

MEETING AGENDA – EXECUTIVE MEETING

MEETING INFORMATION

Date: March 2nd, 2019

Time: 9 am

Attendees:

PREPARATION FOR MEETING

Please Read: Minutes of the Executive Meeting February 25th, 2019 (Attached)

ACTION ITEMS FROM PREVIOUS MEETING

REPORTS

1. Auditor's Report
2. LMC Report
3. Chair's Report
4. Director's Report
5. Financial Report
6. Policy Report

AGENDA ITEMS

1. Additions to agenda
2. Approval of Minutes from February 25th, 2019
3. Policy Committee
4. Building Committee

NEW ACTION ITEMS

Next Executive Meeting will be held on

MEETING MINUTES – EXECUTIVE MEETING

MEETING INFORMATION

Date: March 2nd, 2019

Time: 9:00 am

Attendees: Larry Tiedemann, Bob Buckle (for Vicky Lefebvre), Laurent Amyotte, Warren Griffin, Craig Lukinuk, Jill McLuckie, Justin Thompson, Karen Shaw, Cyndy Heslin, Elaine Sorochan, Jodi Dahlgren, Terri Hampson, Heather Elliott, Kelly McGrath, Julie Walker, Tracy Paradis

Meeting called to order at 9:03 a.m.

ACTION ITEMS FROM PREVIOUS MEETING

REPORTS

1. Auditor's Report – Jeff Alliston (see attached)
 - Revenue \$3,340,717; Expenses \$3,199,138
 - Annual Surplus \$140,319 (2017 - \$138,853)

Motion to accept Auditor's Report as presented – Cyndy Heslin – carried

2. Chair's Report
 - none
3. Executive Director's Report
 - 2 advertisements have been placed – Bibliographic Services Manager and Public Services Manager
4. Financial Reports
 - Annual Reports – Northern Lights Library System; Edmonton Garrison and Myrnam

Motion to accept Northern Lights Library System Annual Report as presented – Elaine Sorochan – carried

Motion to accept Edmonton Garrison Annual Report as presented – Justin Thompson – carried

Motion to accept Myrnam Annual Report as presented – Jill McLuckie - carried

5. Policy Report
 - none

AGENDA ITEMS

1. Additions to agenda

Motion to approve agenda – Laurent Amyotte – carried

2. Approval of Minutes from February 25, 2019

Motion to approve Minutes from February 25, 2019 – Warren Griffin – carried

3. Policy Committee
 - Policies

Motion to approve and send to Board for approval "NLLS Company Vehicles & Equipment" – Cyndy Heslin – carried

Motion to approve and send to Board for approval "Working Alone" – Elaine Sorochan – carried

Motion to approve and send to Board for approval "Personal Cell Phone" – Cyndy Heslin – carried

Motion to approve and send to Board for approval "Communication Protocol-Staff" – Warren Griffin – carried

Motion to approve and send to Board for approval "Communication Protocol-Library Managers" – Cyndy Heslin – carried

Motion to approve and send to Board for approval "Role of the Executive Committee" – Laurent Amyotte – carried

Motion to approve and send to Board for approval "Committees of the Board" – Craig Lukinuk – carried

Motion to approve and send to Board for approval "Borrowing Bylaw" – Cyndy Heslin – carried

Motion to approve and send to Board for approval "Finance Fund Account" – Jill McLuckie – carried

Motion to approve and send to Board for approval "PLSB Grant Money" – Elaine SoroChan – carried

Motion to approve and send to Board for approval "NLLS Funding" – Justin Thompson – carried

Motion to approve and send to Board for approval "Purpose & Goals" (changed to "Collection Development") – Craig Lukinuk – carried

Recess called at 10:03 am – Larry Tiedemann

Re-convene at 12:30 pm

Motion to go in-camera at 12:30 pm re: personnel – Laurent Amyotte – carried

Motion to come out of camera at 12:45 pm – Craig Lukinuk – carried

Motion for the Chair to discuss with Executive Director the cost implications on what was discussed in-camera and bring back for further discussion – Craig Lukinuk – carried

Recess called at 12:46 pm – Larry Tiedemann

Re-convene at 2:35 pm

4. Building Committee
- none

Next meeting dates:

Executive – Friday, May 3 at 10:00 a.m.

General Board & AGM – Saturday, May 25 at 10:00 a.m.

NEW ACTION ITEMS

none

Motion to adjourn 2:42 p.m. – Justin Thompson – carried

Next Executive meeting Friday, May 3rd, 2019 at 10:00 a.m.

Approved By _____ **Date** _____

LIBRARY MANAGER'S COUNCIL REPORT

NLLS Executive and Board Meeting – March 2, 2019

LMC Executive

- Jodi Dahlgren, Chair (Wainwright Public Library)
- Tracy Woloshyniuk, 1st Vice Chair (Newbrook Public Library)
- Donna Williams, 2nd Vice Chair (Vegreville Public Library)
- Isabelle Cramp, Secretary (Morinville Public Library)
- Maureen Penn, Past Chair (Lac La Biche County Libraries)

Our last Library Manager's Council meeting was on February 27, 2019 with 38 Library Managers, 7 NLLS Staff and 1 NLLS Board Member and 1 PLSB staff attending. Some main points are as follows:

- Julie gave us an update on Lynda.com and as of now, there is no launch date.
- We had a survey go out before the meeting regarding the "Rock of Ages" database and it was voted to not subscribe to it.
- We reviewed the NLLS Services Discussion that was presented to NLLS at the February 28, 2018 LMC meeting to hear feedback on how things were going so far on our requests. Most of the points in the request had positive feedback with a few tweaks. One of the requests was for more training and Julie mentioned that because there is no conference in 2019, that NLLS was looking at offering regionalized training on specific topics thus saving Library Managers/staff from traveling.
- The public wireless was been changed to a 24 hour log in, but many libraries would still like to see an open system where you do not have to log into it using a barcode and PIN. There will be a trial run using some of the bigger libraries beginning in March.
- There have been reports of Polaris notifications (Text messages, emails and phone calls) going out at 7am on a weekend and as late as midnight. Polaris is set up to run the reports at 7am to not "bog" down the system and that couldn't be changed. We asked if there was any way that the report could be run but a delay in the outgoing notification.
- The Library Managers and their boards are very interested in receiving the Statement of Services that are being presented to municipalities. They would like to attend the council meetings when the presentation is being made in their area and asked to be informed of the schedule.
- We had a quick review of the Library Manager portion of NLLS's website and were able to provide Heather with some feedback. We also had a tutorial on Library Aware following the meeting.

We once again asked Library Managers to share something about their library. Some of the things that were shared are

- Vermilion is now open on Mondays 12-5pm
- Alice B Donaghue (Athabasca) purchased a puppet theatre which has been well received.
- Gibbons has a coffee and sign language conversation group meeting weekly
- Edmonton Garrison is hosting a *Spark Joy* Book Sale
- Marwayne just received a grant to create a Learning Commons
- Vegreville is in the middle of practicing for a theatre production
- Andrew is bringing the Alberta Opera to the library

Our Next LMC Meeting is on May 22, 2019 at 10am.

Respectfully Submitted
Jodi Dahlgren, LMC Chair
librarian@wainwrightlibrary.ab.ca



NLLS REPORT

Board Report, March 2019.

- MOU's - Since the last Library Manager's Council meeting, Northern Lights have issued 3 more MOU's, one with Vilna Library Board, one with Two Hills Library Board, and lastly, one direct with the Fishing Lake Metis Settlement. We are hoping with future collaboration with the Fishing Lake Metis Settlement and Frog Lake First Nations Reserve that they will become future members of the Northern Lights Library System.
- The Advocacy Course, this time around, was well attended by members of Northern Lights. If you, your council members, your library board or your library manager and their staff are interested in taking a future course please contact Tracy at reception and she will place you on the wait list. Next course is TBA, but the course will probably be offered in the fall.
- NLLS building committee have been looking at possible renovation options to the building. Issues such as flooding, air conditioning, carbon monoxide issues and van run space are all being looked at.
- NLLS has no update on Lynda.com. TAL has given up on getting pricing for Lynda, and NLLS is waiting for a response from Lynda for individual pricing for the system
- NLLS has just gone through their audit process and it will be presented to the board on the 2nd of March.
- With the departure of Boopsie, TRAC have been hard pressed to come up with a new mobile app that will work with Polaris. However, TRAC has found one and are currently in negotiations with a company called Solus. More to follow.
- NLLS and Xerox are currently looking at partnering to bring our libraries better printer/scanner/fax contract prices. When more information becomes available NLLS will forward this to our libraries.



NLLS REPORT

- So far, the Chair and myself have presented to 9 council with 8 more on the agenda for March and April. If you require a presentation to council on system services then please contact the Executive Director.
- On behalf of the LMC, the LMC chair will be attending ALC at Jasper and IUG in Phoenix
- NLLS has purchased, on behalf of the libraries, a ventilation system for smudging ceremonies. We will announce when it arrives.
- Van Run has been changed to accommodate the needs of the libraries and to manage the time of the van drivers. NLLS van run now runs five days a week, our bigger load libraries have 2 deliveries a week.
- Yellowhead Library System have changed how they package their Interlibrary loans material. YRL will no longer be using any blue bags for ILL delivery, nor do they want any blue bags delivered to them. YRL wanted all TRAC partners to use this practice. This practice would have significant impact on staffing and the workflow of our ILL. Due to this, Marigold and Peace Library System have sided with Northern Lights to monitor the impact that change YRL have imposed.
- The HQ departments are getting together and setting up dates for training in areas of need. Training facilities will be localized with sessions running from Wainwright/Vermilion, Vegreville, Morinville, Lac la Biche and at Headquarters.
- In 2018, we have 22 libraries spend all of their book allotment money, that is 10 more than last year.
- The NAO robot has arrived, we are currently working with the software, creating policies and waiting on training before we send him out to our libraries.

bibliographic **NLLS REPORT**

Board Meeting – March, 2019

- Van Run has been changed to accommodate the needs of the libraries and to manage the time of the van drivers. NLLS van run now runs five days a week, our bigger load libraries have 2 deliveries a week.
- Yellowhead Library System have changed how they package their Interlibrary loans material. YRL will no longer be using any blue bags for ILL delivery, nor do they want any blue bags delivered to them. YRL wanted all TRAC partners to use this practice. This practice would have significant impact on staffing and the workflow of our ILL. Due to this, Marigold and Peace Library System have sided with Northern Lights to monitor the impact that change YRL have imposed.
- Diane will be going out on library site training visits for acquisitions and adding items to Polaris.
- We are currently 8 weeks behind in cataloguing, more items are being purchased through outside purchases, especially programming kits. In 2018, 22 libraries spent all of their money by the end of the year, compared to 12 the year before.



NLLS BOARD REPORT

Top Apps - Outbound (GB)

HTTPS	1,089.495
YouTube	888.841
Adobe Updates	608.995
Bitdefender	522.308
Windows Store	463.001
Unclassified	231.593
Netflix	154.023
Amazon Cloud	149.103

Top Virtual Circuits - Outbound (GB)

NLLS-ABM	431.032
NLLS-ASTP	422.237
NLLS-ALLB	373.759
NLLS-AGCM	351.252
NLLS-AMO	299.520
ISP	292.762
NLLS-AVE	225.450
NLLS-AWAIC	220.461

IT Report for February 2019

- IT has started the roll out of the new wireless access points, Jodi has created a schedule and has shared that schedule with the libraries.
- The first quarterly purchase of computers for our libraries has just completed, we have purchased 26 computers. Our next bulk purchase will be May 24th.
(Quotes and purchases can always be done outside of the scheduled bulk purchases; the bulk purchasing is organized to try and help save our libraries on costs.)
- The NAO robot has arrived, we are currently working with the software, creating policies and waiting on training before we send him out to our libraries.
- Minecraft labs have been updated and should be easier for general setup for our libraries
- Internet usage: Total usage of bandwidth used for internet for Jan 17 to Feb 17 is 5.5 TB or 5500 GB, this does not include Domain traffic, Polaris or videoconferencing.



NLLS BOARD REPORT

marketing

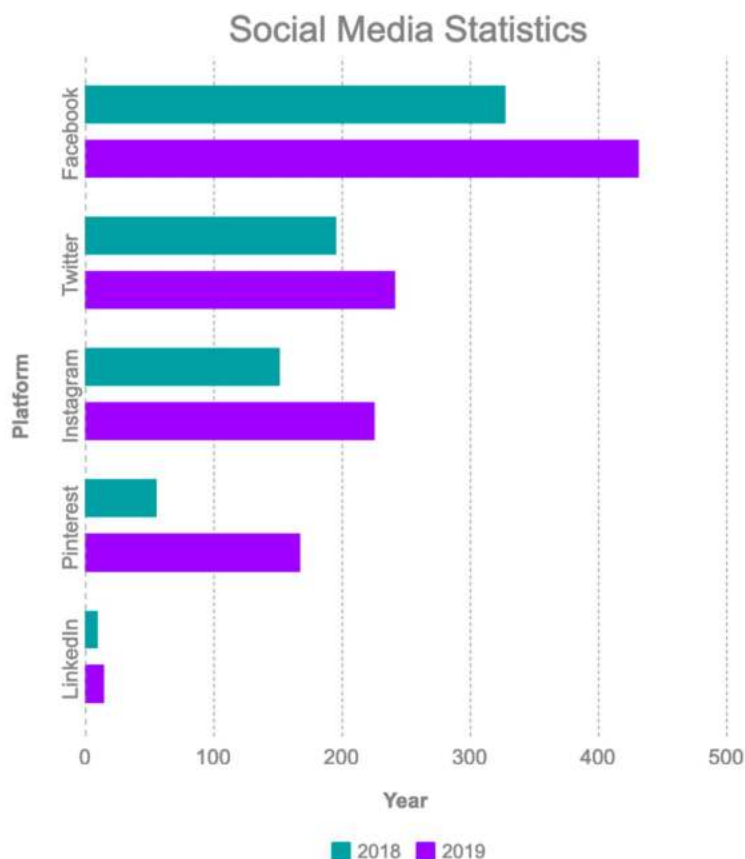
NLLS REPORT

Board Meeting

Monday March 2, 2019

Social Engagement

- Social media has seen a steady increase in followers
 - Facebook has seen a **32%** increase since 2018
 - Twitter has seen a **24%** increase since 2018
 - Instagram has seen a **49%** increase since 2018
 - Pinterest has seen a **200%** increase since 2018
 - LinkedIn has seen a **50%** increase since 2018



Social Media



Statistics

Facebook:

July 24 likes – 392

Oct 25 likes – 399

Feb 11 likes - 432

Twitter:

July 24 227 followers

Oct 25 234 followers

Feb 11 242 followers

Instagram

July 24 - 196 followers

Oct 25 - 215 followers

Feb 11 – 226 followers

Pinterest

July - 1300

monthly viewers

(SRP)

Feb 11 - 168

monthly views

LinkedIn

July 24 - 13 followers

Oct 25 - 15 followers

Feb 11 – 15 followers



Niche Academy

- NLLS managers 3 Niche Academies: for the public, for the manager, for marketing material
 - Public tutorial: Nov – 106 views, Dec – 98 views & Jan 292 views
 - Manager tutorials: Nov – 23 views, Dec – 24 views & Jan 4 views
 - Marketing tutorials: Nov – 105 views, Dec – 53 views & Jan – 56 views
- Ongoing project

Library Aware

- It has been a slow process but have given one-on-one tutorials with positive feedback

Website for the Board

Please note these changes

- Board-Exec Agenda and Board-Exec Minutes sections are now available by date of the meeting
- Board-Exec Reports section is organized by report type and then by date of the meeting

Library Manager's website update – the development of the website will be showcased at the LMC. Areas that the managers have requested improvement is the eResource page and the document library because of the difficulties locating document.

public services **NLLS REPORT**

Board Meeting Report: March 2, 2019

Winter Reading Program:

The Winter Reading program, "*Get Your Mitts on a Good book!*" is well in swing! Enbridge provided our Winter Reading program with a sponsorship of \$1500.00. We have purchased 6 tablets as grand prizes for our libraries, and the draw for the tablets will be held on March 8. These prizes are Acer Iconia One 10 tablets. Northern Lights also sent out gloves as smaller prizes so that every library will have a winner!

NLLS Conference:

Northern Lights will hold its next conference in May-June, 2020. We have decided to move our conference to June instead of September, when it had been held in the past, to avoid the conflict of overlapping conferences that we have encountered with other system conferences for the past few years. This will be a wonderful time celebration Northern Lights Library System's 30 years!

Summer Reading Program:

The Summer Reading Program is coming up fast and we are working on the Entertainer for this year. We hope to have more specific information in the next coming weeks. The orders for Supplementary prizes will be going out soon and all libraries will continue to get the 75 dollars subsidy from Northern Lights.

Block Collections:

We've recently recalled all of the block collections that had been out longer than a year and we've seen some great turn over on the block collections that our libraries have out, and we hope that more libraries will continue to borrow our resources that we have available, including our Storytime kits and escape room kits.

Consultant Visits:

As always, the consultants in Public Services are happy to come to member communities and help with staff or board training. Please give us a call or ask us for a copy of our Consultant Form to fill out. If you would like to see broader training opportunities offered regionally or at the system headquarters, let us know that as well. We hope that our member library staff are directing patrons to Niche Academy (<https://my.nicheacademy.com/v2/nlls>) for their library training needs. If you would like to see any training resources added, please let us know!

Northern Lights Library System
Balance Sheet As at 01/31/2019

ASSET		
CURRENT ASSETS		
Petty Cash	\$ 210.00	
USD Exchange Acct	\$ 4,629.37	
ATB Chequing Account	\$ 856,338.43	
ATB US Chequing Account	\$ 148.58	
ATB Investment Acct	\$ 1,535,640.46	
CASH TOTAL		\$ 2,396,966.84
A/R - General	\$ 1,168,008.72	
A/R - Yearend	\$ 2,067.95	
AR Total		\$ 1,170,076.67
Prepaid Expenses and Deposits	\$ 127,587.76	
Total Prepaid		\$ 127,587.76
Total Current Assets		\$ 3,694,631.27
FIXED ASSETS:		
Vehicles	\$ 232,795.18	
Computer Equipment	\$ 233,187.74	
Furniture & Equipment	\$ 83,109.39	
Parking Lot	\$ 81,000.00	
Building	\$ 2,894,640.88	
Land	\$ 50,000.00	
Accumulated Amortization	-\$ 969,106.00	
Total Fixed Assets		\$ 2,605,627.19
Total Fixed Assets		\$ 2,605,627.19
TOTAL ASSET		\$ 6,300,258.46

LIABILITY		
Current Liabilities		
ATB Credit Card		\$ 19,132.02
Year Accounts Payable		\$ 10,444.37
Accounts Payable		\$ 95,498.70
Vacation Payable		\$ 40,433.68
Vacation Payable Link		\$ 1,191.15
El Payable	\$ 1,753.62	
CPP Payable	\$ 2,944.88	
Federal Income Tax Payable	-\$ 4,698.50	
Rec Gen Payable: Total		\$ -
R.R.S.P. Payable	-\$ 362.36	
Extended Health	-\$ 303.96	
Dental	-\$ 666.89	

LTD	-\$ 1,294.81	
STD	-\$ 980.96	
Other Deductions Payable	-\$ 823.32	
Deduction Payables Total		-\$ 4,432.30
WCB Payable		\$ 1,238.34
GST Charged On Operating Sales	-\$ 1,313.66	
GST Paid On Operating Purchases	-\$ 11,042.36	
GST Paid - Exempt Purchases	-\$ 6,543.13	
GST Total		-\$ 18,899.15
Library Acquisition Accounts		\$ 7,901.47
Deferred Grant Contributions		\$ 125,291.84
Deferred Contributions		\$ 1,318,139.45
TOTAL CURRENT LIABILITIES		\$ 1,595,939.57
Libraries Collection Development		
Collection Development		\$ 135,660.33
TOTAL - UNUSED COLLECTION DEVELOPME		\$ 135,660.33
TOTAL LIABILITY		\$ 1,731,599.90
EQUITY		
Retained Earnings		
Current Earnings		\$ 820,471.07
Opening Retained Earnings		\$ 2,486,659.90
Capital surplus		\$ 1,261,527.59
Total Retained Earnings		\$ 4,568,658.56
TOTAL EQUITY		\$ 4,568,658.56
LIABILITIES AND EQUITY		\$ 6,300,258.46

Generated On: 02/14/2019

Northern Lights Library System
Income Statement 01/01/2019 to 01/31/2019

REVENUE	01/01/2019 to 01/31/2019		BUDGET
Revenue			
Levies - Municipalities		\$ 1,189,655.15	\$ 1,206,753.71
Deferred Allotment		-\$ 372,450.75	
Non Resident Fees		\$ 300.00	\$ 1,200.00
Sales - Misc.		\$ 2,152.75	\$ 10,000.00
Sales Office Supplies-Resale		\$ 607.00	\$ 150,000.00
Other Revenue General		\$ 160.39	\$ -
Interest earned		\$ 3,569.38	\$ 30,000.00
Revenue Total		\$ 823,993.92	
TOTAL REVENUE		\$ 823,993.92	

EXPENSE

Staff Expenses			
Staff Salaries		\$ 97,913.85	\$ 1,227,000.00
El Expense	\$ 1,846.03		
C.P.P. Expense	\$ 4,665.11		
Extended Health Expense	\$ 4,088.82		
Dental Expense	\$ 3,019.16		
W.C.B. Expense	\$ 299.87		
Expenses Sub Total		\$ 13,918.99	\$ 150,000.00
TOTAL - GENERAL PAYROLL EXPENSES		\$ 111,832.84	
Other Staff Costs			
NLLS PD Training (Shared)	\$ 2,424.46		\$ 23,000.00
Conference Fees (Shared)	\$ 410.00		\$ 7,500.00
Hotel and Accommodations (Shared)	\$ 582.36		\$ 25,000.00
Meals when Travelling (Shared)	\$ 361.37		\$ 6,000.00
Travel Costs (Shared)	\$ 316.22		\$ 12,000.00
Other Staff Costs		\$ 4,094.41	
Total Other Staff Costs		\$ 4,094.41	
Book Allotment			
Coll. Development		-\$ 336,189.01	
Total Collection Development		-\$ 336,189.01	
Library Services			
System Collections		\$ 365.52	\$ 20,000.00
Indigenous Expenses		\$ 55.44	\$ 160,000.00
Bibs Service Supplies		\$ 983.99	\$ 1,500.00
Shipping & Freight		\$ 242.79	\$ 1,500.00

Assistive Technologies IT		\$ 7,931.55	\$ 15,000.00
Emerging Technology IT		\$ 9,334.00	\$ 10,000.00
TRAC		\$ 104,661.00	\$ 105,000.00
Internet Service Fees IT		\$ 260.00	\$ 18,000.00
NLLS Annual Conference/Workshops PS		\$ 539.45	\$ 20,000.00
Coll. Dev. Shipping/ILL BS		\$ 20.60	\$ 500.00
Vehicle Expense BS		\$ 1,392.71	\$ 8,000.00
Vehicle Fuel BS		\$ 2,516.19	\$ 38,000.00
Online Databases PS		\$ 31,738.78	\$ 85,000.00
Myrnam-Operating expenses		\$ 784.87	\$ 10,000.00
Board Travel		\$ 1,523.68	\$ 32,000.00
Board Food and Beverages		\$ 364.31	\$ 5,000.00
Special Events (Board)		\$ 15.29	\$ 6,000.00
Board Committee Meetings		\$ 2,043.36	\$ 12,000.00
Special Events (Admin)		\$ 270.00	\$ 5,000.00
Office Equipment/Software Admin		\$ 195.25	\$ 7,000.00
Audit Costs		\$ 188.16	\$ 13,000.00
Bank Charges		\$ 49.40	\$ 1,000.00
Insurance		\$ 10,491.67	\$ 11,000.00
Subscriptions (Admin)		\$ 173.65	\$ 1,500.00
NLLS Memberships (Shared)		\$ 8,784.82	\$ 5,700.00
Resale Supplies & General Rebills		\$ 6,401.47	\$ 150,000.00
Office Supplies (Admin)		\$ 1,079.36	\$ 8,000.00
Telecommunications (Shared)		\$ 1,085.58	\$ 16,000.00
General Maintenance/Contracts		\$ 25,050.00	\$ 15,000.00
Building Maintenance		\$ 240.32	
Janitorial/Caretaking/Landscaping		\$ 1,725.00	\$ 25,000.00
Health & Safety		\$ 316.52	\$ 2,500.00
Utilities		\$ 3,025.88	\$ 28,000.00
Total Expenses		\$ 223,850.61	
TOTAL EXPENSE		\$ 3,588.85	
NET INCOME		\$ 820,405.07	

2017 pop = 173,038 @\$5.15 per capita (1.5% increase)
Morinville/Bonnyville
Rental, Professional services
Offset with expense line 108 Expenses
Bank/Investments Interest

1.5% COLA and step increments for 21 F/T staff members and 2 summer students 2019
Dental, Vision, Health, RRSP
Webinars, Courses and Training Sessions
Conference and Workshops attending
Hotels and Travel costs
Meals 50% gst
Airfare, Baggage, Taxis
Large Print, Professional collection, Ref, Audio, Kits and Blocks Makerspace
In and out
Web dewey, CD, cataloguers desktop
Brokerage, Freight, Customs, Various Book Suppliers shipping cost

Anti Virus, Deep Freeze, FixMeStick, -3 yr prepaid going forward-2017 code changes
New technology for development
Cost of operations and maintenance of catalogue and Server at YRL
Cybera (3 yr/3 Exinda warranty for upgrade of bandwidth) New service provider (lower cost)
Conference and Workshops - LMC Workshop
Postage, (other than government courier an van run)
Maintenance
Fuel
Cypress, Tumblebooks, Niche Acadamy, TAL - Lynda.com Rock of Ages (Ancenstory/Novelist/Universal Core/DYI Auto Repair)
Operating expenses, salary, programming
Regular Board Meetings
Board and exec meetings meals.
Coverage for Board Chair and 3 additional board members
per diem for Board committees
Staff Long Service Awards. Projects
Repairs, software, small equipment/furniture purchases - Audio Visual equip-Rollover Amt
RFP
Bank charges; Credit Card charges; US foreign exchange
AMSC
Local newspapers / Copyright Lic,
AUMA, RMA, ALA, CLA, APLAC, travel and hotels
Furniture, computers, office supplies-Rebills
General office supplies, Simply accounting software
NLLS phones, and Cell phones
Upkeep and emergency repairs
Caretaking Contract, landscaping, snow removal, janitorial supplies.
Security system, safety workshops,
Water, hydro, garbage, shredder, gas

Northern Lights Library System
Comparative Income Statement - Comparative Income Statement - YTD to Last Year

	Actual 01/01/2019 to 01/31/2019		Actual 01/01/2018 to 01/31/2018
REVENUE			
1 Levies - Municipalities		\$ 1,189,655.15	
2 Levies - Library Boards		\$ -	
Prov. Operating Grant		\$ -	
Prov. Rural Services Grant		\$ -	
Indigenous Grant		\$ -	
Prov. Establishment Grant		\$ -	
Deferred Allotment		-\$ 372,450.75	
Travel Grants		\$ -	
Non Resident Fees		\$ 300.00	
Sales - Misc.		\$ 2,152.75	
Sales Office Supplies-Resale		\$ 607.00	
Other Revenue General		\$ 160.39	
Sales-WRP/SRP		\$ -	
Annual Conference		\$ -	
Interest earned		\$ 3,569.38	
Myrnam Revenue		\$ -	
TOTAL REVENUE		\$ 823,993.92	
EXPENSE			
Staff Expenses			
Staff Salaries		\$ 97,913.85	
EI Expense	\$ 1,846.03		\$ 1,703.84
C.P.P. Expense	\$ 4,665.11		\$ 3,892.31
Group Life	\$ -		\$ -
Extended Health Expense	\$ 4,088.82		\$ 3,095.33
Dental Expense	\$ 3,019.16		\$ 2,514.45
W.C.B. Expense	\$ 299.87		\$ 218.07
Expenses Sub Total		\$ 13,918.99	
TOTAL - GENERAL PAYROLL EXPENSES		\$ 111,832.84	
Other Staff Costs			
NLLS PD Training (Shared)	\$ 2,424.46		\$ 1,131.12
Conference Fees (Shared)	\$ 410.00		\$ 1,626.69
Hotel and Accommodations (Shared)	\$ 582.36		\$ 6,709.57
Meals when Travelling (Shared)	\$ 361.37		\$ 1,189.15
Travel Costs (Shared)	\$ 316.22		\$ 2,769.56
Site Visits (Shared)	\$ -		\$ -
Staff Recruitment	\$ -		\$ -

Human Resource Tools	\$ -		\$ -
Charge for Reimbursement Costs	\$ -		\$ -
Other Staff Costs		\$ 4,094.41	
Total Other Staff Costs		\$ 4,094.41	
Book Allotment			
Coll. Development		-\$ 336,189.01	
Total Collection Development		-\$ 336,189.01	
Library Services			
System Collections		\$ 365.52	
Indigenous Expenses		\$ 55.44	
ILL Service Supplies		\$ -	
Bibs Service Supplies		\$ 983.99	
Shipping & Freight		\$ 242.79	
Catalog Process Forms Suppl		\$ -	
Assistive Technologies IT		\$ 7,931.55	
Computer Replacement Program IT		\$ -	
Web Hosting IT		\$ -	
Library Assistance Software IT		\$ -	
Server Software IT		\$ -	
Computer Software IT		\$ -	
Emerging Technology IT		\$ 9,334.00	
Network Hardware Warranty		\$ -	
ACSI Managed Services		\$ -	
TRAC		\$ 104,661.00	
Internet Service Fees IT		\$ 260.00	
e Resources Books on Line		\$ -	
New Library Establishment Expense		\$ -	
NLLS Annual Conference/Workshops PS		\$ 539.45	
DNU		\$ -	
Library Managers Council PS		\$ -	
Library Programming PS		\$ -	
Postage/Courier		\$ -	
Coll. Dev. Shipping/ILL BS		\$ 20.60	
Vehicle Expense BS		\$ 1,392.71	

Vehicle Fuel BS		\$ 2,516.19	
Online Databases PS		\$ 31,738.78	
Board of Record Payments		\$ -	
Myrnam-Operating expenses		\$ 784.87	
Edm Garrison-DO NOT USE		\$ -	
Board Travel		\$ 1,523.68	
Board Food and Beverages		\$ 364.31	
Board Conference/Education		\$ -	
Special Events (Board)		\$ 15.29	
Board Committee Meetings		\$ 2,043.36	
Special Events (Admin)		\$ 270.00	
NLLS Hosting		\$ -	
Office Equipment/Software Admin		\$ 195.25	
Photocopier (Admin)		\$ -	
Professional & Legal Fees		\$ -	
Marketing		\$ -	
Audit Costs		\$ 188.16	
Bad Debts - Late Fees		\$ -	
Bank Charges		\$ 49.40	
TAL-The Alberta Library Membership		\$ -	
Insurance		\$ 10,491.67	
Subscriptions (Admin)		\$ 173.65	
NLLS Memberships (Shared)		\$ 8,784.82	
Resale Supplies & General Rebills		\$ 6,401.47	
Office Supplies (Admin)		\$ 1,079.36	
Telecommunications (Shared)		\$ 1,085.58	
General Maintenance/Contracts		\$ 25,050.00	
Janitorial/Caretaking/Landscaping		\$ 1,725.00	
Health & Safety		\$ 316.52	
Utilities		\$ 3,025.88	
Total Expenses		\$ 223,850.61	
Capital Reserves			
Transfer to Reserve	\$ -		\$ -
Gain/Loss on Sale	\$ -		\$ -
Total Reserves		\$ -	

Total Reserves		\$ -	
TOTAL EXPENSE		\$ 3,588.85	
NET INCOME		\$ 820,405.07	

18 to 01/31/2018	GL Code	2019 Budget
\$ 1,188,119.01	4010	\$1,206,753.71
\$ -	4040	\$575,424.95
\$ -	4041	\$813,278.60
\$ -	4042	\$340,242.75
\$ -	4530	\$160,000.00
\$ -	4044	\$0.00
-\$ 331,738.89		
\$ -	4126	\$1,500.00
\$ 450.00	4132	\$1,200.00
\$ 2,216.01	4510	\$10,000.00
\$ 1,524.01	4520	\$150,000.00
\$ 178.57	4530	\$2,000.00
\$ -	4550	\$3,000.00
\$ -	4560	\$5,000.00
\$ 2,839.53	4610	\$30,000.00
\$ -	4613	\$10,000.00
\$ 863,588.24		
\$ 90,858.96	5500	\$1,227,000.00
\$ 11,424.00	5542	\$150,000.00
\$ 102,282.96		
	5981	\$23,000.00
	5982	\$7,500.00
	5983	\$25,000.00
	5984	\$6,000.00
	5985	\$12,000.00
	5986	\$9,000.00
	5987	\$500.00

	5989	\$700.00
\$ 13,426.09		
\$ 13,426.09		
\$ 40,318.96		
\$ 40,318.96		
\$ 1,087.24	6080	\$20,000.00
\$ 5,520.47	6081	\$160,000.00
\$ -	6085	\$5,000.00
\$ 12.70	6090	\$1,500.00
\$ 120.24	6106	\$1,500.00
\$ 1,999.16	6108	\$8,000.00
\$ -	6114	\$15,000.00
\$ -	6118	\$24,000.00
\$ -	6119	\$19,400.00
\$ -	6120	\$10,000.00
\$ -	6121	\$20,000.00
\$ -	6122	\$6,500.00
\$ -	6123	\$10,000.00
\$ -		
\$ -	6167	\$35,000.00
\$ 99,974.00	6168	\$105,000.00
\$ 1,120.00	6169	\$18,000.00
\$ 5,500.52	6170	\$60,000.00
\$ -		
\$ -	6206	\$20,000.00
\$ -		
\$ -	6208	\$18,000.00
\$ -	6252	\$25,000.00
\$ 56.05	6266	\$1,000.00
\$ -	6268	\$500.00
\$ 77.38	6270	\$8,000.00

\$ 2,783.79	6271	\$38,000.00
	6280	\$85,000.00
\$ 30,226.98		
\$ -	6301	\$ 340,242.75
\$ -	6400	\$10,000.00
\$ -		
\$ -	6500	\$32,000.00
\$ 200.42	6504	\$5,000.00
\$ -	6508	\$6,000.00
\$ 114.15	6510	\$12,000.00
\$ 100.00	6520	\$12,000.00
\$ -	6510	\$5,000.00
\$ 19.27	6522	\$1,500.00
\$ 168.32	6600	\$7,000.00
\$ -	6602	\$15,000.00
\$ -	6606	\$2,500.00
\$ 640.58	6608	\$15,000.00
\$ 124.69	6610	\$13,000.00
\$ -		
\$ 43.20	6612	\$1,000.00
\$ -	6613	\$8,500.00
\$ 10,702.70	6614	\$11,000.00
\$ 411.55	6615	\$1,500.00
\$ 9,468.28	6616	\$5,700.00
\$ 8,877.26	6618	\$150,000.00
\$ 2,222.34	6620	\$8,000.00
\$ 148.54	6622	\$16,000.00
\$ -	6702	\$15,000.00
\$ 1,725.00	6704	\$25,000.00
\$ -	6706	\$2,500.00
\$ 259.00	6708	\$28,000.00
\$ 183,703.83		
\$ -		

\$ -		
\$ 339,731.84		
\$ 523,856.40		

Comments
2017 pop = 173,038 @\$5.15 per capita (1.5% increase)
2017 pop @\$5.15 per capita (1.5% increase)
\$4.70 per resident; 2017 pop 173,038
\$5.55 per resident; 2017 pop 61,305
In and out
TRAC, PLSB offsett line 109 Expenses
Morinville/Bonnyville
Rental, Professional services
Offset with expense line 108 Expenses
2-day Conference
Bank/Investments Interest
Myrnam offset in line: 103 Expenses
1.5% COLA and step increments for 21 F/T staff members and 2 summer students 2019
Dental, Vision, Health, RRSP
Webinars, Courses and Training Sessions
Conference and Workshops attending
Hotels and Travel costs
Meals 50% gst
Airfare, Baggage, Taxis
Any staff vacancy

Reference and HR Advisory
Large Print, Professional collection, Ref, Audio, Kits and Blocks
Makerspace
In and out
Library Cards, Stickers, Disc repair supplies, Canvas bags and DVD cases
Web dewey, CD, cataloguers desktop
Brokerage, Freight, Customs, Various Book Suppliers shipping cost
Laminating, macktac, barcodes spine lables
Anti Virus, Deep Freeze, FixMeStick, -3 yr prepaid going forward-2017 code changes
Laptops, Staff computers, Monitors - 2019 Towers need to be replaced
Econolution / Townlife
HelpDesk, GoToAssist, Cloud printing
Vmware, Veeam, Dell Desktop Authority
Office 365, Windows 10, Smart Draw, Asset Panda ect.
New technology for development
Customer edge devices maintenance and 3 year contract. Paid in Dec each year
Cost of operations and maintenance of catalogue and Server at YRL
Cybera (3 yr/3 Exinda warranty for upgrade of bandwidth) New service provider (lower cost)
Overdrive, 3M, Hoopla, Zinio
Conference and Workshops - LMC Workshop
3 LMC meetings a year, travel and meals
SRP WRP, entertainer, prizes, story teller, author talks
Postage, (other than government courier an van run)
Maintenance

[illegible]

NORTHERN LIGHTS LIBRARY SYSTEM
Financial Statements
For The Year Ended December 31, 2018

INDEPENDENT AUDITORS' REPORT

To the Members of the Northern Lights Library System

Opinion

We have audited the financial statements of Northern Lights Library System (the Library System), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library System as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library System 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of the Library System for the year ended December 31, 2017, were audited by another auditor who expressed an unmodified opinion on those financial statements on February 26, 2018.

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 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.

In preparing the financial statements, management is responsible for assessing the Library System's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library System or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library System's financial reporting process.

(continues)



Independent Auditors' Report to the Members of Northern Lights Library System *(continued)*

Auditors' 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 auditors' 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 generally accepted auditing standards 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 generally accepted auditing standards, 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 Library System'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 Library System's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Library System 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

Edmonton, Alberta

March 2, 2019

NORTHERN LIGHTS LIBRARY SYSTEM
Statement of Financial Position
As at December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 2,222,078	\$ 2,037,639
Short term investments	400,000	400,000
Accounts receivable (Note 2)	22,803	42,191
Goods and Services Tax recoverable	24,530	-
Prepaid expenses	61,455	91,873
	<u>2,730,866</u>	<u>2,571,703</u>
TANGIBLE CAPITAL ASSETS (Note 4)	<u>2,420,392</u>	<u>2,579,667</u>
	<u>\$ 5,151,258</u>	<u>\$ 5,151,370</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 31,997	\$ 79,731
Goods and Services Tax payable	-	4,900
Vacation payable	34,478	40,434
Source deductions payable	-	22,535
Deferred contributions - allocation (Note 7)	132,867	147,434
Deferred contributions - other (Note 8)	166,466	140,146
	<u>365,808</u>	<u>435,180</u>
DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS (Note 9)	<u>1,247,080</u>	<u>1,318,139</u>
	<u>1,612,888</u>	<u>1,753,319</u>
NET ASSETS		
Invested in tangible capital assets - Internally restricted	1,173,312	1,261,528
Unrestricted	2,365,058	2,136,523
	<u>3,538,370</u>	<u>3,398,051</u>
	<u>\$ 5,151,258</u>	<u>\$ 5,151,370</u>

ON BEHALF OF THE BOARD

Director

Director

NORTHERN LIGHTS LIBRARY SYSTEM
Statement of Operations
For The Year Ended December 31, 2018

	2018	2018	2017
REVENUE			
Provincial grants (Note 3)	\$ 1,153,521	\$ 1,293,783	\$ 1,263,502
Municipal levies	1,188,119	1,188,119	1,204,931
Library board levies	566,486	566,486	586,472
Reimbursements (Note 5)	102,000	141,727	220,680
Amortization of deferred contributions - tangible capital assets (Note 9)	-	71,059	66,443
Interest	20,000	43,895	35,387
Deferred allotment	40,000	17,658	13,419
Office sales	6,000	7,435	8,109
Annual conference	5,000	5,453	4,029
Reading programs	2,000	3,802	2,694
Non-resident fees	900	1,300	1,200
	<u>3,084,026</u>	<u>3,340,717</u>	<u>3,406,866</u>
EXPENSES			
Salaries, wages and benefits	1,268,830	1,273,904	1,222,318
Bibliographic services	484,538	481,055	439,588
Transfer payments (Note 6)	338,506	338,506	338,506
Amortization of tangible capital assets	-	185,236	164,747
Public services	189,800	157,527	214,646
Reimbursements	100,000	137,010	211,117
Indigenous project	-	135,207	104,926
Contracts and vendor services	135,000	133,274	143,241
Information technology	118,500	87,349	136,133
Administration and finance	98,100	83,177	109,101
Board	45,500	56,826	54,245
Repairs and maintenance	46,000	50,265	50,128
Delivery, freight and express	48,500	43,098	43,293
Utilities	30,000	26,001	26,881
Insurance	12,500	10,703	11,443
	<u>2,915,774</u>	<u>3,199,138</u>	<u>3,270,313</u>
EXCESS OF REVENUE OVER EXPENSES FROM OPERATIONS	<u>168,252</u>	<u>141,579</u>	<u>136,553</u>
OTHER INCOME (EXPENSES)			
Gain on disposal of tangible capital assets	-	-	2,300
Loss on foreign exchange	-	(1,260)	-
	<u>-</u>	<u>(1,260)</u>	<u>2,300</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 168,252</u>	<u>\$ 140,319</u>	<u>\$ 138,853</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN LIGHTS LIBRARY SYSTEM
Statement of Changes in Net Assets
For The Year Ended December 31, 2018

	Unrestricted	Invested in tangible capital assets - Internally restricted	2018	2017
NET ASSETS - BEGINNING OF YEAR	\$ 2,136,523	\$ 1,261,528	\$ 3,398,051	\$ 3,259,198
Excess of revenue over expenses	140,319	-	140,319	138,853
Purchase of tangible capital assets	(25,961)	25,961	-	-
Amortization of tangible capital assets	185,236	(185,236)	-	-
Amortization of deferred contributions - tangible capital assets (<i>Note 9</i>)	(71,059)	71,059	-	-
NET ASSETS - END OF YEAR	\$ 2,365,058	\$ 1,173,312	\$ 3,538,370	\$ 3,398,051

The accompanying notes are an integral part of these financial statements.

NORTHERN LIGHTS LIBRARY SYSTEM
Statement of Cash Flows
For The Year Ended December 31, 2018

	2018	2017
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 140,319	\$ 138,853
Items not affecting cash:		
Amortization of tangible capital assets	185,236	164,747
Amortization of deferred contributions - tangible capital assets (Note 9)	(71,059)	(66,443)
	<u>254,496</u>	<u>237,157</u>
Changes in non-cash working capital:		
Accounts receivable	19,388	(36,716)
Prepaid expenses	30,418	17,357
Accounts payable and accrued liabilities	(47,734)	48
Goods and Services Tax payable	(29,430)	34,510
Vacation payable	(5,956)	(4,372)
Source deductions payable	(22,535)	(5,297)
Deferred contributions - allocation	(14,567)	(10,372)
Deferred contributions - other	26,320	40,163
	<u>(44,096)</u>	<u>35,321</u>
	<u>210,400</u>	<u>272,478</u>
INVESTING ACTIVITY		
Purchase of tangible capital assets	<u>(25,961)</u>	<u>(64,328)</u>
	<u>(25,961)</u>	<u>(64,328)</u>
FINANCING ACTIVITIES		
Disposal of short term investments	400,000	602,387
Purchase of short term investments	<u>(400,000)</u>	<u>-</u>
	<u>-</u>	<u>602,387</u>
Cash flow from financing activities	<u>-</u>	<u>602,387</u>
INCREASE IN CASH FLOW	184,439	810,537
CASH AND CASH EQUIVALENTS - BEGINNING OF YEAR	<u>2,037,639</u>	<u>1,222,730</u>
CASH AND CASH EQUIVALENTS - END OF YEAR	<u>\$ 2,222,078</u>	<u>\$ 2,033,267</u>
CASH AND CASH EQUIVALENTS CONSISTS OF:		
Cash and cash equivalents	\$ 1,088,123	\$ 923,341
Temporary investments	<u>1,133,955</u>	<u>1,114,298</u>
	<u>\$ 2,222,078</u>	<u>\$ 2,037,639</u>

The accompanying notes are an integral part of these financial statements.

NORTHERN LIGHTS LIBRARY SYSTEM
Notes to Financial Statements
For the Year Ended December 31, 2018

PURPOSE OF THE SYSTEM

Northern Lights Library System (the "Library System") is a Government not-for-profit organization that provides services and support to autonomous member libraries to assist them in the provision of comprehensive and efficient library service. The Library System may provide access to library services for residents of supporting municipalities where no library exist.

The Library System was established in 1990. The Library System is exempt from income taxes under section 149(1)(l) of the *Income Tax Act*.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

Revenue recognition

Northern Lights Library System follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Reimbursement revenue is recognized as revenue when the performance has been completed, or the risks and rewards of the ownership of the asset has been transferred and collection is reasonably assured.

Municipal and library board revenues are based on an approved per capita funding contribution. The funding contribution is approved annually and the population of the various municipalities is provided by the Government of Alberta.

Cash and cash equivalents

Cash and cash equivalents include cash and investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. These temporary investments have a maturity of three months or less at acquisition and are held for the purpose of meeting short-term cash commitments rather than for investing.

Short term investments

Short term investments consist of term deposits with maturities of less than twelve months.

(continues)

NORTHERN LIGHTS LIBRARY SYSTEM

Notes to Financial Statements

For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Tangible capital assets

Tangible capital assets are stated at cost or less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the date of contribution less accumulated amortization. Tangible capital assets are amortized over their estimated useful lives on a straight-line basis at the following rates and methods:

Buildings	40 years	straight-line method
Parking lots	15 years	straight-line method
Furniture and equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Vehicles	3 years	straight-line method

The Library System regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use. No amortization is taken in the year of acquisition

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards for government not-for-profit organizations requires management to make estimates and assumption that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. Significant areas requiring the use of management's estimates include the useful lives of tangible capital assets and the corresponding rates of amortization, recoverability of accounts receivable, and the amount of accrued liabilities. Such estimates are periodically reviewed and any adjustments necessary are reported in the statement of operations in the period they become known. Actual results could differ from these estimates.

(continues)

NORTHERN LIGHTS LIBRARY SYSTEM
Notes to Financial Statements
For the Year Ended December 31, 2018

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial instruments

Measurement of financial instruments

The Library System initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instruments.

The Library System subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in net income.

Financial assets measured at amortized cost include cash and cash equivalents, short term investments and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and vacation payable.

The Library System has no financial assets measured at fair value.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Library System recognizes its transaction costs in net income in the period incurred. However, the carrying amount of the financial instruments that will not be subsequently measured at fair value is reflected in the transaction costs that are directly attributable to their organization, issuance or assumption

2. ACCOUNTS RECEIVABLE

	<u>2018</u>	<u>2017</u>
Trade receivables	\$ 21,430	\$ 40,123
Interest receivable	2,150	2,068
	<u>23,580</u>	42,191
Allowance for doubtful accounts	(777)	-
	<u>\$ 22,803</u>	<u>\$ 42,191</u>

NORTHERN LIGHTS LIBRARY SYSTEM
Notes to Financial Statements
For the Year Ended December 31, 2018

3. PROVINCIAL GRANTS

	2018	2017
Operating grant	\$ 820,070	\$ 820,070
Rural services grant	338,506	338,506
Indigenous grant	135,207	104,926
	\$ 1,293,783	\$ 1,263,502

The rural services grant is paid out to the member libraries in the form of transfer payments, described further in Note 6.

4. TANGIBLE CAPITAL ASSETS

<u>Cost</u>	2017 Balance	Additions	Disposals	2018 Balance
Land	\$ 50,000	\$ -	\$ -	\$ 50,000
Building	2,894,641	-	-	2,894,641
Parking lot	81,000	-	-	81,000
Furniture & equipment	83,109	-	-	83,109
Computer equipment	233,188	-	-	233,188
Vehicles	206,835	25,961	31,662	201,134
	\$ 3,548,773	\$ 25,961	\$ 31,662	\$ 3,543,072

<u>Accumulated Amortization</u>	2017 Balance	Amortization	Accumulated Amortization on Disposals	2018 Balance
Building	\$ 659,136	\$ 72,366	\$ -	\$ 731,502
Parking lot	16,200	5,400	-	21,600
Furniture & equipment	33,645	11,280	-	44,925
Computer equipment	151,766	53,045	-	204,811
Vehicles	108,359	43,145	31,662	119,842
	\$ 969,106	\$ 185,236	\$ 31,662	\$ 1,122,680

<u>Net book value</u>	2018	2017
Land	\$ 50,000	\$ 50,000
Building	2,163,139	2,235,505
Parking lot	59,400	64,800
Furniture & equipment	38,184	49,464
Computer equipment	28,377	81,422
Vehicles	81,292	98,476
	\$ 2,420,392	\$ 2,579,667

NORTHERN LIGHTS LIBRARY SYSTEM
Notes to Financial Statements
For the Year Ended December 31, 2018

5. REIMBURSEMENTS

	<u>2018</u>	<u>2017</u>
Sales of office supplies	\$ 132,223	\$ 210,599
Wage subsidies grant	5,062	5,352
Services and travel reimbursement	4,442	4,729
	<u>\$ 141,727</u>	<u>\$ 220,680</u>

6. TRANSFER PAYMENTS

The Library System provides payments to certain member entities on the basis of \$5.55 per capita (2017 - \$5.55). The population of the municipality is based off of the two years prior Municipal Affairs Population List, provided by the Government of Alberta. The population of the 17 municipalities that received transfer payments total 60,992 (2017 - 60,992) with a minimum population of 44 individuals (2017 - 44) and a maximum population of 19,578 individuals (2017 - 19,578).

7. DEFERRED CONTRIBUTIONS - ALLOCATION

The Library System provides each member library with a book purchase allocation. All purchases by the member libraries are applied against their allotment. The annual change in the regular allocation accounts is reflected on the income statement as a change in the deferred revenue allocation.

	Balance, Beginning of Year	Book purchase allocation	Books purchased	Balance, End of Year
Purchase allotment	\$ 147,434	\$ 372,032	\$ (386,599)	<u>\$ 132,867</u>

The member libraries have outstanding orders of \$4,069 (2017 - \$7,158) for books not received as at December 31, 2018. These amounts are reflected in the balance at year end.

NORTHERN LIGHTS LIBRARY SYSTEM
Notes to Financial Statements
For the Year Ended December 31, 2018

8. DEFERRED CONTRIBUTIONS - OTHER

Deferred contributions consists of externally designated funds received by the Library System. The funds are specifically designated for various projects.

	Balance, Beginning of Year	Contributions received	Revenue recognized	Balance, End of Year
Indigenous project grant	\$ 119,043	\$ 160,064	\$ (135,207)	\$ 143,900
Myrnam - funds	6,249	8,367	(3,107)	11,509
Member library restricted funds	14,854	7,615	(11,412)	11,057
	<u>\$ 140,146</u>	<u>\$ 176,046</u>	<u>\$ (149,726)</u>	<u>\$ 166,466</u>

The member libraries restricted funds are donations and other funding amounts paid to the individual library members by various arm's length entities or individuals. The member libraries are able to spend the funds as they best see fit.

9. DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

Deferred contributions - tangible capital assets consists of contributed tangible capital assets and restricted contributions with which tangible capital assets were purchased.

	<u>2018</u>	<u>2017</u>
Balance, Beginning of Year	\$ 1,318,139	\$ 1,370,732
Add:		
Indigenous grant	-	13,850
Less:		
Amortization of deferred contributions - tangible capital assets	<u>71,059</u>	66,443
Balance, End of Year	<u>\$ 1,247,080</u>	\$ 1,318,139
Deferred contributions are comprised of the following:		
Building	\$ 1,229,090	\$ 1,271,775
Computer equipment	9,233	28,850
Vehicles	<u>8,757</u>	<u>17,514</u>
	<u>\$ 1,247,080</u>	<u>\$ 1,318,139</u>

NORTHERN LIGHTS LIBRARY SYSTEM

Notes to Financial Statements

For the Year Ended December 31, 2018

10. RELATED PARTY TRANSACTIONS

The Library System charges its member entities a levy of \$10.14 (2017 - \$10.14) per capita in the municipality of the member entity library. If there is a library board in the municipal area, then the municipality and library board share the funding costs on a 50/50 basis. Total funding from the municipal levies in 2018 totaled \$1,188,119 (2017 - \$1,204,931) and the funding from the library boards levies in 2018 totaled \$566,486 (2017 - \$586,472). The population of the municipality is based off the previous year's "Municipal Affairs Population List", provided by the Government of Alberta. The population of the 54 municipalities total 173,038 individuals (2017 - 176,667), with a minimum population of 38 individuals (2017 - 44) and a maximum population of 20,495 individuals (2017 - 19,578).

Total other revenue received from related parties in 2018 totaled \$131,335 (2017 - \$208,250). This was recorded under reimbursement revenue on the Statement of Operations.

Amounts paid to the related parties by the Library System consist of the transfer payments, further described in Note 5.

Amounts owed from related party transactions included in accounts receivable as at December 31, 2018 total \$17,534 (2017 - \$40,123).

The Library System did not owe any amounts to related parties in either the 2018 or 2017 fiscal years.

The deferred contributions allocation described in Note 7 and the other deferred contributions amount described in Note 8 relate to funds that have been received or allocated for the member entities which no corresponding expenses have been incurred yet.

All of the related party transactions were in the normal course of business and were recorded at the exchange value.

11. FINANCIAL INSTRUMENTS

The Library System is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Library System's risk exposure and concentration as of December 31, 2018.

(a) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Library System is exposed to credit risk related to the collection of accounts receivable from member entities.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Library System is exposed to this risk mainly in respect of its receipt of funds from members.

The Library System mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining investments that may be converted to cash in the near-term if unexpected cash outflows arise.

(continues)

NORTHERN LIGHTS LIBRARY SYSTEM
Notes to Financial Statements
For the Year Ended December 31, 2018

11. FINANCIAL INSTRUMENTS (continued)

(c) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Library System manages exposure through its normal operating and financing activities. The Library System is exposed to interest rate risk primarily through its cash and cash equivalents and short term investments.

Unless otherwise noted, it is management's opinion that the Library System is not exposed to significant market, currency and other price risks arising from these financial instruments.

12. RECONCILIATION OF OPERATING RESULTS TO BUDGET

The Library System compiles a budget on a modified accrual basis. The budget expensed all tangible capital asset purchases rather than including amortization expense. The reconciliation below adjusts excess of revenues over expenses to align with the Library System's budgeting process. It should not be used as a replacement for the statement of operations. The Library System budgeted for a \$18,848 deficit.

	2018 Budget	2018 Actual	2017 Actual
Excess of Revenues over Expenses	\$ 168,252	\$ 140,319	\$ 138,853
Add:			
Amortization of tangible capital assets	-	185,236	-
Deduct:			
Purchase of tangible capital assets	(147,100)	(25,961)	-
Amortization of deferred contributions - tangible capital assets	-	(71,059)	-
Deferred allotment carryover	(40,000)	(17,658)	-
	<u>\$ (18,848)</u>	<u>\$ 210,877</u>	<u>\$ 138,853</u>

13. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.

March 2, 2019

Northern Lights Library System
5615 48 Street
Elk Point, Alberta
T0A 1A0

Attention: Executive Board Members

Dear Executive Board Members:

RE: 2018 AUDIT FINDINGS LETTER

The purpose of this communication is to summarize certain matters arising from the audit that we believe would be of interest to the Executive Board (the "Board"). Additionally, during the course of our audit we identified matters that may be of interest to management.

The purpose of an audit is for the auditor to express an opinion on the financial statements. The audit included consideration of internal control relevant to the preparation of the financial statements 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 internal control. The matters being reported are limited to those deficiencies that we have identified during the audit and that we have concluded are of sufficient importance to merit being reported to the Board.

This communication is prepared solely for the use of the Board and management and is not intended for any other purpose. Metrix Group LLP accepts no responsibility to a third party who uses this communication.

AUDITOR RESPONSIBILITIES

It is important for the Board to understand the responsibilities that rest with the Northern Lights Library System (the "Library System") and its management and those that belong to the auditor in relation to the financial statement audit.

Our audit of the Library System's financial statements was performed in accordance with Canadian generally accepted auditing standards. These standards require that we plan and perform the audit to obtain reasonable assurance about whether the financial statements present fairly, in all material respects, the financial position, results of operations and cash flows of the Library System in accordance with Canadian public sector accounting standards for government not-for-profit organizations.

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Accordingly, we planned and performed our audit to provide reasonable, but not absolute, assurance of detecting fraud and errors that have a material effect on the financial statements taken as a whole, including illegal acts whose consequences have a material effect on the financial statements.

Canadian generally accepted auditing standards does not require the auditor to design procedures for the purpose of identifying supplementary matters to communicate to the Board. Accordingly, our audit would not necessarily identify all such matters that may be of interest to the Board and management and it is inappropriate to conclude that no such matters exist.

MANAGEMENT RESPONSIBILITIES

Management is responsible for the preparation of the financial statements in accordance with Canadian public sector accounting 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.

AUDIT APPROACH

Based on our knowledge of the Library System, we utilized a combination of tests of relevant internal controls and substantive procedures (analysis of data and obtaining direct evidence as to the validity of the items such as third party confirmation). This type of approach is more appropriate when an entity has strong internal controls. By obtaining some of our assurance through tests of controls, we can reduce the substantive procedures that are required.

MATERIALITY

Materiality in an audit is used as a guide for planning the nature and extent of audit procedures and for assessing the sufficiency of audit evidence gathered. It is also used in evaluating the misstatements found and determining the appropriate audit opinion to express.

A misstatement, or the aggregate of all misstatements in financial statements, is considered to be material if, in the light of surrounding circumstances, it is probable that the decision of a person who is relying on the financial statements, and who has a reasonable knowledge of business and economic activities (the user), would be changed or influenced by such misstatement or the aggregate of all misstatements. The materiality decision ultimately is based on the auditors' professional judgment.

The auditor's determination of materiality is a matter of professional judgment, and is affected by the auditor's perception of the financial information needs of users of the financial statements. In planning our audit, we have concluded that a materiality level of 2% of expenses is appropriate. However, we anticipate that management will record any adjustments that we propose that are of a non-trivial nature.

SIGNIFICANT FINDINGS FROM THE AUDIT

Our objective is to communicate appropriately to the Board and management deficiencies in internal control that we have identified during the audit and that, in our professional judgment, are of sufficient importance to merit being reported to the Board.

The audit findings contained in this letter did not have a material effect on the Library System's financial statements, and as such, our audit report is without reservation with respect to these matters.

Significant Deficiencies in Internal Control

Our audit did not reveal any significant deficiencies in internal controls.

Significant Qualitative Aspects of Accounting Practices

Management is responsible for determining the significant accounting policies. The choice of different accounting policy alternatives can have a significant effect on the financial position and results of the Library System. The application of those policies often involves significant estimates and judgments by management.

We are of the opinion that the significant accounting policies, estimates and judgments made by management, and financial disclosures do not materially misstate the financial statements taken as a whole.

Uncorrected Misstatements

The total aggregated misstatements identified by our Firm of \$982 resulted in an overstatement of the Library Systems excess of revenues over expenses for the year ended December 31, 2018.

Amount of over (under) misstatement				
Description	Assets	Liabilities	Excess of Revenues over Expenses	Net Assets
To remove prior year expense recorded in 2018	\$ -	\$ -	\$ (1,211)	\$ -
Payroll audit variance	-	(922)	922	922
To record current year expense recorded in 2019	-	(1,271)	1,271	1,271
Total unrecorded misstatements	\$ -	\$ (2,193)	\$ 982	\$ 2,193

After considering both quantitative and qualitative factors with respect to the uncorrected misstatements we accumulated during the audit, we agree with management that the financial statements are not materially misstated.

Significant Difficulties Encountered During the Audit

We encountered no significant difficulties during our audit that should be brought to the attention of the Board.

Management Representations

Management's representations are integral to the audit evidence we will gather. Prior to the release of our report, we will require management's representations in writing to support the content of our report.

OTHER MATTERS

Bank reconciliations

During our audit, we noted that bank reconciliations contained no evidence of preparer or the reviewer.

We recommend that the bank reconciliations are signed and dated by both the preparer and the reviewer when they are completed and reviewed respectively.

Cheques held at year-end

While performing audit procedures on cash, we discovered that cheques were held at the Library System's office until after year-end, for approximately two weeks, then mailed and recorded as outstanding cheques, as at December 31, 2018.

We recommend that once cheques are recorded, they be mailed within a reasonable time frame (one day), or remain in accounts payable if there will be a significant amount of time before the cheques are sent out.

Cut off

While performing audit procedures on cut-off, it was noted that one 2018 expense was paid in the 2019 fiscal year. Furthermore, we investigated and found 2017 fiscal year expense recorded in the 2018 fiscal year.

While these purchases were trivial in nature, we recommend that invoices received close to year end are thoroughly reviewed to ensure they are recorded into the correct period. This will help to ensure that the financial records are accurate for a given reporting period.

Invoices

We noted that while testing MasterCard transactions that one of the charges contained no source documentation.

We recommend that receipts be provided for all of the purchases incurred by the Library System. This will help to ensure that only valid Library System expenses have been paid for and recorded.

AUDITOR INDEPENDENCE

We have been engaged to audit the financial statements of the Library System for the year ending December 31, 2018.

Canadian generally accepted auditing standards require that we communicate at least annually with you regarding all relationships between the Library System and our Firm that, in our professional judgment, may reasonably be thought to bear on our independence.

In determining which relationships to report, these standards require us to consider relevant rules and related interpretations prescribed by the Chartered Professional Accountants of Alberta and applicable legislation, covering such matters as:

- (a) holding a financial interest, either directly or indirectly, in a client;
- (b) holding a position, either directly or indirectly, that gives the right or responsibility to exert significant influence over the financial or accounting policies of a client;

- (c) personal or business relationships of immediate family, close relatives, partners or retired partners, either directly or indirectly, with a client;
- (d) economic dependence on a client; and
- (e) provision of services in addition to the audit engagement.

We have prepared the following comments to facilitate our discussion with you regarding independence matters. We are not aware of any relationships between the Library System and ourselves that, in our professional judgment, may reasonably be thought to bear on our independence that have occurred from January 1, 2018 – March 2, 2019.

We would like to thank Terri Hampson, Julie Walker and all the Library System staff for their assistance during the audit. We consider it a privilege to serve the Library System as external auditors. We extend our best wishes to the Library System for a successful 2019.

Yours very truly,

METRIX GROUP LLP



Jeffrey Alliston, CPA, CA
Partner

JBA/crp

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