

CALGARY PUBLIC LIBRARY FOUNDATION

Financial Statements

Year Ended December 31, 2016

CALGARY PUBLIC LIBRARY FOUNDATION
Index to Financial Statements
For The Year Ended December 31, 2015

	Page
INDEPENDENT AUDITOR'S REPORT	1
FINANCIAL STATEMENTS	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Fund Balances	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 9

INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Public Library Foundation.

We have audited the accompanying financial statements of Calgary Public Library Foundation, which comprise the statement of financial position as at December 31, 2015 and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation 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 Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of 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 present fairly, in all material respects, the financial position of Calgary Public Library Foundation as at December 31, 2015 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Calgary, Alberta
April 19, 2016

Calvista LLP
Chartered Professional Accountants

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Financial Position
As at December 31, 2015

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2015 Total	2014 Total
Assets							
Current							
Cash and cash equivalents	\$ (10,907)	\$ 67,893	\$ 480,715	\$ 118,493	\$ 562,700	\$ 1,218,894	\$ 732,323
Restricted cash (Note 3)	70,296	9,500	23,148	-	-	102,943	86,345
Accounts receivable	19,719	-	-	-	-	19,719	29,172
Goods and services tax refundable	14,422	-	-	-	-	14,422	26,417
Prepaid expenses	12,497	-	-	-	-	12,497	-
Inventory	18,893	-	-	-	-	18,893	-
	124,919	77,393	503,863	118,493	562,700	1,387,368	874,257
Property and equipment (Note 4)	23,321	-	-	-	-	23,321	11,489
	148,240	77,393	503,863	118,493	562,700	\$ 1,410,689	\$ 885,746
Liabilities							
Current							
Accounts payable and accrued liabilities	\$ 75,073	\$ -	\$ -	\$ -	\$ -	\$ 75,073	\$ 103,942
Deferred contributions	70,296	-	-	-	-	70,296	70,363
Related to operations (Note 6)	3,008	-	-	-	-	3,008	5,025
Related to property and equipment (Note 7)	148,376	-	-	-	-	148,376	179,330
	20,313	9,500	23,148	118,493	562,700	20,313	6,464
Fund balances	(20,449)	67,893	480,715	118,493	562,700	1,209,362	683,970
Invested in property and equipment	(136)	77,393	503,863	118,493	562,700	1,262,313	708,416
Endowment							
	\$ 148,240	\$ 77,393	\$ 503,863	\$ 118,493	\$ 562,700	\$ 1,410,689	\$ 885,746

Approved on behalf of the Board:

Director: *Katrina Moore*
 Director: *Colin Richardson*

The accompanying notes form an integral part of the financial statements.

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Operations
For The Year Ended December 31, 2015

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2015 Total	2014 Total
Revenue							
Donations	\$ 1,185,908	\$ 21,935	\$ 803,493	\$ 375,535	\$ 591,391	\$ 2,978,362	\$ 1,843,740
Other revenue	537,595	-	-	-	-	537,595	546,239
Special events	295,083	5,988	45,520	-	605	347,096	300,084
Gifts in kind	25,429	120	180,868	-	-	206,417	285,245
Merchandise	19,631	-	38	-	-	19,669	3,608
Interest	4,091	-	-	-	-	4,091	6,730
Amortization of deferred contributions related to property and equipment	2,017	-	-	-	-	2,017	2,017
Casino	-	-	-	-	-	-	2,067
	2,069,754	28,043	1,029,919	375,635	591,896	4,095,247	2,989,740
Expenses							
Donation to Calgary Public Library Board (Note 5)	712,390	181,124	608,371	212,763	88,878	1,783,526	1,342,793
Salaries and employee benefits	882,835	-	-	-	-	882,835	775,405
Administration	189,560	-	61,904	-	-	251,464	311,374
Special events	185,573	-	48,824	6,429	2,349	242,875	112,179
Gift in kind	25,429	120	210,904	-	-	236,453	285,245
Stewardship and cultivation	79,216	-	7,189	987	296	87,668	62,346
Marketing	2,567	-	473	-	23,858	26,898	81,514
Board expenses	12,218	-	-	-	-	12,218	13,787
Bank charges	8,436	-	-	-	-	8,436	6,859
Amortization	6,234	-	-	-	-	6,234	3,639
Insurance	743	-	-	-	-	743	1,221
Casino	-	-	-	-	-	-	2,067
	2,105,201	181,244	937,345	220,179	95,381	3,539,350	2,978,229
Excess (deficiency) of revenue over expenses	\$ (35,447)	\$ (153,201)	\$ 92,574	\$ 155,456	\$ 496,515	\$ 555,897	\$ 11,511

The accompanying notes form an integral part of the financial statements.

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Changes in Fund Balances
For The Year Ended December 31, 2015

	Invested in property and equipment	General Fund		Information Fund		Inspiration Fund		Imagination Fund		Innovation Fund		2014 Total	2015 Total
		General	Fund	General	Endowment	General	Endowment	General	Endowment	General	Endowment		
Fund balances, beginning of year	\$ 6,484	\$ 29,847	\$ 226,094	\$ 4,500	\$ 399,807	\$ 11,482	\$ (36,963)	\$ 66,186	\$ 706,416	\$ 694,905			
Excess (deficiency) of revenue over expenses	-	(35,447)	(158,201)	5,000	80,908	11,666	185,456	486,516	565,897	11,511			
Amortization of property and equipment	(4,217)	4,217	-	-	-	-	-	-	-	-			
Purchase of property and equipment	18,066	(18,066)	-	-	-	-	-	-	-	-			
Fund balances, end of year	\$ 20,313	\$ (20,449)	\$ 67,893	\$ 9,500	\$ 480,715	\$ 23,148	\$ 118,493	\$ 562,700	\$ 1,262,313	\$ 706,416			

The accompanying notes form an integral part of the financial statements

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Cash Flows
For The Year Ended December 31, 2015

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2015 Total	2014 Total
Operating activities							
Excess (deficiency) of revenue over expenses	\$ (35,447)	\$ (153,201)	\$ 92,574	\$ 155,456	\$ 496,515	\$ 555,897	\$ 11,511
Non-cash transactions:							
Amortization of property and equipment	6,234	-	-	-	-	6,234	3,639
Recognition of deferred contributions related to property and equipment	(2,017)	-	-	-	-	(2,017)	(2,017)
Change in non-cash working capital:							
Accounts receivable	9,453	-	-	-	-	9,453	199,891
Goods and services tax refundable	11,996	-	-	-	-	11,996	(12,852)
Prepaid expenses	(12,497)	-	-	-	-	(12,497)	-
Inventory	(18,893)	-	-	-	-	(18,893)	-
Accounts payable and accrued liabilities	(28,869)	-	-	-	-	(28,869)	86,060
Deferred contributions related to operations	(68)	-	-	-	-	(68)	70,295
	(70,109)	(153,201)	92,574	155,456	496,515	521,235	358,527
Investing activities							
Investments	-	-	-	-	-	-	586
Purchase of furniture and equipment	(18,066)	-	-	-	-	(18,066)	(6,002)
	(18,066)	-	-	-	-	(18,066)	(5,416)
Increase (decrease) in cash and cash equivalents	(88,175)	(163,201)	92,574	155,456	496,515	503,169	351,111
Cash and cash equivalents, beginning of year	147,563	230,594	411,289	(36,863)	65,185	818,668	467,557
Cash and cash equivalents, end of year	\$ 59,388	\$ 77,393	\$ 503,863	\$ 118,493	\$ 662,700	\$ 1,321,837	\$ 818,668

The accompanying notes form an integral part of the financial statements.

1. Purpose of the organization

The Calgary Public Library Foundation (the "Foundation") was incorporated on March 1, 1999 under the Companies Act of Alberta and commenced operations in 2000. The Foundation is a registered charity for purposes of the Canada Income Tax Act, and as such is exempt from payment of income taxes.

The Calgary Public Library Foundation's sole purpose is to ensure through fundraising that the citizens of Calgary have the best public library in the world. Funds and in kind donations raised by the Foundation go directly to the Calgary Public Library (the "Library") and are used to enhance the Library's collections, programs and facilities.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue recognition

The Foundation follows the restricted fund method of accounting for externally restricted contributions.

Unrestricted contributions are recognized as revenue of the general fund when received or receivable if the amounts to be received can be reasonably measured and ultimate collection is reasonably assured.

Restricted contributions by the contributor for specific use are recognized as revenue of the appropriate fund when received or receivable if the amounts to be received can be reasonably measured and ultimate collection is reasonably assured.

Restricted contributions for use in operations are deferred and recognized as revenue in the year in which the related expenses are incurred. Where such contributions have been made for the purpose of equipment acquisition, the revenue is recognized on the same basis as the related asset is amortized.

Gifts-in-kind received are recorded when the fair market value is reasonably determinable at the date of contribution and when they would normally be purchased by and paid for by the Foundation.

Cash and cash equivalents

Cash consists of cash on hand and balances with banks; cash equivalents consist of short-term deposits with original maturities of less than three months.

Fund accounting

The Foundation uses the following funds to report its operations and financial position.

The General Fund accounts for current operations and programs and for the Foundation's general operation. Unrestricted contributions and contributions restricted for use in operations are reported in this fund.

The Innovation Fund accounts for operations, infrastructure and programming related to technology and business, new programs, diversity services, learning and research. Contributions restricted for such use are reported in this fund.

The Inspiration Fund accounts for programs and operations related to children, teens and families, volunteers, cultural and heritage focused, performance and exhibition space. Contributions restricted for such use are reported in this fund.

The Information Fund accounts for operations, infrastructure and programs related to materials and collections and core library functions. Contributions restricted for such use are reported in this fund.

The Imagination Fund accounts for infrastructure and operations related to new branch development, exterior development, creative space, and programs. Contributions restricted for such use are reported in this fund.

(Continued...)

2. Summary of significant accounting policies (Continued)

Property and equipment

Property and equipment are stated at cost less accumulated amortization. The cost for contributed capital assets is considered to be fair value at the date of contribution.

Amortization of property and equipment is recorded using the straight-line method over the estimated useful life of the assets at the following rates:

Computer equipment	3 years
Computer software	3 years
Furniture and equipment	5 years

In the year of purchase or contribution, amortization is recorded at one half of the annual rate.

Contributed services

The Foundation would not be able to carry out its activities without the services of volunteers. Because of the difficulty in determining the fair value of these and other volunteer services, contributed services are not recognized in the financial statements.

Bob Edwards Award Gala volunteers are an adult group of volunteers who help prepare and implement the Foundation's premiere annual fundraising event. In 2015 this group of 38 volunteers (39 volunteers - 2014) contributed 88 hours (141 hours - 2014).

The Council of Champions purpose is to promote the Library and the Foundation on a regular basis. They meet as needed to gather information from the Foundation, network with each other and bring everyone up to date on their latest efforts of promoting the Library and Foundation. In 2014 this group of 26 volunteers (21 volunteers - 2014) contributed 130 hours (88 hours - 2014).

The Foundation's Board of Directors is also volunteer based. Members attend four meetings a year, plus the Annual General meeting. The Finance Committee members attend an extra five meetings each year. Board members frequently show their support by attending several events over the course of the year as well. In 2015, 15 Board members contributed approximately 178 hours.

Special Event volunteers are mature youth and adult volunteers who assist with various tasks such as phoning donors to thank them for their contribution, assisting with mailing receipts, packing books for Better World Books, and assisting with events such as Block Parties, Grand Openings, and special programming. In 2015, 115 volunteers (33 volunteers - 2014) contributed 1,036 hours (584 hours - 2014).

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost consists of cash, investments, and accounts receivable. Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

Measurement uncertainty

The preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates.

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2015

3. Restricted cash

Restricted cash at December 31, 2015 consisted of:

	2015	2014
AGLC casino proceeds	\$ 70,295	\$ 70,363
Endowments	32,648	15,982
	<u>\$ 102,943</u>	<u>\$ 86,345</u>

This cash may not be utilized without the approval of external committees.

4. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2015	2014	2015	2014	2015	2014
Computer equipment	\$ 5,873	\$ 5,873	\$ 3,954	\$ 1,996	\$ 1,919	\$ 3,877
Computer software	2,500	2,500	2,083	1,250	417	1,250
Furniture and equipment	26,246	8,180	5,261	1,818	20,985	6,362
	<u>\$ 34,619</u>	<u>\$ 16,553</u>	<u>\$ 11,298</u>	<u>\$ 5,064</u>	<u>\$ 23,321</u>	<u>\$ 11,489</u>

5. Related party transactions

Under the direction of the Operating Agreement between the Calgary Public Library Board (the "Library Board") and the Calgary Public Library Foundation, the Library Board provided core funding for the Foundation in the amount of \$530,000 in 2015 (\$546,149 - 2014). Under this agreement the Library also provides the Foundation with office space, for January 1, 2013 to December 31, 2017 at the rate of \$ 1 per year, some internet and phone connectivity and internal delivery services to library locations, and other administrative expenses. The office space was renovated in 2014 at no cost to the Foundation.

The Foundation provided monetary grants to the Library Board based on designations by its contributors, collected tickets and other gifts in kind. Donations made to the Library Board consist of the following:

	2015	2014
Gifts in kind	\$ 210,904	\$ 220,269
Monetary donations	1,783,526	1,342,793
	<u>\$ 1,994,430</u>	<u>\$ 1,563,062</u>

6. Deferred contributions related to operations

Deferred contributions consist of unspent externally restricted contributions out of casino proceeds that are received in the current year, but related to subsequent operations. Changes in deferred contribution balances are as follows:

	2015	2014
Balance, beginning of year	\$ 70,363	\$ 68
Additions	-	70,295
Amount recognized as revenue during the year	(68)	-
Balance, end of year	<u>\$ 70,295</u>	<u>\$ 70,363</u>

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
Year Ended December 31, 2015

7. Deferred contributions related to property and equipment

Deferred contributions related to property and equipment consist of gifts in kind from the Library. These are recognized as revenue on the same basis as the amortization of the underlying equipment. Changes in the deferred contributions related to property and equipment balance are as follows:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 5,025	\$ 7,042
Additions	-	-
Amount recognized as revenue during the year	<u>(2,017)</u>	<u>(2,017)</u>
Balance, end of year	<u>\$ 3,008</u>	<u>\$ 5,025</u>

8. Endowment contributions to the Calgary Foundation

The Foundation has made contributions to the Calgary Foundation to establish a perpetual endowment fund in support of library collections called the "Calgary Public Library Fund" (the "Library Fund"). Subsequent to the initial contribution in 2005, the Foundation made further contributions to the Library Fund in accordance with the request of certain donors. The Calgary Foundation will retain all contributions to the Library Fund and invest them in accordance with its investment policy and the provisions of the Calgary Foundation Act. Contributions to the Library Fund are as follows:

Initial contributions in 2005	\$ 50,000
Contributions at donors' request - 2006	25,000
Contributions at donors' request - 2008	15,000
Contributions at donors' request - 2012	265
Contributions at donors' request - 2014	<u>250</u>
	<u>\$ 90,515</u>

Annually, the Calgary Foundation provides a grant to the Library in support of library collections. During the Calgary Foundation's year ended December 31, 2015, \$4,254 was granted to the Library (\$3,966 - 2014). The fair market value of the Library Fund balance as at December 31, 2015 was \$101,800 (\$100,844 - 2014).

9. Financial instruments

The Foundation's financial instruments consist of cash, accounts receivable and accounts payable and accrued liabilities. All of these are reported at amortized cost.

Due to the nature of its financial assets and liabilities management has determined that the Foundation is not exposed to significant credit or interest rate risk.

10. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.