

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

December 31, 2021

St. Albert Public Library

December 31, 2021

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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, 2021
- 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, 2021, 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.

KPMG LLP

Chartered Professional Accountants

Edmonton, Canada


March 16, 2022

**ST. ALBERT PUBLIC LIBRARY
STATEMENT OF FINANCIAL POSITION**

As at December 31, 2021

	2021	2020
Financial Assets		
Petty Cash	\$ 1,400	\$ 1,600
Accounts Receivable	12,672	13,230
Due from the City of St. Albert (Note 3)	935,277	858,657
Total Financial Assets	949,349	873,487
Liabilities		
Accounts Payable and Accrued Liabilities	255,956	264,480
Deferred Revenue (Note 5)	-	33,408
Total Liabilities	255,956	297,888
Net Financial Assets	693,393	575,599
Non-Financial Assets		
Tangible Capital Assets (Note 6)	1,595,692	1,780,610
Prepaid Expenses	64,650	128,147
Total Non-Financial Assets	1,660,342	1,908,757
Accumulated Surplus (Note 7)	\$ 2,353,735	\$ 2,484,356

Commitments (Note 10)

Approved by: 

 Library CEO


[William Wells \(Mar 24, 2022 13:45 MDT\)](#)
 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, 2021

	Budget	2021	2020
Operating Revenue			
Government Transfers (Note 8)			
Municipal	\$ 4,348,900	\$ 4,348,900	\$ 4,348,900
Provincial and Federal	358,700	475,738	426,828
Contract and Miscellaneous Revenue	108,700	83,293	48,728
Memberships	2,000	1,120	910
Fines	40,000	28,165	30,076
Library Donations	13,000	52,983	19,807
Interest Income	-	7,949	10,550
Total Operating Revenue	4,871,300	4,998,148	4,885,799
Expenses			
Salaries, Wages and Benefits	3,620,400	3,562,176	3,537,995
Amortization of Tangible Capital Assets	54,100	535,770	571,072
Materials, Goods and Utilities (Note 4)	538,300	507,790	531,255
Contracted and General Services	496,500	518,558	496,630
Other Expenses	5,000	4,475	4,102
Total Expenses	4,714,300	5,128,769	5,141,054
Annual Surplus (Deficit)	157,000	(130,621)	(255,255)
Accumulated Surplus at Beginning of Year	2,484,356	2,484,356	2,739,611
Accumulated Surplus at End of Year	\$ 2,641,356	\$ 2,353,735	\$ 2,484,356

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, 2021

	Budget	2021	2020
Annual Surplus (Deficit)	\$ 157,000	\$ (130,621)	\$ (255,255)
Acquisition of Tangible Capital Assets	(287,400)	(350,852)	(361,025)
Amortization of Tangible Capital Assets	54,100	535,770	571,072
	(233,300)	184,918	210,047
Acquisition of Prepaid Expenses	-	(64,650)	(128,147)
Use of Prepaid Expenses	-	128,147	87,458
	-	63,497	(40,689)
(Decrease) Increase in Net Financial Assets	(76,300)	117,794	(85,897)
Net Financial Assets at Beginning of Year	575,599	575,599	661,496
Net Financial Assets at End of Year	\$ 499,299	\$ 693,393	\$ 575,599

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, 2021

	2021	2020
Cash (Used in) Provided by		
Operating Activities		
Annual Deficit	\$ (130,621)	\$ (255,255)
Items Not Involving Cash		
Amortization of Tangible Capital Assets	535,770	571,072
	405,149	315,817
Changes in Non-Cash Assets and Liabilities		
Petty Cash	200	(200)
Accounts Receivable	558	10,726
Due from the City of St. Albert	(76,620)	331,270
Accounts Payable and Accrued Liabilities	(8,524)	(277,867)
Deferred Revenue	(33,408)	21,968
Prepaid Expenses	63,497	(40,689)
Total Cash Flows from Operating Activities	350,852	361,025
Capital Activities		
Acquisition of Tangible Capital Assets	(350,852)	(361,025)
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, 2021

1. Nature of Operations

St. Albert Public Library (the "Library") was incorporated in 1961 by the Council of the Town of St. Albert under the authority of the Alberta *Libraries Act*. It is governed by a separate board of directors appointed by City Council. It has operated in St. Albert Place since 1983, within space provided by the City of St. Albert, and provides collections, services and programs to the residents of St. Albert and surrounding areas. In January 2020 a second location (Jensen Lakes Library) was opened in north St. Albert in leased premises.

In 2021, the COVID-19 pandemic and the measures taken to protect the health and safety of the community continued to impact the economy as a whole and the Library in particular. COVID-19 health restrictions meant facility closures at times, with continuing capacity limits and programming restrictions making library operation challenging. The Province of Alberta maintained its operating funding for the Library in 2021. In anticipation of continued reduced revenues resulting from COVID-19, the City of St. Albert approved the 2021 operating funding for the library using the reduced 2020 amounts.

2. Significant Accounting Policies

The Library is part of the City of St. Albert's reporting entity. 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.

**ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

2. Significant Accounting Policies (continued)

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.

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.

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

2. Significant Accounting Policies (continued)

d. Tangible Capital Assets (continued)

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.

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 2022, 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)
PS3160	Public Private Partnerships	April 1, 2023 (December 31, 2024 for the Library)

ST. ALBERT PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

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 \$935,277 (2020 - \$858,657) is unsecured, with no set terms of repayment.

Of the total balance due from the City of St. Albert, \$758,043 (2020 - \$703,746) is related to reserves that are allocated interest at rates between 0.25% and 2.56% (2020 - 0.25% and 2.76%). The remaining balance due of \$177,234 (2020 - \$154,911) is not allocated interest.

4. Related Party Transactions

Included in materials, goods, supplies, and utilities is \$208,600 (2020 - \$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 CEO. 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:

	2021	2020
STARFest Readers Festival	\$ -	\$ 21,408
St. Albert Association of Friends of the Library	-	12,000
Total Deferred Revenue	\$ -	\$ 33,408

**ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

6. Tangible Capital Assets

2021					
	Library Collections	Machinery and Equipment	Leasehold Improvements	Vehicles	Total
Cost					
Balance, Beginning of Year	\$ 1,791,777	\$ 1,254,485	\$ 726,680	\$ 71,090	\$ 3,844,032
Acquisition of Tangible Capital Assets	304,743	46,109	-	-	350,852
Disposal of Tangible Capital Assets	(399,772)	(83,172)	-	-	(482,944)
Balance, End of Year	1,696,748	1,217,422	726,680	71,090	3,711,940
Accumulated Amortization					
Balance, Beginning of Year	(946,190)	(777,593)	(307,649)	(31,990)	(2,063,422)
Amortization of Tangible Capital Assets	(348,854)	(130,510)	(49,297)	(7,109)	(535,770)
Disposal of Tangible Capital Assets	399,772	83,172	-	-	482,944
Balance, End of Year	(895,272)	(824,931)	(356,946)	(39,099)	(2,116,248)
Net Book Value, End of Year	\$ 801,476	\$ 392,491	\$ 369,734	\$ 31,991	\$ 1,595,692

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

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS
For the Year Ended December 31, 2021

7. Accumulated Surplus

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

	2021	2020
Restricted Surplus - Reserves (Note 9)	\$ 758,043	\$ 703,747
Equity in Tangible Capital Assets	1,595,692	1,780,610
Total Accumulated Surplus	\$ 2,353,735	\$ 2,484,357

8. Government Transfers

	Budget	2021	2020
Government Transfers for Operations:			
Municipal			
City of St. Albert	\$ 4,348,900	\$ 4,348,900	\$ 4,348,900
Provincial			
Community Provincial Grants	358,700	358,780	358,780
Career Resource Centre Grant	-	76,159	68,048
Alberta Foundation for the Arts	-	25,487	-
Total Provincial Transfers	358,700	460,426	426,828
Federal			
CSJ Grant (Canada Summer Jobs)	-	15,312	-
Total Government Transfers	\$ 4,707,600	\$ 4,824,638	\$ 4,775,728

**ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS**

For the Year Ended December 31, 2021

9. Restricted Surplus - Reserves

	2020	Transfers	Reductions	2021
Operating Reserves				
Library Stabilization Reserve	\$ 220,908	\$ 92,458	\$ -	\$ 313,366
Capital Reserves				
Library Branch Reserve	60,091	1,064	-	61,155
Computer Replacement Reserve	137,761	1,838	(46,110)	93,489
Library Repair and Refurbishment Reserve	284,987	5,046	-	290,033
Total Capital Reserves	482,839	7,948	(46,110)	444,677
Total Reserves	\$ 703,747	\$ 100,406	\$ (46,110)	\$ 758,043

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. 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:

2022	\$ 191,100
2023	191,100
2024	164,161
2025	126,445
2026	126,445
Thereafter	379,336
	\$ 1,178,587

ST. ALBERT PUBLIC LIBRARY
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2021

11. 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.