



LAFAYETTE LIBRARY AND LEARNING CENTER FOUNDATION

Financial Statements

For the Year Ended

June 30, 2009

With Comparative Amounts for 2008

LAFAYETTE LIBRARY and LEARNING CENTER FOUNDATION

(A California Not-For-Profit Corporation)
June 30, 2009

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LAFAYETTE LIBRARY and LEARNING CENTER FOUNDATION

**STATEMENTS OF FINANCIAL POSITION
JUNE 30, 2009 and 2008
UNAUDITED**

ASSETS

	2009	2008
CURRENT ASSETS:		
Cash and cash equivalents	\$ 56,584	\$ 106,742
Grants and pledges receivable (current portion)	158,039	191,595
Investments	5,066,629	4,185,296
Total current assets	5,281,252	4,483,633
NON-CURRENT ASSETS:		
Grants and pledges receivable (long-term portion)	829,114	764,373
Loan receivable from Lafayette Redevelopment Agency	9,646,814	9,071,018
Total non-current assets	10,475,928	9,835,391
	\$ 15,757,180	\$ 14,319,024

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES:		
Accounts payable and accrued liabilities	\$ 13,328	\$ 34,870
Total current liabilities	13,328	34,870
NET ASSETS:		
Unrestricted	563,622	91,729
Temporarily restricted	15,180,230	14,192,425
Total net assets	15,743,852	14,284,154
	\$ 15,757,180	\$ 14,319,024

See accompanying notes to Financial Statements.

LAFAYETTE LIBRARY and LEARNING CENTER FOUNDATION

STATEMENTS OF ACTIVITIES AND CHANGES IN NET ASSETS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
UNAUDITED

	Unrestricted	Temporarily Restricted	Total	
			2009	2008
Changes in Net Assets:				
Revenue and support:				
Contributed income:				
Imagine A Place	\$ -	\$ 6,215	\$ 6,215	\$ 12,565,838
Open Doors Open Minds	-	984,085	984,085	1,488,918
Library Operations Fund	-	-	-	171,284
In-kind	20,950	-	20,950	27,004
Discounts applied to multi-year pledges	-	(2,495)	(2,495)	(33,615)
Total contributed income	20,950	987,805	1,008,755	14,219,429
Eamed Income:				
Interest	606,201	-	606,201	337,303
Realized gains on sale of investments	551	-	551	745
Program revenues	25,858	-	25,858	-
Disposal of fixed assets	-	-	-	(23,490)
Total earned income	632,610	-	632,610	314,558
Total revenue and support	653,560	987,805	1,641,365	14,533,987
Expenses:				
Program Services:				
Library operations	-	-	-	-
Program Services	52,706	-	52,706	-
Supporting Services	-	-	-	-
Management and general	19,726	-	19,726	42,681
Fundraising and development	109,235	-	109,235	207,152
Total expenses	181,667	-	181,667	249,833
Increase in net assets	471,893	987,805	1,459,698	14,284,154
Net assets at beginning of year	91,729	14,192,425	14,284,154	-
Net Assets at end of year	\$ 563,622	\$ 15,180,230	\$ 15,743,852	\$ 14,284,154

See accompanying notes to Financial Statements.

LAFAYETTE LIBRARY and LEARNING CENTER FOUNDATION

**STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED JUNE 30, 2009 AND 2008
UNAUDITED**

	2009	2008
OPERATING ACTIVITIES:		
Increase in net assets	\$ 1,459,698	\$ 14,284,154
Adjustments to reconcile to cash provided by (used for) operating activities		
Changes in:		
Grants and other receivables	(31,185)	(955,968)
Loan receivable from Lafayette Redevelopment Agency	(575,796)	(9,071,018)
Accounts payable	(21,542)	34,870
	831,175	4,292,038
INVESTMENT ACTIVITIES:		
Acquisition of investments	(881,333)	(4,185,296)
	(881,333)	(4,185,296)
Increase (decrease) in cash and equivalents	(50,158)	106,742
Cash and equivalents beginning of the year	106,742	
Cash and equivalents end of the year	\$ 56,584	\$ 106,742

See accompanying notes to Financial Statements.

LAFAYETTE LIBRARY and LEARNING CENTER FOUNDATION

STATEMENT OF FUNCTIONAL EXPENSES
Year Ended June 30, 2009
UNAUDITED

	Program Services			Supporting Services			Totals Year Ended June 30, 2009
	Library Operations	Open Doors Program	Total Programs	Management and General	Fundraising and Development	Total	
Bad debts provision	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Bank and processing fees	-	1,133	1,133	-	3,398	3,398	4,531
Board meetings	-	-	-	221	-	221	221
Insurance	-	-	-	1,684	-	1,684	1,684
Legal and professional	-	-	-	630	-	630	630
Miscellaneous	-	-	-	-	3,086	3,086	3,086
Office and supplies	-	1,109	1,109	-	5,814	5,814	6,922
Outreach and community events	-	20,167	20,167	-	4,750	4,750	24,917
Marketing	-	2,464	2,464	-	24,780	24,780	27,245
Postage and delivery	-	-	-	-	1,099	1,099	1,099
Personnel costs	-	26,689	26,689	17,191	62,876	80,067	106,756
Taxes and licenses	-	-	-	-	-	-	-
Telephone and Internet	-	1,144	1,144	-	3,432	3,432	4,576
Totals	\$ -	\$ 52,706	\$ 52,706	\$ 19,726	\$ 109,235	\$ 128,961	\$ 181,667

See accompanying notes to Financial Statements.

LAFAYETTE LIBRARY and LEARNING CENTER FOUNDATION

Statement of Functional Expenses
Year Ended June 30, 2008

	Program Services			Supporting Services			Totals Year Ended June 30 2008
	Library Operations	Open Doors Program	Total Programs	Manage- ment and General	Fundraising and De- velopment	Total	
Bad debts provision	\$ -	\$ -	\$ -	\$ -	\$ 76,000	\$ 76,000	\$ 76,000
Bank and processing fees	-	-	-	1,352	4,056	5,408	5,408
Board meetings	-	-	-	1,127	-	1,127	1,127
Insurance	-	-	-	1,575	-	1,575	1,575
Legal and professional	-	-	-	11,508	-	11,508	11,508
Miscellaneous	-	-	-	1,012	-	1,012	1,012
Office and supplies	-	-	-	8,845	-	8,845	8,845
Outreach and community events	-	-	-	-	32,028	32,028	32,028
Marketing	-	-	-	-	45,209	45,209	45,209
Postage and delivery	-	-	-	1,093	7,216	8,309	8,309
Salaries, taxes and benefits	-	-	-	14,215	42,643	56,858	56,858
Taxes and licenses	-	-	-	68	-	68	68
Telephone and internet	-	-	-	1,886	-	1,886	1,886
Totals	\$ -	\$ -	\$ -	\$ 42,681	\$ 207,152	\$ 249,833	\$ 249,833

Notes to Financial Statements

June 30, 2009

(Unaudited)

1. Organization

Lafayette Library and Learning Center Foundation (LLLCF) is a California nonprofit, public benefit corporation, qualified as a 501(c)(3) and organized for the principle purpose of establishing and supporting the construction, operations, programs, funding and other business of the Lafayette Library and Learning Center (LLLC). Lafayette Community Foundation raised private funds during the initial phase of the Imagine A Place Campaign and then granted those funds to LLLCF. There are common board members between these two organizations.

In partnership with leading arts, education, science, and cultural institutions, it is the mission of LLLCF to provide enriched learning opportunities across the age spectrum for the people of Lafayette and East Bay communities.

2. Summary of Significant Accounting Policies

Basis of Accounting

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

Basis of Presentation

Financial statement presentation follows the recommendations of the Financial Accounting Standards Board in its Statement of Financial Accounting Standards (SFAS) No. 117, *Financial Statements of Not-for-Profit Organizations*. Under SFAS No. 117, LLLCF 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.

Revenue Recognition

LLLCF records contributions in accordance with the recommendations of the Financial Accounting Standards Board in its SFAS No. 116, *Accounting for Contributions Received and Contributions Made*. Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support, depending on the existence and/or nature of any donor restrictions.

Use of 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 of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of support, revenues, and expenses during the reporting period. Actual results could differ from those estimates.

Cash and Cash Equivalents

LLLCF considers all highly liquid investments with a maturity of three months or less when purchased to be cash equivalents. LLLCF maintains its cash balances in high quality financial institutions, which at times may exceed federally insured limits. LLLCF has not experienced any losses in such accounts.

Notes to Financial Statements

(Unaudited)

2. Summary of Significant Accounting Policies (continued)

Fair Value Measurements

The fair values of all reported assets and liabilities (including financial instruments, none of which are held for trading purposes) approximate carrying values of such amounts in accordance with Financial Accounting Standards in its SFAS No. 157 *Fair Value Measurements*.

Investments

Purchased investments are initially stated at cost. Investments received by gift are recorded at market value at the date of contribution. In accordance with the Financial Accounting Standards in its SFAS No. 124 (as amended by SFAS No. 157), *Accounting for Investments Held by Not-for-Profit Organizations*, the recorded amounts of all investments are adjusted annually to reflect current market values. Realized and unrealized gains and losses are included in investment income on the statement of activities and changes in net assets.

LLLCF has estimated the fair value of its investments using available market information and other valuation methodologies. Accordingly, the estimates presented are not necessarily indicative of the amounts that LLLCF could realize in a current market exchange. The use of different assumptions and/or estimation methods may have a material effect on the estimated fair value amounts. The estimates are based on pertinent information available to management as of June 30, 2009. Although management is not aware of any factors that would significantly affect the estimated fair value amounts, current estimates of fair value may differ significantly from the statements presented due to uncertain economic conditions.

Contributed Services and Costs

Contributed services and costs are reflected at the fair value of the contribution received. The contributions of services and costs are recognized if they (a) create or enhance nonfinancial assets or (b) require specialized skills that are provided by individuals possessing those skills and would typically need to be purchased if not provided by donation. LLLCF recognized \$20,950 and \$27,004 of in-kind donations during the years ended June 30, 2009 and 2008, respectively.

Advertising and Marketing

Advertising and marketing costs (which includes media advertising, direct mailings and other marketing materials) are expensed as incurred. Advertising and marketing expense amounted to \$27,245 and \$45,209 for the years ended June 30, 2009 and 2008, respectively and are included with Marketing on the Statement of Functional Expenses.

Financial Statements for June 30, 2008

Amounts for 2008 were audited by LLLCF's independent auditors and are presented here for comparative purposes. The 2008 audited financial statements are available on LLLCF's web page at www.lafayettelib.com.

Notes to Financial Statements

(Unaudited)

2. Summary of Significant Accounting Policies (continued)

Net Assets

In accordance with accounting principles generally accepted in the United States of America, financial statements must present classes of net assets based on the following categories: unrestricted net assets, temporarily restricted net assets and permanently restricted net assets. Grants and contributions are classified in the appropriate net asset category based on the absence or existence of donor-imposed restrictions that limit the use of the donated assets if they are designated as support for future periods or future projects when they are received.

LLLCF reports gifts of cash and other assets as temporarily 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's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Permanently restricted net assets include those net assets that must be maintained in perpetuity in accordance with donor restrictions. The investment return from such assets may be used for purposes as specified by the donor or, if the donor has not specified a purpose, the income from such investments is not restricted and is included in unrestricted net assets. There were no permanently restricted net assets at June 30, 2009 or 2008 respectively.

Unrestricted net assets include all of those donated assets that have no restrictions or limitations imposed on their use. The Board of Trustees may elect certain unrestricted funds to be set aside as Board designated funds, which may not be spent without approval by the Board. There were no board-designated funds at June 30, 2009 or 2008 respectively.

Contributions

Contributions received and unconditional promises to give are measured at their fair values net of an allowance for uncollectable pledges and are reported as an increase in unrestricted net assets. LLLCF reports gifts of cash and other assets as temporarily 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's intended purpose is met or a time restriction expires, the temporarily restricted net asset is transferred to unrestricted net assets and reported in the statement of activities as net assets released from restrictions.

Contributions in which the donor restrictions are never relieved because of endowment instruments and instructions are recorded as permanently restricted support. Donor-restricted contributions where restrictions are met in the same reporting period in which they are contributed are reported as unrestricted support.

Notes to Financial Statements
(Unaudited)

2. Summary of Significant Accounting Policies (continued)

Income Taxes

LLLCF has received notification from the Internal Revenue Service and the State of California that it qualifies for tax-exempt status under Section 501(c)(3) of the Internal Revenue Code and Section 27301d of the California Revenue and Taxation Code. This exemption is subject to periodic review by the federal and state taxing authorities.

3. Cash and Cash Equivalents

Cash and cash equivalents of \$56,584 consists of funds in two local checking accounts that have a maturity date of 90 days or less. LLLCF attempts to limit its credit risk associated with cash equivalents by utilizing financial institutions that are well capitalized and highly rated.

4. Grants and Pledges Receivable

Grants and pledges receivable related to the construction of the library (Imagine A Place) and future library operations (Open Doors, Open Minds) are expected to be collected as follows:

Year ended June 30, 2010	\$ 158,039
Year ended June 30, 2011	941,724
Total grants and pledges receivable	1,099,763
Less: discount applied to multi-year pledges	(36,110)
Present value of pledges receivable	1,063,653
Less: allowance for uncollectible contributions	(76,500)
Less: pledges receivable due within one year (current)	(158,039)
Pledges receivable due after one year (noncurrent)	\$ 829,114

Grants and pledges receivable due in more than one year are reflected at the net present value of estimated future cash flows using a discount rate of 4% per annum. The change in the value of the grants and pledges receivable during the year ended June 30, 2009 amounted to \$2,495 and is reflected as a component of income affecting the value of temporarily restricted contributions on the statement of activities and changes in net assets.

5. Loan Receivable from Lafayette Redevelopment Agency

Loan receivable at June 30, 2009 is due from the Lafayette Redevelopment Agency (the "Agency") and consists of \$9,000,000 in principal and \$646,814 in accrued interest (the "first loan"). The loan is restricted to construction costs of the LLLC. The loan is unsecured, subordinated to other debt instruments of the Agency, bears interest at the rate of 6.25% per annum, and is payable to LLLCF in various increments of principal and interest through June 30, 2034. Interest is accrued and added to the principal balance for the first nine years of the loan. The Agency is scheduled to remit a \$4,000,000 principal payment to LLLCF on June 30, 2016. Beginning June 30, 2017, the Agency is scheduled to remit interest payments annually through the term of the loan. Additional principal payments will be made annually beginning June 30, 2028.

Notes to Financial Statements
(Unaudited)

6. Investments

Investments consist of the following at June 30, 2009:

	Cost	Fair Value
Money market funds	\$ 5,066,629	\$ 5,066,629

All funds are on deposit in a Dreyfus cash management government money market fund held by First Republic Securities Company.

7. Net Assets

Unrestricted net assets consist of the following at June 30, 2009:

Unrestricted and undesignated net assets	\$ 563,622
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LLLCF recognizes support from temporarily restricted net assets when the restrictions imposed by the donors have been satisfied or expired.

Temporarily restricted net assets consist of the following at June 30, 2009:

Restricted for Imagine A Place	\$12,572,054
Restricted for Open Doors, Open Minds	2,473,002
Restricted for future library operations	171,284
Reduction attributable to discount applied to multi-year pledges	(36,110)
Total temporarily restricted net assets	\$15,180,230

There were no temporarily restricted net assets released from restriction during the year ended June 30, 2009. Restricted assets will become unrestricted when the LLLC opens later in 2009.

Notes to Financial Statements

(Unaudited)

8. Related Party Transactions

During the years ended June 30, 2009 and 2008, certain members of the Board of Trustees contributed \$21,061 and \$147,419, respectively, in donations to LLLCF. These amounts are included with contributed income on the statements of activities and changes in net assets.

Included in grants and pledges receivable at June 30, 2009 and 2008 are \$61,000 and \$64,250, respectively, of donations made by certain members of the Board of Trustees.

9. Reclassifications

Certain reclassifications among asset, net asset, revenue and expense accounts have been made to the 2008 financial statements in order to conform to the presentation used in 2009. The reclassifications did not alter the previously reported increase in net assets or change the previously reported total net asset balances.

10. Subsequent Event

In an agreement dated August 31, 2009, LLLCF loaned the Agency \$2,500,000 to pay construction costs of the LLC (the "second loan"). The second loan is unsecured, subordinated to other debt instruments of the Agency, bears interest at 8.0% per annum and is payable to LLLCF by July 1, 2013. Interest is accrued and added to the principal balance. During the time the second loan is outstanding, the interest rate on the first loan (see Note 5) is increased to 6.5% per annum.