NEW HAMPSHIRE
LIBRARY ASSOCIATION

FINANCIAL REPORT

JUNE 30, 2012

NEW HAMPSHIRE LIBRARY ASSOCIATION

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
New Hampshire Library Association
Concord, New Hampshire

We have audited the accompanying statements of financial position of New Hampshire Library Association (a nonprofit organization) as of June 30, 2012 and 2011, and the related statements of activities and the statements of cash flows for the years then ended. These financial statements are the responsibility of the Organization'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 presents fairly, in all material respects, the financial position of New Hampshire Library Association as of June 30, 2012 and 2011, and the changes in net assets and the cash flows for the years then ended in conformity with accounting principles generally accepted in the United States of America.

Plodzik & Sanderson
Professional Association

October 30, 2012

193 North Main Street • Concord • New Hampshire • 03301-5063 • 603-225-6996 • FAX-224-1380

NEW HAMPSHIRE LIBRARY ASSOCIATION
STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2012 AND 2011

ASSETS

	2012	2011
CURRENT ASSETS		
Cash and cash equivalents	$ 151,470	$ 166,009
Loans receivable	-	1,700
Total current assets	$ 151,470	$ 167,709
OTHER ASSETS		
Loans receivable, less current maturities	7,700	4,000
TOTAL ASSETS	$ 159,170	$ 171,709

LIABILITIES AND NET ASSETS

LIABILITIES		
Accounts payable	$ 2,250	$ 2,566
NET ASSETS		
Unrestricted		
Designated	$ 64,105	$ 67,094
Undesignated	92,815	102,049
Total net assets	$ 156,920	$ 169,143
TOTAL LIABILITIES AND NET ASSETS	$ 159,170	$ 171,709

The notes to financial statements are an integral part of this statement.

NEW HAMPSHIRE LIBRARY ASSOCIATION
STATEMENTS OF ACTIVITIES
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
SUPPORT, REVENUES AND RECLASSIFICATIONS		
Awards and grants	$ 4,625	$ 5,004
Donations	2,657	2,385
Membership dues	23,185	23,805
Conferences	19,115	47,092
Summer reading program	150	450
Auction	335	893
Workshops	4,823	670
Interest income	76	111
Other income	444	885
TOTAL SUPPORT, REVENUES AND RECLASSIFICATIONS	$ 55,410	$ 81,295
EXPENSES		
Programs:		
ALA dues and conferences	$ 100	$ -
Awards	261	195
Bank charges and credit card fees	355	314
Donations	5,779	-
Insurance	600	813
Conference expenses	17,068	41,133
Grants and expenses	6,801	1,921
Printing, stationery and newsletter	840	1,085
Postage	881	734
Travel and conferences	5,738	4,217
Continuing education	-	1,000
Summer reading program	2,585	2,537
Kids books and arts program	7,000	5,000
Scholarships	3,000	4,000
Mini grants	-	45
Miscellaneous expenses	2,441	2,191
Supplies	45	927
Web hosting fees	120	300
Total program services	$ 53,614	$ 66,412
Administrative and general:		
Accounting	$ 8,096	$ 8,176
Professional fees and dues	1,423	2,107
Legislative expense	4,500	4,500
Total support services	$ 14,019	$ 14,783
TOTAL EXPENSES	$ 67,633	$ 81,195
CHANGE IN NET ASSETS	$ (12,223)	$ 100
NET ASSETS - BEGINNING	169,143	169,043
NET ASSETS - ENDING	$ 156,920	$ 169,143

The notes to financial statements are an integral part of this statement.

NEW HAMPSHIRE LIBRARY ASSOCIATION
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2012 AND 2011

	2012	2011
CASH FLOWS FROM OPERATING ACTIVITIES		
Increase (decrease) in net assets	$ (12,223)	$ 100
Adjustments to reconcile change in net assets to net cash provided by operating activities		
Increase (decrease) in accounts payable	(316)	(31)
Net cash provided by operating activities	$ (12,539)	$ 69
CASH FLOWS FROM INVESTING ACTIVITIES		
Loans issued	$ (3,000)	$ (3,000)
Loans repaid	1,000	1,250
Net cash used in investing activities	$ (2,000)	$ (1,750)
Net increase (decrease) in cash and cash equivalents	$ (14,539)	$ (1,681)
Cash and cash equivalents:		
Beginning	166,009	167,690
Ending	$ 151,470	$ 166,009

The notes to financial statements are an integral part of this statement.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Nature of Organization and Purpose

The New Hampshire Library Association (the Organization) is a voluntary, not-for-profit corporation, incorporated under the laws of the State of New Hampshire (RSA 292) and organized exclusively for educational and charitable purposes within the meaning of Section 501(c)(3) of the Internal Revenue Code of 1986, as amended.

The purpose of the Organization is to promote good library service from all types of libraries to all people of the State of New Hampshire and to cooperate with other groups of similar interest.

Basis of Accounting

The accompanying financial statements have been prepared on the accrual basis in accordance with generally accepted accounting principles and accordingly reflect all significant receivables, payables, and other liabilities.

Financial Statement Presentation

The Organization has presented its financial statements in accordance with generally accepted accounting principles for not-for-profit organizations. Under this guidance, the Organization is required to report information regarding its financial position and activities according to three classes of net assets: unrestricted net assets, temporarily restricted net assets, and permanently restricted net assets. The Organization has no temporarily restricted or permanently restricted net assets. In addition, the Organization is required to present a statement of cash flows.

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.

Revenue Recognition

Grants and contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

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 donation 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.

Endowment contributions and investments by the donor are reported as permanently restricted support. Investment earnings available for distribution are recorded in either unrestricted or temporarily restricted net assets depending on the nature of any donor restrictions.

Contributions of donated noncash assets are recorded at their fair values in the period received. Contributions of donated services that create or enhance nonfinancial assets or that require specialized skills, are provided by individuals possessing those skills, and would typically need to be purchased if not provided by donation, are recorded at their fair values in the period received.

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions

Under generally accepted accounting principles for not-for-profit organizations, contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence and/or nature of any donor restrictions.

Donated Services

The Organization receives a substantial amount of services donated by its members in carrying out the Organization's activities. Consistent with generally accepted accounting principles for not-for-profit organizations, the value for those services is not reflected on these statements because the services received did not enhance non-financial assets.

Cash and Cash Equivalents

For purposes of reporting the statement of cash flows, the Organization considers all cash accounts and all highly liquid debt instruments purchased with a maturity of three months or less to be cash and cash equivalents.

Income Taxes

No provision has been made for income taxes in the financial statements. The Organization is exempt from income taxes under Section 501(c) (3) of the Internal Revenue Code, and is not a private foundation within the meaning of Section 509(a). This code section enables the Organization to accept donations which qualify as charitable contributions to the donor.

In accordance with the Articles of Agreement, the net assets, upon dissolution of the Organization, are to be distributed to one or more groups organized exclusively for charitable and educational purposes and which qualify as an exempt organization under Section 501(c)(3) of the Internal Revenue Code.

Accounting for Income Taxes

The Organization considers the provisions of Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 740-10, *Accounting for Uncertainty in Income Taxes*. The purpose of this codification is to clarify whether organizations may include tax benefits from uncertain tax positions in their financial statements. In the event that an uncertain tax position is identified, the Organization would be obligated under the FASB to record a liability when it is probable that an obligation may be incurred and the amount can be reasonably estimated.

The Organization is a not-for-profit organization and therefore is not subject to income taxes. As such, it is considered to be unlikely to be affected by FASB ASC Topic 740-10.

NOTE 2 - CONCENTRATION OF CREDIT RISK

The Organization maintains substantially all of its cash balances in one financial institution located in Concord, New Hampshire. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to $250,000. At June 30, 2012 and 2011, the Organization maintained uninsured cash balances of $-0- and $-0-, respectively.

NOTE 3 – FAIR VALUE OF FINANCIAL INSTRUMENTS

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 825-10, *Disclosures about Fair Value of Financial Instruments,* requires disclosure of fair value information about financial instruments, whether or not recognized in the statement of financial position. In cases where quoted market prices are not available, fair values are based on estimates using present value or other valuation techniques.

Those techniques are significantly affected by the assumptions used, including the discount rate and estimates of future cash flows. In that regard, the derived fair value estimates cannot be substantiated by comparison to independent markets and, in many cases, could not be realized in immediate settlement of the instruments. FASB ASC 825-10 excludes certain financial instruments and all nonfinancial instruments from its disclosure requirements. Accordingly, the aggregate fair value amounts presented do not represent the underlying value of the Organization.

Cash and cash equivalents: The carrying amounts reported in the statement of financial position for cash and cash equivalents approximate those assets fair values because of the short maturity of those items.

Loans receivable: The carrying amounts of loans receivable approximate their fair values because of the associated financial risks accepted by the Organization as a result of its lending policies and procedures.

Accounts payable: The carrying amounts of accounts payable approximate those liabilities fair values because of the short maturity of those items.

Financial Accounting Standards Board (FASB) Accounting Standards Codification (ASC) Topic 820-10, *Fair Value Measurements* provides for a common definition of fair value and establishes a framework to make the measurement of fair value in generally accepted accounting principles more consistent and comparable. FASB ASC Topic 820-10 also requires expanded disclosures to provide information about the extent to which fair value is used to measure assets and liabilities, the methods and assumptions used to measure fair value, and the effect of fair value measures on earnings. The Organization considers fair value concepts to test various long-lived assets for impairment. The Organization has determined that the adoption of FASB ASC Topic 820-10 does not have a material impact on its financial statements.

NOTE 4 - LOANS RECEIVABLE

Loans receivable are scholarship loans for graduate library study paid from the Winchell Fund and at June 30, 2012 and 2011 are as follows:

	Principal Balance	
	2012	2011
Loan receivable due from unrelated parties, interest free; loan was due in full in November 2009	$ 700	$ 700
Loan receivable due from unrelated parties, interest free; loan was due in full in October 2010 and has been paid off	-	1,000
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2014	1,000	1,000
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2015	1,000	1,000
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2015	1,000	1,000
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2015	1,000	1,000
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2016	1,000	-
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2016	1,000	-
Loan receivable due from unrelated parties, interest free; loan is due in full in September 2016	1,000	-
	$ 7,700	$ 5,700
Less current maturities	-	1,700
Long-term receivables	$ 7,700	$ 4,000

The Organization has sent letters to the recipients with overdue scholarship loans to set up a payment plan.

NOTE 5 - COMMITMENTS

The Organization has entered into an annual agreement with Devine, Millemet & Branch, P.A. where the Organization will receive legislative consulting and lobbying services during the 2012 sessions of the New Hampshire General Court as provided by Devine, Millemet & Branch, P.A. The agreement expired on June 30, 2012 and may be renewed annually at the option of the Organization. Total legislative expense for the year ended June 30, 2012 and 2011 was $4,500 and $4,500, respectively.

NOTE 6 – DESIGNATED NET ASSETS

The Organization's Board designated net assets at June 30, 2012 and 2011 are comprised as follows:

	2012	2011
Geisel Award Fund	$ -	$ 93
Winchell Fund	33,549	31,549
Norris Fund	7,390	6,165
MacDonald Fund	23,166	25,833
Legislative Public Relations Fund	-	3,454
	$ 64,105	$ 67,094

NOTE 7 – CONTRIBUTED SERVICES

The Organization records in-kind support for professional services received. Contributed services are recognized at fair value if the services received (a) create or enhance long-lived assets or (b) require specialized skills, are provided by individuals processing those skills, and would typically need to be purchased if not provided by donation. The amounts reflected in the accompanying financial statements as in-kind contributions are offset by like amounts included in expenses. The Organization received contributed professional services during the years ended June 30, 2012 and 2011, with a fair value on the dates of donation of $1,423 and $2,057, respectively.

NOTE 8 – BENEFICIARY INCOME

The New Hampshire Library Association (the Organization) is a beneficiary of two agency endowment funds at the New Hampshire Charitable Foundation (the Foundation). Pursuant to the terms of the resolution establishing these funds, property contributed to the Foundation is held as separate funds designated for the benefit of the Organization. The Foundation also has the right to modify the terms of the fund resolution, if necessary. The authority to modify restrictions is sometimes referred to as the "variance power" and is a legal requirement imposed on all community foundations. In accordance with its spending policy, the Foundation makes distributions from the funds to the Organization. The distributions are approximately four and one-half percent of the market value of each fund per year.

The funds are not included in these financial statements, since all property in the funds was contributed to the Foundation to be held and administered for the benefit of the Organization.

The Organization is a beneficiary of grant income on an annual basis from The Rosalie Norris Scholarship Fund of the New Hampshire Charitable Foundation. The Organization's allocation of income from the Scholarship Fund was $2,149 and $2,326, respectively, for the years ended June 30, 2012 and 2011. The Scholarship Fund had a market value of $50,319 at June 30, 2012, net of its 2012 allocation of income.

The Organization is a beneficiary of grant income on an annual basis from The Adam and Jane MacDonald Fund for Librarian Training of the New Hampshire Charitable Foundation. The Organization's allocation of income from the MacDonald Fund was $2,475 and $2,679, respectively, for the years ended June 30, 2012 and 2011. The MacDonald Fund had a market value of $57,948 at June 30, 2012, net of its 2012 allocation of income.

NOTE 9 – SUBSEQUENT EVENTS

The Association did not have any recognized or nonrecognized subsequent events after June 30, 2012, the date of the statement of financial position. Subsequent events have been evaluated through October 30, 2012, the date the financial statements were available to be issued.