

PARKLAND REGIONAL LIBRARY

**Financial Statements and
Auditors' Report**

December 31, 2004

AUDITORS' REPORT

To the Members of the Board Parkland Regional Library

We have audited the statement of financial position of Parkland Regional Library as at December 31, 2004 and the statements of operations, changes in fund balances and cash flows for the year then ended. These financial statements are the responsibility of the library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by the library's management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the library as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Collins Barrow Red Deer LLP

Red Deer, Alberta
January 27, 2005

CHARTERED ACCOUNTANTS



PARKLAND REGIONAL LIBRARY
Financial Statements
December 31, 2004

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PARKLAND REGIONAL LIBRARY**Statement of Financial Position**

December 31, 2004

			2004	2003
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and marketable securities	\$ 575,524	-	575,524	572,199
Accounts receivable	18,286	-	18,286	41,003
Inventory	23,932	-	23,932	26,082
Prepaid expenses	<u>17,829</u>	<u>-</u>	<u>17,829</u>	<u>28,221</u>
	635,571	-	635,571	667,505
Prepaid equipment purchase	-	20,540	20,540	-
Long-term investments (note 4)	125,069	246,569	371,638	358,026
Property, plant and equipment (note 5)	<u>-</u>	<u>1,000,951</u>	<u>1,000,951</u>	<u>1,076,378</u>
	<u>\$ 760,640</u>	<u>1,268,060</u>	<u>2,028,700</u>	<u>2,101,909</u>
LIABILITIES				
Current liabilities				
Accounts payable and accruals	\$ 57,892	-	57,892	40,706
Deferred revenue	40,354	-	40,354	131,253
Book allotment	<u>138,462</u>	<u>-</u>	<u>138,462</u>	<u>124,854</u>
	<u>236,708</u>	<u>-</u>	<u>236,708</u>	<u>296,813</u>
FUND BALANCES				
Unrestricted operational fund	150,000	-	150,000	188,006
Invested in property, plant and equipment	-	1,021,491	1,021,491	1,076,379
Reserves (note 6)	<u>373,932</u>	<u>246,569</u>	<u>620,501</u>	<u>540,711</u>
	<u>523,932</u>	<u>1,268,060</u>	<u>1,791,992</u>	<u>1,805,096</u>
	<u>\$ 760,640</u>	<u>1,268,060</u>	<u>2,028,700</u>	<u>2,101,909</u>

Approved by Library Board

Chairman_____
Director

PARKLAND REGIONAL LIBRARY**Statement of Operations**

Year Ended December 31, 2004

			2004	2003
	<u>General</u>	<u>Capital</u>	<u>Total</u>	<u>Total</u>
	<u>Fund</u>	<u>Fund</u>		
Revenues				
Member fees	\$ 816,177	-	816,177	786,398
Provincial library grant	584,008	-	584,008	619,809
School contracts	351,095	-	351,095	262,730
Library services grant	325,727	-	325,727	324,234
ALPEN - CAP grant	198,705	33,680	232,385	190,563
Book and supply sales	107,196	-	107,196	69,105
Media collection fees	98,692	-	98,692	111,372
Provincial establishment grant	33,438	-	33,438	20,335
Interest	31,446	-	31,446	28,459
ICC contract	30,400	-	30,400	30,400
Rental	29,505	-	29,505	28,835
Miscellaneous and donations	14,310	-	14,310	16,027
Grants	7,798	-	7,798	34,713
Workshop registrations	1,140	-	1,140	1,225
Gain on sale of investments	-	-	-	8,402
Non-member fees	-	-	-	30
	<u>2,629,637</u>	<u>33,680</u>	<u>2,663,317</u>	<u>2,532,637</u>
Expenses				
Salaries and benefits	988,558	-	988,558	936,999
Library materials	616,784	-	616,784	513,351
Library services grant reimbursement	325,727	-	325,727	323,616
ALPEN - CAP grant	171,496	-	171,496	186,566
Book and supply purchases	104,810	-	104,810	67,035
Administration	66,247	-	66,247	74,058
Computer systems	59,097	-	59,097	39,791
Supplies and stationery	33,799	-	33,799	27,050
Red Deer College contract	31,175	-	31,175	33,596
Audit	21,357	-	21,357	27,464
Travel	20,881	-	20,881	21,496
Trustee expenses	17,484	-	17,484	22,763
Miscellaneous	12,309	-	12,309	1,825
Continuing education	11,486	-	11,486	9,483
Automotive	10,618	-	10,618	8,165
Freight	9,272	-	9,272	7,822
Dues and fees	8,468	-	8,468	8,372
Insurance	8,271	-	8,271	7,948
Repairs and maintenance	8,013	-	8,013	10,691
Workshops	3,457	-	3,457	4,005
Media catalogue	1,457	-	1,457	6,186
Amortization	-	144,662	144,662	167,976
Loss on disposal of property, plant and equipment	-	<u>995</u>	<u>995</u>	<u>4,017</u>
	<u>2,530,766</u>	<u>145,657</u>	<u>2,676,423</u>	<u>2,510,275</u>
Excess (deficiency) of revenues over expenses	\$ <u>98,871</u>	<u>(111,977)</u>	<u>(13,106)</u>	<u>22,362</u>

PARKLAND REGIONAL LIBRARY
Statement of Changes in Fund Balances
Year Ended December 31, 2004

				2004	2003
	<u>General</u>	<u>Capital</u>	<u>Total</u>		
Excess (deficiency) of revenues over expenses	\$ 98,871	(111,977)	(13,106)	22,362	
Net transfers (to) from reserves (note 6)	(21,927)	(57,862)	(79,789)	(93,653)	
Interfund transfers	<u>(114,950)</u>	<u>114,950</u>	<u>-</u>	<u>-</u>	
Net change in fund balances	(38,006)	(54,889)	(92,895)	(71,291)	
Fund balances, beginning of year	<u>188,006</u>	<u>1,076,380</u>	<u>1,264,386</u>	<u>1,335,677</u>	
Fund balances, end of year	\$ <u>150,000</u>	<u>1,021,491</u>	<u>1,171,491</u>	<u>1,264,386</u>	

PARKLAND REGIONAL LIBRARY

Statement of Cash Flows

Year Ended December 31, 2004

	2004	2003	2004	2003
	<u>Operating General Fund</u>		<u>Financing and Investing Capital Fund</u>	
Cash Provided By				
Provincial and other grants	\$ 1,071,196	1,258,573	33,680	-
Membership fees/contracts/sales	1,429,310	1,252,650	-	-
Rental income	29,505	28,835	-	-
Investment income	31,446	28,459	-	-
Long-term investments	44,250	-	-	23,345
Proceeds on disposal of property, plant and equipment	<u>-</u>	<u>-</u>	<u>187</u>	<u>12,200</u>
	<u>2,605,707</u>	<u>2,568,517</u>	<u>33,867</u>	<u>35,545</u>
Cash Used For				
Salaries and benefits	988,558	936,999	-	-
Grant reimbursements	325,727	323,616	-	-
Materials and services	1,173,147	1,173,097	-	-
Long-term investments	-	34,696	57,859	-
Purchase of property, plant and equipment	<u>-</u>	<u>-</u>	<u>90,958</u>	<u>92,170</u>
	<u>2,487,432</u>	<u>2,468,408</u>	<u>148,817</u>	<u>92,170</u>
Net increase (decrease) in cash and marketable securities	118,275	100,109	(114,950)	(56,625)
Cash and marketable securities, beginning of year	572,199	528,715	-	-
Interfund adjustments	<u>(114,950)</u>	<u>(56,625)</u>	<u>114,950</u>	<u>56,625</u>
Cash and marketable securities, end of year	\$ <u><u>575,524</u></u>	<u><u>572,199</u></u>	<u><u>-</u></u>	<u><u>-</u></u>

PARKLAND REGIONAL LIBRARY

Notes to the Financial Statements

December 31, 2004

1. Nature of Activities

The Parkland Regional Library is an independent body established under the Alberta Libraries Act for the purpose of providing a variety of support services for the public and school libraries of rural Central Alberta.

2. Significant Accounting Policies

Fund accounting

Parkland Regional Library follows the restricted fund method of accounting for contributions.

The General Fund accounts for the organization's program delivery and administrative activities. This fund reports unrestricted resources and restricted operating grants.

The Capital Fund reports the assets, liabilities, revenues and expenses related to Parkland Regional Library's capital assets.

Measurement uncertainty

The preparation of financial statements in accordance with Canadian generally accepted accounting principles required management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Actual results may differ from management's best estimates as additional information becomes available in the future.

Impairment of long-lived assets

The organization reviews property, plant and equipment for impairment whenever events or circumstances arise that indicate that the carrying amount may not be recoverable. Recoverability is assessed by comparing the carrying amount of the asset or group of assets to its fair value, as determined by the undiscounted future cash flows the long-lived assets are expected to generate. An impairment loss is recognized in the period where the carrying amount exceeds the fair value.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and short-term deposits with a maturity of three months or less at acquisition.

Inventory

Inventory is recorded at the lesser of specified cost and net realizable value.

PARKLAND REGIONAL LIBRARY

Notes to the Financial Statements

December 31, 2004

2. Significant Accounting Policies (Continued)

Investments

Investments are recorded at the lower of cost and market value if the decline in value is considered permanent.

Property, plant and equipment

Property, plant and equipment are recorded at cost, except for donated assets, which are recorded at estimated fair value when acquired. Government contributions for the acquisition of property, plant and equipment are recorded as capital revenue and do not reduce the related property, plant and equipment costs.

Amortization expense is reported in the Capital Fund. Amortization is provided using the declining balance method at the following annual rates:

Building	4%
Equipment, furniture and fixtures	20%
Computer equipment and systems	30%
Automotive	30%

Revenue recognition

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Reserves for future expenditures

Reserves are determined at the discretion of the board to set aside funds for future operating and capital expenditures. Transfers to and/or from reserves are reflected as an adjustment to the operating fund and/or capital fund equity.

PARKLAND REGIONAL LIBRARY

Notes to the Financial Statements

December 31, 2004

2. Significant Accounting Policies (Continued)

Financial instruments

The library's financial instruments consist of cash and marketable securities, accounts receivable, long-term investments, accounts payable and accruals, and book allotment. The fair values of these financial instruments approximates their carrying value unless otherwise noted.

It is management's opinion that the library is not exposed to significant price, credit, liquidity or cash flow risks arising from these financial instruments except as follows:

The organization is exposed to interest rate price risk as it has purchased marketable securities and coupons which are included in long-term investments which bear interest at fixed interest rates.

The organization is exposed to credit risk as it has purchased bonds which are included in the long-term investments. The risk is mitigated by the fact that the bonds are from the federal or provincial government.

The organization is exposed to credit risk as it grants credit to members in the normal course of operations.

The organization is exposed to market price risk as the common shares and foreign securities are traded in the market.

3. Change in Accounting Policy

Effective January 1, 2004, the organization has adopted CICA Handbook Section 3063, "Impairment of Long-lived Assets" on a prospective basis. This section amends existing guidance on long-lived assets impairment measurement and establishes standards for the recognition, measurement and disclosure of the impairment of long-lived assets held for use by the organization. It requires that an impairment loss be recognized when the carrying amount of a long-lived asset exceeds the sum of the undiscounted cash flows expected from its use and eventual disposition. The amount of the impairment loss is the amount by which the carrying value exceeds the fair value.

There were no conditions in the current year that indicated that the carrying value of long-lived assets exceeded their fair value. The adoption of CICA 3063 had no effect on the Organization's financial position for the year ended December 31, 2004.

PARKLAND REGIONAL LIBRARY
Notes to the Financial Statements
December 31, 2004

4. Long-Term Investments	2004	2003
Coupons, at cost (market value - \$ 210,858)	\$ 207,648	199,009
Common shares, at cost (market value - \$78,578)	66,627	65,717
Mutual funds, at cost (market - \$ 72,858)	68,151	64,821
Foreign securities, at cost (market value - \$28,834)	<u>29,212</u>	<u>28,479</u>
	<u>\$ 371,638</u>	<u>358,026</u>

5. Property, Plant and Equipment			2004	2003
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Building	\$ 1,327,366	607,993	719,373	740,900
Furniture and fixtures	148,845	132,364	16,481	17,823
Equipment	71,281	54,231	17,050	19,534
Computer equipment	1,024,659	789,621	235,038	279,538
Automotive	<u>27,304</u>	<u>14,295</u>	<u>13,009</u>	<u>18,583</u>
	<u>\$ 2,599,455</u>	<u>1,598,504</u>	<u>1,000,951</u>	<u>1,076,378</u>

PARKLAND REGIONAL LIBRARY

Notes to the Financial Statements

December 31, 2004

6. Reserves

Reserves for operating and capital activities changed as follows:

	<u>Beginning Balance</u>	<u>Increase (Decrease)</u>	<u>Ending Balance</u>
Operating reserves			
Contingent liability	\$ 50,000	-	50,000
Building replacement	117,768	839	118,607
Surplus	88,121	(7,538)	80,583
Staffing contingency	23,537	-	23,537
Utilities contingency	34,779	-	34,779
GST contingency	<u>37,800</u>	<u>28,626</u>	<u>66,426</u>
	<u>352,005</u>	<u>21,927</u>	<u>373,932</u>
Capital reserves			
Computer	145,068	30,532	175,600
Vehicle	9,469	5,000	14,469
Equipment/furnishings replacement	<u>34,170</u>	<u>22,330</u>	<u>56,500</u>
	<u>188,707</u>	<u>57,862</u>	<u>246,569</u>
	<u>\$ 540,712</u>	<u>79,789</u>	<u>620,501</u>

7. Employee Future Benefits

The library participates in a defined contribution plan through the Local Authorities Pension Plan. Pension expense for the current year was \$ 52,299 (2003 - \$ 37,285).