

Financial Statements of

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

For the Year ended December 31, 2015

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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, 2015 and the statements of operations and accumulated surplus and cash flows for the year 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, 2015, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

**HARRIS & CHONG LLP**  
**Chartered Accountants**  
**Licensed Public Accountants**

, 2016  
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, 2015**

	2015	2014
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Cash	221,033	44,457
Investments	-	125,488
Accounts receivable	29,942	40,052
HST recoverable	8,495	15,291
	<b>259,470</b>	<b>225,288</b>
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	6,875	1,176
Deferred revenue – memberships	-	2,431
Deferred revenue – PLLFP (Notes 1, 4)	-	18,611
	<b>6,875</b>	<b>22,218</b>
<b>FUND BALANCES</b>		
General operating fund	158,355	108,830
Contributed surplus (Note 1)	94,240	94,240
	<b>252,595</b>	<b>203,070</b>
	<b>259,470</b>	<b>225,288</b>

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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, 2015**

	ACTUAL 2015 \$	ACTUAL 2014 \$ (Note 7)
<b>REVENUES</b>		
Membership	165,906	160,276
Project – KPI (Note 2)	50,220	59,025
PLLFP income (Note 4)	24,236	18,611
Other revenue	2,451	3,361
Interest income	938	1,419
	<b>243,751</b>	<b>242,692</b>
<b>EXPENSES</b>		
Contracted staffing (Note 3)	120,637	107,894
Project – KPI (Note 2)	18,000	18,000
Project – Performance Measures (Note 5)	15,780	-
Catering and travel	11,887	10,708
Professional fees	4,208	7,448
Project – PLLFP (Note 4)	5,131	25,217
Memberships and external relations	4,519	4,848
Rent (Note 3)	3,787	3,600
Provision for doubtful accounts	1,750	5,496
Administration	6,305	4,711
Telephone	813	1,549
Translating and interpretation	738	1,333
Insurance	671	702
	<b>194,226</b>	<b>191,506</b>
<b>OPERATING SURPLUS</b>	<b>49,525</b>	<b>51,186</b>
<b>Other</b>		
Contribution to CELA	-	(2,802)
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>49,525</b>	<b>48,384</b>
Balance at beginning of year	108,830	60,446
<b>BALANCE AT END OF YEAR</b>	<b>158,355</b>	<b>108,830</b>

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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, 2015**

	2015	2014
	\$	\$
<b>CASH INFLOW (OUTFLOW) FROM THE FOLLOWING ACTIVITIES</b>		
<b>Operating activities</b>		
Excess of revenue over expenses	49,525	48,384
Changes in non-cash working capital		
Accounts receivable	10,110	189,643
HST recoverable	6,796	(3,125)
Accounts payable and accrued liabilities	5,699	(28,796)
Deferred revenue – memberships	(2,431)	(156,725)
Deferred revenue – KPI	-	(59,025)
Deferred revenue – PLLFP	(18,611)	18,611
	51,088	8,967
<b>Investing activities</b>		
Term deposit proceeds (invested)	125,488	(49,326)
<b>NET CASH INFLOW (OUTFLOW)</b>	176,576	(40,359)
Cash balance at beginning of year	44,457	84,816
<b>CASH BALANCE AT END OF YEAR</b>	221,033	44,457

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

**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**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***

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

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

Revenue in relation to PLLFP is recognized as revenue when earned.

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)  
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**NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2015**

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**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.

	2015 \$	2014 \$
Contract for services	<u>114,201</u>	<u>102,601</u>
Rent for space occupied	<u>3,787</u>	<u>3,600</u>

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

**4. PLLFP**

CULC initiated Public Library Leadership Fellowship Program (PLLFP) in 2014. The program runs in cohorts, which last about 18 months. The major expense is instructor fees paid to the University of Toronto. Half of the revenue was recognized in 2014 and the other half was recognized in 2015.

**5. Special project – Performance Measures**

CULC initiated a project, exploring library impact in the community. Bright Sail Research & Consulting has been contracted to carry out the research. The work started in October 2015 and is currently on-going.

**6. Financial instruments**

The corporation's financial instruments consist of cash, 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.

**7. Comparative figures**

Certain prior year figures have been re-classified to conform with the current year financial reporting format.

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