

Financial Statements of

**CANADIAN URBAN LIBRARIES
COUNCIL (CULC) / CONSEIL DES
BIBLIOTHÈQUES URBAINES
DU CANADA**

For the Year ended December 31, 2013

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INDEPENDENT AUDITOR'S REPORT

To the Members of:
Canadian Urban Libraries Council (CULC)
/ Conseil des Bibliothèques Urbaines du Canada

We have audited the accompanying financial statements of Canadian Urban Libraries Council (CULC)/Conseil des Bibliothèques Urbaines du Canada which comprise the statement of financial position as at December 31, 2013 and 2012, and the statements of operations and accumulated surplus and cash flows for the years then ended, and a summary of significant accounting policies and other explanatory information.

Management and Directors' Responsibility for the Financial Statements

Management and Directors are 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 and Directors determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 corporation'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 corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and Directors, 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 Canadian Urban Libraries Council (CULC)/Conseil des Bibliothèques Urbaines du Canada as at December 31, 2013 and 2012, and the results of its operations and its cash flows for the years then ended in accordance with Canadian accounting standards for not-for-profit organizations.

HARRIS & CHONG LLP
Chartered Accountants
Licensed Public Accountants

, 2014
Toronto, Ontario

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**CANADIAN URBAN LIBRARIES COUNCIL (CULC)
/ CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA**

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2013**

	2013	2012
	\$	\$
ASSETS		
Current Assets		
Cash	84,816	94,199
Investments (Note 1)	76,162	75,533
Accounts receivable	229,695	179,414
HST/GST recoverable	12,166	10,886
	402,839	360,032
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	29,972	12,529
Deferred revenue – memberships (Note 1)	159,156	122,404
Deferred revenue – KPI project (Notes 1, 2)	59,025	78,265
	248,153	213,198
FUND BALANCES		
General operating fund	60,446	52,594
Contributed surplus (Note 1)	94,240	94,240
	154,686	146,834
	402,839	360,032

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APPROVED ON BEHALF OF THE BOARD:

Director

Director

The accompanying notes are an integral part of these financial statements.

**CANADIAN URBAN LIBRARIES COUNCIL (CULC)
/ CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA**

**STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2013**

	ACTUAL 2013 \$	ACTUAL 2012 \$
REVENUES		
Membership	147,464	153,505
Special project – KPI (Notes 1, 2)	76,871	24,117
Special project – Lest We Forget	-	56,202
Interest income	1,252	1,444
Other revenue	3,937	3,565
	229,524	238,833
EXPENSES		
Contracted services (Note 3)	127,641	147,385
Provision for doubtful accounts	18,400	22,474
Translating and interpretation	3,045	10,588
Special project – KPI (Note 2)	18,000	24,117
Special project – Lest We Forget	-	14,057
Professional fees	14,294	4,715
Administration	4,506	6,251
Telephone	3,363	1,970
Membership	1,912	1,102
Catering	15,918	18,199
Insurance	654	671
Rent (Note 3)	3,600	-
	211,333	251,529
OPERATING SURPLUS (DEFICIT)	18,191	(12,696)
Other		
Contribution to CELA (Note 4)	(10,339)	-
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	7,852	(12,696)
Balance at beginning of year	52,594	65,290
BALANCE AT END OF YEAR	60,446	52,594

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**CANADIAN URBAN LIBRARIES COUNCIL (CULC)
/ CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA**

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2013

	2013	2012
		\$
CASH INFLOW (OUTFLOW) FROM THE FOLLOWING ACTIVITIES		
Operating activities		
Excess of expenses over revenue	(51,019)	(12,696)
Changes in non-cash working capital		
Accounts receivable	(50,281)	40,867
HST/GST recoverable	(1,280)	(5,438)
Prepaid expenses	-	20,340
Accounts payable and accrued liabilities	17,443	2,417
Deferred revenue-memberships	36,752	(31,100)
Deferred revenue-KPI	39,631	25,255
	(8,754)	39,645
Investing activities		
Term deposit proceeds (invested)	(629)	50,995
NET CASH INFLOW (OUTFLOW)	(9,383)	90,640
Cash balance at beginning of year	94,199	3,559
CASH BALANCE AT END OF YEAR	84,816	94,199

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The accompanying notes are an integral part of these financial statements.

CANADIAN URBAN LIBRARIES COUNCIL (CULC) / CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2013

Status and nature of activities

Canadian Urban Libraries Council (CULC) / Conseil des Bibliothèques Urbaines du Canada was incorporated on November 27, 2007 pursuant to Part II of the Canada Corporations Act. Its purpose is to work collaboratively to build vibrant urban communities by strengthening the capacity of Canada's urban libraries.

The corporation qualifies as a non-profit organization, which is exempt from income tax under the Income Tax Act.

1. Significant accounting policies

The General Operating Fund accounts for current operations and programs as well as the Council's administrative activities.

The Contributed Surplus represents the transfer of the net assets remaining from the activities of the predecessor Canadian Urban Libraries Council (unincorporated).

Revenue recognition

During the year, CULC changed its method of accounting for KPI project revenue, no longer using the deferral method of accounting for contributions.

Revenues collected from subscribers are recognized as revenue of the general operating fund.

There were no transitional adjustments necessary to reflect the change in accounting policy.

Membership dues, which are tied to the calendar year, are recognized as revenue when earned. Dues received in advance are deferred.

Interest income is recognized as earned.

Investments

Investments are purchased to be held to maturity, and accordingly are recorded at cost plus accrued interest, calculated using the effective interest rate method.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

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**CANADIAN URBAN LIBRARIES COUNCIL (CULC)
/ CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA**

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2013**

2. Special Project – KPI

CULC was committed to a special project for Key Performance Indicators, which commenced in November 2008 and ended in November 2011. A contract renewal was agreed to with Counting Opinions, the current provider of software services, which will last four years and began in January 2012.

3. Related party transactions

Payments are made under a contract with Gap.Point.Reach Inc., a company of which CULC's Executive Director is the principal shareholder.

	2013 \$	2012 \$
Contract for services	<u>92,900</u>	<u>89,400</u>
Rent for space occupied	<u>3,600</u>	<u>-</u>

Payments are measured at the exchange amount, being the amounts agreed to by the parties.

4. Contribution to CELA

CULC was integral in creating a new separate Not-For-Profit called the Centre for Equitable Library Service (CELA) to provide library service through Canada's public libraries to Canadians with print disabilities. CULC allocated funds to the development of this organization and paid some of its start-up costs in 2013. CULC is committed to continuing some support through 2014. CELA is a separate legal entity from CULC.

5. Financial instruments

The corporation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to material interest or credit risks arising from its financial instruments, and that the fair values of its financial instruments approximate their carrying value.

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