

CANADIAN ASSOCIATION OF LAW LIBRARIES

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Association of Law Libraries

Qualified Opinion

I have audited the accompanying financial statements of Canadian Association of Law Libraries, which comprise the statement of financial position as at December 31, 2019 and the statement of revenues and expenditures, statement of changes in net assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the effects of the matter described in the *Basis for Qualified Opinion* section of my report, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Association of Law Libraries as at December 31, 2019, 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 Qualified Opinion

In common with many charitable organizations, Canadian Association of Law Libraries derives revenue from memberships, conferences, advertising, subscriptions and publications the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Canadian Association of Law Libraries. Therefore, I was not able to determine whether any adjustments might be necessary to recorded memberships, conferences, advertising, subscriptions and publications, excess of revenues over expenditures, cash flows from operations for the years ended December 31, 2019 and 2018, current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. My audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this scope limitation.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under these standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of my report. I am independent of Canadian Association of Law Libraries in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements. I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Canadian Association of Law Libraries 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 liquidate Canadian Association of Law Libraries or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Canadian Association of Law Libraries financial reporting process.

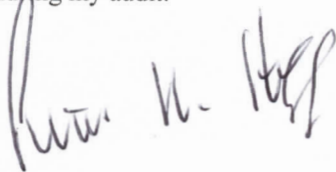
Auditor's Responsibility for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgement and maintain professional scepticism throughout the audit. I also:

- Identify and assess the risks of material misstatements 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 my 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 Canadian Association of Law Libraries 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 Canadian Association of Law Libraries ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Canadian Association of Law Libraries 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.

I 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 I identify during my audit.



PETER W. HOGG
Chartered Professional Accountant
Licensed Public Accountant

Toronto, Ontario
May 26, 2020

**CANADIAN ASSOCIATION OF LAW LIBRARIES
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2019**

Statement 1

	<u>2019</u>	<u>2018</u>
ASSETS		
Current		
Cash	\$ 98,448	\$ 107,277
Investments (Note 3)	311,713	282,001
Accounts receivable	6,585	38,633
HST recoverable	7,051	10,123
Prepaid expenses	<u>34,990</u>	<u>12,695</u>
	<u>\$ 458,787</u>	<u>\$ 450,729</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable and accrued liabilities	\$ 22,021	\$ 4,780
Grants in trust (Note 4)	25,228	23,565
Deferred revenue (Note 5)	<u>30,339</u>	<u>69,743</u>
	<u>77,588</u>	<u>98,088</u>
Net Assets		
Internally restricted net assets (Note 6)		
Operating reserve fund	92,035	81,494
Conference reserve fund	85,000	85,000
Education reserve fund	19,500	19,500
Research reserve fund	25,000	25,000
Unrestricted net assets	<u>159,664</u>	<u>141,647</u>
	<u>381,199</u>	<u>352,641</u>
	<u>\$ 458,787</u>	<u>\$ 450,729</u>

See accompanying notes to these financial statements

Approved on behalf of the Board:



Director



Director

CANADIAN ASSOCIATION OF LAW LIBRARIES
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

Statement 2

2019						
Internally Restricted Net Assets						
	Operating Reserve Fund	Conference Reserve Fund	Education Reserve Fund	Research Reserve Fund	Unrestricted	Total
Balance, beginning of year	\$ 81,494	\$ 85,000	\$ 19,500	\$ 25,000	\$ 141,647	\$ 352,641
Excess (deficiencies) of revenues over expenditures for year	879	917	229	267	26,266	28,558
Transfers	9,662	(917)	(229)	(267)	(8,249)	-
BALANCE, END OF YEAR	\$ 92,035	\$ 85,000	\$ 19,500	\$ 25,000	\$ 159,664	\$ 381,199

2018						
Internally Restricted Net Assets						
	Operating Reserve Fund	Conference Reserve Fund	Education Reserve Fund	Research Reserve Fund	Unrestricted	Total
Balance, beginning of year	\$ 68,553	\$ 85,000	\$ 25,000	\$ 25,000	\$ 138,373	\$ 341,926
Excess of revenues over expenditures for year	1,094	1,367	(5,117)	383	12,988	10,715
Transfers	11,847	(1,367)	(383)	(383)	(9,714)	-
BALANCE, END OF YEAR	\$ 81,494	\$ 85,000	\$ 19,500	\$ 25,000	\$ 141,647	\$ 352,641

See accompanying notes to these financial statements

**CANADIAN ASSOCIATION OF LAW LIBRARIES
STATEMENT OF REVENUES AND EXPENDITURES
FOR THE YEAR ENDED DECEMBER 31, 2019**

Statement 3

	<u>2019</u>	<u>2018</u>
REVENUES		
Annual conference	\$ 243,804	\$ 252,829
Awards and grants:		
D. Marshall award	4,192	4,659
Eunice Beeson Memorial Travel Assistance	3,576	4,835
J. Lang award	2,145	2,974
J. Miller award	-	2,262
Laprise Carswell award	-	-
Laprise family award	-	-
Silverstein award	-	1,500
Interest	3,821	5,468
Journal advertising	2,250	2,318
Journal subscriptions	90	90
Membership fees and subscriptions	50,708	50,081
Miscellaneous	1,080	-
New Law Librarians' Institute	-	28,985
Professional development	80	-
Publications	3,050	3,749
Royalties	281	268
Webinars	4,990	4,375
	<u>320,067</u>	<u>364,393</u>
EXPENDITURES		
Administration	13,351	21,500
Annual conference	158,282	218,495
Awards and grants:		
D. Marshall award	4,192	4,659
Eunice Beeson Memorial Travel Assistance	3,576	4,802
J. Lang award	2,145	2,974
J. Miller award	-	2,262
Laprise Carswell award	-	-
Laprise family award	-	-
Silverstein award	-	1,500
Research and education awards	(500)	5,500
Committees	5,314	1,500
Executive meetings and liaison	10,735	7,222
Journal	5,589	3,977
National office	80,317	58,462
New Law Librarians' Institute	1,100	15,107
Publications	-	2,000
Webinars	111	2,740
Website and technology	7,297	978
	<u>291,509</u>	<u>353,678</u>
EXCESS REVENUES OVER EXPENDITURES	<u>\$ 28,558</u>	<u>\$ 10,715</u>

**CANADIAN ASSOCIATION OF LAW LIBRARIES
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019**

Statement 4

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED FOR)		
Operating activities		
Excess revenues over expenditures for year	\$ 28,558	\$ 10,715
Item not requiring cash:		
Investment interest re-invested	<u>(3,821)</u>	<u>(5,468)</u>
Net changes in non-cash working capital:		
Accounts receivable	32,048	1,716
HST recoverable/payable	3,072	854
Prepaid expenses	(22,295)	3,636
Accounts payable and accrued liabilities	17,241	(20,944)
Grants in trust	1,663	(1,896)
Deferred revenue	<u>(39,404)</u>	<u>15,941</u>
	<u>(7,675)</u>	<u>(693)</u>
Cash flows from (used) in operating activities	<u>17,062</u>	<u>4,554</u>
Investing activities		
Purchase of investments	(130,000)	(100,000)
Proceeds from sale of investments	<u>104,109</u>	<u>101,979</u>
Cash flows from investing activities	<u>(25,891)</u>	<u>1,979</u>
INCREASE (DECREASE) IN CASH FOR YEAR	(8,829)	6,533
Cash, beginning of year	<u>107,277</u>	<u>100,744</u>
CASH, END OF YEAR	<u>\$ 98,448</u>	<u>\$ 107,277</u>

See accompanying notes to these financial statements

**CANADIAN ASSOCIATION OF LAW LIBRARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

1. ORGANIZATION

Canadian Association of Law Libraries is incorporated as a not-for-profit organization under Part II of the Canadian Corporations Act and is not subject to income taxes. The objectives of the association are:

- a) to promote law librarianship, to develop and increase the usefulness of Canadian law libraries and to foster a spirit of co-operation among them;
- b) to provide a forum for meetings of persons engaged or interested in law library work and to encourage professional self-development;
- c) to co-operate with other organizations which tend to promote the objectives of the association or the interests of its members.

In the event of dissolution or winding-up of the association, all the remaining assets after payment of liabilities shall be distributed to one or more organizations in Canada having cognate or similar objectives.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

(a) Cash and Cash Equivalents

Cash and cash equivalents include cash on hand and short-term investments which can be readily converted to cash with insignificant changes in market value and have an original maturity of three months or less.

(b) Financial Instruments

All financial instruments are measured at fair value on initial recognition except for certain related party transactions. The Association subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash, investments and accounts receivable. Financial liabilities measured at amortized cost include the accounts payable and accrued liabilities.

(c) Capital Assets

Capital assets are expensed in the year of purchase.

(d) Revenue Recognition

The Association follows the deferral method of accounting for contributions where restricted contributions are recognized as revenue in the year in which the related expenditures are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Conference revenue

Revenue from conference is recognized in the year the conference is held.

Membership and subscription revenue

Revenues from membership fees and subscriptions are recognized on a calendar year basis.

Advertising revenue

Revenue from advertising is recognized at the time of publication.

Publication revenue

Revenue from publications is recognized when shipped to the member.

Webinar revenue

Revenue from webinars is recognized in the year the webinar is held.

Investment revenue

Revenue from investments is comprised of interest which is recognized when earned.

CANADIAN ASSOCIATION OF LAW LIBRARIES
 NOTES TO FINANCIAL STATEMENTS
 FOR THE YEAR ENDED DECEMBER 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) Contributed Services

Volunteers contribute numerous hours per year to assist the Association in carrying out its ministries. Because of the difficulty of determining their fair market value, contributed services are not recognized in the financial statements.

(f) Use of Estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. These estimates are based on management's best knowledge of the current events and actions that the Association may undertake in the future. Actual results could differ from management's best estimates as additional information becomes available in the future.

3. INVESTMENTS

Investments consist of guaranteed investment certificates with an average interest rate of 1.66% (2018 - 1.30%), which mature between March 2020 and February 2021.

4. GRANTS IN TRUST

The Association receives grants in trust to be awarded to deserving members for awards. The funds are accounted for separately as follows:

	2019							2018
	Laprise Carswell Award	Laprise Family Award	Silverstein Award	J. Lang Award	D. Marshall Award	J. Miller Award	Total	Total
Balance, beginning of year	\$ -	\$ -	\$ -	\$ 3,538	\$ 2,118	\$ 17,909	\$ 23,565	\$ 25,461
Grants received	-	-	-	3,000	5,000	-	8,000	8,000
Grants awarded	-	-	-	(2,145)	(4,192)	-	(6,337)	(9,896)
BALANCE, END OF YEAR	\$ -	\$ -	\$ -	\$ 4,393	\$ 2,926	\$ 17,909	\$ 25,228	\$ 23,565

5. DEFERRED REVENUE

Deferred revenue consists of unspent resources externally restricted by the donors towards the Eunice Beeson Memorial Travel Assistance Fund and membership fees received in advance.

	2019	2018
Eunice Beeson Memorial Travel Assistance Fund	\$ 655	\$ 171
Deferred membership fees and sponsorship revenues	29,684	69,572
	\$ 30,339	\$ 69,743

**CANADIAN ASSOCIATION OF LAW LIBRARIES
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2019**

6. INTERNALLY RESTRICTED NET ASSETS

The Association places an internal restriction on certain net assets. Such amounts are classified as funds and are accounted for and disclosed separately. Interest revenue is allocated to each fund on a proportionate basis.

The Operating Reserve Fund reports only resources to be used in the event of a financial emergency such as a drastic reduction in revenues.

The Conference Reserve Fund reports only resources to be used for the purpose of supporting the annual conference in the event of a shortfall.

The Education Reserve Fund reports only resources to be used for the purpose of supporting the continuing education of the associations members.

The Research Reserve Fund reports only resources to be used for the purpose of supporting the associations members in law library research initiatives.

7. COMMITMENTS

The Association has a contractual obligation with The Hamilton Convention Centre pertaining to its 2020 conference to provide food and beverage services and agrees to meet a minimum of \$65,000 in food and beverage revenue. The Association also has a contractual obligation with The Sheraton Hamilton Hotel pertaining to its 2020 conference to provide hotel services. The Association agrees to meet a minimum guest room revenue of \$99,050. The contract contains minimum fees payable in the event of a cancellation, ranging from \$49,525 to \$99,050.

The Association has a contractual obligation with The Sheraton Montreal Hotel pertaining to its 2021 conference to provide hotel, food and beverage services. The Association agrees to meet a minimum of \$120,770 in guest room revenue and \$70,000 in food and beverage revenue. The contract contains minimum fees payable in the event of a cancellation, ranging from \$89,708 to \$105,539.

8. SUBSEQUENT EVENTS

Since January 1, 2020, the spread of Covid-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closure of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown.

The Association has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted. The duration and impact of the Covid-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Association for future periods.