

CALGARY PUBLIC LIBRARY FOUNDATION
Financial Statements
December 31, 2017

CALGARY PUBLIC LIBRARY FOUNDATION
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For the Year Ended December 31, 2017

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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, 2017 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, 2017 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 17, 2018

Calvista LLP

Chartered Professional Accountants

CALVISTA LLP
CHARTERED PROFESSIONAL ACCOUNTANTS

Suite 1635, 1632 - 14th Ave NW
Calgary, AB T2N 1M7

TEL: 403.777.2299
FAX: 403.777.4201

WEB: WWW.CALVISTA.CA



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CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Financial Position
As at December 31, 2017

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2017 Total	2016 Total
Assets							
Current							
Cash and cash equivalents	\$ 203,912	\$ 32,026	\$ 671,398	\$ 315,126	\$ 754,386	\$ 1,976,848	\$ 1,341,248
Restricted cash (Note 3)	-	44,216	-	24,358	-	68,574	218,216
Non restricted investment (Note 4)	114,433	-	-	-	-	114,433	-
Accounts receivable	93,563	-	-	-	-	93,563	238,025
Goods and services tax refundable	16,676	-	-	-	-	16,676	24,502
Prepaid expenses	15,633	-	-	-	-	15,633	7,812
Inventory	46,382	-	-	-	-	46,382	30,896
	490,599	76,242	671,398	339,484	754,386	2,332,109	1,860,699
Restricted investment (Note 4)	-	79,923	62,625	140	90	142,778	-
Property and equipment (Note 5)	125,757	-	-	-	-	125,757	144,262
	616,356	156,165	734,023	339,624	754,476	2,600,644	\$ 2,004,961
Liabilities							
Current							
Accounts payable and accrued liabilities	\$ 119,425	\$ -	\$ -	\$ -	\$ -	\$ 119,425	\$ 45,497
Deferred revenue	-	-	-	-	-	-	50,000
Deferred contributions							
Related to operations (Note 7)	-	44,216	-	24,358	-	68,574	127,879
Related to property and equipment (Note 8)	101,336	-	-	-	-	101,336	131,146
	220,761	44,216	-	24,358	-	289,335	354,522
Fund balances							
Invested in property and equipment	24,421	-	-	-	-	24,421	13,116
Endowment (Note 4)	-	79,923	62,625	140	90	142,778	91,497
Restricted fund balances	-	32,026	671,398	315,126	754,386	1,772,936	1,545,826
Unrestricted fund balances (Note 4)	371,174	-	-	-	-	371,174	-
	395,595	111,949	734,023	315,266	754,476	2,311,309	1,650,439
	\$ 616,356	\$ 156,165	\$ 734,023	\$ 339,624	\$ 754,476	\$ 2,600,644	\$ 2,004,961

Approved on behalf of the Board:

Director: 

Director: 

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Operations
For the year ended December 31, 2017

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2017 Total	2016 Total
Revenue							
Donations	\$ 1,715,914	\$ 108,290	\$ 1,889,822	\$ 10,108	\$ 424,911	\$ 4,149,045	\$ 2,550,685
Special events	574,686	5,000	-	-	-	579,686	312,115
Gifts in kind	258,441	-	285,563	-	-	544,004	304,895
Other revenue	500,000	-	-	-	-	500,000	500,000
Merchandise	73,368	-	-	-	-	73,368	60,308
Casino	-	68,000	-	-	-	68,000	70,375
Amortization of deferred contributions related to property and equipment (Note 8)	29,810	-	-	-	-	29,810	15,914
Interest	27,955	-	-	-	-	27,955	8,389
	3,180,174	181,290	2,175,385	10,108	424,911	5,971,868	3,822,681
Expenses							
Donation to Calgary Public Library Board (Note 6)	658,150	139,702	1,623,017	21,653	517,396	2,959,918	1,655,328
Salaries and employee benefits	1,049,229	-	-	-	-	1,049,229	914,928
Gifts in kind (Note 6)	258,441	-	285,563	-	-	544,004	250,029
Special events	212,120	-	-	-	-	212,120	158,247
Stewardship and cultivation	205,152	-	2,000	-	-	207,152	184,253
Administration	133,719	-	-	-	-	133,719	114,751
Marketing	97,911	-	-	-	-	97,911	64,138
Merchandise	46,175	-	-	-	-	46,175	35,863
Amortization	36,140	-	-	-	-	36,140	21,202
Bank charges	17,943	-	-	-	-	17,943	15,226
Board expenses	3,767	-	-	-	-	3,767	15,560
Insurance	2,920	-	-	-	-	2,920	2,800
Casino	-	-	-	-	-	-	2,230
	2,721,667	139,702	1,910,580	21,653	517,396	5,310,998	3,434,555
Excess (deficiency) of revenue over expenses	\$ 458,507	\$ 41,588	\$ 264,805	\$ (11,545)	\$ (92,485)	\$ 660,870	\$ 388,126

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Changes in Fund Balances
For The Year Ended December 31, 2017

	Invested in property and equipment	General Fund	Information Fund		Inspiration Fund		Imagination Fund		Innovation Fund		2017 Total	2016 Total
			General	Endowment	General	Endowment	General	Endowment	General	Endowment		
Fund balances, beginning of year	\$ 13,116	\$ (76,028)	\$33,041	\$ 37,320	\$413,166	\$ 56,052	\$326,671	\$ 140	\$846,871	\$ 90	\$ 1,650,439	\$ 1,262,313
Excess (deficiency) of revenue over expenses	-	458,507	(1,015)	42,603	258,232	6,573	(11,545)	-	(92,485)	-	660,870	388,126
Amortization of property and equipment	(6,330)	6,330	-	-	-	-	-	-	-	-	-	-
Net purchase of property and equipment	17,635	(17,635)	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ 24,421	\$371,174	\$32,026	\$ 79,923	\$671,398	\$ 62,625	\$315,126	\$ 140	\$754,386	\$ 90	\$ 2,311,309	\$ 1,650,439

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Cash Flows
For the year ended December 31, 2017

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2017 Total	2016 Total
Operating activities							
Excess (deficiency) of revenue over expenses	\$ 458,507	\$ 41,588	\$ 264,805	\$ (11,545)	\$ (92,485)	\$ 660,870	\$ 388,126
Non-cash transactions:							
Amortization of property and equipment	36,140	-	-	-	-	36,140	21,202
Recognition of deferred contributions related to property and equipment (Note 8)	(29,810)	-	-	-	-	(29,810)	(15,914)
Unrealized losses on investments	2,891					2,891	-
Change in non-cash working capital:							
Accounts receivable	(35,537)	-	-	-	180,000	144,463	(218,305)
Goods and services tax refundable	7,826	-	-	-	-	7,826	(10,080)
Prepaid expenses	(7,821)	-	-	-	-	(7,821)	4,685
Inventory	(15,485)	-	-	-	-	(15,485)	(12,003)
Accounts payable and accrued liabilities	73,926	-	-	-	-	73,926	(29,576)
Deferred revenue	(5,000)	-	(45,000)	-	-	(50,000)	50,000
Deferred contributions related to operations	(68,341)	9,036	-	-	-	(59,305)	57,584
Cashflows from (used by) operating activities	417,296	50,624	219,805	(11,545)	87,515	763,695	235,719
Investing activities							
Purchase of investment	(117,324)	(79,923)	(62,625)	(140)	(90)	(260,102)	
Disposal of (purchase of) property and equipment	(17,635)	-	-	-	-	(17,635)	1,908
Cash flows (used by) from investing activities	(134,959)	(79,923)	(62,625)	(140)	(90)	(277,737)	1,908
Increase (decrease) in cash and cash equivalents	282,337	(29,299)	157,180	(11,685)	87,425	485,958	237,627
Cash and cash equivalents, beginning of year	(78,425)	105,541	514,218	351,169	666,961	1,559,464	1,321,837
Cash and cash equivalents, end of year	\$ 203,912	\$ 76,242	\$ 671,398	\$ 339,484	\$ 754,386	\$ 2,045,422	\$ 1,559,464
Cash and cash equivalents consists of:							
Cash and cash equivalents	\$ 203,912	\$ 32,026	\$ 671,398	\$ 315,126	\$ 754,386	\$ 1,976,848	\$ 1,341,248
Restricted cash and cash equivalents	-	44,216	-	24,358	-	68,574	218,216
	\$ 203,912	\$ 76,242	\$ 671,398	\$ 339,484	\$ 754,386	\$ 2,045,422	\$ 1,559,464

CALGARY PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements

For the year ended December 31, 2017

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
Leasehold improvements	4 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 2017 this group of 23 volunteers (19 volunteers - 2016) contributed 90 hours (68 hours - 2016).

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 2017 this group of 30 volunteers (31 volunteers - 2016) contributed 180 hours (200 hours - 2016).

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 2017, 11 Board members (12 Board members - 2016) contributed approximately 215 hours (220 hours - 2016).

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 2017, 531 volunteers (37 volunteers - 2016) contributed 1068 hours (759 hours - 2016).

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, 2017

3. Restricted cash

Restricted cash at December 31, 2017 consisted of:

	2017	2016
AGLC casino and raffle proceeds	\$ 68,574	\$ 126,719
Endowments	142,778	91,497
Less restricted investment (Note 4)	(142,778)	-
	\$ 68,574	\$ 218,216

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

4. Investment

In the current year, the Foundation opened an investment account with The Calgary Foundation with general and endowed funds. The purpose of this account is to secure growth in endowment funds. The endowment funds which were set up over the last several years at donors request or by the Foundation as a means for donors to make their donations count in perpetuity and have been now invested with The Calgary Foundation. The Foundation retains control over this investment fund. Any revenue realized and distributed on this investment account is divided on a pro rata basis amongst the Foundation funds from where the investment initially originated.

	2017	2016
Non restricted investment in The Calgary Foundation	\$ 114,433	\$ -
Restricted investment in The Calgary Foundation (Note 3)	142,778	-

The unrestricted investment in The Calgary Foundation is presented as part of unrestricted fund balances on the statement of financial position.

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2017	2016	2017	2016	2017	2016
Computer equipment	\$ 6,874	\$ 5,873	\$ 6,040	\$ 5,403	\$ 834	\$ 470
Computer software	2,500	2,500	2,500	2,500	-	-
Furniture and equipment	169,122	167,117	56,999	23,325	112,123	143,792
Leasehold improvements	14,629	-	1,829	-	12,800	-
	\$ 193,125	\$ 175,490	\$ 67,368	\$ 31,228	\$ 125,757	\$ 144,262

6. 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 2017 (\$500,000 - 2016). 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:

	2017	2016
Gifts in kind	\$ 285,563	\$ 223,870
Monetary donations	2,959,918	1,655,328
	\$ 3,245,481	\$ 1,879,198

7. 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:

	2017	2016
Balance, beginning of year	\$ 127,879	\$ 70,295
Additions	13,695	131,261
Amount recognized as revenue during the year	(73,000)	(73,677)
Balance, end of year	<u>\$ 68,574</u>	<u>\$ 127,879</u>

8. 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:

	2017	2016
Balance, beginning of year	\$ 131,146	\$ 3,008
Additions	-	144,052
Amount recognized as revenue during the year	(29,810)	(15,914)
Balance, end of year	<u>\$ 101,336</u>	<u>\$ 131,146</u>

9. Financial instruments

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