
***DOUGLAS COUNTY
LIBRARIES FOUNDATION***
*A COMPONENT UNIT OF
DOUGLAS COUNTY LIBRARIES
FINANCIAL STATEMENTS
DECEMBER 31, 2013*

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Independent Auditors' Report

Board of Trustees
Douglas County Libraries Foundation
Castle Rock, Colorado

Report On The Financial Statements

We have audited the accompanying financial statements of the Douglas County Libraries Foundation (the Foundation), which comprise the statement of financial position as of December 31, 2013 and the related statements of activities and cash flows for the year 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.

Auditors' 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 auditors' 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 Foundation as of December 31, 2013, and the changes in its net assets and its cash flows for the year then ended, in accordance with accounting principles generally accepted in the United States of America.

Other Matters

Supplemental Information

Our audit was conducted for the purpose of forming an opinion on the financial statements as a whole. The schedule of functional expenses 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.

RubinBrown LLP

March 17, 2014

DOUGLAS COUNTY LIBRARIES FOUNDATION

STATEMENT OF FINANCIAL POSITION

December 31, 2013

Assets		
Cash		\$ 306,144
Investments		249,546
Receivable from Douglas County Libraries		3,026
Accounts receivable		1,285
Other assets		<u>16,213</u>
Total Assets		<u><u>\$ 576,214</u></u>
Liabilities And Net Assets		
Liabilities		
Accounts payable		\$ 49
Funds held for others		<u>16,213</u>
Total Liabilities		<u>16,262</u>
Net Assets		
Temporarily restricted		21,552
Unrestricted		<u>538,400</u>
Total Net Assets		<u>559,952</u>
Total Liabilities And Net Assets		<u><u>\$ 576,214</u></u>

DOUGLAS COUNTY LIBRARIES FOUNDATION

STATEMENT OF ACTIVITIES For The Year Ended December 31, 2013

	Unrestricted	Temporarily Restricted	Total
Revenue And Support			
Book sales	\$ 104,187	\$ —	\$ 104,187
Contributions	30,188	31,287	61,475
Interest	1,190	—	1,190
Released from restrictions	9,735	(9,735)	—
Total Revenue And Support	145,300	21,552	166,852
Expenses			
Program services	15,529	—	15,529
Supporting services			
General and administrative	19,717	—	19,717
Fundraising	39,720	—	39,720
Total Expenses	74,966	—	74,966
Change In Net Assets	70,334	21,552	91,886
Net Assets, Beginning Of Year	468,066	—	468,066
Net Assets, End Of Year	\$ 538,400	\$ 21,552	\$ 559,952

DOUGLAS COUNTY LIBRARIES FOUNDATION

STATEMENT OF CASH FLOWS For The Year Ended December 31, 2013

Cash Flows From Operating Activities	
Cash received from sales, contributions and fees	\$ 168,116
Cash paid to suppliers and granted to the Library	(92,408)
Interest income received	1,190
Net Cash Provided By Operating Activities	<u>76,898</u>
Cash Flows Used In Investing Activities	
Purchase of investments	<u>(93,664)</u>
Net Decrease In Cash	(16,766)
Cash, Beginning Of Year	<u>322,910</u>
Cash, End Of Year	<u><u>\$ 306,144</u></u>
Reconciliation Of Change In Net Assets To Net Cash Provided By Operating Activities	
Change in net assets	\$ 91,886
Adjustments to reconcile change in net assets to net cash provided by operating activities	
Changes in assets and liabilities	
Accounts receivable	2,454
Accounts payable	(6,092)
Due to the Library	(11,350)
Net Cash Provided By Operating Activities	<u><u>\$ 76,898</u></u>

DOUGLAS COUNTY LIBRARIES FOUNDATION

NOTES TO FINANCIAL STATEMENTS

December 31, 2013

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 the 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 is reported as a component unit of the Library as defined in Governmental Accounting Standards Board Statements 14, 39 and 61. The Foundation qualifies for component unit reporting, as the Library appoints the Foundation's oversight committee and is the sole beneficiary of its fundraising activities.

Standards Of Accounting And Financial Reporting

The Foundation follows the Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) topic *Not-for-Profit Entities*. 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.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Notes To Financial Statements (*Continued*)

Support And Revenue

The Foundation receives revenues primarily from used book sales, grants and contributions from individuals, corporations and other foundations. The Foundation also sponsors 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 restricted support. When a restriction expires, 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 ASC topic related to uncertainty in income taxes as of December 31, 2013; 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 2010 and state examinations for years before 2009.

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 (*Continued*)

Investments

Investments consist of bank certificates of deposit with maturities of six months to five years and are carried at cost, which approximates market value.

At December 31, 2013, the Foundation had deposits with book and bank balances of \$571,903 and \$571,968, respectively, of which \$499,546 was insured by the Federal Deposit Insurance Corporation (FDIC). From time to time, cash and investments held by the Foundation may exceed the limits of depository insurance coverage provided by FDIC.

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.

2. Related-Party Transactions

During 2013, the Foundation granted \$9,735 to the Library.

The Foundation reimburses the Library 5% of its revenues to cover the expenses of management and administrative support. For 2013, this management fee was \$8,200.

At December 31, 2013, the Library owed the Foundation \$3,026. The outstanding balance results mainly from the time lag between the dates reimbursable revenues and expenses occur and when payments are made.

3. Funds Held For Others

During 2013, the Library served as fiscal agent in connection with Volunteer Connect Douglas County, a project to develop a countywide volunteer website. The project is funded by members of the Partnership of Douglas County Governments.

DOUGLAS COUNTY LIBRARIES FOUNDATION

Notes To Financial Statements (Continued)

Transactions related to agency funds are recorded as changes in the funds held for others liability and are not included in the consolidated statements of activities. The changes in that liability are summarized as follows:

	<u>2013</u>
Partner contributions	\$ 28,427
Portal expenses paid	<u>12,214</u>
Change in balance	16,213
Balance in agency funds, beginning of year	<u>—</u>
Balance in agency funds, end of year	<u>\$ 16,213</u>

4. Temporarily 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 January 1, 2013	Contributions Received	Released From Restrictions	Balance December 31, 2013
Capital Campaign	\$ —	\$ 10,300	\$ —	\$ 10,300
Senior Services Fund	—	10,000	—	10,000
Local History Fund	—	3,000	(3,000)	—
Community Relations Fund	—	2,500	(2,500)	—
Louviers Fund	—	2,235	(2,235)	—
Page to Stage Fund	—	2,000	(2,000)	—
Ewing Memorial Fund	—	1,252	—	1,252
Total	<u>\$ —</u>	<u>\$ 31,287</u>	<u>\$ (9,735)</u>	<u>\$ 21,552</u>

5. Subsequent Events

The Foundation has evaluated subsequent events through March 17, 2014, the date which the financial statements were available to be issued.

Supplementary Information

DOUGLAS COUNTY LIBRARIES FOUNDATION

SCHEDULE OF FUNCTIONAL EXPENSES For The Year Ended December 31, 2013

	Program Services	Management And Administration	Fundraising	Total
Grants to the Library	\$ 9,735	\$ —	\$ —	\$ 9,735
Program fees and supplies	5,794	—	12,985	18,779
Administrative	—	11,517	26,735	38,252
Management fee	—	8,200	—	8,200
Total	\$ 15,529	\$ 19,717	\$ 39,720	\$ 74,966