

## Treasurer's Report

Michael Ridley, CLA Treasurer  
May 2015

### Overview

Fiscal 2014 and the early months of 2015 have been difficult for CLA. It is a time of tremendous uncertainty although one buoyed by optimism. As CLA engages in a renewal process in order to reaffirm and strengthen its role as the national voice for libraries, the financial resources necessary to sustain association activities have been stretched and strained.

As reported to the membership at the 2014 AGM, CLA in its current form is unsustainable. It must transition to a new form or it will fail.

As a result CLA has focused on its core business (library values, advocacy, policy, research, community development) and divested itself of secondary or marginal areas. In doing so it realigned resources and reduced costs. Regrettably this included significant staff reductions (as well as the termination of contract positions).

While reducing costs, it has also been necessary to invest in the renewal process (meetings, external reports, facilitation, legal and financial advice). These funds will be drawn down from our investments and used prudently. At the same time, Executive Council is determined to transform into a revitalized organization with as strong a financial position as possible. Preserving financial resources to accomplish this is essential to the success of the renewed CLA.

### 2014 Audit

CLA received a clean audit for fiscal 2014 with no management letter regarding issues for the association. While the statements continue to reflect a decline in membership revenue, CLA received a strong return on the 2014 Victoria conference. Equally helpful was the rebound in investment income as markets improved. The 2014 fiscal year shows expenditures on organizational renewal for the first time.

### 2015 Budget

The 2015 budget shows a deficit of \$134,820; this is directly attributable to the costs of the CLA renewal initiative (e.g. meetings, travel, commissioned reports, facilitation) and the cost of staff

terminations. These extraordinary expenses are outside normal association undertakings and will be covered by a transfer from CLA investments at the end of the fiscal year. The expenditures of other operations of the association have been prudently managed with reductions in many areas.

For 2015 we anticipate a further decline in membership revenue and a less profitable 2015 conference in Ottawa. While this causes budgetary pressure it is offset by overall restraint in association expenditures.

CLA investments remain strong. However, we continue to draw down capital to cover the costs of organizational renewal. The sooner the renewal process is achieved, the greater the financial resources available for the revitalized organization.

Executive Council views 2015 and 2016 as transitional years that will lead us to a renewed CLA. The draft 2016 budget presented here for information only is part of that process; it illustrates the continued process of trimming expenditures while still accomplishing core association work.

### **Association Wind Up**

Executive Committee is aware that if the renewal initiative is unsuccessful it could mean dissolving CLA as an organization. Hence we have identified possible liabilities should winding up the association be necessary (e.g. staff severance, contract terminations, lease obligations, and other possible liabilities).

A significant liability for CLA is the office lease. With a reduced staff and an uncertain future, CLA does not need the space now nor is it expected that this space will be needed in the future. In May 2010 CLA signed a 10 year lease. After months of negotiation, a potential sublease fell through in April 2015. While options are possible (e.g. another sublease, shared tenants), the office is in a relatively undesirable location in a market flush with alternatives. Subletting 1150 Morrison Drive is critical, not only for ongoing budget relief but also for reducing wind up liabilities.

Assuming that CLA can arrange a sublease, wind up costs will likely be ~\$130K. Preserving resources to cover these costs will be part of CLA planning.

### **MOTIONS**

**Audited Statements:** Move that the audited financial statements for the year 2014 be received as presented.

**Appointment of Auditors:** Move that the firm Parker Prins Lebrano be appointed as auditors for the year 2015.

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