

**CANADIAN FEDERATION OF LIBRARY ASSOCIATIONS**

FINANCIAL STATEMENTS  
(UNAUDITED)

AUGUST 31, 2017

**HILBORN**<sub>LLP</sub>

## Review Engagement Report

To the Members of the  
**Canadian Federation of Library Associations**

We have reviewed the statement of financial position of the Canadian Federation of Library Associations as at August 31, 2017 and the statements of operations and net assets and cash flows for the year then ended. Our review was made in accordance with Canadian generally accepted standards for review engagements and accordingly consisted primarily of inquiry, analytical procedures and discussion related to information supplied to us by the Federation.

A review does not constitute an audit and consequently we do not express an audit opinion on these financial statements.

Based on our review, nothing has come to our attention that causes us to believe that these financial statements are not, in all material respects, in accordance with Canadian accounting standards for not-for-profit organizations.

We draw attention to note 2 of the financial statements which describes that the Canadian Federation of Library Associations adopted Canadian accounting standards for not-for-profit organizations on September 1, 2016 with a transition date of May 16, 2016. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at August 31, 2016, and the statements of operations and net assets and cash flows for the period from incorporation on May 16, 2016 through August 31, 2016 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is neither audited nor reviewed.



Toronto, Ontario  
January 25, 2018

Chartered Professional Accountants  
Licensed Public Accountants

# CANADIAN FEDERATION OF LIBRARY ASSOCIATIONS

## Statement of Financial Position

(Unaudited)

| August 31                                    | 2017           | Period from<br>May 16, 2016<br>to August 31,<br>2016 |
|--|----------------|--|
|  | \$             | \$   |
| <b>ASSETS</b>                                |                |  |
| Current assets                               |                |  |
| Cash   | 87,837         | 44,296   |
| Accounts receivable                          | 19,422         | 500  |
| Prepaid expenses                             | 1,675          | -  |
|  | <b>108,934</b> | <b>44,796</b>  |
| <b>LIABILITIES</b>                           |                |  |
| Current liabilities                          |                |  |
| Accounts payable and accrued liabilities     | 31,816         | 2,547  |
| Deferred revenue                             | 60,577         | 48,889   |
|  | <b>92,393</b>  | <b>51,436</b>  |
| <b>Net assets (deficiency in net assets)</b> | <b>16,541</b>  | <b>(6,640)</b>                                       |
|  | <b>108,934</b> | <b>44,796</b>  |

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director

Director

# CANADIAN FEDERATION OF LIBRARY ASSOCIATIONS

## Statement of Operations and Net Assets

(Unaudited)

| Year ended August 31                                   | 2017           | Period from<br>May 16, 2016<br>to August 31,<br>2016 |
|--|----------------|--|
|  | \$             | \$   |
| Revenues   |                |  |
| Membership fees  | 120,633        | 8,126  |
| Royalty fees   | 22,262         | -  |
|  | <u>142,895</u> | <u>8,126</u>   |
| Expenses   |                |  |
| Consulting   | 85,024         | 10,940   |
| Office   | 16,270         | 767  |
| Translation  | 10,957         | -  |
| Professional fees                                      | 5,407          | 1,780  |
| Insurance  | 667            | -  |
| Travel   | 527            | 1,111  |
| Advertising  | 404            | -  |
| Donations  | 324            | -  |
| Interest and bank charges                              | 134            | 168  |
|  | <u>119,714</u> | <u>14,766</u>  |
| Excess (deficiency) of revenues over expenses for year | 23,181         | (6,640)  |
| Net assets, beginning of year                          | <u>(6,640)</u> | -  |
| Net assets, end of year                                | <u>16,541</u>  | <u>(6,640)</u>                                       |

The accompanying notes are an integral part of these financial statements

# CANADIAN FEDERATION OF LIBRARY ASSOCIATIONS

## Statement of Cash Flows

(Unaudited)

| Year ended August 31                 | 2017     | Period from<br>May 16, 2016<br>to August 31,<br>2016 |
|--------------------------------------|----------|--|
|                                      | \$       | \$   |
| Cash flows from operating activities |          |  |
| Cash receipts from members           | 135,661  | 56,515   |
| Cash paid to suppliers               | (92,120) | (12,219)   |
| Net change in cash during the year   | 43,541   | 44,296   |
| Cash, beginning of year              | 44,296   | -  |
| Cash, end of year                    | 87,837   | 44,296   |

The accompanying notes are an integral part of these financial statements

# CANADIAN FEDERATION OF LIBRARY ASSOCIATIONS

## Notes to Financial Statements

(Unaudited)

August 31, 2017

### Nature of operations

Canadian Federation of Library Associations (the "Federation") is a not-for-profit corporation, without share capital, incorporated under the Canada Not-for-Profit Corporations Act, and as such, is generally exempt from income taxes.

The Federation's objective is to be the united, national voice of Canada's library community. The Federation works to advance library excellence in Canada, champion library values and the value of libraries, and influence national and international public policy impacting libraries and their communities.

### 1. Significant accounting policies

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

#### (a) Revenue recognition

Membership fees are recognized as revenue in the year to which they relate. Membership fees received in advance are deferred and recognized as revenue in the year to which they apply.

Royalty revenue is recognized as revenue when earned and received or receivable.

#### (b) Financial instruments

##### (i) Measurement of financial instruments

The Federation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Federation subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

# CANADIAN FEDERATION OF LIBRARY ASSOCIATIONS

## Notes to Financial Statements (continued)

(Unaudited)

August 31, 2017

### 1. Significant accounting policies (continued)

#### (b) Financial instruments (continued)

##### (ii) Impairment (continued)

- the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment.

#### (c) Cash

Cash consists of cash in the bank.

#### (d) Accounting estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 2. Impact of the change in the financial reporting framework

The Federation has elected to apply the standards in Part III of the CPA Canada Handbook - Accounting consisting of Canadian accounting standards for non-profit organizations.

These financial statements are the first financial statements for which the Federation has applied Canadian accounting standards for not-for-profit organizations hereafter referred to as "ASNPO".

The financial statements for the year ended August 31, 2017 were prepared in accordance with the accounting principles and provisions set out in FIRST-TIME ADOPTION BY NOT-FOR-PROFIT ORGANIZATIONS, Section 1501, for first-time adopters of this basis of accounting.

The impact of adopting these standards has not resulted in any material changes to the opening financial statements or the significant accounting policies for the current or previous fiscal years.

August 31, 2017

### 3. **Financial instrument risk management**

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

#### (a) **Credit risk**

The Federation has credit risk exposure in accounts receivable of \$19,422 (2016 - \$500). Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Federation reduces its exposure to credit risk by maintaining strict credit policies and limits in respect to counterparties. The credit risk exposure to the Federation is low.

#### (b) **Liquidity risk**

The Federation has a liquidity risk exposure in accounts payable and accrued liabilities of \$31,816 (2016 - \$2,547). Liquidity risk is the risk that the Federation cannot repay its obligations when they become due. The Federation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due and ensuring appropriate cashflow from operations. The liquidity risk exposure to the Federation is low.

#### (c) **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. Market risk is comprised of currency risk, interest rate risk and other price risk. The Federation is not exposed to market risk.

### 4. **Economic dependence**

During the year, 49% (2016 – 62 %) of the Federation's membership revenue was earned from one customer.



# HILBORN

LISTENERS. THINKERS. DOERS.