

Financial Statements of

**THE CAMBRIDGE PUBLIC  
LIBRARY BOARD**

(Operating as "Idea Exchange")

And Independent Auditor's Report thereon

Year ended December 31, 2022



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## INDEPENDENT AUDITOR'S REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of  
The Corporation of The City of Cambridge

### ***Opinion***

We have audited the financial statements of The Cambridge Public Library Board (operating as "Idea Exchange") (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2022
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net debt for the year then ended
- the statement of cash flows for the year then ended
- and notes and schedule to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2022 and its results of operations and accumulated surplus, its changes in net debt 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. Our responsibilities under those standards are further described in the "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 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 the 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 Entity'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 Entity'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 Entity 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.
- 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.

*KPMG LLP*

Chartered Professional Accountants, Licensed Public Accountants

Kitchener, Canada

April 27, 2023

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Statement of Financial Position

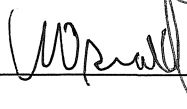
December 31, 2022, with comparative information for 2021

	2022	2021
<b>Financial assets</b>		
Cash	\$ 761,391	\$ 804,822
Accounts receivable	71,356	84,231
Receivable from the City of Cambridge	64,642	47,348
Investments (note 5)	790,565	766,445
<b>Total financial assets</b>	<b>1,687,954</b>	<b>1,702,846</b>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	474,416	474,202
Deferred revenue (note 7)	432,303	449,597
Post-employment benefits (note 8)	1,728,097	1,721,942
<b>Total liabilities</b>	<b>2,634,816</b>	<b>2,645,741</b>
<b>Net debt</b>	<b>(946,862)</b>	<b>(942,895)</b>
<b>Non-financial assets</b>		
Tangible capital assets (note 6)	1,585,147	1,407,050
Prepaid expenses	152,633	210,482
	<b>1,737,780</b>	<b>1,617,532</b>
<b>Accumulated surplus (note 10)</b>	<b>\$ 790,918</b>	<b>\$ 674,637</b>

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

Signed on behalf of the Board of Directors:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Statement of Operations and Accumulated Surplus

Year ended December 31, 2022, with comparative information for 2021

	Budget	Library	Gallery	2022 Total	2021 Total (Note 11)
<b>Revenue:</b>					
City of Cambridge operating grant	\$ 7,787,300	\$ 7,371,278	\$ 416,022	\$ 7,787,300	\$ 7,496,000
Federal and provincial support grants (note 2)	299,500	161,464	153,506	314,970	301,570
Contracts and rental	132,000	127,692	-	127,692	126,513
Fines, fees and sundry	36,900	66,461	-	66,461	50,536
Other grants	2,500	43,108	2,983	46,091	33,417
Endowment and investment income	35,800	30,990	27,366	58,356	20,649
Donations and fundraising	-	6,026	-	6,026	4,546
<b>Total revenue</b>	<b>8,294,000</b>	<b>7,807,019</b>	<b>599,877</b>	<b>8,406,896</b>	<b>8,033,231</b>
<b>Expenses:</b>					
Personnel	6,403,700	5,935,351	360,257	6,295,608	5,905,942
Amortization of tangible capital assets	-	723,019	4,859	727,878	677,902
Digital services	279,200	262,774	-	262,774	258,057
Building and equipment	288,100	281,896	1,568	283,464	352,042
Collections	752,450	343,773	16,309	360,082	327,069
Administrative	164,000	158,749	6,794	165,543	134,621
Interdepartmental overhead allocation	-	(106,016)	106,016	-	-
Utilities	243,000	217,899	-	217,899	195,906
Programming	159,350	58,347	94,696	153,043	145,315
Purchased services	172,700	184,273	-	184,273	132,253
Grant expenses	-	1,337	3,178	4,515	5,641
<b>Total expenses</b>	<b>8,462,500</b>	<b>8,061,402</b>	<b>593,677</b>	<b>8,655,079</b>	<b>8,134,748</b>
	(168,500)	(254,383)	6,200	(248,183)	(101,517)
<b>Other income (expense):</b>					
Contribution from City of Cambridge reserves	84,800	84,800	-	84,800	175,800
Contribution to City of Cambridge reserves	(24,300)	(281,868)	(6,200)	(288,068)	(194,300)
City of Cambridge capital contributions	108,000	567,732	-	567,732	152,337
	168,500	370,664	(6,200)	364,464	133,837
<b>Annual surplus</b>	<b>-</b>	<b>116,281</b>	<b>-</b>	<b>116,281</b>	<b>32,320</b>
<b>Accumulated surplus, beginning of year</b>	<b>642,317</b>	<b>333,762</b>	<b>340,875</b>	<b>674,637</b>	<b>642,317</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 642,317</b>	<b>\$ 450,043</b>	<b>\$ 340,875</b>	<b>\$ 790,918</b>	<b>\$ 674,637</b>

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

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

## Statement of Changes in Net Debt

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Excess of revenue over expenses	\$ 116,281	\$ 32,320
Acquisition of tangible capital assets	(905,974)	(454,298)
Amortization of tangible capital assets	727,878	677,902
	(61,815)	255,924
Change in prepaid expenses	57,848	(23,004)
Change in net debt	(3,967)	232,920
Net debt, beginning of year	(942,895)	(1,175,815)
Net debt, end of year	\$ (946,862)	\$ (942,895)

See accompanying notes to financial statements.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Statement of Cash Flows

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 116,281	\$ 32,320
Items not involving cash		
Post-employment benefits expense	6,155	7,102
Amortization of tangible capital assets	727,878	677,902
Changes in non-cash working capital:		
Accounts receivable	12,876	(23,519)
Receivable from the City of Cambridge	(17,295)	(236,866)
Accounts payable and accrued liabilities	214	(38,854)
Deferred revenue	(17,294)	(85,717)
Prepaid expenses	57,848	(23,004)
Cash provided by operating activities	886,663	309,364
Investing activities:		
Change in investments	(24,120)	(14,701)
Purchase of capital assets	(905,974)	(454,297)
Cash used in investing activities	(930,094)	(468,998)
Decrease in cash	(43,431)	(159,634)
Cash, beginning of year	804,822	964,456
Cash, end of year	\$ 761,391	\$ 804,822

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



# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Notes to Financial Statements

Year ended December 31, 2022

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The Cambridge Public Library Board operating as Idea Exchange (the "Board") was incorporated as a not-for-profit organization, without share capital, under the laws of Ontario. It is a registered charity and a local board of the Corporation of the City of Cambridge (the "City") and is dependent on the City for a significant portion of its operating and capital funding. The Board operates two segments being Library operations ("Library") and Gallery operations ("Gallery").

The Board supports and inspires the community in the exploration of reading, arts, innovation and learning.

## 1. Significant accounting policies:

The financial statements of the Board are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments. The following is a summary of the significant accounting policies followed in the preparation of these financial statements.

### (a) Accrual basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

### (b) Revenue recognition:

The Board receives revenue from a variety of sources and applies the following recognition policies:

- i) Grants and contributions received are recognized as revenue in the year in which the related expenditures are incurred.
- ii) Fee and fine revenue is recognized when the cash is collected.
- iii) Revenue from donations without donor specifications and fundraising events is recognized when the cash is collected.
- iv) Endowment and investment income are recognized as revenue in the period realized.

### (c) Investments:

Investments are recorded at the lower of cost or market value. When the investments incur a loss in value that is other than temporary, the investments are written down to their fair value and the loss is recognized in the statement of operations.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Notes to Financial Statements

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (d) Tangible Capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Library collections	3 – 5 years
Furniture and equipment	10 years
Computer hardware and software	5 years

### (e) Deferred revenue:

Deferred revenue represents donations, grants and user charges and fees which have been received but for which the related services have yet to be performed or expenditures are not incurred. These amounts will be recognized as revenues in the fiscal year the services are performed and/or expenditures are incurred.

### (f) Collections of literary materials and artwork:

The Board's collection of literary materials and artwork are preserved and held for public education and research. The Board's collection of artwork is paid for through funds acquired by fundraising, donations and special purpose grants.

The Board has elected not to record its artwork in the statement of financial position. Gallery acquisitions are recorded as expenses in the period they are incurred.

### (g) Pension plan:

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, are recorded as expenses when contributions are due.

### (h) Employee future benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for retirees.

The costs of post-retirement benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance. Liabilities are actuarially determined using discount rates that are consistent with the market rates of high-quality debt instruments. Any gains or losses from changes in assumptions or experience are amortized over the average remaining service period for active employees.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Notes to Financial Statements

Year ended December 31, 2022

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## 1. Significant accounting policies (continued):

### (i) Use of estimates:

The preparation of financial statements in conformity 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 and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of obligations related to employee future benefits. Actual results could differ from those estimates.

## 2. Federal and provincial support grants:

	Library	Gallery	2022 Total	2021 Total
Canada Council support grant	\$ -	\$ 92,400	\$ 92,400	\$ 79,000
Ontario Arts Council support grant	-	61,106	61,106	61,106
Provincial annual operating grant	161,464	-	161,464	161,464
<b>Total</b>	<b>\$ 161,464</b>	<b>\$ 153,506</b>	<b>\$ 314,970</b>	<b>\$ 301,570</b>

## 3. Gallery acquisitions:

Funding for capital acquisitions for the Gallery is provided through a combination of funds raised through fundraising, special purpose grants and donations received from Gallery supporters. In 2022, \$7,000 in art acquisition expenditures were made (2021 - \$nil).

## 4. Idea Exchange Arts Endowment Fund:

The Gallery has established the Idea Exchange Arts Endowment Fund at the Ontario Arts Foundation under the terms of the Arts Endowment Fund (AEF) Program. The AEF is a program of the Government of Ontario through the Ministry of Tourism, Culture and Recreation, administered by the Ontario Arts Foundation. Income from the fund will be used for Gallery operating purposes. During 2022, \$15,576 received from the fund was recognized in endowment and interest income (2021 - \$14,456). The investments in the fund are not recorded in these financial statements. Market value of the fund as at December 31, 2022 is \$287,403 (2021 - \$337,236).

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 5. Investments:

Investments consist of amounts held with the Waterloo Region Community Foundation and the City of Cambridge as follows:

	2022 Cost	2022 Market Value	2021 Cost	2021 Market Value
Cash and cash equivalents	\$ 3,244	\$ 3,244	\$ 2,394	\$ 2,394
Fixed income	657,321	675,393	642,051	675,652
Canadian equities	38,000	47,810	48,000	68,676
Global equities	92,000	115,752	74,000	105,876
<b>Total</b>	<b>\$ 790,565</b>	<b>\$ 842,199</b>	<b>\$ 766,445</b>	<b>\$ 852,598</b>

## 6. Tangible capital assets:

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Library collection	\$ 1,883,809	\$ 1,181,079	\$ 702,730	\$ 715,146
Furniture and equipment	707,199	353,346	353,853	372,687
Computer hardware and software	1,320,637	792,073	528,564	319,217
<b>Total</b>	<b>\$ 3,911,645</b>	<b>\$ 2,326,498</b>	<b>\$ 1,585,147</b>	<b>\$ 1,407,050</b>

## 7. Deferred revenue:

Deferred revenue consists of the following:

	Library	Gallery	2022 Total	2021 Total
Donations	\$ 338,815	\$ 3,155	\$ 341,970	\$ 340,013
Grants	10,551	66,921	77,472	92,688
Contract revenue	12,629	-	12,629	12,628
Programming revenue	-	232	232	4,268
<b>Total</b>	<b>\$ 361,995</b>	<b>\$ 70,308</b>	<b>\$ 432,303</b>	<b>\$ 449,597</b>

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 8. Post-employment benefits:

The Board provides certain employee benefits which will require funding in future periods. An actuarial estimate of future liabilities has been completed as of December 31, 2020 and forms the basis for the estimated liability reported in these financial statements.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations for the post-retirement benefit entitlements at December 31, 2022 are as follows:

	2022	2021
Discount rate	3.00%	3.00%
Future inflation rates	1.75%	1.75%
Future dental premium rates escalation	3.75%	3.75%
Future health care premium rates	5.42%, declining to 3.75% by 2027	5.75%, declining to 3.75% by 2027

Information about the Board's benefit plan is as follows:

	2022	2021
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,721,942	\$ 1,714,840
Current service cost	19,653	18,706
Interest cost	51,927	51,813
Amortization of actuarial loss	2,769	2,769
Benefit payments	(68,194)	(66,186)
Balance, end of year	\$ 1,728,097	\$ 1,721,942

Post-employment benefit expenses included in total expenditures consist of the following:

	2022	2021
Current service cost	\$ 19,653	\$ 18,706
Interest cost	51,927	51,813
Amortization of actuarial loss	2,769	2,769
	\$ 74,349	\$ 73,288

The actuarial loss is amortized on a straight-line basis over 13 years, which represents the expected average remaining service life of the employee group.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2022

## 9. Pension plan:

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its 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. Employee contributions are matched by the Board. Contributions were required on account of current service in 2022 amounting to \$407,477 (2021 - \$415,492).

The latest available report for the OMERS plan was as at December 31, 2022. At that time the plan reported a \$6.7 billion actuarial deficit, based on actuarial liabilities of \$130.3 billion and actuarial assets of \$123.6 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2022, the Board has no obligation under the past service provisions of the OMERS agreement.

## 10. Accumulated surplus:

The accumulated surplus consists of the following:

	2022	2021
Invested in tangible capital assets	\$ 1,585,147	\$ 1,407,050
Internally restricted donations and fundraising	448,665	426,432
Unfunded post-employee benefits	(1,728,097)	(1,721,942)
General	485,203	563,097
	<u>\$ 790,918</u>	<u>\$ 674,637</u>

Invested in tangible capital assets represent the cumulative use of accumulated surplus used to acquire tangible capital assets, net of disposals and amortization.

Unfunded post-employment benefits represent the cumulative expenses recognized for post-employment benefit plans that have not been directly funded by the Board.

Subsequent to year-end, the Board approved a transfer of \$90,500 into the Library Rate Stabilization reserve and \$90,500 into the Library Facility Capital reserve, both held at the City.

## 11. Comparative information:

Certain comparative information has been reclassified to conform with the current year's presentation.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Schedule of Gallery assets, liabilities, and net assets

Year ended December 31, 2022, with comparative information for 2021

	2022	2021
Current assets	\$ 58,798	\$ 113,738
Tangible capital assets	26,418	5,446
Other assets	336,974	332,184
<b>Total assets</b>	<b>\$ 422,190</b>	<b>\$ 451,368</b>
Current liabilities	\$ 81,315	\$ 110,493
Unrestricted net assets (debt)	(19,362)	6,400
Invested in tangible capital assets	26,418	5,446
Internally restricted funds	333,819	329,029
<b>Total net assets</b>	<b>340,875</b>	<b>340,875</b>
<b>Total liabilities and net assets</b>	<b>\$ 422,190</b>	<b>\$ 451,368</b>