



CALGARY PUBLIC LIBRARY FOUNDATION

Financial Statements

Year Ended December 31, 2022

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Financial Position
As at December 31, 2022



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INDEPENDENT AUDITOR'S REPORT

To the Directors of 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, 2022, 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, 2022, 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.

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 ethical responsibilities in accordance with those 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.

(continues)



Independent Auditor's Report to the Directors of Calgary Public Library Foundation *(continued)*

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

Auditor's Responsibilities for the Audit of 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 25, 2023

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



	General Fund	Donor Directed	2022 Total	2021 Total
ASSETS				
Current				
Cash and cash equivalents	\$ 1,597,958	\$ 3,029,435	\$ 4,627,393	\$ 7,109,640
Cash - restricted (Note 3)	-	-	-	59,005
Accounts receivable	45,555	-	45,555	111,457
Goods and services tax refundable	7,694	-	7,694	3,490
Prepaid expenses	30,373	-	30,373	28,980
Inventory	35,687	-	35,687	24,854
Investments (Note 4)	3,246,578	5,830,323	9,076,901	8,086,925
	4,963,845	8,859,758	13,823,603	15,424,351
Endowment (Note 4)	-	320,583	320,583	330,198
Property and equipment (Note 5)	5,630	-	5,630	3,783
	\$ 4,969,475	\$ 9,180,341	\$ 14,149,816	\$ 15,758,332
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities	\$ 36,293	\$ -	36,293	\$ 115,709
Deferred contributions				
Related to operations (Note 7)	-	-	-	50,180
	36,293	-	36,293	165,889
Net assets				
Invested in property and equipment	5,630	-	5,630	765
Endowment	-	320,584	320,584	330,198
Restricted	-	8,859,757	8,859,757	9,460,650
Unrestricted	4,927,551	-	4,927,551	5,800,830
	4,933,181	9,180,341	14,113,523	15,592,443
	\$ 4,969,474	\$ 9,180,341	\$ 14,149,816	\$ 15,758,332

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Rob Van Wielingen

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Rob Van Wielingen, Board Chair

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James Pettigrew

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James Pettigrew, Treasurer

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Revenue and Expenditures

For the year ended December 31



	General Fund	Donor Directed	2022 Total	2021 Total
REVENUE				
Donations	\$ 1,169,799	\$ 1,996,635	\$ 3,166,434	\$ 4,187,067
Unrealized loss/gain on investments	(652,211)	(462,302)	(1,114,513)	465,284
Interest	72,457	38,219	110,677	373,925
COVID wage subsidy (Note 9)	-	-	-	179,980
Casino	-	247,341	247,341	109,692
Gifts in kind (Note 6)	96,771	3,075	99,846	86,745
Merchandise	49,264	-	49,264	64,879
Special events	53,901	3,795	57,696	38,163
	789,981	1,826,763	2,616,745	5,505,735
EXPENSES				
Donation to Calgary Public Library Board (Note 6)	222,972	2,355,535	2,578,507	1,425,327
Salaries and employee benefits	974,365	-	974,365	899,691
Administration	148,574	-	148,574	116,393
Gift in kind (Note 6)	96,771	3,075	99,846	86,745
Stewardship and cultivation	90,096	-	90,096	85,688
Bank charges	60,003	-	60,003	83,478
Merchandise	23,205	-	23,205	23,885
Marketing	13,787	-	13,787	7,933
Special events	18,942	-	18,942	48,095
Insurance	6,406	-	6,406	3,251
Amortization	1,563	-	1,563	1,052
Board expenses	1,711	-	1,711	191
Casino	-	78,660	78,660	-
	1,658,395	2,437,270	4,095,665	2,781,729
EXCESS OF REVENUE OVER EXPENSES	\$ (868,414)	\$ (610,507)	\$ (1,478,920)	\$ 2,724,006

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Changes in Net Assets

For the year ended December 31



	Invested in Property and Equipment	General Fund (Unrestricted)	Donor Directed (Restricted)		2022 Total	2021 Total
			General	Endowment		
Net assets, beginning of year	\$ 3,783	\$ 5,797,812	\$ 9,460,650	\$ 330,198	\$ 15,592,443	\$ 12,868,437
Excess of revenue over expenses	-	(868,414)	(600,893)	(9,614)	(1,478,920)	2,724,006
Purchase of property and equipment	3,410	(3,410)	-	-	-	-
Amortization of property and equipment	(1,563)	1,563	-	-	-	-
Net assets, end of year	\$ 5,630	\$ 4,927,551	\$ 8,859,757	\$ 320,584	\$ 14,113,523	\$ 15,592,443

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



	General Fund	Donor Directed	2022 Total	2021 Total
OPERATING ACTIVITIES:				
Excess of revenue over expenses	\$ (868,414)	\$ (610,507)	\$ (1,478,921)	\$ 2,724,006
Non-cash transactions:				
Amortization of property and equipment	1,563	-	1,563	1,052
Unrealized loss/gain on investments	652,211	462,302	1,114,513	(465,284)
			-	
Change in non-cash working capital:			-	
Accounts receivable	65,902	-	65,902	82,179
Goods and services tax refundable	(4,204)	-	(4,204)	(1,665)
Prepaid expenses	(1,393)	-	(1,393)	997
Inventory	(10,833)	-	(10,833)	(11,158)
Accounts payable and accrued liabilities	(79,416)	-	(79,416)	82,281
Deferred contributions related to operations	(50,180)	-	(50,180)	(71,042)
	(294,764)	(148,205)	(442,969)	2,420,202
INVESTING ACTIVITIES:				
Purchases of investments, net	(1,117,441)	(977,432)	(2,094,873)	(2,597,463)
Purchase of property and equipment	(3,410)	-	(3,410)	(3,950)
	(1,120,851)	(977,432)	(2,098,283)	(2,601,413)
Increase (decrease) in cash	(1,415,615)	(1,125,637)	(2,541,252)	(181,211)
Cash, beginning of year	3,013,573	4,155,072	7,168,645	7,349,856
Cash, end of year	\$ 1,597,958	\$ 3,029,435	\$ 4,627,393	\$ 7,168,645
Cash and cash equivalents consists of:				
Cash and cash equivalents	1,597,958	3,029,435	4,627,393	7,109,640
Restricted cash	-	-	-	59,005
	\$ 1,597,958	\$ 3,029,435	\$ 4,627,393	\$ 7,168,645

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 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.

Merchandise revenue is recognized in the general fund at the time of sale when the revenue recognition criteria are met.

Investment income (loss), which consist of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, net of investment management expenses, is recorded in the statement of revenue and expenditures and changes in fund balances.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits held with banks, cash held within investment accounts for trading, and other short-term highly liquid investments which are readily convertible to known amounts of cash.

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 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	5 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 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 2022, 15 Board members (2021 - 15 Board members) contributed approximately 158 hours (2021 - 189 hours).

Special Event volunteers are mature youth and adult volunteers who assist with various tasks such as phoning donors and thanking them for their contributions, assisting with mailing receipts, fulfilling store orders, and events such as Locked Library, and fundraising events. In 2022, 43 volunteers (2021 - 6 volunteers) contributed 288 hours (2021 - 100.75 hours).

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. Estimates include useful lives of property and equipment and recognition of deferred contributions.

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 and raffle funds.

4. Investments

In 2021, the Foundation opened an investment account with RBC Dominion Securities ("RBC") and began moving funds from the Calgary Foundation to RBC. Amounts invested with RBC 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.

In 2022, the remainder of investments for a total of \$1,966,325 (2021 - \$4,000,000) in the Calgary Foundation were sold and new investments were purchased at RBC.

Amounts invested with RBC include pooled funds. The balance at year end is \$9,397,484 (2021 - \$8,417,122).

	2022	% of total	2021	% of total
Cash and cash equivalents held in portfolio	80,997	0.85%	688,423	7.56%
Pooled funds	9,397,484	99.15%	8,417,122	92.44%
Total	\$ 9,478,481	100%	\$ 9,105,545	100%

At December 31, 2022, funds invested included endowments of \$320,583 (2021 - \$330,198).

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2022	2021	2022	2021	2022	2021
Computer equipment	\$ 14,415	\$ 11,005	\$ 9,160	\$ 8,055	\$ 5,255	\$ 2,950
Computer software	3,500	3,500	3,125	2,667	375	833
Furniture and equipment	19,066	19,066	19,066	19,066	-	-
	\$ 36,981	\$ 33,571	\$ 31,351	\$ 29,788	\$ 5,630	\$ 3,783

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) Based on the Operating Agreement dated February 17, 2021, the Library will provide the Foundation space in the Central Library for an indefinite period at a cost of \$24 per square foot. The rent on this space will be paid in kind to the Foundation annually. The amount recognized relating to this rent is \$83,760 (2021 - \$83,760).

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.

(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:

	2022	2021
Gifts in kind	\$ 3,075	\$ -
Monetary donations	2,575,432	1,425,327
	\$ 2,578,507	\$ 1,425,327

(c) Subsequent to year end, the Foundation has committed to provide the Library Board with a grant of up to \$3,000,000. \$1,789,036 (2021 - \$2,375,800) is to be provided as restricted funds per a signed agreement and the remaining \$1,210,964 (2021 - \$624,200) is available via request.

(d) During the year the Foundation received donations of \$182,538 (2021 - \$173,206) from key management and board members.

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 special events that are received in the current year, but related to subsequent operations. Changes in deferred contribution balances are as follows:

	2022	2021
Balance, beginning of year	\$ 50,180	\$ 121,222
Additions	202,140	89,718
Utilizations	(252,320)	(160,760)
Balance, end of year	\$ 0	\$ 50,180

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 held at RBC. 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 RBC investments.

9. Government assistance

During the pandemic, the Foundation applied for the Canada Emergency Wage Subsidy and in 2022 received \$nil (2021 - \$179,980) in government assistance, which was included in revenues. This program was distributed by the government to help re-hire workers, prevent future job losses, and ease organizations back to normal operations. Management of the Foundation has determined that the Foundation does not have an obligation to repay the Government of Canada for this assistance as they have determined that the Foundation has met all applicable eligibility criteria.

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.

CALGARY PUBLIC LIBRARY FOUNDATION
Schedule 1 - Statement of Revenue and Expenses
Connect The Dots! (Wellness Desk)
For the year ended December 31, 2022



The schedule below reflects the funding and expenses associated with the Connect The Dots! Program. The disclosure has been requested by the funder as part of their agreement. All funds received by the funder in year one of the agreement were spent by December 31, 2022.

	2022 Total
REVENUE	
City of Calgary	\$ 130,000
Donations/Fundraising	29,662
Other	2,500
	<u>\$ 162,162</u>
EXPENSES	
Staffing	140,758
Materials and supplies	144
Technology and software	1,500
Marketing and stewardship costs	954
	<u>143,356</u>
EXCESS OF EXPENSES OVER REVENUE	<u>\$ 18,806</u>