

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

FINANCIAL STATEMENTS

Year Ended March 31, 2019

Draft for discussion purposes only

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

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Year Ended March 31, 2019

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Draft for discussion purposes only

Guyatt + Moffatt

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INDEPENDENT AUDITOR'S REPORT

To the Members of Centre for Equitable Library Access (CELA) / Centre D'Accès Équitable Aux Bibliothèques

Opinion

We have audited the financial statements of Centre for Equitable Library Access (CELA) / Centre D'Accès Équitable Aux Bibliothèques (the Organization), which comprise the statement of financial position as at March 31, 2019, and the statements of revenues and expenditures, changes in net assets 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 Organization as at March 31, 2019, and its results of 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 Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these 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 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 the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

(continues)

Independent Auditor's Report to the Members of Centre for Equitable Library Access (CELA) / Centre D'Accès Équitable Aux Bibliothèques (*continued*)

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 Organization'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 Organization'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 Organization 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.

Ancaster, Ontario
August 7, 2019

GUYATT + MOFFATT
Chartered Professional Accountants
Licensed Public Accountants

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

Statement of Revenues and Expenditures

Year Ended March 31, 2019

	2019	2018
REVENUE		
Government grants	\$ 1,130,613	\$ 1,026,195
Subscription fees	539,463	474,359
Interest and other	2	1,501
	<u>1,670,078</u>	<u>1,502,055</u>
DIRECT COSTS		
Remittance to CNIB	1,275,000	1,075,000
Bookshare library access	150,000	75,000
Materials	66,192	68,087
	<u>1,491,192</u>	<u>1,218,087</u>
	<u>178,886</u>	<u>283,968</u>
EXPENSES		
Advertising and promotion	1,029	98
Affiliation fees	1,132	1,684
Bank charges and interest	545	88
Computer and internet	10,037	-
Consulting fees	-	1,000
Contracted staffing	195,540	195,540
Insurance	1,826	1,963
Meals & entertainment	455	940
Non-recoverable HST	22,308	-
Office expense	1,193	479
Professional fees	14,141	16,384
Telephone	824	1,009
Travel	4,123	2,441
	<u>253,153</u>	<u>221,626</u>
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES	<u>\$ (74,267)</u>	<u>\$ 62,342</u>

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 268,189	\$ 333,010
Accounts receivable (Note 3)	245,822	199,252
Harmonized sales tax recoverable	7,895	-
Prepaid expense	13,919	1,071
	\$ 535,825	\$ 533,333
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 89,355	\$ 3,569
Harmonized sales tax payable	-	15,105
Deferred revenue (Note 4)	419,018	412,940
	508,373	431,614
NET ASSETS		
General fund	27,452	101,719
	\$ 535,825	\$ 533,333

ON BEHALF OF THE BOARD

_____ Director

_____ Director

See notes to financial statements

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

Statement of Changes in Net Assets

Year Ended March 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 101,719	\$ 39,377
DEFICIENCY OF REVENUE OVER EXPENSES	<u>(74,267)</u>	<u>62,342</u>
NET ASSETS - END OF YEAR	<u>\$ 27,452</u>	\$ 101,719

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**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
excess (deficiency) of revenue over expenses	\$ (74,267)	\$ 62,342
Changes in non-cash working capital:		
Accounts receivable	(46,570)	93,394
Accounts payable and accrued liabilities	85,786	3,093
Deferred revenue	6,078	(5,742)
Prepaid expense	(12,848)	883
Harmonized sales tax payable	(23,000)	17,378
	<u>9,446</u>	<u>109,006</u>
INCREASE (DECREASE) IN CASH FLOW	(64,821)	171,348
CASH - BEGINNING OF YEAR	333,010	161,662
CASH - END OF YEAR	\$ 268,189	\$ 333,010

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

Notes to Financial Statements

Year Ended March 31, 2019

1. DESCRIPTION OF OPERATIONS

Centre for Equitable Library Access (CELA) was incorporated on September 1, 2013 pursuant to the Canada Not-for-Profit Corporation Act. Its purpose is to support public libraries in the provision of accessible collections for Canadians with print disabilities and to champion the fundamental right of Canadians with print disabilities to access reading materials in the format of their choice.

The corporation qualifies as a non-profit organization, which is exempt from income tax under the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

Centre for Equitable Library Access (CELA) / Centre D'Accès Équitable Aux Bibliothèques follows the deferral method of accounting for contributions.

The General Fund accounts for the organization's current operations and programs as well as other administrative activities. This fund reports unrestricted resources and restricted operating grants.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Government grants

Government grants are recorded when there is a reasonable assurance that the organization had complied with and will continue to comply with, all the necessary conditions to obtain the grants.

Revenue Recognition

CELA follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses 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. Endowment contributions are recognized as direct increases in net assets.

Government grants, subscription fees and program fees are recognized on an accrual basis and are deferred until earned.

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**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

Notes to Financial Statements

Year Ended March 31, 2019

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Contributed services

Board members volunteer their time to assist in the organization's activities. These services materially benefit the organization; however, a reasonable estimate of the time spent and its fair market value cannot be made and accordingly, these contributed services are not recognized in the financial statements.

3. ACCOUNTS RECEIVABLE

	2019	2018
Accounts Receivable	\$ 153,371	\$ 199,252
Government assistance receivable	92,451	-
	\$ 245,822	\$ 199,252

4. DEFERRED REVENUE

Subscription fees are typically paid in advance for one year of service. Amounts paid for services to be provided in future have been recognized as deferred revenue. The changes in the deferred revenue balance are as follows:

	2019	2018
Balance, beginning of year	\$ 412,940	\$ 418,682
Amounts received during the year	512,940	469,161
Amounts recognized as revenue during the year	(506,862)	(474,903)
	\$ 419,018	\$ 412,940

5. REMITTANCE FOR SERVICE AND COMMITMENT

A memorandum of understanding (MOU) was made between CELA and Canadian National Institute for the Blind (CNIB) on April 1, 2014 and renewed January 22, 2016. CELA has contracted CNIB to produce, house and distribute alternate format materials.

CNIB is also a critical partner in a national solution for accessible format materials, supporting advocacy and funding efforts for CELA services. CELA's business model seeks support from provincial and territorial governments, and large urban public libraries. In the short term, financial support will also be provided by CNIB to facilitate the transition of accessible library service from CNIB to CELA, but this reliance will diminish over future years.

6. FINANCIAL INSTRUMENTS

Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to material interest or credit risks arising from its financial instruments, and that the fair values of its financial instruments approximate their carrying value.

**CENTRE FOR EQUITABLE LIBRARY ACCESS (CELA) / CENTRE D'ACCÈS ÉQUITABLE
AUX BIBLIOTHÈQUES**

MTCS Project Revenue and Expenditures

(Schedule 1)

Year Ended March 31, 2019

	2019	2018
REVENUE		
MTCS transfer payment	\$ 924,511	\$ 936,185
DIRECT COSTS		
Collections	193,795	280,656
Member services	207,270	187,237
Patron support	130,000	140,427
Web & digital services	172,832	187,237
Bookshare library access	82,850	-
	<u>786,747</u>	<u>795,557</u>
ADMINISTRATIVE COSTS		
Advertising & promotion	-	62
Affiliation fees	-	1,069
Bank charges and interest	57	57
Consulting fees	-	635
Contracted staffing	122,898	124,075
Insurance	1,731	1,246
Meals and entertainment	262	596
Office expense	1,302	303
Professional fees	7,752	10,396
Staff health benefits	822	-
Telephone	646	640
Travel	2,294	1,549
	<u>137,764</u>	<u>140,628</u>
TOTAL EXPENDITURES	<u>924,511</u>	<u>936,185</u>
SURPLUS/(DEFICIT)	<u>\$ -</u>	<u>\$ -</u>

Transfer payment revenue is included in Government Grants on the Statement of Revenue and Expenditures.

All direct costs are included in Direct Costs on the Statement of Revenue and Expenditures, but reclassifications have been made in accordance with the Ontario Transfer Payment Agreement dated April 1, 2018.