

Financial Statements

**VANCOUVER PUBLIC  
LIBRARY FOUNDATION**

And Independent Auditor's Report thereon

Year ended June 30, 2024



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## **INDEPENDENT AUDITOR'S REPORT**

To the Board of Directors of Vancouver Public Library Foundation

### **Report on the Audit of Financial Statements**

#### ***Opinion***

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

- the statement of financial position as at June 30, 2024
- the statement of operations and 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 Foundation as at June 30, 2024, 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Foundation 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.



### ***Emphasis of Matter – Comparative Information***

We draw attention to Note 2(a) to the financial statements (“Note 2(a)”), which explains that certain comparative information presented for the year ended June 30, 2023 has been restated.

Note 2(a) explains the reason for the restatement and also explains the adjustments that were applied to restate certain comparative information.

Our opinion is not modified in respect of this matter.

### ***Other Matter – Comparative Information***

As part of our audit of the financial statements for the year ended June 30, 2024, we also audited the adjustments that were applied to restate certain comparative information presented for the year ended June 30, 2023. In our opinion, such adjustments are appropriate and have been properly applied.

### ***Other Information***

Management is responsible for the other information. Other information comprises the information, other than the financial statements and the auditor’s report thereon, included in the 2024 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 auditor’s report thereon, included in the 2024 Annual Report as at the date of this auditor’s 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 auditor’s 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 Foundation’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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

### ***Auditor's 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 auditor's 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Foundation to cease to continue as a going concern.



*Vancouver Public Library Foundation*  
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- 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.

*KPMG LLP*

Chartered Professional Accountants

Vancouver, Canada  
December 3, 2024

# VANCOUVER PUBLIC LIBRARY FOUNDATION

## Statement of Financial Position

June 30, 2024, with comparative information for 2023

	2024	2023
		(Restated - note 2(a))
<b>Assets</b>		
Current assets:		
Cash	\$ 261,400	\$ 905,610
Investments (note 3)	5,486,943	4,399,248
Accrued interest and other receivables	157,439	6,201
Due from Vancouver Public Library (note 7)	7,939	7,066
Prepaid expenses	11,568	11,752
	5,925,289	5,329,877
Tangible capital assets (note 4)	7,249	9,264
Investments held for endowment (note 3)	1,845,262	1,819,887
	\$ 7,777,800	\$ 7,159,028

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (notes 5 and 7)	\$ 207,041	\$ 346,234
Net assets:		
Unrestricted fund	1,696,621	1,807,799
Externally restricted fund	4,028,876	3,185,108
Endowment fund (note 6)	1,845,262	1,819,887
	7,570,759	6,812,794
	\$ 7,777,800	\$ 7,159,028

See accompanying notes to financial statements.



Director



Director

# VANCOUVER PUBLIC LIBRARY FOUNDATION

## Statement of Operations and Changes in Net Assets

Year ended June 31, 2024, with comparative information for 2023

	Unrestricted Fund	Externally Restricted Fund	Endowment Fund	Total 2024	Total 2023
					(Restated - note 2(a))
Revenue:					
Donations and grants	\$ 637,060	\$ 909,344	\$ 25,375	\$ 1,571,779	\$ 1,752,234
Investment income (note 3)	264,795	54,590	-	319,385	166,692
Total revenue	901,855	963,934	25,375	1,891,164	1,918,926
Expenses:					
General and administrative (Schedule 1)	658,591	-	-	658,591	636,858
Excess of revenue over expenses before undernoted	243,264	963,934	25,375	1,232,573	1,282,068
Contributions to Vancouver Public Library (note 7)	461,500	120,166	-	581,666	1,271,844
Excess (deficiency) of revenue over expenses before change in fair value of investments	(218,236)	843,768	25,375	650,907	10,224
Change in fair value of investments	107,058	-	-	107,058	106,911
Excess (deficiency) of revenue over expenses	(111,178)	843,768	25,375	757,965	117,135
Net assets, beginning of year (Restated - note 2(a))	1,807,799	3,185,108	1,819,887	6,812,794	6,695,659
Net assets, end of year	\$ 1,696,621	\$ 4,028,876	\$ 1,845,262	\$ 7,570,759	\$ 6,812,794

See accompanying notes to financial statements.

# VANCOUVER PUBLIC LIBRARY FOUNDATION

## Statement of Cash Flows

Year ended June 30, 2024, with comparative information for 2023

	2024	2023
		(Restated - note 2(a))
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 757,965	\$ 117,135
Items not involving cash:		
Change in fair value of investments	(107,058)	(106,911)
Change in accrued interest	123,131	(51,019)
Amortization of tangible capital assets	4,985	5,886
	779,023	(34,909)
Changes in non-cash operating working capital:		
Accounts and other receivable	(151,238)	(1,413)
Due from Vancouver Public Library	(873)	(6,338)
Prepaid expenses	184	(2,404)
Accounts payable and accrued liabilities	(139,193)	331,131
	487,903	286,067
Investing activities:		
Tangible capital assets additions	(2,970)	(8,771)
Purchase of investments	(5,065,211)	(7,463,091)
Proceeds from disposal or maturity of investments	3,936,068	3,486,000
	(1,132,113)	(3,985,862)
Decrease in cash	(644,210)	(3,699,795)
Cash, beginning of year	905,610	4,605,405
Cash, end of year	\$ 261,400	\$ 905,610

See accompanying notes to financial statements.



# VANCOUVER PUBLIC LIBRARY FOUNDATION

## Notes to Financial Statements

Year ended June 30, 2024

### 1. Nature of operations:

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 registered charity under the Income Tax Act (Canada) and, accordingly, is not subject to income taxes.

### 2. Significant accounting policies:

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

#### (a) Change in accounting policy:

As of July 1, 2023, the Foundation changed its policy over the accounting for contributions from the deferral method to the restricted fund method as described in note 1(b). Previously, under the deferral method, all externally restricted contributions were initially deferred and recorded as deferred contributions, and subsequently recognized as revenue when the related expenses were incurred in accordance with the restrictions. The change in accounting policy has been applied on a retrospective basis.

As a result of the change in accounting policy, the amounts previously reported as at and for the year ended June 30, 2023 have been restated as follows:

	As previously reported	Restatement	As restated
		(i)	
Statement of financial position:			
Deferred contributions	\$ 2,905,217	\$ (2,905,217)	\$ -
Deferred investment income	54,891	(54,891)	-
Net assets – Unrestricted fund	2,032,799	(225,000)	1,807,799
Net assets – externally restricted fund	-	3,185,108	3,185,108
Total net assets	3,852,686	2,960,108	6,812,794
Statement of operations and changes in net assets:			
Donations and grants revenue	2,049,831	(297,597)	1,752,234
Investment income (ii)	120,185	46,507	166,692
Total revenue	2,170,016	(251,090)	1,918,926
General and administrative expenses (ii)	645,242	(8,384)	636,858
Excess of revenue over expenses	359,841	(242,706)	117,135
Total net assets, June 30, 2022	3,491,302	3,204,357	6,695,659
Total net assets, June 30, 2023	3,852,686	2,960,108	6,812,794

(i) The restatement affects externally restricted contributions and restricted investment income which are recorded to the externally restricted fund in accordance with note 2(b).

(ii) Relates to reclassification of investment management fees from general and administrative expenses to investment income.

# VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2024

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## 2. Significant accounting policies:

### (b) Fund accounting and revenue recognition:

The Foundation adopted the restricted fund method of accounting for contributions as of July 1, 2023 (note 1(a)).

In order to ensure observance of the limitations and restrictions placed on the use of resources available, the Foundation follows the restricted fund method of accounting for contributions. Under this method, unrestricted contributions are recognized as revenue of the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions and investment income are recognized as revenue of the externally restricted fund to which they relate. Endowment contributions are recognized as revenue of the endowment fund. Accordingly, resources are classified for accounting and reporting purposes into funds. These funds are held in accordance with the objectives specified by the donors or in accordance with directives issued by the Board of Directors (the "Board").

Transfers between the funds are made when it is considered appropriate and authorized by the Board. To meet the objectives of financial reporting and stewardship over assets, certain interfund transfers are necessary to ensure the appropriate allocation of assets and liabilities to the respective funds. These interfund transfers are recorded in the statement of operations and changes in net assets.

For financial reporting purposes, the accounts have been classified into the following funds:

#### (i) Unrestricted fund:

The unrestricted fund comprises of donations and grants that are not specifically designated by donors or funders, as well as investment income earned that is not externally restricted by donors for a specific purpose. All fundraising and administrative costs are charged to the unrestricted fund, regardless of which fund the resulting donations were directed to by donors.

#### (ii) Externally restricted fund:

The externally restricted fund comprises funds for which the purposes have been specifically designated by donors.

#### (iii) Endowment fund:

The externally restricted endowment fund comprises donations that are permanently maintained in accordance with donor wishes and recapitalized investment income relating to external donor endowments.

### (c) Cash and cash equivalents:

Cash and cash equivalents consist of cash on hand and highly liquid investments readily redeemable with term to maturity within 90-days of acquisition. The Foundation did not hold any cash equivalents as of June 30, 2024 and 2023.

# VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2024

## 2. Significant accounting policies (continued):

### (d) Tangible capital assets:

Tangible capital assets additions are initially recorded at cost. Amortization is provided on a straight-line basis over the assets' estimated useful lives, with amortization taken in the year the assets are put into use, at the following rates:

Asset	Years
Office equipment	3 years

The Foundation reviews its tangible capital assets for impairment whenever events or changes in circumstances indicate that the asset no longer has or has reduced long-term service potential to the organization. If such condition exists, an impairment loss is measured at the amount by which the carrying amount of the asset exceeds its fair value or replacement cost.

### (e) 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 elected to carry its investments except guaranteed investment certificates, 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.

### (f) 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, 2024

## 3. Investments:

The Foundation manages its investments in accordance with its investment policy and procedures as approved by the Board of Directors. Investments are comprised of the following:

	2024	2023
Investments held at fair value:		
Money market fund	\$ 54,382	\$ 63,611
International equity fund	444,910	388,616
Canadian equity fund	317,827	289,056
Bond fund	1,590,086	1,502,966
	2,407,205	2,244,249
Investments held at amortized cost:		
Guaranteed investment certificates ("GICs") (a)	4,925,000	3,974,886
Total investments	\$ 7,332,205	\$ 6,219,135

(a) As at June 30, 2024, GICs have rates between 4.10% and 6.30% (2023 - 4.10% and 6.04%) and mature between August 24, 2024 and March 25, 2025 (2023 – May 21, 2023 and March 25, 2024).

Investments are classified into:

	2024	2023
Investments held for endowment	\$ 1,845,262	\$ 1,819,887
Unrestricted investments	5,486,943	4,399,248
	\$ 7,332,205	\$ 6,219,135

Investment income is comprised of the following:

	2024	2023
Interest	\$ 268,594	\$ 110,280
Dividends	65,287	64,796
Net realized gains	724	-
Investment manager fees	(15,220)	(8,384)
	\$ 319,385	\$ 166,692

# VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2024

## 4. Tangible capital assets:

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
Office equipment	\$ 19,664	\$ 12,415	\$ 7,249	\$ 9,264

## 5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$12,816 (2023 - \$2,193), for payroll related taxes.

## 6. Legacy Endowment Fund:

Donations received in the current year in the amount of \$25,375 (2023 - \$1,543) were specified by the donors as legacy endowment contributions. The Legacy Endowment Fund is comprised of the following:

	2024	2023
Alan MacDougal Fund	\$ 52,525	\$ 52,525
Canada Poetry Fund	90,000	90,000
Cheryl Hughes	29,305	27,190
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 (a)	903,142	881,007
Outreach Endowment	4,720	4,720
Stanley & Elsie Cha Fund	31,150	30,025
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
	<b>\$ 1,845,262</b>	<b>\$ 1,819,887</b>

(a) Included in the Legacy Fund is \$796,988 (2023 - \$796,988) that was internally restricted by the Board in prior years. The balance of \$106,154 (2023 - \$84,019) in the Legacy Fund relates to externally restricted endowment contributions received.

# VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2024

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## 7. Related party transactions and balances:

During the year ended June 30, 2024, the Library, a party related through economic interest, transferred to the Foundation \$8,041 (2023 - \$6,049) in donations received by the Library on behalf of the Foundation. These amounts are included in donations and grants revenue in the statement of operations.

The amount due from the Library as at June 30, 2024 of \$7,939 (2023 - \$7,066), relates to donations received by the Library on behalf of the Foundation to be provided to the Foundation.

During the year ended June 30, 2024, the Foundation distributed \$581,666 (2023 - \$1,271,844) to the Library. This amount is recorded as distribution for charitable purposes in the statement of operations. Of this amount, \$161,324 (2023 - \$322,500) is payable as of June 30, 2024, and is recorded in accounts payable and accrued liabilities in the statement of financial position.

During the year ended June 30, 2024, the Foundation paid nil (2023 - \$289) 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 these financial statements.

Transactions with the Library arise in the normal course of operations and are measured at the exchange amount.

## 8. Financial instruments:

### (a) Interest rate risk:

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Foundation is exposed to interest rate risk on its bond fund.

The risks associated with investments are managed through the Foundation's investment policy and controls.

### (b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation manages its credit risk on investments and cash balances by holding these financial assets at high credit quality Canadian financial institutions. Substantially all of the Foundation's cash is held with one Canadian chartered bank.

# VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2024

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## 8. Financial instruments (continued):

### (c) Market price risk:

Market risk is the risk that changes in market prices, such as foreign exchange rates or interest rates will affect the Foundation's income or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters while optimizing return on investment. The Foundation manages its investment portfolio to earn investment income and invests as approved by the Board.

There was no significant change in risk exposure except for investments made by the Foundation during the year which are held at fair value. The Foundation believes that it is not exposed to significant currency or liquidity risk arising from its financial instruments.

# VANCOUVER PUBLIC LIBRARY FOUNDATION

Schedules of General and Administrative Expenses

Schedule 1

Year ended June 30, 2024

	2024	2023
Salaries and benefits, net of government assistance	\$ 524,537	\$ 493,128
Dues and subscriptions	1,099	-
Event expenses	33,979	34,889
Insurance	3,853	2,271
Legal and professional fees	28,040	34,817
Other expenses	4,277	13,005
Promotional expenses	24,296	18,078
Software and processing fees	3,693	3,039
Fundraising software	15,552	13,257
Merchant fees	17,050	21,171
Staff training	2,215	3,203
	\$ 658,591	\$ 636,858