



Foundation.DouglasCountyLibraries.org

FINANCIAL STATEMENTS

December 31, 2010

DOUGLAS COUNTY LIBRARIES FOUNDATION
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INDEPENDENT AUDITORS' REPORT

To the Board of Trustees of
Douglas County Libraries Foundation

We have audited the accompanying statement of financial position of the Douglas County Libraries Foundation (the "Foundation") a nonprofit corporation and a component unit of the Douglas County Libraries as of December 31, 2010, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Foundation's management. Our responsibility is to express an 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 consideration of internal control over financial reporting as a basis for designing audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we express no such opinion. 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 Douglas County Libraries Foundation as of December 31, 2010, 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.

Our audit was conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The schedule of functional expenses on page 9 is presented for purposes of additional analysis and is not a required part of the basic financial statements. Such information has been subjected to the auditing procedures applied in the audit of the basic financial statements and, in our opinion, is fairly stated in all material respects in relation to the basic financial statements taken as a whole.

A handwritten signature in cursive script that reads 'Eide Bailly LLP'.

Greenwood Village, Colorado
April 11, 2011

DOUGLAS COUNTY LIBRARIES FOUNDATION

Statement of Financial Position

December 31, 2010

ASSETS

Cash	\$ 185,510
Investments	153,662
Accounts receivable	<u>2,542</u>
Total assets	<u><u>\$ 341,714</u></u>

LIABILITIES AND NET ASSETS

LIABILITIES

Accounts payable	\$ 2,239
Due Douglas County Libraries	<u>5,664</u>
Total liabilities	<u>7,903</u>

NET ASSETS

Unrestricted	316,599
Temporarily restricted	<u>17,212</u>
Total net assets	<u>333,811</u>
Total liabilities and net assets	<u><u>\$ 341,714</u></u>

The Notes to Financial Statements are an integral part of these statements.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Statement of Activities

For the Year Ended December 31, 2010

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUE AND SUPPORT			
Book sales	\$ 105,045	\$ -	\$ 105,045
Contributions	35,101	10,215	45,316
Event and workshop fees	33,680	-	33,680
Interest	2,820	-	2,820
Net assets released from restrictions	3,258	(3,258)	-
Total revenue and support	<u>179,904</u>	<u>6,957</u>	<u>186,861</u>
EXPENSES			
Program services	77,618	-	77,618
Supporting services			
General and administrative	33,839	-	33,839
Fundraising	36,592	-	36,592
Total expenses	<u>148,049</u>	<u>-</u>	<u>148,049</u>
CHANGE IN NET ASSETS	31,855	6,957	38,812
NET ASSETS, beginning	<u>284,744</u>	<u>10,255</u>	<u>294,999</u>
NET ASSETS, ending	<u>\$ 316,599</u>	<u>\$ 17,212</u>	<u>\$ 333,811</u>

The Notes to Financial Statements are an integral part of these statements.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Statement of Cash Flows

For the Year Ended December 31, 2010

CASH FLOWS FROM OPERATING ACTIVITIES

Cash received from sales, contributions and fees	\$ 183,986
Cash paid to suppliers and grant recipients	(240,250)
Interest income received	2,820
Net cash provided by operating activities	<u>(53,444)</u>

CASH FLOWS USED BY INVESTING ACTIVITIES

Purchase of investments	<u>(2,120)</u>
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NET DECREASE IN CASH (55,564)

CASH, beginning 241,074

CASH, ending \$ 185,510

**RECONCILIATION OF CHANGE IN NET ASSETS TO
NET CASH PROVIDED BY OPERATING ACTIVITIES**

Change in net assets	\$ 38,812
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in assets and liabilities	
Accounts receivable	(55)
Accounts payable	1,239
Due Douglas County Libraries	<u>(93,440)</u>

Net cash provided by operating activities \$ (53,444)

The Notes to Financial Statements are an integral part of these statements.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Notes to Financial Statements

December 31, 2010

NOTE 1: ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization

The Douglas County Libraries Foundation (the "Foundation") was incorporated on May 10, 1991. The Foundation is a nonprofit organization within the meaning of Section 501(c)(3) of the Internal Revenue Code. The Foundation was established to provide an additional financial resource for the activities of Douglas County Libraries (the "Library") that otherwise would go unfulfilled due to the Library's financial constraints or other restrictions. The Foundation's mission is to enrich the literacy goals of the Library by celebrating literature, life-long learning and community building. The mission is met by developing relationships with individuals, community organizations, businesses and foundations and by raising money through book sales, grants, donations and entry fees to sponsored events. The Foundation makes grants to the Library for various programs and capital improvements as well as directly funds various programs that enhance the mission of the Library.

The Foundation qualifies as a component unit of the Library. The component unit determination was based on the provisions of Governmental Accounting Standards Board (GASB) Statement 14 and 39. The following significant factor was considered in making that determination:

- Members of the Foundation's Board of Directors are elected by the Board of Trustees of the Library. Similarly, the Library Board of Trustees may remove any Director of the Foundation.

Standards of Accounting and Financial Reporting

The Foundation follows the standards of accounting and financial reporting for nonprofit organizations which are in conformity with the recommendations of the American Institute of Certified Public Accountants. The Foundation uses the accrual basis of accounting.

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.

Support and revenue

The Foundation receives revenues primarily from used book sales and from grants and contributions from individuals, corporations and other foundations. The Foundation also sponsors

DOUGLAS COUNTY LIBRARIES FOUNDATION

Notes to Financial Statements

December 31, 2010

events where entry fees are charged.

All contributions are considered to be available for unrestricted use unless specifically restricted by the donor. Amounts received that are designated for future periods or restricted by the donor for specific purposes are reported as temporarily restricted or permanently restricted support. When a temporary restriction expires, temporarily restricted net assets are reclassified to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. However, if a restriction is fulfilled in the same period in which the contribution is received, the Foundation reports the support as unrestricted.

In-kind contributions

Contributions of services, gift certificates and tickets are not reported in the financial statements because values cannot be reasonably estimated. Other noncash gifts received for fundraising purposes are not reported in the financial statements.

Income taxes

The Foundation is exempt from income taxes under section 501(a) of the Internal Revenue Code as an organization described in section 501(c)(3). The Foundation is not a private foundation as it is an organization as described in section 509(a)(3), i.e., the primary purpose of the Foundation is to support the Library, a Colorado special district.

The Foundation has adopted the provisions of FASB Accounting Standards Codification Topic ASC 740-10 (previously Financial Interpretation No. 48, Accounting for Uncertainty in Income Taxes), on January 1, 2009. The implementation of this standard has no impact on the financial statements. As of both the date of adoption, and as of December 31, 2010, the unrecognized tax benefit accrual was zero.

The Foundation will recognize future accrued interest and penalties related to unrecognized tax benefits in income tax expense if incurred. The Foundation is no longer subject to Federal tax examinations by tax authorities for years before 2007 and state examinations for years before 2006.

Cash and Cash Equivalents

The Foundation considers all highly liquid investments purchased with an original maturity of three months or less to be cash equivalents. The carrying value of cash and cash equivalents approximates fair value because of the short maturities of those financial instruments.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Notes to Financial Statements

December 31, 2010

Investments

Investments consist of bank certificates of deposit of one year or less and are carried at cost, which approximates market value.

Functional Expenses

The costs of providing the Foundation's various programs and supporting services 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 2: RELATED PARTY TRANSACTIONS

During 2010, the Foundation made a grant to the Louver branch operation of the Douglas County Library in the amount of \$4,983. In addition capital assets in the amount of \$12,700 were acquired and contributed to the Library.

The Foundation reimburses the Library for salaries and benefits provided to the Foundation. These contracted services of \$31,921 have been classified as functional expenses in the financial statements for reporting purposes. In addition the Foundation reimburses the Library 5% of its revenues to cover the expenses of management and administrative support. For 2010, this management fee was \$9,200.

At December 31, 2010 the Foundation owed the Library \$5,664. The outstanding balance results mainly from the time lag between the dates reimbursable revenues and expenses occur and when payments are made.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Notes to Financial Statements

December 31, 2010

NOTE 3: RESTRICTED NET ASSETS

The temporarily restricted net assets represent contributions that have been restricted by the donor to be used only for the following purposes:

	Balance 1/1/10	Contributions Received	Released From Restrictions	Balance 12/31/10
PMS Teen Tower	\$ 8,373	\$ -	\$ (2,505)	\$ 5,868
PMS Books to Troups	1,422	-	(293)	1,129
Adult Literacy	-	600	-	600
Historic Research Center	-	850	-	850
Books by Mail	460	-	(460)	-
Early Literacy	-	8,765	-	8,765
Total	<u>\$ 10,255</u>	<u>\$ 10,215</u>	<u>\$ (3,258)</u>	<u>\$ 17,212</u>

NOTE 4: SUBSEQUENT EVENTS

The Foundation has evaluated subsequent events through April 11, 2011, the date which the financial statements were available to be issued.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Schedule of Functional Expenses
For the Year Ended December 31, 2010

	<u>Program Services</u>	<u>Management and Administration</u>	<u>Fundraising</u>	<u>Total</u>
Grants to the Library	\$ 4,983	\$ -	\$ -	\$ 4,983
Program fees and supplies	72,635	-	-	72,635
Salaries and benefits	-	-	31,921	31,921
Administrative	-	24,639	4,671	29,310
Management fee	-	9,200	-	9,200
Total	<u>\$ 77,618</u>	<u>\$ 33,839</u>	<u>\$ 36,592</u>	<u>\$ 148,049</u>

See the accompanying Independent Auditors' Report