
Salt Spring Island Public Library Association
Financial Statements
December 31, 2011

Review Engagement Report

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Jean Elwell, Chartered Accountant

J e a n E l w e l l , C h a r t e r e d A c c o u n t a n t

1681 North Beach Road
Salt Spring Island, BC
V8K 1A8
Phone: (250) 538-0371
Fax: (250) 538-0372
E-mail: jelwell@saltspring.com

REVIEW ENGAGEMENT REPORT

I have reviewed the statements of financial position of Salt Spring Island Public Library Association as at December 31, 2011 and the statements of operations and changes in fund balances and cash flows for the year then ended. My review was made in accordance with Canadian generally accepted standards for review engagements and, accordingly, consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the organization.

A review does not constitute an audit and, consequently, I do not express an audit opinion on these financial statements.

Based on my review, nothing has come to my attention that causes me to believe that these financial statements are not, in all material respects, in accordance with Canadian generally accepted accounting principles.



Jean Elwell
Chartered Accountant


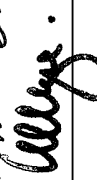
Salt Spring Island, British Columbia

March 23, 2012

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2011

	General Fund	Capital Asset Fund	Building Fund (General)	Restricted Funds	Total 2011	Total 2010
CURRENT ASSETS						
Cash	\$ 6,298	\$ -		\$ 27,981	\$ 6,298	\$ 4,873
Term deposits	130,990		\$ 39,304		198,275	170,022
Short term investments	243,737				243,737	210,832
Accounts receivable	2,059		204	397	2,660	39,739
HST rebate	5,776				5,776	-
Recoverable project expenses	9,874		(508)		9,874	-
Due (to)/from other funds	508				-	-
Prepaid expense	7,190				7,190	7,428
	406,432		39,000	28,378	473,810	432,894
CAPITAL ASSETS (Note 4)		140,560			140,560	288,350
	406,432	140,560	39,000	28,378	614,370	721,244
CURRENT LIABILITIES						
Accounts payable and accrued liabilities	7,704				7,704	8,808
Government remittances payable	5,808				5,808	23
	13,512				13,512	8,831
FUND BALANCES (Notes 2 & 5)						
Unrestricted	392,920				392,920	357,134
Invested in capital assets		140,560			140,560	288,350
Internally restricted (Note 2)			39,000		39,000	39,000
Externally restricted (Notes 2 & 5)				28,378	28,378	27,929
	392,920	140,560	39,000	28,378	600,858	712,413
	\$ 406,432	\$ 140,560	\$ 39,000	\$ 28,378	\$ 614,370	\$ 721,244

APPROVED BY THE BOARD

 , Chair
 , Treasurer

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Asset Fund	Building Fund (General)	Restricted Funds	Total 2011	Total 2010
REVENUE						
CRD tax requisition	\$ 169,064	\$ -	\$ -	\$ -	\$ 169,064	\$ 166,499
Provincial government grants	51,073				51,073	49,565
Project expense recoveries (Note 9)	10,907				10,907	
Donations	38,557			5,036	43,593	229,502
Other grants	7,429				7,429	
Revenue from operations	13,695				13,695	17,635
Investment income	3,685		508	590	4,783	3,468
Rental income	-		1,375		1,375	15,686
	<u>294,410</u>	<u>-</u>	<u>1,883</u>	<u>5,626</u>	<u>301,919</u>	<u>482,355</u>
EXPENSES						
Amortization of capital assets	-	39,690			39,690	45,657
Salaries and wages (Note 9)	106,500				106,500	87,551
Collection acquisitions	9,882			5,036	14,918	14,010
Contract positions	21,569				21,569	22,356
Operations and administration	26,745				26,745	23,888
Insurance	7,021				7,021	6,947
Training and development	1,169				1,169	522
Travel expenses	365				365	578
Professional fees	1,932				1,932	1,800
Utilities and services	9,998				9,998	11,818
Repairs and maintenance	3,172				3,172	5,247
Building project	-				-	22,780
Temporary facility	47,003				47,003	5,315
	<u>235,356</u>	<u>39,690</u>	<u>-</u>	<u>5,036</u>	<u>280,082</u>	<u>248,469</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE LOSS ON TRANSFER OF ASSETS	59,054	(39,690)	1,883	590	21,837	233,886
LOSS ON TRANSFER OF ASSETS		(133,392)			(133,392)	
NET CAPITAL EXPENDITURES	(25,292)	25,292			-	-
INTER-FUND TRANSFERS	2,024		(1,883)	(141)	-	-
FUND BALANCES, BEGINNING OF YEAR	357,134	288,350	39,000	27,929	712,413	478,527
FUND BALANCES, END OF YEAR	<u>\$ 392,920</u>	<u>\$ 140,560</u>	<u>\$ 39,000</u>	<u>\$ 28,378</u>	<u>\$ 600,858</u>	<u>\$ 712,413</u>

Jean Elwell, Chartered Accountant

See Review Engagement Report dated March 23, 2012. The accompanying notes are an integral part of these financial statements.

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2011

	General Fund	Capital Asset Fund	Building Fund (General)	Restricted Funds	Total 2011	Total 2010
CASH FLOWS FROM OPERATING ACTIVITIES						
Excess of revenues over expenses	\$ 59,054	\$ (39,690)	\$ 1,883	\$ 590	\$ 21,837	\$ 233,886
Adjustments for non-cash items						
- Amortization		39,690			39,690	45,657
Changes in non-cash working capital (Note 6)	29,119		(2,611)	(160)	26,348	(35,019)
Cash flows from operating activities	88,173	-	(728)	430	87,875	244,524
CASH FLOWS FROM INVESTING ACTIVITIES						
Short term investments	(32,701)		(204)		(32,905)	(210,832)
Proceeds on transfer of assets		10			10	-
Purchase of capital assets		(25,302)			(25,302)	(42,661)
CASH FLOWS FROM FINANCING ACTIVITIES						
Inter-fund transfers	(23,268)	25,292	(1,883)	(141)	-	-
NET INCREASE (DECREASE) IN CASH	32,204	-	(2,815)	289	29,678	(8,969)
CASH, BEGINNING OF YEAR	105,084		42,119	27,692	174,895	183,864
CASH, END OF YEAR	137,288	-	39,304	27,981	204,573	174,895
CASH CONSISTS OF:						
Cash	6,298				6,298	4,873
Term deposits	130,990		39,304	27,981	198,275	170,022
\$ 137,288 \$ - \$ 39,304 \$ 27,981 \$ 204,573 \$ 174,895						

Jean Elwell, Chartered Accountant

See Review Engagement Report dated March 23, 2012. The accompanying notes are an integral part of these financial statements.

I. PURPOSE OF THE ORGANIZATION

Salt Spring Island Public Library Association is incorporated under the Library Act of British Columbia and is a registered charity under the Income Tax Act. It is therefore exempt from tax on its income.

The Association's objective is the operation of a public library to serve residents of Salt Spring Island. The Association maintains and operates the Salt Spring Island Public Library.

2. SIGNIFICANT ACCOUNTING POLICIES

a) Fund accounting

The Association follows the restricted fund method of accounting for contributions.

The *General Fund* accounts for the Association's program delivery and administrative activity. This fund reports unrestricted resources and restricted operating funds.

The *Capital Asset Fund* reflects the investment in Capital Assets.

The *Don Kertland Memorial Fund* is an externally restricted fund established in 1985 for the purpose of receiving donations in memory of Don Kertland. Capital invested in this fund is retained along with one half of the annual interest earned; while the remaining annual interest may be expended at the discretion of the Association's Board.

The Board established a *Building Fund (General)* (initially named Replacement Capital Reserve Fund) in 1993 to provide funds for future expansion of the library. Moneys from the Building Fund are allocated at the discretion of the Board. This fund is internally restricted.

In 2008, the Board established a *Building Fund (Special)* for the purpose of aggregating donations that have restrictions, imposed by their donors, limiting their use to various aspects of the development of a new library. This fund is externally restricted.

Other Externally Restricted Funds are highlighted in Note 5.

b) Accrual basis of accounting

The financial statements have been prepared using the accrual basis of accounting. Revenues are recorded in the period which the transactions or events occurred that gave rise to the revenues. Expenditures are recorded in the period the goods and services are acquired.

2. SIGNIFICANT ACCOUNTING POLICIES (CONT.)

c) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles requires the Board 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 revenues and expenses during the reporting period. Actual results could differ from the Board's best estimates, as additional information becomes available in the future.

d) Financial instruments

The fair market value of the term deposits, short term investments, accounts receivable, accounts payable and accrued liabilities approximate their carrying amount due to the relatively short periods to maturity of the instruments. The maximum credit risk exposure for all financial assets is the carrying value of that asset.

3. CONTRIBUTED SERVICES

Management estimates that volunteers contributed approximately 25,000 hours during the year to assist the Association in carrying out its activities. Because of the difficulty of determining their fair value, contributed services are not recognized in these financial statements.

4. CAPITAL ASSETS

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair market value at the date of contribution. Amortization is provided on a declining balance basis over the assets' estimated useful lives, as follows:

Furnishings & fixtures	4 years
Computer hardware & software	3 years
Library Collection	5 years

Electronic media, paperbacks, periodicals and database subscriptions are expensed in the year of purchase. All other items in the library collection are amortized over 5 years. Capital assets which are fully amortized are not reflected in these figures.

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2011

4. CAPITAL ASSETS (cont)

	Opening Balance	Purchase	Disposition	Accum Amort	Net book value	
					2011	2010
Land	\$ 35,600	\$ -	\$(35,600)	\$ -	\$ -	\$ 35,600
Buildings	256,034	-	(97,340)	158,694	-	98,988
Sidewalks & handrails	2,524	-	(462)	2,062	-	487
Furnishings & fixtures	26,374	265	-	20,054	6,585	8,515
Computer hardware & software	98,219	1,281	-	89,900	9,600	13,047
Library collection	196,506	23,756	-	95,887	124,375	131,713
	<u>\$ 615,257</u>	<u>\$ 25,302</u>	<u>\$ (133,402)</u>	<u>\$ 366,597</u>	<u>\$ 140,560</u>	<u>\$ 288,350</u>

5. EXTERNALLY RESTRICTED FUNDS

The following funds are administered in accordance with the terms imposed by the donors:

	2011	2010
Don Kertland Memorial Fund	\$ 15,532	\$ 15,281
Building Fund (Special)	<u>12,846</u>	<u>12,648</u>
TOTAL EXTERNALLY RESTRICTED FUNDS	<u>\$ 28,378</u>	<u>\$ 27,929</u>

6. SUPPLEMENTAL CASH FLOW INFORMATION

	2011	2010
Net changes in working capital balances		
Decrease (increase) in accounts receivable	\$ 21,429	\$ (33,535)
Decrease in prepaid expenses	238	1,475
(Decrease) in accounts payable	(1,104)	(1,747)
Increase (decrease) in government remittances payable	<u>5,785</u>	<u>(1,212)</u>
	<u>\$ 26,348</u>	<u>\$ (35,019)</u>
Cash received during the year in interest	<u>\$ 4,783</u>	<u>\$ 3,468</u>

7. NEW LIBRARY BUILDING

a) The British Columbia *Library Act* prohibits the Association from constructing and owning a new building. In recognition of that limitation, the Association entered into an agreement with the Capital Regional District (the "CRD") in 2006 which contemplates the construction and ownership of a new library building by the CRD and its long term lease to the Association. The Association and the CRD entered into a further agreement in 2011 which specifies the exact provisions of planning, construction, financing and operation of the building and also provides for the transfer of the Association's real estate assets to the CRD. That transfer occurred in June 2011 (see Note 8, below) and construction of the new library building began shortly after that.

b) During construction the Association is operating from temporary leased premises. Following completion of construction, expected to be in late 2012, the Association will operate from the new building under a lease with the CRD. That lease is for a term of 20 years with four five-year renewal terms at a nominal annual rent of \$10. The Association will be responsible for all operating and occupancy costs and for maintenance of the building.

8. TRANSFER OF ASSETS

In June, 2011 the Association transferred assets to the CRD at a nominal amount of \$10. These assets included land at a net book value of \$35,600; the former library building, at a net book value of \$97,340 and sidewalks and railings at a net book value of \$462.

9. PROJECT EXPENSE RECOVERIES

The Association received \$10,907 from the CRD as reimbursement for staffing expenses related to the construction of the new library and the relocation to temporary premises.