

**Financial Statements of
St. Albert Public Library**

December 31, 2020

St. Albert Public Library

December 31, 2020

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INDEPENDENT AUDITORS' REPORT

To the Members of the Board of Directors of St. Albert Public Library

Opinion

We have audited the financial statements of St. Albert Public Library (the "Library"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2020, and its results of operations, its changes in net financial assets and its cash flows 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 auditors' report.

We are independent of the Library 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 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's 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 the Library or to cease operations, or has no realistic alternative but to do so.

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

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 the 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'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'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 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, stylized font. Below the signature is a single, long, horizontal, slightly wavy line.

Chartered Professional Accountants

Edmonton, Canada

March 17, 2021

ST. ALBERT PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION

As at December 31, 2020

	2020	2019
Financial Assets		
Petty Cash	\$ 1,600	\$ 1,400
Accounts Receivable	13,230	23,956
Due from the City of St. Albert (Note 3)	858,657	1,189,927
Total Financial Assets	873,487	1,215,283
Liabilities		
Accounts Payable and Accrued Liabilities	264,480	542,347
Deferred Revenue (Note 5)	33,408	11,440
Total Liabilities	297,888	553,787
Net Financial Assets	575,599	661,496
Non-Financial Assets		
Tangible Capital Assets (Note 6)	1,780,610	1,990,657
Prepaid Expenses	128,147	87,458
Total Non-Financial Assets	1,908,757	2,078,115
Accumulated Surplus (Note 7)	\$ 2,484,356	\$ 2,739,611

Commitments (Note 11)

Approved by:

P. Bailey

Library Director

Janice Marschner

Janice Marschner (Mar 10, 2021 16:49 MST)

Chair, St. Albert Public Library Board

The accompanying notes are an integral part of these financial statements.

ST. ALBERT PUBLIC LIBRARY
STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the Year Ended December 31, 2020

	Budget (Note 10)	2020	2019
Operating Revenue			
Government Transfers (Note 8)			
Municipal	\$ 4,661,900	\$ 4,348,900	\$ 4,678,400
Provincial and Federal	441,900	426,828	450,562
Contract and Miscellaneous Revenue	66,800	48,728	125,074
Memberships	3,000	910	2,080
Fines	95,000	30,076	92,645
Library Donations	34,000	19,807	30,561
Interest Income	-	10,550	13,176
Total Operating Revenue	5,302,600	4,885,799	5,392,498
Expenses			
Salaries, Wages and Benefits	4,063,000	3,537,995	3,722,117
Amortization of Tangible Capital Assets	74,100	571,072	557,169
Materials, Goods and Utilities (Note 4)	490,700	531,255	478,433
Contracted and General Services	514,900	496,630	454,901
Other Expenses	96,200	4,102	10,609
Total Expenses	5,238,900	5,141,054	5,223,229
Annual (Deficit) Surplus Before Capital Revenue	63,700	(255,255)	169,269
Capital Revenue			
Government Transfers (Note 8)			
Municipal	-	-	517,000
Total Capital Revenue	-	-	517,000
Annual (Deficit) Surplus	63,700	(255,255)	686,269
Accumulated Surplus at Beginning of Year	2,739,611	2,739,611	2,053,342
Accumulated Surplus at End of Year	\$ 2,803,311	\$ 2,484,356	\$ 2,739,611

The accompanying notes are an integral part of these financial statements.

ST. ALBERT PUBLIC LIBRARY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2020

	Budget (Note 10)	2020	2019
Annual (Deficit) Surplus	\$ 63,700	\$ (255,255)	\$ 686,269
Acquisition of Tangible Capital Assets	(361,000)	(361,025)	(1,017,428)
Loss on Disposal of Tangible Capital Assets	-	-	4,867
Amortization of Tangible Capital Assets	74,100	571,072	557,169
	(286,900)	210,047	(455,392)
Acquisition of Prepaid Expenses	-	(128,147)	(87,458)
Use of Prepaid Expenses	-	87,458	134,906
	-	(40,689)	47,448
(Decrease) Increase in Net Financial Assets	(223,200)	(85,897)	278,325
Net Financial Assets at Beginning of Year	661,496	661,496	383,171
Net Financial Assets at End of Year	\$ 438,296	\$ 575,599	\$ 661,496

The accompanying notes are an integral part of these financial statements.

ST. ALBERT PUBLIC LIBRARY
STATEMENT OF CASH FLOWS
For the Year Ended December 31, 2020

	2020	2019
Cash (Used in) Provided by		
Operating Activities		
Annual (Deficit) Surplus	\$ (255,255)	\$ 686,269
Items Not Involving Cash		
Amortization of Tangible Capital Assets	571,072	557,169
Loss on Disposal of Tangible Capital Assets	-	4,867
	315,817	1,248,305
Changes in Non-Cash Assets and Liabilities		
Petty Cash	(200)	(300)
Accounts Receivable	10,726	(13,062)
Due from the City of St. Albert	331,270	(530,992)
Accounts Payable and Accrued Liabilities	(277,867)	286,871
Deferred Revenue	21,968	(20,842)
Prepaid Expenses	(40,689)	47,448
Total Cash Flows from Operating Activities	361,025	1,017,428
Capital Activities		
Acquisition of Tangible Capital Assets	(361,025)	(1,017,428)
Cash, Beginning of Year	-	-
Cash, End of Year	\$ -	\$ -

The accompanying notes are an integral part of these financial statements.

ST. ALBERT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2020

1. Nature of Operations

St. Albert Public Library (the "Library") was established in 1961 by the Council of St. Albert under the provisions of the Provincial Libraries Act and is governed by a separate board of directors. It is located in St. Albert Place, within space provided by the City of St. Albert, and provides services and programs to the residents of St. Albert and surrounding areas. The Library Storefront located at #1010 880 St. Albert Trail opened in January 2020.

The COVID-19 pandemic and the measures taken to contain the virus continue to impact the economy as a whole. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial and operating effect in the Library is not known at this time. Although the province followed through on their commitment of the full operating grant for the entirety of 2021, the City requested the library reduce its budget by at least 7%. This was achieved predominantly through temporary layoffs and reduced operating hours. The Library based its 2021 budget on reduced operating hours and the City approved its 2021 operating grant. As well, the Province has approved its annual funding for 2021 and together, these funding streams will ensure future community Library needs will be met.

2. Significant Accounting Policies

The Library is controlled by the City of St. Albert. The Library is a registered charitable organization under the Income Tax Act of Canada, and is not subject to any federal or provincial income taxes. As such, the financial statements have been prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Library are as follows:

a. Basis of Accounting

The financial statements are prepared using the accrual basis of accounting for revenues and expenses.

i. Revenue

Revenue is accounted for in the period in which it is earned and measurable. Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified. Investment income is reported as revenue in the period earned. When required by the funding government or related act, investment income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

ii. Expenses

Expenses are recognized in the period the goods and services are acquired and a liability is incurred or transfers are due.

b. Government Transfers

Government transfers are the transfers of assets from another level government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

2. Significant Accounting Policies (continued)

b. Government Transfers (continued)

Government transfers are recognized as deferred revenue if the terms for use, or the terms along with the Library's actions and communications as to the use, create a liability. These government transfers are recognized as revenue when the terms are met.

Government transfers without terms for the use of the grant are recognized as revenue when the Library is eligible to receive the funds. Unrestricted government transfers are recognized as revenue in the year received or in the year the funds are committed to the Library if the amount can be reasonably estimated and collection is assured.

c. Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non financial assets during the year, together with the annual surplus provides the change in net financial assets for the year.

d. Tangible Capital Assets

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

Library Collections	5 years
Machinery and Equipment	5 to 25 years
Leasehold Improvements	Lesser of 5 years and the term of the lease
Vehicles	10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction ("CIP") are not amortized until the asset is available for productive use.

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

The Library does not capitalize interest costs associated with the acquisition or construction of a tangible capital asset.

When conditions indicate that a tangible capital asset no longer contributes to the Library's ability to provide goods and services, or that the value of future economic benefits associated with the tangible capital asset is less than net book value, the cost of the tangible capital asset should be reduced to reflect the decline in the asset's value. Such write-downs are not reversed.

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

2. Significant Accounting Policies (continued)

e. Use of Estimates

The preparation of financial statements 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 period. Actual results could differ from these estimates.

f. Restricted Surplus - Reserves

Reserve additions originate primarily from Board transfers approved from current operations, accumulated unrestricted surplus, endowments, and internal interest allocations. Reserve amounts are expended as approved by the Library Board.

g. Future Accounting Policies

The following summarizes upcoming changes to Canadian public sector accounting standards. In 2021, the Library will continue to assess the impact and prepare for the adoption of these standards. While the timing of standard adoption may vary, the requirements in PS1201 *Financial Statement Presentation*, PS3450 *Financial Instruments*, PS 2601 *Foreign Currency Translation* and PS3041 *Portfolio Investments* must be implemented at the same time.

Public Sector Accounting Standard	Name	Effective Date
PS1201	Financial Statement Presentation	April 1 , 2022 (December 31, 2023 for the Library)
PS3450	Financial Instruments	April 1 , 2022 (December 31, 2023 for the Library)
PS2601	Foreign Currency Translation	April 1 , 2022 (December 31, 2023 for the Library)
PS3041	Portfolio Investments	April 1 , 2022 (December 31, 2023 for the Library)
PS3280	Asset Retirement Obligations	April 1 , 2022 (December 31, 2023 for the Library)
PS3400	Revenue	April 1 , 2023 (December 31, 2024 for the Library)
PSG-8	Purchased Intangibles	April 1, 2023 (December 31, 2024 for the Library)

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

3. Due from the City of St. Albert

The Library does not maintain its own bank account and has funds on deposit with the City of St. Albert which are available when needed.

The balance due from the City of St. Albert \$858,657 (2019 - \$1,189,927) is unsecured, with no set terms of repayment.

Of the total balance due from the City of St. Albert, \$703,746 (2019 - \$743,508) is related to reserves that are allocated interest at rates between 0.25% and 2.76% (2019 - 1.35% and 2.81%). The remaining balance due of \$154,911 (2019 - \$446,420) is not allocated interest.

4. Related Party Transactions

Included in materials, goods, supplies, and utilities is \$208,600 (2019 - \$208,600) of cost allocation charges from the City of St. Albert for provision of support services to the Library.

Unallocated costs, comprising of materials and services contributed by related parties in support of the Library's operations, are not recognized in these financial statements.

Related parties include key management personnel of the Library. The Library has defined key management personnel to include members of the St. Albert Library Board and the Library Director. Transactions with key management personnel primarily consist of compensation related payments and are undertaken on similar terms and conditions to those that would be adopted if the parties were dealing at arm's length.

5. Deferred Revenue

The deferred revenue balance is made up of the following:

	2020	2019
STARFest Readers Festival	\$ 21,408	\$ 11,440
St. Albert Association of Friends of the Library	12,000	-
Total Deferred Revenue	\$ 33,408	\$ 11,440

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

6. Tangible Capital Assets

2020					
	Library Collections	Machinery and Equipment	Leasehold Improvements	Vehicles	Total
Cost					
Balance, Beginning of Year	\$ 1,938,985	\$ 1,295,092	\$ 645,533	\$ 71,090	\$ 3,950,700
Acquisition of Tangible Capital Assets	263,084	16,794	81,147	-	361,025
Disposal of Tangible Capital Assets	(410,292)	(57,401)	-	-	(467,693)
Balance, End of Year	1,791,777	1,254,485	726,680	71,090	3,844,032
Accumulated Amortization					
Balance, Beginning of Year	(983,406)	(693,405)	(258,351)	(24,881)	(1,960,043)
Amortization of Tangible Capital Assets	(373,076)	(141,589)	(49,298)	(7,109)	(571,072)
Disposal of Tangible Capital Assets	410,292	57,401	-	-	467,693
Balance, End of Year	(946,190)	(777,593)	(307,649)	(31,990)	(2,063,422)
Net Book Value, End of Year	\$ 845,587	\$ 476,892	\$ 419,031	\$ 39,100	\$ 1,780,610

2019					
	Library Collections	Machinery and Equipment	Leasehold Improvements	Vehicles	Total
Cost					
Balance, Beginning of Year	\$ 1,983,643	\$ 1,154,030	\$ 237,973	\$ 71,090	\$ 3,446,736
Acquisition of Tangible Capital Assets	398,220	211,648	407,560	-	1,017,428
Disposal of Tangible Capital Assets	(442,878)	(70,586)	-	-	(513,464)
Balance, End of Year	1,938,985	1,295,092	645,533	71,090	3,950,700
Accumulated Amortization					
Balance, Beginning of Year	(1,034,021)	(621,705)	(237,973)	(17,772)	(1,911,471)
Amortization of Tangible Capital Assets	(392,263)	(137,419)	(20,378)	(7,109)	(557,169)
Disposal of Tangible Capital Assets	442,878	65,719	-	-	508,597
Balance, End of Year	(983,406)	(693,405)	(258,351)	(24,881)	(1,960,043)
Net Book Value, End of Year	\$ 955,579	\$ 601,687	\$ 387,182	\$ 46,209	\$ 1,990,657

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

7. Accumulated Surplus

Accumulated surplus consists of unrestricted surplus, reserves and equity in tangible capital assets as follows.

	2020	2019
Restricted Surplus - Reserves (Note 9)	\$ 703,747	\$ 748,954
Equity in Tangible Capital Assets	1,780,610	1,990,657
Total Accumulated Surplus	\$ 2,484,357	\$ 2,739,611

8. Government Transfers

	Budget (Note 10)	2020	2019
Government Transfers for Operations:			
Municipal			
City of St. Albert	\$ 4,661,900	\$ 4,348,900	\$ 4,678,400
Provincial			
Community Provincial Grants	358,700	358,780	358,780
Career Resource Centre Grant	70,900	68,048	70,483
Alberta Foundation for the Arts	-	-	9,028
STEP Grant	3,900	-	3,871
Total Provincial Transfers	433,500	426,828	442,162
Federal			
CSJ Grant (Canada Summer Jobs)	8,400	-	8,400
Total Government Transfers for Operations	5,103,800	4,775,728	5,128,962
Government Transfers for Capital			
Municipal			
City of St. Albert	-	-	517,000
Total Government Transfers for Capital	-	-	517,000
Total Government Transfers	\$ 5,103,800	\$ 4,775,728	\$ 5,645,962

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

9. Restricted Surplus - Reserves

	2019	Transfers	Reductions	2020
Operating Reserves				
Library Stabilization Reserve	\$ 259,854	\$ 209,254	\$ (248,200)	\$ 220,908
Young People's Writing Reserve	5,446	-	(5,446)	-
Total Operating Reserves	265,300	209,254	(253,646)	220,908
Capital Reserves				
Library Branch Reserve	58,802	1,289	-	60,091
Computer Replacement Reserve	145,977	3,150	(11,366)	137,761
Library Repair and Refurbishment Reserve	278,875	6,112	-	284,987
Total Capital Reserves	483,654	10,551	(11,366)	482,839
Total Reserves	\$ 748,954	\$ 219,805	\$ (265,012)	\$ 703,747

The Library Stabilization Reserve is to fund stabilization of operating and capital budget impacts resulting from one time or unanticipated events or circumstances.

The Young People's Writing Reserve is to be utilized to award the writing of young people.

The Library Branch Reserve is to provide funds to replenish the Library's collections, furnishings, fixtures and equipment for a new Library Branch.

The Computer Replacement Reserve is to provide funds for the replacement and upgrade of the Library's computer system, and may include hardware, software, and peripherals.

The Library Repair and Refurbishment Reserve is to provide funds to meet the capital costs associated with the refurbishment and repair of the Library's facilities.

10. Budget Information

The budget data presented in these financial statements is based upon the 2020 operating budget approved by the Library Board on June 15, 2019 and Council on December 16, 2019. The operating budget has been presented on the accrual basis in accordance with Canadian Public Sector Accounting Standards and excludes reserve transactions.

Budgets established for capital acquisitions and related financing are calculated on a project-oriented basis. As these transactions may be carried out over one or more years, they are not directly comparable with current year actual amounts.

Due to the financial implications of COVID-19, the approved budget revisions incorporated intermittent facility closures, anticipated service reductions, and a reduction in government transfers and salaries, wages, and benefits, among other amendments, as shown below.

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

10. Budget Information (continued)

	Originally Approved Budget	Approved Budget Revisions	Revised Budget
Government Transfers			
Municipal	\$ 4,661,900	\$ (313,000)	\$ 4,348,900
Provincial and Federal	441,900	(12,300)	429,600
Contract and Miscellaneous Revenue	66,800	(11,000)	55,800
Memberships	3,000	(750)	2,250
Fines	95,000	(23,750)	71,250
Library Donations	34,000	(13,000)	21,000
Total Operating Revenue	5,302,600	(373,800)	4,928,800
Salaries, Wages and Benefits	4,063,000	(288,000)	3,775,000
Amortization of Tangible Capital Assets	74,100	-	74,100
Materials, Goods and Utilities	490,700	(7,750)	482,950
Contracted and General Services	514,900	(21,050)	493,850
Other Expenses	96,200	(57,000)	39,200
Total Expenses	\$ 5,238,900	\$ (373,800)	\$ 4,865,100

11. Commitments

The Library has entered into two operating lease agreements comprised of base rents plus a proportionate share of operating costs and management fees for space rentals. Lease commitments over the next five years and thereafter are as follows:

2021	\$ 192,438
2022	192,112
2023	192,112
2024	164,751
2025	126,445
Thereafter	505,781
	\$ 1,373,639

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2020

12. Financial Instruments

The fair values of the Library's petty cash, accounts receivable, due from the City of St. Albert, accounts payable and accrued liabilities approximate their carrying values due to the short-term nature of the instruments. It is management's opinion that the Library is not exposed to significant currency, interest or credit risk arising from its financial instruments.