

Financial Statements of

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

For the Year ended December 31, 2014

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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, 2014, 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, 2014, 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

HARRIS & CHONG LLP
Chartered Accountants
Licensed Public Accountants

June 8, 2015
Toronto, Ontario

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

**STATEMENT OF FINANCIAL POSITION
 AS AT DECEMBER 31, 2014**

	2014	2013
	\$	\$
ASSETS		
Current Assets		
Cash	44,457	84,816
Investments (Note 1)	125,488	76,162
Accounts receivable	40,052	229,695
HST recoverable	15,291	12,166
	225,288	402,839
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	1,176	29,972
Deferred revenue – memberships (Note 1)	2,431	159,156
Deferred revenue – KPI project (Note 2)	-	59,025
Deferred revenue – PLLFP (Notes 1, 5)	18,611	-
	22,218	248,153
FUND BALANCES		
General operating fund	108,830	60,446
Contributed surplus (Note 1)	94,240	94,240
	203,070	154,686
	225,288	402,839

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, 2014**

	ACTUAL 2014 \$	ACTUAL 2013 \$
REVENUES		
Membership	160,276	147,464
Special project – KPI (Note 2)	59,025	76,871
PLLFP income (Note 5)	18,611	-
Interest income	1,419	1,252
Other revenue	3,361	3,937
	242,692	229,524
EXPENSES		
Contracted staffing (Note 3)	107,894	127,641
Provision for doubtful accounts	5,496	18,400
Translating and interpretation	1,333	3,045
Special project – KP1 (Note 2)	18,000	18,000
Special project – PLLFP (Note 5)	25,217	-
Professional fees	1,647	14,294
Administration	10,512	4,506
Telephone	1,549	3,363
Memberships and external relations	4,848	1,912
Catering and travel	10,708	15,918
Insurance	702	654
Rent (Note 3)	3,600	3,600
	191,506	211,333
OPERATING SURPLUS	51,186	18,191
Other		
Contribution to CELA (Note 4)	(2,802)	(10,339)
EXCESS OF REVENUE OVER EXPENSES	48,384	7,852
Balance at beginning of year	60,446	52,594
BALANCE AT END OF YEAR	108,830	60,446

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

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

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2014**

	2014	2013
	\$	\$
CASH INFLOW (OUTFLOW) FROM THE FOLLOWING ACTIVITIES		
Operating activities		
Excess of expenses over revenue	48,384	7,852
Changes in non-cash working capital		
Accounts receivable	189,643	(50,281)
HST recoverable	(3,125)	(1,280)
Accounts payable and accrued liabilities	(28,796)	17,443
Deferred revenue-memberships	(156,725)	36,752
Deferred revenue-KPI	(59,025)	(19,240)
Deferred revenue – PLLFP	18,611	-
	8,967	(8,754)
Investing activities		
Term deposit proceeds (invested)	(49,326)	(629)
NET CASH OUTFLOW	(40,359)	(9,383)
Cash balance at beginning of year	84,816	94,199
CASH BALANCE AT END OF YEAR	44,457	84,816

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, 2014**

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.

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

**NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2014**

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.

	2014 \$	2013 \$
Contract for services	<u>102,601</u>	<u>92,900</u>
Rent for space occupied	<u>3,600</u>	<u>3,600</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 organization 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 and 2014.

5. 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 will be recognized in 2015.

6. 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.