

MINNESOTA LIBRARY ASSOCIATION
AUDITED FINANCIAL STATEMENTS
December 31, 2017

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Minnesota Library Association
Minneapolis, Minnesota

We have audited the accompanying financial statements of Minnesota Library Association (a non-profit organization), which comprise the statement of financial position as of December 31, 2017 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.

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 of 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 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 Minnesota Library Association as of December 31, 2017, 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.

Harrington Langer & Associates

March 9, 2018

MINNESOTA LIBRARY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
December 31, 2017

ASSETS

CURRENT ASSETS

Cash and cash equivalents	\$ 180,035
Accounts receivable	3,458
Prepaid expenses	<u>13,364</u>

TOTAL ASSETS \$ 196,857

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES

Deferred revenue	<u>\$ 9,325</u>
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TOTAL LIABILITIES 9,325

NET ASSETS

Unrestricted	<u>187,532</u>
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TOTAL NET ASSETS 187,532

TOTAL LIABILITIES AND NET ASSETS \$ 196,857

MINNESOTA LIBRARY ASSOCIATION

STATEMENT OF ACTIVITIES

For the Year Ended December 31, 2017

	<u>Unrestricted</u>	<u>Temporarily Restricted</u>	<u>Total</u>
SUPPORT AND REVENUE			
Membership dues	\$ 59,631	\$ -	\$ 59,631
Conference registrations	151,192	-	151,192
Advocacy support	48,350	-	48,350
Contributions and grants	23,500	-	23,500
Advertising revenue	2,100	-	2,100
Interest income	79	-	79
Other income	217	-	217
TOTAL SUPPORT AND REVENUE	<u>285,069</u>	<u>-</u>	<u>285,069</u>
MEMBERSHIP EXPENSES			
Meetings and conferences	105,901	-	105,901
Professional fees	63,100	-	63,100
Travel	5,407	-	5,407
Office expense	180	-	180
Miscellaneous	1,037	-	1,037
Printing and reproduction	707	-	707
Awards and recognitions	900	-	900
TOTAL MEMBERSHIP EXPENSES	<u>177,232</u>	<u>-</u>	<u>177,232</u>
GENERAL AND ADMINISTRATIVE EXPENSES			
Contract administration	74,020	-	74,020
Meetings and conferences	375	-	375
Bank fees	7,684	-	7,684
Professional fees	950	-	950
Travel	1,182	-	1,182
Office expense	554	-	554
Miscellaneous	1,026	-	1,026
Printing and reproduction	451	-	451
Scholarships	1,000	-	1,000
Website	44	-	44
Insurance	1,338	-	1,338
TOTAL GENERAL AND ADMINISTRATIVE EXPENSES	<u>88,624</u>	<u>-</u>	<u>88,624</u>
TOTAL EXPENSES	<u>265,856</u>	<u>-</u>	<u>265,856</u>
CHANGE IN NET ASSETS	19,213	-	19,213
NET ASSETS, BEGINNING	<u>168,319</u>	<u>-</u>	<u>168,319</u>
NET ASSETS, ENDING	<u>\$ 187,532</u>	<u>\$ -</u>	<u>\$ 187,532</u>

MINNESOTA LIBRARY ASSOCIATION
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2017

CASH FLOWS FROM OPERATING ACTIVITIES	
Change in net assets	\$ 19,213
Adjustments to reconcile change in net assets to net cash provided by operating activities	
(Increase) decrease in:	
Accounts receivable, net	(1,966)
Prepaid expenses	2,500
Increase (decrease) in:	
Accounts payable and accrued expenses	(2,339)
Deferred revenue	8,825
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NET CASH PROVIDED BY OPERATING ACTIVITIES	26,233
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INCREASE IN CASH AND CASH EQUIVALENTS	26,233
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CASH AND CASH EQUIVALENTS, BEGINNING	153,802
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CASH AND CASH EQUIVALENTS, ENDING	<u><u>\$ 180,035</u></u>

MINNESOTA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Organization:

Minnesota Library Association (MLA or the Organization), was founded in 1891 and incorporated in 1967 and established as a 501(c)(6) nonprofit organization as an association of library supporters, representing all types of libraries by helping them accomplish together what none can do alone.

The Organization provides the following services to its members:

- **Conferences and workshops** – The Organization offers workshops and conferences, giving members opportunities for networking, professional development, volunteering, and teaching. Opportunities to develop leadership skills by running for office, participating in the MLA Institute for Leadership Excellence (“MILE”), and working within subunits.
- **Legislative advocacy in support of libraries** – The Organization actively works to influence legislation affecting libraries and librarians.
- **Website** – The Organization maintains a website designed to help members stay current on library issues and activities, including making available resources and job postings.

Support and Expenses:

Contributions received and unconditional promises to give are measured at their fair value and are reported as an increase in net assets. The Organization reports gifts of cash and other assets as restricted support if they are received with donor stipulations that limit the use of the donated assets, or if they are designated as support for future periods. 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. Donor-restricted contributions whose restrictions are met in the same reporting period are reported as unrestricted support.

The Organization reports gifts of goods and equipment as unrestricted support unless explicit donor stipulations specify how the donated assets must be used. Gifts of long-lived assets with explicit restrictions that specify how the assets are to be used and gifts of cash or other assets that must be used to acquire long-lived assets are reported as restricted support. Absent explicit donor stipulations about how long those long-lived assets must be maintained, the Organization reports expirations of donor restrictions when the donated or acquired long-lived assets are placed in service.

Expenses are recorded when incurred in accordance with the accrual basis of accounting.

MINNESOTA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Estimates:

The preparation of financial statements in conformity with accounting principles generally accepted in the United States of America requires management to make estimates and assumptions that affect the reported amounts and disclosures in these financial statements. Actual results could differ from those estimates.

Cash and Cash Equivalents:

The Organization considers cash and cash equivalents to include cash on hand, cash in bank, and short-term investments purchased with original maturities of three months or less.

Accounts Receivable:

The Organization provides an allowance for doubtful accounts based on historical experience and management's evaluation of outstanding amounts. At December 31, 2017, management considered all amounts to be fully collectible. Accordingly, there was no allowance for doubtful accounts.

Revenue Recognition:

The Organization recognizes membership dues as revenue in the year of the membership. Membership dues collected in advance of the membership year, if any, are reflected as deferred revenue in the financial statements.

Functional Allocation of Expenses:

Expenses are allocated to program and support services directly whenever possible and indirectly using predetermined percentages derived from payroll and occupancy statistics.

Tax Status:

The Organization is exempt from income taxes under Internal Revenue Code Section 501(c)(6) and applicable Minnesota Statutes, except to any extent it has taxable income that is not related to its tax exempt purpose. Unrelated business income is taxed at the corporate income tax rate.

Federal and state tax authorities generally have the right to examine the current and three previous years of income tax returns. The Organization is not currently under examination by any taxing jurisdiction.

MINNESOTA LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS

NOTE 1. ORGANIZATION AND SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Subsequent Events:

In preparing these financial statements, the Organization has evaluated events and transactions for potential recognition or disclosure through March 9, 2018, the date the financial statements were available to be issued.

NOTE 2. COMMITMENTS AND CONTINGENCIES

Commitments

The Organization has an administrative services contract with Management-HQ, expiring in December 2018. Total expense under this agreement was \$74,020 for the year ended December 31, 2017.

In September 2016, the Organization entered into a governmental affairs consulting services agreement with Capitol Hill Associates, Inc. expiring in August 2018. Total expense under this agreement was \$63,100 for the year ended December 31, 2017.

Future minimum payments under these agreements are as follows:

<u>Year Ending</u> <u>December 31,</u>	<u>Amount</u>
2018	<u><u>\$ 111,592</u></u>

Concentrations

The Organization relies on dues from and services provided to its members for over 90% of its support and revenues, and the Organization is considered tax-exempt under section 501(c)(6) of the Internal Revenue Code. Should the Organization become unable to provide the services expected by its members or should the tax-exempt status of the Organization change, this could result in a significant impact on the operations of the Organization. Management believes there is not great risk that either of these events will occur.

Federal Deposit Insurance

The Organization maintains its cash balances at financial institutions located in the Twin Cities area. The balances are insured by the Federal Deposit Insurance Corporation (FDIC) up to \$250,000. At December 31, 2017, the Organization had no uninsured cash balances.