

**CALGARY PUBLIC LIBRARY FOUNDATION**

**Financial Statements**

**December 31, 2016**

**CALGARY PUBLIC LIBRARY FOUNDATION**  
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**For The Year Ended December 31, 2016**

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## INDEPENDENT AUDITOR'S REPORT

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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, 2016 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, 2016 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 18, 2017

*Calvista LLP*  
Chartered Professional Accountants

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**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Statement of Financial Position**  
**As at December 31, 2016**

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2016 Total	2015 Total
<b>Assets</b>							
<b>Current</b>							
Cash and cash equivalents	\$ (181,996)	\$ 64,421	\$ 463,891	\$ 328,011	\$ 666,921	\$ 1,341,248	\$ 1,218,894
Restricted cash (Note 3)	103,571	41,120	50,327	23,158	40	218,216	102,943
Accounts receivable	58,025	-	-	-	180,000	238,025	19,719
Goods and services tax refundable	24,502	-	-	-	-	24,502	14,422
Prepaid expenses	7,812	-	-	-	-	7,812	12,497
Inventory	30,896	-	-	-	-	30,896	18,893
	<u>42,810</u>	<u>105,541</u>	<u>514,218</u>	<u>351,169</u>	<u>846,961</u>	<u>1,860,699</u>	<u>1,387,368</u>
Property and equipment (Note 4)	144,262	-	-	-	-	144,262	23,321
	<u>187,072</u>	<u>105,541</u>	<u>514,218</u>	<u>351,169</u>	<u>846,961</u>	<u>2,004,961</u>	<u>\$ 1,410,689</u>
<b>Liabilities</b>							
<b>Current</b>							
Accounts payable and accrued liabilities	\$ 45,497	\$ -	\$ -	\$ -	\$ -	\$ 45,497	\$ 75,073
Deferred revenue	5,000	-	45,000	-	-	50,000	-
<b>Deferred contributions</b>							
Related to operations (Note 6)	68,341	35,180	-	24,358	-	127,879	70,295
Related to property and equipment (Note 7)	131,146	-	-	-	-	131,146	3,008
	<u>249,984</u>	<u>35,180</u>	<u>45,000</u>	<u>24,358</u>	<u>-</u>	<u>354,522</u>	<u>148,376</u>
<b>Fund balances</b>							
Invested in property and equipment	13,116	-	-	-	-	13,116	20,313
Endowment	-	41,120	50,327	10	40	91,497	32,648
Restricted fund balances	(76,028)	29,241	418,891	326,801	846,921	1,545,826	1,209,352
	<u>(62,912)</u>	<u>70,361</u>	<u>469,218</u>	<u>326,811</u>	<u>846,961</u>	<u>1,650,439</u>	<u>1,262,313</u>
	<u>\$ 187,072</u>	<u>\$ 105,541</u>	<u>\$ 514,218</u>	<u>\$ 351,169</u>	<u>\$ 846,961</u>	<u>\$ 2,004,961</u>	<u>\$ 1,410,689</u>

Approved on behalf of the Board:

Director: \_\_\_\_\_

Director: \_\_\_\_\_

**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Statement of Operations**  
**For The Year Ended December 31, 2016**

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2016 Total	2015 Total
<b>Revenue</b>							
Donations	\$ 1,026,925	\$ 53,960	\$ 786,616	\$ 221,621	\$ 487,373	\$ 2,576,495	\$ 2,978,362
Other revenue	500,000	-	-	-	-	500,000	537,595
Gifts in kind	81,085	3,700	220,110	-	-	304,895	206,417
Special events	252,250	(22,320)	47,375	-	9,000	286,305	347,096
Casino	-	2,263	68,112	-	-	70,375	-
Merchandise	60,308	-	-	-	-	60,308	19,669
Amortization of deferred contributions related to property and equipment (Note 7)	15,914	-	-	-	-	15,914	2,017
Interest	8,389	-	-	-	-	8,389	4,091
	<b>1,944,871</b>	<b>37,603</b>	<b>1,122,213</b>	<b>221,621</b>	<b>496,373</b>	<b>3,822,681</b>	<b>4,095,247</b>
<b>Expenses</b>							
Donation to Calgary Public Library Board (Note 5)	458,764	44,380	932,988	10,000	209,196	1,655,328	1,783,526
Salaries and employee benefits	862,599	-	-	-	-	862,599	882,835
Gifts in kind	78,283	255	223,870	-	-	302,408	236,453
Administration	269,287	-	-	-	836	270,123	251,464
Special events	138,429	-	-	3,303	-	141,732	242,875
Stewardship and cultivation	78,942	-	-	-	2,080	81,022	87,668
Marketing	64,138	-	-	-	-	64,138	26,898
Amortization	21,202	-	-	-	-	21,202	6,234
Board expenses	15,560	-	-	-	-	15,560	12,218
Bank charges	15,413	-	-	-	-	15,413	8,436
Insurance	2,800	-	-	-	-	2,800	743
Casino	2,230	-	-	-	-	2,230	-
	<b>2,007,647</b>	<b>44,635</b>	<b>1,156,858</b>	<b>13,303</b>	<b>212,112</b>	<b>3,434,555</b>	<b>3,539,350</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (62,776)</b>	<b>\$ (7,032)</b>	<b>\$ (34,645)</b>	<b>\$ 208,318</b>	<b>\$ 284,261</b>	<b>\$ 388,126</b>	<b>\$ 555,897</b>

**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Statement of Changes in Fund Balances**  
**For The Year Ended December 31, 2016**

	Invested in property and equipment	General Fund	Information Fund		Inspiration Fund		Imagination Fund		Innovation Fund		2016 Total	2015 Total
			General	Endowment	General	Endowment	General	Endowment	General	Endowment		
Fund balances, beginning of year	\$ 20,313	\$(20,449)	\$67,893	\$ 9,500	\$480,715	\$ 23,148	\$118,483	\$ -	\$582,700	\$ -	\$1,282,313	\$ 706,416
Excess (deficiency) of revenue over expenses	-	(62,776)	(38,652)	31,620	(61,824)	27,179	208,368	10	284,221	40	388,126	555,897
Amortization of property and equipment	(5,289)	5,289	-	-	-	-	-	-	-	-	-	-
Net purchase of property and equipment	(1,908)	1,908	-	-	-	-	-	-	-	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 13,116</b>	<b>\$(78,028)</b>	<b>\$29,241</b>	<b>\$ 41,120</b>	<b>\$418,891</b>	<b>\$ 50,327</b>	<b>\$326,861</b>	<b>\$ 10</b>	<b>\$846,921</b>	<b>\$ 40</b>	<b>\$1,650,439</b>	<b>\$1,262,313</b>

**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Statement of Cash Flows**  
**For The Year Ended December 31, 2016**

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2016 Total	2015 Total
<b>Operating activities</b>							
Excess (deficiency) of revenue over expenses	\$ (62,776)	\$ (7,032)	\$ (34,645)	\$ 208,318	\$ 284,261	\$ 388,126	\$ 555,897
Non-cash transactions:							
Amortization of property and equipment	21,202	-	-	-	-	21,202	6,234
Recognition of deferred contributions related to property and equipment (Note 7)	(15,914)	-	-	-	-	(15,914)	(2,017)
Change in non-cash working capital:							
Accounts receivable	(38,305)	-	-	-	(180,000)	(218,305)	9,453
Goods and services tax refundable	(10,080)	-	-	-	-	(10,080)	11,995
Prepaid expenses	4,685	-	-	-	-	4,685	(12,497)
Inventory	(12,003)	-	-	-	-	(12,003)	(18,893)
Accounts payable and accrued liabilities	(29,576)	-	-	-	-	(29,576)	(28,869)
Deferred revenue	5,000	-	45,000	-	-	50,000	-
Deferred contributions related to operations	(1,954)	35,180	-	24,358	-	57,584	(68)
	<u>(139,721)</u>	<u>28,148</u>	<u>10,355</u>	<u>232,676</u>	<u>104,261</u>	<u>235,719</u>	<u>521,235</u>
<b>Investing activities</b>							
Disposal of (purchase of) furniture and equipment	1,908	-	-	-	-	1,908	(18,066)
<b>Increase (decrease) in cash and cash equivalents</b>	<b>(137,813)</b>	<b>28,148</b>	<b>10,355</b>	<b>232,676</b>	<b>104,261</b>	<b>237,627</b>	<b>503,169</b>
Cash and cash equivalents, beginning of year	59,388	77,393	503,863	118,493	562,700	1,321,837	818,668
<b>Cash and cash equivalents, end of year</b>	<b>\$ (78,425)</b>	<b>\$ 105,541</b>	<b>\$ 514,218</b>	<b>\$ 351,169</b>	<b>\$ 666,961</b>	<b>\$ 1,559,464</b>	<b>\$ 1,321,837</b>
<b>Cash and cash equivalents consists of:</b>							
Cash and cash equivalents	\$ (181,996)	\$ 64,421	\$ 463,891	\$ 328,011	\$ 666,921	\$ 1,341,248	\$ 1,218,894
Restricted cash	103,571	41,120	50,327	23,158	40	218,216	102,943
	<u>\$ (78,425)</u>	<u>\$ 105,541</u>	<u>\$ 514,218</u>	<u>\$ 351,169</u>	<u>\$ 666,961</u>	<u>\$ 1,559,464</u>	<u>\$ 1,321,837</u>

**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2016**

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**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.

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**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.

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**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2016**

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**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 2016 this group of 19 volunteers (38 volunteers - 2015) contributed 68 hours (88 hours - 2015).

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 2016 this group of 31 volunteers (26 volunteers - 2015) contributed 200 hours (130 hours - 2015).

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 2016, 12 Board members contributed approximately 220 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 2016, 37 volunteers (115 volunteers - 2015) contributed 759 hours (1,036 hours - 2015).

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 and cash equivalents, 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**  
**For The Year Ended December 31, 2016**

**3. Restricted cash**

Restricted cash at December 31, 2016 consisted of:

	2016	2015
AGLC casino and raffle proceeds	\$ 126,719	\$ 70,295
Endowments	91,497	32,648
	<u>\$ 218,216</u>	<u>\$ 102,943</u>

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

**4. Property and equipment**

	Cost		Accumulated Amortization		Net Book Value	
	2016	2015	2016	2015	2016	2015
Computer equipment	\$ 5,873	\$ 5,873	\$ 5,403	\$ 3,954	\$ 470	\$ 1,919
Computer software	2,500	2,500	2,500	2,083	-	417
Furniture and equipment	167,117	26,246	23,325	5,261	143,792	20,985
	<u>\$ 175,490</u>	<u>\$ 34,619</u>	<u>\$ 31,228</u>	<u>\$ 11,298</u>	<u>\$ 144,262</u>	<u>\$ 23,321</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 \$500,000 in 2016 (\$530,000 - 2015). 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 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:

	2016	2015
Gifts in kind	\$ 223,870	\$ 210,904
Monetary donations	1,655,328	1,783,526
	<u>\$ 1,879,198</u>	<u>\$ 1,994,430</u>

**6. Deferred contributions related to operations**

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

	2016	2015
Balance, beginning of year	\$ 70,295	\$ 70,363
Additions	131,261	-
Amount recognized as revenue during the year	(73,677)	(68)
Balance, end of year	<u>\$ 127,879</u>	<u>\$ 70,295</u>

**CALGARY PUBLIC LIBRARY FOUNDATION**  
**Notes to Financial Statements**  
**For The Year Ended December 31, 2016**

**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 property and equipment. Changes in the deferred contributions related to property and equipment balance are as follows:

	2016	2015
Balance, beginning of year	\$ 3,008	\$ 5,025
Additions	144,052	-
Amount recognized as revenue during the year	(15,914)	(2,017)
Balance, end of year	<u>\$ 131,146</u>	<u>\$ 3,008</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	250
	<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, 2016, \$3,966 was granted to the Library (\$4,254 - 2015). The fair market value of the Library Fund balance as at December 31, 2016 was \$88,116 (\$101,800 - 2015).

**9. Financial instruments**

The Foundation's financial instruments consist of cash and cash equivalents, 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.