

CALGARY PUBLIC LIBRARY FOUNDATION

Financial Statements

December 31, 2018

CALGARY PUBLIC LIBRARY FOUNDATION
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For the Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members 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, 2018, 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, 2018, and its financial performance 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.

Other Matter

The financial statements of the Foundation for the year ended December 31, 2017, were audited by the firm of Calvista LLP, whose practice now operates under BDO Canada LLP, and who expressed an unmodified opinion on those statements on April 17, 2018.

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 realistic alternative but to do so.

(continues)



Independent Auditor's Report to the Members 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

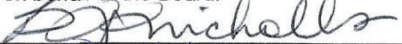
Chartered Professional Accountants

Calgary, Alberta
April 16, 2019

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Financial Position
As at December 31, 2018

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2018 Total	2017 Total
Assets							
Current							
Cash and cash equivalents	\$ 1,454,641	\$ 43,947	\$ 2,373,874	\$ -	\$ 19,354	\$ 3,891,816	\$ 1,976,848
Restricted cash (Note 3)	68,896	-	-	-	-	68,896	68,574
Non restricted investment (Note 4)	533,987	2,292	760,871	-	-	1,297,150	114,433
Accounts receivable	170,627	-	-	-	-	170,627	93,563
Goods and services tax refundable	29,987	-	-	-	-	29,987	16,676
Prepaid expenses	13,051	-	-	-	-	13,051	15,633
Inventory	35,366	-	-	-	-	35,366	46,382
	<u>2,306,555</u>	<u>46,239</u>	<u>3,134,745</u>	<u>-</u>	<u>19,354</u>	<u>5,506,893</u>	<u>2,332,109</u>
Endowment (Note 4)	-	109,647	73,015	140	90	182,892	142,778
Property and equipment (Note 5)	5,920	-	-	-	-	5,920	125,757
	<u>\$ 2,312,475</u>	<u>\$ 155,886</u>	<u>\$ 3,207,761</u>	<u>\$ 140</u>	<u>\$ 19,444</u>	<u>\$ 5,695,705</u>	<u>\$ 2,600,644</u>
Liabilities							
Current							
Accounts payable and accrued liabilities	\$ 238,285	\$ -	\$ -	\$ -	\$ -	\$ 238,285	\$ 119,425
Deferred contributions							
Related to operations (Note 7)	68,896	-	-	-	-	68,896	68,574
Related to property and equipment (Note 8)	-	-	-	-	-	-	101,336
	<u>307,181</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>307,181</u>	<u>289,335</u>
Net Assets							
Invested in property and equipment	5,920	-	-	-	-	5,920	24,421
Endowment (Note 4)	-	109,647	73,015	140	90	182,892	142,778
Restricted	-	46,238	3,134,746	-	19,354	3,200,338	1,772,936
Unrestricted (Note 4)	1,999,375	-	-	-	-	1,999,375	371,174
	<u>2,005,294</u>	<u>155,885</u>	<u>3,207,761</u>	<u>140</u>	<u>19,444</u>	<u>5,388,524</u>	<u>2,311,309</u>
	<u>\$ 2,312,475</u>	<u>\$ 155,886</u>	<u>\$ 3,207,761</u>	<u>\$ 140</u>	<u>\$ 19,444</u>	<u>\$ 5,695,705</u>	<u>\$ 2,600,644</u>

Approved on behalf of the Board:

Director: 

Director: 

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Operations
For the year ended December 31, 2018

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2018 Total	2017 Total
Revenue							
Donations	\$ 4,107,132	\$ 61,413	\$ 2,917,705	\$ 105,988	\$ 186,790	\$ 7,379,027	\$ 4,149,045
Special events	559,053	43,753	591,366	-	1,000	1,195,173	579,686
Gifts in kind	392,186	-	247,417	-	-	639,603	544,004
Other revenue	500,649	-	-	-	-	500,649	500,000
Merchandise	66,905	-	-	-	-	66,905	73,368
Casino	4,057	-	-	-	-	4,057	68,000
Amortization of deferred contributions related to property and equipment (Note 8)	101,336	-	-	-	-	101,336	29,810
Interest	101,471	-	-	-	-	101,471	27,955
	5,832,788	105,166	3,756,489	105,988	187,790	9,988,221	5,971,868
Expenses							
Donation to Calgary Public Library Board (Note 6)	637,194	62,196	1,029,333	421,114	922,822	3,072,658	2,959,918
Salaries and employee benefits	1,194,209	-	-	-	-	1,194,208	1,049,229
Gifts in kind (Note 6)	392,186	-	247,417	-	-	639,603	544,004
Special events	531,876	-	-	-	-	531,876	212,120
Stewardship and cultivation	720,112	-	1,000	-	-	721,112	207,152
Administration (Note 5)	334,048	830	-	-	-	334,877	133,719
Marketing	233,909	-	-	-	-	233,909	97,911
Merchandise	50,112	-	-	-	-	50,112	46,175
Amortization	37,416	-	-	-	-	37,416	36,140
Bank charges	82,682	-	-	-	-	82,682	17,943
Board expenses	6,522	-	-	-	-	6,522	3,767
Insurance	3,769	-	-	-	-	3,769	2,920
Casino	2,261	-	-	-	-	2,261	-
	4,226,294	63,025	1,277,750	421,114	922,822	6,911,005	5,310,998
Excess (deficiency) of revenue over expense	\$ 1,606,495	\$ 42,141	\$ 2,478,739	\$ (315,126)	\$ (735,032)	\$ 3,077,216	\$ 660,870

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Changes in Fund Balances
For The Year Ended December 31, 2018

	Invested in property and equipment	General Fund	Information Fund		Inspiration Fund		Imagination Fund		Innovation Fund		2018 Total	2017 Total
			General	Endowment	General	Endowment	General	Endowment	General	Endowment		
Fund balances, beginning 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
Excess (deficiency) of revenue over expenses	63,920	1,547,575	12,416	29,724	2,463,348	10,390	(315,126)	-	(735,032)	-	3,077,215	660,870
Inter-fund transfer	-	(1,796)	1,796	-	-	-	-	-	-	-	-	-
Net disposal of property and equipment	(82,422)	82,422	-	-	-	-	-	-	-	-	-	-
Fund balances, end of year	\$ 5,919	\$ 1,999,375	\$ 46,238	\$ 109,647	\$ 3,134,746	\$ 73,015	\$ -	\$ 140	\$ 19,354	\$ 90	\$ 5,388,524	\$ 2,311,309

CALGARY PUBLIC LIBRARY FOUNDATION
Statement of Cash Flows
For the year ended December 31, 2018

	General Fund	Information Fund	Inspiration Fund	Imagination Fund	Innovation Fund	2018 Total	2017 Total
Operating activities							
Excess (deficiency) of revenue over expenses	\$ 1,611,495	\$ 42,141	\$ 2,473,738	\$ (315,126)	\$ (735,032)	\$ 3,077,216	\$ 660,870
Non-cash transactions:							
Amortization of property and equipment	37,416	-	-	-	-	37,416	36,140
Recognition of deferred contributions related to property and equipment (Note 8)	(101,336)	-	-	-	-	(101,336)	(29,810)
Unrealized losses on investments	61,574					61,574	2,891
Change in non-cash working capital:							
Accounts receivable	(77,063)	-	-	-	-	(77,063)	144,463
Goods and services tax refundable	(13,311)	-	-	-	-	(13,311)	7,826
Prepaid expenses	2,582	-	-	-	-	2,582	(7,821)
Inventory	11,016	-	-	-	-	11,016	(15,485)
Accounts payable and accrued liabilities	118,860	-	-	-	-	118,860	73,926
Deferred revenue	-	-	-	-	-	-	(50,000)
Deferred contributions related to operations	-	24,681	-	(24,358)	-	322	(59,305)
Cash flows from (used by) operating activities	1,651,234	66,822	2,473,738	(339,484)	(735,032)	3,117,277	763,695
Investing activities							
Purchase of investment	(481,128)	(32,016)	(771,262)	-	-	(1,284,406)	(260,102)
Disposal of (purchase of) property and equipment	82,422	-	-	-	-	82,422	(17,635)
Cash flows used by from investing activities	(398,706)	(32,016)	(771,262)	-	-	(1,201,984)	(277,737)
Increase (decrease) in cash and cash equivalents	1,252,528	34,806	1,702,476	(339,484)	(735,032)	1,915,291	485,958
Cash and cash equivalents, beginning of year	203,909	76,242	671,398	339,484	754,386	2,045,422	1,559,464
Cash and cash equivalents, end of year	\$ 1,456,437	\$ 111,048	\$ 2,373,874	\$ -	\$ 19,354	\$ 3,960,712	\$ 2,045,422
Cash and cash equivalents consists of:							
Cash and cash equivalents	\$ 1,456,437	\$ 42,152	\$ 2,373,874	\$ -	\$ 19,354	\$ 3,891,816	\$ 1,976,848
Restricted cash and cash equivalents	-	68,896	-	-	-	68,896	68,574
	\$ 1,456,437	\$ 111,048	\$ 2,373,874	\$ -	\$ 19,354	\$ 3,960,712	\$ 2,045,422

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.

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. 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

Amortization is recorded at one half of the annual rate in the year of purchase.

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.

With the opening of the new Central Library in 2018, a special opening fundraising Gala utilized volunteers to help prepare and implement the Foundation's premiere annual fundraising event. In 2018, 81 volunteers (23 volunteers - 2017) contributed 377 hours (90 hours - 2017).

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 2018 this group of 34 volunteers (30 volunteers - 2017) contributed 190 hours (180 hours - 2017), plus hours counted in the LIT Gala totals above.

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 2018, 12 Board members (11 Board members - 2017) contributed approximately 290 hours (215 hours - 2017).

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 2018, 26 volunteers (531 volunteers - 2017) contributed 860 hours (1068 hours - 2017).

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, 2018

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. Investment

In 2017, 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 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.

	2018	2017
Balance - beginning of year	257,211	-
Contributions	1,250,000	250,000
Withdrawals	(10,102)	-
Investment income	55,497	12,291
Investment management fees	(10,782)	(2,189)
	1,541,823	260,102
Unrealized loss	(61,781)	(2,891)
Ending balance at end of the year at fair value	1,480,042	257,211
	2018	2017
Non restricted investment in The Calgary Foundation	\$ 1,297,150	\$ 114,433
Restricted investment in The Calgary Foundation	182,892	142,778
	\$ 1,480,042	\$ 257,211

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

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2018	2017	2018	2017	2018	2017
Computer equipment	\$ 6,874	\$ 6,874	\$ 6,374	\$ 6,040	\$ 500	\$ 834
Computer software	2,500	2,500	2,500	2,500	-	-
Furniture and equipment (a)	19,066	169,122	13,646	56,999	5,420	112,123
Leasehold improvements (a)	-	14,629	-	1,829	-	12,800
	\$ 28,440	\$ 193,125	\$ 22,520	\$ 67,368	\$ 5,920	\$ 125,757

(a) In November 2018, the Foundation moved to a new location. The net book value of \$9,143 leasehold improvement and \$73,279 furniture and equipment that related to the old office space were written off. These amounts are reported under administration expense.

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
For the year ended December 31, 2018

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 April 15, 2013 and December 15, 2017 between the Library Board and the Foundation, the Library Board provided core funding for the Foundation in the amount of \$500,000 in 2018 (\$500,000 - 2017). Under this agreement the Library also provides the Foundation with office space, commencing on October 1, 2016 and ending on November 18, 2018, at the rate of \$ 1 per year, some regular cleaning services, internet and phone connectivity and internal delivery services to library locations, and other administrative expenses.

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.

The Library Board and the Foundation signed new operating agreement on February 8, 2019. The Library Board provides the Foundation with office space in the Central Library at the rate of \$1 per year, commencing on November 19, 2018. The rent on this space will be paid as in kind donation from the Library at the amount of \$102,000, which is included in both gift in kind revenue and expense. Based on the new agreement, the Library will provide base funding to the Foundation according to the following planned schedule:

2019	\$	400,000
2020	\$	300,000
2021	\$	200,000
2022	\$	100,000

(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:

	2018	2017
Gifts in kind	\$ 248,572	\$ 285,563
Monetary donations	3,072,658	2,959,918
	\$ 3,321,230	\$ 3,245,481

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:

	2018	2017
Balance, beginning of year	\$ 68,574	\$ 127,879
Additions	72,612	13,695
Amount recognized as revenue during the year	(72,289)	(73,000)
Balance, end of year	\$ 68,896	\$ 68,574

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:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 101,336	\$ 131,146
Additions	-	-
Amount recognized as revenue during the year	<u>(101,336)</u>	<u>(29,810)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 101,336</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.

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 Endowment fund. Management reviews these investments closely to ensure that these investments are made in low risk instruments and accounts.

10. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.
