WINNIPEG PUBLIC LIBRARY BOARD

FINANCIAL STATEMENTS

DECEMBER 31, 2014

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January 27, 2015

INDEPENDENT AUDITOR'S REPORT

To the Directors of
the Winnipeg Public Library Board:

We have audited the accompanying financial statements of Winnipeg Public Library Board, which comprise the statement of financial position as at December 31, 2014, and the statement of operations and change in net assets, 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 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 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 judgment, 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 audit opinion.

Opinion
In our opinion, the financial statements present fairly, in all material respects, the financial position of Winnipeg Public Library Board as at December 31, 2014, 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.

DRAFT

Chartered Accountants
Winnipeg, Canada

For this communication, together with the work done to prepare this communication and for opinions we have formed, if any, we accept and assume responsibility only to the addressee of this communication, as specified in our letter of engagement.

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION

	December 31	
	2014	**2013**
ASSETS		
Current assets:		
Cash	$ 44,137	$ 40,660
GST receivable	1,120	891
Prepaid expenses	3,324	-
	$ 48,581	$ 41,551
LIABILITIES AND NET ASSETS		
Current liabilities:		
Accounts payable and accrued liabilities	$ 207	$ -
Net assets:		
Unrestricted	48,374	41,551
	$ 48,581	$ 41,551

APPROVED BY THE BOARD:

_____ **Director**

_____ **Director**

WINNIPEG PUBLIC LIBRARY BOARD

STATEMENT OF OPERATIONS

	Year ended December 31	
	2014	**2013**
Revenue:		
City of Winnipeg operating grant	$ 79,315	$ 79,315
Expenditures:		
Administrative	11,008	8,187
Development and research	21,002	7,805
Foundation donation	20,000	20,000
Language and literacy grants	3,000	3,000
Promotion, advertising, and community outreach	7,482	8,371
Sponsorship	10,000	10,000
	72,492	57,363
Excess of revenue over expenditures	$ 6,823	$ 21,952

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STATEMENT OF CHANGES IN NET ASSETS

	Year ended December 31	
	2014	**2013**
Net assets, beginning of year	$ 41,551	$ 19,599
Excess of revenue over expenditures	6,823	21,952
Net assets, end of year	$ 48,374	$ 41,551

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STATEMENT OF CASH FLOWS

	December 31	
	2014	**2013**
Cash flow from operating activities:		
Excess of revenue over expenditures	$ 6,823	$ 21,952
Changes in non-cash working capital-		
GST receivable	(229)	(195)
Prepaid expenses	(3,324)	-
Accounts payable	207	(73)
Change in cash	3,477	21,684
Cash, beginning of year	40,660	18,976
Cash, end of year	$ 44,137	$ 40,660

NOTE TO FINANCIAL STATEMENTS

FOR THE YEAR ENDED DECEMBER 31, 2014

1. Purpose of the Organization:

The Winnipeg Public Library Board (the "Organization") was established through the enactment of a City of Winnipeg by-law to provide guidance with respect to improving the City's library system. It is a not-for-profit organization that is exempt from income tax under provisions of the *Income Tax Act.*

2. Significant accounting policies:

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. An assumption underlying the preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations is that the entity will continue for the foreseeable future and will be able to realize its assets and discharge liabilities in the normal course of operations.

The financial statements have been prepared using the following accounting polices:

a) Critical accounting estimates and judgments-

The preparation of financial statements requires management to make estimates and judgments that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period.

Accounting estimates are included in financial statements to approximate the effect of past business transactions or events, or to approximate the present status of an asset or liability. It is possible that changes in future economic conditions could require changes in the recognized amounts for accounting estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in the period in which they became known.

Significant areas of estimation by management include the impairment of non-financial assets, the useful lives of capital assets and the fair value of financial instruments.

Management bases their judgments, estimates and assumptions on factors they believe to be reasonable in the circumstances, but which may be inherently uncertain and unpredictable.

b) Financial instruments-

Except for certain related party transactions, financial instruments are measure at fair value on initial recognition adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, financing fees and transaction costs that are directly attributable to its origination, acquisition, issuance or assumption. Transaction costs related to financial instruments that will be measured subsequently at fair value are recognized in the difference between revenues and expenses for the period incurred.

In subsequent periods, investments in equity instruments that are quoted in an active market and certain derivative contracts are measured at fair value without any adjustment for transaction costs that may incur on sale or other disposal. The Organization may elect to measure any financial instrument at fair value when the asset or liability is first recognized or for equity instruments that previously measured at fair value when the equity instrument ceases to be quoted in an active market. Other investments in equity instruments are measured at cost less any reduction for impairments. All other financial instruments are measured at amortized cost. Amortized cost is the amount at which the financial instrument is measured at initial recognition less principal repayments, plus or minus the cumulative of any difference between that initial amount and the maturity amount, and minus any reduction for impairment.

The Organization measures cash and accounts payable and accrued liabilities amortized cost.

2. Significant accounting policies (cont'd)**:**

b) Financial instruments (cont'd)-

The Organization assesses impairment of all its financial assets, except those measured at fair value. Management considers whether there has been a breach in contract, such as a default or delinquency in interest of principal payments in determining whether objective evidence of impairment exists. Impairment is included in the difference between revenues and expenses.

c) Revenue recognition-

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses occur. Unrestricted contributions are recognized as revenue of the when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Other revenue is recognized when incurred and when collection can be reasonably assured.

As is common with many not-for-profit organizations, the Organization receives contributions in the form of goods and services. Because of the difficulty of determining their value, contributed goods and services are not recognized in the financial statements.

d) Capital assets-

The average annual revenues recognized in the statement of operations for the current and preceding period of the Organization was less than $500,000. Since the organization met criteria for small not-for-profit organizations, it does not record the acquisition of capital assets. These acquisitions are expensed at the date of acquisition. No capital assets were acquired or expensed in the statement of operations (2013 - $nil).

3. Economic dependence:

The Organization is dependent on the City of Winnipeg as its primary source of revenue. Should this funding substantially change, management is of the opinion that continued viable operations would be doubtful.

4. Risk management:

Management's risk management policies are typically performed as a part of the overall management of the Organization's operations. Management is aware of risks related to these objectives through direct personal involvement with employees and outside parties. In the normal course of its business, the Organization is exposed to a number of risks that can affect its operating performance. Management's close involvement in operations helps identify risks and variations from expectations. As a part of the overall operation of the Organization, management considers the avoidance of undue concentrations of risk. These risks and the actions taken to manage them include the following:

Liquidity risk-

Liquidity risk is the risk that the Organization cannot meet its financial obligations associated with financial liabilities in full. The Organization's main source of liquidity is its operations. The funds are primarily used to finance working capital requirements and are adequate to meet the Organization's financial obligations associated with financial liabilities.