total expenses	<u>114,282</u>	<u>298,592</u>	<u>412,874</u>	<u>92,884</u>	<u>1,035,676</u>	<u>1,128,560</u>
INCREASE (DECREASE) IN NET ASSETS	47,720	36,914	84,634	54,154	(691,152)	(636,998)
NET ASSETS, beginning of year	<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>
NET ASSETS, end of year	<u>\$ 1,448,074</u>	<u>\$ (556,609)</u>	<u>\$ 891,465</u>	<u>\$ 1,400,354</u>	<u>\$ (593,523)</u>	<u>\$ 806,831</u>

See accompanying notes to financial statements.

ALAMEDA COUNTY LIBRARY FOUNDATION  
STATEMENTS OF CASH FLOWS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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OPERATING ACTIVITIES	2013	2012
Increase in net assets	\$ 84,634	\$ (636,998)
Adjustment to reconcile increase in net assets to net cash used in operating activities:		
Changes in:		
Accounts payable	8,830	898
Net cash provided by operating activities	93,464	(636,100)
INVESTING ACTIVITIES	-	-
FINANCING ACTIVITIES	-	-
INCREASE IN CASH	93,464	(636,100)
CASH, BEGINNING OF YEAR	807,957	1,444,057
CASH, END OF YEAR	\$ 901,421	\$ 807,957

ALAMEDA COUNTY LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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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, 2013 AND 2012

NOTE 3 - TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets in the amount of \$(556,609) and \$(593,523) for the years ended June 30, 2013 and 2012, 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:

	2013	2012
Bookleggers	\$ 2,100	\$ 2,100
Books - Children's	32,268	32,268
Books - General	11,075	11,075
Branches	(28,238)	(25,206)
Capital Campaign	(624,999)	(659,092)
Homework Centers	37,279	33,550
Reading for Life - Jails	5,100	5,100
Write to Read Program	1,842	892
Other	6,964	5,790
	<u>\$ (556,609)</u>	<u>\$ (593,523)</u>

A capital campaign is a fundraising effort by a nonprofit organization to raise significant dollars for a specific project during a specific period of time. The money raised is to fund the acquisition, construction or renovation of buildings. Capital campaigns can also be used to build an endowment for the future, or fund an extraordinary expenditure. 10% of the cash collected for the capital campaign is retained by the foundation.

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 two commercial banks 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, 2013 and 2012 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.



ALAMEDA COUNTY LIBRARY FOUNDATION  
NOTES TO FINANCIAL STATEMENTS  
FOR THE FISCAL YEARS ENDED JUNE 30, 2013 AND 2012

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NOTE 6 - UNCERTAINTY FOR INCOME TAXES (Continued)

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.

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 2008 through 2011 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, 2012 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 July 31, 2013, 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, 2013 AND 2012  
Unaudited - (See independent accountants' report)

	<u>2013</u>	<u>2012</u>
Program revenues		
Corporate fundraising	\$ 195,620	\$ 320,350
Capital campaign	134,850	24,365
Annual campaign	165,735	144,948
Total program revenues	<u>\$ 496,205</u>	<u>\$ 489,663</u>
Program expenses		
Board development program		
Board retreat	\$ 555	\$ 383
Capital campaign	309,867	171,961
Total board development program	<u>310,422</u>	<u>172,344</u>
Library program	14,002	863,332
Total program expenses	<u>\$ 324,424</u>	<u>\$ 1,035,676</u>
General and administrative expenses		
Bank/finance fees	\$ 3,055	\$ 3,068
Dues and subscriptions	1,403	1,407
Insurance	1,666	1,456
Office supplies	908	739
Outside services	12,020	15,522
Postage	16,945	12,619
Printing	14,266	21,472
Staff development	15	489
Staff recognition	2,712	2,888
Taxes and licenses	165	160
Travel	954	964
Total general and administrative expenses	<u>\$ 54,109</u>	<u>\$ 60,784</u>
Fundraising expenses		
Consulting	\$ 14,643	\$ 6,780
Donor acquisition	17,934	15,126
Miscellaneous	32	757
Newsletter	1,211	256
Special event	521	9,181
Total fundraising expenses	<u>\$ 34,341</u>	<u>\$ 32,100</u>