

BRITISH COLUMBIA
LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2009

AUDITORS' REPORT

To the Members of
British Columbia Library Association

We have audited the statement of financial position of British Columbia Library Association as at December 31, 2009 and the statements of operations and changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the association's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained in the following paragraph, 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 common with many not for profit organizations, the association derives revenues from voluntary contributions and other fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to revenues, the deficiency of revenues over expenses, or assets and fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2009 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Society Act of British Columbia, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
March 12, 2010


CHARTERED ACCOUNTANTS

BRITISH COLUMBIA LIBRARY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2009

	2009			2008	
	General Fund	Specific Purpose Funds (Schedule)	Capital Asset Fund	Total	Total
<u>ASSETS</u>					
Current assets					
Cash	\$ 2,549,505	\$ 51,910	\$ ---	\$ 2,601,415	\$ 3,549,042
Accounts receivable	168,617	---	---	168,617	329,215
Government grant receivable	128,503	---	---	128,503	---
Prepaid and deferred expenses	87,542	---	---	87,542	310,248
	<u>2,934,167</u>	<u>51,910</u>	<u>---</u>	<u>2,986,077</u>	<u>4,188,505</u>
Equipment (note 3)	---	---	13,002	13,002	22,140
	<u>\$ 2,934,167</u>	<u>\$ 51,910</u>	<u>\$ 13,002</u>	<u>\$ 2,999,079</u>	<u>\$ 4,210,645</u>
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	\$ 345,218	\$ ---	\$ ---	\$ 345,218	\$ 857,705
Deferred revenue (note 4)	2,340,081	---	---	2,340,081	2,994,991
	<u>2,685,299</u>	<u>---</u>	<u>---</u>	<u>2,685,299</u>	<u>3,852,696</u>
<u>FUND BALANCES</u>					
Fund balances					
Invested in capital assets	---	---	13,002	13,002	22,140
Internally restricted (note 5)	62,885	51,910	---	114,795	130,780
Unrestricted (note 5)	185,983	---	---	185,983	205,029
	<u>248,868</u>	<u>51,910</u>	<u>13,002</u>	<u>313,780</u>	<u>357,949</u>
	<u>\$ 2,934,167</u>	<u>\$ 51,910</u>	<u>\$ 13,002</u>	<u>\$ 2,999,079</u>	<u>\$ 4,210,645</u>

Approved by the Directors

 , Director
 , Director

BRITISH COLUMBIA LIBRARY ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009			2008	
	General Fund	Specific Purpose Funds (Schedule)	Capital Asset Fund	Total	Total
Revenue					
Conference	\$ 172,534	\$ ---	\$ ---	\$ 172,534	\$ 142,993
Donations	113,289	1,160	---	114,449	64,656
Endowment fund (note 6)	9,652	---	---	9,652	24,030
Fundraising	11,555	---	---	11,555	25,530
Grants (note 7)	2,025,373	---	---	2,025,373	2,125,495
Interest	17,085	263	---	17,348	66,155
Memberships	58,261	---	---	58,261	63,332
Other	196,552	---	---	196,552	259,172
	<u>2,604,301</u>	<u>1,423</u>	<u>---</u>	<u>2,605,724</u>	<u>2,771,363</u>
Expenses					
Amortization	---	---	9,138	9,138	7,894
Awards, scholarships and program development	---	8,770	---	8,770	8,850
Committees, executive and liaison	41,668	---	---	41,668	75,495
Conference	121,972	---	---	121,972	120,654
Fundraising	5,169	---	---	5,169	12,626
Programs	2,105,299	---	---	2,105,299	2,164,819
Office, computer and rent	42,404	---	---	42,404	52,277
Other	141,803	---	---	141,803	224,786
Professional fees	7,893	---	---	7,893	6,965
Publications	5,992	---	---	5,992	17,976
Staffing	159,785	---	---	159,785	134,126
Strategic Planning initiative	---	---	---	---	4,936
	<u>2,631,985</u>	<u>8,770</u>	<u>9,138</u>	<u>2,649,893</u>	<u>2,831,404</u>
Deficiency of revenue over expenses for the year	(27,684)	(7,347)	(9,138)	(44,169)	(60,041)
Fund balances, beginning of the year	276,552	59,257	22,140	357,949	417,990
Interfund transfers					
Transfers in	---	---	---	---	19,872
Transfers out	---	---	---	---	(19,872)
Fund balances, end of the year	<u>\$ 248,868</u>	<u>\$ 51,910</u>	<u>\$ 13,002</u>	<u>\$ 313,780</u>	<u>\$ 357,949</u>

See accompanying notes to the financial statements.

BRITISH COLUMBIA LIBRARY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009			2008	
	General Fund	Specific Purpose Funds	Capital Asset Fund	Total	Total
Operations					
Deficiency of revenue over expenses	\$ (27,684)	\$ (7,347)	\$ (9,138)	\$ (44,169)	\$ (60,041)
Items not requiring cash					
Amortization	---	---	9,138	9,138	7,894
	(27,684)	(7,347)	---	(35,031)	(52,147)
Change in non-cash working capital items:					
Decrease in					
accounts receivable	160,598	---	---	160,598	24,005
Increase in government grant receivable	(128,503)	---	---	(128,503)	---
Decrease (increase) in prepaid and deferred expenses	222,706	---	---	222,706	(277,467)
Increase (decrease) in accounts payable	(512,487)	---	---	(512,487)	498,585
Increase (decrease) in deferred revenue	(654,910)	---	---	(654,910)	464,904
	(940,280)	(7,347)	---	(947,627)	657,880
Investing					
Equipment acquisitions	---	---	---	---	(19,872)
Interfund transfers:					
Transfers in	---	---	---	---	19,872
Transfers out	---	---	---	---	(19,872)
	---	---	---	---	---
Net increase (decrease) in cash	(940,280)	(7,347)	---	(947,627)	638,008
Cash, beginning of the year	3,489,785	59,257	---	3,549,042	2,911,034
Cash, end of the year	<u>\$ 2,549,505</u>	<u>\$ 51,910</u>	<u>\$ ---</u>	<u>\$ 2,601,415</u>	<u>\$ 3,549,042</u>

See accompanying notes to the financial statements.

BRITISH COLUMBIA LIBRARY ASSOCIATION
SCHEDULE OF SPECIFIC PURPOSE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2009

	2009							2008	
	Alice Bacon Continuing Education Fund	Harry Newsom Memorial Fund	Sheila Egoff Fund	First Nations Scholarship Fund	Audiobook Program Donations Fund	Enid Dearing/ Alan Woodland Book Prize Fund	Ken Haycock Student Conference Award Fund	Virginia Chisholm Memorial Fund	Total
Revenue									
Donations	\$ 113	\$ ---	\$ 947	\$ ---	\$ ---	\$ ---	\$ 100	\$ ---	\$ 1,160
Interest	167	31	6	5	6	6	39	3	263
	280	31	953	5	6	6	139	3	1,423
Expenses									
Awards, scholarships and program development	4,750	---	3,500	---	---	100	420	---	8,770
Excess (deficiency) of revenue over expenses for the year	(4,470)	31	(2,547)	5	6	(94)	(281)	3	(7,347)
Fund balances, beginning of the year	37,285	6,212	3,504	899	1,211	1,321	8,168	657	59,257
Fund balances, end of the year	\$ 32,815	\$ 6,243	\$ 957	\$ 904	\$ 1,217	\$ 1,227	\$ 7,887	\$ 660	\$ 51,910
									\$ 59,257

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

1. General information

British Columbia Library Association, a not-for-profit, voluntary organization, is incorporated under the Society Act of British Columbia. As a registered charity under the Income Tax Act the association is exempt from federal and provincial income taxes. The purposes of the association are to promote and foster the role of libraries and library workers in British Columbia through advocacy, education and leadership; to provide opportunities to expand knowledge and skills through conferences, continuing education, publications and association work; to participate in formal liaisons with provincial, national and international organizations; and to ensure long-term, stable funding of the association.

The association is dependent upon the Government of British Columbia for a substantial portion of its revenue which is received in the form of grants to be used for specified purposes.

2. Summary of significant accounting policies

a) Fund accounting - The association follows the restricted fund accounting method of accounting for contributions. The fund classifications are:

- General Fund

The General Fund includes the current operations and the administration of programs relating to Province of British Columbia and other third party grants received during the year. Unrestricted contributions, internally restricted contributions and externally restricted contributions for the purpose of operating the organization are reported in this fund. The General Fund absorbs all administrative costs pertaining to the association.

- Specific Purpose Funds

The Specific Purpose Funds have been set up by the association for specific purposes and are funded from donations and transfers from the General Fund.

- Capital Asset Fund

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the association's equipment.

b) Financial instruments - All financial instruments are measured at fair value on initial recognition. After initial recognition financial instruments are measured at their fair values, except for financial assets classified as held-to-maturity or loans and receivables and other financial liabilities, which are measured at cost or amortized cost using the effective interest method. Financial assets classified as available-for-sale that do not have a quoted market price in an active market are measured at cost.

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

2. Summary of significant accounting policies - continued

- c) Revenue and expense recognition - Restricted contributions relating to the General Fund are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Revenues, including identified grants which relate to a subsequent year and the unexpended portion of restricted grants, are reflected as deferred revenue at year-end. In determining the unexpended portion of restricted grants, any other related revenues are considered to be expended before the grants. Government grants and other receivables are recognized as an asset when the amount can be reasonably estimated and ultimate collection is reasonably assured. Expenses related to future periods are included in prepaid and deferred expenses at year-end. Expenses are recorded when incurred on an accrual basis.
- d) Capital assets - Purchased capital assets are recorded in the Capital Asset Fund at cost. Contributed capital assets are recorded in the Capital Asset Fund at fair value at the date of contribution. Amortization of equipment is calculated on the diminishing balance method at annual rates of 20% to 30%. Amortization expense is reported in the Capital Asset Fund.
- e) Donated goods and services - Donated goods are recorded at fair market value. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
- f) 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Actual results could differ from those estimates.

3. Equipment

	<u>2009</u>			<u>2008</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 41,841	\$ 35,983	\$ 5,858	\$ 13,210
Office and display equipment	<u>20,892</u>	<u>13,748</u>	<u>7,144</u>	<u>8,930</u>
	<u>\$ 62,733</u>	<u>\$ 49,731</u>	<u>\$ 13,002</u>	<u>\$ 22,140</u>

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

4. Deferred revenue

	<u>2009</u>	<u>2008</u>
Externally restricted		
Government funded programs	\$ 2,302,270	\$ 2,925,351
Third party programs	6,725	30,353
Other	<u>31,086</u>	<u>39,287</u>
	<u>\$ 2,340,081</u>	<u>\$ 2,994,991</u>

5. General fund

	<u>2009</u>	<u>2008</u>
The general fund balance is allocated as follows:		
Internally restricted funds		
British Columbia Library Association funded projects		
Libraries Across Borders	<u>\$ 10,004</u>	<u>\$ 13,890</u>
Fundraising projects - specific purpose		
Intellectual Freedom, Education and		
Defense Fund	<u>8,048</u>	<u>10,276</u>
British Columbia Library Association reserves		
B.C. Libraries Endowment Trust	1,025	1,025
CE workshops	2,808	2,808
Future publication costs for Focus	---	2,524
General reserve	40,000	40,000
Reserve to be used for replacement of office		
related equipment and supplies and/or to		
support unexpected office activities	<u>1,000</u>	<u>1,000</u>
	<u>44,833</u>	<u>47,357</u>
	<u>62,885</u>	<u>71,523</u>
Unrestricted funds	<u>185,983</u>	<u>205,029</u>
	<u>\$ 248,868</u>	<u>\$ 276,552</u>

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

6. Vancouver Foundation Endowment Fund

Pursuant to an agreement with the Vancouver Foundation ("VF"), an endowment fund (the B.C. Libraries Endowment Trust) was established in 1989. Contributions to December 31, 2009 aggregating \$428,202 consist of \$278,202 from the association and \$150,000 from the VF. The endowment fund, permanently administered by the VF, is invested in the VF's pooled consolidated trust fund. At December 31, 2009 the BC Libraries Endowment Trust held 27,675.82 units in the fund with a market value of \$434,476 (2008 - \$390,035). Annual income from the endowment fund is distributed to the association to meet the association's operating expenses.

The association is restricted in its right to withdraw any amounts contributed to the endowment fund. The contributions to the endowment fund are held in perpetuity. Accordingly, the endowment fund is not reflected in the financial statements.

The endowment fund includes investments that are traded on stock exchanges which are subject to the risk of fluctuations in quoted market prices.

7. Grants

	<u>2009</u>	<u>2008</u>
Government - General Fund		
Grants received and receivable during the year		
B.C. Information Policy	\$ ---	\$ 10,000
Bibliocommons	---	---
Books for Babies	---	275,000
Community Librarians Training Program	---	70,000
Gateway	35,000	480,000
Integrated Library System	865,000	---
Operating	20,000	40,000
Outlook Catalogue project	148,500	168,000
Provincial One Library Card	---	185,500
Provincial Suite - Databases	128,503	1,000,000
Strategic Plan - Provincial	185,500	139,000
Summer and Teen Reading Program	45,000	150,000
Toddle to the Library	---	40,000
	<u>1,427,503</u>	<u>2,557,500</u>
Add: Unexpended portion of grants from prior year	2,879,165	2,447,160
Less: Unexpended portion of grants for current year	<u>(2,281,295)</u>	<u>(2,879,165)</u>
	<u>\$ 2,025,373</u>	<u>\$ 2,125,495</u>

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2009

8. Other information

a) Financial instruments

The association's financial instruments consist of cash, accounts receivable, government grant receivable and accounts payable. It is the directors' opinion that the association is not exposed to significant interest, currency or credit risks arising from these financial instruments except that the association makes certain expenditures in United States' currency. The carrying amount of these financial instruments, which are held for trading, approximate their fair values given their short-term maturities.

b) Capital disclosures

British Columbia Library Association's capital is comprised of its funds invested in equipment, internally restricted funds (see note 5), and unrestricted funds. The association's objectives when managing its capital are to maintain flexibility between enabling it to operate efficiently and generating predictable cash flows for continuing operations. The Board of Directors does not establish quantitative return on capital criteria; but rather promotes year over year sustainable surpluses in order to maintain operations. In addition, the association has access to investment income earned in the Vancouver Foundation Endowment Fund described in note 6 to the financial statements.

The association is subject to externally imposed requirements on funds received for certain programs. See notes 2(c) and 4. These unexpended restricted contributions are included in deferred revenue.

c) Statement of cash flows

Cash flows from operating activities includes interest income of \$22,416 (2008 - \$74,536).

d) Comparative figures

The comparative figures have been reclassified, where applicable, to conform with the presentation used in the current year.