

Financial Statements of

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

For the Year ended December 31, 2009

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AUDITOR'S REPORT

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

We have audited the statement of financial position of Canadian Urban Libraries Council (CULC) / Conseil des Bibliothèques Urbaines du Canada as at December 31, 2009 and the statement of general operating fund for the year then ended. These financial statements are the responsibility of the organization's Board of Directors. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these 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, 2009, and the results of its operations and changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

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HARRIS & CHONG LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
, 2010

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

**STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2009**

	2009	2008
	\$	\$
		(Note 5)
ASSETS		
Current Assets		
Cash	122,247	102,994
Investments (Note 3)	16,017	16,035
Accounts receivable	3,100	2,000
Prepaid expenses	15,771	17,182
	157,135	138,211
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	9,247	8,092
GST payable	1,056	-
Deferred revenue – memberships (Notes 2, 5)	34,458	44,685
Deferred revenue – KPI project (Notes 2, 5)	11,581	-
	56,342	52,777
FUND BALANCES		
General operating fund	6,553	(8,806)
Contributed surplus (Note 4)	94,240	94,240
	100,793	85,434
	157,135	138,211

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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 GENERAL OPERATING FUND
FOR THE YEAR ENDED DECEMBER 31, 2009**

	BUDGET 2009 \$	ACTUAL 2009 \$	ACTUAL 2008 \$
REVENUES			
Membership (Note 5)	138,947	126,570	87,200
Grants / sponsorships	7,000	-	23,935
Special project – KPI (Notes 2, 5)	97,830	79,065	-
Interest income	750	-	543
	<u>244,527</u>	<u>205,635</u>	<u>111,678</u>
EXPENSES			
Contracted services (Note 6)	67,150	53,610	79,000
Special project – Social inclusion	31,500	17,425	11,241
Stakeholder relations	-	-	9,580
Translating and interpretation	8,500	6,906	7,072
Special project – KPI (Notes 2, 5, 6, 7)	85,880	79,065	-
Professional fees (Note 6)	9,250	2,471	4,803
Administration	11,550	1,951	3,947
Recognition	600	-	1,572
Telephone	-	3,512	1,137
Membership	1,900	1,481	919
Catering	5,000	9,733	701
Insurance	775	702	512
Web development	10,310	6,369	-
Travel and accommodation	1,500	-	-
Rental	5,400	911	-
Purchase	-	392	-
Future projects	5,000	5,748	-
	<u>244,315</u>	<u>190,276</u>	<u>120,484</u>
EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUE)	<u>212</u>	<u>15,359</u>	<u>(8,806)</u>
Balance at beginning of year			
As previously reported		23,109	-
Prior period adjustment (Note 5)		(31,915)	-
As restated		(8,806)	-
BALANCE AT END OF YEAR		<u>6,553</u>	<u>(8,806)</u>

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, 2009

1. Status and nature of activities

Canadian Urban Libraries Council (CULC) / Conseil des Bibliothèques Urbaines du Canada is incorporated without share capital under the laws of the Province of Ontario. 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.

2. Significant accounting policies

Revenue recognition

CULC follows the deferral method of accounting for contributions received for special projects. This method recognizes restricted contributions in the period in which qualifying expenses are incurred.

Membership dues, which are tied to the calendar year, are 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) / CONSEIL DES BIBLIOTHÈQUES URBAINES DU CANADA

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

3. Investment

The investment consists of a Guaranteed Investment Certificate, maturing in 2010, and bearing interest at a rate of 0.2% per annum. Interest is paid at maturity.

	2009 \$	2008 \$
Investments at cost	16,017	15,922
Accrued interest	-	113
	16,017	16,035

4. Contributed surplus

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).

5. Prior period adjustments and changes in accounting policies

During 2009, CULC changed its accounting policy on a retroactive basis for recognizing membership revenue. Membership fees were recognized when received in 2008. Now, it is recognized when earned as disclosed and discussed in Note 2. This resulted in a decrease of membership revenue of \$36,995 in 2008, and an increase in revenue of \$36,995 in 2009.

CULC also adopted the deferral method on a retroactive basis for program revenue and expenses, to match revenue received and expenses incurred for the KPI Program for the duration of the program. This resulted in a decrease of \$5,080 in program costs in 2008.

6. Allocation of expenses – KPI project

Only expenses related directly to the KPI project are allocated to the KPI project, except for the following:

Contracted services reported in the statement of general operating fund are reported after allocation of 40% (2008 – Nil) of the Executive Director's compensation and professional fees to the KPI project expenses, representing the proportionate share of this project.

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

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2009

6. Allocation of expenses – KPI project (continued)

Professional fees reported in the statement of general operating fund are also reported after allocating approximately 40% to the KPI project expenses, representing the proportionate share of this project.

7. Contractual commitments

CULC is committed to a special project for key performance indicators, which commenced in November 2008 and will last 3 years. The contractual commitment is \$23,000.

8. 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.

9. Changes in financial position

A statement of cash flows has not been prepared because it would not provide any additional meaningful information.

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May 26, 2010

Mr. Peter K. Harris, Partner
Harris & Chong LLP
Chartered Accountants
2225 Sheppard Ave. East
Suite 1202, Atria III
Toronto, ON M2J 5C2

Dear Mr. Harris:

We are providing this letter in connection with your audit of the financial statements of Canadian Urban Libraries Council (CULC) / Conseil des Bibliothèques Urbaines du Canada for the year ended December 31, 2009 for the purpose of expressing an opinion as to whether the financial statements present fairly, in all material respects, the financial position, results of operations, and cash flows of Canadian Urban Libraries Council (CULC) / Conseil des Bibliothèques Urbaines du Canada in accordance with Canadian generally accepted accounting principles. We confirm that we are responsible for the fair presentation of the financial statements in accordance with Canadian generally accepted accounting principles. We acknowledge that we are also responsible for the implementation and operation of internal controls that are designed to prevent and detect fraud and error.

We understand that your audit was made in accordance with Canadian generally accepted auditing standards and accordingly included such tests of the accounting records and such other auditing procedures as you considered necessary in the circumstances for the purpose of obtaining reasonable assurance that the financial statements are free from material misstatement. However, such an audit is based on selective tests. Because you do not perform a detailed examination of all transactions, there is a risk that material fraud, error, violation or possible violation of laws or regulation may exist, but not be detected. Based on our assessment, we believe the risk that the financial statements may be materially misstated as a result of fraud to be acceptably low.

Certain representations in this letter are described as being limited to matters that are material. Items are considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in the light of surrounding circumstances, makes it probable that the judgement of a reasonable person relying on the information would be changed or influenced by the omission or misstatement.

In connection with your audit of the financial statements of Canadian Urban Libraries Council (CULC) / Conseil des Bibliothèques Urbaines du Canada for the year ended December 31, 2009, we hereby confirm that to the best of our knowledge and belief:

1. We are responsible for the fair presentation of the financial statements of the organization prepared in accordance with Canadian generally accepted accounting principles.
2. We are responsible for adopting sound accounting policies, establishing and maintaining internal controls to, among other things, help assure the preparation of the financial statements in conformity with Canadian generally accepted accounting principles, and preventing and detecting fraud.
3. We have made available to you all:
 - Financial records and related data
 - Minutes of the meetings of directors and committees.
4. We have reviewed and approved all of the following:
 - Journal entries you prepared or changed,
 - Account codes you determined or changed,
 - Transactions you classified, and
 - Accounting records you prepared or changed.
5. There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.
6. There are no material transactions that have not been properly recorded in the accounting records underlying the financial statements. All financial statement misstatements identified and discussed with us in the course of the audit have been recorded (except for those summarized in the accompanying schedule of proposed adjusting entries not recorded. In our opinion, the effects of not recording such identified financial statement misstatements are, both individually and in the aggregate, immaterial to the financial statements of the organization taken as a whole).

7. There has been no:
 - a) Fraud or irregularities involving management or employees who have significant roles in internal control, whether or not perceived to have a material effect on the financial statements.
 - b) Fraud involving others that could have a material effect on the financial statements.
 - c) Violations or possible violations of laws or regulations (including the failure to file reports required by regulatory bodies) whose effects should be considered for disclosure in the financial statements or as a basis for recording a loss contingency.
 - d) Cases of suspected fraud or allegations of fraud communicated by employees, former employees or others.
8. We have no plans or intentions that may materially affect the carrying value or classification of assets and liabilities.
9. The following, where applicable, have been properly recorded or disclosed in the financial statements:
 - a) Changes during the year under audit in the Organization's accounting principles and practices.
 - b) Related-party transactions (e.g., transactions with affiliates, directors, management, and members of their immediate families) including sales, purchases, loans, transfers, leasing arrangements, and guarantees, and amounts receivable from or payable to such individuals.
 - c) Guarantees, whether written or oral, under which the Organization is contingently liable.
 - d) All assets to which the organization has title and all known liabilities of the organization at the year-end.
 - e) Other liabilities or gain or loss contingencies that are required to be accrued or disclosed (e.g., potential or pending claims, lawsuits, labour claims or negotiations).
 - f) Major commitments such as fixed asset purchase agreements, deferred compensation, bonuses, pensions and profit-sharing plans.
10. The Organization has satisfactory title to all owned assets, and there are no liens or encumbrances on such assets nor has any asset been pledged as collateral. Where the value of any asset has been impaired, an appropriate provision has been made in the financial statements.
11. We have complied with all aspects of contractual agreements that would have a material effect on the financial statements in the event of non-compliance.
12. No events have occurred subsequent to the balance-sheet date and through the date of this letter that would require adjustment to, or disclosure in, the financial statements.
13. The minute books of the organization are a complete record of all meetings and resolutions of directors and committees throughout the year and to the present date.
14. We have responded fully to all inquiries made to us by you during your examination.

Yours truly,

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