

BRITISH COLUMBIA  
LIBRARY ASSOCIATION  
FINANCIAL STATEMENTS  
DECEMBER 31, 2010

INDEPENDENT AUDITOR'S REPORT

To the Members of  
British Columbia Library Association

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We have audited the accompanying financial statements of British Columbia Library Association which comprise the statement of financial position as at December 31, 2010 and the statements of operations and changes in fund balances and cash flows for the year then ended, and 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 generally accepted accounting principles, 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.

**Auditor's 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 the 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 the auditor's judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers 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 qualified audit opinion.

**Basis for Qualified Opinion**

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 excess (deficiency) of revenues over expenses, or assets and fund balances.

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To the Members of British Columbia Library Association  
March 31, 2011

### Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the association as at December 31, 2010 and the results of its operations and changes in fund balances 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.

*Collins Barrow*

CHARTERED ACCOUNTANTS

Vancouver, Canada  
March 31, 2011


BRITISH COLUMBIA LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

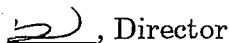
DECEMBER 31, 2010

	2010			2009	
	General Fund	Specific Purpose Funds (Schedule)	Capital Asset Fund	Total	Total
<u>ASSETS</u>					
Current assets					
Cash	\$ 2,236,339	\$ 45,093	\$ ---	\$ 2,281,432	\$ 2,601,415
Accounts receivable	142,284	---	---	142,284	168,617
Government grant receivable	---	---	---	---	128,503
Prepaid and deferred expenses	121,077	---	---	121,077	87,542
	2,499,700	45,093	---	2,544,793	2,986,077
Equipment (note 3)	---	---	9,816	9,816	13,002
	\$ 2,499,700	\$ 45,093	\$ 9,816	\$ 2,554,609	\$ 2,999,079
<u>LIABILITIES</u>					
Current liabilities					
Accounts payable	\$ 377,531	\$ ---	\$ ---	\$ 377,531	\$ 345,218
Deferred revenue (note 4)	1,858,140	---	---	1,858,140	2,340,081
	2,235,671	---	---	2,235,671	2,685,299
<u>FUND BALANCES</u>					
Fund balances					
Invested in capital assets	---	---	9,816	9,816	13,002
Internally restricted (note 5)	66,516	45,093	---	111,609	114,795
Unrestricted (note 5)	197,513	---	---	197,513	185,983
	264,029	45,093	9,816	318,938	313,780
	\$ 2,499,700	\$ 45,093	\$ 9,816	\$ 2,554,609	\$ 2,999,079

Approved by the Directors

  
\_\_\_\_\_, Director

\_\_\_\_\_, Director

  
\_\_\_\_\_, Director

BRITISH COLUMBIA LIBRARY ASSOCIATION  
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES  
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010			2009	
	General Fund	Specific Purpose Funds (Schedule)	Capital Asset Fund	Total	Total
<b>Revenue</b>					
Conference	\$ 143,823	\$ ---	\$ ---	\$ 143,823	\$ 174,534
Donations	60,979	2,302	---	63,281	114,449
Endowment fund (note 6)	19,523	---	---	19,523	9,652
Fundraising	10,997	---	---	10,997	11,555
Grants (note 7)	903,342	---	---	903,342	2,025,373
Interest	16,809	221	---	17,030	17,348
Memberships	52,380	---	---	52,380	58,261
Other	125,898	---	---	125,898	196,552
	<u>1,333,751</u>	<u>2,523</u>	<u>---</u>	<u>1,336,274</u>	<u>2,607,724</u>
<b>Expenses</b>					
Amortization	---	---	3,186	3,186	9,138
Awards, scholarships and program development	---	12,340	---	12,340	8,770
Committees, executive and liaison	25,721	---	---	25,721	41,668
Conference	121,368	---	---	121,368	123,972
Fundraising	4,764	---	---	4,764	5,169
Programs	942,896	---	---	942,896	2,105,299
Office, computer and rent	40,186	---	---	40,186	42,404
Other	38,460	---	---	38,460	141,803
Professional fees	8,842	---	---	8,842	7,893
Publications	1,110	---	---	1,110	5,992
Staffing	132,243	---	---	132,243	159,785
	<u>1,315,590</u>	<u>12,340</u>	<u>3,186</u>	<u>1,331,116</u>	<u>2,651,893</u>
<b>Excess (deficiency) of revenue over expenses for the year</b>	18,161	(9,817)	(3,186)	5,158	(44,169)
<b>Fund balances, beginning of the year</b>	248,868	51,910	13,002	313,780	357,949
<b>Interfund transfers</b>					
Transfers in	---	3,000	---	3,000	---
Transfers out	(3,000)	---	---	(3,000)	---
<b>Fund balances, end of the year</b>	<u>\$ 264,029</u>	<u>\$ 45,093</u>	<u>\$ 9,816</u>	<u>\$ 318,938</u>	<u>\$ 313,780</u>

See accompanying notes to the financial statements.

BRITISH COLUMBIA LIBRARY ASSOCIATION  
STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010			2009	
	General Fund	Specific Purpose Funds	Capital Asset Fund	Total	Total
Operations					
Excess (deficiency) of revenue over expenses for the year	\$ 18,161	\$ (9,817)	\$ (3,186)	\$ 5,158	\$ (44,169)
Items not requiring cash					
Amortization	---	---	3,186	3,186	9,138
	18,161	(9,817)	---	8,344	(35,031)
Change in non-cash working capital items:					
Decrease in accounts receivable	26,333	---	---	26,333	160,598
Decrease (increase) in government grant receivable	128,503	---	---	128,503	(128,503)
Decrease (increase) in prepaid and deferred expenses	(33,535)	---	---	(33,535)	222,706
Increase (decrease) in accounts payable	32,313	---	---	32,313	(512,487)
Increase (decrease) in deferred revenue	(481,941)	---	---	(481,941)	(654,910)
	(310,166)	(9,817)	---	(319,983)	(947,627)
Interfund transfers:					
Transfers in	---	3,000	---	3,000	---
Transfers out	(3,000)	---	---	(3,000)	---
	(3,000)	3,000	---	---	---
Decrease in cash for the year	(313,166)	(6,817)	---	(319,983)	(947,627)
Cash, beginning of the year	2,549,505	51,910	---	2,601,415	3,549,042
Cash, end of the year	<u>\$ 2,236,339</u>	<u>\$ 45,093</u>	<u>\$ ---</u>	<u>\$ 2,281,432</u>	<u>\$ 2,601,415</u>

See accompanying notes to the financial statements.

BRITISH COLUMBIA LIBRARY ASSOCIATION  
SCHEDULE OF SPECIFIC PURPOSE FUNDS  
FOR THE YEAR ENDED DECEMBER 31, 2010

	2010						2009		
	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	\$ ---	\$ ---	\$ 2,047	\$ 15	\$ 40	\$ ---	\$ 200	\$ ---	\$ 2,302
Interest	149	18	5	4	3	6	33	3	221
Expenses	149	18	2,052	19	43	6	233	3	2,523
Awards, scholarships and program development	4,380	3,000	3,000	---	1,260	100	600	---	12,340
Excess (deficiency) of revenue over expenses for the year	(4,231)	(2,982)	(948)	19	(1,217)	(94)	(367)	3	(9,817)
Fund balances, beginning of the year	32,815	6,243	957	904	1,217	1,227	7,887	660	51,910
Interfund transfer from General Fund	---	---	3,000	---	---	---	---	---	3,000
Fund balances, end of the year	\$ 28,584	\$ 3,261	\$ 3,009	\$ 923	\$ ---	\$ 1,133	\$ 7,520	\$ 663	\$ 45,093
									\$ 51,910

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

1. General information

British Columbia Library Association, a not-for-profit, voluntary organization, was 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, 2010

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.
- g) Recent accounting pronouncements

In December 2010, the Canadian Institute of Chartered Accountants (CICA) Accounting Standards Board (AcSB) released Part III of the CICA Handbook - Accounting, which consists of accounting standards for not-for-profit organizations, which are effective for fiscal years beginning on or after January 1, 2012. Existing standards for not-for-profit organizations will remain in effect for the time being until the mandatory effective date for adopting the new standards, although earlier application of the new standards is permitted. The association intends to continue applying the existing not-for-profit standards and will review the differences between existing standards and the new standards for not-for-profit organizations to determine the impact of adopting the new standards.

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

3. Equipment

	<u>2010</u>			<u>2009</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Computer equipment	\$ 41,841	\$ 37,740	\$ 4,101	\$ 5,858
Office and display equipment	<u>20,892</u>	<u>15,177</u>	<u>5,715</u>	<u>7,144</u>
	<u>\$ 62,733</u>	<u>\$ 52,917</u>	<u>\$ 9,816</u>	<u>\$ 13,002</u>

4. Deferred revenue

	<u>2010</u>	<u>2009</u>
Externally restricted		
Government funded programs	\$ 1,823,773	\$ 2,302,270
Third party programs	5,837	6,725
Other	<u>28,530</u>	<u>31,086</u>
	<u>\$ 1,858,140</u>	<u>\$ 2,340,081</u>

5. General fund

	<u>2010</u>	<u>2009</u>
The general fund balance is allocated as follows:		
Internally restricted funds		
British Columbia Library Association funded projects		
Libraries Across Borders	\$ 13,570	\$ 10,004
Fundraising projects - specific purpose		
Intellectual Freedom, Education and Defense Fund	<u>8,098</u>	<u>8,048</u>
British Columbia Library Association reserves		
B.C. Libraries Endowment Trust	1,040	1,025
CE workshops	2,808	2,808
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>44,848</u>	<u>44,833</u>
	<u>66,516</u>	<u>62,885</u>
Unrestricted funds	<u>197,513</u>	<u>185,983</u>
	<u>\$ 264,029</u>	<u>\$ 248,868</u>

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

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, 2010 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, 2010 the BC Libraries Endowment Trust held 27,676.46 units in the fund with a market value of \$444,017 (2009 - \$434,476). 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>2010</u>	<u>2009</u>
Government - General Fund		
Grants received and receivable during the year		
Community Librarians Training Program	\$ 5,000	\$ ---
Gateway	---	35,000
Integrated Library System	---	865,000
Operating	20,000	20,000
Outlook Catalogue project	107,000	148,500
Provincial Suite - Databases	---	128,503
Strategic Plan - Provincial	220,170	185,500
Summer and Teen Reading Program	<u>55,000</u>	<u>45,000</u>
	407,170	1,427,503
Add: Unexpended portion of grants from prior year	2,281,295	2,879,165
Less: Unexpended portion of grants for current year	<u>(1,785,123)</u>	<u>(2,281,295)</u>
	<u>\$ 903,342</u>	<u>\$ 2,025,373</u>

8. Other information

a) Financial instruments

The association's financial instruments consist of cash, accounts 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.

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2010

8. Other information - continued

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. Unexpended restricted contributions are included in deferred revenue.

c) Statement of cash flows

Cash flows from operating activities includes interest income of \$16,045 (2009 - \$22,416).

d) Comparative figures

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