

CALGARY PUBLIC LIBRARY FOUNDATION
Financial Statements
December 31, 2021

CALGARY PUBLIC LIBRARY FOUNDATION
Index to Financial Statements
For the Year Ended December 31, 2021

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Fund Balances	5
Statement of Cash Flows	6
Notes to Financial Statements	7-11
Statement of Revenue and Expenses (<i>Schedule 1</i>)	12



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INDEPENDENT AUDITOR'S REPORT

To the Directors of Calgary Public Library Foundation :

Opinion

We have audited the financial statements of Calgary Public Library Foundation (the "Foundation"), which comprise the statement of financial position as at December 31, 2021, and the statement of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2021, and the results of its 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 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 ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

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 cease operations, or has no realistic alternative but to do so.

(continues)



Independent Auditor's Report to the Directors of Calgary Public Library Foundation *(continued)*

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

Auditor's Responsibilities for the Audit of 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 these 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.
- 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.

We 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.

BDO Canada LLP

Chartered Professional Accountants

Calgary, Alberta
April 22, 2022

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Financial Position

As at December 31

	General Fund	Donor Directed	2021 Total	2020 Total
ASSETS				
Current				
Cash and cash equivalents	\$ 2,954,568	\$ 4,155,072	\$ 7,109,640	\$ 7,228,634
Cash - restricted (note 3)	59,005	-	59,005	121,222
Accounts receivable	111,457	-	111,457	193,636
COVID wage subsidy receivable (note 9)	-	-	-	78,836
Goods and services tax refundable	3,490	-	3,490	1,825
Prepaid expenses	28,980	-	28,980	29,977
Inventory	24,854	-	24,854	13,696
Investments (note 4)	2,781,347	5,305,578	8,086,925	5,078,432
	<u>5,963,701</u>	<u>9,460,650</u>	<u>15,424,351</u>	<u>12,746,258</u>
Endowment (note 4)	-	330,198	330,198	275,944
Property and equipment (note 5)	3,783	-	3,783	885
	<u>\$ 5,967,484</u>	<u>\$ 9,790,848</u>	<u>\$ 15,758,332</u>	<u>\$ 13,023,087</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities	\$ 115,709	\$ -	\$ 115,709	\$ 33,428
Deferred contributions				
Related to operations (note 7)	50,180	-	50,180	121,222
	<u>165,889</u>	<u>-</u>	<u>165,889</u>	<u>154,650</u>
Net assets				
Invested in property and equipment	3,783	-	3,783	885
Endowment	-	330,198	330,198	275,944
Restricted	-	9,460,650	9,460,650	8,927,764
Unrestricted	5,797,812	-	5,797,812	3,663,844
	<u>5,801,595</u>	<u>9,790,848</u>	<u>15,592,443</u>	<u>12,868,437</u>
	<u>\$ 5,967,484</u>	<u>\$ 9,790,848</u>	<u>\$ 15,758,332</u>	<u>\$ 13,023,087</u>

Rob Van Wielingen



James A Pettigrew



CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Revenue and Expenditures

For the year ended December 31

	General Fund	Donor Directed	2021 Total	2020 Total
REVENUE				
Donations	\$ 2,289,885	\$ 1,897,182	\$ 4,187,067	\$ 3,623,467
Unrealized gain on investments	465,284	-	465,284	156,435
Interest	343,589	30,336	373,925	311,868
COVID wage subsidy (note 9)	179,980	-	179,980	245,533
Casino	-	109,692	109,692	4,463
Gifts in kind (note 6)	86,745	-	86,745	90,855
Merchandise	52,665	12,214	64,879	112,359
Special events	37,338	825	38,163	21,754
Other revenue	-	-	-	300,000
	<u>3,455,486</u>	<u>2,050,249</u>	<u>5,505,735</u>	<u>4,866,734</u>
EXPENSES				
Donation to Calgary Public Library Board (note 6)	9,000	1,416,327	1,425,327	1,465,659
Salaries and employee benefits	896,291	3,400	899,691	856,166
Administration	116,393	-	116,393	149,034
Gift in kind (note 6)	86,745	-	86,745	90,855
Stewardship and cultivation	85,188	500	85,688	83,629
Bank charges	83,478	-	83,478	68,391
Merchandise	23,885	-	23,885	58,174
Marketing	7,933	-	7,933	7,654
Special events	5,213	42,882	48,095	2,428
Insurance	3,251	-	3,251	5,760
Amortization	1,052	-	1,052	2,269
Board expenses	191	-	191	1,604
Casino	-	-	-	2,351
	<u>1,318,620</u>	<u>1,463,109</u>	<u>2,781,729</u>	<u>2,793,974</u>
EXCESS OF REVENUE OVER EXPENSES	\$ 2,136,866	\$ 587,140	\$ 2,724,006	\$ 2,072,760

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Changes in Net Assets

For the year ended December 31

	Invested in property and equipment	General Fund	Donor Directed		2021 Total	2020 Total
			General	Endowment		
Net assets, beginning of year	\$ 885	\$ 3,663,844	\$ 8,927,764	\$ 275,944	\$ 12,868,437	\$ 10,673,954
Excess of revenue over expenses	-	2,136,866	532,886	54,254	2,724,006	2,072,760
Interfund transfer	-	-	-	-	-	-
Purchase of property and equipment	3,950	(3,950)	-	-	-	-
Amortization of property and equipment	(1,052)	1,052	-	-	-	-
Net assets, end of year	\$ 3,783	\$ 5,797,812	\$ 9,460,650	\$ 330,198	\$ 15,592,443	\$ 12,746,715

CALGARY PUBLIC LIBRARY FOUNDATION

Statement of Cash Flows

For the year ended December 31

	General Fund	Donor Directed	2021 Total	2020 Total
OPERATING ACTIVITIES:				
Excess of revenue over expenses	\$ 2,136,866	\$ 587,140	\$ 2,724,006	\$ 2,072,760
Non-cash transactions:				
Amortization of property and equipment	1,052	-	1,052	2,269
Unrealized gains on investments	(465,284)	-	(465,284)	(156,435)
Change in non-cash working capital:				
Accounts receivable	82,179	-	82,179	(89,442)
COVID wages subsidy receivable	78,836	-	78,836	(78,836)
Goods and services tax refundable	(1,665)	-	(1,665)	33,674
Prepaid expenses	997	-	997	(5,085)
Inventory	(11,158)	-	(11,158)	9,205
Accounts payable and accrued liabilities	82,281	-	82,281	(59,879)
Deferred contributions related to operations	(71,042)	-	(71,042)	79,072
	<u>1,833,062</u>	<u>587,140</u>	<u>2,420,202</u>	<u>1,807,302</u>
INVESTING ACTIVITIES:				
Sale of Investments	(1,780,095)	(817,368)	(2,597,463)	(771,737)
Purchase of equipment	(3,950)	-	(3,950)	(1,181)
	<u>(1,784,045)</u>	<u>(817,368)</u>	<u>(2,601,413)</u>	<u>(772,918)</u>
Increase (decrease) in cash	49,017	(230,228)	(181,211)	1,034,384
Cash, beginning of year	<u>2,964,556</u>	<u>4,385,300</u>	<u>7,349,856</u>	<u>6,315,472</u>
Cash, end of year	<u>\$ 3,013,573</u>	<u>\$ 4,155,072</u>	<u>\$ 7,168,645</u>	<u>\$ 7,349,856</u>
Cash and cash equivalents consists of:				
Cash and cash equivalents	2,954,568	4,155,072	7,109,640	7,228,634
Restricted cash	59,005	-	59,005	121,222
	<u>\$ 3,013,573</u>	<u>\$ 4,155,072</u>	<u>\$ 7,168,645</u>	<u>\$ 7,349,856</u>

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
For the year ended December 31, 2021

1. Purpose of the organization

The Calgary Public Library Foundation (the "Foundation") was incorporated on March 1, 1999 under the Companies Act of Alberta and commenced operations in 2000. The Foundation is a registered charity for purposes of the Canada Income Tax Act, and as such is exempt from payment of income taxes.

The Calgary Public Library Foundation's sole purpose is to ensure through fundraising that the citizens of Calgary have the best public library in the world. Funds and in-kind donations raised by the Foundation go directly to the Calgary Public Library (the "Library") and are used to enhance the Library's collections, programs and facilities.

2. Summary of significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Revenue recognition

The Foundation follows the restricted fund method of accounting for restricted contributions.

Unrestricted contributions are recognized as revenue of the general fund when received or receivable if the amounts to be received can be reasonably measured and ultimate collection is reasonably assured.

Restricted contributions for which no corresponding restricted fund are deferred and recognized as revenue in the year in which the related expenses are incurred. Where such contributions have been made for the purpose of equipment acquisition, the revenue is recognized on the same basis as the related asset is amortized.

Gifts in kind received are recorded when the fair market value is reasonably determinable at the date of contribution and when they would normally be purchased by and paid for by the Foundation.

Merchandise revenue is recognized in the general fund at the time of sale when the revenue recognition criteria are met.

Investment income (loss), which consist of interest, dividends, income distributions from pooled funds, and realized and unrealized gains and losses, net of investment management expenses, is recorded in the statement of operations and changes in fund balances.

Cash and cash equivalents

Cash and cash equivalents consists of cash on hand, deposits held with banks, cash held within investment account for trading, and other short-term highly liquid investments which are readily convertible to known amounts of cash.

Fund accounting

The Foundation uses the following funds to report its operations and financial position.

The General Fund accounts for current operations and programs and for the Foundation's general operation. Unrestricted contributions and contributions restricted for use in operations are reported in this fund.

In 2019, the Foundation decided to combine all restricted funds (previously Innovation Fund, Inspiration Fund, Information Fund and Imagination Fund) into one Donor Directed fund. The Donor Directed Fund accounts for operations, infrastructure and programs related to the rest of the Foundation's activities. Contributions restricted for such use are reported in this fund.

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CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
For the year ended December 31, 2021

2. Summary of significant accounting policies (*Continued*)

Property and equipment

Property and equipment are stated at cost less accumulated amortization. Amortization of property and equipment is recorded using the straight-line method over the estimated useful life of the assets at the following rates:

Computer equipment	3 years
Computer software	3 years
Furniture and equipment	5 years

Contributed services

The Foundation would not be able to carry out its activities without the services of volunteers. Because of the difficulty in determining the fair value of these and other volunteer services, contributed services are not recognized in the financial statements.

The Council of Champions purpose is to promote the Library and the Foundation on a regular basis. They meet as needed to gather information from the Foundation, network with each other and bring everyone up to date on their latest efforts of promoting the Library and Foundation. In 2021 this group of 26 volunteers (2020 - 28 volunteers) contributed approximately 106 hours (2020 - 84 hours).

Due to the COVID-19 pandemic events were held virtually in 2021.

The Foundation's Board of Directors is also volunteer based. Members attend four meetings a year, plus the Annual General meeting. The Finance Committee members attend an extra scheduled meeting and more as necessary each year. Board members frequently show their support by attending several events over the course of the year as well. In 2021, 15 Board members (2020 - 14 Board members) contributed approximately 189 hours (2020 - 195 hours).

Special Event volunteers are mature youth and adult volunteers who assist with various tasks such as phoning donors and thanking them for their contributions, assisting with mailing receipts, fulfilling store orders, and events such as Locked Library, and fundraising events. In 2021, 6 volunteers (2020 - 39 volunteers) contributed 100.75 hours (2020 - 307 hours). In 2021, no in person events were held so all volunteer hours are for thank you calls and fulfilling store orders.

Financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value. In subsequent periods, investments and investments for endowment are reported at fair value, all other financial instruments are reported at amortized cost.

Financial assets measured at amortized cost consists of cash and cash equivalents and accounts receivable. Financial liabilities measured at amortized cost consist of accounts payable and accrued liabilities.

Measurement uncertainty

The preparation of these financial statements in accordance 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, disclosure of contingent assets and liabilities at the date of the financial statements, and reported amounts of revenue and expenses during the reporting year. Actual results could differ from those estimates. Estimates include useful lives of property and equipment and recognition of deferred contributions.

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
For the year ended December 31, 2021

3. Restricted cash

Restricted cash are funds that have been collected through casino and raffle proceeds and therefore externally restricted for specific use. The Foundation maintains a separate bank account for casino funds.

4. Investments

In 2017, the Foundation opened an investment account with The Calgary Foundation. Amounts invested with the Calgary Foundation include General and Donor Directed Funds as well as Endowment Funds which were set up over the past several years, either by the Foundation or at the request of donors. Endowment funds are to be held in perpetuity and income generated from the funds will be used for the Foundation's charitable purposes. The Foundation retains control over amounts invested with the Calgary Foundation.

In 2021, \$4,000,000 (2020 - \$Nil) of investments in the Calgary Foundation were sold and new investments were purchased at RBC Dominion Securities.

During the year the Foundation opened an account with RBC Dominion Securities. Amounts invested with RBC include pooled funds. The balance at year end is \$6,437,400 (2020 - \$nil).

	2021	% of total	2020	% of total
Cash and cash equivalents held in portfolio	688,423	7.56%	4,893	0.09%
Pooled Funds	8,417,122	92.44%	5,354,376	99.91%
Total	9,105,545	100%	5,359,269	100%

At December 31, 2021, funds invested included endowments of \$330,198 (2020 - \$275,944).

5. Property and equipment

	Cost		Accumulated Amortization		Net Book Value	
	2021	2020	2021	2020	2021	2020
Computer equipment	\$ 11,005	\$ 8,056	\$ 8,055	\$ 7,171	\$ 2,950	\$ 885
Computer software	3,500	2,500	2,667	2,500	833	-
Furniture and equipment	19,066	19,066	19,066	19,066	-	-
Total	\$ 33,571	\$ 29,622	\$ 29,788	\$ 28,737	\$ 3,783	\$ 885

CALGARY PUBLIC LIBRARY FOUNDATION
Notes to Financial Statements
For the year ended December 31, 2021

6. Related party transactions and subsequent events

The Foundation and the Calgary Public Library Board (the "Library Board") are related by below economic interests:

(a) Under the direction of the Operating Agreement dated February 8, 2019 between the Library Board and the Foundation, the Library Board provided core funding for the Foundation in the amount of \$nil in 2021 (\$300,000 - 2020). Under this agreement the Library also provides the Foundation with office space in the Central Library, commencing on November 19, 2018, at the rate of \$ 1 per year.

Based on the new Operating Agreement dated February 17, 2021, the level of base funding from the Library Board to the Foundation will be decided by December 31 annually. The Library will provide the Foundation space in the Central Library for an indefinite period at a cost of \$24 per square foot. The rent on this space will be paid in-kind to the Foundation yearly. The amount recognized relating to this rent is \$83,760 (2020 - \$21,648). The new agreement supersedes the previous agreement.

The Library Board also provided in-kind donations relating to general operating and building and equipment expenses. Because of the difficulty in determining the fair value of these contributed materials and services, the amounts are not recognized in the financial statements.

(b) The Foundation provided monetary grants to the Library Board based on designations by its contributors, collected tickets and other gifts in kind. Donations made to the Library Board consist of the following:

	<u>2021</u>	<u>2020</u>
Gifts in kind	\$ -	\$ 64,917
Monetary donations	1,425,327	1,465,659
	\$ 1,425,327	\$ 1,530,576

(c) Subsequent to year end, the Foundation has committed to provide the Library Board with a grant of up to \$3,000,000. \$2,375,800 is to be provided as restricted funds as per a signed agreement and the remaining \$624,200 available via request.

(d) During the year the Foundation received donations of \$173,206 (2020 - \$87,483) from key management and board members.

7. Deferred contributions related to operations

Deferred contributions related to operations consist of unspent externally restricted contributions out of casino proceeds and externally restricted raffle proceeds from a special event that are received in the current year, but related to subsequent operations. Changes in deferred contribution balances are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 121,222	\$ 42,150
Additions	89,718	83,535
Utilizations	(160,760)	(4,463)
Balance, end of year	\$ 50,180	\$ 121,222

8. Financial instruments

The Foundation holds various forms of financial instruments. The nature of these instruments and the Foundation's operations exposes the Foundation to various risks. Except as disclosed elsewhere, the Foundation's financial instruments have the following risks:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The credit risks that the Foundation may be exposed to arise out of the investments in Calgary Foundation. Management mitigates credit risk through the implementation and monitoring of the Board of Director's investment policies and frequent review of the Foundation's investment portfolio.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Foundation is exposed to risk of changes in fair value of its investments. Management reviews these investments closely to ensure that the investments are made in accordance with the Foundation's investment policy.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in interest rates. In seeking to minimize the risks from interest rate fluctuations, the Foundation manages exposure through its normal operating and financing activities. The Foundation is exposed to interest rate risk primarily through its Calgary Foundation investments.

9. Government assistance

During the year, the Foundation applied for the Canada Emergency Wage Subsidy and received \$179,980 (2020 - \$245,533) in government assistance included in revenues. \$Nil (2020 - \$78,836) is included in accounts receivable relating to the 2021 year. This program was distributed by the government to help re-hire workers, prevent future job losses, and ease organizations back to normal operations. Management of the Foundation has determined that the Foundation does not have an obligation to repay the Government of Canada for this assistance as they have determined that the Foundation has met all applicable eligibility criteria.

CALGARY PUBLIC LIBRARY FOUNDATION
 Schedule 1 - Statement of Revenue and Expenses
 Fostering Resiliency in Our Community
 For the year ended December 31

The schedule below reflects the funding and expenses associated with the Fostering Resiliency in Our Community Program, Grant Agreement 095250272-2 over the program time frame. The disclosure has been requested by the funder as part of their agreement. The total unspent funds have been deferred for use in fiscal 2022.

	March 2019 - Feb 2020	March 2020 - December 2021	Total
REVENUE			
Government of Alberta	\$ 110,973	\$ 197,806	\$ 308,779
EXPENSES			
Staffing & Delivery: BVC Career Specialists	72,000	137,403	209,403
ChildMinding: YMCA Staffing Resources	27,990	-	27,990
Library Coordinator: Job Desk	-	10,000	10,000
Equipment: Signage, services boards, etc	-	2,700	2,700
Wellness Desk Staffing: Wood's Homes	-	28,147	28,147
Library Staffing and Wellness Desk Supplies	-	7,500	7,500
	99,990	185,750	285,740
UNSPENT FUNDS	\$ 10,983	\$ 12,056	\$ 23,039