

**CANADIAN LIBRARY ASSOCIATION
ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES**

FINANCIAL STATEMENTS

DECEMBER 31, 2015

CONTENTS

INDEPENDENT AUDITORS' REPORT

FINANCIAL STATEMENTS

STATEMENT OF FINANCIAL POSITION

STATEMENT OF CHANGES IN NET ASSETS

STATEMENT OF OPERATIONS

STATEMENT OF CASH FLOWS

NOTES TO FINANCIAL STATEMENTS

2
3
4
5
6



PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of the,

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, 2015, 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, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 7 to the financial statements which describes the passing of the January 27, 2016 Executive Council motion regarding the dissolution of the Canadian Library Association/Association canadienne des bibliothèques.

A handwritten signature in black ink, appearing to read 'Paul Prins Lebano'.

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

Ottawa, Ontario
May 31, 2016

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
ASSETS		
CURRENT		
Accounts receivable	\$ 239,993	\$ 290,999
Inventory	8,297	34,184
Prepaid expenses	<u>10,946</u>	<u>99,068</u>
	259,236	424,251
PREPAID EXPENSES	-	86,689
INVESTMENTS	523,166	695,133
CAPITAL (note 3)	<u>7,055</u>	<u>18,260</u>
	<u>\$ 789,457</u>	<u>\$ 1,224,333</u>
 LIABILITIES		
CURRENT		
Bank indebtedness	\$ 36,670	\$ 6,669
Accounts payable and accrued liabilities (note 4)	<u>343,742</u>	<u>222,414</u>
	380,412	229,083
DEFERRED CONTRIBUTIONS	2,380	106,301
SPECIAL PURPOSES FUNDS AND PROJECTS (note 6)	<u>249,187</u>	<u>264,687</u>
	<u>631,979</u>	<u>600,071</u>
NET ASSETS		
Mary Elizabeth Allan Operating Fund	430,589	604,565
Unrestricted	<u>(273,111)</u>	<u>19,697</u>
	<u>157,478</u>	<u>624,262</u>
	<u>\$ 789,457</u>	<u>\$ 1,224,333</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
NET ASSETS RESTRICTED TO MARY ELIZABETH ALLAN		
OPERATING FUND		
Balance, beginning of year	\$ 604,565	\$ 551,879
Gain on investments	26,024	52,686
Transfer to unrestricted net assets	<u>(200,000)</u>	<u>-</u>
Balance, end of year	<u>\$ 430,589</u>	<u>\$ 604,565</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 19,697	\$ 41,429
Deficiency of revenue over expenses for the year	(511,346)	(13,251)
Transfer from (to) net assets restricted to Special Purpose Funds and Projects	15,500	(8,481)
Transfer from Chapters and Interest Groups	3,038	-
Transfer from Mary Elizabeth Operating Fund	<u>200,000</u>	<u>-</u>
Balance, end of year	<u>\$ (273,111)</u>	<u>\$ 19,697</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
REVENUE		
Champion library values	\$ -	\$ 17,485
Membership	368,632	408,911
CLA networks	3,100	5,210
Member communications	3,419	14,411
Awards	4,000	9,000
Conference and trade show	371,948	512,578
Publication sales	138,471	146,553
Organizational renewal	7,800	-
Financial activities	11,045	14,204
Young Canada Works - Heritage Canada	384,144	388,353
Special purpose funds and projects (note 6)	9,653	24,463
	<u>1,302,212</u>	<u>1,541,168</u>
EXPENSES		
Champion library values	28,543	56,988
Influencing public policy	46,259	43,017
Membership	53,105	74,908
CLA networks	16,105	25,241
Committees	4,542	4,133
Member communications	26,274	42,932
Awards	6,873	11,779
Partnership	47,577	45,084
Conference and trade show	449,975	309,784
Publication sales	59,748	77,550
Operations	172,444	131,601
Financial activities	100,723	108,993
Young Canada Works - Heritage Canada	384,143	388,353
Special purpose funds and projects (note 6)	25,153	15,982
Governance	100,286	127,712
Organizational renewal	106,605	63,828
Dissolution costs (note 8)	150,194	-
GST/HST	35,009	26,534
	<u>1,813,558</u>	<u>1,554,419</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (511,346)</u>	<u>\$ (13,251)</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (511,346)	\$ (13,251)
Items not requiring an outlay of cash:		
Amortization	4,357	5,023
Impairment of capital assets	<u>6,848</u>	<u>-</u>
	<u>11,205</u>	<u>5,023</u>
Net change to non-cash items related to operations:		
Accounts receivable	51,006	(62,535)
Inventory	25,887	(9,744)
Prepaid expenses	88,122	11,929
Accounts payable and accrued liabilities	121,328	125,116
Deferred contributions	<u>(103,921)</u>	<u>(61,634)</u>
	<u>(317,719)</u>	<u>(5,096)</u>
CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Increase in prepaid expenses	86,689	(244)
Change in investments, net	171,967	47,909
Acquisition of capital assets	-	(3,996)
Transfer from Chapters and Interest Groups	3,038	-
Gain on investments related to Mary Elizabeth Allen operating fund	<u>26,024</u>	<u>52,686</u>
	<u>287,718</u>	<u>96,355</u>
NET (DECREASE) INCREASE IN CASH POSITION	(30,001)	91,259
BANK INDEBTEDNESS, BEGINNING OF YEAR	<u>(6,669)</u>	<u>(97,928)</u>
BANK INDEBTEDNESS, END OF YEAR	<u>\$ (36,670)</u>	<u>\$ (6,669)</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2015

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

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

INVENTORY

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

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.

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

3. CAPITAL ASSETS

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>NET BOOK VALUE 2015</u>	<u>NET BOOK VALUE 2014</u>
Office equipment	\$ 52,893	\$ 48,258	\$ 4,635	\$ 5,794
Computer hardware	64,077	62,867	1,210	7,055
Computer software	54,094	52,884	1,210	5,411
	<u>\$ 171,064</u>	<u>\$ 164,009</u>	<u>\$ 7,055</u>	<u>\$ 18,260</u>

Amortization expense of capital assets for 2015 is \$4,357 (2014 - \$5,023). An impairment to computer hardware and software in the amount of \$6,848 was recognized in the current year.

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 \$9,113 as at December 31, 2015 (2014 - \$14,630) and are included in the accounts payable. Unused funds allocated in previous years to Chapters and Interest Groups in the amount of \$3,038 have been transferred to Unrestricted Net Assets.

5. 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.

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2015

6. SPECIAL PURPOSE FUNDS AND PROJECTS

SPECIAL PURPOSE FUNDS	BALANCE OPENING	REVENUES	EXPENSES	BALANCE ENDING
Book Award Fund	\$ 38,578	\$ 3,029	\$ 4,019	\$ 37,588
Intellectual Freedom Fund	65,643	425	30	66,038
Research And Education Fund	12,256	-	1,099	11,157
Scholarship Bursary Funds	89,783	4,549	7,000	87,332
Bibliomondialis	6,930	-	-	6,930
Northern Exposure To Leadership Fund	6,544	-	4,117	2,427
Library Advocacy Now Fund	5,565	150	5,715	-
Advocacy Award	28,774	-	1,020	27,754
Chancellor Award	5,842	-	-	5,842
Angela Thacker Fund	4,816	-	745	4,071
Young Adult Fund	(44)	1,500	1,408	48
	<u>\$ 264,687</u>	<u>\$ 9,653</u>	<u>\$ 25,153</u>	<u>\$ 249,187</u>
SPECIAL PURPOSE FUNDS	<u>\$ 264,687</u>	<u>\$ 9,653</u>	<u>\$ 25,153</u>	<u>\$ 249,187</u>

Due to the planned dissolution of the Association (as described in note 7 to the financial statements) the Special Purpose Funds held by the Association have now become repayable to the original contributors of the funds. Therefore, the current and prior Special Purpose Funds balances have been reclassified from net assets to liabilities on the Statement of Financial Position.

7. EMPHASIS OF MATTER

During a special Executive Council meeting held on January 27, 2016, the Council's motions relating to the dissolution of the Association were passed as the Association's current structure was not adequately meeting the needs of its members. It is the intention of the Council for the Association to cease operations effective June 30, 2016. It is the opinion of the Council, and the Association's members, that a new organization based on a federated model would be better suited to meet the needs of the Association's members.

8. DISSOLUTION COSTS

Included in dissolution costs are management's estimated costs relating to employee termination costs, inventory write downs, asset impairment and potential lease cancellation costs.