

PARKLAND REGIONAL LIBRARY

**Financial Statements and
Auditors' Report**

December 31, 2006



Collins Barrow

Chartered Accountants & Consultants

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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, 2006 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, 2006 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
February 2, 2007

CHARTERED ACCOUNTANTS



PARKLAND REGIONAL LIBRARY
Financial Statements
December 31, 2006

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PARKLAND REGIONAL LIBRARY
Statement of Financial Position
December 31, 2006

			2006	2005
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
ASSETS				
Current assets				
Cash and marketable securities	\$ 716,299	-	716,299	501,508
Accounts receivable	22,136	-	22,136	29,126
Grant receivable	87,523	-	87,523	74,050
Inventory	23,092	-	23,092	20,463
Prepaid expenses	<u>20,689</u>	<u>-</u>	<u>20,689</u>	<u>29,621</u>
	869,739	-	869,739	654,768
Long-term investments (note 4)	5,602	489,280	494,882	468,769
Capital assets (note 5)	<u>-</u>	<u>991,211</u>	<u>991,211</u>	<u>993,695</u>
	<u>\$ 875,341</u>	<u>1,480,491</u>	<u>2,355,832</u>	<u>2,117,232</u>
LIABILITIES				
Current liabilities				
Accounts payable and accruals	\$ 86,653	-	86,653	59,820
Deferred revenue	99,800	-	99,800	50,894
Book allotment	<u>197,464</u>	<u>-</u>	<u>197,464</u>	<u>179,685</u>
	<u>383,917</u>	<u>-</u>	<u>383,917</u>	<u>290,399</u>
FUND BALANCES				
Unrestricted operational fund	150,000	-	150,000	150,000
Invested in capital assets	-	991,211	991,211	993,695
Reserves (note 6)	<u>341,424</u>	<u>489,280</u>	<u>830,704</u>	<u>683,138</u>
	<u>491,424</u>	<u>1,480,491</u>	<u>1,971,915</u>	<u>1,826,833</u>
	<u>\$ 875,341</u>	<u>1,480,491</u>	<u>2,355,832</u>	<u>2,117,232</u>

Approved by Library Board

Chairman

Director

PARKLAND REGIONAL LIBRARY

Statement of Changes in Fund Balances

Year Ended December 31, 2006

			2006	2005
	<u>General Fund</u>	<u>Capital Asset Fund</u>	<u>Total</u>	<u>Total</u>
Excess (deficiency) of revenues over expenses	\$ 302,221	(157,139)	145,082	34,841
Net transfers (to) from reserves (note 6)	(15,376)	(132,190)	(147,566)	(62,637)
Interfund transfers	<u>(286,845)</u>	<u>286,845</u>	<u>-</u>	<u>-</u>
Net change in fund balances	-	(2,484)	(2,484)	(27,796)
Balances, beginning of year	<u>150,000</u>	<u>993,695</u>	<u>1,143,695</u>	<u>1,171,491</u>
Balances, end of year	<u>\$ 150,000</u>	<u>991,211</u>	<u>1,141,211</u>	<u>1,143,695</u>

PARKLAND REGIONAL LIBRARY

Statement of Operations

Year Ended December 31, 2006

			2006	2005
	<u>General Fund</u>	<u>Capital Fund</u>	<u>Total</u>	<u>Total</u>
Revenues				
Member fees	\$1,008,985	-	1,008,985	983,166
Provincial grants	651,125	-	651,125	619,888
Library services grant	325,598	-	325,598	325,598
School contracts	260,023	-	260,023	245,694
Book and supply sales	216,039	-	216,039	157,126
Special library services grant	215,585	-	215,585	-
Investment income	70,807	-	70,807	44,949
Media collection fees	65,256	-	65,256	64,660
ALPEN - CAP grants	58,360	-	58,360	233,566
ICC contract	46,521	-	46,521	34,121
Internet fees	7,221	-	7,221	-
School Horizon maintenance fees	4,700	-	4,700	3,600
Miscellaneous and donations	2,937	-	2,937	9,101
Workshop registrations	2,564	-	2,564	1,545
Rental	2,452	-	2,452	5,979
	<u>2,938,173</u>	<u>-</u>	<u>2,938,173</u>	<u>2,728,993</u>
Expenses				
Salaries and benefits	1,136,322	-	1,136,322	1,031,071
Library materials	527,731	-	527,731	489,601
Library services grant reimbursement	325,598	-	325,598	325,581
Book and supply purchases	211,224	-	211,224	153,364
RDC reference service	75,615	-	75,615	32,570
Administration	70,493	-	70,493	65,192
Computer systems	67,580	-	67,580	56,796
Supplies and stationery	35,341	-	35,341	33,952
Provincial grants	29,000	-	29,000	20,584
Automotive	24,316	-	24,316	15,066
Trustee	20,803	-	20,803	18,096
Travel	19,134	-	19,134	11,735
ALPEN - CAP grants	17,694	-	17,694	210,926
Repairs and maintenance - building	15,019	-	15,019	14,101
Continuing education	13,939	-	13,939	13,967
Insurance	9,116	-	9,116	8,545
Audit	8,550	-	8,550	7,513
Dues, fees and memberships	8,325	-	8,325	8,263
Freight	6,243	-	6,243	8,686
Investment fees	5,133	-	5,133	2,776
Workshops	4,807	-	4,807	4,546
Legal and GST Audit	3,265	-	3,265	15,714
Miscellaneous	400	-	400	618
Media catalogue	304	-	304	7,119
Amortization	-	143,427	143,427	136,640
Loss on disposal of capital assets	-	13,712	13,712	1,130
	<u>2,635,952</u>	<u>157,139</u>	<u>2,793,091</u>	<u>2,694,152</u>
Excess (deficiency) of revenues over expenses	<u>\$ 302,221</u>	<u>(157,139)</u>	<u>145,082</u>	<u>34,841</u>

PARKLAND REGIONAL LIBRARY

Statement of Cash Flows

Year Ended December 31, 2006

	2006	2005	2006	2005
	<u>Operating General Fund</u>		<u>Financing and Investing Capital Fund</u>	
Cash Provided By				
Membership fees, contracts, sales	\$ 1,621,166	1,484,729	-	-
Provincial and other grants	1,286,174	1,117,784	-	1,199
Long-term investments	263,210	13,390	-	-
Investment income	70,807	44,949	-	-
Rental income	2,452	5,979	-	-
Proceeds on disposal of capital assets	-	-	100	211
	<u>3,243,809</u>	<u>2,666,831</u>	<u>100</u>	<u>1,410</u>
Cash Used For				
Materials and services	1,329,706	1,144,316	-	-
Salaries and benefits	1,057,869	1,031,071	-	-
Grant reimbursements	354,598	346,165	-	-
Purchase of capital assets	-	-	154,752	110,183
Long-term investments	-	-	132,193	110,522
	<u>2,742,173</u>	<u>2,521,552</u>	<u>286,945</u>	<u>220,705</u>
Net increase (decrease) in cash and marketable securities	501,636	145,279	(286,845)	(219,295)
Cash and marketable securities, beginning of year	501,508	575,524	-	-
Interfund adjustments	<u>(286,845)</u>	<u>(219,295)</u>	<u>286,845</u>	<u>219,295</u>
Cash and marketable securities, end of year	\$ <u>716,299</u>	<u>501,508</u>	<u>-</u>	<u>-</u>
Cash and marketable securities consists of:				
Guaranteed Investment Certificates		\$ 554,820		375,000
Cash		<u>161,479</u>		<u>126,508</u>
		<u>\$ 716,299</u>		<u>501,508</u>

PARKLAND REGIONAL LIBRARY

Notes to the Financial Statements

December 31, 2006

1. Nature of Activities

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.

The Library is exempt from tax under Section 149(1)(l) of the Income Tax Act.

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 requires 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. Significant areas requiring the use of estimates include: allowance for doubtful accounts, estimated useful lives of capital assets, impairment of long-lived assets, fair value of financial instruments, inventory obsolescence, inventory valuation and employee future benefits. Actual results may differ from management's best estimates as additional information becomes available in the future.

Cash and cash equivalents

Cash and cash equivalents include cash on deposit and guaranteed investment certificates with a maturity of twelve months or less at acquisition.

Inventory

Inventory is recorded at the lower of cost and net realizable value. Cost is valued at the last invoice price net of freight.

Investments

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

2. Significant Accounting Policies (Continued)

Capital assets

Capital assets are recorded at cost, except for donated assets, which are recorded at estimated fair value when acquired. Government contributions for the acquisition of capital assets are recorded as capital revenue and do not reduce the related capital asset 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 General Fund and/or Capital Fund equity.

3. Cash and Marketable Securities

Included in cash and marketable securities are guaranteed investment certificates that bear interest at 4.25% and have maturity dates between January and November, 2007.

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Notes to the Financial Statements

December 31, 2006

4. Long-Term Investments	2006	2005
Coupons, at cost (market value - \$ 283,465)	\$ 284,579	271,749
Common shares, at cost (market value - \$253,625)	203,184	188,430
Foreign securities, at cost (market value - \$7,849)	<u>7,119</u>	<u>8,590</u>
	<u>\$ 494,882</u>	<u>468,769</u>

Coupons bear interest at rates ranging from 3% to 5%, and have maturity dates ranging between December, 2007 and December, 2015.

5. Capital Assets			2006	2005
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net</u>	<u>Net</u>
Building	\$ 1,372,976	666,765	706,211	724,209
Computer equipment & systems	1,052,086	849,358	202,728	194,605
Furniture and fixtures	139,501	121,237	18,264	18,727
Equipment	77,602	50,273	27,329	31,838
Automotive	<u>77,115</u>	<u>40,436</u>	<u>36,679</u>	<u>24,316</u>
	<u>\$ 2,719,280</u>	<u>1,728,069</u>	<u>991,211</u>	<u>993,695</u>

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Notes to the Financial Statements

December 31, 2006

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
Operating emergency	58,316	24,697	83,013
Building replacement	118,607	6,393	125,000
Surplus	74,428	8,983	83,411
GST contingency	<u>24,697</u>	<u>(24,697)</u>	<u>-</u>
	<u>326,048</u>	<u>15,376</u>	<u>341,424</u>
Capital reserves			
Computer equipment	276,122	110,590	386,712
Automotive	24,468	15,000	39,468
Equipment/furnishings replacement	<u>56,500</u>	<u>6,600</u>	<u>63,100</u>
	<u>357,090</u>	<u>132,190</u>	<u>489,280</u>
	<u>\$ 683,138</u>	<u>147,566</u>	<u>830,704</u>

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December 31, 2006

7. Financial Instruments

The library's financial instruments consist of cash and marketable securities, accounts receivable, grants receivable, long-term investments, accounts payable and accruals, and book allotment. The fair value of these financial instruments approximates their carrying value, unless otherwise noted. It is management's opinion that the company is not exposed to significant interest, currency or credit risks arising from these financial instruments except as follows:

Interest rate risk

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.

Credit risk

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

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.

Market risk

The organization is exposed to market price risk as the common shares and foreign securities included in long-term investments, which are traded in the market.

Fair value

The carrying value of cash and marketable securities, accounts receivable, long-term investments, accounts payable and accruals, and book allotment, approximate their fair value due to the immediate or short-term maturity of these instruments.

8. Employee Future Benefits

The library participates in a defined contribution plan through the Local Authorities Pension Plan. Pension expense for the current year was \$ 54,342 (2005 - \$49,777).

9. Comparative Amounts

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.