

GRANDE PRAIRIE PUBLIC LIBRARY

Financial Statements

December 31, 2021





INDEPENDENT AUDITORS' REPORT

To the Board Members of the Grande Prairie Public Library

Opinion

We have audited the financial statements of the Grande Prairie Public Library (the Library Board), which comprise the statement of financial position as at December 31, 2021, and the statements of financial activities and accumulated surplus, changes in net financial assets and changes in financial position, a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library Board as at December 31, 2021, and the result of its financial activities, changes in its net financial assets and changes in its financial position for the year then ended in accordance with Canadian public sector accounting standards.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library Board 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 those 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 public sector accounting standards, 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 Library Board'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 Library Board or to cease operations, or has no realistic alternative but to do so.

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

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Auditors' Responsibilities for the Audit of the Financial Statements

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 auditors' 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 Library Board'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 Library Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Library Board 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.

Fletcher Moody & LLP

Grande Prairie, Alberta
March 8, 2022

Chartered Professional Accountants



GRANDE PRAIRIE PUBLIC LIBRARY

Statement of Financial Position

December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and temporary investments <i>(Note 3)</i>	\$ 1,793,273	\$ 1,986,762
Accounts receivable	4,377	5,558
	<u>1,797,650</u>	<u>1,992,320</u>
FINANCIAL LIABILITIES		
Accounts payable and accrued liabilities <i>(Note 4)</i>	131,613	142,894
Deferred grant revenue <i>(Note 5)</i>	26,109	56,441
	<u>157,722</u>	<u>199,335</u>
NET FINANCIAL ASSETS	<u>1,639,928</u>	<u>1,792,985</u>
NON-FINANCIAL ASSETS		
Tangible capital assets <i>(Schedule 2)</i>	639,078	696,414
Prepaid expenses	42,405	113,641
	<u>681,483</u>	<u>810,055</u>
NET ASSETS	<u>\$ 2,321,410</u>	<u>\$ 2,603,040</u>
ACCUMULATED SURPLUS <i>(Schedule 1)</i>	<u>\$ 2,321,410</u>	<u>\$ 2,603,040</u>

ON BEHALF OF THE BOARD

_____ Board Member

_____ Board Member

Please see accompanying notes to financial statements



GRANDE PRAIRIE PUBLIC LIBRARY
Statement of Financial Activities and Accumulated Surplus
Year Ended December 31, 2021

	<i>Budget (Unaudited - Note 11)</i>	2021	2020
REVENUE			
Grant revenue (Note 7)	\$ 2,391,472	\$ 2,468,722	\$ 2,450,399
Building rent grant revenue (Note 8)	1,978,061	2,179,278	2,637,415
Resource fees	-	-	7,334
Memberships	500	40	180
Donations	1,000	8,314	3,072
Fines	-	1,633	12,091
Interest	2,500	28,904	32,852
Photocopier and room rental	50,000	31,252	27,355
	<u>4,423,533</u>	<u>4,718,143</u>	<u>5,170,698</u>
EXPENDITURES			
Advertising and promotion	22,500	14,682	18,251
Amortization of tangible capital assets	150,000	151,099	155,431
Bad debts	-	121	303
Building rental (Note 8)	1,978,061	2,179,278	2,637,415
Equipment, furniture and fixtures not capitalized	-	16,467	38,226
Insurance, licenses and memberships	33,000	29,667	32,063
Interest and bank charges	5,000	2,849	3,477
Library materials	264,850	313,112	262,843
Professional development	14,500	10,470	4,501
Professional fees	26,500	29,916	27,000
Programming	29,200	24,792	32,052
Recruitment	1,000	520	381
Repairs and maintenance	86,500	49,349	39,679
Salaries and wages	1,986,601	2,062,181	1,985,415
Supplies	30,921	23,699	50,271
Telecommunications	18,000	37,176	29,009
	<u>4,646,633</u>	<u>4,945,378</u>	<u>5,316,317</u>
DEFICIT FROM OPERATIONS	(223,100)	(227,235)	(145,619)
Other expenses			
Loss on disposal of tangible capital assets	-	(54,395)	-
DEFICIENCY OF REVENUE OVER EXPENDITURES	(223,100)	(281,630)	(145,619)
ACCUMULATED SURPLUS, BEGINNING	2,603,040	2,603,040	2,748,659
ACCUMULATED SURPLUS (DEFICIT), ENDING (Note 6)	<u>\$ 2,379,940</u>	<u>\$ 2,321,410</u>	<u>\$ 2,603,040</u>

Please see accompanying notes to financial statements



GRANDE PRAIRIE PUBLIC LIBRARY
Statement of Changes in Net Financial Assets
Year Ended December 31, 2021

	<i>Budget</i> <i>(Unaudited -</i> <i>Note 11)</i>	2021	2020
DEFICIENCY OF REVENUE OVER EXPENDITURES	\$ (223,100)	\$ (281,630)	\$ (145,619)
Acquisition of tangible capital assets	(100,000)	(148,158)	(81,493)
Amortization of tangible capital assets	150,000	151,099	155,431
Loss on disposal of tangible capital assets	-	54,395	-
	<u>50,000</u>	<u>57,336</u>	<u>73,938</u>
Acquisition of prepaid expenses	-	(42,405)	(113,641)
Use of prepaid expenses	-	113,641	29,742
	<u>-</u>	<u>71,236</u>	<u>(83,899)</u>
	<u>50,000</u>	<u>128,572</u>	<u>(9,961)</u>
DECREASE IN NET FINANCIAL ASSETS	(173,100)	(153,058)	(155,580)
NET FINANCIAL ASSETS, BEGINNING	1,792,985	1,792,985	1,948,565
NET FINANCIAL ASSETS, ENDING	<u>\$ 1,619,885</u>	<u>\$ 1,639,927</u>	<u>\$ 1,792,985</u>

Please see accompanying notes to financial statements



GRANDE PRAIRIE PUBLIC LIBRARY
Statement of Changes in Financial Position
Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Deficiency of revenue over expenditures	\$ (281,630)	\$ (145,619)
Items not affecting cash:		
Amortization of tangible capital assets	151,099	155,431
Loss on disposal of tangible capital assets	54,395	-
	<u>(76,136)</u>	<u>9,812</u>
Changes in non-cash working capital:		
Accounts receivable	1,181	17,543
Accounts payable and accrued liabilities	(11,281)	(4,091)
Deferred revenue	(30,332)	44,274
Prepaid expenses	71,236	(83,899)
	<u>30,804</u>	<u>(26,173)</u>
Cash used by operating activities	<u>(45,332)</u>	<u>(16,361)</u>
INVESTING ACTIVITY		
Acquisition of tangible capital assets	<u>(148,158)</u>	<u>(81,493)</u>
DECREASE IN CASH	(193,490)	(97,854)
CASH - BEGINNING	<u>1,986,762</u>	<u>2,084,616</u>
CASH - ENDING	<u>\$ 1,793,272</u>	<u>\$ 1,986,762</u>
SUPPLEMENTARY INFORMATION		
Interest paid	<u>\$ 2,849</u>	<u>\$ 3,477</u>
Income taxes paid <i>(Note 9)</i>	<u>\$ -</u>	<u>\$ -</u>

Please see accompanying notes to financial statements



GRANDE PRAIRIE PUBLIC LIBRARY

Changes in Accumulated Surplus

(Schedule 1)

Year Ended December 31, 2021

	Unrestricted Surplus	Restricted Surplus	Equity in Tangible Capital Assets	2021	2020
BALANCE, BEGINNING OF YEAR	\$ -	\$ 1,906,626	\$ 696,414	\$ 2,603,040	\$ 2,748,659
Deficiency of revenue over expenditures	\$ (281,629)	\$ -	\$ -	\$ (281,629)	\$ (145,619)
Interest earned on restricted funds	(17,699)	17,699	-	-	-
Restricted funds used for operations	93,834	(93,834)	-	-	-
Restricted funds used for tangible capital assets	-	(148,158)	148,158	-	-
Annual amortization expense	151,099	-	(151,099)	-	-
Tangible capital assets disposed (at net book value)	54,395	-	(54,395)	-	-
Change in accumulated surplus	-	(224,293)	(57,336)	(281,629)	(145,619)
BALANCE, END OF YEAR	\$ -	\$ 1,682,333	\$ 639,078	\$ 2,321,411	\$ 2,603,040

Please see accompanying notes to financial statements



GRANDE PRAIRIE PUBLIC LIBRARY

Schedule of Tangible Capital Assets

(Schedule 2)

Year Ended December 31, 2021

	Computer equipment	Furniture and fixtures	Office equipment	Leasehold improvements	Cultural and historical	Total 2021	Total 2020
COST							
BALANCE, BEGINNING	\$ 452,890	\$ 917,897	\$ 222,413	\$ 350,502	\$ 9,800	\$ 1,953,502	\$ 1,943,116
Acquisition of tangible capital assets	148,158	-	-	-	-	148,158	81,493
Disposal of tangible capital assets	(122,847)	(104,280)	(177,421)	-	-	(404,547)	(71,107)
	-	-	-	-	-	-	-
BALANCE, ENDING	478,201	813,617	44,992	350,502	9,800	1,697,113	1,953,502
ACCUMULATED AMORTIZATION							
BALANCE, BEGINNING	294,062	471,661	222,413	268,952	-	1,257,088	1,172,764
Annual amortization	73,197	47,816	-	30,086	-	151,099	155,431
Accumulated amortization on disposals	(112,127)	(60,604)	(177,421)	-	-	(350,152)	(71,107)
	-	-	-	-	-	-	-
BALANCE, ENDING	255,132	458,873	44,992	299,038	-	1,058,035	1,257,088
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 223,069	\$ 354,744	\$ -	\$ 51,464	\$ 9,800	\$ 639,078	\$ 696,414
2020 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 158,828	\$ 446,236	\$ -	\$ 81,550	\$ 9,800	\$ 696,414	\$ -

Please see accompanying notes to financial statements



GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

1. NATURE OF BUSINESS

The Grande Prairie Public Library (the Library Board) was established in October, 1988 under the Libraries Act as a not-for-profit organization, effectively controlled by the City of Grande Prairie. The Board of Directors of the Library Board consists of one City Councillor, one MD of Greenview Councillor and eight public directors.

The Library Board is a registered charity, registration number 11894 5468 RR0001.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Library Board are the representations of management prepared in accordance with local government accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Library Board are as follows:

Reporting entity

The financial statements reflect the assets, liabilities, revenues and expenditures and change in financial position of the reporting entity. This entity is comprised only of the operations of the Library Board.

Basis of presentation

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Revenue recognition

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets are recognized as revenue in the period in which the eligibility criteria have been satisfied.

Other revenues are accounted for in the period in which their transactions or events occurred that gave rise to the revenues.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the Change in Net Financial Assets for the year.

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GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

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

Tangible capital assets

Tangible capital assets have useful lives extending beyond the current year and meet minimum dollar amount thresholds for capitalization in accordance with the policy set by the Library Board.

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

Computer equipment	3-5 years
Furniture and fixtures	10 years
Office equipment	5 years
Leasehold improvements	10 years

In the year of acquisition, amortization is applied at half of normal rates. Assets under construction are not amortized until the asset is available for productive use. Works of art and historical treasures that have cultural, aesthetic or historical value that is worth preserving perpetually are not amortized.

The Library Board regularly reviews its tangible capital assets for sold or scrapped assets, at which time the cost and the related accumulated amortization are removed from the accounts and any resulting gain or loss on disposal is reflected in income. No amortization is recorded in the year of disposition.

Tangible capital assets received as contributions are recorded at fair market value at the date of receipt and are also recorded as revenue.

Impairment of long lived assets

The Library Board tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Employee future benefits

Selected employees of the Library Board are members of the Local Authority Pension Plan (LAPP), a multi-employer defined benefit pension plan. The President of the Alberta Treasury Board and the Minister of Finance are the legal trustees and administrators of the plan, which is governed by a Board of Trustees. Since the plan is a multi-employer plan, it is accounted for as a defined contribution plan and, accordingly, the Library Board does not recognize its share of any plan surplus or deficit.

Reserves for future expenditures

Reserves are established at the discretion of the Board of Directors to set funds aside for future expenditures and capital projects.

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GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

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

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards 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. Significant estimates used in the preparation of the financial statements includes the provision for amortization of tangible capital assets. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Budget

The budget amounts are presented for information purposes and have not been audited.

3. CASH AND TEMPORARY INVESTMENTS

	<u>2021</u>	<u>2020</u>
Cash in bank	\$ 346,258	\$ 412,066
Temporary investments	<u>1,447,015</u>	<u>1,574,696</u>
	<u>\$ 1,793,273</u>	<u>\$ 1,986,762</u>

Temporary investments consist of short-term deposits maturing within twelve months and bear interest at rates ranging from 0.25% to 1.75%.

Included in cash and temporary investments are externally restricted amounts aggregating \$768,591 (2020 - \$899,877) received from private donors. The funds are to be used to fund reading materials for the general public, as well as equipment, fixtures and displays for the Library Board.

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2021</u>	<u>2020</u>
Trade accounts payable	\$ 45,889	\$ 67,872
Wages payable	44,324	36,557
Payroll remittances payable	32,335	30,364
LAPP remittances payable	<u>9,065</u>	<u>8,101</u>
	<u>\$ 131,613</u>	<u>\$ 142,894</u>



GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

5. DEFERRED REVENUE

	<u>2021</u>	<u>2020</u>
Grant revenue	\$ 21,757	\$ 56,441
Donations	4,352	-
	<u>\$ 26,109</u>	<u>\$ 56,441</u>

6. RESTRICTED SURPLUS

	<u>2021</u>	<u>2020</u>
Willie Janssen Legacy Reserve	\$ 768,591	\$ 899,877
Clem and Muriel Collins' Fund	38,863	42,636
General Reserve	642,288	691,668
Operating Reserve	232,591	272,445
	<u>\$ 1,682,333</u>	<u>\$ 1,906,626</u>

7. GRANT REVENUE

	<u>2021</u>	<u>2020</u>
City of Grande Prairie	\$ 1,650,000	\$ 1,650,000
Alberta Public Library Services	380,486	380,486
Municipal District of Greenview No. 16	40,000	39,346
Municipal District of Greenview No. 16 book allotment	3,461	2,452
County of Grande Prairie No. 1	302,509	293,699
County of Grande Prairie No. 1 book allotment	15,189	15,189
Alberta Culture	39,361	12,697
Emergency Community Support Fund	-	30,392
Other	37,716	26,138
	<u>\$ 2,468,722</u>	<u>\$ 2,450,399</u>



GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

8. RELATED PARTY TRANSACTIONS

The following is a summary of the Library Board's related party transactions and balances:

	<u>2021</u>	<u>2020</u>
City of Grande Prairie <i>(effective control of the Library Board)</i>		
Grant revenue	\$ 1,650,000	\$ 1,650,000
Building rent grant revenue (non-monetary)	2,179,278	2,637,415
Rent expense (non-monetary)	2,179,278	2,637,415
Peace Library System <i>(municipal partnership in which the Library Board holds membership)</i>		
Resource fees collected	\$ -	\$ 7,334
Book purchases	226,889	155,448
Prepaid expenses	36,642	109,013

These transactions and balances are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

The building rent to the City of Grande Prairie is a non-monetary transaction and is an estimate of the fair market value of the rent for the space the Library Board utilizes for which the City of Grande Prairie holds ownership.

9. INCOME TAXES

The Library Board is a registered charitable organization and, accordingly, is not subject to income taxes.



GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

10. LOCAL AUTHORITIES PENSION PLAN

Employees of the Library Board participate in the Local Authorities Pension Plan (LAPP), which is covered by the Alberta Public Sector Pension Plans Act. The Plan serves 275,863 people and 433 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Library Board is required to make current service contributions to the Plan of 9.39% of pensionable earnings up to the year's maximum pensionable earnings under the Canadian Pension Plan and 13.84% on the excess.

Employees of the Library Board are required to make current service contributions of 8.39% of pensionable payroll up to the year's maximum pensionable earnings under the Canada Pension Plan and 12.84% on the excess.

Total current service contributions by the Library Board to the Local Authorities Pension Plan in 2021 were \$138,249 (2020 - \$124,416). Total current service contributions by the employees of the Library Board to the Local Authorities Pension Plan in 2021 were \$124,450 (2020 - \$112,078).

At December 31, 2020, the Plan disclosed an actuarial surplus of \$5.0 billion (2019 - \$7.9 billion).

Effective January 1, 2022, member contribution rates will be reduced to 7.45% of pensionable earnings up to the year's maximum pensionable earnings and 11.80% thereafter for employees and to 8.45% of pensionable earnings up to the year's maximum pensionable earnings and 12.80% thereafter for employers.

11. RECONCILIATION OF OPERATING RESULTS TO FINANCIAL RESULTS

The annual operating budget is prepared based upon the Library Board's annual fiscal plan, therefore, a reconciliation of the budgeted deficit as disclosed in these financial statements to the budget as approved by the Board of Directors is required under Public Sector Accounting Board Standards.

	Budget	2021	2020
Excess (deficiency) of revenue over expenditures	\$ (223,100)	\$ (281,629)	\$ (145,619)
Adjustments:			
Amortization expense (non-cash)	150,000	151,099	155,431
Tangible capital assets purchased	100,000	(148,158)	(81,493)
Restricted funds used for tangible capital assets	(100,000)	148,158	81,493
Restricted funds used for operations	73,100	93,834	101,239
Unrestricted funds designated for future use	-	(17,699)	(111,051)
Tangible capital assets disposed (at net book value)	-	54,395	-
Library operating budget, approved by Board of Directors (October 13, 2020)	\$ -	\$ -	\$ -



GRANDE PRAIRIE PUBLIC LIBRARY

Notes to Financial Statements

Year Ended December 31, 2021

12. COVID-19

On March 11, 2020, COVID-19 was declared a global pandemic. There has been a significant financial impact to the local, national and global economies. The ongoing impact on the Library Board's operations is uncertain and management continues to take measures to protect its operations and mitigate the market, liquidity and credit risks that have arisen.

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

