

**LLOYDMINSTER PUBLIC LIBRARY
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020**

LLOYDMINSTER PUBLIC LIBRARY

**FINANCIAL STATEMENTS
DECEMBER 31, 2020**

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INDEPENDENT AUDITOR'S REPORT

To the Chairperson and Members of Lloydminster Public Library Board

Opinion

We have audited the financial statements of Lloydminster Public Library, which comprise the statement of financial position as at December 31, 2020 and the statements of operations, statement of cash flows and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Lloydminster Public Library as at December 31, 2020 and its financial performance and 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 *Auditor's Responsibilities for the Audit of Financial Statements* section of our report. We are independent of the Lloydminster Public 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 these 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 Lloydminster Public 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 Lloydminster Public Library or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibility for the Audit of 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 auditor's 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 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 judgement 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 Lloydminster Public 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 Lloydminster Public 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 auditor's 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 auditor's report. However, future events or conditions may cause the Lloydminster Public Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including 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.

WLS LLP

Lloydminster, Alberta
March 25, 2021

Chartered Professional Accountants

LLOYDMINSTER PUBLIC LIBRARY

STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020

	2020	2019
Financial Assets		
Cash	242,602	284,730
Accounts receivable	37,279	9,422
GST receivable	17,720	19,558
Investments (Note 4)	<u>169,762</u>	<u>166,449</u>
	<u>467,363</u>	<u>480,159</u>
Financial Liabilities		
Accounts payable and accrued liabilities	115,195	101,775
Deferred contributions (Note 5)	<u>3,069</u>	<u>4,151</u>
	<u>118,264</u>	<u>105,926</u>
Net Financial Assets (Page 7)	<u>349,099</u>	<u>374,233</u>
Non-financial Assets		
Tangible capital assets (Schedule 2)	149,269	192,472
Prepaid expenses	<u>24,066</u>	<u>28,086</u>
	<u>173,335</u>	<u>220,558</u>
Accumulated Surplus (Note 6)	<u>\$ 522,434</u>	<u>\$ 594,791</u>

Approved On Behalf Of The Board

Director *C. Moore*

Director *C. Moore*

LLOYDMINSTER PUBLIC LIBRARY

STATEMENT OF OPERATIONS
YEAR ENDED DECEMBER 31, 2020

	2020 Budget	2020 Actual	2019 Actual
Revenues			
County of Vermilion River	1,500	1,500	1,500
Donations	3,500	4,813	3,091
Fines (net)	6,000	(661)	7,541
Grants - City of Lloydminster	874,325	874,325	853,000
- Province of Alberta	111,061	111,061	111,061
Interest earned on unrestricted resources	8,500	2,665	5,913
Interest earned on capital donation reserves	-	2,726	2,691
Lakeland Library Region	326,662	326,385	326,385
Miscellaneous	4,000	1,388	3,310
Photocopying and other services	<u>7,600</u>	<u>1,301</u>	<u>4,836</u>
	<u>1,343,148</u>	<u>1,325,503</u>	<u>1,319,328</u>
Expenses (Schedule 1)			
Public Services	694,527	772,245	702,965
Support Services	507,000	460,067	467,504
Administration	171,563	162,439	161,510
Governance	<u>22,480</u>	<u>16,829</u>	<u>19,175</u>
	<u>1,395,570</u>	<u>1,411,580</u>	<u>1,351,154</u>
Excess (deficiency) of revenues over expenses	(52,422)	(86,077)	(31,826)
Other Revenue (Expense)			
Patronage allocations	-	231	276
Canada temporary wage subsidy	-	13,552	-
Gain (loss) on sale of tangible capital assets	<u>-</u>	<u>(63)</u>	<u>(9)</u>
Excess (Deficiency) Of Revenues Over Expenses \$	<u>(52,422)</u>	<u>(72,357)</u>	<u>(31,559)</u>
Accumulated Surplus, beginning of year		<u>594,791</u>	<u>626,350</u>
Accumulated Surplus, end of year	<u>\$ 522,434</u>	<u>\$ 594,791</u>	

LLOYDMINSTER PUBLIC LIBRARY

STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2020

	2020	2019
Operating Activities		
Cash received from government grants	986,886	965,561
Cash received from regional library boards	326,385	326,385
Cash received from donations	3,731	3,091
Cash received from operations	577	14,433
Investment income received	5,203	8,497
Cash paid for wages and benefits	(658,700)	(602,651)
Cash paid for materials and services	(339,349)	(358,968)
Cash paid for regional library fees	(324,796)	(296,713)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(63)	59,635
Capital Activities		
Acquisition of tangible capital assets	(38,983)	(83,001)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(38,983)	(83,001)
Investing Activities		
Equity accounts	231	276
Investments	(3,313)	(3,868)
	<hr style="border-top: 1px solid black;"/>	<hr style="border-top: 1px solid black;"/>
	(3,082)	(3,592)
Increase (decrease) in cash position	(42,128)	(26,958)
Cash, beginning of year	284,730	311,688
Cash, end of year	\$ 242,602	\$ 284,730

LLOYDMINSTER PUBLIC LIBRARY

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
YEAR ENDED DECEMBER 31, 2020

	2020	2019
Excess (Deficiency) Of Revenues Over Expenses	(72,357)	(31,559)
Amortization of tangible capital assets	82,123	96,620
Loss (gain) on sale of tangible capital assets	63	9
Acquisition of tangible capital assets	(38,983)	(83,001)
Change in prepaid expenses	<u>4,020</u>	<u>(1,533)</u>
Increase (decrease) in net financial assets	(25,134)	(19,464)
Net financial assets, beginning of year	<u>374,233</u>	<u>393,697</u>
Net financial assets, end of year	\$ 349,099	\$ 374,233

LLOYDMINSTER PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

1. Purpose of the Organization

The Lloydminster Public Library operates under the authority of the Libraries Act of Saskatchewan and Alberta. It is administered by an independent board, with members appointed by City of Lloydminster Council. The Lloydminster Public Library operates one public library location and derives its income from its library operation and grants. The Lloydminster Public Library is incorporated under the Canada Corporations Act as a not-for-profit organization and is a registered charity under the Income Tax Act.

2. Principal Accounting Policies

The financial statements have been prepared for management in accordance with Canadian public sector accounting ("PSA") standards, as issued by the Public Sector Accounting Board. The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the accounting policies summarized below:

Use of Estimates

The precise determination of many assets and liabilities is dependent on future events. As a result, the preparation of financial statements for a period involves the use of estimates and approximations which have been made using careful judgment. Actual results could differ from those estimates and approximations.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost adjusted by transaction costs, which are amortized over the expected life of this instrument.

Tangible Capital Assets and Amortization

Tangible capital assets acquired are recorded at cost. Amortization is provided for using the declining balance method with the half year rule applied in the year of acquisition. Annual rates of amortization are 20% on furniture and fixtures, 50% on electronic equipment and 50% on software. Leasehold improvements are amortized using the straight-line method over the life of the lease. Books and audio visual are capitalized using the pooled cost approach and amortized using the straight-line method over five years.

Collections

Collections are works of art, historical treasures or similar assets that are held for public exhibition, education or research; protected, cared for and preserved. Collections that are contributed are not recognized in the statement of financial position.

Revenue and Expense Recognition

Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues. Funds from external parties restricted by agreement or legislation are initially accounted for as deferred contributions. Amounts received for qualifying projects are recorded as revenue in the fiscal period in which they are expended. Expenditures are accounted for in the period goods and services are acquired and a liability is incurred.

LLOYDMINSTER PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2020

2. Principal Accounting Policies (Con't)

Contributed materials and services

Because of the difficulty of determining their fair value, contributed materials and services are not recognized in the financial statements.

Accumulated Surplus

Accumulated surplus represents the equity of the Library. In determining accumulated surplus, revenues and expenditures are recognized as they are earned and incurred. The following items represent the components of accumulated surplus:

Unappropriated surplus (liabilities) - Unappropriated surplus represents equity that has not been designated for a specific use.

Appropriated reserves

Capital donation reserves - Patrons of the library have bequeathed funds with instructions that the capital be invested in perpetuity. Interest earned thereon is to be used for library purposes.

Other appropriated reserves - Appropriations for other reserves represent amounts that have been internally restricted for specific purposes.

Net investment in tangible capital assets - The net investment in tangible capital assets is reflected net of related debt obligations.

3. Financial Instruments

The Library's financial instruments consist of cash and investments, accounts receivable and accounts payable and accrued liabilities.

Credit risk

The Library is exposed to credit risk on receivables from its patrons. In order to reduce its credit risk, the Library reviews overdue accounts on a regular basis and does not revalidate library cards until all fines are paid. The library records an allowance for doubtful accounts at year end to reflect the estimated risk.

Interest rate risk

Interest rate risk is the risk to the Library's earnings that arise from fluctuations in interest rates and the degree of volatility of these rates. See Note 4.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Library is exposed to this risk mainly in respect of funds from its customers and accounts payable.

LLOYDMINSTER PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

4. Investments

	2020	2019
CIBC Money Market Fund	429	427
Synergy Credit Union iSave	36,684	34,146
Equity - Synergy Credit Union	6,330	5,772
CIBC Money Market Fund	24,387	24,268
Equity - Lloydminster Co-op	1,932	1,836
Synergy Credit Union Term Deposit #2381, 2.40%, maturing Feb. 7/25	20,000	20,000
Synergy Credit Union Term Deposit #2407, 2.15%, maturing Feb. 7/21	20,000	20,000
Synergy Credit Union Term Deposit #2415, 2.15%, maturing Feb. 8/22	20,000	20,000
Synergy Credit Union Term Deposit #2423, 2.95%, maturing Feb. 8/23	20,000	20,000
Synergy Credit Union Term Deposit #2357, 3.40%, maturing Feb. 8/24	<u>20,000</u>	<u>20,000</u>
	<u><u>\$ 169,762</u></u>	<u><u>\$ 166,449</u></u>

5. Deferred Contributions

Deferred contributions represent externally restricted operating funds received that are unspent at year end.

	2020	2019
Beginning balance	4,151	4,151
Less: Expenditures	<u>(1,082)</u>	<u>-</u>
Balance at end	<u><u>\$ 3,069</u></u>	<u><u>\$ 4,151</u></u>

6. Accumulated Surplus

Accumulated surplus consists of surplus/(deficit) and reserves as follows:

	2020	2019
Invested in tangible capital assets	149,269	192,472
Capital donation reserves	98,964	98,964
Other appropriated reserves	75,633	83,111
Unappropriated surplus (liabilities)	<u>198,568</u>	<u>220,244</u>
	<u><u>\$ 522,434</u></u>	<u><u>\$ 594,791</u></u>

Capital donation and other appropriated reserves are held by Synergy Credit Union for investment purposes. The interest from these investments is to be transferred to the Library each year to be used in operations.

LLOYDMINSTER PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2020

7. Related Party Transactions

The following related party transactions are included in the financial statements:

	2020	2019
Revenue		
Grant - City of Lloydminster	\$ 874,325	\$ 853,000
Expenses		
Parking - City of Lloydminster	\$ 4,643	\$ 4,445

All of these transactions were carried out in the normal course of operations and are recorded at the exchange value. These values correspond to the consideration agreed upon by the parties involved.

The Library also benefits through its relation to the City of Lloydminster by receiving rate reductions for specific expenditures.

At the end of the year, the amounts due to and (from) related entities are as follows:

City of Lloydminster	\$ 1,548	\$ 427
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8. COVID-19

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

As a result, we are unable to estimate the potential impact on the organization's operations as at the date of these financial statements.

LLOYDMINSTER PUBLIC LIBRARY

SCHEDULE OF EXPENSES
YEAR ENDED DECEMBER 31, 2020
(SCHEDULE 1)

	2020 Budget	2020 Actual	2019 Actual
Advertising	6,000	3,226	11,084
Amortization	100,000	82,123	96,620
Automation development	9,000	6,170	5,808
Automation system maintenance	12,000	8,882	9,454
Bank charges and interest	2,000	2,094	1,904
Bad debts	50	-	-
Building repairs and maintenance	9,000	10,349	4,739
Conferences and education	10,000	3,496	11,795
Equipment repairs and maintenance	7,000	6,672	7,082
Insurance	3,000	3,432	2,429
Janitorial	20,000	22,680	17,450
Lakeland Library Region fees	296,966	296,713	296,713
Memberships	1,500	1,381	1,477
Miscellaneous	3,100	1,628	3,015
Office equipment and fixtures	-	-	2,801
Office supplies and postage	14,850	20,443	16,384
Parking	4,250	4,643	4,445
Periodicals, microfilm and electronic resources	51,000	49,958	44,650
Processing and cataloguing fees	2,000	1,772	3,428
Professional fees	17,500	26,226	22,843
Programs	14,900	832	3,209
Recruiting	750	2,870	244
Recycling	1,000	680	690
Rent and common area costs	118,725	112,933	131,541
RFID system	-	-	1,562
Security	-	28,083	-
US exchange loss	-	5,340	2,262
Utilities and telephone	40,400	37,502	41,274
Wages and benefits	<u>650,579</u>	<u>671,452</u>	<u>606,251</u>
	<u><u>\$ 1,395,570</u></u>	<u><u>\$ 1,411,580</u></u>	<u><u>\$ 1,351,154</u></u>

LLOYDMINSTER PUBLIC LIBRARY

SCHEDULE OF TANGIBLE CAPITAL ASSETS
YEAR ENDED DECEMBER 31, 2020
(SCHEDULE 2)

	Books, films & audio visual resource collection	Electronic Equipment	Furniture & Fixtures	Automation System Software	Leasehold Improvements	Total 2020	Total 2019
Cost							
Balance, beginning of year	392,712	282,493	259,378	2,383	342,988	1,279,954	1,286,961
Additions	36,262	2,721	-	-	-	38,983	83,001
Disposals	(89,214)	(11,014)	-	-	-	(100,228)	(90,006)
Balance, end of year	339,760	274,200	259,378	2,383	342,988	1,218,709	1,279,956
Accumulated Amortization							
Balance, beginning of year	245,679	267,508	228,924	2,383	342,988	1,087,482	1,080,861
Amortization	67,951	8,085	6,087	-	-	82,123	96,620
Disposals	(89,214)	(10,951)	-	-	-	(100,165)	(89,997)
Balance, end of year	224,416	264,642	235,011	2,383	342,988	1,069,440	1,087,484
Net Book Value	\$ 115,344	\$ 9,558	\$ 24,367	\$ -	\$ -	\$ 149,269	\$ 192,472