



Financial Statements of

**TOWN OF BANFF LIBRARY
BOARD**

And Independent Practitioner's Review Engagement
Report thereon

Year ended December 31, 2023



KPMG LLP
205 5th Avenue SW
Suite 3100
Calgary AB T2P 4B9
Tel 403-691-8000
Fax 403-691-8008
www.kpmg.ca

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Board of Directors of the Town of Banff Library Board

We have reviewed the accompanying financial statements of the Town of Banff Library Board, which comprise the statement of financial position as at December 31, 2023, the statement of operations, statement of changes in net assets, and statement of cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.



Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of the Town of Banff Library Board as at December 31, 2023, and its results of operations, its remeasurement gains and losses, its changes in net assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards including the 4200 standards for government not-for-profit organizations.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

May 29, 2024

TOWN OF BANFF LIBRARY BOARD

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	\$ 458,700	\$ 335,382
Short-term investments (note 3)	20,955	17,943
GST receivable	2,922	2,124
	<u>482,577</u>	<u>355,449</u>
Capital assets (note 4)	86,306	97,475
	<u>\$ 568,883</u>	<u>\$ 452,924</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 12,285	\$ 14,141
Deferred contributions (note 5)	58,690	12,450
Due to related party (note 6)	75,238	37,725
	<u>146,213</u>	<u>64,316</u>
Net assets:		
Unrestricted net assets	235,690	192,254
Invested in capital assets	86,306	97,475
Internally restricted capital fund	79,719	80,936
Internally restricted endowment fund	20,955	17,943
	<u>422,670</u>	<u>388,608</u>

Economic dependence (note 6)

Commitments (note 7)

Subsequent event (note 7)

	<u>\$ 568,883</u>	<u>\$ 452,924</u>
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See accompanying notes to financial statements.

On behalf of the Board:

_____ Director

_____ Director

TOWN OF BANFF LIBRARY BOARD

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenues:		
Grants:		
Town of Banff (note 6)	\$ 550,995	\$ 510,331
Provincial	58,700	52,092
United Way of Calgary and Area	58,010	–
Other	46,185	35,215
Marigold	24,140	23,013
Improvement District 9	16,000	15,000
	<hr/> 754,030	<hr/> 635,651
Service:		
Printing	12,258	10,174
Book and miscellaneous sales	4,236	4,939
Board room rental	1,425	1,559
Non-Banff memberships and replacement cards	12	4,147
	<hr/> 17,931	<hr/> 20,819
Other:		
Donations	12,018	14,945
Interest	2,063	1,681
Recoveries and lost materials	1,472	1,218
Cash over	756	506
Fundraising	286	–
Merchandise	201	809
	<hr/> 16,796	<hr/> 19,159
Total revenues	<hr/> 788,757	<hr/> 675,629
Expenses (Schedule 1):		
Staffing	599,305	541,321
Materials and programming	76,389	73,336
Administration	35,304	37,717
Building	35,144	24,188
Board	11,565	2,382
Canada Emergency Wage Subsidy Repayment	–	1,474
Total expenses	<hr/> 757,707	<hr/> 680,418
Excess (deficiency) of revenues over expenses	<hr/> \$ 31,050	<hr/> \$ (4,789)

See accompanying notes to financial statements.

TOWN OF BANFF LIBRARY BOARD

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

2023	Invested in capital assets	Internally restricted capital fund	Unrestricted net assets	Internally restricted endowment fund	2023
Balance, beginning of year	\$ 97,475	\$ 80,936	\$ 192,254	\$ 17,943	\$ 388,608
Acquisition of capital assets	1,217	(1,217)	–	–	–
Contribution to endowment (note 3)	–	–	–	350	350
Unrealized gain on endowment	–	–	–	2,662	2,662
Excess of revenues over expenses	(12,386)	–	43,436	–	31,050
	\$ 86,306	\$ 79,719	\$ 235,690	\$ 20,955	\$ 422,670

2022	Invested in capital assets	Internally restricted capital fund	Unrestricted net assets	Internally restricted endowment fund	2022
Balance, beginning of year	\$ 100,873	\$ 90,827	\$ 183,754	\$ 20,295	\$ 395,749
Acquisition of capital assets	9,891	(9,891)	–	–	–
Contribution to endowment (note 3)	–	–	–	550	550
Unrealized loss on endowment	–	–	–	(2,902)	(2,902)
Deficiency of revenues over expenses	(13,289)	–	8,500	–	(4,789)
	\$ 97,475	\$ 80,936	\$ 192,254	\$ 17,943	\$ 388,608

See accompanying notes to financial statements.

TOWN OF BANFF LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in) the following activities:		
Operating:		
Excess (deficiency) of revenues over expenses	\$ 31,050	\$ (4,789)
Items not affecting cash:		
Amortization	12,386	13,289
Changes in non-cash working capital items:		
Short-term investments	(3,012)	2,352
GST receivable	(798)	(1,293)
Accounts payable and accrued liabilities	(1,856)	(130,148)
Deferred contributions	46,240	(12,077)
	<u>84,010</u>	<u>(132,666)</u>
Financing:		
Advances from related parties	37,513	4,512
Contributions to endowment fund	350	550
Interest earned (paid) on endowment	2,662	(2,902)
	<u>40,525</u>	<u>2,160</u>
Capital:		
Purchase of capital assets	(1,217)	(9,891)
Change in cash	<u>123,318</u>	<u>(140,397)</u>
Cash, beginning of year	335,382	475,779
Cash, end of year	<u>\$ 458,700</u>	<u>\$ 335,382</u>

See accompanying notes to financial statements.

TOWN OF BANFF LIBRARY BOARD

Schedule of Expenses

Schedule 1

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Expenses:		
Staffing:		
Payroll and benefits	\$ 592,648	\$ 529,830
Professional development	5,967	6,261
Travel	610	53
Recruitment	80	5,177
	<hr/>	<hr/>
	599,305	541,321
Materials and programming:		
Marigold levy	43,452	40,072
Materials and processing	16,540	21,008
Programming and advertising	16,397	12,256
	<hr/>	<hr/>
	76,389	73,336
Administration:		
Amortization	12,386	13,289
Review	6,634	6,420
Accounting	6,000	5,400
Office supplies and technology	4,583	6,853
Copier maintenance	4,227	4,133
Telephone and internet	855	996
Postage	619	626
	<hr/>	<hr/>
	35,304	37,717
Building:		
Janitorial services	31,885	21,189
Insurance	3,259	2,963
Repairs	–	36
	<hr/>	<hr/>
	35,144	24,188
Board:		
Fundraising	6,519	130
Board development	2,048	926
Technology upgrade and maintenance	1,299	655
Volunteer and staff recognition	1,376	343
Memberships and associations	323	328
	<hr/>	<hr/>
	11,565	2,382
Canada Emergency Wage Subsidy Repayment:		
Interest expense on Canada Emergency Wage Subsidy	–	1,474
	<hr/>	<hr/>
	–	1,474
	<hr/>	<hr/>
	\$ 757,707	\$ 680,418

See accompanying notes to financial statements.

TOWN OF BANFF LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023, with comparative information for 2022

Town of Banff Library Board (the "Library") is a registered charity and accordingly is exempt from income taxes. The Library promotes literacy, lifelong learning, and access to knowledge, thought, culture and information to the Banff community.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards including the 4200 standards for government not-for-profit organizations ("PSAS"). The Library follows PSAS Section 1201 "Financial Statement Presentation," which includes a statement of remeasurement gains and losses. This statement reports amounts reclassified to the statement of operations upon de-recognition or settlement. 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.

(b) Cash:

Cash consists of cash held on deposit with Canadian banks.

(c) Revenue recognition:

The Library follows the deferral method of accounting for contributions which include donations and government grants.

Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant relates to a future period, it is deferred and recognized in that subsequent period.

Externally restricted contributions other than endowment contributions are recognized as revenue in the year in which the related expenses are incurred.

Endowment contributions are recognized directly in the internally restricted endowment fund.

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

Unrestricted interest income is recognized as revenue when earned.

Revenue from services and sales of publications is recognized when the services are provided, or the goods are sold.

TOWN OF BANFF LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(d) 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 at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant areas requiring the use of management estimates relate to the estimated useful lives of capital assets.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported on the statement of operations in the periods in which they become known. Consequently, actual results could differ from those estimates.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value. Management has not elected to carry any financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Library determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Library expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

Unless otherwise noted, it is the Board's opinion that the Library is not exposed to significant interest rate or currency arising from its financial instruments.

(f) Contributed services:

The work of the Library is dependent on and thankful for the voluntary services of many individuals and organizations. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

TOWN OF BANFF LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023, with comparative information for 2022

1. Significant accounting policies (continued):

(g) Capital assets:

Purchased capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. Repairs and maintenance costs are charged to expense. When a capital asset no longer contributes to the Library's ability to provide services, the carrying amount is written down to its residual value. Works of art, historical treasures, and intangible assets are not recognized in these financial statements.

The costs less residual value of the capital assets are amortized over the estimated useful life using the declining balance method at the following rates:

Assets	Rate
Furniture and equipment	10%
Computer equipment	20%
Leasehold improvements	20%

Materials and programming expenses include the costs of books and other materials held by the Library. These amounts are not capitalized and expensed in the period in which the cost is incurred.

(h) Changes in accounting policy:

Effective January 1, 2022, the Library adopted the new accounting standard PS 3280 Asset Retirement Obligations and applied the standard using the modified retroactive approach with restatement of prior year comparative information.

Amounts are measured using information and assumptions where applicable, that are current on the effective date of the standard. The amount recognized as an asset retirement cost is measured as of the date the asset retirement obligation was incurred. Accumulated amortization is measured for the period from the date the liability would have been recognized had the provisions of this standard been in effect to the date as of which this standard is first applied.

On the effective date, it was determined that the Library did not have Asset Retirement Obligations to recognize nor did they have any Asset Retirement Obligations for the year ended December 31, 2023.

TOWN OF BANFF LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023, with comparative information for 2022

2. Future Accounting Policies:

(a) PSAB Section 3400, Revenue

This section is effective for fiscal years beginning on or after April 1, 2023 and provides greater clarity on the difference between exchange and non-exchange transactions.

(b) PSAB Section PSG-8, Purchased Intangibles

This section is effective for fiscal years beginning on or after April 1, 2023 and provides guidance on how to account for non-monetary economic resources without physical substance acquired through an arm's length exchange transactions between knowledgeable, willing parties who are under no compulsion to act.

(c) PSAB Section 3160, Public Private Partnerships

This section is effective for fiscal years beginning on or after April 1, 2023 and establishes an accounting standard for the recognition, measurement, presentation, and disclosure of infrastructure procured through certain types of public private partnership arrangements.

Management is currently in the process of assessing the impact of the adoption of these standards.

3. Short-term investments:

The Library has invested \$16,900 (2022 – \$16,550) with the Banff Canmore Community Foundation in an endowment fund, which can be withdrawn by the Library at any time.

4. Capital assets:

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Furniture and equipment	\$ 203,883	\$ 138,209	\$ 65,674	\$ 71,687
Computer equipment	155,404	143,254	12,150	15,187
Leasehold improvements	58,763	50,281	8,482	10,601
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 418,050	\$ 331,744	\$ 86,306	\$ 97,475

TOWN OF BANFF LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023, with comparative information for 2022

4. Capital assets (continued):

Amortization of \$12,386 (2022 – \$13,289) is included in administration expenses in the statement of operations.

5. Deferred contributions:

	2023	2022
United Way of Calgary and Area	\$ 40,990	\$ –
The Minister of Municipal Affairs	17,700	–
Community Foundations of Canada	–	10,150
Other not-for-profit organizations	–	2,300
	<u>\$ 58,690</u>	<u>\$ 12,450</u>

6. Related party transactions and economic dependence:

The Library is funded primarily through contributions from the Town of Banff. During the year, the Library received \$550,995 (2022 – \$510,331) from the Town of Banff to fund its operations.

The Library subleases the operations building from the Town of Banff on a renewable five-year term with annual rent of one dollar. In addition, the Town of Banff provides administration support for the Library's payroll function. These payroll services were provided by the Town of Banff to the Library at no charge.

Included in due to related party as at December 31, 2023 is \$75,238 (2022 – \$37,725) payable to the Town of Banff for services provided. These amounts are non-interest bearing, and repayable on demand.

The above-mentioned transactions occurred in the normal course of operations and were recorded at the exchange amount which was the amount agreed to between the related parties.

The Library is economically dependent on the Town of Banff for its continued existence as the Town of Banff provides the Library with a significant majority of its revenue, as well as providing the Library with the minimum rent arrangement and no fee administration of the Library's payroll. In the year ended December 31, 2023, the Town of Banff provided the Library with 73.1% of its grant revenue (2022 – 80.3%).

TOWN OF BANFF LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2023, with comparative information for 2022

7. Commitments:

The Library is a member of the Marigold Library System (“Marigold”), which provides users of the Library with access to additional online and traditional catalogue resources throughout Marigold’s network. The Library is required to remit an annual requisition to Marigold before October 31 of each year, which is anticipated to be \$4.50 per user for future years.

The Library leases a printer under an operating lease which expires on March 31, 2024. Subsequent to year-end, the Library entered into a new lease to rent the printer until March 31, 2028. Estimated future minimum lease payments for the next five year are as follows:

2024	\$	1,737
2025		1,584
2026		1,584
2027		1,584
2028		396

8. Financial risks:

The Library is not exposed to significant interest rate or market price risks.

(a) Liquidity risk:

Liquidity risk is the risk that the Library will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Library manages its liquidity risk by monitoring its operating requirements. The Library approves the operational budget prior to each new fiscal year and monitors actual to budget financial statements monthly.

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Library is exposed to credit risk with respect to its cash and short-term investments. Cash is deposited with Canadian chartered banks. Short-term investments consist of an endowment fund managed by a community foundation that the Library may withdraw at any time.

There have been no changes to the risk exposures from 2022.