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**INDEPENDENT AUDITOR'S REPORT
ON THE FINANCIAL STATEMENTS**

To the Board of Trustees
Herbert Hoover Presidential
Library Association, Inc.
West Branch, Iowa

We have audited the accompanying statement of financial position of the Herbert Hoover Presidential Library Association, Inc. as of September 30, 2009, and the related statements of activities and cash flows for the year then ended. These financial statements are the responsibility of the Association's management. 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 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 that our audit provides a reasonable basis for our opinion.

In our opinion, the financial statements referred to above present fairly, in all material respects, the financial position of the Herbert Hoover Presidential Library Association, Inc. as of September 30, 2009 and the changes in its net assets and its cash flows for the year then ended in conformity with accounting principles generally accepted in the United States of America.

Greenwood and Crim, P.C.

November 30, 2009

**HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
STATEMENT OF FINANCIAL POSITION
SEPTEMBER 30, 2009**

ASSETS

Cash	\$	8,398
Accounts receivable		125
Prepaid expenses		21,210
Pledges receivable		315,480
Investments		4,230,227
Property and equipment, net of accumulated depreciation		609,949
Collectibles, acquired after January 1, 1996		<u>8,902</u>
Total Assets	\$	<u><u>5,194,291</u></u>

LIABILITIES AND NET ASSETS

Liabilities		
Accounts payable	\$	12,323
Accrued compensated absences		3,576
Other accrued liabilities		2,695
Scholarship awards payable		21,500
Library/NPS grants payable		<u>50,797</u>
Total Liabilities	\$	<u>90,891</u>
Net Assets		
Unrestricted		
Undesignated	\$	496,591
Designated - Marjorie Laubscher Opportunity Fund		23,437
Designated - Harriet Stevens Library Film Fund		33,058
Designated - Harriet Stevens NPS Hoover Outdoor Fund		<u>60,266</u>
	\$	613,352
Temporarily restricted		1,530,106
Permanently restricted		<u>2,959,942</u>
Total Net Assets	\$	<u><u>5,103,400</u></u>
Total Liabilities and Net Assets	\$	<u><u>5,194,291</u></u>

See Notes to Financial Statements.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
STATEMENT OF ACTIVITIES
FOR THE YEAR ENDED SEPTEMBER 30, 2009

	Unrestricted	Temporarily Restricted	Permanently Restricted	Total
Support and Revenue:				
Contributions and bequests	\$ 80,079	\$ 612,706	\$ 5,136	\$ 697,921
Membership dues	51,252	-	-	51,252
Ticket and merchandise sales to the public	11,138	-	-	11,138
Miscellaneous revenue	18,665	-	-	18,665
Interest and dividends	83,145	100,028	-	183,173
Net realized and unrealized gains and (losses) on investments	(121,798)	-	-	(121,798)
Net assets released from restrictions	268,568	(268,568)	-	-
Total Support and Revenue	\$ 391,049	\$ 444,166	\$ 5,136	\$ 840,351
Expenses:				
Program services:				
Grants and fellowships	\$ 7,610	\$ -	\$ -	\$ 7,610
Scholarship programs	76,674	-	-	76,674
National Park Service support	5,000	-	-	5,000
Conferences	50	-	-	50
Biography	2,632	-	-	2,632
Educational programs	13,000	-	-	13,000
Temporary exhibits	48,500	-	-	48,500
Museum and library	16,528	-	-	16,528
Conservation	7,850	-	-	7,850
Public information	20,220	-	-	20,220
Hooverfest festival	36,565	-	-	36,565
Membership programs	53,570	-	-	53,570
Library film project	62,187	-	-	62,187
New building	13,158	-	-	13,158
Historical interpretation	3,299	-	-	3,299
Student orientation film	1,410	-	-	1,410
Other	27,456	-	-	27,456
	\$ 395,709	\$ -	\$ -	\$ 395,709
Fundraising	66,185	-	-	66,185
General and administrative	180,383	-	-	180,383
Total Expenses	\$ 642,277	\$ -	\$ -	\$ 642,277
Increase (Decrease) in Net Assets	\$ (251,228)	\$ 444,166	\$ 5,136	\$ 198,074
Net Assets, beginning of year	864,580	1,085,940	2,954,806	4,905,326
Net Assets, end of year	\$ 613,352	\$ 1,530,106	\$ 2,959,942	\$ 5,103,400

See Notes to Financial Statements.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2009

Cash Flows From Operating Activities:	
Increase in net assets	\$ 198,074
Adjustments to reconcile to net cash provided by operating activities:	
Depreciation	25,926
Net realized and unrealized gains and losses on investments	121,798
Permanently restricted contributions received	(5,136)
Stock contribution still held at the end of the year	(10,017)
Changes in assets and liabilities:	
(Increase) in accounts receivable	(125)
Decrease in prepaid expenses	1,632
(Increase) in pledges receivable	(279,230)
(Decrease) in accounts payable	(8,560)
(Decrease) in accrued compensated absences	(1,421)
Increase in other accrued liabilities	495
Increase in grants and scholarship awards payable	35,798
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Net Cash Provided By Operating Activities	\$ 79,234
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Cash Flows From Investing Activities:	
Proceeds from sales and maturities of investments	\$ 20,320
Purchase of investments	(92,652)
Purchase of property and equipment	(18,600)
Purchase of collectibles	(2,992)
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Net Cash (Used In) Investing Activities	\$ (93,924)
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Cash Flows From Financing Activities:	
Permanently restricted contributions received	\$ 5,136
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Net Cash Provided By Financing Activities	\$ 5,136
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(Decrease) in Cash	\$ (9,554)
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Cash, beginning of year	17,952
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Cash, end of year	\$ 8,398
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See Notes to Financial Statements.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES

Nature of Activities - The Herbert Hoover Presidential Library Association, Inc. (the Association) is a nonprofit educational corporation instituted to perpetuate the ideals and philosophies of Herbert Hoover, thirty-first President of the United States, primarily by providing support to the Presidential Library and National Historic Site in West Branch, Iowa. The Association is supported primarily by contributions and membership dues.

A summary of the Association's significant accounting policies follows:

Basis of Presentation - External reporting by not-for-profit organizations requires that resources be classified for accounting and reporting purposes into three asset categories according to externally (donor) imposed restrictions. Those categories are as follows:

Unrestricted net assets - Includes unrestricted contributions and expenses associated with the principal activities of the Association. Unrestricted net assets are presently available for use by the Association at the discretion of the Board of Trustees.

Temporarily restricted net assets - Includes gifts and income for which donor imposed restrictions have not been met or a time restriction has not yet expired.

Permanently restricted net assets - Includes gifts that require, by donor restriction, that the corpus of the gift be invested in perpetuity and only the income be made available for program operations in accordance with donor restrictions. This category includes endowment funds.

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

Fair Value Measurements - Certain assets and liabilities of the Organization are reported at fair value. Additional disclosures define fair value, establish a framework and hierarchy for measuring fair value and provide expanded information about fair value measurements.

Income Tax - The Association is exempt from federal income taxes under the provision of Section 501(c)(3) of the Internal Revenue Code and is classified by the Internal Revenue Service as other than a private foundation.

Cash - For purposes of reporting cash flows, the Association considers its temporary cash investments to be investments.

Accounts Receivable - Management is of the opinion that all accounts receivable are collectible, therefore no allowance for uncollectible accounts is maintained. The Association charges off uncollectible receivables when there is no reasonable chance of collection. Experience with uncollectible receivables has been minimal.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 1. NATURE OF ACTIVITIES AND SIGNIFICANT ACCOUNTING POLICIES (Continued)

Contributions - Contributions received are recorded as unrestricted, temporarily restricted, or permanently restricted support depending on the existence or nature of any donor restrictions.

The Association reports gifts of cash and other assets as 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.

The Association records contributions (including promises to give) when the contribution is deemed unconditional. Contributions are reflected in the financial statements at the earlier of the transfer of assets or at the time the unconditional promise to give is made. Bequests are recognized as a contribution at the time the will is declared valid, provided that the bequest is unconditional.

An allowance for uncollectible contributions receivable is provided based on management's judgment including such factors as prior collection history, type of contribution and nature of fund-raising activity. At September 30, 2009 management has deemed that no allowance was necessary.

Unconditional promises to give due in more than one year are reflected at the present value of estimated future cash flows using a discount rate of 4%.

Conditional promises to give, where the donor has placed a condition on the gift that the ultimate transfer of assets or promise to give is contingent on a future and uncertain event, are not recorded as contributions until the condition is met.

Investments - Investments in marketable securities with readily determinable fair values and all investments in debt securities are reported at their fair values in the statement of financial position. Investments in nonmarketable securities are valued by other methods.

Unrealized gains and losses are included in the change in net assets. Investment income and gains restricted by a donor are reported as increases in unrestricted net assets if the restrictions are met (either by passage of time or by use) in the reporting period in which the income and gains are recognized.

Property and Equipment - Land, buildings, furnishings, and equipment are recorded at cost. Additions and improvements with a cost of \$1,000 or more are capitalized. Ordinary maintenance and repair expenses are charged to income as incurred. The cost of depreciable property retired or sold is removed from the property accounts, and the accumulated depreciation thereon is charged to the allowance account. Profit or loss applicable to sales of property is recorded in the income accounts.

Depreciation is provided by the straight-line method over the following estimated useful lives:

Building and improvements	7-40 years
Equipment and furnishings	3-15 years

Collectibles - Purchased collectibles acquired after January 1, 1996 are recorded at cost. Contributed collectibles acquired after January 1, 1996 are recorded at their estimated fair value on the date the Association receives the collectibles. The Association's collectibles are late 19th Century period costumes.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 2. PLEDGES RECEIVABLE

Pledges receivable (unconditional promises to give) at September 30, 2009 consists of promises for the new building project. The amounts of the promises are as follows:

Gross unconditional promises	\$ 340,080
Less unamortized discount	24,600
	\$ 315,480

Unconditional promises to give are reflected at the present value of estimated future cash flows using an annual discount rate of 4%.

Gross unconditional promises to give at September 30, 2009 are due as follows:

Amounts due in:	
Less than one year	\$ 76,500
One to five years	263,580
	\$ 340,080

NOTE 3. INVESTMENTS

The aggregate cost or basis, gross unrealized gains, gross unrealized losses and fair market values for investment securities by major security type at September 30, 2009 are as follows:

	Cost or Basis	Gross Unrealized Gains	Gross Unrealized Losses	Fair Market Value
Marketable securities:				
Equity securities -				
Mutual funds	\$ 4,226,599	\$ 237,752	\$ 324,370	\$ 4,139,981
Other -				
Temporary cash investments	80,229	-	-	80,229
	\$ 4,306,828	\$ 237,752	\$ 324,370	\$ 4,220,210
Nonmarketable securities:				
Equity securities -				
Common stocks	10,017	-	-	10,017
Total	\$ 4,316,845	\$ 237,752	\$ 324,370	\$ 4,230,227

Nonmarketable securities at September 30, 2009 consists of 189 shares of common stock of Hills Bancorporation. The price per share of the stock is determined by the Board of Directors of Hills Bancorporation, usually on an annual basis. At September 30, 2009, the price per share was \$53.00. This stock is not traded on any exchanges.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 3. INVESTMENTS (Continued)

The following schedule summarizes the investment return on marketable securities and cash investments and its classification in the statement of activities for the year ended September 30, 2009:

	Unrestricted Net Assets	Temporarily Restricted Net Assets	Total
Interest income on cash accounts	\$ 55	\$ -	\$ 55
Dividend income on equity securities	83,090	100,028	183,118
	<u>\$ 83,145</u>	<u>\$ 100,028</u>	<u>\$ 183,173</u>
Realized gains and losses	\$ (1,145)	\$ -	\$ (1,145)
Unrealized gains and losses	(120,653)	-	(120,653)
	<u>\$ (121,798)</u>	<u>\$ -</u>	<u>\$ (121,798)</u>
	<u>\$ (38,653)</u>	<u>\$ 100,028</u>	<u>\$ 61,375</u>

Sales proceeds and gains and losses on marketable securities for the year ended September 30, 2009 were as follows:

	Sales Proceeds	Gains or Losses
Equity securities	<u>\$ 20,320</u>	<u>\$ (1,145)</u>

The following schedule shows the fair value and gross unrealized losses for marketable securities at September 30, 2009 aggregated by security type and the length of time the securities have been in a continuous unrealized loss position:

Class of Security	Less Than 12 Months		More Than 12 Months	
	Fair Value	Unrealized Loss	Fair Value	Unrealized Loss
Mutual funds	\$ -	\$ -	\$ 2,684,202	\$ (324,370)

Financial reporting standards establish a three-level hierarchy that prioritizes the inputs to valuation techniques used to measure fair value. The fair value hierarchy gives the highest priority to quoted prices in active markets for identical assets or liabilities (Level 1) and the lowest priority to unobservable inputs (Level 3). If the inputs used to measure the assets or liabilities fall within different levels of the hierarchy, the classification is based on the lowest level input that is significant to the fair value measurement of the asset or liability. Classification of assets and liabilities within the hierarchy considers the markets in which the assets and liabilities are traded and the reliability and transparency of the assumptions used to determine fair value. The hierarchy requires the use of observable market data when available. The levels of the hierarchy and those investments included in each are as follows:

Level 1 - Inputs to valuation methodology are quoted prices for identical assets or liabilities traded in active markets.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 3. INVESTMENTS (Continued)

Level 2 - Inputs to the valuation methodology include quoted prices for similar assets or liabilities in active markets, quoted prices for identical or similar assets or liabilities in markets that are not active, inputs other than quoted prices that are observable for the asset or liability and market-corroborated inputs.

Level 3 - Inputs to the valuation methodology are unobservable for the asset or liability and are significant to the fair value measurement.

Fair values are based on quoted market prices when available (Level 1). When market prices are not available, fair value is generally estimated using current market inputs for similar financial instruments with comparable terms and credit quality, commonly referred to as matrix pricing (Level 2). In instances where there is little or no market activity for the same or similar instruments, the fair value is estimated using methods, models and assumptions that management believes are relevant to the particular asset or liability. This may include discounted cash flow analysis or other income based approach (Level 3).

The Association's marketable securities at September 30, 2009 are categorized as follows:

<u>Class of Security</u>	<u>Level 1</u>	<u>Level 2</u>	<u>Level 3</u>	<u>Total</u>
Mutual funds	\$ 4,139,981	\$ -	\$ -	\$ 4,139,981

NOTE 4. PROPERTY AND EQUIPMENT

Property and equipment consists of the following at September 30, 2009:

	<u>Cost or Basis</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>
Land	\$ 250,120	\$ -	\$ 250,120
Buildings and improvements	433,513	106,246	327,267
Furniture and fixtures	149,382	116,820	32,562
	<u>\$ 833,015</u>	<u>\$ 223,066</u>	<u>\$ 609,949</u>

Depreciation expense for the year ended September 30, 2009 amounted to \$25,926.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 5. RESTRICTIONS ON NET ASSETS

Permanently restricted net assets at September 30, 2009 consist of the following:

Undesignated	\$ 1,588,274
Restricted for:	
Annual grants and fellowships	242,014
Temporary exhibits	428,267
Public information	52,882
Conference series	78,540
Educational outreach	150,025
Conservation	230,835
Hoover forum	183,445
Hoover outdoor	5,660
	<u>2,959,942</u>
	<u>\$ 2,959,942</u>

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

Grants and fellowships	\$ 120,101
Scholarships	12,034
Conference series	228,428
Biography	156,095
Temporary exhibits	195,506
Conservation	72,340
Educational outreach	58,816
Hoover forum and outdoor	103,745
Museum projects	43,692
Public information	15,480
Technology	947
Special projects	3,778
Bartels Library fund	67,907
Hooverfest festival	2,945
Uncommon public service award	10,000
Patricia H. Forsythe fund	500
Historical interpretation	13,043
New building	380,159
Hoover library exhibit fund	35,000
Student orientation film	9,590
	<u>1,530,106</u>
	<u>\$ 1,530,106</u>

**HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009**

NOTE 5. RESTRICTIONS ON NET ASSETS (Continued)

Net assets released from restrictions during the year ended September 30, 2009 were a result of the Association incurring expenses that satisfied the temporarily restricted purposes imposed by the donors as follows:

Grants and fellowships	\$ 7,609
Scholarships	75,944
Conference series	50
Biography	2,468
Temporary exhibits	48,500
Conservation	7,850
Educational outreach	13,000
Museum projects	8,000
Public information	20,220
Special projects	14,234
Bartels Library fund	8,528
Hooverfest festival	34,440
Historical interpretation	3,178
New building	13,158
Student orientation film	1,410
Library film project	9,979
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	<u>\$ 268,568</u>

NOTE 6. DESIGNATED NET ASSETS

Unrestricted net assets of the Association have been designated for the following purposes:

Marjorie Laubscher Opportunity Fund - The Board of Trustees adopted a resolution during the year ended June 30, 2004 creating this designated portion of unrestricted net assets. Unrestricted bequests and contributions designated for this fund are to be used to provide funding for extraordinary projects or proposals of the Association, the Herbert Hoover Presidential Library-Museum, or the National Historic Site. On September 10, 2009, the Executive Committee approved use of this fund for the new building fund.

Harriet Stevens Library Film Fund - This designated portion of unrestricted net assets was created during the year ended June 30, 2006 to account for a one-third share of a bequest received from the estate of Harriet Stevens, to be used solely for the production of the library film project.

Harriet Stevens NPS Hoover Outdoor Fund - This designated portion of unrestricted net assets was created during the year ended June 30, 2006 to account for a one-third share of a bequest received from the estate of Harriet Stevens, to be used solely for the long-range plans for new exhibits and waysides at the National Historic Site.

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 7. RETIREMENT PLAN

During the year ended June 30, 2008, the Association adopted a 401(k) plan, effective January 1, 2008, which provides for a discretionary matching contribution by the Association of participating employees' wages. Total match expense for the year ended September 30, 2009 was \$8,311. Employee deferrals to the 401(k) plan during the year ended September 30, 2009 were \$47,309.

NOTE 8. ACCRUED COMPENSATED ABSENCES

Eligible Association employees accrue vacation pay after three months of employment. Depending on length of service, vacation accrues at rates varying from 6 to 16 2/3 hours per month. A maximum of 80 hours of unused vacation may be carried over to the following year. Accrued vacation pay is payable upon retirement, termination or death.

Eligible Association employees also accrue non-vesting sick pay which may be used during periods of illness or incapacitation resulting from injury. Sick pay accrues at a rate of one day per month of service, with a maximum accrual of 60 days. Sick pay does not vest and is not payable upon retirement, termination or death.

NOTE 9. FAIR VALUE OF FINANCIAL INSTRUMENTS

The following methods and assumptions were used by the Association in estimating its fair value disclosures for financial instruments:

Financial Assets:

Cash and temporary cash investments - the carrying amounts approximate fair values because of the short maturities of those instruments.

Pledges receivable - the carrying amounts approximate fair values because the gross pledge amounts have been discounted for the time value of money over the periods the pledges are due to be paid to the Association.

Marketable securities - the fair values are based on quoted market prices (Level 1) as described in Note 3.

The carrying amounts and estimated fair values of the Association's financial instruments at September 30, 2009 are as follows:

	Carrying Amount	Fair Value
Cash and temporary cash investments	\$ 88,627	\$ 88,627
Pledges receivable	315,480	315,480
Marketable securities	4,139,981	4,139,981

HERBERT HOOVER PRESIDENTIAL LIBRARY ASSOCIATION, INC.
NOTES TO FINANCIAL STATEMENTS
SEPTEMBER 30, 2009

NOTE 10. NEW ACCOUNTING PRONOUNCEMENTS

On December 30, 2008, the Financial Accounting Standards Board (FASB) issued FASB Staff Position (FSP) FIN 48-3, deferring the elective date of FASB Interpretation 48, *Accounting for Uncertainty in Income Taxes* (FIN 48), for certain nonpublic entities for an additional year. The amended effective date for nonpublic entities is for fiscal years beginning after December 15, 2008. The Association has elected to defer its adoption of FIN 48 in accordance with FSP FIN 48-3. The Association is currently evaluating the potential impact of the adoption of FIN 48 on its financial statements but does not believe the impact will have a material effect on its financial statements. The provisions of FIN 48 and FSP FIN 48-3 are now included in Accounting Standards Codification (ASC) Topic 740-10.