

OHIOANA LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

Years Ended June 30, 2011 and 2010

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Schoonover Boyer + Associates

Certified Public Accountants / Financial Advisors

INDEPENDENT AUDITORS' REPORT

To the Board of Trustees
Ohioana Library Association
Columbus, Ohio

We have audited the accompanying statements of financial position of the Ohioana Library Association as of June 30, 2011 and 2010 and the related statements of activities and changes in net assets and cash flows for the years then ended. These financial statements are the responsibility of the Association's management. 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 audits 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 audits provide 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 Ohioana Library Association as of June 30, 2011 and 2010, and the changes in its net assets and its cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

November 21, 2011

OHIOANA LIBRARY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION

June 30, 2011 and 2010

ASSETS

	2011	2010
CURRENT ASSETS		
Cash and cash equivalents	\$ 48,137	\$ 21,645
Restricted cash	1,708	3,695
Contributions receivable - current (Note 3)	3,782	15,550
Total current assets	53,627	40,890
OTHER ASSETS		
Furniture, fixtures and equipment, less accumulated depreciation of \$229,355 and \$228,011, respectively	963	2,307
Contributions receivable - net of current portion (Note 3)	16,119	13,761
Beneficial interest in assets held by others (Note 9)	383,222	324,381
Total other assets	400,304	340,449
TOTAL ASSETS	\$ 453,931	\$ 381,339
CURRENT LIABILITIES		
Accounts payable	\$ 1,708	\$ 3,695
Payroll taxes withheld	1,140	1,024
Total current liabilities	2,848	4,719
NET ASSETS		
Unrestricted		
For current operations	99,877	87,591
Temporarily restricted		
Donor restricted (Note 5)	25,587	-
Permanently restricted		
Donor restricted endowment funds (Note 5)	325,619	289,029
Total net assets	451,083	376,620
TOTAL LIABILITIES AND NET ASSETS	\$ 453,931	\$ 381,339

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

OHIOANA LIBRARY ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2011

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUES:				
State of Ohio budget appropriation	\$ 253,560	\$ -	\$ -	\$ 253,560
Contributions	41,694	-	-	41,694
Capital campaign	327	-	-	327
Memberships and subscriptions	23,290	-	-	23,290
Grants	32,866	-	-	32,866
Gala	2,453	-	-	2,453
Ohioana Day	5,705	-	-	5,705
Book festivals	70,336	-	-	70,336
Ohio Women's Hall of Fame	4,800	-	-	4,800
Interest income	32	-	-	32
Miscellaneous	2,835	-	1,577	4,412
Earnings (losses) in beneficial interest in assets held by others (Note 9)	671	27,637	35,013	63,321
Total revenues, gains and other support	438,569	27,637	36,590	502,796
EXPENSES:				
Salaries	159,412	-	-	159,412
Rent	128,560	-	-	128,560
Publication costs	15,274	-	-	15,274
Payroll taxes	12,524	-	-	12,524
Insurance - collection	3,880	-	-	3,880
Equipment and maintenance	3,792	-	-	3,792
Awards and grants	7,465	-	-	7,465
Employee benefits	27,179	-	-	27,179
Office and library supplies	2,266	-	-	2,266
Ohioana Day	4,951	-	-	4,951
Ohio Women's Hall of Fame	2,571	-	-	2,571
Book festivals	40,387	-	-	40,387
Postage	936	-	-	936
Professional fees	5,028	-	-	5,028
Public relations	348	-	-	348
Fundraising	4,092	-	-	4,092
Dues and subscriptions	783	-	-	783
Telephone	1,426	-	-	1,426
Travel and meetings	319	-	-	319
Depreciation	1,344	-	-	1,344
Fees	1,491	-	-	1,491
Miscellaneous	2,255	-	-	2,255
Satisfaction of donor restriction (Note 7)	-	2,050	-	2,050
Total expenses	426,283	2,050	-	428,333
Change in net assets	12,286	25,587	36,590	74,463
Net assets - beginning of year	87,591	-	289,029	376,620
Net assets - end of year	\$ 99,877	\$ 25,587	\$ 325,619	\$ 451,083

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

OHIOANA LIBRARY ASSOCIATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS

Year Ended June 30, 2010

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
PUBLIC SUPPORT AND REVENUES:				
State of Ohio budget appropriation	\$ 253,560	\$ -	\$ -	\$ 253,560
Contributions	29,647	-	-	29,647
Capital campaign	3,411	-	-	3,411
Memberships and subscriptions	21,592	-	-	21,592
Grants	13,760	-	-	13,760
Gala	3,271	-	-	3,271
Ohioana Day	6,501	-	-	6,501
Book festivals	45,315	-	-	45,315
Interest income	16	-	-	16
Miscellaneous	5,392	-	1,449	6,841
Earnings (losses) in beneficial interest in assets held by others (Note 9)	23,218	-	26,099	49,317
Satisfaction of donor restriction (Note 7)	26,571	-	(26,571)	-
Total revenues, gains and other support	<u>432,254</u>	<u>-</u>	<u>977</u>	<u>433,231</u>
EXPENSES:				
Salaries	159,224	-	-	159,224
Rent	128,560	-	-	128,560
Publication costs	23,671	-	-	23,671
Payroll taxes	12,860	-	-	12,860
Insurance - collection	4,226	-	-	4,226
Preservation costs	102	-	-	102
Equipment and maintenance	4,992	-	-	4,992
Awards and grants	6,117	-	-	6,117
Employee benefits	26,148	-	-	26,148
Office and library supplies	2,448	-	-	2,448
Ohioana Day	6,507	-	-	6,507
Gala	2,420	-	-	2,420
Book festivals	40,223	-	-	40,223
Postage	1,862	-	-	1,862
Professional fees	5,009	-	-	5,009
Public relations	502	-	-	502
Fundraising	2,327	-	-	2,327
Dues and subscriptions	1,386	-	-	1,386
Telephone	2,153	-	-	2,153
Travel and meetings	310	-	-	310
Depreciation	2,167	-	-	2,167
Cataloging	3,202	-	-	3,202
Bad debt	1,635	-	-	1,635
Miscellaneous	5,097	-	-	5,097
Total expenses	<u>443,148</u>	<u>-</u>	<u>-</u>	<u>443,148</u>
Change in net assets	(10,894)	-	977	(9,917)
Net assets - beginning of year	98,485	-	288,052	386,537
Net assets - end of year	<u>\$ 87,591</u>	<u>\$ -</u>	<u>\$ 289,029</u>	<u>\$ 376,620</u>

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

OHIOANA LIBRARY ASSOCIATION

STATEMENTS OF CASH FLOWS

Years Ended June 30, 2011 and 2010

	<u>2011</u>	<u>2010</u>
CASH FLOWS FROM OPERATING ACTIVITIES:		
Change in net assets	\$ 74,463	\$ (9,917)
Adjustments to reconcile change in net assets to net cash provided from (used in) operating activities:		
Loss on disposal of fixed asset	-	424
Depreciation	1,344	2,167
Unrealized (gain) in beneficial interest in assets held by others	(54,549)	(39,685)
(Increase) decrease in operating assets:		
Contributions receivable	9,410	9,331
Increase (decrease) in operating liabilities:		
Accounts payable	(1,987)	3,695
Payroll taxes withheld	116	180
	<u>28,797</u>	<u>(33,805)</u>
Net cash provided by (used in) operating activities		
CASH FLOWS FROM INVESTING ACTIVITIES:		
Transfer (to) from endowment fund	<u>(4,292)</u>	<u>43,860</u>
Net cash (used in) provided from investing activities	<u>(4,292)</u>	<u>43,860</u>
Net increase in cash and cash equivalents	24,505	10,055
Cash and cash equivalents - beginning of year	<u>25,340</u>	<u>15,285</u>
Cash and cash equivalents - end of year	\$ <u><u>49,845</u></u>	\$ <u><u>25,340</u></u>

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

OHIOANA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 1 – NATURE AND SCOPE OF BUSINESS

Ohioana Library Association was organized in 1929 to promote literature written by Ohioans or about Ohio. Ohioana Library is located on East First Avenue in Columbus, Ohio. The Association is a 501(c)(3) not-for-profit organization, and, although its support comes primarily from appropriations from the State of Ohio, Ohioana receives significant support from memberships, subscriptions, grants, and private donors.

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Method of Accounting

The financial statements of Ohioana Library Association have been prepared on the accrual basis. The following significant accounting policies are described below to enhance the usefulness of the financial statements to the reader.

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. Accordingly, actual results could differ from those estimates.

Public Support and Revenue

Unconditional promises to give are recorded as received. Unconditional promises to give due in the next year are reflected as current promises to give and are recorded at their net realizable value. Unconditional promises to give due in subsequent years are reflected as long-term promises to give and are recorded at the present value of their net realizable value, using risk-free interest rates applicable to the years in which the promises are received to discount the amounts. The majority of the promises to give are received from a select base of Ohio contributors as a result of the Capital campaign. An allowance for uncollectible promises is provided based on management's evaluation of potential uncollectible promises receivable at year end. There was not an allowance at year end.

Grants and other contributions of cash and other assets are reported as temporarily restricted support if they are received with donor stipulations that limit the use of the donated assets. When a donor restriction expires, that is, when a stipulated time restriction ends or purpose restriction 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.

OHIOANA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Endowment contributions and investments are permanently restricted by the donor. Investment earnings available for distribution are recorded in unrestricted net assets. Investment earnings with donor restrictions are recorded in temporarily or permanently restricted net assets based on the nature of the restrictions.

Membership

Individuals may pledge support through payment of membership dues which entitle the member to certain benefits. Revenue from membership is recognized when received rather than over the life of the membership period.

Income Taxes

Ohioana Library Association is a publicly supported organization and exempt from income taxes under Section 501(c)(3) of the Internal Revenue Code, except on net income derived from unrelated business activities. The Association has no unrelated business income. The Association believes that it has appropriate support for any tax positions taken, and as such, does not have any uncertain tax positions that are material to the financial statements.

The Organization's Form 990 for the years ended June 30, 2008, 2009, and 2010 are subject to examination by the IRS, generally for three years after they were filed.

Contributions made to the Association are tax deductible by the donor.

Furniture, Fixtures and Equipment

Furniture, fixtures and equipment are carried at cost, less accumulated depreciation, computed on the straight-line method. Major renewals and betterments are capitalized and depreciated; maintenance and repairs which do not improve or extend the life of the respective assets are charged to expense as incurred. Upon disposal of assets, the cost and related accumulated depreciation are removed from the accounts and any gain or loss is included in income. Furniture, fixtures and equipment are depreciated over estimated useful lives from 3 to 10 years.

Collections

The collections, which were acquired through purchases and contributions since the Association's inception, are not recognized as assets on the statement of financial position. Purchases of collection items are recorded as decreases in unrestricted net assets in the year in which the items are acquired or as temporarily or permanently restricted net assets if the assets used to purchase the items are restricted by donors. Contributed collection items are not reflected on the financial statements.

OHIOANA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 2 – SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES – Continued

Statement of Cash Flows

For purposes of reporting cash flows, cash includes all cash on hand, demand deposits, certificates of deposit, and money market accounts.

Subsequent Events

The financial statements and related disclosures include evaluation of events up through and including November 21, 2011, which is the date the financial statements were available to be issued.

Reclassification

Certain accounts in the prior year financial statements have been reclassified for comparative purposes to conform to the presentation in the current year financial statements.

NOTE 3 – CONTRIBUTIONS RECEIVABLE

Included in contributions receivable are the following unconditional promises to give:

	<u>2011</u>	<u>2010</u>
Unrestricted funds	\$ 150	\$ 150
Restricted to future periods	<u>19,850</u>	<u>29,166</u>
	20,000	29,316
Less discounts to net present values	(99)	(5)
Less due in less than one year	<u>(3,782)</u>	<u>(15,550)</u>
 Net unconditional promises to give after one year	 \$ <u>16,119</u>	 \$ <u>13,761</u>

The discount rate used was .10% for the years ended June 30, 2011 and 2010, respectively, which is the rate of the bank account in which all capital campaign donations are deposited.

NOTE 4 – RETIREMENT PLAN

The Association established a defined contribution retirement plan during the year ended June 30, 1991. The plan covers substantially all employees. All contributions are committed in trust to be held for the exclusive benefit of the employees. Contributions to the plan were \$7,445 and \$7,347, respectively, for the years ended June 30, 2011 and 2010.

OHIOANA LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 5 – NET ASSETS

The Association has eleven endowment funds in which the principal is restricted.

The following is a summary of permanently restricted net assets:

	2011	2010
Ruth Mount	\$ 26,085	\$ 28,358
Martha K. Cooper	192,550	176,336
Alice Wood	13,681	5,676
Martha C. Judy/Hamilton County Chapter	10,683	9,346
Virginia Hamilton & Arnold Adoff	14,691	15,733
Maude & Gilbert Neal	13,770	30,044
Ronald L. Stuckey	4,924	5,255
Mary Columbo Rodgers	5,757	4,942
Krout	33,133	-
Vernon Pack	10,345	10,512
Robert Fox	-	2,827
	\$ 325,619	\$ 289,029

In addition, for the year ended June 30, 2011, the Association had \$25,586 in temporarily restricted funds.

NOTE 6 – COLLECTIONS

Collections of the Association contain approximately 45,000 books by and about Ohioans, 10,000 pieces of published Ohio music and 22,000 biographical files on Ohio authors, composers and other artists, in addition to various special Ohio collections.

NOTE 7 – NET ASSETS RELEASED FROM RESTRICTIONS

Net assets were released from donor restrictions by incurring expenses satisfying the restricted purposes. Total net assets released from restrictions were \$2,050 and \$26,751, respectively during the years ended June 30, 2011 and 2010 for the purpose of presenting awards to outstanding Ohio authors.

OHIOANA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 8 – OPERATING LEASE OBLIGATION

The Association subleases space from the State Library of Ohio, and the rent payments are made directly by the State Library through a line item in the budget of the State Library from the State of Ohio. This line item directly accounts for that portion of the rent due under the lease. The initial lease was for a two-year period beginning July 1, 2007 and was renewed for the period July 1, 2009 through June 30, 2013. The minimum lease requirement for the years ending June 30, 2011 and 2010 was \$128,560.

NOTE 9 – BENEFICIAL INTEREST IN ASSETS HELD BY OTHERS

On December 7, 2005, the Association transferred \$409,232 from its investment portfolio to the Columbus Foundation to establish endowment funds for the benefit of the Association. At the time of the transfer, the Association granted variance power to the Foundation. That power gives the Foundation the right to distribute the investment income and principal to charitable organizations, including Ohioana Library Association, that are eligible to receive funds by the terms of the Amended Articles of Incorporation and Code of Regulations of the Columbus Foundation. The Board of Trustees of the Ohioana Library Association, with approval of at least two-thirds majority, may suggest, in writing, to the Columbus Foundation as to the Distribution of funds. At June 30, 2011 and 2010, the endowment funds had a value of \$383,222 and \$324,381 respectively, which are reported in the statement of financial position as beneficial interest in assets held by others.

Change in beneficial interest in assets held by others is summarized as follows:

	2011	2010
Income, net of administration fees	\$ 8,772	\$ 9,632
Unrealized gains	<u>54,549</u>	<u>39,685</u>
Net earnings	63,321	49,317
Temporarily restricted grants paid	(2,050)	-
Unrestricted grants paid	<u>(2,430)</u>	<u>(53,492)</u>
Change in beneficial interest in assets held by others	\$ <u>58,841</u>	\$ <u>(4,175)</u>

OHIOANA LIBRARY ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 10 – FAIR VALUE MEASUREMENTS

Fair Value Measurements in accordance with generally accepted accounting principles establishes a framework for measuring fair value which provides a fair value hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The hierarchy gives the highest priority to unadjusted quoted prices in active markets for identical assets or liabilities (level 1 measurement) and the lowest priority to unobservable inputs (level 3 measurements). The three levels of the fair value hierarchy under Fair Value Measurements in accordance with generally accepted accounting principles are described below:

Level 1	Inputs to the valuation methodology are unadjusted quoted prices for identical assets or liabilities in active markets that the Association has the ability to access.
Level 2	<p>Inputs to the valuation methodology include</p> <p>Quoted prices for similar assets or liabilities in active markets;</p> <p>Quoted prices for identical or similar assets or liabilities in inactive markets;</p> <p>Inputs other than quoted prices that are observable for the asset or liability;</p> <p>Inputs that are derived principally from or corroborated by observable market data by correlation or other means.</p> <p>If the asset or liability has a specified (contractual) term, the Level 2 input must be observable for substantially the full term of the asset or liability.</p>
Level 3	Inputs to the valuation methodology are unobservable and significant to the fair value measurement.

OHIOANA LIBRARY ASSOCIATION
 NOTES TO FINANCIAL STATEMENTS

June 30, 2011 and 2010

NOTE 10 – FAIR VALUE MEASUREMENTS – Continued

The following table summarizes the valuation of financial instruments measured at fair value on a recurring basis in the consolidated statement of financial position as of June 30, 2011 and 2010:

	Fair Value Measurement		
	Quoted Prices in Active Markets for Identical Assets (Level 1)	Significant Other Observable Inputs (Level 2)	Significant Unobservable Inputs (Level 3)
<u>June 30, 2011</u>			
Assets:			
Beneficial interest in assets held by others	\$ <u>383,222</u>	\$ <u>-</u>	\$ <u>-</u>
<u>June 30, 2010</u>			
Assets:			
Beneficial interest in assets held by others	\$ <u>324,381</u>	\$ <u>-</u>	\$ <u>-</u>

The asset's fair value measurement level within the fair value hierarchy is based on the lowest level of any input that is significant to the fair value measurement. Valuation techniques used need to maximize the use of observable inputs and minimize the use of unobservable inputs.

Beneficial interest in assets held by others is valued using quoted market prices or broker quotations with reasonable levels of price transparency.

NOTE 11 – OHIOANA AS RECIPIENT ORGANIZATION

During the fiscal year ended 2010, Ohioana entered in to an agreement with the Ohio Arts Council to act as the fiscal agent for Poetry Out Loud, a program of the Ohio Arts Council. The program has a yearly budget and in return for their services, Ohioana receives 5% of the budget. Essentially, all of the expenses for Poetry Out Loud are billed to the Ohio Arts Council, approved by their staff, and then sent to Ohioana for payment. The term of the agreement was effective November 1, 2009 through June 30, 2010 and has been renewed through June 30, 2012.

SUPPLEMENTARY INFORMATION



Schoonover Boyer + Associates
Certified Public Accountants / Financial Advisors

INDEPENDENT AUDITORS' REPORT ON
SUPPLEMENTARY INFORMATION

To the Board of Trustees
Ohioana Library Association
Columbus, Ohio

Our report on our audits of the basic financial statements of Ohioana Library Association for June 30, 2011 and 2010 appears on page one. Those audits were conducted for the purpose of forming an opinion on the basic financial statements taken as a whole. The Statement of Revenues and Expenses compared to Budget for the year ended June 30, 2011 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 audits 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 whole.

November 21, 2011

OHIOANA LIBRARY ASSOCIATION

STATEMENTS OF REVENUES AND EXPENSES COMPARED TO BUDGET

Year Ended June 30, 2011

	Actual	Unaudited Budget
PUBLIC SUPPORT AND REVENUES:		
State of Ohio budget appropriation	\$ 253,560	\$ 241,060
Contributions	38,927	35,750
Capital campaign	400	4,700
Memberships and subscriptions	23,290	25,800
Grants	32,866	19,500
Awards reception	2,453	4,000
Ohio Department of Health	4,800	-
Ohioana Day	5,705	6,000
Book Festival	72,617	68,000
Poetry Out Loud	-	20,000
Miscellaneous	3,366	1,000
Total revenues, gains and other support	437,984	425,810
EXPENSES:		
Salaries	159,412	160,572
Rent	128,560	128,560
Publication costs	15,274	25,000
Payroll taxes	12,524	12,923
Insurance - collection	3,880	4,500
Preservation costs	-	200
Equipment and maintenance	3,792	4,500
Awards and grants	1,506	2,000
Employee benefits	27,179	27,104
Office and library supplies	2,266	2,300
Ohioana Day	4,951	5,000
Awards reception	2,741	2,100
Ohio Women's Hall of Fame	2,571	-
Book festivals	40,387	48,000
Postage	936	2,000
Professional fees	5,028	5,200
Public relations	348	1,000
Fundraising	4,092	2,500
Dues and subscriptions	783	1,000
Telephone	1,426	2,100
Travel and meetings	319	500
Depreciation	1,344	-
Bad debt	1,509	-
Miscellaneous	7,505	6,900
Total expenses	428,333	443,959
INVESTMENT ACTIVITIES		
Interest income	\$ 32	\$ -
Earnings (losses) in beneficial interest in assets held by others	\$ 64,812	\$ -

The accompanying notes and independent auditors' report should be read in conjunction with this schedule.