

Squamish Public Library
Financial Statements
For the year ended December 31, 2020

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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:

DocuSigned by:

Molly London

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Chair of the Board of Trustees

DocuSigned by:

Hilary Bloom

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Director of Library Services

April 21, 2021

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, 2020 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, 2020 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.

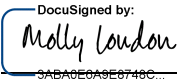
Chartered Professional Accountants

Squamish, British Columbia
April 22, 2020

Squamish Public Library Statement of Financial Position

December 31	2020	2019
Financial assets		
Cash (Note 1)	\$ 25,997	\$ 7,025
Due from the District of Squamish (Note 6)	33,700	-
Short-term investments (Note 2)	278,657	263,420
Accounts receivable	919	1,966
GST receivable	3,023	3,738
	342,296	276,149
Liabilities		
Accounts payable and accrued liabilities	25,770	10,335
Deferred grants	-	3,333
	25,770	13,668
Net financial assets	316,526	262,481
Non-financial assets		
Prepaid expenses	16,350	11,295
Tangible capital assets (Note 5)	286,027	286,179
	302,377	297,474
Accumulated surplus	\$ 618,903	\$ 559,955

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		
	2020	2020	2019
	<small>(Note 7)</small>		
Revenue			
Donations	\$ -	\$ 2,513	\$ 8,527
Fundraising	8,500	2,239	7,408
Government transfers and grants (Note 3)	1,490,999	1,291,146	1,304,928
Interest	3,000	5,548	5,024
Other	34,500	9,623	36,361
	<u>1,536,999</u>	<u>1,311,069</u>	<u>1,362,248</u>
Expenses			
Amortization (Note 5)	-	98,994	102,868
Building expenses	106,235	88,994	95,727
Fundraising	12,000	10,018	10,002
Loss on disposition of tangible capital assets	-	2,110	4,432
Materials and services	306,138	188,549	291,642
Salaries and benefits	949,026	863,456	864,389
	<u>1,373,399</u>	<u>1,252,121</u>	<u>1,369,060</u>
Annual surplus (deficit)	<u>163,600</u>	<u>58,948</u>	<u>(6,812)</u>
Accumulated surplus, beginning of year	<u>559,955</u>	<u>559,955</u>	<u>566,767</u>
Accumulated surplus, end of year	<u>\$ 723,555</u>	<u>\$ 618,903</u>	<u>\$ 559,955</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		
	2020	2020	2019
	<small>(Note 7)</small>		
Annual surplus (deficit)	\$ 163,600	\$ 58,948	\$ (6,812)
Acquisition of tangible capital assets	(183,600)	(100,952)	(86,183)
Amortization of tangible capital assets	-	98,994	102,868
Net change in prepaid expenses	-	(5,055)	3,623
Loss on disposition of tangible capital assets	-	2,110	4,432
Net change in net financial assets	(20,000)	54,045	17,928
Net financial assets, beginning of year	262,481	262,481	244,553
Net financial assets, end of year	\$ 242,481	\$ 316,526	\$ 262,481

Squamish Public Library
Statement of Cash Flows

For the year ended December 31	2020	2019
Cash provided by (used in)		
Operating transactions		
Annual surplus (deficit)	\$ 58,948	\$ (6,812)
Item not involving cash		
Amortization of tangible capital assets	98,994	102,868
Loss on disposition of capital assets	2,110	4,432
	160,052	100,488
Changes in non-cash operating working capital		
Accounts receivable	1,047	(1,395)
Due from District of Squamish	(33,700)	-
GST receivable	715	253
Prepaid expenses	(5,055)	3,623
Accounts payable and accrued liabilities	15,435	(7,213)
Due to related party	-	(5,075)
Deferred revenue	(3,333)	(3,334)
	135,161	87,347
Capital transaction		
Purchase of tangible capital assets	(100,952)	(86,183)
Investing transaction		
Increase in short-term investments	(15,237)	(16,355)
Increase (decrease) in cash during the year	18,972	(15,191)
Cash, beginning of year	7,025	22,216
Cash, end of year	\$ 25,997	\$ 7,025

Squamish Public Library
Summary of Significant Accounting Policies

December 31, 2020

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, 2020

Revenue Recognition Donations, fundraising, interest, and other revenues are recognized in the financial statements in the period in which they are earned.

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, 2020

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 17, 2021 at 3.00%, 90 day lock-out	\$	100,000
Maturing April 17, 2021 at 1.20%, 90 day lock-out		25,000
Maturing May 6, 2021 at 1.50%, 90 day lock-out		70,000
Maturing May 12, 2021 at 1.20%, 90 day lock-out		80,000
Accrued interest to December 31, 2020		3,657
	<u>\$</u>	<u>278,657</u>

3. Government Transfers and Grants

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

	<u>2020</u>	<u>2019</u>
Government Transfers		
Federal	\$ 5,235	\$ 6,560
Provincial	101,371	85,189
Regional District	14,221	34,221
Municipal	<u>1,150,086</u>	<u>1,167,275</u>
	1,270,913	1,293,245
Other grant revenue	<u>20,233</u>	<u>11,683</u>
Total government transfers and grants	<u>\$ 1,291,146</u>	<u>\$ 1,304,928</u>

4. Economic Dependence

The Library is a municipal library under the control of the District of Squamish. The District provides 88% (2019 - 86%) of the funding for the operation of the Library.

Squamish Public Library
Notes to Financial Statements

December 31, 2020

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	2020 Total
Cost, beginning 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
Additions	-	3,173	-	-	-	-	-	-	-	19,838	62,077	15,864	100,952
Disposals & adjustments	-	-	-	-	-	-	-	-	(1,373)	-	(83,675)	(18,613)	(103,661)
Cost, end of year	5,500	32,606	24,429	81,547	4,037	4,399	1,468	6,622	164,064	54,314	307,331	113,276	799,593
Accumulated Amortization, beginning 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
Amortization	-	2,352	-	2,601	7	100	48	297	10,972	3,380	62,390	16,847	98,994
Disposals & adjustments	-	-	-	-	-	-	-	-	(1,012)	-	(81,943)	(18,596)	(101,551)
Accumulated Amortization, end of year	-	25,533	24,429	32,125	4,021	1,162	554	3,945	120,175	13,980	182,285	105,357	513,566
Net Book Value, December 31, 2020	\$ 5,500	\$ 7,073	\$ -	\$ 49,422	\$ 16	\$ 3,237	\$ 914	\$ 2,677	\$ 43,889	\$ 40,334	\$ 125,046	\$ 7,919	286,027
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

December 31, 2020

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 \$1,150,086 (2019 - \$1,167,275) 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 \$863,456 (2019 - \$864,389). The District also paid for other library operating costs in the year totaling \$282,309 (2019 - \$302,886) and \$4,320 (2019 - \$nil) in tangible capital asset additions.

The amount due from the District at year end is \$33,700 (2019 - \$nil).

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>2020</u>
Surplus of revenue over expenses per approved budget	\$ -
Capital expenditures	183,600
Allocation of revenues earned in prior periods	<u>(20,000)</u>
Annual surplus on a PSAS basis	<u>\$ 163,600</u>

December 31, 2020

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, 2020.

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. During the year, the Library's liquidity risk has increased due to the impact of COVID-19, which is described in Note 9.

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 Deposit Insurance Corporation of British Columbia. Concentrations of credit risk related to accounts receivable are mitigated as the majority are due from various levels of government.

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. While COVID-19 has significantly affected the community of Squamish, B.C., the demand for services provided by the Library is still strong. The Library temporarily closed on March 16, 2020 and reopened at a reduced capacity on April 2, 2020 and continued with limited services until July 2020. Additional expenses have been incurred during 2020 in order to ensure the health and safety of both its guests and staff. The Library received an additional grant of \$23,918 in the year to offset lost fine, meeting rental, printer and copier revenue. Management anticipates that the Library will continue to operate at a reduced capacity in 2021, and will continue to monitor the situation, implementing additional health and safety measures as needed.

December 31, 2020

9. Uncertainty Due to COVID-19 (continued)

The Library's ability to continue to meet obligations as they come due is dependent on the continued support from all levels of the government, specifically from the District of Squamish. If the impacts of COVID-19 continue beyond current expectations, there could be further effects on the Library's operations, suppliers and other third party businesses that could impact the timing and amounts realized on the Library's assets and future financial sustainability. At this time, the full potential impact of COVID-19 on the Library is not known.