

**ALPINE PUBLIC LIBRARY
ASSOCIATION, INC.**

**Annual Financial Report
and
Independent Auditor's Reports Thereon**

Year Ended December 31, 2008

ALPINE PUBLIC LIBRARY ASSOCIATION, INC.

December 31, 2008

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Independent Auditor's Report

To the Board of Directors and Executive Director
Alpine Public Library Association, Inc.
203 N. 7th Street
Alpine, Texas

Members of the Board:

I have audited the accompanying statement of assets, liabilities, and net assets of Alpine Public Library Association, Inc. (a nonprofit organization) as of December 31, 2008, and the related statements of revenues, expenses, and other changes of nets assets, functional expenses, and cash flows for the year then ended. These financial statements are the responsibility of the Library's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States. Those standards require that I plan and perform the audit 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 the significant estimates made by management, as well as evaluating the overall financial statement presentation. I believe that my audit provides a reasonable basis for my opinion.

As discussed in Note 1, the Library prepares its financial statements on the modified cash basis, which is a comprehensive basis of accounting other than accounting principles generally accepted in the United States of America.

In my opinion, the financial statements referred to above present fairly, in all material respects, the respective financial position of Alpine Public Library Association, as of December 31, 2008, and the changes in its net assets and its cash flows for the year then ended in conformity with the basis of accounting described in Note 1.

In accordance with *Government Auditing Standards*, I have also issued my report dated May 15, 2009, on my consideration of Alpine Public Library Association's internal control over financial reporting and on my tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements. The purpose of that report is to describe the scope of my testing, and not to provide an opinion on the internal control over financial reporting or on compliance. That report is an integral part of an audit performed in accordance with *Government Auditing Standards* and should be considered in assessing the results of my audit.

Alpine, Texas
May 15, 2009

J. Shaw Skinner, CPA

ALPINE PUBLIC LIBRARY ASSOCIATION, INC.
Statement of Financial Position - Modified Cash Basis
December 31, 2008

ASSETS

Current Assets:	
Cash and Cash Equivalents	\$ 142,750
Investments	242,068
Total Current Assets	384,818
Capital Assets:	
Land	273,889
Buildings, Improvements and Equipment, Net	74,824
Construction in Progress	178,163
Total Capital Assets	526,876
Total Assets	\$ 911,694

LIABILITIES AND NET ASSETS

Current Liabilities:	
Payroll Taxes Payable	\$ 85
Sales Tax Payable	1,233
Total Current Liabilities/Total Liabilities	1,318
Net Assets:	
Unrestricted Net Assets:	
Operating	7,734
Board Designated - Capital Campaign	93,524
Capital Assets	791,067
Total Unrestricted Net Assets	892,325
Temporarily Restricted Net Assets:	
Grants	18,051
Total Net Assets	910,376
Total Liabilities and Net Assets	\$ 911,694

ALPINE PUBLIC LIBRARY ASSOCIATION, INC.
Statement of Activities - Modified Cash Basis
For the Year Ended December 31, 2008

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
<u>Revenues and Net Gains</u>			
Capital Campaign Fundraisers	\$ 204,752	\$ -	\$ 204,752
Local Government Support	78,000	-	78,000
Local Government - In Kind	42,846	-	42,846
Construction - In Kind	12,963	-	12,963
Contributions/Memberships	33,556	-	33,556
Local Organizations	28,105	-	28,105
Sales	12,569	-	12,569
Interest and Dividends	6,456	-	6,456
Grants	-	26,266	26,266
Miscellaneous	2,640	-	2,640
Gain on Sale of Library Site	46,337	-	46,337
Net Assets Released From Restrictions	12,772	(12,772)	-
	<u>480,997</u>	<u>13,494</u>	<u>494,490</u>
 <u>Disbursements</u>			
Programs:			
Children's Programs/Books/Audio/Video	7,041	-	7,041
Adult Books/Audio/Video	7,041	-	7,041
Periodical/Reference Materials	2,753	-	2,753
Computers	2,195	-	2,195
Program Operating Costs	70,039	-	70,039
Total Programs	<u>89,069</u>	<u>-</u>	<u>89,069</u>
Administration	33,684	-	33,684
Fundraising	30,203	-	30,203
Total Disbursements	<u>152,956</u>	<u>-</u>	<u>152,956</u>
 Change in Net Assets	 328,041	 13,494	 341,534
Net Assets - January 1, 2008	<u>564,285</u>	<u>4,557</u>	<u>568,842</u>
Net Assets - December 31, 2008	<u>\$ 892,326</u>	<u>\$ 18,051</u>	<u>\$ 910,376</u>

ALPINE PUBLIC LIBRARY ASSOCIATION, INC.
Statement of Functional Disbursements - Modified Cash Basis
For the Year Ended December 31, 2008

	<u>Total</u>	<u>Program</u>	<u>Administration</u>	<u>Fund- raising</u>
Salaries	\$ 71,934	\$ 38,125	\$ 16,904	\$ 16,905
Payroll Taxes	5,557	2,945	1,306	1,306
Supplies	5,141	2,571	2,570	-
Children's Books	7,041	7,041	-	-
Children's Books - In Kind	3,352	3,352	-	-
Adult Books and Materials	7,041	7,041	-	-
Periodicals and Reference	2,753	2,753	-	-
Technology Expense and Repairs	2,195	2,195	-	-
Telephone	3,624	1,449	1,448	727
Postage and Shipping	1,066	-	533	533
Occupancy	8,845	6,076	1,769	1,000
Printing and Publications	624	-	312	312
Workshops, Meetings, Travel	1,657	1,491	166	-
Depreciation	7,392	6,505	887	-
Consulting	3,053	3,053	-	-
Audit and Tax	10,963	-	5,963	5,000
Insurance	3,178	1,780	1,398	-
Membership Dues	420	420	-	-
New Library Fundraising	4,183	-	-	4,183
Advertising	334	334	-	-
Bank/Credit Card Fees	473	-	236	237
Repairs and Maintenance	1,976	1,838	138	-
Penalties	54	-	54	-
Gifts	100	100	-	-
	<u>\$ 152,956</u>	<u>\$ 89,069</u>	<u>\$ 33,684</u>	<u>\$ 30,203</u>

ALPINE PUBLIC LIBRARY
ASSOCIATION, INC.
Statement of Cash Flows - Modified Cash Basis
For the Year Ended December 31, 2008

Operating Activities:

Change in Net Assets	\$ 341,534
Adjustments to reconcile change in net assets to net cash provided by operating activities:	
Depreciation	7,392
Increase (Decrease) Payroll Liabilities	(1,186)
Increase (Decrease) Sales Tax Payable	337
Interest and Dividends for Reinvestment	(6,456)
	(6,456)

Net Cash Provided by Operating Activities	341,621
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Investing Activities

Additions to Work In-Progress	(146,119)
Additions to Investments	(162,590)
	(162,590)

Net Cash (Used) by Investing Activities	(308,709)
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Non-Cash Investing Activity

Local Government - In Kind (Capitalized)	(42,846)
Construction - In Kind (Capitalized)	(12,963)
Donation of Stock	52,227
	(3,582)

Net Increase (Decrease) in Cash and Cash Equivalents	29,330
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Cash and Cash Equivalents - January 1	113,420
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Cash and Cash Equivalents - December 31	\$ 142,750
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NOTES TO FINANCIAL STATEMENTS

NOTE 1 - SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation – The Alpine Public Library Association, Inc. (the “Library”) is a Texas not-for-profit corporation chartered in December 1949. The Library’s purpose is to serve the residents of the Big Bend Region by offering a wide variety of books, audio books on tapes and compact discs, magazines, videos, public access computers, and public programs.

The Library qualifies as a tax-exempt organization under Section 501(c)(3) of the Internal Revenue Code and, therefore, has no provision for federal income taxes. In addition, money contributed to the Institute qualifies for the charitable contribution deduction under Section 1709(b)(1)(A) of the Internal Revenue Code. The Library has been classified as an organization that is not a private foundation under Section 509(a) of the Internal Revenue Service Code.

Financial Statement Presentation – The Alpine Public Library Association, Inc. has adopted Statement of Financial Standards (SFAS) No. 117, “Financial Statements of Not-for-Profit Organizations.” Under SFAS No. 117, 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) based upon the existence or absence of donor-imposed restrictions.

Basis of Accounting – The accompanying financial statements of the Library are prepared on the modified cash basis of accounting, which is a comprehensive basis of accounting other than U. S. generally accepted accounting principles. This basis recognizes assets, liabilities, net assets, receipts and disbursements when they result from cash transactions and donated capital assets and in-kind contributions received with a provision for depreciation.

As a result of the use of this modified cash basis of accounting, certain assets and their related revenues (such as accounts and revenue not yet collected) and certain liabilities and their related expenses (such as accounts payable and expenses for goods and services received but not yet paid, and accrued expenses and liabilities) are not recorded in these financial statements.

Cash and Cash Equivalents - The Library has defined cash and cash equivalents to include cash on hand, demand deposits, and cash with fiscal agents and considers cash equivalents to be all temporary investments that are readily convertible to cash, such as certificates of deposits, commercial paper, and treasury bills with maturity of less than three (3) months. Cash and cash equivalents for the purposes of the Statement of Cash Flows exclude permanently restricted cash and cash equivalents.

Budgetary Accounting – A tentative budget is developed by the finance committee and executive director and submitted to the executive committee for review and approval. An evaluation of the prior period along with a projection of future needs formulates the budget process.

Alpine Public Library Association, Inc.
Notes to Financial Statements

Public Support and Revenue – 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 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. Contributions received with donor-imposed restrictions that are met in the same year in which the contributions are received are classified as unrestricted contributions.

Use of Estimates - The preparation of financial statements in conformity with another comprehensive basis of accounting (OCBOA) requires management to make estimates and assumptions that affect certain reported amounts and disclosures (such as estimated useful lives of capital assets in determining depreciation), accordingly, actual results could differ from those estimates.

NOTE 2 – CAPITAL ASSETS

Capital assets are carried at cost or at fair value for donated assets. Depreciation is computed using the straight-line method over the estimated useful lives of the assets (5-50 years). Costs for normal maintenance and repairs are recognized in the period paid, while major renewals are capitalized. When property and equipment is sold or otherwise disposed of, the cost and related accumulated depreciation are removed from the accounts, and any resulting gain or loss is included in income of the period.

The following schedule sets forth the Library’s capital assets at December 31, 2008:

	Beginning of Year	Additions	Transfers & Retirements	End of Year
Land	\$ 273,889	-	-	\$ 273,889
Buildings and Improvements	88,289	-	-	88,289
Furniture and Equipment	77,674	-	-	77,674
Construction In-Progress	<u>66,235</u>	<u>111,928</u>	-	<u>178,163</u>
	506,087	111,928	-	618,015

Depreciation expense for the year was \$7,392.

Alpine Public Library Association, Inc.
Notes to Financial Statements

NOTE 3 -- DONATED SERVICES

The Library receives a significant amount of donated services from volunteers who assist in operating Rereads bookstore. No amounts have been recognized in the Statement of Activities because the criteria for recognition under Statement of Financial Accounting Standards 116 have not been satisfied.

NOTE 4 -- TEMPORARILY RESTRICTED NET ASSETS

Temporarily restricted net assets are comprised of grants from various entities as set forth in the following table. Terms of the grants dictate how the funds are to be spent.

	<u>Purpose</u>	
Tocker Foundation	Library Automation	\$ 13,650
Texas State Library and Archives Commission	Add to Collection	4,389
The Trull Foundation	Family Readalong	<u>12</u>
		<u>\$ 18,051</u>

NOTE 5 -- INVESTMENTS

Investments as of December 31, 2008 are summarized as follows:

	<u>Number of Shares</u>	<u>Cost</u>	<u>Fair Value</u>	<u>Carrying Value</u>
Money Market	n/a	\$ 149,732	\$ 149,732	\$ 149,732
CitiGroup, Inc. Stock	96	4,637	645	4,637
Exxon Mobil Corp. Stock	55	5,139	4,391	5,139
P G & E Stock	1,260	52,227	48,774	52,227
Federated Bond Fund CI A	1,138	9,961	7,551	9,961
Federated Strategic Income	1,022	10,372	7,957	10,372
3.3% Certificate of Deposit due May 29, 2009	n/a	10,000	10,054	10,000
		<u>\$ 242,068</u>	<u>\$ 229,104</u>	<u>\$ 242,068</u>

NOTE 6 – FUNCTIONAL ALLOCATION OF COSTS

The costs of providing the various programs and activities have been summarized on a functional basis in the Statement of Activities – Modified Cash Basis. Accordingly, certain costs have been allocated among the programs and supporting activities.

NOTE 7 – SALE OF PROPERTY TO COUNTY

In 2006, the County of Brewster purchased the existing library site for \$100,000. The county made a \$40,000 payment in the latter part of the 2006 year. The balance was to be paid in four equal annual installments of \$15,000 plus interest beginning November 2007. The County paid the balance of the sale price in 2008.

GOVERNMENT AUDITING STANDARDS REPORT

Report on Internal Control Over Financial Reporting and on Compliance and
Other Matters Based on an Audit of Financial Statements Performed
In Accordance With *Government Auditing Standards*

To the Board of Directors
Alpine Public Library Association, Inc.
Alpine, Texas

I have audited the accompanying basic financial statements of Alpine Public Library Association, Inc.'s (a nonprofit organization) as of December 31, 2008 and for the year then ended, and have issued my report thereon dated May, 2009. I conducted my audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in *Government Auditing Standards*, issued by the Comptroller General of the United States.

Internal Control Over Financial Reporting

In planning and performing my audit, I considered the Library's internal control over financial reporting as a basis for designing my auditing procedures for the purpose of expressing my opinion on the financial statements, but not for the purpose of expressing an opinion on the effectiveness of the Corporation's internal control over financial reporting. Accordingly, I do not express an opinion on the effectiveness of Alpine Public Library Association, Inc.'s internal control over financial reporting.

A control deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A significant deficiency is a control deficiency, or combination of control deficiencies, that adversely affects the organization's ability to initiate, authorize, record, process, or report financial data reliably in accordance with generally accepted accounting principles, such that there is more than a remote likelihood that a misstatement of the organization's financial statements that is more than inconsequential will not be prevented or detected by the entity's internal control.

A material weakness is a significant deficiency, or combination of significant deficiencies, that results in more than a remote likelihood that a material misstatement of the financial statements will not be prevented or detected by the entity's internal control.

My consideration of internal control over financial reporting was for the limited purpose described in the first paragraph of this section and would not necessarily identify all deficiencies in internal control that might be significant deficiencies or material weaknesses. I did not identify any deficiencies in internal control over financial reporting that I consider to be material weaknesses, as defined above.

Compliance and Other Matters

As part of obtaining reasonable assurance about whether Alpine Public Library Association, Inc.'s financial statements are free of material misstatement, I performed tests of its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could have a direct and material effect on the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of my audit and, accordingly, I do not express such an opinion. The results of my tests disclosed no instances of noncompliance or other matters that are required to be reported under *Government Auditing Standards*.

This report is intended solely for the information and use of the Board of Directors and management; and is not intended to be and should not be used by anyone other than these specified parties.

Alpine, Texas
May 15, 2009

A handwritten signature in black ink that reads "J. Shaw Skinner, CPA". The signature is written in a cursive style with a large, stylized initial "J".

Alpine Public Library Association, Inc.
Schedule of Findings and Responses
December 31, 2008

1. Summary of the Auditor's Results
 - a. The type of Report issued on the financial statements of the Alpine Public Library Association, Inc. was an unqualified opinion.
 - b. The audit disclosed no material weaknesses in internal control over major programs.
 - c. The audit disclosed no reportable non-compliance with the provisions of laws, regulations, contracts, or grant agreements.

2. Findings relating to the financial statements which are required to be reported in accordance with *Generally Accepted Auditing Standards*.

None.