
Financial statements of Regional Municipality of Wood Buffalo Library Board

December 31, 2021

Independent Auditor's Report	1-2
Statement of financial position	3
Statement of operations and accumulated surplus	4
Statement of changes in net financial assets	5
Statement of cash flows	6
Notes to the financial statements	7-14

Independent Auditor's Report

To the Board of Directors of the
Regional Municipality of Wood Buffalo Library Board

Opinion

We have audited the financial statements of the Regional Municipality of Wood Buffalo Library Board (the "Library"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, changes in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively 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 financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our 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 PSAS, 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.

Auditor's 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 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 GAAS 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 GAAS, 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 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 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.

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.

The logo for Deloitte LLP, featuring the word "Deloitte" in a stylized script font followed by "LLP" in a clean, sans-serif font.

Chartered Professional Accountants
March 16, 2022

Regional Municipality of Wood Buffalo Library Board**Statement of financial position**

As at December 31, 2021

		2021	2020
	Notes	\$	\$
Assets			
Cash and cash equivalents	3	2,854,889	2,820,506
Accounts receivable	4	41,699	33,726
		2,896,588	2,854,232
Liabilities			
Accounts payable and accrued liabilities	11	65,782	48,042
Due to Regional Municipality of Wood Buffalo	5	432,243	297,416
Deferred revenue	6	690,596	511,615
		1,188,621	857,073
Net financial assets		1,707,967	1,997,159
Non-financial assets			
Tangible capital assets	7	1,147,329	1,178,960
Prepaid expenses		186,493	110,491
		1,333,822	1,289,451
Accumulated surplus	8	3,041,789	3,286,610

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

Approved by the Board

_____, Director

_____, Director

Regional Municipality of Wood Buffalo Library Board
Statement of operations and accumulated surplus
Year ended December 31, 2021

	Notes	Budget \$	2021 \$	2020 \$
		(Note 16)		
Revenue				
Government transfers	10	4,938,712	4,381,408	4,492,502
Donations and fundraising		168,750	117,849	155,164
Fines, memberships, and fees		36,508	23,531	16,969
Interest income		42,000	23,398	31,585
Other income		35,900	633	11,083
		5,221,870	4,546,819	4,707,303
Expenses				
Wages and benefits	14	3,714,384	3,061,772	3,033,948
Rent (janitorial, utilities, and internet)	12	636,000	636,000	609,500
Amortization of tangible capital assets		475,000	366,888	424,276
Electronic databases and periodicals		164,300	170,138	167,673
Programs	12	137,500	131,726	118,003
Office and administration	12	68,910	92,729	61,029
Marketing and promotions	13	96,000	85,022	87,304
Computer maintenance and supplies		58,800	77,225	82,862
Supplies for programs		45,000	49,853	41,271
Professional fees		60,000	56,494	61,386
Loss on sale of tangible capital assets		—	30,970	21,107
Travel, seminars, and training		24,400	11,044	3,163
Alberta library dues		7,000	7,638	7,514
Interest and bank charges		4,000	5,277	4,664
Book processing		8,500	4,996	9,652
Board and committees		3,386	2,647	2,926
Recruiting costs		—	652	—
Access and auxiliary services		6,500	569	1,899
Freight, duties, and foreign exchange		200	—	265
		5,509,880	4,791,640	4,738,442
Annual deficit		(288,010)	(244,821)	(31,139)
Accumulated surplus, beginning of year		3,286,610	3,286,610	3,317,749
Accumulated surplus, end of year		2,998,600	3,041,789	3,286,610

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

Regional Municipality of Wood Buffalo Library Board

Statement of changes in net financial assets

Year ended December 31, 2021

	Notes	Budget \$	2021 \$	2020 \$
		(Note 16)		
Annual deficit		(288,010)	(244,821)	(31,139)
Acquisition of tangible capital assets	7	(253,990)	(366,227)	(254,377)
Amortization of tangible capital assets	7	475,000	366,888	424,276
Loss on sale of tangible capital assets	7	—	30,970	21,107
		(67,000)	(213,190)	159,867
Use of prepaid expenses		—	(76,002)	726
Change in net financial assets		(67,000)	(289,192)	160,593
Net financial assets, beginning of year		1,997,159	1,997,159	1,836,566
Net financial assets, end of year		1,930,159	1,707,967	1,997,159

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

Regional Municipality of Wood Buffalo Library Board

Statement of cash flows

Year ended December 31, 2021

	Notes	2021 \$	2020 \$
Operating activities			
Annual deficit		(244,821)	(31,139)
Items not affecting cash			
Amortization of tangible capital assets	7	366,888	424,276
Loss on sale of tangible capital assets	7	30,970	21,107
Changes in non-cash operating working capital items			
Accounts receivable	4	(7,973)	30,343
Accounts payable and accrued liabilities		17,740	(32,975)
Due to Regional Municipality of Wood Buffalo	5	134,827	(368,547)
Deferred revenue	6	178,981	444,540
Prepaid expenses		(76,002)	726
Cash provided by operating transactions		400,610	488,331
Capital activities			
Acquisition of tangible capital assets		(366,227)	(254,377)
Cash used in capital transactions		(366,227)	(254,377)
Increase in cash and cash equivalents		34,383	233,954
Cash and cash equivalents, beginning of year		2,820,506	2,586,552
Cash and cash equivalents, end of year		2,854,889	2,820,506

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

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

1. Nature of the organization

The Regional Municipality of Wood Buffalo Library Board (the "Library") operates a library under the Province of Alberta Libraries Act. The Library is a not-for-profit organization and a registered charitable organization under the Income Tax Act of Canada, and is not subject to any federal or provincial income taxes.

In March 2020, the World Health Organization declared a global pandemic related to the outbreak of COVID-19 (coronavirus). This event has had a significant impact on the Library through restrictions put in place by the Government of Alberta regarding business operations and isolation/quarantine orders. During 2021, the Library provided reduced library services for the year that varied from fully closed to partially open, dependent on active Public Health Orders. These orders also impacted staffing levels, which were adjusted to meet requirements. While the extent of the pandemic's impact is unknown, there has been reduced revenue from general library operations and government restrictions, all of which impact the Library's operations and financial condition.

2. Significant accounting policies

The Library's financial statements are prepared by management in accordance with the Canadian public sector accounting standards ("Canadian PSAS").

Significant accounting policies are as follows:

Basis of presentation

The Library follows the accrual basis of accounting for revenues and expenses. Revenues are normally recognized in the year in which the transactions or events occurred that gave rise to the revenues. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Government transfers

Government transfers are the transfers of assets from senior level government that are not the result of an exchange transaction, 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.

Cash and cash equivalents

Cash and cash equivalents include cash and short-term investments with original maturities of three months or less and are recorded at cost.

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

2. Significant accounting policies

Deferred revenue

Deferred revenue represents amounts received for which the related activities have yet to be performed. These amounts will be recognized as revenues in the period the activities are performed.

Interest income

Interest income is recognized as revenue in the period earned. When required by the funding government or related act, interest income earned on deferred revenue is added to the investment and forms part of the deferred revenue balance.

Non-financial asset

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.

Tangible capital assets

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 costs less residual value of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

Asset	Rate
Vehicles	5 years
Books	7 years
CDs, DVDs, and audio books	3 years
Radio frequency indicator	5 years
Furniture and equipment	5–10 years
Computer hardware	4–5 years
Computer software	5 years
Building improvements	5 years

Annual amortization is charged at 50% in the year of acquisition and 50% in the year of disposal. Tangible capital assets under work-in-progress are not amortized until the asset is available for productive use.

Contributions of tangible capital assets

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Library's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations and accumulated surplus.

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

2. Significant accounting policies (continued)

Works of art and cultural and historical capital assets

Works of art and cultural and historical assets are not recorded as tangible capital assets in these financial statements.

Internally restricted reserves

Operating reserves

The operating reserve provides for unusual one-time expenditures that are operating in nature and provide stabilization to the budget resulting from sudden economic downturns. The operating reserve has a ceiling limit of 10% of annual operating budget.

Carry-forward project reserves are restricted unspent project funds to ensure funds are available to complete future projects.

Capital reserves

The capital reserve provides funding to ensure that a prudent level of resources are available to provide for capital asset repairs, replacement upgrading or new construction while balancing the need with long-term debt financing.

The IT capital reserve provides funding for replacement and upgrading of the Library's information and communication technology.

Transfers to the reserves are determined through the annual operating and capital budget process and at the Library Board's discretion.

Reserve amounts are expended as approved by the Library Board through the annual operating and capital budget process as required.

Use of estimates

The preparation of financial statements in conformity with Canadian PSAS 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 amounts of revenues and expenses during the reporting period. Significant estimates include assumptions used in estimating provisions for accrued liabilities, estimates of historical cost of certain tangible capital assets, non-monetary transaction, revenue recognized in the year, certain deferred revenues, and useful life of tangible capital assets. Actual results could differ from those estimates.

3. Cash and cash equivalents

Included in cash and cash equivalents is an amount of \$1,690,201 (\$1,457,959 in 2020) which has been designated by the Library's Board for approved future capital expenditure projects and operating reserves (see Note 9).

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

4. Accounts receivable

	2021 \$	2020 \$
Goods and Services Tax receivable	41,666	33,714
Other	33	1,049
Allowance for doubtful accounts	—	(1,037)
	41,699	33,726

5. Due to Regional Municipality of Wood Buffalo

The amounts due to the Regional Municipality of Wood Buffalo ("RMWB") relate to payroll services provided by RMWB to the Library, which are non-interest bearing, are unsecured, and have no fixed term of payment (see Note 12).

6. Deferred revenue

Deferred revenue is comprised of operations, sponsorship and program contributions that relate to future years as follows:

	2021 \$	2020 \$
Operations	545,000	450,000
Sponsorship	130,057	60,057
Provincial Grant	12,682	—
Program and other	2,857	1,558
	690,596	511,615

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

7. Tangible capital assets

	Vehicles	Books	CDs, DVDs, and audio books	Radio frequency indicator	Furniture and equipment	Computer hardware	Computer software	Building improvements	Work in Progress	2021
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost										
Balance, beginning of year	157,031	2,532,444	1,178,068	200,899	1,708,939	650,119	45,918	438,487	25,203	6,937,108
Acquisition of tangible capital assets	—	132,143	61,564	—	—	86,064	—	—	86,456	366,227
Disposal of tangible capital assets	—	(93,806)	(90,659)	—	—	—	—	—	—	(184,465)
Balance, end of year	157,031	2,570,781	1,148,973	200,899	1,708,939	736,183	45,918	438,487	111,659	7,118,870
Accumulated amortization										
Balance, beginning of year	141,327	1,820,120	1,031,638	172,859	1,500,138	635,097	43,936	413,033	—	5,758,148
Annual amortization - net	15,704	167,206	100,106	11,216	43,308	19,436	1,982	7,930	—	366,888
Disposal - Accumulated amortization	—	(66,408)	(87,087)	—	—	—	—	—	—	(153,495)
Balance, end of year	157,031	1,920,918	1,044,657	184,075	1,543,446	654,533	45,918	420,963	—	5,971,541
2021 Net book value	—	649,863	104,316	16,824	165,493	81,650	—	17,524	111,659	1,147,329
2020 Net book value	15,704	712,324	146,430	28,040	208,801	15,022	1,982	25,454	25,203	1,178,960

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

8. Accumulated surplus

Accumulated surplus consists of unrestricted amounts, internally restricted reserves, and equity in tangible capital assets as follows:

	2020 \$	Deficit \$	Transfers \$	2021 \$
Operations	649,691	(244,821)	(200,611)	204,259
Internally restricted reserves (Note 9)	1,457,959	—	232,242	1,690,201
Invested in tangible capital assets	1,178,960	—	(31,631)	1,147,329
	3,286,610	(244,821)	—	3,041,789

9. Internally restricted reserves

	2021 \$	2020 \$
Operating reserves		
General operating reserve	522,000	522,000
Carry-forward project reserve	326,517	386,219
Total operating reserves	848,517	908,219
Capital reserves		
General capital reserve	841,683	303,711
IT capital reserve	—	246,029
Total capital reserves	841,683	549,740
Total reserves	1,690,201	1,457,959

10. Government transfers

	2021 \$	2020 \$
Regional Municipality of Wood Buffalo (Note 12)	3,782,480	4,232,480
Province of Alberta	706,610	710,022
Previously Deferred Government Transfers Recognized	450,000	-
Received Government Transfers Deferred	(557,682)	(450,000)
	4,381,408	4,492,502

The government transfers from the RMWB include \$3,782,480 (\$4,232,480 in 2020) received in the current year, and \$450,000 (nil in 2020) which was deferred from prior year. \$545,000 (\$450,000 in 2020) has been approved by the RMWB to be deferred for use for next year.

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

11. Financial instruments

The fair values of the Library's cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities, and due to RMWB 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.

12. Related party transactions

The Library and Regional Recreation Corporation of Wood Buffalo ("RRC") are related through common control by RMWB. During the year, the Library had the following transactions with RRC:

	2021	2020
	\$	\$
Rent (including janitorial, utilities, and internet)	636,000	609,500
Programs	2,000	9,333
Office and administration	1,273	36
Other	100	—
	639,373	618,869

During the year, RMWB provided the Library with postage services (office and administration) in the amount of \$598 (\$350 in 2020) and an operating grant (Note 10) for \$3,782,480 (\$4,232,480 in 2020).

These transactions are measured at the exchange amount, which is the amount established and agreed to by the related parties.

Certain other administrative and managerial activities including the provision of payroll services are performed by the management and staff of RMWB on behalf of the Library at no charge as the amounts are not readily determinable.

13. Non-monetary transactions

The Library was provided with advertising, broadcasting, and other services in exchange for sponsorship recognition. In 2021, non-monetary transactions in the statement of operations and accumulated surplus include \$33,930 of marketing and promotions expense and \$33,930 of donations and fundraising revenue (\$33,772 of advertising expense and \$33,772 of donations and fundraising revenue in 2020).

Regional Municipality of Wood Buffalo Library Board

Notes to the financial statements

December 31, 2021

14. Local authorities pension plan

Employees of the Library participate in the Local Authorities Pension Plan (LAPP) effective January 1, 2014, which is covered by the Alberta Public Sector Pension Plans Act.

The Library is required to make current service contributions to LAPP of 9.39% (9.39% in 2020) of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% (13.84% in 2020) for the excess. Employees of the Library are required to make current service contributions of 8.39% (8.39% in 2020) of pensionable salary up to the year's maximum pensionable salary and 12.84% (12.84% in 2020) on pensionable salary above this amount. Contributions for current service are recorded as expenditures in the year in which they become due.

Total current service contributions by the Library to LAPP are \$187,153 (\$192,035 in 2020). Total current service contributions by the employees of the Library to LAPP are \$168,774 (\$173,258 in 2020). These amounts are included in salaries and wages.

LAPP reported a surplus for the overall plan as at December 31, 2020, of \$4,961,337,000. Information as at December 31, 2021, is not available at the time of preparing these financial statements.

15. Economic dependence

The Library's primary source of funding for operations is RMWB. The Library's ability to continue viable operations is dependent on this funding.

16. Budget

The 2021 budget was approved by the Board of Directors on October 21, 2020. Budget amounts for 2021 were approved on amortized cost basis. Fair value changes were not budgeted.