

Financial Statements of

**VANCOUVER PUBLIC
LIBRARY FOUNDATION**

And Independent Auditors' Report thereon

Year ended June 30, 2021



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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Vancouver Public Library Foundation

Opinion

We have audited the financial statements of Vancouver Public Library Foundation (the "Entity"), which comprise:

- the statement of financial position as at June 30, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at June 30, 2021, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.



Other Information

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditors' report thereon, included in 2020 Annual Report.

Our opinion on the financial statements does not cover the other information and we do not and will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit and remain alert for indications that the other information appears to be materially misstated.

We obtained the information, other than the financial statements and the auditors' report thereon, included in 2020 Annual Report as at the date of this auditors' report.

If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact in the auditors' report.

We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.



In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit 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 Entity's internal control.



- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Chartered Professional Accountants

Vancouver, Canada

DATE

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Financial Position

June 30, 2021, with comparative information for 2020

	2021	2020
		(recast - note 3)
Assets		
Current assets:		
Cash and cash equivalents	\$ 3,133,496	\$ 1,890,900
Accounts receivable (note 11)	37,287	68,966
Due from Vancouver Public Library (note 9)	273	-
Prepaid expenses	11,660	5,827
	<u>3,182,716</u>	<u>1,965,693</u>
Restricted cash and investments held for endowment (note 4)	1,816,847	1,813,672
	<u>\$ 4,999,563</u>	<u>\$ 3,779,365</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 8,416	\$ 7,836
Deferred investment income (note 6)	11,640	4,253
Deferred contributions (note 7)	2,532,351	1,605,446
Due to Vancouver Public Library (note 9)	-	23,028
	<u>2,552,407</u>	<u>1,640,563</u>
Net assets:		
Unrestricted:		
General fund	630,309	325,130
Endowment:		
Legacy endowment fund (note 8)	<u>1,816,847</u>	<u>1,813,672</u>
	<u>2,447,156</u>	<u>2,138,802</u>
	<u>\$ 4,999,563</u>	<u>\$ 3,779,365</u>

See accompanying notes to financial statements.

Approved on behalf of the Board:

_____ Director

_____ Director

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Operations

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
		(recast - note 3)
Revenue:		
Donations and grants (note 9)	\$ 758,845	\$ 1,771,597
Investment income	12,266	47,941
	<u>771,111</u>	<u>1,819,538</u>
Expenses:		
Distribution for charitable purposes (note 9)	218,297	1,328,685
Administrative (note 9):		
Salaries and benefits	343,268	422,841
Government assistance (note 3)	(172,285)	(58,957)
Salaries and benefits, net of government assistance	<u>170,983</u>	<u>363,884</u>
Capital campaign expenses	-	19,382
Consulting fees	-	5,682
Dues and subscriptions	3,953	4,612
Gala event expenses	6,150	147,912
Insurance	3,022	5,433
Legal and professional fees	11,873	10,520
Other expenses	14,146	39,289
Promotional expenses	18,364	4,495
Software & processing fees	18,346	23,464
Staff training	798	5,001
	<u>465,932</u>	<u>1,958,359</u>
Excess (deficiency) of revenue over expenses	<u>\$ 305,179</u>	<u>\$ (138,821)</u>

See accompanying notes to financial statements.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Changes in Net Assets

Year ended June 30, 2021, with comparative information for 2020

	General Fund	Legacy Endowment Fund (note 8)	2021 Total	2020 Total (recast – note 3)
Net assets, beginning of year (recast - note 3)	\$ 325,130	\$ 1,813,672	\$ 2,138,802	\$ 2,274,048
Excess (deficiency) of revenue over expenses	305,179	-	305,179	(138,821)
Endowment donations (note 8)	-	3,175	3,175	3,575
Net assets, end of year	\$ 630,309	\$ 1,816,847	\$ 2,447,156	\$ 2,138,802

See accompanying notes to financial statements.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Cash Flows

Year ended June 30, 2021, with comparative information for 2020

	2021	2020
		(recast – note 3)
Cash provided from (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	\$ 305,179	\$ (138,821)
Item not involving cash:		
Change in accrued interest on investments	6,000	20,427
	311,179	(118,394)
Changes in non-cash working capital:		
Accounts receivable	31,679	(63,116)
Prepaid expenses	(5,833)	19,929
Accounts payable and accrued liabilities	580	7,836
Deferred investment income	7,387	(9,492)
Deferred contributions	926,905	663,816
Due from/to Vancouver Public Library	(23,301)	20,559
	1,248,596	521,138
Financing activities:		
Endowment donations received	3,175	3,575
Investing activities:		
Change in restricted cash held for endowment	15,691	(83,268)
Purchase of investments	(1,677,156)	(1,652,290)
Proceeds from disposal of investments	1,652,290	1,777,078
	(9,175)	41,520
Increase in cash and cash equivalents	1,242,596	566,233
Cash and cash equivalents, beginning of year	1,890,900	1,324,667
Cash and cash equivalents, end of year	\$ 3,133,496	\$ 1,890,900

See accompanying notes to financial statements.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements

Year ended June 30, 2021

1. Nature of operations:

The Vancouver Public Library Foundation (the "Foundation") exists to raise monies for capital projects, book acquisitions, equipment needs, and program development at the Vancouver Public Library (the "Library").

The Foundation is incorporated under the Canada Not-For-Profit Corporations Act. The Foundation is classified as a charity under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The subsequent shutdowns globally, domestically, and locally have had a significant impact on jurisdictions and market sectors in which the Foundation operates. At the time of the approval of these financial statements, the Foundation has taken the following actions in response to the COVID-19 pandemic:

- (a) Applied for and received government assistance (note 11);
- (b) Ensuring social distancing protocols are maintained for in-person meetings and limiting attendance to less than 50 people, and moving other events to virtual events; and
- (c) Deployment of work from home protocols for Foundation employees who are able to do so.

The impact of the pandemic creates uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not predictable at this time.

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

- (a) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or the restrictions are met.

Donations and contributions in-kind are recorded at fair value at the time of receipt when such value can be reasonably determined.

Legacy endowment contributions are recognized as direct increases in net assets. Investment income is recognized as general fund revenue in the period earned, unless the investment income earned on the endowment is restricted, in which case the amount is included in deferred investment income and recognized when the restrictions are met.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

2. Significant accounting policies (continued):

(a) Revenue recognition (continued):

Government assistance toward current expenses or revenues is included in the determination of net earnings for the period. Government assistance toward current expenses is recorded as a reduction to the related expenditures, provided there is reasonable assurance that the Foundation has complied and will continue to comply with all the conditions.

(b) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and highly liquid investments readily redeemable with term to maturity within ninety days of acquisition.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value with any changes being recorded through the statement of operations. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Foundation has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets carried at cost or amortized cost are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. To the extent that impairment is determined, the carrying value of the instrument will be reduced. Impairment losses are reversed to the extent of any recovery in value, not exceeding the initial carrying value.

(d) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from those estimates.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

3. Canada Emergency Wage Subsidy and recast of comparative information:

Due to the COVID-19 pandemic, the Canadian government introduced the Canada Emergency Wage Subsidy (“CEWS”) to assist eligible organizations who had lost a certain percentage of their qualifying revenue.

In fiscal 2021, the Foundation applied for and received CEWS amounts relating to claim periods for payroll expenses incurred in fiscal 2020. The amounts were not recognized in the fiscal 2020 financial statements. Accordingly, the comparative information as at June 30, 2020 has been recast to correct for this immaterial difference as follows:

	As previously reported	Adjustments	As recast
Statement of financial position			
Accounts receivable	\$ 10,009	\$ 58,957	\$ 68,966
Unrestricted net assets (general fund)	266,173	58,957	325,130
Total net assets	2,079,845	58,957	2,138,802
Statement of operations			
Salaries and benefits, net of government assistance	422,841	(58,957)	363,884
Deficiency of revenue over expenses	(197,778)	58,957	(138,821)
Statement of changes in net assets			
Deficiency of revenue over expenses	(197,778)	58,957	(138,821)
Unrestricted net assets (general fund)	266,173	58,957	325,130
Total net assets	2,079,845	58,957	2,138,802

During the year ended June 30, 2021, the Foundation recognized government assistance related to CEWS of \$172,285 (2020 - \$58,957 (recast)) which is presented as an offset to salaries and benefits expense on the statement of operations. Included in accounts receivable as at June 30, 2021 is \$36,159 with respect to these claims (2020 - \$58,957 (recast)).

4. Restricted cash and investments held for endowment:

Investments consist of Guaranteed Investment Certificates (“GICs”) with total amortized cost plus accrued interest of \$1,677,967 (2020 - \$1,659,101) with yields of 0.18% (2020 – 1.35% to 1.65%) and maturity dates from March to May 2022 (2020 - March to May 2021). Included in restricted cash and investments held for endowment is restricted cash and cash equivalents of \$138,880 (2020 - \$154,571).

5. Accounts payable and accrued liabilities:

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VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

Included in account payable and accrued liabilities are government remittances payable of \$1,433 (2020 – nil), which includes amounts payable for payroll related taxes.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

6. Deferred investment income:

Deferred investment income represents investment income earned on endowments that is externally restricted by the donor for specific uses at the Library. Changes in deferred investment income are as follows:

	2021	2020
Balance, beginning of year	\$ 4,253	\$ 13,745
Add restricted investment income earned	11,640	4,253
Less amounts spent and recognized as revenue	(4,253)	(13,745)
Balance, end of year	\$ 11,640	\$ 4,253

7. Deferred contributions:

Deferred contributions represent unspent contributions externally restricted by the donor for specific uses at the Library. Changes in deferred contributions are as follows:

	2021	2020
Balance, beginning of year	\$ 1,605,446	\$ 941,630
Add restricted contributions received	1,145,202	1,892,501
Less amounts spent and recognized as revenue	(218,297)	(1,228,685)
Balance, end of year	\$ 2,532,351	\$ 1,605,446

Included in deferred contributions are amounts restricted for the capital campaign of \$2,456,825 (2020 - \$1,580,635).

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

8. Legacy Endowment Fund:

Donations received in the current year in the amount of \$3,175 (2020 - \$3,575) were specified by the donors as legacy endowment contributions. Included in the legacy endowment fund is \$796,988 (2020 - \$796,988) that was internally restricted by the Board in prior years and recorded in the Legacy Fund.

	2021	2020
Alan MacDougal Fund	\$ 52,525	\$ 52,525
Canada Poetry Fund	90,000	90,000
Cheryl Hughes	24,200	22,150
Derek Lukin Johnston Legacy Fund	29,041	29,041
Duncan Fund	237,756	237,756
Isabel Grace McTavich Children's Fund	34,100	34,100
Legacy Fund	880,957	880,957
Outreach Endowment	4,720	4,720
Stanley & Elsie Cha Fund	30,025	28,900
Winifred and Thomas Craig Fund	50,923	50,923
Yosef Wosk Judaic Legacy Fund	5,000	5,000
Geoffrey Rex DesBrisay Fund	376,800	376,800
Ting Ting Jiang Memorial Fund	800	800
	<u>\$ 1,816,847</u>	<u>\$ 1,813,672</u>

9. Related parties:

During the year ended June 30, 2021, the Library, a party related through economic interest, transferred to the Foundation \$3,822 (2020 - \$2,640) in donations received by the Library on behalf of the Foundation. These amounts are included in donations and grant revenue in the statement of operations.

During the year ended June 30, 2021, the Foundation distributed \$218,297 (2020 - \$1,328,685) to the Library. This amount is recorded as distribution for charitable purposes in the statement of operations.

During the year ended June 30, 2021, the Foundation paid \$14,099 (2020 - \$23,199) to the Library for expenses incurred by the Library on behalf of the Foundation. Certain other administrative costs (including personnel costs and the use of furniture and equipment) of the Foundation are paid for by the Library and not charged to the Foundation, the total value of which is not determinable and is not reflected in the financial statements.

The amounts due from and to the Library on the statement of financial position arise from transactions in the normal course of operations

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2021

10. Financial instruments:

(a) Interest rate risk:

The Foundation has investments in fixed interest rate GICs. The Foundation believes that it is not exposed to significant interest rate risk on these investments.

(b) Credit risk:

The Foundation manages its credit risk on GICs by holding these financial assets at various high credit quality Canadian financial institutions.

The Foundation believes that it is not exposed to significant currency or liquidity risk arising from its financial instruments. There have been no significant changes to the risk exposures from 2020 other than the pervasive impact of COVID-19 as described in note 1.