

BRITISH COLUMBIA
LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

DECEMBER 31, 2012

INDEPENDENT AUDITOR'S REPORT

To the Members of
British Columbia Library Association

T: 604.685.0564
F: 604.685.2050

vancouver@collinsbarrow.com

We have audited the accompanying financial statements of British Columbia Library Association which comprise the statements of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of operations and changes in fund balances and cash flows for the years ended December 31, 2012 and December 31, 2011, 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 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audits. We conducted our audits 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 of revenue over expenses, or assets and fund balances.

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To the Members of British Columbia Library Association
April 23, 2013

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 British Columbia Library Association as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and changes in fund balances and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, the accounting principles in the Canadian accounting standards for not-for-profit organizations have been applied on a consistent basis.

Collins Barrow Vancouver

CHARTERED ACCOUNTANTS

Vancouver, Canada
April 23, 2013

BRITISH COLUMBIA LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

DECEMBER 31, 2012

	<u>General Fund</u>	<u>Specific Purpose Funds (Schedule - pg. 16)</u>	<u>Capital Asset Fund</u>	<u>Total</u>
<u>ASSETS</u>				
Current assets				
Cash	\$ 1,853,609	\$ 41,916	\$ ---	\$ 1,895,525
Accounts receivable	39,918	---	---	39,918
Prepaid and deferred expenses (schedule - pg. 18)	<u>10,356</u>	<u>---</u>	<u>---</u>	<u>10,356</u>
	1,903,883	41,916	---	1,945,799
Equipment (note 4)	<u>---</u>	<u>---</u>	<u>5,667</u>	<u>5,667</u>
	<u>\$ 1,903,883</u>	<u>\$ 41,916</u>	<u>\$ 5,667</u>	<u>\$ 1,951,466</u>
<u>LIABILITIES</u>				
Current liabilities				
Accounts payable	\$ 53,204	\$ ---	\$ ---	\$ 53,204
Deferred revenue (note 5 and schedule - pg. 18)	<u>1,438,803</u>	<u>---</u>	<u>---</u>	<u>1,438,803</u>
	<u>1,492,007</u>	<u>---</u>	<u>---</u>	<u>1,492,007</u>
<u>FUND BALANCES</u>				
Fund balances				
Invested in capital assets	---	---	5,667	5,667
Internally restricted (note 6)	101,705	41,916	---	143,621
Unrestricted (note 6)	<u>310,171</u>	<u>---</u>	<u>---</u>	<u>310,171</u>
	<u>411,876</u>	<u>41,916</u>	<u>5,667</u>	<u>459,459</u>
	<u>\$ 1,903,883</u>	<u>\$ 41,916</u>	<u>\$ 5,667</u>	<u>\$ 1,951,466</u>

Approved by the Directors

"JUNE STOCKDALE" _____, Director

"HEATHER COMPEAU" _____, Director

See accompanying notes to the financial statements.

BRITISH COLUMBIA LIBRARY ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2012

	General Fund	Specific Purpose Funds (Schedule - pg. 16)	Capital Asset Fund	Total
Revenue				
Conference	\$ 179,948	\$ ---	\$ ---	\$ 179,948
Donations	38,639	1,118	---	39,757
Endowment fund (note 7)	17,028	---	---	17,028
Fundraising	5,405	---	---	5,405
Grants (note 8 and schedule - pg. 19)	309,562	---	---	309,562
Interest	31,677	310	---	31,987
Memberships	66,980	---	---	66,980
Other (schedule - pg. 24)	108,400	---	---	108,400
	<u>757,639</u>	<u>1,428</u>	<u>---</u>	<u>759,067</u>
Expenses				
Amortization	---	---	1,776	1,776
Awards, scholarships and program development	---	3,400	---	3,400
Committees, executive and liaison	14,139	---	---	14,139
Conference	95,099	---	---	95,099
Fundraising	3,074	---	---	3,074
Programs (schedule - pg. 20)	344,526	---	---	344,526
Office, computer and rent	37,643	---	---	37,643
Other (schedule - pg. 24)	56,800	---	---	56,800
Professional fees	8,283	---	---	8,283
Publications	53	---	---	53
Staffing	134,556	---	---	134,556
	<u>694,173</u>	<u>3,400</u>	<u>1,776</u>	<u>699,349</u>
Excess (deficiency) of revenue over expenses for the year	63,466	(1,972)	(1,776)	59,718
Interfund transfers				
Transfers in	---	3,000	---	3,000
Transfers out	(3,000)	---	---	(3,000)
Fund balances, beginning of the year	<u>351,410</u>	<u>40,888</u>	<u>7,443</u>	<u>399,741</u>
Fund balances, end of the year	<u>\$ 411,876</u>	<u>\$ 41,916</u>	<u>\$ 5,667</u>	<u>\$ 459,459</u>

See accompanying notes to the financial statements.

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

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. Adoption of accounting standards for not-for-profit organizations

Effective January 1, 2012, the association adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations ("ASNPO"). These are the association's first financial statements prepared in accordance with ASNPO and the transitional provisions of Section 1501, First-Time Adoption by Not-For-Profit Organizations have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the summary of significant accounting policies note have been applied in preparing the financial statements for the year ended December 31, 2012, the comparative information presented in these financial statements for the year ended December 31, 2011, and in the preparation of an opening ASNPO balance sheet at January 1, 2011 (the association's date of transition). Adoption of ASNPO had no material impact on the association's excess of revenue over expenses for the year ended December 31, 2011 or on fund balances as at January 1, 2011.

3. Summary of significant accounting policies

The association's accounting policies and its standards of financial disclosure are in accordance with Canadian accounting standards for not-for-profit organizations.

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.

BRITISH COLUMBIA LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

3. Summary of significant accounting policies - continued

a) Fund accounting - continued

- 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. The association's financial assets and financial liabilities are classified as held for trading. All transaction costs are recognized immediately in the statement of operations. The association's financial instruments consist of cash, accounts receivable and accounts payable.

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.

A capital asset is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized in the statement of operations when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the capital asset exceeds its fair value. An impairment loss is not reversed if the fair value of the capital asset subsequently increases.

BRITISH COLUMBIA LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEARS ENDED DECEMBER 31, 2012 AND 2011

3. Summary of significant accounting policies - continued

- 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) Allocation of expenses - All programs costs directly attributable to a program are expensed to the applicable program expense. Any indirect costs are allocated to the General Fund.
- g) Use of estimates - The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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.

4. Equipment

	<u>December 31, 2012</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 41,841	\$ 39,832	\$ 2,009
Office and display equipment	<u>20,892</u>	<u>17,234</u>	<u>3,658</u>
	<u>\$ 62,733</u>	<u>\$ 57,066</u>	<u>\$ 5,667</u>
	<u>December 31, 2011</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 41,841	\$ 38,970	\$ 2,871
Office and display equipment	<u>20,892</u>	<u>16,320</u>	<u>4,572</u>
	<u>\$ 62,733</u>	<u>\$ 55,290</u>	<u>\$ 7,443</u>
	<u>January 1, 2011</u>		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>
Computer equipment	\$ 41,841	\$ 37,740	\$ 4,101
Office and display equipment	<u>20,892</u>	<u>15,177</u>	<u>5,715</u>
	<u>\$ 62,733</u>	<u>\$ 52,917</u>	<u>\$ 9,816</u>

BRITISH COLUMBIA LIBRARY ASSOCIATION
SCHEDULE OF SPECIFIC PURPOSE FUNDS
FOR THE YEAR ENDED DECEMBER 31, 2012

	Alice Bacon Continuing Education Fund	Harry Newsom Memorial Fund	Sheila Egoff Fund	First Nations Scholarship Fund	Enid Dearing/ Alan Woodland Book Prize Fund	Ken Haycock Student Conference Award Fund	Virginia Chisholm Memorial Fund	Total
Revenue								
Donations	\$ 50	---	\$ 568	---	---	\$ 500	---	\$ 1,118
Interest	212	20	11	2	8	54	3	310
Expenses	262	20	579	2	8	554	3	1,428
Awards, scholarships and program development	---	---	3,000	---	100	300	---	3,400
Excess (deficiency) of revenue over expenses for the year	262	20	(2,421)	2	(92)	254	3	(1,972)
Fund balances, beginning of the year	28,135	2,701	1,295	259	1,046	7,034	418	40,888
Interfund transfer from General Fund	---	---	3,000	---	---	---	---	3,000
Fund balances, end of the year	\$ 28,397	\$ 2,721	\$ 1,874	\$ 261	\$ 954	\$ 7,288	\$ 421	\$ 41,916