

CALGARY PUBLIC LIBRARY FOUNDATION

Financial Statements

For the Year Ended December 31, 2012



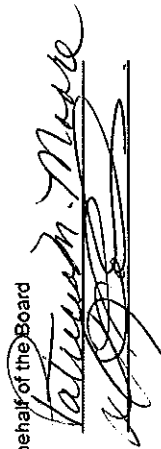
CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Financial Position
As at December 31

| | General Fund | Restricted Funds | | | Total 2012 | Total 2011 | January 1 2011 |
|--|-------------------|------------------|-------------|-------------|-------------------|-------------------|-------------------|
| | | Innovation | Inspiration | Information | | | |
| ASSETS | | | | | | | |
| Current | | | | | | | |
| Cash | \$ 96,099 | \$ - | \$ - | \$ - | \$ 96,099 | \$ 192,032 | \$ 267,287 |
| Accounts receivable (Note 6) | 4,109 | - | - | - | 4,109 | 3,525 | 1,366 |
| | <u>\$ 100,208</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 100,208</u> | <u>\$ 195,557</u> | <u>\$ 268,653</u> |
| LIABILITIES AND NET ASSETS | | | | | | | |
| Current liabilities | | | | | | | |
| Accounts payable and accrued liabilities | \$ 9,405 | \$ - | \$ - | \$ - | \$ 9,405 | \$ 2,800 | \$ 2,700 |
| Deferred contributions - operating | 3,304 | - | - | - | 3,304 | - | 67,712 |
| | <u>12,709</u> | <u>-</u> | <u>-</u> | <u>-</u> | <u>12,709</u> | <u>2,800</u> | <u>70,412</u> |
| Fund balances | | | | | | | |
| General fund | 87,499 | - | - | - | 87,499 | 192,757 | 198,241 |
| | <u>\$ 100,208</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ -</u> | <u>\$ 100,208</u> | <u>\$ 195,557</u> | <u>\$ 268,653</u> |

Approved on behalf of the Board

Director:

Director:



CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Operations and Changes in Fund Balances
For the Year Ended December 31, 2012

| | General Fund | Restricted Funds | | | Total 2012 | Total 2011 |
|---|--------------|------------------|-------------|-------------|------------|------------|
| | | Innovation | Inspiration | Information | | |
| Revenues | | | | | | |
| Donations | | | | | | |
| General | \$ 467,614 | \$ - | \$ - | \$ - | \$ 467,614 | \$ 296,613 |
| Special events | 124,241 | - | - | - | 124,241 | - |
| Merchandising | 7,005 | - | - | - | 7,005 | - |
| Casino | 66,807 | - | - | - | 66,807 | 67,712 |
| | 665,667 | - | - | - | 665,667 | 364,325 |
| Expenses | | | | | | |
| Administration | 11,668 | - | - | - | 11,668 | 8,076 |
| Casino | 2,090 | - | - | - | 2,090 | - |
| Special events | 102,634 | - | - | - | 102,634 | - |
| Donation to Calgary Public Library Board (Note 5) | 654,268 | - | - | - | 654,268 | 361,733 |
| Donation to endowment contribution fund (Note 4) | 265 | - | - | - | 265 | - |
| | 770,925 | - | - | - | 770,925 | 369,809 |
| (Deficiency) of revenue over expenses | (105,258) | - | - | - | (105,258) | (5,484) |
| Fund balance, beginning of year | 192,757 | - | - | - | 192,757 | 198,241 |
| Fund balance, end of year | \$ 87,499 | \$ - | \$ - | \$ - | \$ 87,499 | \$ 192,757 |

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Cash Flows
For the Year Ended December 31, 2012

| | Total 2012 | Total 2011 |
|--|------------------|-------------------|
| Operating activities | | |
| Deficiency of revenue over expenses | \$ (105,258) | \$ (5,484) |
| Changes in non-cash working capital | | |
| Accounts receivable | (584) | (2,159) |
| Accounts payable | 6,605 | 100 |
| Deferred contributions related to operations | 3,304 | (67,712) |
| Change in cash | (95,933) | (75,255) |
| Cash, beginning of year | <u>192,032</u> | <u>267,287</u> |
| Cash, end of year | \$ 96,099 | \$ 192,032 |

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to the Financial Statements
For the Year Ended December 31, 2012

1. STATUS AND 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 charitable organization for purposes of the Canada Income Tax Act, and as such is exempt from income taxes.

The Foundation's purpose is to raise funds for the Calgary Public Library, which can be used to enhance the Library's collections, programs and facilities.

2. IMPACT OF CHANGE IN BASIS OF ACCOUNTING

During the year ended December 31, 2012, the Foundation adopted the new Canadian accounting standards for not-for-profit organizations (the "new standards") issued by the Accounting Standards Board of the Canadian Institute of Chartered Accountants ("CICA") and set out in Part III of the CICA Handbook. In accordance with Section 1501 of Part III of the CICA Handbook, First-time adoption, ("Section 1501"), the date of transition to the new standards is January 1, 2011 and the Foundation has prepared and presented an opening statement of financial position at the date of transition to the new standards. This opening statement of financial position is the starting point for the entity's accounting under the new standards. In its opening statement of financial position, under the recommendations of Section 1501, the Foundation:

- (a) recognized all assets and liabilities whose recognition is required by the new standards;
- (b) did not recognize items as assets or liabilities if the new standards do not permit such recognition;
- (c) reclassified items that it recognized previously as one type of asset, liability or component of net assets, but are recognized as a different type of asset, liability or component of net assets under the new standards; and
- (d) applied the new standards in measuring all recognized assets and liabilities.

In accordance with the requirements of Section 1501, the accounting policies set out in Note 3 have been consistently applied to all years presented and adjustments resulting from the adoption of the new standards have been applied retrospectively, excluding cases where optional exemptions available under Section 1501 have been applied. No such exemptions have been applied.

There was no impact on adoption of the new standards on the financial statements, other than disclosure in the notes to the financial statements.

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations (which constitute Canadian generally accepted accounting principles), 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:

a) Cash

Cash includes cash on hand and with bank deposits.

b) 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 operations. Unrestricted contributions and contributions restricted for use in operations are reported in this fund.

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CALGARY PUBLIC LIBRARY FOUNDATION
Notes to the Financial Statements
For the Year Ended December 31, 2012

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

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

c) Revenue recognition

The Foundation follows the restricted fund method of accounting for externally restricted contributions, as follows:

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.

Contributions restricted 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.

Contributions restricted 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.

d) Financial Instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. In subsequent reporting periods, financial assets and liabilities are measured at amortized cost, except for investments in marketable securities quoted in an active market, such as Treasury bills or government bonds, which are measured at fair value, with changes in fair value recognized in the statement of operations.

Transaction costs related to financial instruments measured at fair value are expensed as incurred. For all other financial instruments, the transaction costs are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the straight-line method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the straight-line method and recognized in the excess of revenue over expenses as interest income or expense.

With respect to financial assets measured at cost or amortized cost, the Foundation recognizes an impairment loss, if any, when it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss shall be reversed in the period the reversal occurs.

Financial instruments measured at amortized cost include cash, accounts receivable, and accounts payable and accrued liabilities. During the year, the Foundation held no marketable securities quoted in an active market, therefore it has no financial instruments reported at fair value.

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CALGARY PUBLIC LIBRARY FOUNDATION
Notes to the Financial Statements
For the Year Ended December 31, 2012

e) Contributed services

The Foundation would not be able to carry out its activities without the services of volunteers who assist in carrying out its activities. 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 volunteers are an adult group of volunteers who help plan and implement the Bob Edwards Gala, the Foundation's premiere annual fundraising event. In 2012 this group of 6 volunteers contributed 168 hours.

The Council of Champions purpose is to promote the Library and the Library 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 2012 this group of 10 volunteers contributed 32 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, processing donations during the direct mail campaign, assistance with the fundraising gala, conducting research and processing pennies collected in the ongoing penny drive. In 2012, 30 Special Event volunteers contributed 421 hours.

f) Change in accounting policy

As described in Note 2(d), the Foundation recognizes externally restricted contributions using the restricted fund method, which was adopted during the year. Previously the deferral method was applied. This change in accounting policy had no impact on the financial statements and required no prior year restatements.

4. 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 |
| | <u>\$</u> | <u>90,265</u> |

5. TRANSACTIONS WITH THE CALGARY PUBLIC LIBRARY BOARD

The Calgary Public Library Board ("the Library Board") provides administrative services to the Foundation at no charge. Included in these services is the Foundation's direct mail campaign. The cost of this campaign in 2012 of \$126,101 (2011 - \$59,055) is reported in the financial statements of the Library Board.

The Foundation provides monetary grants to the Library Board based on designations by its contributors. Casino funds must be used to purchase collection materials for donation to the Library Board. Donations made to the Library Board consist of the following:

| | 2012 | 2011 |
|----------------------|-------------------|-------------------|
| Collection materials | \$ 64,717 | \$ 61,148 |
| Monetary donations | 589,551 | 300,585 |
| | <u>\$ 654,268</u> | <u>\$ 361,733</u> |

6. FINANCIAL INSTRUMENTS AND RISK MANAGEMENT

Significant risks that are relevant to the Foundation are as follows:

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Foundation. The cash deposit in checking accounts held by the Foundation have no exposure to interest rate risk.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. As at December 31, 2012 and 2011, the Accounts receivable consist follows:

| | 2012 | | 2011 |
|-----------------------------------|-----------------|-----------|--------------|
| Accounts receivable | | | |
| Government remittance recoverable | \$ 4,109 | \$ | 3,525 |
| | <u>\$ 4,109</u> | <u>\$</u> | <u>3,525</u> |
