

CALGARY PUBLIC LIBRARY FOUNDATION

Financial Statements

Year Ended December 31, 2020

CALGARY PUBLIC LIBRARY FOUNDATION
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For the year ended December 31, 2020

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Independent Auditor's Report

To the Members of the Calgary Public Library Foundation:

Opinion

We have audited the financial statements of Calgary Public Library Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2020, and the statement of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and the results of the operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.



As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 20, 2021

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Financial Position

As at December 31, 2020

	General Fund	Donor Directed	2020 Total	2019 Total
ASSETS				
Current				
Cash and cash equivalents	\$ 2,843,334	\$ 4,385,300	\$ 7,228,634	\$ 6,273,322
Cash - restricted (Note 3)	121,222	-	121,222	42,150
Accounts receivable	193,636	-	193,636	104,194
Receivable from government (Note 9)	80,661	-	80,661	35,499
Prepaid expenses	29,977	-	29,977	24,891
Inventory	13,696	-	13,696	22,901
Investments (Note 4)	535,968	4,542,464	5,078,432	4,204,013
	<u>3,818,494</u>	<u>8,927,764</u>	<u>12,746,258</u>	<u>10,706,970</u>
Endowment (Note 4)	-	275,944.30	275,944	222,191
Property and equipment (Note 5)	885	-	885	1,973
	<u>\$ 3,819,379</u>	<u>\$ 9,203,708</u>	<u>\$ 13,023,087</u>	<u>\$ 10,931,134</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities	\$ 33,428	\$ -	\$ 33,428	\$ 93,306
Deferred contributions				
Related to operations (Note 7)	121,222	-	121,222	42,150
	<u>154,650</u>	<u>-</u>	<u>154,650</u>	<u>135,456</u>
Net assets				
Invested in property and equipment	885	-	885	1,972
Endowment (Note 4)	-	275,944	275,944	222,191
Restricted	-	8,927,764	8,927,764	8,168,331
Unrestricted	3,663,844	-	3,663,844	2,403,184
	<u>3,664,729</u>	<u>9,203,708</u>	<u>12,868,437</u>	<u>10,795,678</u>
	<u>\$ 3,819,379</u>	<u>\$ 9,203,708</u>	<u>\$ 13,023,087</u>	<u>\$ 10,931,134</u>

Approved on behalf of the Board:

Director: 
Carl Landry (Apr 28, 2021 12:27 MDT)

Director: 

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Operations
For the year ended December 31, 2020

	General Fund	Donor Directed	2020 Total	2019 Total
REVENUE				
Donations	\$ 1,799,246	\$ 1,824,221	\$ 3,623,467	\$ 9,152,312
Special events	21,754	-	21,754	102,517
Gifts in kind	25,938	64,917	90,855	316,299
Merchandise	112,359	-	112,359	73,773
Other revenue	300,000	-	300,000	400,000
Casino	-	4,463	4,463	68,897
Fundraising events	-	-	-	3,715
Interest	299,040	12,828	311,868	185,874
Unrealized gain on investments (Note 4)	-	156,435	156,435	179,582
Receivable from Government (Note 9)	245,533	-	245,533	-
	<u>2,803,870</u>	<u>2,062,864</u>	<u>4,866,734</u>	<u>10,482,969</u>
EXPENSES				
Donation to Calgary Public Library Board (Note 6)	300,000	1,165,659	1,465,659	3,099,050
Salaries and employee benefits	850,900	5,266	856,166	1,060,321
Administration	149,034	-	149,034	168,832
Special events	2,428	-	2,428	25,892
Marketing	7,654	-	7,654	72,898
Stewardship and cultivation	72,144	11,485	83,629	212,318
Gift in kind (Note 6)	25,938	64,917	90,855	316,299
Bank charges	68,391	-	68,391	42,235
Board expenses	1,604	-	1,604	17,100
Amortization	2,269	-	2,269	3,947
Merchandise	58,174	-	58,174	53,558
Insurance	5,760	-	5,760	3,366
Casino	-	2,351	2,351	-
	<u>1,544,296</u>	<u>1,249,678</u>	<u>2,793,974</u>	<u>5,075,816</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 1,259,574	\$ 813,186	\$ 2,072,760	\$ 5,407,153

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Changes in Net Assets

For the year ended December 31, 2020

	Invested in property and equipment	General Fund	Donor Directed	2020 Total	2019 Total
Net assets, beginning of year	\$ 1,972	\$ 2,403,183	\$ 8,390,522	\$ 10,795,677	\$ 5,388,524
Excess of revenue over expenses	-	1,259,574	813,186	2,072,760	5,407,153
Purchase of property and equipment	1,182	(1,182)	-	-	-
Amortization of property, plant and equipment	(2,269)	2,269	-	-	-
Net assets, end of year	\$ 885	\$ 3,663,844	\$ 9,203,708	\$ 12,868,437	\$ 10,795,677

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Cash Flows
For the year ended December 31, 2020

	General Fund	Donor Directed	2020 Total	2019 Total
OPERATING ACTIVITIES:				
Excess of revenue over expenses	\$ 1,259,574	\$ 813,186	\$ 2,072,760	\$ 5,407,153
Non-cash transactions:				
Amortization of property and equipment	2,269	-	2,269	3,947
Unrealized gains on investments		(156,435)	(156,435)	(179,582)
Change in non-cash working capital:				
Accounts receivable	(89,442)	-	(89,442)	66,433
Receivable from government (Note 9)	(78,836)	-	(78,836)	-
Goods and services tax refundable	33,674	-	33,674	(5,512)
Prepaid expenses	(5,086)	-	(5,086)	(11,840)
Inventory	9,205	-	9,205	12,464
Accounts payable and accrued liabilities	(59,878)	-	(59,878)	(144,978)
Deferred contributions related to operations	79,072	-	79,072	(26,746)
	<u>1,150,552</u>	<u>656,751</u>	<u>1,807,303</u>	<u>5,121,339</u>
INVESTING ACTIVITIES:				
Investments (Note 4)	389,447	(1,161,184)	(771,737)	(2,766,579)
Purchase of equipment	(1,182)	-	(1,182)	-
	<u>388,265</u>	<u>(1,161,184)</u>	<u>(772,919)</u>	<u>(2,766,579)</u>
Increase (decrease) in cash	1,538,817	(504,433)	1,034,384	2,354,760
Cash, beginning of year	1,425,739	4,889,733	6,315,472	3,960,712
Cash, end of year	<u>\$ 2,964,556</u>	<u>\$ 4,385,300</u>	<u>\$ 7,349,856</u>	<u>\$ 6,315,472</u>
Cash and cash equivalents consists of:				
Cash and cash equivalents	\$ 2,843,334	\$ 4,385,300	\$ 7,228,634	\$ 6,273,322
Restricted cash and cash equivalents	121,222	-	121,222	42,150
	<u>\$ 2,964,556</u>	<u>\$ 4,385,300</u>	<u>\$ 7,349,856</u>	<u>\$ 6,315,472</u>

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 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 which no corresponding restricted fund 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.

In 2019, the Foundation decided to combine all restricted funds (previously Innovation Fund, Inspiration Fund, Information Fund and Imagination Fund) into one Donor Directed fund. The Donor Directed Fund accounts for operations, infrastructure and programs related to the rest of the Foundation's activities. 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. 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

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.

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 2020 this group of 28 volunteers (29 volunteers - 2019) contributed 84 hours (174 hours - 2019).

Due to the COVID-19 pandemic many events were cancelled, including the Gala which had been scheduled for November.

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 scheduled meeting and more as necessary each year. Board members frequently show their support by attending several events over the course of the year as well. In 2020, 14 Board members (12 Board members - 2019) contributed approximately 195 hours (238 hours - 2019).

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 and with events such as Locked Library nights, Leadership breakfasts, opening and recognition events. In 2020, 39 volunteers (101 volunteers - 2019) contributed 307 hours (1,083 hours - 2019). It should be noted that events happened only in part of Q1 and in-office volunteers did not work for a great part of the year due to COVID-19.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. In subsequent periods, investments and investments for endowment are reported at fair value, all other financial instruments are reported 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, 2020

3. Restricted cash

Restricted cash are funds that have been collected through casino and raffle proceeds and therefore externally restricted for specific use. The Foundation maintains a separate bank account for casino funds.

4. Investments

In 2017, the Foundation opened an investment account with The Calgary Foundation. Amounts invested with the Calgary Foundation include General and Donor Directed Funds as well as Endowment Funds which were set up over the past several years, either by the Foundation or at the request of donors. Endowment funds are to be held in perpetuity and income generated from the funds will be used for the Foundation's charitable purposes. The Foundation retains control over amounts invested with the Calgary Foundation.

	2020	2019
Balance - beginning of year	4,395,529	1,480,042
Contributions	549,764	2,721,356
Withdrawals	-	(70,884)
Investment income	261,615	119,747
Investment management fees	(62,275)	(34,314)
	5,144,633	4,215,947
Unrealized gain (loss)	156,435	179,582
Ending balance at end of the year at fair value	5,301,068	4,395,529

At December 31, 2020, funds invested included endowments of \$275,944 (2019 - \$221,191).

Included in investments are amounts held at a financial institution for \$53,308 (2019 - \$30,675).

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2020	2019	2020	2019	2020	2019
Computer equipment	\$ 8,056	\$ 6,874	\$ 7,171	\$ 6,708	\$ 885	\$ 166
Computer software	2,500	2,500	2,500	2,500	-	-
Furniture and equipment	19,066	19,066	19,066	17,259	-	1,807
	\$ 29,622	\$ 28,440	\$ 28,737	\$ 26,467	\$ 885	\$ 1,973

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
For the year ended December 31, 2020

6. Related party transactions and subsequent events

The Foundation and the Calgary Public Library Board (the "Library Board") are related by below economic interests:

(a) Under the direction of the Operating Agreement dated February 8, 2019 between the Library Board and the Foundation, the Library Board provided core funding for the Foundation in the amount of \$300,000 in 2020 (\$400,000 - 2019). Under this agreement the Library also provides the Foundation with office space in the Central Library, commencing on November 19, 2018, at the rate of \$ 1 per year.

The Library Board also provided in kind donations relating to general operating and building and equipment expenses. Because of the difficulty in determining the fair value of these contributed materials and services, the amounts are not recognized in the financial statements.

Based on the new Operating Agreement, the level of base funding from the Library Board to the Foundation will be decided by December 31 annually. There will be no base funding to the Foundation in 2021.

(b) 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:

	<u>2020</u>	<u>2019</u>
Gifts in kind	\$ 64,917	\$ 280,227
Monetary donations	1,465,659	3,099,050
	<u>\$ 1,530,576</u>	<u>\$ 3,379,277</u>

(c) Subsequent to year end, The Foundation has committed to provide the Library Board with a grant of up to \$2,000,000 in cash. \$1,232,027 is to be provided as Restricted funds as per a signed agreement and the remaining \$767,973 available via request.

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:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 42,150	\$ 68,896
Additions	83,535	42,150
Amount recognized as revenue during the year	(4,463)	(68,896)
Balance, end of year	<u>\$ 121,222</u>	<u>\$ 42,150</u>

8. Financial instruments

The Foundation holds various forms of financial instruments. The nature of these instruments and the Foundation's operations exposes the Foundation to various risks. Except as disclosed elsewhere, the Foundation's financial instruments have the following risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risks that the Foundation may be exposed to arise out of the investments in Calgary Foundation. Management mitigates credit risk through the implementation and monitoring of the Board of Director's investment policies and frequent review of the Foundation's investment portfolio.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to risk of changes in fair value of its investments. Management reviews these investments closely to ensure that the investments are made in accordance with the Foundation's investment policy.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its Calgary Foundation investments.

9. Receivable from Government

During the year, The Foundation applied for the Canada Emergency Wage Subsidy and received \$245,533 in government assistance included in revenues. \$78,836 is included in accounts receivable relating to the 2020 year.

10. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. These reclassifications do not affect prior year excess of revenue over expenses.
