

**CANADIAN LIBRARY ASSOCIATION
ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES**

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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PARKER PRINS LEBANO

Chartered 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, 2014, 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, 2014, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink, appearing to read 'Parker Prins Lebano', is written over a light blue horizontal line.

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

Ottawa, Ontario
April 27, 2015

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
ASSETS		
CURRENT		
Short term investments	\$ -	55,000
Accounts receivable	290,999	228,464
Inventories	34,184	24,440
Prepaid expenses	<u>99,068</u>	<u>110,997</u>
	424,251	418,901
PREPAID EXPENSES	86,689	86,445
INVESTMENTS	695,133	688,042
CAPITAL (note 3)	<u>18,260</u>	<u>19,287</u>
	<u>\$ 1,224,333</u>	<u>\$ 1,212,675</u>
LIABILITIES		
CURRENT		
Bank indebtedness	\$ 6,669	\$ 97,928
Accounts payable and accrued liabilities (note 4)	<u>222,414</u>	<u>97,298</u>
	229,083	195,226
DEFERRED CONTRIBUTIONS	<u>106,301</u>	<u>167,935</u>
	<u>335,384</u>	<u>363,161</u>
NET ASSETS		
Mary Elizabeth Allan Operating Fund	604,565	551,879
Special Purpose Funds and Projects (note 7)	264,687	256,206
Unrestricted	<u>19,697</u>	<u>41,429</u>
	<u>888,949</u>	<u>849,514</u>
	<u>\$ 1,224,333</u>	<u>\$ 1,212,675</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF CHANGES IN NET ASSETS
AS AT DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
NET ASSETS RESTRICTED TO MARY ELIZABETH ALLAN		
OPERATING FUND		
Balance, beginning of year	\$ 551,879	\$ 546,671
Gain on investments	<u>52,686</u>	<u>5,208</u>
Balance, end of year	<u>\$ 604,565</u>	<u>\$ 551,879</u>
NET ASSETS RESTRICTED TO SPECIAL PURPOSE FUNDS AND PROJECTS		
Balance, beginning of year	\$ 256,206	\$ 262,144
Transfer (to) from unrestricted net assets	<u>8,481</u>	<u>(5,938)</u>
Balance, end of year	<u>\$ 264,687</u>	<u>\$ 256,206</u>
UNRESTRICTED NET ASSETS		
Balance, beginning of year	\$ 41,429	\$ 151,586
Deficiency of revenue over expenses for the year	(13,251)	(116,095)
Transfer from (to) net assets restricted to Special Purpose Funds and Projects	<u>(8,481)</u>	<u>5,938</u>
Balance, end of year	<u>\$ 19,697</u>	<u>\$ 41,429</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
REVENUE		
Champion library values	\$ 17,485	\$ 16,671
Membership	408,911	421,676
CLA networks	5,210	8,260
Member communications	14,411	28,277
Awards	9,000	9,155
Conference and trade show	512,578	481,805
Publication sales	146,553	155,499
Professional development	-	16,300
Financial activities	14,204	24,877
Young Canada Works - Heritage Canada	388,353	386,824
Special purpose funds and projects (note 7)	<u>24,463</u>	<u>8,717</u>
	<u>1,541,168</u>	<u>1,558,061</u>
EXPENSES		
Champion library values	56,988	52,269
Influencing public policy	43,017	47,818
Membership	74,908	74,977
CLA networks	25,241	15,708
Committees	4,133	8,585
Member communications	42,932	94,257
Awards	11,779	9,175
Partnership	45,084	37,801
Conference and trade show	309,784	357,673
Publication sales	77,550	79,194
Professional development	-	5,834
Operations	131,601	130,134
Financial activities	108,993	103,595
Young Canada Works - Heritage Canada	388,353	386,824
Special purpose funds and projects (note 7)	15,982	14,655
Governance	127,712	228,588
Organizational renewal	63,828	-
GST/HST	<u>26,534</u>	<u>27,069</u>
	<u>1,554,419</u>	<u>1,674,156</u>
DEFICIENCY OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ (13,251)</u>	<u>\$ (116,095)</u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014

	<u>2014</u>	<u>2013</u>
CASH FLOWS (USED FOR) FROM OPERATING ACTIVITIES		
Deficiency of revenue over expenses for the year	\$ (13,251)	\$ (116,095)
Items not requiring an outlay of cash:		
Amortization	5,023	5,148
Net change to non-cash items related to operations:		
Accounts receivable	(62,535)	(41,011)
Inventory	(9,744)	(4,534)
Prepaid expenses	11,929	10,496
Accounts payable and accrued liabilities	125,116	(46,901)
Deferred contributions	<u>(61,634)</u>	<u>37,003</u>
	<u>(5,096)</u>	<u>(155,894)</u>
 CASH FLOWS FROM (USED FOR) INVESTING ACTIVITIES		
Increase in prepaid expenses	(244)	(38,920)
Change in investments, net	47,909	(23,170)
Acquisition of capital assets	(3,996)	(5,434)
Gain on investments related to Mary Elizabeth Allen operating fund	<u>52,686</u>	<u>5,208</u>
	<u>96,355</u>	<u>(62,316)</u>
 NET INCREASE (DECREASE) IN CASH POSITION	91,259	(218,210)
 (BANK INDEBTEDNESS) CASH POSITION, BEGINNING OF YEAR	<u>(97,928)</u>	<u>120,282</u>
 BANK INDEBTEDNESS, END OF YEAR	<u><u>\$ (6,669)</u></u>	<u><u>\$ (97,928)</u></u>

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014

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, 2014

3. CAPITAL ASSETS

	<u>COST</u>	<u>ACCUMULATED AMORTIZATION</u>	<u>NET BOOK VALUE</u> 2014	<u>NET BOOK VALUE</u> 2013
Office equipment	\$ 52,893	\$ 47,099	\$ 5,794	\$ 7,243
Computer hardware	67,806	60,751	7,055	6,509
Computer software	<u>57,213</u>	<u>51,802</u>	<u>5,411</u>	<u>5,535</u>
	<u>\$ 177,912</u>	<u>\$ 159,652</u>	<u>\$ 18,260</u>	<u>\$ 19,287</u>

Amortization expense of capital assets for 2014 is \$5,023 (2013 - \$5,148).

4. FUNDS HELD

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 \$14,630 as at December 31, 2014 (2013 - \$14,950) and are included in the accounts payable.

5. COMMITMENTS

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

2015	\$ 92,000
2016	\$ 92,000
2017	\$ 92,000
2018	\$ 85,000
2019	\$ 85,000

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.

CANADIAN LIBRARY ASSOCIATION/ASSOCIATION CANADIENNE DES BIBLIOTHÈQUES
NOTES TO FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2014

7. SPECIAL PURPOSE FUNDS AND PROJECTS

SPECIAL PURPOSE FUNDS	<u>BALANCE OPENING</u>	<u>REVENUES</u>	<u>EXPENSES</u>	<u>BALANCE ENDING</u>
Book Award Fund	\$ 39,985	\$ 3,050	\$ 4,457	\$ 38,578
Intellectual Freedom Fund	64,793	850	-	65,643
Research And Education Fund	14,278	-	2,022	12,256
Scholarship Bursary Funds	78,005	18,778	7,000	89,783
Bibliomondialis	6,960	-	30	6,930
Northern Exposure To Leadership Fund	6,479	65	-	6,544
Library Advocacy Now Fund	5,365	200	-	5,565
Advocacy Award	28,782	-	8	28,774
Chancellor Award	5,842	-	-	5,842
Angela Thacker Fund	5,516	-	700	4,816
Young Adult Fund	<u>201</u>	<u>1,520</u>	<u>1,765</u>	<u>(44)</u>
 SPECIAL PURPOSE FUNDS	 <u>\$ 256,206</u>	 <u>\$ 24,463</u>	 <u>\$ 15,982</u>	 <u>\$ 264,687</u>

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified in order to conform with the current year financial statement presentation.