

Financial Statements of

**VANCOUVER PUBLIC
LIBRARY FOUNDATION**

Year ended June 30, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Vancouver Public Library Foundation

We have audited the financial statements of the Vancouver Public Library Foundation, which comprise the statement of financial position as at June 30, 2015, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is 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 determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' 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 an 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 our 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, we consider internal control relevant to the entity'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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 the Vancouver Public Library Foundation as at June 30, 2015 and its results of operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Chartered Professional Accountants

DATE

Burnaby, Canada

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Financial Position

June 30, 2015, with comparative information for 2014

	2015	2014
Assets		
Current assets:		
Cash	\$ 177,375	\$ 253,990
Investments (note 3)	203,574	183,134
Accounts receivable	6,142	3,331
Due from Vancouver Public Library (note 8)	20,751	-
	<u>407,842</u>	<u>440,455</u>
Restricted cash and investments held for endowment (note 3)	1,283,113	1,262,025
	<u>\$ 1,690,955</u>	<u>\$ 1,702,480</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 12,441	\$ 15,604
Deferred investment income (note 5)	5,209	8,880
Deferred contributions (note 6)	183,293	191,075
	<u>200,943</u>	<u>215,559</u>
Net assets:		
Unrestricted:		
General fund	206,899	224,896
Endowment:		
Legacy endowment fund (note 7)	1,283,113	1,262,025
	<u>1,490,012</u>	<u>1,486,921</u>
	<u>\$ 1,690,955</u>	<u>\$ 1,702,480</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, 2015, with comparative information for 2014

	2015	2014
Revenue:		
Donations and grants (note 8)	\$ 558,616	\$ 381,891
Investment income	33,323	27,408
Amortization of deferred capital contributions	-	664
	<u>591,939</u>	<u>409,963</u>
Expenses:		
Distribution for charitable purposes (note 8)	314,112	174,962
Administrative	295,824	279,686
Amortization	-	763
	<u>609,936</u>	<u>455,411</u>
Deficiency of revenue over expenses	<u>\$ (17,997)</u>	<u>\$ (45,448)</u>

See accompanying notes to financial statements.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Changes in Net Assets

Year ended June 30, 2015, with comparative information for 2014

	General Fund	Legacy endowment Fund	2015 Total	2014 Total
Balance, beginning of year	\$ 224,896	\$ 1,262,025	\$ 1,486,921	\$ 1,484,599
Deficiency of revenue over expenses	(17,997)	-	(17,997)	(45,448)
Endowment donations (note 7)	-	21,088	21,088	47,770
Balance, end of year	\$ 206,899	\$ 1,283,113	\$ 1,490,012	\$ 1,486,921

See accompanying notes to financial statements.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Statement of Cash Flows

Year ended June 30, 2015, with comparative information for 2014

	2015	2014
Cash provided from (used in):		
Operations:		
Deficiency of revenue over expenses	\$ (17,997)	\$ (45,448)
Items not involving cash:		
Amortization of capital assets	-	763
Amortization of deferred capital contributions	-	(664)
Changes in non-cash working capital:		
Accrued interest on investments	195	(1,725)
Accounts receivable	(2,811)	(2,481)
Prepaid expenses	-	20,072
Accounts payable and accrued liabilities	(3,163)	7,098
Due from Vancouver Public Library	(20,751)	-
Deferred investment income	(3,671)	2,620
Deferred contributions	(7,782)	(38,995)
	(55,980)	(58,760)
Financing:		
Endowment donations received	21,088	47,770
Investments:		
Decrease (increase) in restricted cash held for endowment	126,053	(89,824)
Purchase of investments	(479,694)	(601,695)
Proceeds from disposal of investments	311,918	601,138
	(41,723)	(90,381)
Decrease in cash	(76,615)	(101,371)
Cash, beginning of year	253,990	355,361
Cash, end of year	\$ 177,375	\$ 253,990

See accompanying notes to financial statements.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements

Year ended June 30, 2015

1. Operations:

The Vancouver Public Library Foundation (the "Foundation") is incorporated under the Canada Corporations Act. The Foundation is registered as a public foundation under the Income Tax Act and, as such, is exempt from income taxes and able to issue charitable donation receipts. The purpose of the Foundation is to raise monies for book acquisitions, equipment needs, and program development at Vancouver Public Library (the "Library"). The Vancouver Public Library Foundation applied for and received continuance under the new Canada Not-for-Profit Corporations Act.

2. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant accounting policies are as follows:

(a) Restricted cash held for endowment:

Restricted cash relates to the balance of the legacy endowment fund not included in investments.

(b) Revenue recognition:

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred or the restrictions are met. Unrestricted contributions and investment income are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Contributions restricted for the purchase of capital assets are recorded as deferred capital contributions and amortized into capital fund revenue on a straight-line basis, at a rate corresponding to the amortization rate for the related capital assets.

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, 2015

2. Significant accounting policies (continued):

(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.

3. Investments:

Investments consist of Guaranteed Investment Certificates with a total amortized cost of \$1,476,908 (2014 - \$1,309,327) with yields of 1.60% to 2.65% and maturity dates from December 2015 to November 2017.

4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$5,713 (2014 - \$11,658), which includes amounts payable for payroll related taxes.

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2015

5. Deferred investment income:

	2015	2014
Balance, beginning of year	\$ 8,880	\$ 6,260
Add: investment income	5,209	8,880
Less amounts spent and recognized as revenue during the year	(8,880)	(6,260)
Balance, end of year	\$ 5,209	\$ 8,880

6. Deferred contributions:

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

	2015	2014
Balance, beginning of year	\$ 191,075	\$ 230,070
Restricted contributions received	259,516	158,259
Amount spent and recognized as revenue in the year	(267,298)	(197,254)
Balance, end of year	\$ 183,293	\$ 191,075

7. Legacy Endowment Fund:

Donations received in the current year in the amount of \$21,088 (2014 - \$47,770) were specified by the donors as legacy endowment contributions. Included in the legacy endowment fund is \$796,988 (2014 - \$796,988) that has been internally restricted and recorded in the Legacy Fund.

	2015	2014
Alan MacDougal Fund	\$ 45,000	\$ 45,000
Canada Poetry Fund	90,000	90,000
Cheryl Hughes	12,050	11,165
Derek Lukin Johnston Legacy Fund	24,862	24,712
Duncan Fund	152,647	143,359
Isabel Grace McTavich Children's' Fund	34,100	34,000
Legacy Fund	840,636	831,371
Outreach Endowment	4,720	4,720
Stanley & Elsie Cha Fund	23,175	21,775
Winifred and Thomas Craig Fund	50,923	50,923
Yosef Wosk Judaic Legacy Fund	5,000	5,000
	\$ 1,283,113	\$ 1,262,025

VANCOUVER PUBLIC LIBRARY FOUNDATION

Notes to Financial Statements (continued)

Year ended June 30, 2015

8. Related parties:

During the year, the Library, a party related through common board members, transferred to the Foundation \$65,485 (2014 - \$39,331) in donations and other revenues received on behalf of the Foundation. The Foundation also received a grant of \$197,865 from the Library in the current year (2014 - \$87,800). At June 30, 2015, \$20,751 amount was due from the Library (2014 - nil).

During the year, the Foundation distributed \$314,112 (2014 - \$174,962) to the Library. This amount is included as distribution for charitable purposes in the statement of operations.

During the year, the Library paid \$4,954 (2014 - \$12,849) in expenses on behalf of the Foundation and was reimbursed. Certain other administrative costs (including the use of furniture and equipment) of the Foundation are paid for by the Library, the total value of which is not determinable and is not reflected in the financial statements.

9. Financial instruments:

(a) Interest rate risk:

The Foundation is exposed to interest rate risk on its fixed interest rate financial instruments. Fixed interest rate instruments subject the Foundation to a fair value risk. The Foundation is exposed to this type of risk as a result of investments in Guaranteed Investment Certificates ("GICs").

10. Financial instruments (continued):

(b) Risk management:

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 foreign currency, credit, or liquidity risk arising from its financial instruments.