



**Executive Committee Agenda
February 22, 2016
4:00 pm**

1. Call to Order
2. Additions to Agenda
3. Approval Meeting Minutes December 9, 2015
4. Audit Financials (Barb from Joly, McCarthy and Dion)
5. Jasper ALC
 - Executive attending
 - AMYR
6. Adjournment

Next meeting will be held:

February 27, 2016 at 8:30 a.m.

**Executive Committee Meeting
February 22, 2016
Meeting Minutes**

Present: Arnold Hanson, Vicky Lefebvre, Laurent Amyotte, Stephen Dafoe, Wayne Bokenfohr, Jim Cheverie,

Regrets: Steven Schafer, Dianne Ross, Pat Gordeyko

Guest: Maureen Penn

Staff: Julie Walker, Colette Poitras, Kelly McGrath, Terri Hutz, Tracy Jamieson

1. Meeting called to order at 4:46 pm
2. Additions to Agenda - 5a. Policy Update, 5b. Resignation, 5c. Professional Development Board Level. **Motion to approve the agenda as amended – Stephen Dafoe – carried.**
3. Minutes of December 9/15 – **Motion to approve the minutes of December 9, 2015 as presented – Laurent Amyotte – carried.**
4. 2015 Audited Financial Statements – Barb McCarthy. Hard copy of the financial statements in packages. There is a \$285,507 excess of revenues over expenses. Collection development is less than budgeted, Public Services is more than budgeted, Infrastructure is less than budgeted, Staffing costs are less than budgeted. Revenues are more than budgeted. There was a net increase in cash of \$270,162 during 2015.

The question arose to the Professional Development budget amount being significantly larger when compared to the actual. It was explained that due to staff shortage professional development days were unable to be taken. **Motion to receive the audited financials for presentation and acceptance by the Board at the February 27 meeting - Stephen Dafoe - carried.**

Motion to accept the Audit Findings letter as presented - Jim Cheverie - carried.

5. Jasper ALC
Executive attending ALC - It was questioned why NLLS pays for the Executive members to go to Jasper ALC (conference fees & hotel). A lengthy discussion ensued and a decision was reached. **Motion for the Executive to pay for their own conference fees, hotel and travel expenses; with the exception of the Board Chair and the 1st Vice-Chair for this year only - Stephen Dafoe - carried.**
Motion that Stephen Dafoe will give up his NLLS paid portion for Jasper ALC to another member - Stephen Dafoe - carried.

6 members from NLLS headquarters will be attending ALC in Jasper this year including Rhonda Cusack from Myrnam Library.

- a. Policy Update
 - The Policy Committee has had 2 meetings to date. They will be ready to present a rough draft on Saturday, February 27 to the Board on the following:
Human Resources, Code of Ethics, Grievance, Harassment and I.T.
 - At the March meeting they will be discussing Governance, FOIP, Records Retention and Confidentiality.

b. Resignation

- Greg Barr has resigned from the Executive Board. **Motion to accept Greg Barr's resignation - Laurent Amyotte - carried.**

Motion to send a letter of thank you for his service on behalf of the Executive Committee - Stephen Dafoe - carried.

c. Professional Development

- Look at having Barb McCarthy come in and do a brief presentation on board level finances.
- Possibly set something for June Board meeting.
- Julie, Vicky and Barb to coordinate
- As well, possibly do a Library System Board Information presentation from PLSB after the AGM meeting (November or February).

Director's Report-

- Julie & Terri have been busy meeting with banks to look for different investments.
- There is bit of excess money sitting in the bank account and some suggestions are:
 - money for the new van
 - looking at buying tablets for each library and putting on the LEAP ILS System; this would enable the libraries to be wireless when checking out books or signing up new patrons. Cost would be approximately \$30,000 for tablets. **Motion for staff to present the LEAP ILS System to the Board on Saturday, February 27 - Stephen Dafoe - carried.**
 - new phone system
 - databases for libraries - Tumblebooks K-5 early literacy (\$40,000 for all libraries); Cypress Resume-resume writer (\$1400 for all libraries); Solaris-teaching assistant Grade 1-12 (waiting for a quote).

Need to set up a going forward statement to the government.

6. **Motion to adjourn at 6:28 pm – Arnold Hanson – carried.**

February Report

Thank you

- NLLS Board has heard the Library Managers concerns about the Public Services department. This resulted in the hiring of a qualified, knowledgeable staff member, Colette Poitras, to the Public Services Manager position. The Library Managers wish to thank the NLLS Board for following up with this matter.

LMAC Executive

- Maureen Penn, Chair (Lac La Biche County Libraries)
- Jodi Dahlgren, 1st Vice Chair (Wainwright Public Library)
- Kerry Trottier, 2nd Vice Chair (St. Paul Municipal Library)
- Stuart Pauls, Secretary (Vermilion Public Library)

Report submitted by Maureen Penn

Colette Poitras

From: Maureen Penn <directorsmpl@gmail.com>
Sent: February-23-16 9:28 AM
To: Colette Poitras
Cc: Julie Walker
Subject: E-Resources follow up

Good day,

Here is my follow up regarding the e-resources conversation from last night's Executive Meeting.

During the breakout sessions at the October LMAC Meeting, Library Managers clearly expressed their desire for more e-resources. In fact there was a specific request from one group for a homework based resource.

While Tumblebooks and resume help were not specifically noted....

Many NLLS Member Libraries have "Creating Young Readers" as their service priority. NLLS could provide support in this area by providing access to Tumblebooks premium. It should be noted that many libraries do not have their own budget to support e-resources and other libraries are currently experiencing budget cuts.

Libraries throughout the province have experienced a surge in computer/Internet usage due to the economic downturn. More people are coming to the library for resume help because their communities have little or no public services available to assist. The addition of a product allowing people to input their information easily in order to create a resume would help both library staff and members as it would save time and be a less stressful process.

I hope this helps. Take care,

Maureen
Sent from my iPad

--

Sent from iPad

Colette Poitras

From: Rachela Naccarato <rachela@tumblebooks.com>
Sent: February-04-16 2:36 PM
To: Colette Poitras
Subject: RE: Pricing for 44 branches

Hi Colette,

Thanks for your email. I'd be happy to provide you with all the information you need on our various collections.

The Tumblebooklibrary-deluxe (k-3) is normally \$599/school/library/year. A one year subscription for your group would be \$15,000. This is our core collection of animated, talking, picture books.

The Tumblebooklibrary-premium (k-5) is normally \$799/school/library/year. A one year subscription for your group would be \$21,000. The premium includes all the content from the deluxe plus graphic novels and math stories as well as more chapter books, videos and non-fiction.

For teens we have the TumbleBookCloud collection which features ebooks, enhanced ebooks, videos, non-fiction, audio books and graphic novels. The collection is normally \$699/school/library/year. A one year subscription for your group would be \$12,000.

Lastly, we have the AudioBookCloud collection which has over 1000 online streaming audio books, including books in Spanish. The collection is normally \$999/school/library/year. A one year subscription for your group would be \$17,000.

If you wanted to lock in these great deals you may do so and get additional discounts! A two year subscription would include a 20% discount and a 3 year a 30% discount.

All subscriptions include remote access from home and school, a direct link to post on your website, 24/7 access to usage stats and free downloadable marketing material.

If you have any questions or would like to sign on please feel free to contact me.

Best,

Rachela Naccarato
TumbleBooks Inc.
1853A Avenue Road
Toronto, ON M5M 3Z4
416-781-4010; toll free 1-888-622-9609
Fax: 416-781-2764
rachela@tumblebooks.com

*Should you no longer want to receive emails from TumbleBooks, please reply to this email with Unsubscribe in the subject line.

Tumblebooks Pricing Options
Accessible remotely to all patrons of NLLS member libraries

Option	One year	Two year with 20% off	Three year with 30 % off
Tumblebooklibrary-deluxe (k-3)	15,000.00	24,000.00	31,500.00
Tumblebooklibrary-premium (k-5)	21,000.00	33,600.00	44,100.00

From: Adam Weis [mailto:adamweis1@outlook.com]
Sent: January-26-16 10:17 PM
To: Colette Poitras <CPoitras@nlls.ab.ca>
Subject: Re: Quote for Northern Lights Library System

Hi Colette,

An annual license/subscription for Northern Lights Library System is currently just \$1,400.00 USD (includes unlimited usage and remote access).

About Cypress Resume:

Cypress Resume is designed for patrons with limited computer and writing skills and intended to alleviate librarian headaches!

With Cypress Resume, your patrons can easily create professional-looking resumes with little to no help, regardless of educational background.

Patrons can simply enter their personal information into the fields, select the job they're applying for, then choose from the already written statements to populate the resume. It's as simple as that!

Other Cypress Resume features include cover letters and reference sheets.

Please let me know if you have any questions.

Cheers,
Adam

Adam Weis

Sales Executive

Cypress Information Services, LLC

7992 Sunflower Drive

Cotati, California 94931

Phone: (707) 478-0252

Fax: (707) 948-6016

adamweis1@outlook.com

NORTHERN LIGHTS LIBRARY SYSTEM
FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

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JMD Group LLP CHARTERED ACCOUNTANTS
INDEPENDENT AUDITOR'S REPORT

Maurice R. Joly, CA, CFP*
Barbara K. McCarthy, CA*
Claude R. Dion, CA, CMA*
Richard R. Jean, CA*
Amie Anderson, CA*
*Denotes Professional Corporation

To the Members of the Northern Lights Library System

We have audited the accompanying financial statements of the Northern Lights Library System, which comprise the statement of financial position as at December 31, 2015, and the statements of operations, expenses, changes 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 public sector accounting standards for government 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 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 in our audit 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 Northern Lights Library System as at December 31, 2015 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

ST. PAUL, ALBERTA
February 22, 2016

JMD Group LLP
CHARTERED ACCOUNTANTS

**NORTHERN LIGHTS LIBRARY SYSTEM
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015**

ASSETS

	<u>2015</u>	<u>2014</u>
CURRENT ASSETS		
Cash and bank	\$ 1,841,029	\$ 1,570,867
Accounts receivable	12,965	3,624
Goods and services tax receivable	23,107	18,364
Prepaid expenses	<u>55,733</u>	<u>14,510</u>
	1,932,834	1,607,365
CREDIT UNION EQUITY	24,370	23,492
CAPITAL ASSETS (note 2)	<u>2,600,659</u>	<u>2,627,174</u>
	<u>\$ 4,557,863</u>	<u>\$ 4,258,031</u>

LIABILITIES AND NET ASSETS

CURRENT LIABILITIES		
Accounts payable	\$ 78,051	\$ 41,937
Vacation pay payable	58,223	81,043
Deferred revenue - allocation (note 4) - book allotments	120,576	124,202
Deferred revenue - other (note 5)	<u>24,930</u>	<u>22,587</u>
	<u>281,780</u>	<u>269,769</u>
DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS (note 6)	<u>1,402,148</u>	<u>1,399,834</u>
NET ASSETS		
Internally restricted	--	517,717
Invested in capital assets	1,198,511	1,227,340
Unrestricted net assets	<u>1,675,424</u>	<u>843,371</u>
	<u>2,873,935</u>	<u>2,588,428</u>
	<u>\$ 4,557,863</u>	<u>\$ 4,258,031</u>

APPROVED ON BEHALF OF THE BOARD:

CHAIRPERSON

**NORTHERN LIGHTS LIBRARY SYSTEM
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015**

		<u>2015</u>	<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
REVENUES			
Municipal levies	\$ 1,053,242	\$ 1,061,678	\$ 1,012,857
Operating grant	737,795	834,620	737,794
Library board levies	573,113	573,113	551,138
Rural grant	258,058	263,603	258,058
Sales of office supplies	114,300	98,442	120,128
Amortization of deferred contributions (note 6)	--	42,686	42,686
Annual conference	14,800	20,406	18,309
Establishment grant	--	17,189	--
Interest revenue	15,000	16,187	20,626
Non-resident fees	5,450	10,550	21,912
Services and travel reimbursements	3,000	5,170	12,225
Change in deferred revenue allocation	38,000	3,626	(7,172)
Donations	29,250	3,500	--
Wage subsidies	3,000	2,711	2,441
Summer reading program	--	1,659	2,150
	<u>2,845,008</u>	<u>2,955,140</u>	<u>2,793,152</u>
EXPENSES (page 4)	<u>2,760,294</u>	<u>2,669,633</u>	<u>2,724,932</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 84,714</u>	<u>\$ 285,507</u>	<u>\$ 68,220</u>

**NORTHERN LIGHTS LIBRARY SYSTEM
STATEMENT OF EXPENSES
FOR THE YEAR ENDED DECEMBER 31, 2015**

		<u>2015</u>	<u>2014</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
EXPENSES			
Collection development			
Libraries collection development	\$ 382,838	\$ 353,203	\$ 343,528
Headquarters expanded collections	73,970	55,104	66,771
Tools and transport	<u>23,840</u>	<u>17,444</u>	<u>22,079</u>
	<u>480,648</u>	<u>425,751</u>	<u>432,378</u>
Public Services			
Transfer payments	258,058	263,603	258,058
TRAC expenses	96,220	105,004	86,971
Annual conference	19,500	23,000	18,140
Other services and supplies	31,500	17,619	26,235
Programming	26,300	14,815	18,162
Overdrive E-Book on line	<u>20,000</u>	<u>10,290</u>	<u>20,000</u>
	<u>451,578</u>	<u>434,331</u>	<u>427,566</u>
Infrastructure			
Building costs	85,600	77,555	78,288
Other office expenses	40,500	27,394	37,975
Vehicle expenses	28,500	25,824	33,279
Professional fees	9,000	20,127	14,480
Telecommunication services	22,000	19,749	23,868
Marketing	7,000	9,898	9,156
Memberships	<u>7,500</u>	<u>9,396</u>	<u>9,421</u>
	<u>200,100</u>	<u>189,943</u>	<u>206,467</u>
Staffing costs			
Salaries, wages and benefits	1,362,468	1,279,565	1,230,455
Travel	24,000	20,450	31,991
Staff recruitment	3,000	18,335	4,508
Professional development	29,850	7,365	9,376
Contract fees	<u>1,500</u>	<u>3,380</u>	<u>1,990</u>
	<u>1,420,818</u>	<u>1,329,095</u>	<u>1,278,320</u>
Board expenses	<u>54,800</u>	<u>47,728</u>	<u>50,054</u>
Office supplies resale	<u>100,000</u>	<u>89,274</u>	<u>112,310</u>
Library enhancement/establishment	<u>52,350</u>	<u>39,403</u>	<u>105,998</u>
Amortization of capital assets	<u>--</u>	<u>114,108</u>	<u>111,839</u>
TOTAL EXPENSES	\$ <u>2,760,294</u>	\$ <u>2,669,633</u>	\$ <u>2,724,932</u>

**NORTHERN LIGHTS LIBRARY SYSTEM
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	Internally Restricted (note 7)	Invested in Capital Assets	Unrestricted	2015 Total	2014 Total
BALANCE, beginning of year	\$ <u>517,717</u>	\$ <u>1,227,340</u>	\$ <u>843,371</u>	\$ <u>2,588,428</u>	\$ <u>2,520,208</u>
CHANGE FOR THE YEAR					
Excess (deficiency) of revenues over expenses	--	(71,422)	356,929	285,507	68,220
Purchase of capital assets	--	42,593	(42,593)	--	--
Reserve transfers	(517,717)	--	517,717	--	--
	(517,717)	(28,829)	832,053	285,507	68,220
BALANCE, end of year	\$ <u><u>--</u></u>	\$ <u><u>1,198,511</u></u>	\$ <u><u>1,675,424</u></u>	\$ <u><u>2,873,935</u></u>	\$ <u><u>2,588,428</u></u>

**NORTHERN LIGHTS LIBRARY SYSTEM
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015**

	<u>2015</u>	<u>2014</u>
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ <u>285,507</u>	\$ <u>68,220</u>
Add (deduct) items not affecting cash flows:		
Amortization of capital assets	114,108	111,839
Amortization of deferred contributions related to capital assets	<u>(42,686)</u>	<u>(42,686)</u>
	<u>71,422</u>	<u>69,153</u>
	356,929	137,373
Net changes in non-cash working capital balances		
Decrease (increase) in:		
Accounts receivable	(9,341)	7,962
Goods and services tax receivable	(4,743)	6,841
Prepaid expenses	(41,223)	(5,455)
Increase (decrease) in:		
Accounts payable	36,114	(8,690)
Vacation pay payable	(22,820)	8,256
Deferred revenue - allocation	(3,626)	7,172
Deferred revenue - other	<u>2,343</u>	<u>(17,510)</u>
	<u>313,633</u>	<u>135,949</u>
CASH FLOWS FROM INVESTING AND FINANCING ACTIVITIES		
Purchase of capital assets	(42,593)	(87,470)
Credit Union Equity	<u>(878)</u>	<u>(901)</u>
	<u>(43,471)</u>	<u>(88,371)</u>
NET INCREASE IN CASH	270,162	47,578
CASH, beginning of year	<u>1,570,867</u>	<u>1,523,289</u>
CASH, end of year	\$ <u>1,841,029</u>	\$ <u>1,570,867</u>

**NORTHERN LIGHTS LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

PURPOSE OF THE ORGANIZATION

The aim of the Northern Lights Library System is to provide services and support to autonomous member libraries to assist them in the provision of comprehensive and efficient library service. The system may provide access to library service for residents of supporting municipalities where no library exists.

1) SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations and include the following significant accounting policies:

Cash and Cash Equivalents

Cash and cash equivalents is defined as the bank balances.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the assets' estimated useful lives as follows:

Building	40 years
Parking lots	15 years
Furniture & equipment	5 years
Computer equipment	3 years
Vehicles	3 years

No amortization is taken in the year of acquisition. No amortization is taken on assets under construction until the year following the completion of the project.

Internally Restricted Fund

The internally restricted fund was established by the Board to set aside funds for future capital expenditures.

Revenue Recognition

The Northern Lights Library System follows the deferral method of accounting for revenue. 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.

**NORTHERN LIGHTS LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

1) **SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Measurement Uncertainty

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

Budget Figures

Budget figures are included for information purposes and are not audited.

Impairment of Long Lived Assets

Long lived assets consist of capital assets. Long lived assets held for use are measured and amortized as described in the applicable accounting policies.

The system performs impairment testing on the long lived assets held for use whenever events or changes in circumstances indicate that the carrying value of an asset, or group of assets, may not be recoverable. Impairment losses are recognized when undiscounted future cash flows from the assets' use and disposal are less than the assets' carrying value. Any impairment is included in earnings for the year impairment becomes known.

Prices for similar items are used to measure the fair value of long lived assets.

Financial Instruments

The system's financial instruments consist of receivables, accounts payable and accruals and deferred revenue. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financial fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

**NORTHERN LIGHTS LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

2) CAPITAL ASSETS

	Cost	Accumulated Amortization	Net Book Value	
			2015	2014
Land	\$ 50,000	\$ --	\$ 50,000	\$ 50,000
Buildings	2,894,641	514,402	2,380,239	2,452,606
Parking lot	81,000	5,400	75,600	81,000
Furniture & equipment	33,673	25,559	8,114	9,642
Computer equipment	157,832	71,126	86,706	23,370
Vehicles	<u>117,662</u>	<u>117,662</u>	<u>--</u>	<u>10,556</u>
	<u>\$ 3,334,808</u>	<u>\$ 734,149</u>	<u>\$ 2,600,659</u>	<u>\$ 2,627,174</u>

3) AUTHORIZED OVERDRAFT

The Northern Lights Library System has an authorized line of credit of \$500,000 at Prime plus .5% arranged with Servus Credit Union.

4) DEFERRED REVENUE/PRIOR YEARS' PURCHASE ALLOTMENT

The Northern Lights Library System provides each library with a book purchase allocation. All purchases by the libraries are applied against their allotment. As at December 31, 2015 \$120,576 (2014 - \$124,202) remained in the libraries' allocation accounts to be utilized to purchase books in the next year. The annual change in the regular allocation accounts is reflected on the income statement as change in deferred revenue allocation.

The member libraries have outstanding orders of \$60,109 (2014 - \$76,600) for books not received as at December 31, 2015.

5) DEFERRED REVENUE - OTHER

Deferred revenue - other consists of the following:

	<u>2015</u>	<u>2014</u>
Shell Canada- Winter Reading Program	\$ 3,500	\$ 3,500
Organizations book purchases	15,454	19,036
Myrnam - funds	<u>5,976</u>	<u>51</u>
	<u>\$ 24,930</u>	<u>\$ 22,587</u>

**NORTHERN LIGHTS LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

6) DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent contributed property and equipment and restricted contributions with which the capital assets were purchased. The changes in the deferred contributions balance for the period are as follows:

	<u>2015</u>	<u>2014</u>
Beginning balance	\$ 1,399,834	\$ 1,442,520
Add capital grants/donations received		
CIP Grant	25,000	--
Donation	20,000	--
Less amounts amortized to revenue	<u>(42,686)</u>	<u>(42,686)</u>
Closing balance	<u>\$ 1,402,148</u>	<u>\$ 1,399,834</u>

The deferred contributions are amortized to revenue on the same basis as the related capital assets.

7) SALARY DISCLOSURE

The salary for the director is within the approved range of \$87,886 to \$115,704.

8) ECONOMIC DEPENDENCE

The future of the Northern Lights Library System is dependent upon the member libraries remaining with the system.

9) FINANCIAL INSTRUMENTS

Transacting in financial instruments exposes the system to certain financial risks and uncertainties. These risks include:

Liquidity Risk

The system's exposure to liquidity risk is dependent on the collection of accounts receivable and obligations or raising of funds to meet commitments and sustain operations. The system controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

**NORTHERN LIGHTS LIBRARY SYSTEM
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

9) FINANCIAL INSTRUMENTS (continued)

Credit Risk

The system is exposed to credit risk in the event of non-performance by counterparties in connection with accounts receivable. The system does not obtain collateral or other security to support the accounts receivable subject to credit risk but mitigates this risk by dealing only with what management believes to be financially sound counterparties and, accordingly, does not anticipate significant loss for non-performance.

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 comprises these types of risk: currency risk, interest rate risk and other price risk. The system is exposed to currency risk and interest rate risk.

Currency Risk

Currency risk is the risk to the system's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The system is exposed to foreign currency exchange risk primarily through its foreign denominated bank account balance. The system does not use derivative instruments to reduce its exposure to foreign currency risk.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the system manages exposure through its normal operating and financing activities.

Commodity Risk

The system is exposed to fluctuations in commodity prices for natural gas and electricity. Commodity prices are affected by many factors including supply, demand and the Canadian to U.S. dollar exchange rate. The system has signed a three year fixed rate contract for natural gas and electricity which minimizes commodity risk.

10) COMMITMENTS

The system has signed two equipment leases with quarterly payments of \$1,914 and \$189, expiring December 2019 and December 2017 respectively.