

**CANADIAN LIBRARY ASSOCIATION
ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES**

FINANCIAL STATEMENTS

DECEMBER 31, 2012

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PARKER PRINS LEBANO
Chartered Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of,

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES

Report on the Financial Statements

We have audited the accompanying financial statements of the Canadian Library Association/Association canadienne des bibliothèques, which comprise the Statement Of Financial Position as at December 31, 2012, and the Statements Of Changes In Net Assets, Operations, 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.

Auditors' 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 Association'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 Association'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 the Canadian Library Association/Association canadienne des bibliothèques as at December 31, 2012, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Parker Prins Lebano Chartered Accountants Professional Corporation
Authorized to practice public accounting by The Institute of Chartered Accountants of Ontario

Ottawa, Ontario
May 14, 2013

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2012

	2012	2011
ASSETS		
CURRENT		
Cash	\$ 120,282	\$ 174,320
Short term investments	55,000	55,209
Accounts receivable	187,453	182,203
Inventories	19,906	35,097
Prepaid expenses	<u>121,493</u>	<u>122,986</u>
	504,134	569,815
PREPAID EXPENSES	47,525	-
INVESTMENTS	664,872	643,782
CAPITAL (note 3)	<u>19,001</u>	<u>22,184</u>
	<u>\$ 1,235,532</u>	<u>\$ 1,235,781</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (notes 4 & 7)	\$ 144,199	\$ 141,797
DEFERRED CONTRIBUTIONS	<u>130,932</u>	<u>148,110</u>
	<u>275,131</u>	<u>289,907</u>
NET ASSETS		
Mary Elizabeth Allan Operating Fund	546,671	545,494
Special Purpose Funds and Projects (notes 7 & 8)	262,144	281,284
Unrestricted	<u>151,586</u>	<u>119,096</u>
	<u>960,401</u>	<u>945,874</u>
	<u>\$ 1,235,532</u>	<u>\$ 1,235,781</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2012

	2012	2011
NET ASSETS RESTRICTED TO MARY ELIZABETH ALLAN OPERATING FUND		
Balance, beginning of year	\$ 545,494	\$ 545,859
Gain (loss) on investments	<u>1,177</u>	<u>(365)</u>
Balance, end of year	<u>\$ 546,671</u>	<u>\$ 545,494</u>
NET ASSETS RESTRICTED TO SPECIAL PURPOSE FUNDS AND PROJECTS		
Balance, beginning of year	\$ 281,284	\$ 282,313
Transfer (to) from unrestricted net assets	(19,140)	7,898
Transfer to unrestricted net assets (note 7)	<u>-</u>	<u>(8,927)</u>
Balance, end of year	<u>\$ 262,144</u>	<u>\$ 281,284</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 119,096	\$ (60,129)
Excess of revenue over expenses for the year	13,350	56,119
Transfer from net assets restricted to Special Purpose Funds and Projects	19,140	1,029
Transfer from Chapters and Interest Groups (note 7)	<u>-</u>	<u>122,077</u>
Balance, end of year	<u>\$ 151,586</u>	<u>\$ 119,096</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2012

REVENUE	2012	2011
Advocacy and media relations	\$ 17,173	\$ 18,275
Membership	396,002	427,214
Units	4,567	9,384
Committees	3,925	3,985
Member communications	52,547	57,993
Awards, grants and scholarships	9,000	1,497
External relations	-	7,323
Conference and trade show	567,082	554,705
Publication sales	167,538	200,608
Professional development	-	4,250
Administration	-	1,875
Financial activities	26,865	40,441
Young Canada Works - Heritage Canada	389,685	389,443
Special purpose funds and projects (note 8)	<u>21,384</u>	<u>17,408</u>
	<u>1,655,768</u>	<u>1,734,401</u>
EXPENSES		
Advocacy and media relations	67,278	67,921
Membership	4,574	5,045
Units	2,121	1,476
Committees	3,394	14,545
Member communications	26,754	42,343
Awards, grants and scholarships	6,823	3,104
External relations	15,074	25,148
Conference and trade show	339,635	251,200
Publication sales	55,211	77,297
Professional development	-	2,755
Administration	114,114	106,958
Financial activities	53,033	55,545
Young Canada Works - Heritage Canada	389,685	389,443
Special purpose funds and projects (note 8)	40,524	9,510
Governance	14,199	33,317
Executive Director's office	8,522	7,645
Salaries and benefits	469,109	553,368
GST/HST	<u>32,368</u>	<u>31,662</u>
	<u>1,642,418</u>	<u>1,678,282</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 13,350</u>	<u>\$ 56,119</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2012

	2012	2011
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 13,350	\$ 56,119
Items not requiring an outlay of cash:		
Amortization	5,579	6,356
Net change to non-cash items related to operations:		
Accounts receivable	(5,250)	(52,522)
Inventory	15,191	(5,040)
Prepaid expenses	1,493	1,880
Accounts payable and accrued liabilities	2,402	(119,566)
Deferred contributions	(17,178)	(10,011)
	<u>15,587</u>	<u>(122,784)</u>
 CASH FLOWS (USED FOR) FROM INVESTING ACTIVITIES		
Increase in prepaid expenses	(47,525)	-
Increase in investments	(19,704)	(17,963)
Acquisition of capital assets	(2,396)	(3,261)
Transfer from Chapters and Interest Groups	-	122,077
	<u>(69,625)</u>	<u>100,853</u>
 NET DECREASE IN CASH POSITION	(54,038)	(21,931)
 CASH POSITION, BEGINNING OF YEAR	<u>174,320</u>	<u>196,251</u>
 CASH POSITION, END OF YEAR	<u>\$ 120,282</u>	<u>\$ 174,320</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2012

1. THE ORGANIZATION

PURPOSE OF THE ORGANIZATION

The Canadian Library Association/Association canadienne des bibliothèques mission is to promote, develop and support library and information services in Canada, and the people who provide those services, by being a national advocate, public voice, educator and network for the Canadian library and information community. The Association is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

PURPOSE OF THE FUND

The Mary Elizabeth Allan Operating Fund represents a donation received in 1973 from the Estate of Mary Elizabeth Allan. This donation was bequeathed by Mrs. Allan to ensure the continuous work of the Canadian Library Association.

THE SPECIAL PURPOSE FUNDS have been established by groups of members, divisions and others for specific projects and purposes.

2. SIGNIFICANT ACCOUNTING POLICIES

ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2012, the organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting Part III, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations (ASNFPPO). Organizations that adopt Part III of the Handbook also adopt the accounting standards for private enterprises (ASPE; Part II of the CICA Handbook) to the extent accounting standards are not specifically addressed in Part III. These are the organization's first financial statements prepared in accordance with ASNFPPO which has been applied retrospectively. The accounting policies set out in the significant accounting policy note below have been applied in preparing these financial statements for the year ended December 31, 2012, and the comparative information presented in these financial statements for the year ended December 31, 2011. Management has determined the changes to the financial statements resulting from the adoption of ASNFPPO are not material and thus have not presented an opening statement of financial position as at January 1, 2011 (the organization's date of transition).

The organization issued financial statements for the year ended December 31, 2011 using Canadian generally accepted accounting principles prescribed by CICA Handbook - Accounting Part V. The adoption of ASNFPPO had no impact on the previously reported assets, liabilities, or equity of the organization, and accordingly, no adjustments have been recorded in the comparative statements of financial position, operations, changes in net assets, and cash flows. Certain of the organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPPO.

INVENTORY

Inventory is valued at the lower of average cost and net realizable value.

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2012

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

INVESTMENTS

Investments in mutual equities and bonds funds are recorded at market value.

AMORTIZATION

Amortization of capital assets, other than leasehold improvements and systems software, is calculated using the declining balance method. Amortization of leasehold improvements and systems software is calculated using the straight-line method. Amortization of other assets is calculated using the straight-line method. The rates are as follows:

Office furniture and equipment	20%
Computer hardware	30%
Computer software	20-100%

Amortization of additions to capital assets, other than systems software, is calculated at 50% of the rates reflected above in the year of acquisition.

REVENUE RECOGNITION

The Association follows the deferral method of accounting for contributions. Contributions are recognized as revenue as qualifying expenditures are incurred.

3. CAPITAL ASSETS

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>NET BOOK VALUE</u> 2012	<u>NET BOOK VALUE</u> 2011
Office equipment	\$ 49,954	\$ 44,206	\$ 5,748	\$ 6,364
Computer hardware	63,098	55,946	7,152	8,194
Computer software	<u>55,430</u>	<u>49,329</u>	<u>6,101</u>	<u>7,626</u>
	<u>\$ 168,482</u>	<u>\$ 149,481</u>	<u>\$ 19,001</u>	<u>\$ 22,184</u>

Amortization expense of capital assets for 2012 is \$5,579 (2011 - \$6,356).

4. FUNDS HELD IN TRUST

The Canadian Library Association is a custodian of funds allocated to School Libraries in Canada, Student Chapters and the Network Pool Fund. These funds amount to \$21,323 as at December 31, 2012 (2011 - \$155,083) and are included in the accounts payable. During the prior year, unused funds allocated in previous years to Divisions and Interest Groups in the amount of \$122,077 have been transferred to Unrestricted Net Assets.

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2012

5. COMMITMENTS

The Association is committed to the leases of office facilities and equipment over the four years as follows:

2013	\$ 95,400
2014	\$ 90,400
2015	\$ 81,000
2016	\$ 81,500

6. FINANCIAL INSTRUMENTS

Financial instruments reflected in the statement of financial position consist of cash, investments, amounts receivable and amounts payable. The Association does not hold or issue financial instruments for trading purposes and does not hold or issue derivative financial instruments.

INTEREST RATE RISK

The Association is subject to cash flow risk with respect to its holdings of investments.

CONCENTRATION OF CREDIT RISK

The Association's exposure concentration of credit risk relates to project contributions receivable and customer receivables. The project contribution receivables are due from various government agencies.

FOREIGN EXCHANGE RISK

The Association incurs expenses denominated in foreign currencies and is exposed to risks from changes in foreign currency exchange rates. The Association does not currently hold any financial instruments that mitigate this risk.

7. TRANSFER FROM CHAPTERS AND INTEREST GROUPS

During the prior year, unused funds allocated to Divisions and Interest Groups in the amount of \$122,077 have been transferred to the Unrestricted Net Assets. Remaining funds from closed projects in the amount of \$8,927 have been transferred to the Unrestricted Net Assets.

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2012

8. SPECIAL PURPOSE FUNDS AND PROJECTS

SPECIAL PURPOSE FUNDS	BALANCE OPENING	REVENUES	EXPENSES	BALANCE ENDING
Book Award Fund	\$ 42,565	\$ 4,283	\$ 5,920	\$ 40,928
Intellectual Freedom Fund	62,007	2,364	14	64,357
Research And Education Fund	33,341	937	20,000	14,278
Scholarship Bursary Funds	82,514	6,005	7,032	81,487
Bibliomondialis	11,795	225	5,030	6,990
Northern Exposure To Leadership Fund	3,472	3,007	-	6,479
Library Advocacy Now Fund	5,048	192	-	5,240
Advocacy Award	28,303	2,509	1,014	29,798
Chancellor Award	6,178	164	500	5,842
Angela Thacker Fund	6,060	170	-	6,230
Young Adult Fund	1	1,528	1,014	515
	<u>1</u>	<u>1,528</u>	<u>1,014</u>	<u>515</u>
SPECIAL PURPOSE FUNDS	<u>\$ 281,284</u>	<u>\$ 21,384</u>	<u>\$ 40,524</u>	<u>\$ 262,144</u>