



Mary Taylor, CPA
Auditor of State

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

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Mary Taylor, CPA
Auditor of State

Wagnalls Memorial Foundation
Fairfield County
150 E. Columbus St.
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). Generally Accepted Accounting Principles (GAAP), requires non-governmental not-for-profit entities to present temporarily restricted, permanently restricted and unrestricted funds separately, 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 statement present is misstated under the non-GAAP basis you follow. The AOS report also includes an opinion on the financial statement you prepared using the cash basis and financial statement format the AOS permits.

Mary Taylor

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November 5, 2009

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Mary Taylor, CPA

Auditor of State

INDEPENDENT ACCOUNTANTS' REPORT

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

To the Board of Trustees:

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, 2008 and 2007. 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 statement is 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 our audit provides a reasonable basis for our opinion.

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 statement 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.

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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, 2008 and 2007 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, 2008 and 2007, or its changes in financial position or cash flows, where applicable 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 the Wagnalls Memorial Foundation, Fairfield County, Ohio, Library Fund, as of December 31, 2008 and 2007, 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 November 5, 2009, 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.

A handwritten signature in cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 5, 2009

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**STATEMENT OF CASH RECEIPTS, CASH DISBURSEMENTS, AND
CHANGE IN CASH BALANCE**

FOR THE YEARS ENDED DECEMBER 31, 2008 and 2007

	<u>2008</u>	<u>2007</u>
Cash Receipts:		
Government Grants-in-Aid		
Intergovernmental	\$ 349,271	\$ 354,784
Patron Fines and Fees	17,940	23,483
Services Provided to Other Entities	5,711	386
Contributions, Gifts and Donations	37,259	9,399
Earnings on Investments	661	289
Miscellaneous	175	2,296
	<u>411,017</u>	<u>390,637</u>
Cash Disbursements:		
Current:		
Salaries and Benefits	195,297	194,057
Supplies	25,261	13,226
Purchased and Contracted Services	134,994	128,646
Library Materials and Information	35,468	32,466
Office Supplies and Miscellaneous	6,184	1,475
Program Expenses	5,864	5,190
	<u>403,068</u>	<u>375,060</u>
Total Receipts Over Disbursements	7,949	15,577
Cash Balance, January 1	<u>34,660</u>	<u>19,083</u>
Cash Balance, December 31	<u><u>\$ 42,609</u></u>	<u><u>\$ 34,660</u></u>

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

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**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007**

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, including a library.

The Friends of the Library is a not-for-profit organization with a board that is self appointing. The Library is not financially accountable for this, nor does the Library approve the budget or the issuance of debt of the organization, therefore, this organization has been excluded from the reporting entity of the Library.

Therefore, 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 or the Friends of the Library.

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. Budgetary presentations report budgetary expenditures when a commitment is made (i.e., when an encumbrance is approved).

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

C. Cash 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 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 2008 and 2007 budgetary activity appears in Note 3.

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007
(Continued)**

1. Summary of Significant Accounting Policies (continued)

F. Property, Plant, and Equipment

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

G. Accumulated Leave

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

2. Equity in Cash and Investments

The carrying amount of cash and investments at December 31 was as follows:

	2008	2007
Demand deposits	\$31,351	\$23,719
Certificates of deposit	11,258	10,941
Total deposits	\$42,609	\$34,660

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

3. Budgetary Activity

Budgetary activity for the years ending 2008 and 2007 follows:

2008 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$390,475	\$411,017	\$20,542
Total	\$390,475	\$411,017	\$20,542

2008 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$390,475	\$403,068	(\$12,593)
Total	\$390,475	\$403,068	(\$12,593)

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007
(Continued)**

3. Budgetary Activity (Continued)

2007 Budgeted vs. Actual Receipts			
Fund Type	Budgeted Receipts	Actual Receipts	Variance
General	\$370,600	\$390,637	\$20,037
Total	\$370,600	\$390,637	\$20,037

2007 Budgeted vs. Actual Budgetary Basis Expenditures			
Fund Type	Appropriation Authority	Budgetary Expenditures	Variance
General	\$370,600	\$375,060	(\$4,460)
Total	\$370,600	\$375,060	(\$4,460)

4. Grants In Aid and Tax Receipts

The primary source of revenue for Ohio public libraries is the State Library and Local Government Support Fund (LLGSF). The State allocates LLGSF to each county based on the county's prior intangibles tax of LLGSF revenues, and its population. The County Budget Commission allocates these funds to the Library based on its needs such as for the construction of new library buildings, improvements, operation, maintenance, or other expenses. The Budget Commission cannot reduce its allocation of these funds to the Library based on of any additional revenues the Library receives.

5. Risk Management

Commercial Insurance

The Foundation has obtained commercial insurance for the following risks:

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

6. Defined Benefit Pension Plan

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 2.24% based on monthly gross wages.

The employees may also elect the cost of dental insurance to be deducted from their payroll.

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

**WAGNALLS MEMORIAL FOUNDATION
FAIRFIELD COUNTY**

**NOTES TO THE FINANCIAL STATEMENT
DECEMBER 31, 2008 AND 2007
(Continued)**

7. Operating Leases

The Foundation has the following leases:

- Copier lease for the Main area (First Floor)
- Copier lease for the Reference area (Second Floor)
- Copier lease for the Children's area (Lower Level)

- Computer leases for patron usage (all floors)
- Computer lease for the Computer Teaching Lab (Second Floor)
- Administration

The Foundation's yearly lease costs were:

TYPE	2008	2007
Copiers	\$4,692	\$4,846
Computers	\$6,417	\$6,884



Mary Taylor, CPA

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.
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, 2008 and 2007, and have issued our report thereon dated November 5, 2009, wherein we noted the Foundation prepared its financial statements using accounting practices the Auditor of State prescribes or permits 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 expressing our opinions on the financial statements, but not to opine 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 control deficiency exists when the design or operation of a control does not allow management or employees, in 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 Foundation's ability to initiate, authorize, record, process, or report financial data reliably in accordance with its applicable accounting basis, such that there is more than a remote likelihood that the Foundation's internal control will not prevent or detect a more-than-inconsequential financial statement misstatement.

A material weakness is a significant deficiency, or combination of significant deficiencies resulting in more than a remote likelihood that the Foundation's internal control will not prevent or detect a material financial statement misstatement.

Our 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 internal control deficiencies that might be 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.

We noted a certain internal control matter that we reported to the Foundation's management in a separate letter dated November 5, 2009.

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 noncompliance or other matter that we reported to the Foundation's management in a separate letter dated November 5, 2009.

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 cursive script that reads "Mary Taylor".

Mary Taylor, CPA
Auditor of State

November 5, 2009



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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
DECEMBER 24, 2009**