



LIBRARY of PARLIAMENT

BIBLIOTHÈQUE du PARLEMENT

## FINANCIAL STATEMENTS

MARCH 31, 2010

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## Statement of Management Responsibility

Responsibility for the integrity and objectivity of the accompanying financial statements for the year ended March 31, 2010 and all information contained in these statements rests with the Library of Parliament management. These financial statements have been prepared by management in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Management is responsible for the integrity and objectivity of the information in these financial statements. Some of the information in the financial statements is based on management's best estimates and judgment and gives due consideration to materiality. To fulfil its accounting and reporting responsibilities, management maintains a set of accounts that provides a centralized record of the Library's financial transactions. Financial information submitted to the *Public Accounts of Canada* and included in the Library of Parliament *Annual Report* is consistent with these financial statements.

Management maintains a system of financial management and internal control designed to provide reasonable assurance that financial information is reliable, that assets are safeguarded and that transactions are in accordance with the *Financial Administration Act*, are executed in accordance with prescribed regulations, within Parliamentary authorities, and are properly recorded to maintain accountability of Government funds. Management also seeks to ensure the objectivity and integrity of data in its financial statements by careful selection, training and development of qualified staff, by organizational arrangements that provide appropriate divisions of responsibility, and by communication programs aimed at ensuring that regulations, policies, standards and managerial authorities are understood throughout the Library.

At the request of management, these financial statements have been audited by KPMG LLP.



**William R. Young**  
Parliamentary Librarian  
Ottawa, Ontario  
June 18, 2010



**Sue Stimpson**  
Chief Financial Officer  
Ottawa, Ontario  
June 18, 2010



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Auditors' Report to the Parliamentary Librarian:

We have audited the statement of financial position of the Library of Parliament as at March 31, 2010 and the statements of operations, equity of Canada and cash flow for the year then ended. These financial statements have been prepared to comply with the accounting policies generally applied by the Government of Canada for government departments and agencies as stipulated in Treasury Board accounting policies. The significant accounting policies are disclosed in note 2 to the financial statements. These financial statements are the responsibility of the management of the Library of Parliament. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Library of Parliament as at March 31, 2010 and the net cost of its operations, the Equity of Canada and its cash flow for the year then ended in accordance with the accounting policies as described in note 2 to the financial statements.

These financial statements, which have not been, and were not intended to be, prepared in accordance with Canadian generally accepted accounting principles, are solely for the information and use of the management of the Library of Parliament and the Treasury Board of Canada Secretariat. The financial statements are not intended to be and should not be used by anyone other than the specified users or for any other purpose.

Chartered Accountants, Licensed Public Accountants

Ottawa, Canada  
July 15, 2010

LIBRARY OF PARLIAMENT

## Statement of Operations

For the period ending March 31

(in dollars)

	2010				Total	2009
	Information Resource Management	Information Research and Analysis	Public Outreach	Governance and Administrative Services		Total
<b>Expenses</b>						
Salaries and employee benefits	5,733,155	19,533,990	3,779,635	5,743,470	<b>34,790,250</b>	34,534,915
Accommodation	2,895,231	3,409,550	613,774	960,911	<b>7,879,466</b>	8,257,006
Professional and special services	292,817	427,677	543,994	1,615,010	<b>2,879,498</b>	3,670,374
Material, equipment and supplies	2,141,539	51,177	43,933	194,244	<b>2,430,893</b>	2,693,332
Communications, travel and relocation	53,307	186,049	179,935	267,975	<b>687,266</b>	691,112
Amortization of tangible capital assets	133,563	322,961	50,227	83,385	<b>590,136</b>	623,534
Cost of goods sold			417,865		<b>417,865</b>	448,247
Repairs and maintenance	555	26,801	2,548	362,382	<b>392,286</b>	330,358
Rentals	188,676		1,878	118,498	<b>309,052</b>	282,018
Information	662	47,668	161,894	50,214	<b>260,438</b>	483,557
Loss on write-down of tangible capital assets	22,133	39,542	11,688	16,661	<b>90,024</b>	142,799
<b>Total Expenses</b>	<b>11,461,638</b>	<b>24,045,415</b>	<b>5,807,371</b>	<b>9,412,750</b>	<b>50,727,174</b>	52,157,252
<b>Revenues</b>						
Sales of goods and information products - External entities			779,582		<b>779,582</b>	849,759
Sales of goods and information products - Other Government Departments			48,783		<b>48,783</b>	42,763
Revenue from disposal of tangible capital assets				1,903	<b>1,903</b>	340
<b>Total Revenues</b>			828,365	1,903	<b>830,268</b>	892,862
<b>Net Cost of Operations</b>	<b>11,461,638</b>	<b>24,045,415</b>	<b>4,979,006</b>	<b>9,410,847</b>	<b>49,896,906</b>	<b>51,264,390</b>

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

LIBRARY OF PARLIAMENT

## Statement of Financial Position

As at March 31  
(in dollars)

	<u>2010</u>	<u>2009</u>
<b>Assets</b>		
<b>Financial Assets</b>		
Accounts receivable and advances (Note 4)	<u>191,666</u>	<u>1,041,684</u>
<b>Non-financial Assets</b>		
Prepaid expenses		4,485
Inventory for resale	<u>379,089</u>	<u>377,107</u>
Tangible capital assets (Note 5)	<u>2,258,512</u>	<u>2,302,837</u>
<b>Total non-financial assets</b>	<u>2,637,601</u>	<u>2,684,429</u>
<b>TOTAL</b>	<u><u>2,829,267</u></u>	<u><u>3,726,113</u></u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	<u>1,633,651</u>	3,086,357
Vacation pay and compensatory leave	<u>1,761,201</u>	1,631,940
Employee severance benefits (Note 6(b))	<u>5,676,940</u>	<u>6,138,604</u>
<b>Total liabilities</b>	<u>9,071,792</u>	10,856,901
<b>Equity of Canada</b>	<u>(6,242,525)</u>	<u>(7,130,788)</u>
<b>TOTAL</b>	<u><u>2,829,267</u></u>	<u><u>3,726,113</u></u>

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

## Statement of Equity of Canada

As at March 31  
(in dollars)

	<u>2010</u>	<u>2009</u>
<b>Equity of Canada, beginning of year</b>	<b>(7,130,788)</b>	(4,896,469)
Net cost of operations	<b>(49,896,906)</b>	(51,264,390)
Current year appropriations used (Note 3)	<b>40,200,807</b>	39,369,473
Revenue not available for spending	<b>(17,264)</b>	(32,228)
Change in net position in the Consolidated Revenue Fund (Note 3)	<b>305,184</b>	(538,330)
Revenue from disposal of tangible capital assets	<b>(1,903)</b>	(340)
Transfer in of assets from PWGSC	<b>234,742</b>	
Services received without charge from other government departments (Note 7)	<b>10,063,603</b>	10,231,496
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<b>Equity of Canada, end of year</b>	<b>(6,242,525)</b>	<b>(7,130,788)</b>
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The accompanying notes form an integral part of these financial statements.

## Statement of Cash Flow

For the period ending March 31  
(in dollars)

	<u>2010</u>	<u>2009</u>
<b>Operating activities</b>		
<i>Net cost of operations</i>	<b>49,896,906</b>	51,264,390
Non-cash items		
Amortization of tangible capital assets	<b>(590,136)</b>	(623,534)
Services provided without charge from other government departments (Note 7)	<b>(10,063,603)</b>	(10,231,496)
Revenue from disposal of tangible capital assets	<b>1,903</b>	340
Loss on write-down of tangible capital assets	<b>(90,024)</b>	(142,799)
<i>Variations in statement of financial position</i>		
Increase (decrease) in accounts receivable and advances	<b>(850,018)</b>	465,381
Increase (decrease) in prepaid expenses	<b>(4,485)</b>	3,845
Increase (decrease) in inventory for resale	<b>1,982</b>	(80,090)
Decrease (increase) in accounts payable and accrued liabilities	<b>1,452,706</b>	(957,857)
Increase in vacation pay and compensatory leave	<b>(129,261)</b>	(240,847)
Decrease (increase) in employee severance benefits	<b>461,664</b>	(1,267,713)
<b>Cash used by operating activities</b>	<b><u>40,087,634</u></b>	<u>38,189,620</u>
 <b>Capital investment activities</b>		
Acquisitions of tangible capital assets	401,093	609,295
<b>Total capital investment activities</b>	<u>401,093</u>	<u>609,295</u>
 <b>Financing Activities</b>		
<b>Net cash provided by Government of Canada</b>	<b><u>40,488,727</u></b>	<b><u>38,798,915</u></b>

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



## Notes to the Financial Statements

### 1. Authority and Objectives

These statements provide the financial information related to all the operations controlled by the Library of Parliament.

The Library of Parliament was created under the *Parliament of Canada Act*.

The purpose of the Library of Parliament is to provide Parliament, in timely fashion, with comprehensive and reliable information, documentation, research and analysis while maintaining extensive and pertinent collections to support the functions of legislation and representation; and to distribute information about Canada's Parliament to the public.

The activities of the Library of Parliament can be summarized as follows:

**Information Research and Analysis** - To provide parliamentarians with information, research and analysis services that assist them in fulfilling their roles as members of the Senate or the House of Commons, members of committees and parliamentary associations, and representatives of regions or electoral districts. Information is also made available to authorized clients.

**Information Resource Management** - To design, develop, maintain and promote a varied collection of sources of knowledge that address the information requirements of parliamentarians and their staff.

**Public Outreach** - To support parliamentarians in their efforts to make Parliament accessible to the public. To provide the public with information about Parliament.

**Governance and Administrative Services** - Activities and resources that enable managers and employees to deliver activities and programs for and about Parliament.

### 2. Summary of Significant Accounting Policies

The financial statements have been prepared in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector.

Significant accounting policies are as follows:

**(a) Parliamentary Appropriations** – The Library of Parliament is financed by the Government of Canada through Parliamentary appropriations. Appropriations provided to the Library do not parallel financial reporting according to Canadian generally accepted accounting principles since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the statement of operations and the statement of financial position are not necessarily the same as those provided through appropriations from Parliament. Note 3 provides a high-level reconciliation between the bases of reporting.

## LIBRARY OF PARLIAMENT

### 2. Summary of Significant Accounting Policies (continued)

**(b) Net Cash Provided by Government** – The Library of Parliament operates within the Consolidated Revenue Fund (CRF), which is administered by the Receiver General for Canada. All cash received by the Library is deposited to the CRF and all cash disbursements made by the Library are paid from the CRF. The net cash provided by Government is the difference between all cash receipts and all cash disbursements including transactions between departments of the federal government.

**(c) Change in net position in the Consolidated Revenue Fund** is the difference between the net cash provided by Government and appropriations used in a year, excluding the amount of non-respendable revenue recorded by the Library. It results from timing differences between when a transaction affects appropriations and when it is processed through the CRF.

**(d) Revenues** – Revenues are accounted for in the period in which the underlying transaction or event occurred that gave rise to the revenues. Revenues that have been received but not yet earned are recorded as deferred revenues.

**(e) Expenses** – Expenses are recorded on the accrual basis:

- i. Vacation pay and compensatory leave are expensed as the benefits accrue to employees under their respective terms of employment.
- ii. Services provided without charge by other government departments for accommodation and the employer's contribution to the health and dental insurance plans are recorded as operating expenses at their estimated cost.

**(f) Employee future benefits**

- i. Pension benefits: Eligible employees participate in the Public Service Pension Plan, a multiemployer plan administered by the Government of Canada. The Library of Parliament's contributions to the Plan are charged to expenses in the year incurred and represent the Library's total obligation to the Plan. Current legislation does not require the Library to make contributions for any actuarial deficiencies of the Plan.
- ii. Severance benefits: Employees are entitled to severance benefits under labour contracts or conditions of employment. These benefits are accrued as employees render the services necessary to earn them. The obligation relating to the benefits earned by employees is calculated using information derived from the results of the actuarially determined liability for employee severance benefits for the Government as a whole.

**(g) Accounts receivable and advances** are stated at amounts expected to be ultimately realized; a provision is made for receivables where recovery is considered uncertain.

**(h) Inventory for resale** - Inventory is held for resale and is valued at the lower of cost and net realizable value on a first-in, first-out basis.

## 2. Summary of Significant Accounting Policies (continued)

(i) **Foreign currency transactions** – Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Monetary assets and liabilities denominated in a foreign currency are translated into Canadian dollars using the rate of exchange in effect on March 31.

(j) **Tangible capital assets** – All tangible assets and leasehold improvements having an initial cost of \$2,500 or more are recorded at their acquisition cost. The Library does not capitalize works of art and historical treasures that have cultural, aesthetic or historical value.

Amortization of tangible capital assets is done on a straight-line basis over the estimated useful life of the asset as follows:

Asset Class	Amortization Period
Machinery and equipment	5 years
Other equipment	5 - 15 years
Computer equipment	3 years
Computer software	3 years

(k) **Collections** – Collections of books and reference materials owned by the Library of Parliament are charged to expense in the year of acquisition. During the year, the Library incurred \$2,078,845 in expenditures on collections (\$2,313,818 in 2009).

(l) **Measurement uncertainty** – The preparation of these financial statements in accordance with Treasury Board accounting policies which are consistent with Canadian generally accepted accounting principles for the public sector requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses reported in the financial statements. At the time of preparation of these statements, management believes the estimates and assumptions to be reasonable. The most significant items where estimates are used are the liability for employee severance benefits and the useful life of tangible capital assets. Actual results could significantly differ from those estimated. Management's estimates are reviewed periodically and, as adjustments become necessary, they are recorded in the financial statements in the year they become known.

## LIBRARY OF PARLIAMENT

### 3. Parliamentary Appropriations

The Library of Parliament receives most of its funding through annual Parliamentary appropriations. Items recognized in the Statement of Operations and the Statement of Financial Position in one year may be funded through Parliamentary appropriations in prior, current or future years. Accordingly, the Library has different net results of operations for the year on a government funding basis than on an accrual accounting basis. The differences are reconciled in the following tables:

**(a) Reconciliation of net cost of operations to current year appropriations used:**

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Net cost of operations	49,896,906	51,264,390
Adjustments for items affecting net cost of operations but not affecting appropriations:		
Add (Less):		
Amortization of tangible capital assets	(590,136)	(623,534)
Services provided without charge by other government departments	(10,063,603)	(10,231,496)
Increase in vacation pay and compensatory leave	(129,261)	(240,847)
Decrease (increase) in employee severance benefits	461,664	(1,267,713)
Revenue not available for spending	17,264	32,228
Increase (decrease) in inventory for resale	1,982	(80,090)
Proceeds from disposal of capital assets	1,903	340
Loss on write-down of tangible capital assets	(90,024)	(142,799)
Other adjustments	297,504	45,854
Adjustments for items not affecting net cost of operations but affecting appropriations:		
Add (Less):		
Acquisitions of tangible capital assets	401,093	609,295
Increase (decrease) in prepaid expenses	(4,485)	3,845
	<u>40,200,807</u>	<u>39,369,473</u>
<b>Current year appropriations used</b>	<b><u>40,200,807</u></b>	<b><u>39,369,473</u></b>

**(b) Appropriations provided and used**

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Vote 15 - Operating expenditures	36,133,000	36,910,819
Statutory amounts	4,877,430	4,362,732
Less:		
Lapsed appropriations: Operating	(809,623)	(1,904,078)
	<u>40,200,807</u>	<u>39,369,473</u>
<b>Total appropriations used</b>	<b><u>40,200,807</u></b>	<b><u>39,369,473</u></b>

LIBRARY OF PARLIAMENT

**3. Parliamentary Appropriations (continued)**

*(c) Reconciliation of net cash provided by Government to current year appropriations used*

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Net cash provided by Government	40,488,727	38,798,915
Revenue not available for spending	<u>17,264</u>	<u>32,228</u>
	<u>40,505,991</u>	<u>38,831,143</u>
Change in net position in the Consolidated Revenue Fund		
Decrease (increase) in accounts receivable and advances	850,018	(465,381)
Increase (decrease) in accounts payable and accrued liabilities	(1,452,706)	957,857
Other adjustments	<u>297,504</u>	<u>45,854</u>
	<u>(305,184)</u>	<u>538,330</u>
<b>Current year appropriations used</b>	<b><u>40,200,807</u></b>	<b><u>39,369,473</u></b>

**4. Accounts Receivable and Advances**

The following table presents details of receivables and advances:

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Receivables from other Federal Government departments and agencies	41,536	894,755
Receivables from external parties	147,780	142,129
Advances	<u>2,350</u>	<u>4,800</u>
<b>Total</b>	<b><u>191,666</u></b>	<b><u>1,041,684</u></b>

## LIBRARY OF PARLIAMENT

### 5. Tangible Capital Assets

Capital Asset Class	Cost				Accumulated Amortization				2010 Net Book Value	2009 Net Book Value
	Opening balance	Acquisitions	Disposals and Write offs	Closing Balance	Opening Balance	Amortization	Disposals and Write offs	Closing Balance		
Machinery and equipment	302,872	126,692	9,295	420,269	166,426	64,052	9,295	221,183	199,086	136,446
Other equipment	1,792,633	250,418	251,565	1,791,486	653,954	149,766	161,541	642,179	1,149,307	1,138,679
Computer equipment	1,350,445	184,910	529,195	1,006,160	814,487	215,320	529,195	500,612	505,548	535,958
Computer software	845,151	107,349	-	952,500	353,397	194,532	-	547,929	404,571	491,754
<b>Total</b>	<b>4,291,101</b>	<b>669,369</b>	<b>790,055</b>	<b>4,170,415</b>	<b>1,988,264</b>	<b>623,670</b>	<b>700,031</b>	<b>1,911,903</b>	<b>2,258,512</b>	<b>2,302,837</b>

Acquisitions for the year ended March 31, 2010 include an amount of \$268,276 of assets transferred from Public Works and Government Services Canada (PWGSC). An amount of \$33,534 of accumulated amortization has been recorded on those assets. The net value of the transfer from PWGSC is \$234,742. Amortization expense for the year ended March 31, 2010 is \$590,136 (2009 - \$623,534).

### 6. Employee Benefits

**(a) Pension benefits:** The Library of Parliament's employees participate in the Public Service Pension Plan, which is sponsored and administered by the Government of Canada. Pension benefits accrue up to a maximum period of 35 years at a rate of 2 percent per year of pensionable service, times the average of the best five consecutive years of earnings. The benefits are integrated with Canada/Québec Pension Plan benefits and they are indexed to inflation.

Both the employees and the Library contribute to the cost of the Plan. The 2009-2010 expense amounts to \$3,521,504 (\$3,149,892 in 2008-2009), which represents approximately 1.9 (2.0 in 2008-2009) times the contributions by employees.

The Library's responsibility with regard to the Plan is limited to its contributions. Actuarial surpluses or deficiencies are recognized in the financial statements of the Government of Canada, as the Plan's sponsor.

**(b) Severance benefits:** The Library of Parliament provides severance benefits to its employees based on eligibility, years of service and final salary. These severance benefits are not pre-funded. Benefits will be paid from future appropriations. Information about the severance benefits, measured as at March 31, is as follows:

	2010	2009
	(in dollars)	
Accrued benefit obligation, beginning of year	6,138,604	4,870,891
Expense for the year	27,277	1,820,981
Benefits paid during the year	(488,941)	(553,268)
Accrued benefit obligation, end of year	<u>5,676,940</u>	<u>6,138,604</u>

## LIBRARY OF PARLIAMENT

### 7. Related Party Transactions

The Library of Parliament is related as a result of common ownership to all Government of Canada departments, agencies, and Crown corporations. The Library enters into transactions with these entities in the normal course of business and on normal trade terms. Also, the Library received services which were obtained without charge from other Government departments as presented in part (a) below.

#### **(a) Services provided without charge**

During the year the Library received without charge from other departments, accommodation and the employer's contribution to the health and dental insurance plans. These services without charge have been recognized in the Library's Statement of Operations as follows:

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Accommodation	7,879,466	8,257,006
Employer's contribution to health and dental insurance plan	<u>2,184,137</u>	<u>1,974,490</u>
<b>Total</b>	<b><u>10,063,603</u></b>	<b><u>10,231,496</u></b>

The Government has structured some of its administrative activities for efficiency and cost-effectiveness purposes so that one department performs these on behalf of all without charge. The costs of these services, which include payroll, cheque issuance and translation services provided by Public Works and Government Services Canada, are not included as an expense in the Library's Statement of Operations. In addition, the costs of maintenance, identity cards, transportation and messenger services provided by the Senate and the House of Commons are also not included in the Library's Statement of Operations.

#### **(b) Payables outstanding at year-end with related parties:**

The following balances with related parties are included in accounts payable and accrued liabilities on the Statement of Financial Position.

	<u>2010</u>	<u>2009</u>
	(in dollars)	
Accounts payable to other government departments and agencies	700,389	483,256