



FINANCIAL STATEMENTS

**THE BRITISH COLUMBIA
COURTHOUSE LIBRARY SOCIETY**

December 31, 2009 and 2008

***TOM* TOMPKINS, WOZNY, MILLER & Co.**
Chartered Accountants

A partnership of incorporated professionals.

AUDITORS' REPORT

To the Members of
The British Columbia Courthouse Library Society

We have audited the statement of financial position of **The British Columbia Courthouse Library Society** as at December 31, 2009 and 2008 and the statements of changes in net assets, operations and cash flows for the years then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audits.

We conducted our audits in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2009 and 2008 and the results of its operations and its cash flows for the years then ended in accordance with Canadian generally accepted accounting principles. As required by the British Columbia Society Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Tompkins, Wozny, Miller & Co.

Vancouver, Canada
April 13, 2010

Chartered Accountants

STATEMENT OF FINANCIAL POSITION

As at December 31

	2009	2008
	\$	\$
ASSETS		
Current		
Cash	122,904	393,783
Marketable securities <i>[note 3]</i>	695,860	616,000
Accounts receivable	107,223	111,482
Prepaid expenses	59,424	68,516
Total current assets	985,411	1,189,781
Capital assets <i>[note 4]</i>	314,193	356,519
	1,299,604	1,546,300
Library collection <i>[note 5]</i>		
LIABILITIES, DEFERRED GRANTS AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	377,302	473,871
Deferred grants <i>[note 6]</i>	21,725	237,745
Total current liabilities	399,027	711,616
Deferred grants relating to capital assets <i>[note 7]</i>	167,824	169,550
Total liabilities and deferred grants	566,851	881,166
Net assets		
Invested in capital assets	146,369	186,970
Operating reserve <i>[note 8]</i>	586,384	478,164
Total net assets	732,753	665,134
	1,299,604	1,546,300

Commitments *[note 9]*

Premises and occupancy costs *[note 10]*

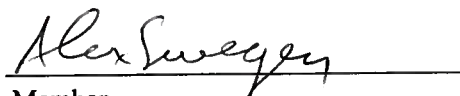
See accompanying notes

On behalf of the Board:

Member



Member



STATEMENT OF CHANGES IN NET ASSETS

Years ended December 31

	Invested in Capital		Total \$
	Assets \$	Operating Reserve \$	
		<i>[Note 8]</i>	
2009			
Balance, beginning of year	186,970	478,164	665,134
Excess of revenue (expenses) for the year	(98,177)	165,796	67,619
Acquisition of capital assets	121,663	(121,663)	—
Acquisition of capital assets using restricted grants	(64,087)	64,087	—
Balance, end of year	146,369	586,384	732,753
2008			
Balance, beginning of year	239,783	435,338	675,121
Excess of revenue (expenses) for the year	(121,311)	111,324	(9,987)
Acquisition of capital assets	223,802	(223,802)	—
Acquisition of capital assets using restricted grants	(155,304)	155,304	—
	186,970	478,164	665,134

The allocation of the excess of revenue (expenses) for the year to net assets invested in capital assets is determined as follows:

	2009 \$	2008 \$
Amortization of capital assets	(163,990)	(174,307)
Amortization of deferred grants relating to capital assets	65,813	52,996
	(98,177)	(121,311)

See accompanying notes

STATEMENT OF OPERATIONS

Years ended December 31

	2009		2008	
	Projects	Operating	Total	Total
	\$	\$	\$	\$
	<i>[Schedule 2]</i>			
GRANT REVENUE				
Law Foundation of British Columbia	857,182	2,747,750	3,604,932	3,595,183
Law Society of British Columbia	—	1,695,599	1,695,599	1,604,600
Amortization of deferred contributions related to capital assets	65,813	—	65,813	52,996
	922,995	4,443,349	5,366,344	5,252,779
OPERATING REVENUE				
Photocopy and printing services	—	220,934	220,934	259,823
Publications	—	72,825	72,825	79,215
Investment income	—	53,718	53,718	58,581
Other	—	65,163	65,163	48,204
	—	412,640	412,640	445,823
Total revenue	922,995	4,855,989	5,778,984	5,698,602
EXPENSES [Schedule 1]				
Amortization of capital assets	65,813	98,177	163,990	174,307
Total expenses	922,995	4,788,370	5,711,365	5,708,589
Excess of revenues (expenses) for the year	—	67,619	67,619	(9,987)

See accompanying notes

STATEMENT OF CASH FLOWS

Years ended December 31

	2009	2008
	\$	\$
OPERATING ACTIVITIES		
Cash received from the Law Foundation - Operations	2,747,750	2,737,750
- Public Libraries Project	262,000	425,000
- Infrastructure Project	47,300	200,000
- Portals Project	46,120	295,000
- Legal research Project	25,000	45,000
- Website Project	270,000	—
- Provincial Legal Services Project	66,800	—
Cash received from the Law Society of British Columbia	1,695,599	1,604,600
Cash received from database, photocopying and publication activities	293,759	345,320
Investment income received or reinvested	53,718	58,581
Other income received	65,163	48,204
Cash paid for salaries and benefits	(2,418,217)	(2,366,698)
Cash paid for materials and services	(3,224,348)	(3,026,663)
Cash provided by (used in) operating activities	(69,356)	366,094
INVESTING ACTIVITIES		
Acquisition of capital assets	(121,663)	(223,802)
Cash used in investing activities	(121,663)	(223,802)
Increase (decrease) in cash and equivalents for the year	(191,019)	142,292
Cash and equivalents, beginning of year	1,009,783	867,491
Cash and equivalents, end of year	818,764	1,009,783
Cash and equivalents consist of:		
Cash	122,904	393,783
Marketable securities	695,860	616,000
	818,764	1,009,783

See accompanying notes

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

1. NATURE OF OPERATIONS

The British Columbia Courthouse Library Society (the "Society") was established in 1975 as a not-for-profit organization under the Society Act of British Columbia. Its purpose is to provide legal information services to the legal community and the general public of British Columbia. The Society is administered by a Board of Directors, which is responsible for providing the information services through a system of courthouse libraries and on-line data bases. The Society is a registered charity and is exempt from income taxes. The Society operates libraries in 31 (2008 - 31) locations in British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

The Society prepares its financial statements in accordance with Canadian generally accepted accounting principles. In 2010, the Society expects to adopt generally accepted accounting principles for private enterprises (PE GAAP), a new set of Canadian accounting principles for non publicly-accountable enterprises that were released by the Canadian Institute of Chartered Accountants (CICA) in December, 2009. The adoption of these principles is an alternative to the adoption of International Financial Reporting Standards (IFRS) that will be mandatory for publicly-accountable enterprises in 2012. The CICA is reviewing the sections of existing Canadian GAAP that apply to not-for-profit organizations, and is expected to amend these sections in 2010 for inclusion with the new PE GAAP standards.

Library Acquisitions

The cost of all books, subscriptions and collections are charged to operations when purchased.

Capital Assets

All computer, furniture and equipment purchases are capitalized and amortized on a straight-line basis over the following estimated useful lives:

- Computers and accessories 3 years
- Furniture and equipment 5 years
- Leasehold improvements 5 years

One full year's amortization is recorded in the year of purchase. Amortization is not recorded in the year of disposal. Computer software and website development costs are expensed as incurred.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Revenue and Expense Recognition

The Society follows the deferral method of accounting for grant revenue whereby grants designated for specific purposes are recognized as income in the year in which related expenses are incurred. Operating grants are recognized as income as they are earned.

Deferred grants relating to capital assets consists of grants that have been expended on the purchase of capital assets. The grants are recognized as income as the related capital assets are amortized.

The Society records operating revenues as earned, and expenditures as incurred.

Valuation of Marketable Securities

The Society's marketable securities are valued at their fair market value. Changes in market value are included with reported investment income as they occur.

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and 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. Actual results could differ from the estimates.

Statement of Cash Flows

The Society provides information on its cash flows during the year arising from operating, financing, and investing activities. Cash flows from operating activities are reported using the direct method, whereby major classes of gross cash receipts and gross cash payments are disclosed.

3. MARKETABLE SECURITIES

The Society's marketable securities consist of 57,257 units of the Beutel Goodman Income Fund and are held by the Law Society of British Columbia. The fund consists of Government of Canada bonds, and Canadian provincial, municipal and corporate bonds with various long-term and short-term maturities. The amounts are shown at fair market value and averaged a yield of 3.4% in 2009.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

4. CAPITAL ASSETS

	Cost	Accumulated	Net Book
	\$	Amortization	Value
	\$	\$	\$
2009			
Computers and accessories	110,966	68,996	41,970
Furniture and equipment	317,976	140,998	176,978
Renovation costs	196,439	101,194	95,245
	625,381	311,188	314,193
2008			
Computers and accessories	113,086	43,381	69,705
Furniture and equipment	331,132	137,179	193,953
Renovation costs	154,766	61,905	92,861
	598,984	242,465	356,519

During the year, the Society removed fully amortized assets costing \$95,266 [2008 - \$123,871] from the reported cost and accumulated amortization of its capital assets.

5. LIBRARY COLLECTION

The collections comprising the law libraries include the collection formerly held by the Law Society of British Columbia that has been loaned to the Society for the duration of its existence. The value of the law libraries is not reflected as an asset on these financial statements.

The total library collection is currently insured at a replacement value of \$10,393,484 [2008 - \$10,245,403].

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

6. DEFERRED GRANTS

Certain grants received from the Law Foundation of British Columbia contain restrictions on their use, or are designated to fund programs over a specified period of time. Revenues from these grants are deferred to the extent that they have not been earned, as follows:

	Deferred, beginning	Received or accrued	Expended, taken into income	Expended, to deferred capital grants	Deferred, ending
	\$	\$	[schedule 2] \$	[note 7] \$	\$
Public libraries project grant					
- used for operating or capital costs	28,785	262,000	290,785	—	—
Infrastructure project grant					
- used for operating or capital costs	66,066	47,300	49,279	64,087	—
Portals project grant					
- used for operating or capital costs	119,554	46,120	165,674	—	—
Legal research project grant					
- used for operating or capital costs	23,340	25,000	26,615	—	21,725
Website redesign project grant					
- used for operating or capital costs	—	237,674	237,674	—	—
Provincial legal services project grant					
- used for operating or capital costs	—	87,337	87,337	—	—
	237,745	705,431	857,364	64,087	21,725

7. DEFERRED GRANTS RELATING TO CAPITAL ASSETS

	2009 \$	2008 \$
Balance, beginning of year	169,550	67,242
Restricted project grants used to purchase capital assets [note 6]	64,087	155,304
Taken into income, equal to amortization of related capital assets	(65,813)	(52,996)
Balance, end of year	167,824	169,550

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

8. OPERATING RESERVE

The Society has established an operating reserve as authorized by the Board of Directors. It is the intention of the Society to spend these funds, as required, on future operating activities.

9. COMMITMENTS

The Society is committed to pay aggregate future payments of \$155,753 [2008 - \$86,887] under the terms of operating leases for photocopiers and office equipment.

The payments required under these leases in each of the next five years are:

	\$
2010	37,224
2011	36,904
2012	31,087
2013	25,269
2014	25,269
	155,753

10. PREMISES AND OCCUPANCY COSTS

The Society’s main premises in Vancouver and the sites of its libraries across the Province of British Columbia are provided without cost to the Society by the Ministry of Attorney General of the Province of British Columbia, which also pays all maintenance and occupancy costs.

11. PENSION PLAN

The Society has a pension plan covering substantially all of its full-time employees. The defined contribution plan allows the employees to contribute a percentage of their gross compensation each year. The Society currently matches the employees’ contributions, up to 5% of annual compensation. The pension expense represents the matching amounts contributed by the Society.

NOTES TO FINANCIAL STATEMENTS

December 31, 2009

12. OTHER INFORMATION

[a] Funding Dependence

The operations of the Society are dependent on funding received from the Law Foundation of British Columbia and the Law Society of British Columbia.

[b] Financial Instruments

The Society's financial instruments consist of its cash, marketable securities, accounts receivable, accounts payable and accrued liabilities. The Society is exposed to credit risk relating to its accounts receivable, and credit and market risk with respect to its marketable securities. The Society's financial instruments are recorded on a held for trading basis. Accounts receivable and accounts payable are carried at cost, which approximates their fair value due to their short-term nature. It is management's opinion that the Society is not otherwise exposed to significant risk from its financial instruments.

13. CAPITAL DISCLOSURES

The Society defines its capital as its net assets plus its deferred grants.

The Society's objective in managing its capital is to hold sufficient funds to enable it to withstand negative unexpected financial events and maintain stability in its financial structure. The Society manages its capital by investing the majority of its cash in interest-bearing bank savings accounts and holding marketable securities that are invested in units of a Canadian fixed income fund that is held by the Law Society of British Columbia and professionally managed.

The Society's capital is not subject to any externally imposed restrictions. There were no significant changes to the Society's capital management policies during the year.

14. COMPARATIVE FIGURES

Certain of the 2008 comparative figures have been reclassified where necessary to conform with the current year's presentation.

SCHEDULE OF EXPENSES

Years ended December 31

	2009		2008	
	Projects <i>[Schedule 2]</i>	Operating	Total \$	Total \$
INFORMATION SOURCES				
Subscriptions	—	1,298,046	1,298,046	1,454,693
New print information materials	144,129	282,998	427,127	589,069
Binding and processing	96	11,444	11,540	18,018
Insurance	—	21,474	21,474	19,116
Cataloguing	—	16,491	16,491	23,383
	144,225	1,630,453	1,774,678	2,104,279
STAFF				
Salaries	—	2,165,555	2,165,555	2,119,694
Employee benefits	—	169,851	169,851	164,833
Pension plan <i>[note 11]</i>	—	82,811	82,811	82,171
	—	2,418,217	2,418,217	2,366,698
OPERATIONS				
Administrative and evaluation	40,817	—	40,817	14,232
Audit and legal	—	29,622	29,622	17,110
Bank charges	—	13,230	13,230	13,849
Board meetings	—	2,427	2,427	1,647
Branches supervision and travel	3,924	10,675	14,599	21,819
Communication lines	—	64,800	64,800	62,852
Computer software	105,130	54,371	159,501	67,952
Computer consulting	—	57,805	57,805	78,971
Maintenance	9,277	32,948	42,225	145,888
Insurance	—	14,562	14,562	16,283
Mail	—	6,435	6,435	6,674
Photocopy	—	70,709	70,709	75,111
Public relations	42,510	19,730	62,240	122,766
Publications	—	12,554	12,554	21,134
Consultants and contract staff	503,385	196,075	699,460	342,550
Staff development	7,914	30,597	38,511	28,942
Supplies	—	9,815	9,815	12,467
Website development	—	990	990	2,118
Other	—	14,178	14,178	10,940
	712,957	641,523	1,354,480	1,063,305
	857,182	4,690,193	5,547,375	5,534,282

SCHEDULE OF PROJECTS

Years ended December 31

	2009						2008	
	Public Libraries Project	Infra - structure Project	Portals Project	Legal research Project	Website redesign Project	Provincial legal services Project	Total \$	Total \$
GRANT REVENUES								
Law Foundation of BC	290,603	49,279	165,674	26,615	237,674	87,337	857,182	857,433
Amortization of deferred contributions	—	58,680	4,755	—	2,378	—	65,813	52,996
	290,603	107,959	170,429	26,615	240,052	87,337	922,995	910,429
INFORMATION SOURCES								
New print materials	133,341	10,788	—	—	—	—	144,129	320,424
Binding & processing	—	96	—	—	—	—	96	5,222
	133,341	10,884	—	—	—	—	144,225	325,646
STAFF								
Salaries	—	—	—	—	—	—	—	—
Employee benefits	—	—	—	—	—	—	—	—
	—	—	—	—	—	—	—	—
OPERATIONS								
Administration and evaluation	37,834	—	—	—	—	2,983	40,817	14,232
Branches supervision and travel	1,711	1,535	—	—	—	678	3,924	13,621
Computer software	—	741	103,416	—	973	—	105,130	26,671
Maintenance	—	9,277	—	—	—	—	9,277	32,109
Public relations	22,307	16,918	2,835	—	450	—	42,510	104,092
Consultants and contract staff	87,496	9,924	59,423	26,615	236,251	83,676	503,385	337,015
Staff development	7,914	—	—	—	—	—	7,914	1,447
Supplies	—	—	—	—	—	—	—	1,737
Other	—	—	—	—	—	—	—	863
	157,262	38,395	165,674	26,615	237,674	87,337	712,957	531,787
Expenses before amortization	290,603	49,279	165,674	26,615	237,674	87,337	857,182	857,433
Amortization expense	—	58,680	4,755	—	2,378	—	65,813	52,996
Total expenses	290,603	107,959	170,429	26,615	240,052	87,337	922,995	910,429
Net income	—	—	—	—	—	—	—	—