
Financial statements of
Burlington Public Library Board

December 31, 2021

Draft

Independent Auditor's Report	1-2
Statement of operations	3
Statement of change in net financial assets	4
Statement of financial position	5
Statement of cash flows	6
Notes to the financial statements	7-13

Independent Auditor's Report

To the Members of Burlington Public
Library Board and Members of Council
of the Corporation of the City of Burlington

We have audited the financial statements of Burlington Public Library Board (the "Board"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations, change 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 Board as at December 31, 2021, and the results of its operations and its 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 ("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 Board 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 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board 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.

Chartered Professional Accountants
Licensed Public Accountants
[DATE]

Burlington Public Library Board**Statement of operations**

Year ended December 31, 2021

	2021	2021	2020
	Budget	Actual	Actual
	\$	\$	\$
	(Note 7)		
Revenue			
Municipal contribution	11,873,663	11,873,663	11,640,867
Province of Ontario grants	229,403	229,403	229,403
Fines	—	—	21,235
Photocopier and printer	26,497	15,822	16,454
Sundry	54,903	45,451	37,235
Grants and donations	—	39,104	12,914
Interest earned in reserves	—	61,733	51,513
	12,184,466	12,265,176	12,009,621
Expenses			
Employment costs	8,836,131	7,613,495	7,926,722
Amortization	1,379,569	1,379,569	1,393,870
Library materials and processing	637,000	654,867	714,396
Operating costs	329,615	299,974	300,468
Building costs	869,394	847,206	827,776
Automated systems	434,635	434,805	384,011
	12,486,344	11,229,916	11,547,243
Annual (deficit) surplus	(301,878)	1,035,260	462,378
Accumulated surplus, beginning of year	8,965,502	8,965,502	8,503,124
Accumulated surplus, end of year	8,663,624	10,000,762	8,965,502

Burlington Public Library Board
Statement of change in net financial assets
Year ended December 31, 2021

	Notes	2021 Budget \$	2021 Actual \$	2020 Actual \$
Annual (deficit) surplus		(301,878)	1,035,260	462,378
Acquisition of tangible capital assets	9	(520,000)	(1,019,909)	(1,052,711)
Amortization of tangible capital assets	9	1,379,569	1,379,569	1,393,870
		859,569	359,660	341,159
Acquisition of prepaid expenses		—	(436,444)	(432,089)
Use of prepaid expenses		—	432,089	380,184
		—	(4,355)	(51,905)
Change in net financial assets		557,691	1,390,565	751,632
Net financial assets, beginning of the year		3,157,465	3,157,465	2,405,833
Net financial assets, end of the year		3,715,156	4,548,030	3,157,465

The accompanying notes are an integral part of the financial statements

Burlington Public Library Board**Statement of financial position**

As at December 31, 2021

	Notes	2021	2020
		\$	\$
Assets			
Cash		1,253,229	942,406
Accounts receivable		163,908	164,693
Due from City of Burlington		3,749,166	3,026,089
		5,166,303	4,133,188
Liabilities			
Accounts payable and accrued liabilities		397,910	919,331
Deferred revenue	4	220,363	56,392
		618,273	975,723
Net financial assets		4,548,030	3,157,465
Commitments	6		
Non-financial assets			
Prepaid expenses		436,444	432,089
Tangible capital assets	9	5,016,288	5,375,948
		5,452,732	5,808,037
Accumulated surplus	10	10,000,762	8,965,502

The accompanying notes are an integral part of the financial statements

On behalf of the Board

_____, Board Chair

_____, Management

Burlington Public Library Board**Statement of cash flows**

Year ended December 31, 2021

	Notes	2021	2020
		\$	\$
Operating transactions			
Annual surplus		1,035,260	462,378
Items not involving cash			
Amortization	9	1,379,569	1,393,870
Change in non-cash working capital balances			
Decrease (increase) in accounts receivable		785	(20,780)
Increase in due from City of Burlington		(723,077)	(397,261)
Increase in prepaid expenses		(4,355)	(51,905)
(Decrease) increase in accounts payable and accrued liabilities		(521,421)	569,008
Increase in deferred revenue	4	163,971	13,876
		1,330,732	1,969,186
Capital transaction			
Acquisition of tangible capital assets	9	(1,019,909)	(1,052,711)
Net change in cash		310,823	916,475
Cash, beginning of year		942,406	25,931
Cash, end of year		1,253,229	942,406

The accompanying notes are an integral part of the financial statements

1. Summary of significant accounting policies

Basis of accounting

The financial statements of the Burlington Public Library Board (the "Board") are prepared in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Revenue recognition

Revenues are reported on the accrual basis of accounting which recognizes revenues as they become available and measurable. Expenses are reported on the accrual basis of accounting which recognizes expenses as they are incurred and measurable as a result of a receipt of goods or services and the creation of a legal obligation to pay.

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. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Office furniture and equipment	15 years
Library collections	10 years
Communication equipment	10 years
Major computer applications	5 years
Multi-function devices	5 years
Computers	4 years
Leasehold improvements	10 years
Vehicles	5 years

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Deferred revenue

Interest earned on the endowment funds held by the Burlington Community Foundation to be used for stipulated purposes are recorded as deferred revenue on the statement of financial position. These amounts are brought into income as the funds are expended.

Special projects reserve fund

The City of Burlington holds a special projects reserve fund in trust for the Board. These funds are internally restricted and on an annual basis the Board approves a plan and budget that directs how the funds will be disbursed.

1. Summary of significant accounting policies (continued)

Government transfers

Government transfers are recognized as revenues by the Board in the period during which the transfer is authorized and any eligibility criteria are met. Government transfers are deferred if they are restricted through stipulations that require specific actions or programs to be carried out in order to keep the transfer. For such transfers, revenue is recognized as the stipulation has been met.

Use of estimates

The preparation of financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Key components of the financial statements requiring management to make estimates are the useful lives of tangible capital assets and certain accrued liabilities. Actual results could differ from those estimates.

2. Pension agreements

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its full time and eligible part time staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay.

Contributions to OMERS are made at rates ranging from 9% to 14.6% depending on the proposed retirement age and the level of earnings. During 2021, the Board contributed \$588,657 (\$531,168 in 2020) to OMERS.

3. Development charges reserve funds

At December 31, 2021, the portion of development charges reserve funds held by the City for future library development was approximately \$89,870 (\$57,752 in 2020). This reserve is not included in the Board's financial statements.

4. Deferred revenue

	Balance as at December 31, 2020 \$	Externally and internally restricted fund receivable \$	Expenses incurred in the period \$	Balance as at December 31, 2021 \$
Bequest - McEwen	4,810	33,806	6,192	32,424
Bequest - Ibsister	18,434	23,513	8,204	33,742
Bequest - Broadbent	13,720	16,282	—	30,002
Bequest - Bird	2,320	4,440	—	6,760
Bequest - Clay	4,991	7,567	2,749	9,809
Permanent Endowment Fund	—	8,819	—	8,819
Wendy Schick Endowment Fund	—	1,908	1,908	—
Collections donations	8,434	9,123	17,557	—
Grants - Ontario	1,070	—	1,070	—
Federal Grants	—	97,619	—	97,619
Other Grants	2,613	—	1,424	1,188
	56,392	203,077	39,104	220,363

(a) *Bequest – Special Projects Reserve Fund*

Funds are received and deferred for specific projects and are included in deferred revenue. At December 31, 2021, \$121,555 (\$44,275 in 2020) is held in deferred revenue for special projects.

5. Endowment and estate funds

(a) *McEwen Endowment Fund*

During 2004, the Board established an endowment fund held by the Burlington Community Foundation (“BCF”). These funds are to be used to enhance library services and collections for people in our community with low or no vision. At December 31, 2021, the BCF is holding \$273,016 (\$275,353 in 2020) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(b) *Wendy Schick Endowment Fund*

During 2009, the Board established an endowment fund in honour of the former Chief Librarian, Wendy Schick, held by the BCF. These funds are to be used to enhance librarian education. At December 31, 2021, the BCF is holding \$15,410 (\$15,542 in 2020) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(c) *Burlington Public Library Endowment Fund*

During 2008, the Board established an endowment fund held by the BCF. These funds are to be used to provide an ongoing source of revenue to support and enhance the library services. At December 31, 2021, the BCF is holding \$71,911 (\$72,447 in 2020) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

5. Endowment and estate funds (continued)

(d) Mae Beatrice Broadbent Fund

During 2015, the Board established an endowment fund held by the BCF. These funds are to be used to enhance the large print collection. At December 31, 2021, the BCF is holding \$128,974 (\$130,367 in 2020) for the benefit of the Board. These funds are held in trust and are not reflected in these financial statements.

(e) Margaret Clay Endowment Fund

In 2018, the Board established an endowment fund to be held by the BCF. These funds are to be used for media collections. At December 31, 2021 the balance of the endowment totalled \$61,487 (\$61,970 in 2020). These funds are held in trust and are not reflected in these financial statements.

(f) John Isbister Estate

In 2011, the Board was a beneficiary of an equal share of the Estate of John Isbister. The revenue earned on these funds is distributed equally to the recipients and is to be used to purchase non-fiction materials. In 2021, the Board received \$23,513 (\$17,229 in 2020).

6. Commitments

The Board is committed to payments under operating leases for equipment and branch locations through 2031. The minimum payments under these leases over the next five years are as follows:

	\$
2022	305,272
2023	262,904
2024	172,036
2025	175,836
2026	188,811
Thereafter	849,647

7. Budget figures

The budget figures presented in these financial statements are based upon the 2021 operating and capital budgets approved by Board of Directors. The chart below reconciles the approved budget figures reported in these financial statements.

	\$
Revenue	11,626,775
Revenue – capital	557,691
Total approved budgeted revenue	12,184,466
Total approved budgeted expenses	11,626,775
Less: tangible capital assets included in operating budget	520,000
Plus: amortization	1,379,569
Total budgeted expenses	12,486,344
Annual deficit	(301,878)

8. Financial instruments

The Board’s financial instruments are comprised of cash, accounts receivable, due from City of Burlington and accounts payable and accrued liabilities. Unless otherwise noted, it is management’s opinion that the Board is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair value of the Board’s financial instruments approximates their carrying value due to their short-term nature.

DRAFT

Burlington Public Library Board
Notes to the financial statements
December 31, 2021

9. Tangible capital assets

	Office furniture and equipment	Library collections	Major computer applications	Technology hardware	Leasehold improvements	Vehicles	Work in progress	2021	2020
	\$	\$	\$	\$	\$	\$	\$	\$	\$
Cost									
Opening balance	1,889,242	7,598,573	81,150	1,515,698	1,583,947	11,664	—	12,680,274	13,325,846
Additions	48,257	563,976	64,109	151,535	179,974	—	12,058	1,019,909	1,052,711
Disposals	(321,475)	(771,835)	(51,233)	(164,501)	—	—	—	(1,309,044)	(1,698,283)
Closing balance	1,616,024	7,390,714	94,026	1,502,732	1,763,921	11,664	12,058	12,391,139	12,680,274
Accumulated amortization									
Opening balance	985,458	4,509,715	65,013	837,130	901,564	5,446	—	7,304,326	7,608,739
Current year amortization	107,735	739,073	22,976	331,301	176,151	2,333	—	1,379,569	1,393,870
Amortization on disposals	(321,475)	(771,835)	(51,233)	(164,501)	—	—	—	(1,309,044)	(1,698,283)
Closing balance	771,718	4,476,953	36,756	1,003,930	1,077,715	7,779	—	7,374,851	7,304,326
Net book value	844,306	2,913,761	57,270	498,802	686,206	3,885	12,058	5,016,288	5,375,948

10. Accumulated surplus

	2021	2020
	\$	\$
Consists of		
Reserves set aside by the board		
Library Projects Reserve Fund	4,921,756	3,505,131
Surpluses		
Invested in tangible capital assets	5,016,288	5,375,948
General fund reserve	62,718	84,423
Total surpluses	5,079,006	5,460,371
Accumulated surplus	10,000,762	8,965,502

Draft