

THE LIBRARY FOUNDATION FOR
SARASOTA COUNTY, INC.
SARASOTA, FLORIDA

FINANCIAL STATEMENTS AND
INDEPENDENT AUDITORS' REPORT
DECEMBER 31, 2014

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

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INDEPENDENT AUDITORS' REPORT

June 5, 2015

Board of Directors
The Library Foundation for Sarasota County, Inc.
Sarasota, Florida

We have audited the accompanying financial statements of The Library Foundation for Sarasota County, Inc. (a nonprofit organization) which comprise the Statement of Financial Position as of December 31, 2014, and the related Statement of Activities and Changes in Net Assets, and Statement of Cash Flows for the 12 month period 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 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 from 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 risk 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 evaluation 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.

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Board of Directors
The Library Foundation for Sarasota County, Inc.
June 5, 2015

Opinion

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of The Library Foundation for Sarasota County, Inc. as of December 31, 2014, and the changes in its net assets and its cash flows for the 12 month period then ended in accordance with accounting principles generally accepted in the United States of America.

Report on Supplementary Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The Schedules of Administrative, Program and Fundraising Expenses on page 11 are presented for purposes of additional analysis and are 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.

Hough & Company, P.A.
Certified Public Accountants

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2014

<u>ASSETS</u>	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Cash	\$ 192 514	\$ 43 375	\$ 235 889
Endowment fund	139 899	-0-	139 899
Investment fund	51 255	-0-	51 255
Prepaid expenses	3 655	64 000	67 655
TOTAL ASSETS	\$ <u>387 323</u>	\$ <u>107 375</u>	\$ <u>494 698</u>
 <u>LIABILITIES AND NET ASSETS</u>			
LIABILITIES			
Accounts payable	<u>92</u>	<u>-0-</u>	<u>92</u>
TOTAL LIABILITIES	92	-0-	92
NET ASSETS	<u>387 231</u>	<u>107 375</u>	<u>494 606</u>
TOTAL LIABILITIES AND NET ASSETS	\$ <u>387 323</u>	\$ <u>107 375</u>	\$ <u>494 698</u>

The accompanying notes are an integral part
of these financial statements.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.
 STATEMENT OF ACTIVITIES AND CHANGES IN NET ASSETS
 FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
REVENUES AND OTHER SUPPORT:			
Support:			
Private and foundations	\$ 40 032	\$ 109 649	\$ 149 681
Special events	126 179	-0-	126 179
Interest and dividends	4 309	-0-	4 309
Realized gain / (loss) on endowment	2 986	-0-	2 986
Unrealized gain / (loss) on endowment	818	-0-	818
Realized gain / (loss) on investment	3 108	-0-	3 108
Unrealized gain / (loss) on investment	(2 959)	-0-	(2 959)
Net assets released from restrictions:			
Donor restrictions satisfied	<u>51 513</u>	<u>(51 513)</u>	<u>-0-</u>
TOTAL REVENUES AND OTHER SUPPORT	<u>225 986</u>	<u>58 136</u>	<u>284 122</u>
EXPENSES:			
Administrative expenses	58 523	-0-	58 523
Program expenses	<u>56 342</u>	<u>-0-</u>	<u>56 342</u>
TOTAL EXPENSES	<u>114 865</u>	<u>-0-</u>	<u>114 865</u>
CHANGE IN NET ASSETS	111 121	58 136	169 257
NET ASSETS, BEGINNING OF YEAR	<u>276 110</u>	<u>49 239</u>	<u>325 349</u>
NET ASSETS, END OF YEAR	<u>\$ 387 231</u>	<u>\$ 107 375</u>	<u>\$ 494 606</u>

The accompanying notes are an integral part
of these financial statements.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
CASH FLOWS FROM OPERATING ACTIVITIES:			
Change in net assets	\$ 111 121	\$ 58 136	\$ 169 257
Adjustments to reconcile change in net assets to net cash provided by operating activities:			
Realized (gain) / loss in endowment fund	(2 986)	-0-	(2 986)
Unrealized (gain) / loss in endowment fund	(818)	-0-	(818)
Realized (gain) / loss in investment fund	(3 108)	-0-	(3 108)
Unrealized (gain) / loss in investment fund	2 959	-0-	2 959
(Increase) / decrease in prepaid expenses	(3 000)	(64 000)	(67 000)
(Decrease) / increase in accounts payable	<u>(808)</u>	<u>-0-</u>	<u>(808)</u>
NET CASH (USED) / PROVIDED BY OPERATING ACTIVITIES	<u>103 360</u>	<u>(5 864)</u>	<u>97 496</u>
CASH FLOWS FROM INVESTING ACTIVITIES:			
Transfer (to) / from endowment fund	(30 486)	-0-	(30 486)
Earnings and expenses related to endowment fund	<u>(3 498)</u>	<u>-0-</u>	<u>(3 498)</u>
NET CASH (USED) / PROVIDED BY INVESTING ACTIVITIES	<u>(33 984)</u>	<u>-0-</u>	<u>(33 984)</u>
NET (DECREASE) / INCREASE IN CASH	69 376	(5 864)	63 512
CASH BALANCE - BEGINNING OF YEAR	<u>123 138</u>	<u>49 239</u>	<u>172 377</u>
CASH BALANCE - END OF YEAR	<u>\$ 192 514</u>	<u>\$ 43 375</u>	<u>\$ 235 889</u>

The accompanying notes are an integral part
of these financial statements.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 1 - NATURE OF ORGANIZATION

The Library Foundation for Sarasota County, Inc. (the Organization) is a not-for-profit corporation incorporated in the State of Florida on June 13, 2011. The mission is to secure the future of our libraries in the greater area of Sarasota County, as indispensable community resources. They accomplish this through the donation of gifts and by raising private funds. These funds help the libraries acquire new technologies, present outstanding programs and provide up-to-date resources. An endowment has been created to ensure private support for the Sarasota County libraries in perpetuity.

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates.

Income Tax Exemption

The Library Foundation for Sarasota County, Inc. is exempt from federal income taxes under the provisions of Section 501 (c)(3) of the Internal Revenue Code. Therefore, no provision for income taxes has been made.

The Board of Directors have evaluated significant tax positions against the criteria established by professional standards and believes there are no such tax positions requiring accounting recognition in the financial statements. Management does not believe its evaluation of tax positions will significantly change within twelve months of December 31, 2014. Any changes in tax positions will be recorded when the ultimate outcome becomes known. The Organization's income tax returns are open to examination by taxing authorities for the years ended December 31, 2011, 2012, 2013, and the current year's 2014 tax return, generally for three years after they were filed. There have been no tax examinations commenced during 2015 or through the date of these financial statements.

Basis of Presentation

The accompanying financial statements have been prepared in conformity with the disclosure and display requirements of Financial Accounting Standards Board Codification of ASC Topic 958 - Not-for-Profit Entities. Accordingly, the net assets of The Library Foundation for Sarasota County, Inc. are reported in each of the following three classes: (a) unrestricted net assets, (b) temporarily restricted net assets, and (c) permanently restricted net assets, as applicable.

Net assets of the two restricted classes are created only by donor-imposed restrictions on their use. All other net assets, including board-designated or appropriated amounts, are legally unrestricted and are reported as part of the unrestricted class. As of the balance sheet date, there were no permanently restricted assets.

Basis of Accounting

The financial statements of The Library Foundation for Sarasota County, Inc. have been prepared using the accrual basis of accounting.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Advertising and Promotional

The Organization expenses advertising and promotional costs as incurred.

Revenue

The Library Foundation for Sarasota County, Inc. recognizes all contributed support received, (including grants) as income in the period for which the donor has stipulated. Any revenues received prior to the fiscal year to which they apply are not recognized as revenues until the year earned. Contributed support is reported as unrestricted or as temporarily restricted, depending on the existence of donor stipulations that limit the use of the support. When a donor restriction expires or the restrictive purpose 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.

Cash

Cash and time deposits maturing in less than one year are treated as cash equivalents.

Investments

Investments are carried at market value. Donated investments are recorded at market value on the date of donation and thereafter adjusted to market value at each statement date.

Fair Value of Financial Instruments

The Library Foundation for Sarasota County, Inc.'s financial instruments are cash and cash equivalents and accounts payable. The recorded values of cash and cash equivalents and accounts payable approximate their fair values based on their short-term nature.

Endowment Funds

The Library Foundation for Sarasota County, Inc. has entered into an agreement with The Community Foundation of Sarasota County (The Community Foundation) for the creation of the Organization's Endowment Fund. The primary purpose of this fund is to provide an endowment to support the programs and services of the Organization to carry out its role and mission as described by its bylaws. The fund is invested and used at the discretion of The Community Foundation. The receipts and disbursements are accounted for separately and apart from those of other organizations. Distributions of limited income and principal amounts are available to be paid quarterly, at the request of the Organization. As of the balance sheet date, the Organization has not withdrawn from the funds during the current period. At December 31, 2014 the balance held by The Community Foundation is \$ 139 899.

Donated Services, Materials, and Facilities

The Library Foundation for Sarasota County, Inc. occupies an office located at 4780 Cattlemen Road, Sarasota, Florida under a one year lease ending July 31, 2015. The office is leased from Girl Scouts of Gulf Coast Florida. Rent of \$340 is paid by the Organization per month.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 2 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

Property and Equipment

The Library Foundation for Sarasota County, Inc. does not own any vehicles or equipment. The equipment consists of a computer that is included in the monthly subscription cost paid to Etapestry Donor Software. Furniture is supplied by the Girl Scouts from whom they rent the office space.

Maintenance and repairs are the responsibility of the Girl Scouts. Major renewals and betterments that materially increase asset lives are capitalized. When items of property or equipment are sold or retired, the related cost and accumulated depreciation are removed from the accounts and any gain or loss is included in income.

NOTE 3 - NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses as follows:

Various projects & related costs	\$ <u>51,513</u>
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As of the Balance Sheet date, the remaining balance of temporarily restricted assets, were restricted as follows:

Various projects & related costs	\$ <u>107,375</u>
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NOTE 4 - CONCENTRATIONS OF CREDIT RISK

The Library Foundation for Sarasota County, Inc. maintains its cash in bank deposit accounts which, at times, may have balances that exceed the amounts covered by insurance provided by the U.S. Federal Deposit Insurance Corporation (FDIC). During the year ended December 31, 2014, the organization had not accumulated any funds in excess of the FDIC limits.

The Organization has not experienced any losses in such accounts. Amounts listed in endowment and investment accounts (Notes 5 & 6) are not FDIC insured and therefore at risk.

NOTE 5 - ENDOWMENTS

The Library Foundation for Sarasota County, Inc. maintains an endowment fund with The Community Foundation of Sarasota County (The Community Foundation). The purpose of this endowment is to support the programs and services of the organization in carrying out its mission as described in its bylaws.

The Board of Directors (the B.O.D.) has interpreted the State Uniform Management of Institutional Funds Act (the Act) as requiring the preservation of the purchasing power of the Endowment. As well, under the Act, the B.O.D. may expend so much of the Endowment as they determine to be prudent for the uses and purposes for which the Endowment were established, consistent with the goal of conserving the purchasing power of the Endowment.

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 5 - ENDOWMENTS (CONTINUED)

As a result of this interpretation and the endowment agreement, the asset value (net of investment fees) of the endowment may be utilized for program expenses and are classified as unrestricted. The Community Foundation has the discretion to approve a request from the Organization for a grant or distribution in excess of the regular annual distribution as long as such request is in furtherance of the Organization's Charitable Mission.

The B.O.D. has adopted investment and spending policies for the Endowment assets that attempt to provide for a predictable stream of funding, while seeking to maintain the purchasing power of the Endowment assets over the long-term. Under this policy, as approved by the B.O.D. the Endowment assets are invested with the objective of growth with income, while assuming a moderate level of investment risk.

To satisfy its long-term objectives, The Library Foundation for Sarasota County, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

Changes in endowment net assets consist of the following for the year ended December 31, 2014:

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
Endowment funds, beginning of year	\$ 102 733	\$ -0-	\$ 102 733
Investment Return:			
Disbursement	-0-	-0-	-0-
Investment income	3 339	-0-	3 339
Investment fees	(463)	-0-	(463)
Realized gain (loss)	2 986	-0-	2 986
Unrealized gain (loss)	818	-0-	818
Total Investment Return	<u>6 680</u>	<u>-0-</u>	<u>6 680</u>
Contributions	<u>30 486</u>	<u>-0-</u>	<u>30 486</u>
Endowment funds, end of year	<u>\$ 139 899</u>	<u>\$ -0-</u>	<u>\$ 139 899</u>

NOTE 6 - INVESTMENTS

The Library Foundation for Sarasota County, Inc. maintains an investment fund with Gulf Coast Community Foundation of Venice (GCCF). The purpose of this investment fund is to become operationally sustainable and support the programs and services of the organization in carrying out its mission as described in its bylaws. The fund is invested and used at the discretion of GCCF. The receipts and disbursements are accounted for separately and apart from those of other organizations. Distributions are available to be paid quarterly, at the request of the Organization. As of the balance sheet date, the Organization has not withdrawn from the funds during the current period. At December 31, 2014 the balance held by GCCF is \$ 51 255 and is reported on the statement of financial position.

To satisfy its long-term objectives, The Library Foundation for Sarasota County, Inc. relies on a total return strategy in which investment returns are achieved through both capital appreciation (realized and unrealized) and current yield (interest and dividends).

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.

NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2014

NOTE 6 - INVESTMENTS (CONTINUED)

Changes in investment net assets consist of the following for the year ended December 31, 2014:

	Unrestricted	Temporarily Restricted	Total
Investment funds, beginning of year	\$ 50 484	\$ -0-	\$ 50 484
Investment Return:			
Disbursement	-0-	-0-	-0-
Investment income	970	-0-	970
Investment fees	(348)	-0-	(348)
Realized gain (loss)	3 108	-0-	3 108
Unrealized gain (loss)	(2 959)	-0-	(2 959)
Total Investment Return	<u>771</u>	<u>-0-</u>	<u>771</u>
Contributions	<u>-0-</u>	<u>-0-</u>	<u>-0-</u>
Investment funds, end of year	<u>\$ 51 255</u>	<u>\$ -0-</u>	<u>\$ 51 255</u>

The Library Foundation for Sarasota County, Inc. has implemented the accounting standard regarding fair value measurements. The standard defines fair value, establishes a framework for measuring fair value in accordance with generally accepted accounting principles, and expands disclosures about fair value measurements. The standard uses the following prioritized input levels to measure fair value. The input levels used for valuing investments are not necessarily an indication of risk.

Level 1 - Observable inputs that reflect quoted prices for identical assets or liabilities in active markets such as stock quotes;

Level 2 - Observable inputs other than level 1 prices, such as quoted active market prices for similar assets or liabilities, quoted prices for identical or similar assets in inactive markets, and model-derived valuations in which all significant inputs are observable in active markets.

Level 3 - Unobservable inputs which reflect the reporting entity's assessment of the assumptions that market participants would use in pricing the asset or liability including assumptions about risk such as bid/ask spreads and liquidity discounts.

Investments have been recorded at fair value using Level 1 inputs and consist of the following at December 31, 2014:

	Operating Fund	Endowment Fund	Total
100% Long Term Strategy Plan	\$ <u>51 255</u>	\$ <u>139 899</u>	\$ <u>191 154</u>

NOTE 7 - SUBSEQUENT EVENTS

In preparing these financial statements, the Company has evaluated events and transactions for potential recognition or disclosure through June 5, 2015, the date the financial statements were available to be issued.

SUPPLEMENTARY INFORMATION

THE LIBRARY FOUNDATION FOR SARASOTA COUNTY, INC.
SCHEDULES OF ADMINISTRATIVE, PROGRAM AND FUNDRAISING EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>UNRESTRICTED</u>
ADMINISTRATIVE EXPENSES	
Administrative services	\$ 14 269
Development expenses	21 102
Insurance	1 225
Rent	3 942
Other administrative expenses	2 907
Software leasing	2 388
Marketing	<u>12 690</u>
TOTAL ADMINISTRATIVE EXPENSES	\$ <u>58 523</u>
 PROGRAM EXPENSES	
Special events	<u>56 342</u>
TOTAL PROGRAM EXPENSES	\$ <u>56 342</u>

See Independent Auditors' Report.