

Squamish Public Library
Financial Statements
For the year ended December 31, 2019

Squamish Public Library
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For the year ended December 31, 2019

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Management's Responsibility for Financial Reporting

The financial statements are the responsibility of the management of the Squamish Public Library. The financial statements have been prepared in accordance with Canadian public sector accounting standards.

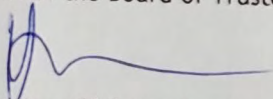
The financial statements include, where appropriate, estimates based on the best judgment of management. The Squamish Public Library maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate, and that the Squamish Public Library's assets are appropriately accounted for and adequately safeguarded.

The Board of Trustees of the Squamish Public Library reviews and approves the annual financial statements and other information contained in the annual report.

Signed by:



Chair of the Board of Trustees



Director of Library Services

April 8, 2020

Independent Auditor's Report

**To the Board of Trustees
Squamish Public Library**

Opinion

We have audited the financial statements of the Squamish Public Library, which comprise the Statement of Financial Position as at December 31, 2019 and the Statements of Operations, Changes in Net Financial Assets and Cash Flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Squamish Public Library as at December 31, 2019 and the results of its operations, changes in net financial assets and 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 report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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 Library'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 Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library'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 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'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'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 Library 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

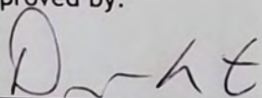
Squamish, British Columbia
April 8, 2020

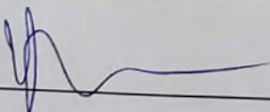
Squamish Public Library

Statement of Financial Position

December 31	2019	2018
Financial Assets	\$ 7,025	\$ 22,216
Cash (Note 1)	263,420	247,065
Short-term investments (Note 2)	1,966	571
Accounts receivable	3,738	3,991
GST receivable	<u> </u>	<u> </u>
	<u>276,149</u>	<u>273,843</u>
 Liabilities		
Accounts payable and accrued liabilities	10,335	17,548
Due to related party (Note 6)	-	5,075
Deferred grants	3,333	6,667
	<u>13,668</u>	<u>29,290</u>
 Net Financial Assets	 <u>262,481</u>	 <u>244,553</u>
 Non-Financial Assets		
Prepaid expenses	11,295	14,918
Tangible capital assets (Note 5)	286,179	307,296
	<u>297,474</u>	<u>322,214</u>
 Accumulated Surplus	 <u>\$ 559,955</u>	 <u>\$ 566,767</u>

Approved by:


 _____ Chair of the Board of Trustees


 _____ Director of Library Services

Squamish Public Library
Statement of Operations

For the year ended December 31	Fiscal Plan		
	2019	2019	2018
	<small>(Note 7)</small>		
Revenue			
Donations	\$ -	\$ 8,527	\$ 8,348
Fundraising	10,400	7,408	7,620
Government transfers and grants (Note 3)	1,351,253	1,304,928	1,164,188
Interest	3,000	5,024	3,103
Other	32,610	36,361	34,232
	<u>1,397,263</u>	<u>1,362,248</u>	<u>1,217,491</u>
Expenses			
Amortization (Note 5)	-	102,868	108,330
Building expenses	98,543	95,727	102,243
Fundraising	10,600	10,002	10,643
Loss on disposition of tangible capital assets	-	4,432	6,943
Materials and services	309,326	291,642	250,501
Salaries and benefits	908,594	864,389	746,001
	<u>1,327,063</u>	<u>1,369,060</u>	<u>1,224,661</u>
Annual Surplus (Deficit)	<u>70,200</u>	<u>(6,812)</u>	<u>(7,170)</u>
Accumulated Surplus, beginning of year	<u>566,767</u>	<u>566,767</u>	<u>573,937</u>
Accumulated Surplus, end of year	<u>\$ 636,967</u>	<u>\$ 559,955</u>	<u>\$ 566,767</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

Squamish Public Library
Statement of Changes in Net Financial Assets

For the year ended December 31	Fiscal Plan		
	2019	2019	2018
	<small>(Note 7)</small>		
Annual surplus (deficit)	\$ 70,200	\$ (6,812)	\$ (7,170)
Acquisition of tangible capital assets	(90,200)	(86,183)	(100,532)
Amortization of tangible capital assets	-	102,868	108,330
Net change in prepaid expenses	-	3,623	1,632
Loss on disposition of tangible capital assets	-	4,432	6,943
Net change in net financial assets	(20,000)	17,928	9,203
Net financial assets, beginning of year	244,553	244,553	235,350
Net financial assets, end of year	\$ 224,553	\$ 262,481	\$ 244,553

Squamish Public Library
Statement of Cash Flows

For the year ended December 31	2019	2018
Cash provided by (used in)		
Operating transactions		
Annual deficit	\$ (6,812)	\$ (7,170)
Item not involving cash		
Amortization of tangible capital assets	102,868	108,330
Loss on disposition of capital assets	4,432	6,943
	100,488	108,103
Changes in non-cash operating working capital		
Accounts receivable	(1,395)	2,209
GST receivable	253	(463)
Prepaid expenses	3,623	1,632
Accounts payable and accrued liabilities	(7,213)	368
Due to related party	(5,075)	5,075
Deferred revenue	(3,334)	6,667
	87,347	123,591
Capital transaction		
Purchase of tangible capital assets	(86,183)	(100,532)
Investing transaction		
Increase in short-term investments	(16,355)	(10,732)
Increase (decrease) in cash during the year	(15,191)	12,327
Cash, beginning of year	22,216	9,889
Cash, end of year	\$ 7,025	\$ 22,216

Squamish Public Library
Summary of Significant Accounting Policies

December 31, 2019

**Nature and Purpose of
the Library**

The Library is a non-profit organization incorporated without share capital under the laws of British Columbia. The Library is a registered charity and, as such, is exempt from income tax and may issue income tax receipts to donors.

Financial Instruments

The Library's financial instruments consist of cash, accounts receivable, short-term investments, and accounts payable and accrued liabilities.

**Tangible Capital
Assets**

Tangible capital assets are recorded at cost less accumulated amortization. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is provided over the estimated useful life of each tangible capital asset using the declining balance and straight-line methods over the following terms:

Art work	- not amortized
Granite mantle	- 3% declining balance basis
Handrail	- 5% declining balance basis
Toilets	- 10% declining balance basis
Computer equipment	- 30% declining balance basis
Computer software	- 100% declining balance basis
Equipment and furniture	- 20% declining balance basis
Shelving	- 5% declining balance basis
Telephone system	- 30% declining balance basis
Building upgrades	- 10 year straight-line basis
Books	- 5 year straight-line basis
Audio visual materials	- 2 year straight-line basis

Government Transfers

Government transfers, which include government grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, there are no stipulations that create a liability and reasonable estimates of the amount can be made.

Squamish Public Library
Summary of Significant Accounting Policies

December 31, 2019

- Revenue Recognition** Donations, fundraising, interest, and other revenues are recognized in the financial statements in the period in which they are earned. Revenues from late return fines are recognized on a cash basis due to the nature of this revenue stream and uncertainties regarding collection.
- Contributed Materials and Services** Contributed materials which are used in the normal course of the Library's operations and would otherwise have been purchased are recorded at their fair value at the date of the contribution if fair value can be reasonably estimated. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.
- Use of Estimates** The preparation of financial statements in accordance with Canadian public sector accounting standards ("PSAS") requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
- Segmented Operations** The Library considers that its only program is the provision of library services. As such it has only one operating segment and does not report details of revenues and expenses by segment.

Squamish Public Library
Notes to Financial Statements

December 31, 2019

1. Cash

The Library's bank accounts are held at a registered credit union. The accounts earn interest at the current prevailing rate.

2. Short-term Investments

The Library's short-term investments are cashable term deposits as follows:

Maturing April 4, 2020 at 2.20%, 90 day lock-out	\$	60,000
Maturing May 10, 2020 at 1.95%, 90 day lock-out		80,000
Maturing July 4, 2020 at 1.80%, 90 day lock-out		40,000
Maturing July 5, 2020 at 1.80%, 90 day lock-out		80,000
Accrued interest to December 31, 2019		3,420
	\$	263,420

3. Government Transfers and Grants

Government transfers and grants are derived from the the following sources:

	<u>2019</u>	<u>2018</u>
Government Transfers		
Federal	\$ 6,560	\$ 7,164
Provincial	85,189	84,631
Regional District	34,221	19,221
Municipal	1,167,275	1,049,539
	<u>1,293,245</u>	<u>1,160,555</u>
Other grant revenue	11,683	3,633
Total government transfers and grants	<u>\$ 1,304,928</u>	<u>\$ 1,164,188</u>

4. Economic Dependence

The Library is a municipal library under the control of the District of Squamish. The District provides 86% (2018 - 86%) of the funding for the operation of the Library.

Squamish Public Library
Notes to Financial Statements

December 31, 2019

5. Tangible Capital Assets

	Artwork	Computer equipment	Computer software	Shelving	Telephone system	Granite mantle	Handrails	Toilets	Furniture and equipment	Building upgrade	Books	Audio visual materials	2019 Total
Cost, beginning of year	\$ 5,500	\$ 29,433	\$ 24,429	\$ 81,547	\$ 4,037	\$ 4,399	\$ 1,468	\$ 6,622	\$ 164,887	\$ 34,476	\$ 372,186	\$ 115,823	844,807
Additions	-	-	-	-	-	-	-	-	550	-	67,734	17,899	86,183
Disposals & adjustments	-	-	-	-	-	-	-	-	-	-	(110,991)	(17,697)	(128,688)
Cost, end of year	5,500	29,433	24,429	81,547	4,037	4,399	1,468	6,622	165,437	34,476	328,929	116,025	802,302
Accumulated Amortization, beginning of year	-	20,668	24,429	26,635	4,004	959	455	3,318	96,478	7,947	245,006	107,612	537,511
Amortization	-	2,513	-	2,889	10	103	51	330	13,737	2,653	63,425	17,157	102,868
Disposals & adjustments	-	-	-	-	-	-	-	-	-	-	(106,593)	(17,663)	(124,256)
Accumulated Amortization, end of year	-	23,181	24,429	29,524	4,014	1,062	506	3,648	110,215	10,600	201,838	107,106	516,123
Net Book Value, December 31, 2019	\$ 5,500	\$ 6,252	\$ -	\$ 52,023	\$ 23	\$ 3,337	\$ 962	\$ 2,974	\$ 55,222	\$ 23,876	\$ 127,091	\$ 8,919	286,179
Net Book Value, December 31, 2018	\$ 5,500	\$ 8,765	\$ -	\$ 54,912	\$ 33	\$ 3,440	\$ 1,013	\$ 3,304	\$ 68,409	\$ 26,529	\$ 127,180	\$ 8,211	307,296

December 31, 2019

6. Related Party Transactions

The Squamish Public Library is related to the District of Squamish as it is a municipal library that is 100% controlled by the District of Squamish. The employees of the Squamish Public Library are effectively employees of the District of Squamish. The District and the Squamish Public Library are separate legal entities as defined by the separate letters patent and authorized by separate legislation. Transactions with the District consist of the following:

The Library's operations are conducted in the Squamish Public Library, a building owned by the District. Use of the building by the Library is on a rent-free basis.

During the year, the Library received \$1,167,275 (2018 - \$1,049,539) in grant revenue from the District. Part of this funding was received in the form of salaries and benefits supplied to the Squamish Public Library by the District of Squamish, which totaled \$864,389 (2018 - \$746,001). The District also paid for other library operating costs in the year totaling \$302,886 (2018 - \$290,764) and \$nil (2018 - \$12,774) in tangible capital asset additions.

No amount was due to the District at year end (2018 - \$5,075).

7. Fiscal Plan

The fiscal plan amounts represent the budget adopted by the Board of Trustees as adjusted to a PSAS basis in order to match the required presentation in the Statement of Operations and the Statement of Changes in Net Financial Assets. This adjustment is necessary because certain expense items in the budget are not considered expenses for PSAS purposes, including capital expenditures.

The following shows how these two different bases are reconciled:

	<u>2019</u>
Capital expenditures	90,200
Allocation of revenues earned in prior periods	<u>(20,000)</u>
Annual surplus on a PSAS basis	<u>\$ 70,200</u>

December 31, 2019

8. Financial Instrument Risks

The Library, through its financial assets and liabilities, is exposed to certain financial risks. The following analysis provides an assessment of those risks as at December 31, 2019.

Interest Rate Risk

The Library is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the future cash flows related to its short-term investments. The Library minimizes this interest risk by choosing investments with fixed rates.

Liquidity Risk

Liquidity risk is the risk that the Library will not be able to meet its financial obligations as they fall due. The Library has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements on an ongoing basis. The Library ensures that there are sufficient funds to meet its short term requirements, taking into account its anticipated cash flows from operations and cash reserves. Subsequent to year end, the Library's liquidity risk has increased due to the impact of COVID-19, which as described in Note 9, has disrupted the Library's operations and could affect the Library's ability to continue to meet obligations as they come due.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Library is exposed to concentrations of credit risk related to its cash, accounts receivable, and short-term investments. The Library mitigates this risk by holding its cash and short-term investments at one BC credit union, which provides deposit insurance coverage via the Credit Union Insurance Corporation. Concentrations of credit risk related to accounts receivable are mitigated as the majority are due from various levels of government. Subsequent to year end, the Library's credit risk has increased due to the impact of COVID-19, which could lead to potential losses.

It is management's opinion that the Library is not exposed to any significant currency or market risks arising from its financial instruments.

9. Uncertainty Due to COVID-19

The pandemic, COVID-19, has significantly disrupted economic activities in Canada. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption to the Library's operations and related financial impacts cannot be reasonably estimated at this time. The Library's ability to continue to meet obligations as they come due is dependent on continued support from the District of Squamish and the Library's ability to generate earnings and cash flows. If the impacts of COVID-19 continue beyond current expectations, there could be further effects on the Library, the District of Squamish, funding organizations, suppliers and other third party businesses that could affect the timing and amounts realized on the Library's assets and future revenues. At this time, the full potential impact of COVID-19 on the entity is not known.