

Financial Statements of

## SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Year ended December 31, 2013  
(Unaudited – see Review Engagement Report)

Review Engagement Report

Statement of Financial Position

Statement of Operations

Statement of Change in Net Financial Assets

Statement of Cash Flows

Notes to the Financial Statements



Jean Elwell, Chartered Accountant

1681 North Beach Road

Salt Spring Island, BC

V8K 1A8

Phone: (250) 538-0371

Fax: (250) 538-0372

E-mail: [jelwell@saltspring.com](mailto:jelwell@saltspring.com)

[www.jeanelwell.ca](http://www.jeanelwell.ca)

## REVIEW ENGAGEMENT REPORT TO THE MEMBERS

I have reviewed the statement of financial position of the Salt Spring Island Public Library Association as at December 31, 2013 and the statements of operations and changes in net assets and cash flows for the year then ended. These financial statements have been prepared in accordance with Canadian public sector accounting standards.

My review was made in accordance with generally accepted standards for review engagements and accordingly consisted primarily of enquiry, analytical procedures and discussion related to information supplied to me by the Association.

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 generally accepted accounting principles prepared, in accordance with Canadian public sector accounting standards, on a basis consistent with that of the preceding year.

**Jean Elwell**  
**Chartered Accountant**

Salt Spring Island, British Columbia

February 21, 2014

These financial statements were reviewed and this Review Engagement Report issued solely for the use of Salt Spring Island Public Library Association. We make no representations of any kind to any other person in respect of these financial statements and accept no responsibility for their use by any other person in the absence of our written consent and the acknowledgment of the limitations of our liability.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION


## Statement of Financial Position

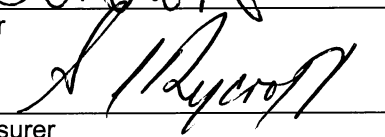
December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Financial assets</b>		
Cash and cash equivalents (note 2)	\$ 290,119	\$ 256,962
Receivable from CRD	2,636	51,256
Other receivables	6,794	14,253
Investments (note 3)	204,957	203,031
	<u>504,506</u>	<u>525,502</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	23,300	15,303
Salaries and wages payable	10,875	9,510
Deferred revenue (note 4)	15,892	47,699
	<u>50,067</u>	<u>72,512</u>
Net financial assets	454,439	452,990
<b>Non-financial assets</b>		
Tangible capital assets (note 5)	460,387	510,478
Prepaid expenses	7,350	7,631
	<u>467,737</u>	<u>518,109</u>
<b>Accumulated surplus</b>	<u>\$ 922,176</u>	<u>\$ 971,099</u>

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

### ON BEHALF OF THE LIBRARY BOARD:

  
Chair

  
Treasurer

Jean Elwell, Chartered Accountant

Unaudited – see Review Engagement report dated February 21, 2014.

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

## **Statement of Operations**

Year ended December 31, 2013, with comparative figures for 2012  
(Unaudited – See Notice to Reader)

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	(unaudited – note 6)		
Revenue:			
CRD tax requisition	\$ 241,464	\$ 241,460	\$ 220,900
Fines, fees and printing	28,400	26,872	10,591
Government transfers:			
Provincial	55,046	55,969	55,046
Federal	-	5,642	4,968
Investment income	-	6,482	6,636
Donations	52,200	88,521	66,154
	377,110	424,946	364,295
Expenses:			
Salaries and benefits	213,255	177,587	102,414
Library materials	28,155	20,172	23,623
Supplies and services	89,241	87,237	49,961
Building occupancy	56,723	60,079	14,906
Temporary facility	-	-	72,576
Amortization	-	118,794	148,432
	387,374	463,869	411,910
Annual (deficiency) before transfer of assets	(10,264)	(38,923)	(47,615)
Transfers of assets	-	-	446,234
Annual surplus (deficiency)	(10,264)	(38,923)	398,619
Accumulated surplus, beginning of year	971,099	971,099	572,480
Prior period adjustment – (note 8)	(10,000)	(10,000)	-
Accumulated surplus, end of year	\$ 950,835	\$ 922,176	\$ 971,099

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

**Jean Elwell, Chartered Accountant**

Unaudited – see Review Engagement report dated February 21, 2014.

## **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

### **Statement of Change in Net Financial Assets**

Year ended December 31, 2013, with comparative information for 2012

	<b>Budget</b>	<b>2013</b>	<b>2012</b>
	(unaudited – note 6)		
Annual surplus (deficiency)	\$ (10,264)	\$ (38,923)	\$ 398,619
Acquisition of tangible capital assets	(59,958)	(68,702)	(518,351)
Amortization of tangible capital assets	-	118,794	148,432
	(70,222)	11,169	28,700
Consumption (acquisition) of prepaid expenses	-	280	(441)
Prior period adjustment	(10,000)	(10,000)	-
Change in net financial assets	(80,222)	1,449	28,259
Net financial assets, beginning of year	452,990	452,990	424,731
Net financial assets, end of year	\$ 372,768	\$ 454,439	\$ 452,990

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

---

**Jean Elwell, Chartered Accountant**

Unaudited – see Review Engagement report dated February 21, 2014.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2013, with comparative figures for 2012

	2013	2012
<b>Cash from operating activities</b>		
Annual surplus (deficiency)	\$ (38,923)	\$ (47,615)
Items not involving cash:		
Amortization	118,794	148,432
Transfer of assets	-	446,234
Prior period adjustment	(10,000)	-
Change in non-cash operating assets and liabilities		
Receivable from CRD	48,620	(41,382)
Other receivables	7,459	(5,817)
Accounts payable and accrued liabilities	7,996	7,600
Salaries and wages payable	1,365	3,702
Deferred revenue	(31,807)	19,321
Prepaid expenses	281	(441)
	103,785	530,034
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(68,702)	(518,351)
<b>Investing activities:</b>		
Change in investments	(1,926)	40,706
Increase (decrease in cash and cash equivalents)	33,157	52,389
Cash and cash equivalents, beginning of year	256,962	204,573
<b>Cash, and cash equivalents, end of year:</b>	<b>290,119</b>	<b>256,962</b>

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

Jean Elwell, Chartered Accountant

Unaudited – see Review Engagement report dated February 21, 2014.

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

Notes to the Financial Statements (unaudited)

Year ended December 31, 2013

Salt Spring Island Public Library Association (the "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.

## **1. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements of Salt Spring Public Library Association are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Association are as follows:

(a) Reporting entity:

The financial statements include the combination of all the assets, liabilities, revenues, expenses, and changes in net financial assets of the Association. The Association does not control any external entities and accordingly, no entities have been consolidated with the financial statements. Inter-fund balances and transactions have been eliminated. The Board does not administer any trust activities on behalf of external parties.

(b) Basis of accounting:

The Association follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(c) Revenue recognition:

The Association receives an annual operating grant from the Capital Regional District. The grant covers a 12-month period ending December 31. Accordingly, monies received prior to the fiscal year end that relate to the subsequent year's revenue are recorded on the statement of financial position as deferred revenue.

Fines are recorded when received as a result of the difficulty in determining collectability.

(d) Government transfers:

Government transfers are recognized in the financial statements as revenues in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

(e) Cash equivalents:

Cash equivalents include short-term highly liquid investments with a term to maturity of 90 days or less at acquisition or redeemable without penalty.

(f) Investments:

Investments are recorded at cost plus accrued interest. Investment income is reported as revenue in the period earned. When there has been a loss in value that is other than a temporary decline in value, the respective investment is written down to recognize the loss.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2013

(g) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

i. 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. Contributed tangible capital assets are recorded at fair market value at the date of contribution. The cost, less residual value, of the tangible assets are amortized on a declining balance basis, except for library material collection which is amortized on a straight line basis, over their estimated useful lives as follows:

Asset	Rate
Library materials collection	5 years
Furniture and office equipment	25%
Computer equipment	33%
Computer software	33%
Artwork	0%

Electronic media, paperbacks, periodicals and database subscriptions are expenses in the year of purchase. All other items in the library collection are amortized over 5 years. Amortization is charged in the year of acquisition and the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

When a tangible capital asset no longer contributes to the Association's ability to provide services, its carrying value is written down to its residual value.

Artwork, which is expected to appreciate over time, is not amortized.

(h) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and disclosure of contingent 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 these estimates.

(i) Public sector accounting standards:

On January 1, 2013, the Association adopted Canadian public sector accounting standards, section 1201 Financial Statement Presentation. Section 1201 establishes general principles and standards for the disclosure of information in government financial statements. Certain accounting figures from 2012 have been restated to conform to these standards.



# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2013

## 2. CASH AND CASH EQUIVALENTS:

Cash and cash equivalents consist of cash and guaranteed income certificates with terms to maturity of 90 days or less and investments with maturity greater than 90 days but redeemable with no penalty. Investments earn interest at rates varying from 1.25% to 1.8% and mature at varying dates in 2014.

## 3. INVESTMENTS:

Investments include pooled investment funds which are recorded at cost plus earnings reinvested in the funds. Investments earn interest at rates varying from 1.85% to 2.25% and mature at varying dates in 2014.

## 4. DEFERRED REVENUE:

Deferred revenue, reported on the statement of financial position, is made up restricted donations in the amount of \$15,892 at December 31, 2013 and \$47,699 for the previous year.

## 5. TANGIBLE CAPITAL ASSETS:

	Opening Balance	Purchase	Accumulated Amortization	Net Book Value	
				2013	2012
Furniture & office equipment	\$ 391,318	\$ 5,458	\$ 183,164	\$ 213,613	\$ 278,448
Computer equipment	143,950	11,112	117,219	37,842	42,632
Software	14,268	-	12,164	2,104	3,140
Library collection	261,242	51,042	160,519	151,765	132,285
Artwork	53,973	1,090	-	55,063	53,973
	\$ 864,751	\$ 68,702	\$ 473,066	\$ 460,387	\$ 510,478

### (a) Contributed tangible capital assets

There were no contributions of tangible capital assets during the years presented.

### (b) Write-down of tangible capital assets

No write-down of capital assets occurred during the years presented.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2013

## 5. TANGIBLE CAPITAL ASSETS (cont.):

### (c) Ownership of premises

The British Columbia Library Act prohibits the Association from owning a building. In recognition of that limitation, the Association entered into an agreement with the Capital Regional District (the "CRD") in 2006 which contemplated the construction and ownership of a new library by the CRD and its long term lease to the Association. The Association and the CRD entered into a further agreement in 2011 which specified the exact provisions of planning, construction, financing and the operation of the building and also provided for the transfer of the Association's real estate assets to the CRD. That transfer occurred in June 2011 and construction of the new library building has now been completed.

## 6. BUDGET DATA:

The unaudited budget data presented in these financial statements is based upon the 2012 operating budget approved by the Board on February 12, 2013. Amortization was not contemplated on development of the budget and, as such, has not been included.

## 7. ACCUMULATED SURPLUS:

Accumulated surplus consists of:

	2013	2012
<b>Surplus:</b>		
Invested in capital assets	\$ 460,387	\$ 510,478
<b>Reserves:</b>		
Building fund	32,051	21,627
Operating reserves	429,738	438,994
	461,789	460,621
	\$ 922,176	\$ 971,099

## 8. CORRECTION OF ERROR IN PRIOR PERIOD

During the year it became apparent that an amount of \$10,000, received from another charity in the year ended December 31, 2012, was to be paid to the CRD as a repayment for expenses. The payment was treated as a donation in the Statement of Operations for the year ended December 31, 2012. As a result of correcting this error, the opening balance of accumulated surplus was reduced by \$10,000. Donations from the previous year, total income and annual surplus for 2012 have been reduced by \$10,000 from previously reported statements to correct this error.

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

Notes to the Financial Statements (unaudited)

Year ended December 31, 2013

## **9. ECONOMIC DEPENDENCY:**

Approximately 57% (2012 – 61%) of the Association's revenues are derived from contributions from the CRD. Should this source of revenue be withdrawn, management is of the opinion that continued viability of operations would not be assured.