



**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

REGULAR AUDIT

FOR THE YEARS ENDED DECEMBER 31, 2010-2009



Dave Yost • Auditor of State

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

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Dave Yost • Auditor of State

Wagnalls Memorial Foundation
Fairfield County
150 E. Columbus St.
P.O. Box 217
Lithopolis, Ohio 43136

To the Board of Directors:

As you are aware, the Auditor of State's Office (AOS) must modify the *Independent Accountants' Report* we provide on your financial statements due to an interpretation from the American Institute of Certified Public Accountants (AICPA). While AOS does not legally require your Foundation to prepare financial statements pursuant to Generally Accepted Accounting Principles (GAAP), the AICPA interpretation requires auditors to formally acknowledge that you did not prepare your financial statements in accordance with GAAP. Our Report includes an adverse opinion relating to GAAP presentation and measurement requirements, but does not imply the amounts the statements present are misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statements you prepared using the cash basis and financial statement format the AOS permits.

A handwritten signature in black ink that reads "Dave Yost".

Dave Yost
Auditor of State

July 19, 2011

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

Wagnalls Memorial Foundation
Fairfield County
150 E. Columbus St.
P.O. Box 217
Lithopolis, Ohio 43136

To the Board of Directors:

We have audited the accompanying financial statement of the Library Fund of the Wagnalls Memorial Foundation, Fairfield County, Ohio (the Foundation), a not-for-profit corporation, as of and for the years ended December 31, 2010 and 2009. This financial statement is the responsibility of the Foundation's management. Our responsibility is to express an opinion on this financial statement based on our audit.

We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*. Those standards require that we plan and perform the audit to reasonably assure 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 statement. 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 our audit provides a reasonable basis for our opinions.

The financial statement presents only the Library Fund and does not intend to present fairly the financial position or results of operations of the entire Foundation.

As described more fully in Note 1, the Foundation has prepared this financial statement using accounting practices the Auditor of State prescribes or permits. These practices differ from accounting principles generally accepted in the United States of America (GAAP). Although we cannot reasonably determine the effects on the financial statements of the variances between these regulatory accounting practices and GAAP, we presume they are material.

Instead of the cash balance the accompanying financial statement presents, GAAP require non-governmental not-for-profit entities to present temporarily restricted, permanently restricted and unrestricted funds separately. While the Foundation does not follow GAAP, generally accepted auditing standards requires us to include the following paragraph if the statements do not substantially conform to GAAP presentation requirements. The Auditor of State permits, but does not require Foundations to reformat their statement. The Foundation has elected not to follow GAAP statement formatting requirements. The following paragraph does not imply the amounts reported are materially misstated under the accounting basis the Auditor of State permits. Our opinion on the fair presentation of the amounts reported pursuant to its non-GAAP basis is in the second following paragraph.

In our opinion, because of the effects of the matter discussed in the preceding two paragraphs, the financial statement referred to above for the years ended December 31, 2010 and 2009 do not present fairly, in conformity with accounting principles generally accepted in the United States of America, the financial position of the Foundation as of December 31, 2010 and 2009, or its changes in financial position for the years then ended.

Also, in our opinion, the financial statement referred to above presents fairly, in all material respects, the cash balance of Wagnalls Memorial Foundation, Fairfield County, Ohio, Library Fund, as of December 31, 2010 and 2009, and its cash receipts and disbursements for the years then ended on the accounting basis Note 1 describes.

In accordance with *Government Auditing Standards*, we have also issued our report dated July 19, 2011, on our consideration of the Foundation's internal control over financial reporting and our tests of its compliance with certain provisions of laws, regulations, contracts and grant agreements and other matters. While we did not opine on the internal control over financial reporting or on compliance, that report describes the scope of our testing of internal control over financial reporting and compliance, and the results of that testing. That report is an integral part of an audit performed in accordance with *Government Auditing Standards*. You should read it in conjunction with this report in assessing the results of our audit.



Dave Yost
Auditor of State

July 19, 2011

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE
FOR THE YEARS ENDED DECEMBER 31, 2010 AND 2009**

| | 2,010 | 2,009 |
|---|----------------------|----------------------|
| Cash Receipts: | | |
| Intergovernmental | \$ 269,554 | \$ 286,919 |
| Patron Fines and Fees | 11,446 | 12,184 |
| Services Provided to Other Entities | 3,868 | 5,266 |
| Contributions, Gifts and Donations | 14,268 | 32,499 |
| Earnings on Investments | 355 | 403 |
| Miscellaneous | 3,823 | 645 |
| Total Cash Receipts | 303,314 | 337,916 |
| Cash Disbursements: | | |
| Current: | | |
| Salaries and Benefits | 120,459 | 173,053 |
| Purchased and Contractual Services | 105,408 | 124,394 |
| Library Materials and Information | 32,152 | 29,706 |
| Supplies | 13,412 | 15,717 |
| Program Expenses | 2,716 | 5,239 |
| Other | 26 | 852 |
| Total Cash Disbursements | 274,173 | 348,961 |
| Total Receipts Over/(Under) Disbursements | 29,141 | (11,045) |
| Cash Balance, January 1 | 31,564 | 42,609 |
| Cash Balance, December 31 | \$ 60,705 | \$ 31,564 |

The notes to the financial statement is an integral part of this statement.

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**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009**

1. Summary of Significant Accounting Policies

A. Description of the Entity

The Wagnalls Memorial Foundation is a not-for-profit organization with a self-appointing board. The Wagnalls Memorial Foundation operates several philanthropic activities in Lithopolis, Ohio including a library.

The accompanying financial statement presents only the cash transactions and balances of the Wagnalls Memorial Library and does not include the cash transactions or balances of the Foundation.

The Foundation's management believes this financial statement presents all activities related to the Library.

B. Accounting Basis

This financial statement follows the accounting basis the Auditor of State prescribes or permits. This basis is similar to the cash receipts and disbursements accounting basis. The Foundation recognizes receipts when received in cash rather than when earned, and recognizes disbursements when paid rather than when a liability is incurred.

This statement includes adequate disclosure of material matters, as the Auditor of State prescribes or permits.

C. Deposits and Investments

The Foundation values certificates of deposit at cost. Money market funds are recorded at share values.

D. Fund Accounting

The Foundation records all activity in one fund.

E. Budgetary Process

Although not required by the Ohio Revised Code or by the Foundation By-Laws, the Foundation budgets for its fund annually. The Board annually approves estimated resources, appropriation measures and subsequent amendments.

Appropriations lapse at year end. Budgetary expenditures may not exceed appropriations at the fund and function level of control without prior approval of the Board.

A summary of 2009 and 2010 budgetary activity appears in Note 3.

F. Property, Plant, and Equipment

The Foundation records disbursements for acquisitions of property, plant, and equipment when paid. The accompanying financial statements do not report these items as assets.

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

1. Summary of Significant Accounting Policies (Continued)

G. Accumulated Leave

In certain circumstances, such as upon leaving employment, employees are entitled to cash payments for unused leave. The financial statements do not include a liability for unpaid leave.

2. Equity in Pooled Deposits and Investments

The Library maintains a deposit and investments pool that all funds use. The Ohio Revised Code prescribes allowable deposits and investments. The carrying amount of deposits and investments at December 31 was as follows:

| | 2010 | 2009 |
|-------------------------|----------|----------|
| Demand deposits | \$35,479 | \$20,910 |
| Certificates of deposit | 25,226 | 10,654 |
| Total deposits | 60,705 | 31,564 |

Deposits: Deposits are insured by the Federal Depository Insurance Corporation.

3. Budgetary Activity

Budgetary activity for the years ending 2010 and 2009 follows:

2010 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------|----------------------|--------------------|-----------|
| General | \$308,822 | \$303,314 | (\$5,508) |
| Total | \$308,822 | \$303,314 | (\$5,508) |

2010 Budgeted vs. Actual Budgetary Basis Expenditures

| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
|-----------|----------------------------|---------------------------|----------|
| General | \$304,676 | \$274,173 | \$30,503 |
| Total | \$304,676 | \$274,173 | \$30,503 |

2009 Budgeted vs. Actual Receipts

| Fund Type | Budgeted Receipts | Actual Receipts | Variance |
|-----------|----------------------|--------------------|------------|
| General | \$360,000 | \$337,916 | (\$22,084) |
| Total | \$360,000 | \$337,916 | (\$22,084) |

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2010 AND 2009
(Continued)**

3. Budgetary Activity (Continued)

| 2009 Budgeted vs. Actual Budgetary Basis Expenditures | | | |
|---|----------------------------|---------------------------|----------|
| Fund Type | Appropriation Authority | Budgetary Expenditures | Variance |
| General | \$360,000 | \$348,961 | \$11,039 |
| Total | \$360,000 | \$348,961 | \$11,039 |

4. Grants-in-aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the Public Library Fund (PLF). The State allocates PLF to each county based on the total tax revenue credited to the State's general revenue fund during the preceding month. The County Budget Commission bases the amount for distribution on the needs of such library for the construction of new library buildings, parts of buildings, improvements, operation, maintenance, or other expenses. The County Budget Commission cannot reduce its allocation of these funds to the Library based on any additional revenues the Library receives.

5. Retirement Systems

Law covers all employees under Social Security and Medicare with contributions from both the employee and employer (the Foundation). Employees are eligible for a tax-sheltered savings plan under a 403(b) plan. The Foundation has authorized monthly payroll deductions for those employees eligible and desiring to participate in the Plan. Deferred Compensation allows an employee to reduce taxable income while setting aside savings for retirement. These funds are invested in a number of financial instruments at the direction of the employee. The Foundation provides a match of 2.25% based upon monthly gross wages.

Eligible employees may also elect to have the cost of dental and health insurance deducted from their payroll. Eligible part-time employees pay half of the premium and full-time employees are covered at no additional cost.

The Foundation provides life insurance for those employees who are eligible. Eligibility is based upon the number of weekly hours worked.

6. Risk Management

Commercial Insurance

The Library has obtained commercial insurance for the following risks:

- Comprehensive property and general liability;
- Vehicles; and
- Errors and omissions.

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Dave Yost • Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT ON INTERNAL CONTROL OVER FINANCIAL REPORTING AND ON COMPLIANCE AND OTHER MATTERS REQUIRED BY *GOVERNMENT AUDITING STANDARDS*

Wagnalls Memorial Foundation
Fairfield County
150 E. Columbus St.
P.O. Box 217
Lithopolis, Ohio 43136

To the Board of Directors:

We have audited the financial statement of Wagnalls Memorial Foundation, Fairfield County, Ohio (the Foundation), a not-for-profit corporation, as of and for the years ended December 31, 2010 and 2009, and have issued our report thereon dated July 19, 2011 wherein we noted the Foundation followed accounting practices the Auditor of State prescribes rather than accounting principles generally accepted in the United States of America. We also disclosed the financial statement includes only the Library Fund. We conducted our audit in accordance with auditing standards generally accepted in the United States of America and the standards applicable to financial audits contained in the Comptroller General of the United States' *Government Auditing Standards*.

Internal Control Over Financial Reporting

In planning and performing our audit, we considered the Foundation's internal control over financial reporting as a basis for designing our audit procedures for the purpose of expressing our opinions on the financial statements, but not for the purpose of opining on the effectiveness of the Foundation's internal control over financial reporting. Accordingly, we have not opined on the effectiveness of the Foundation's internal control over financial reporting.

A *deficiency in internal control* exists when the design or operation of a control does not allow management or employees, when performing their assigned functions, to prevent, or detect and timely correct misstatements. A *material weakness* is a deficiency, or combination of internal control deficiencies resulting in more than a reasonable possibility that a material misstatement of the Foundation's financial statements will not be prevented, or detected and timely corrected.

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

Compliance and Other Matters

As part of reasonably assuring whether the Foundation's financial statement is free of material misstatement, we tested its compliance with certain provisions of laws, regulations, contracts, and grant agreements, noncompliance with which could directly and materially affect the determination of financial statement amounts. However, providing an opinion on compliance with those provisions was not an objective of our audit and accordingly, we do not express an opinion. The results of our tests disclosed no instances of noncompliance or other matters we must report under *Government Auditing Standards*.

We did note a certain matter not requiring inclusion in this report that we reported to the Foundation's management in a separate letter dated July 19, 2011.

We intend this report solely for the information and use of management and the Board of Directors. We intend it for no one other than these specified parties.

A handwritten signature in black ink that reads "Dave Yost". The signature is written in a cursive style with a large, looping initial "D".

Dave Yost
Auditor of State

July 19, 2011



Dave Yost • Auditor of State

WAGNALLS MEMORIAL FOUNDATION

FAIRFIELD COUNTY

CLERK'S CERTIFICATION

This is a true and correct copy of the report which is required to be filed in the Office of the Auditor of State pursuant to Section 117.26, Revised Code, and which is filed in Columbus, Ohio.

Susan Babbitt

CLERK OF THE BUREAU

**CERTIFIED
AUGUST 11, 2011**