

THE CITY OF AIRDRIE LIBRARY BOARD

Financial Statements

December 31, 2014

The City of Airdrie Library Board
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For the Year Ended December 31, 2014

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The City of Airdrie Library Board
Statement of Financial Position
As at December 31, 2014

	Operating Fund	Capital Fund	2014	2013
ASSETS				
Current				
Cash	\$ 405,748	\$ 137,638	\$ 543,386	\$ 589,665
Accounts receivable	8,174	-	8,174	12,059
	413,922	137,638	551,560	601,724
Capital (Note 3)	-	541,990	541,990	562,539
	\$ 413,922	\$ 679,628	\$ 1,093,550	\$ 1,164,263
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 91,983	-	\$ 91,983	\$ 96,308
Due to the City of Airdrie (Note 4)	70,490	-	70,490	222,816
Deferred revenue	55,743	-	55,743	33,314
	218,216	-	218,216	352,438
Fund balances				
Internally restricted (Note 5)	175,975	137,638	313,613	214,555
Invested in capital assets	-	541,990	541,990	562,539
Unrestricted	19,731	-	19,731	34,731
	195,706	679,628	875,334	811,825
	\$ 413,922	\$ 679,628	\$ 1,093,550	\$ 1,164,263

Commitments (Note 4)

Approved on behalf of the Board:

Director: _____

Director: _____

The City of Airdrie Library Board
Statement of Operations and Fund Balances
For the Year Ended December 31, 2014

	Operating Budget (unaudited)	Operating Fund	Capital Fund	2014	2013
Revenue					
Grants					
City of Airdrie: operating (Note 4)	\$ 1,422,429	\$ 1,422,429	\$ -	\$ 1,422,429	\$ 1,269,828
Alberta Library	217,030	217,030	-	217,030	217,030
Marigold Service	114,604	122,606	-	122,606	109,669
City of Airdrie: in-kind (Note 4)	35,000	35,000	-	35,000	35,000
County	20,792	16,912	-	16,912	20,768
Other	17,000	16,005	-	16,005	33,022
	1,826,855	1,829,982	-	1,829,982	1,685,317
Memberships	76,675	72,361	-	72,361	69,287
Fines	29,000	28,629	-	28,629	26,903
Other revenue	39,900	44,658	-	44,658	14,890
Interest and miscellaneous	24,425	24,067	-	24,067	20,615
Donations	31,199	11,463	-	11,463	14,722
Photocopy	8,575	10,090	-	10,090	8,109
Book sales	6,100	8,754	-	8,754	6,773
	2,042,729	2,030,004	-	2,030,004	1,846,616
Expenses					
Salaries and employee benefits	1,418,771	1,303,907	-	1,303,907	1,179,421
Building maintenance and rent (Note 4)	233,326	228,391	-	228,391	224,343
Marigold service fees	223,020	223,020	-	223,020	205,700
Amortization	-	-	67,521	67,521	76,546
Management fees	35,000	35,000	-	35,000	35,000
Materials	22,000	25,272	-	25,272	30,661
Office	23,130	24,144	-	24,144	22,441
Utilities	14,300	14,115	-	14,115	15,288
Advertising and promotion	12,066	11,956	-	11,956	10,699
Training and travel	10,690	8,988	-	8,988	12,222
Program	6,291	8,549	-	8,549	6,769
Professional fees	8,300	7,700	-	7,700	7,700
IT and system support	5,935	3,318	-	3,318	17,632
Insurance	2,250	2,340	-	2,340	2,141
Bank charges	2,600	2,274	-	2,274	2,525
Facility Expansion Committee	1,850	-	-	-	30,291
	2,019,529	1,898,974	67,521	1,966,495	1,879,379
Excess (deficiency) of revenue over expenses	23,200	131,030	(67,521)	63,509	(32,763)
Fund balances - beginning of year	125,725	153,677	658,148	811,825	844,588
Interfund transfer	-	(89,001)	89,001	-	-
Fund balances - end of year	\$ 148,925	\$ 195,706	\$ 679,628	\$ 875,334	\$ 811,825

The City of Airdrie Library Board
Statement of Cash Flows
For the Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 63,509	\$ (32,763)
Non-cash transactions		
Amortization	67,521	76,546
Changes in non-cash working capital		
Accounts receivable	3,885	(1,715)
Accounts payable and accrued liabilities	(4,325)	34,962
Due to the City of Airdrie	(152,326)	137,085
Deferred revenue	22,429	(11,906)
	<u>693</u>	<u>202,209</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(46,972)</u>	<u>(4,089)</u>
(Decrease) increase in cash	(46,279)	198,120
Cash, beginning of the year	<u>589,665</u>	<u>391,545</u>
Cash, end of the year	<u>\$ 543,386</u>	<u>\$ 589,665</u>

The City of Airdrie Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

1. NATURE OF THE ORGANIZATION

The City of Airdrie Library Board (the "Library") was established through a bylaw of the City of Airdrie and is constituted under The Libraries Act (2000) of The Province of Alberta (the "Province"). The Library, as a registered charity, is exempt from income tax and may issue receipts to donors for tax-deductible donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards (PSAS), including accounting standards that apply to government not-for-profit organizations, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial statement presentation

The Library follows the PSA Handbook Section PS 1201 "Financial Statement Presentation", which includes a statement of re-measurement gains and losses. This statement reports amounts reclassified to the statement of operations upon de-recognition or settlement and other comprehensive income reported when an entity includes the result of its government business enterprises and government business partnerships in the summary of financial statements. There were no amounts to report on the statement of re-measurement gains and losses, and as a result this statement has not been included.

Fund balances

The Operating Fund reports the Library's operating and membership activities. The Capital Fund reports the assets, liabilities, revenue and expenses related to the funding of capital acquisitions and the development of the new library building.

Revenue recognition

The Library follows the restricted fund method of accounting for contributions.

Restricted contributions related to capital are reported as revenue of the Capital Fund when received. Other restricted contributions related to general operations are reported as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund when the amount received or receivable can be reasonably estimated and collection is reasonably assured.

Membership revenue is recorded over the period of the membership. Fines, interest and miscellaneous, other revenue, donations, photocopy and book sales revenue is recognized as revenue when received.

Donated materials and services

Donated materials and services are not given accounting recognition in these financial statements when fair market value is not easily determined.

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The City of Airdrie Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (.../Continued)

Use of estimates

The preparation of financial statements in accordance with 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 reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

Estimates are used primarily in the determination of the collectability of accounts receivable. The provisions against those balances are primarily assessed on historical collectability of the accounts with specific provisions for large outstanding balances deemed potentially uncollectible.

Cash

Cash represents cash in bank and on hand.

Capital assets

Capital assets are stated at cost less accumulated amortization, which includes all amounts that are directly attributable to the acquisition, construction, development and betterment of the asset. Amortization is provided for on a straight-line basis at the following rates:

Leasehold improvements	20 years
Furniture and fixtures	10 years
Computer equipment	3 years

Amortization is charged monthly in the year of acquisition as well as the year of disposal.

The Library reviews long-lived assets for impairment whenever events or changes in circumstance indicate that the asset no longer has long-term service potential to the Library. When the carrying amount exceeds the fair value of the capital asset, an impairment loss is recognized in an amount equal to the excess. Such impairments are not reversed.

Employee benefit plan

Employees of the Library are eligible for the Local Authorities Pension Plan ("LAPP"), which is covered by the Public Sector Pensions Plan Act. LAPP serves about 230,534 people and 418 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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

The Library is required to make current service contributions to LAPP of 11.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 15.84% on pensionable salary above this amount.

Total current and past service contributions by the Library to LAPP in 2014 were \$80,340 (2013: \$68,807). Total current and past service contributions by the employees of the Library to LAPP in 2014 were \$73,674 (2013: \$62,535).

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The City of Airdrie Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (.../Continued)

Financial instruments

Financial assets and liabilities are recognized when the Library becomes a party to a financial instrument contract. The change in fair value of the items is recognized in the statement of re-measurement gains and losses until settlement. There were no changes in fair value of the Library's financial instruments, and as a result the statement of re-measurement gains and losses has not been included.

The Library's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to the City of Airdrie.

The fair value of all financial instruments approximates their carrying values due to their short-term maturity.

The Library is not exposed to significant credit, liquidity, currency or interest rate risks.

3. CAPITAL ASSETS

Capital assets consist of the following:

	2014		
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 805,406	\$ 379,064	\$ 426,342
Furniture and fixtures	174,593	81,919	92,674
Computer equipment	208,918	185,944	22,974
	\$ 1,188,917	\$ 646,927	\$ 541,990

	2013		
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 804,726	\$ 338,804	\$ 465,922
Furniture and fixtures	150,969	65,755	85,214
Computer equipment	186,250	174,847	11,403
	\$ 1,141,945	\$ 579,406	\$ 562,539

4. RELATED PARTY TRANSACTIONS AND BALANCES

Grants

During 2014, the City of Airdrie provided \$1,422,429 (2013: \$1,269,828) in funding to partially cover operating costs of the Library. In addition, grants in-kind of \$35,000 (2013: \$35,000) were also provided. Seventy-two percent of the Library's operating revenue is received from the City of Airdrie (2013: seventy-one percent).

Due to the City of Airdrie

The balance due to the City of Airdrie of \$70,490 (2013: \$222,816) is non-interest bearing, repayable on demand and unsecured.

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The City of Airdrie Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2014

4. RELATED PARTY TRANSACTIONS AND BALANCES (.../Continued)

Airdrie Mainstreet Square Real Estate Inc.

Both the Library and Airdrie Mainstreet Square Real Estate Inc. ("Mainstreet Square") are controlled by the City of Airdrie and are therefore related parties.

Transactions between the Library and Mainstreet Square are at fair market value and accordingly have been measured and recorded at the exchange amount.

The following summarizes the Library's related party transactions with Mainstreet Square:

	2014	2013
Payment to Mainstreet Square for the Library's share of common costs	\$ 53,721	\$ 52,348
Rent paid to Mainstreet Square	135,624	135,624
Amounts receivable from Mainstreet Square	4,081	3,947

Commitments

The Library signed a ten year lease in 2006 with Mainstreet Square with a five year option to renew. Rent is payable on a rate per square foot plus a proportionate share of common costs of the complex. Known rent commitments for the remainder of the lease are as follows:

2015	\$	135,624
2016		135,624

5. INTERNALLY RESTRICTED FUND BALANCES

Operating fund

During the year, the Board of Directors internally restricted \$15,000 (2013: \$9,839) to cover future expenses relating to the 2015 Fund Development Consultant.

A minimum reserve of 50% (2013: 50%) of the current year's unrestricted fund balance of \$84,058 (2013: \$23,486) is internally restricted in the operating fund by the Board of Directors as a future operational reserve. In 2014, this amounted to \$42,029 (2013: \$11,743).

Capital fund

During the year, \$46,972 (2013: \$4,088) was transferred from the operating fund to the capital fund to support capital expenditures. This amount is held in the invested in capital assets fund balance.

A minimum reserve of 50% (2013: 50%) of the current year's unrestricted fund balance of \$84,058 (2013: \$23,486) is internally restricted in the capital fund by the Board of Directors as a future capital reserve. In 2014, this amounted to \$42,029 (2013: \$11,743).
