
SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

(Unaudited - See Review Engagement Report)

YEAR ENDED DECEMBER 31, 2017

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

INDEX TO FINANCIAL STATEMENTS

(Unaudited - See Review Engagement Report)

YEAR ENDED DECEMBER 31, 2017

CONTENTS

STATEMENT

Review Engagement Report

Statement of Operations

I

Statement of Financial Position

II

Statement of Change in Net Financial Assets

III

Statement of Change in Accumulated Surplus

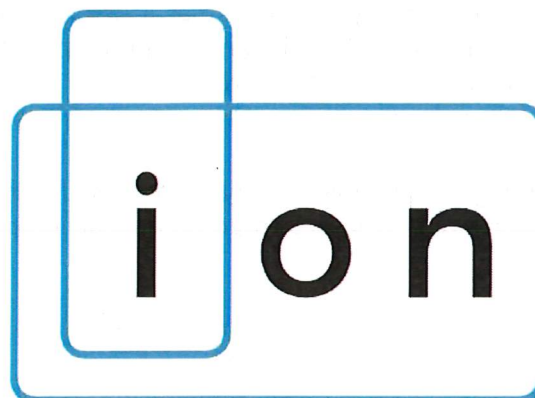
IV

Statement of Cash Flows

V

Notes to Financial Statements

Supplemental Schedule of Tangible Assets



**ACCOUNTING & TAX
SOLUTIONS***
CHARTERED PROFESSIONAL ACCOUNTANT

Victoria Office:
300-848 Courtney Street
Victoria, British Columbia
V8W 1C4

Salt Spring Island Office:
1681 North Beach Road
Salt Spring Island, British Columbia
V8K 1A8

REVIEW ENGAGEMENT REPORT

I have reviewed the accompanying financial statements of Salt Spring Island Public Library Association that comprise the statement of financial position as at December 31, 2017, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation 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.

Practitioner's Responsibility

My responsibility is to express a conclusion on the accompanying financial statements based on my review. I conducted my review in accordance with Canadian generally accepted standards for review engagements, which require that I comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, I do not express an audit opinion on these financial statements.

* denotes professional corporation

Based on my review, nothing has come to my attention that causes me to believe that the financial statements of Salt Spring Island Public Library Association are not prepared, in all material respects, in accordance with Canadian public sector accounting standards.

Other Matter

The financial statements of Salt Spring Island Public Library Association for the year ended December 31, 2016 were reviewed by another practitioner who expressed an unqualified conclusion on those financial statements on March 13, 2017.

Salt Spring Island, British Columbia
March 21, 2018



ION ACCOUNTING AND TAX SOLUTIONS
CHARTERED PROFESSIONAL ACCOUNTANT

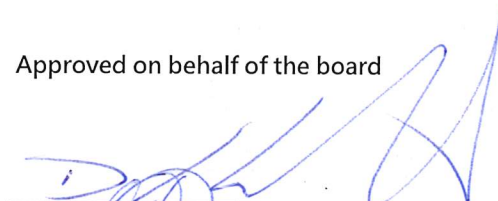
SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
STATEMENT OF OPERATIONS
(Unaudited - See Review Engagement Report)
YEAR ENDED DECEMBER 31, 2017

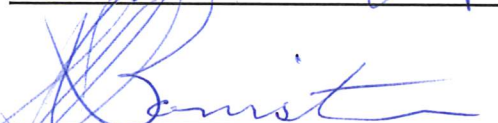
	Notes	Budget (unaudited - Note 4)	2017	2016
REVENUE				
CRD tax requisition		\$ 340,570	\$ 340,570	\$ 332,360
Donations		34,250	55,205	47,131
Government transfers: federal		7,500	11,917	13,118
Government transfers: provincial		50,774	49,787	51,426
Investment income		8,043	7,942	9,244
Operating revenue		34,600	41,941	37,129
Other grants		12,550	19,073	6,773
		<u>488,287</u>	<u>526,435</u>	<u>497,181</u>
EXPENSES				
Amortization		75,946	72,725	75,946
Building occupancy		93,975	91,744	86,578
Library materials		21,498	22,136	26,255
Salaries and benefits		197,308	205,928	203,126
Supplies and services		91,980	100,132	95,418
		<u>480,707</u>	<u>492,665</u>	<u>487,323</u>
Annual surplus		7,580	33,769	9,858
Accumulated surplus, beginning of year		939,915	939,915	929,493
Contributions to endowment fund		-	250	564
Accumulated surplus, end of year		<u>\$ 947,494</u>	<u>\$ 973,933</u>	<u>\$ 939,915</u>

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
 STATEMENT OF FINANCIAL POSITION
 (Unaudited - See Review Engagement Report)
 AS AT DECEMBER 31, 2017

	Notes	2017	2016
FINANCIAL ASSETS			
Cash and cash equivalents		\$ 512,212	\$ 475,439
Accounts receivable		9,668	7,087
Investments	(Note 2)	<u>115,216</u>	<u>115,190</u>
		<u>637,096</u>	<u>597,716</u>
FINANCIAL LIABILITIES			
Accounts payable and accrued liabilities		9,572	9,159
Salaries and wages payable		<u>928</u>	<u>410</u>
		<u>10,500</u>	<u>9,569</u>
Net financial assets		<u>626,596</u>	<u>588,147</u>
NON-FINANCIAL ASSETS			
Tangible capital assets	(Note 6)	339,831	343,095
Prepaid expenses		<u>7,506</u>	<u>8,673</u>
		<u>347,337</u>	<u>351,768</u>
ACCUMULATED SURPLUS	(Note 3)	<u>\$ 973,933</u>	<u>\$ 939,915</u>

Approved on behalf of the board

 Director

 Director

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
(Unaudited - See Review Engagement Report)
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE INFORMATION FOR 2016

	Notes	Budget (unaudited - Note 4)	2017	2016
Annual surplus (deficiency)		\$ 7,580	\$ 33,769	\$ 9,856
Acquisition of tangible capital assets		(93,425)	(69,461)	(55,822)
Amortization of tangible capital assets		75,946	72,725	75,946
		(9,899)	37,033	29,980
Net change in prepaid expenses		-	1,167	(492)
Contributions to endowment fund		-	250	564
Change in net financial assets		(9,899)	38,450	30,052
Net financial assets, beginning of year		588,147	588,146	558,095
Net financial assets, end of year		<u>\$ 578,248</u>	<u>\$ 626,596</u>	<u>\$ 588,147</u>

STATEMENT IV

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
 STATEMENT OF CHANGE IN NET ACCUMULATED SURPLUS
 (Unaudited - See Review Engagement Report)
 AS AT DECEMBER 31, 2017, WITH COMPARATIVE FIGURES FOR 2016

	2017					2016
	General	Capital Improvement Fund	Invested in Capital Assets	Endowment Funds	Total	Total
Balance, beginning of year	\$ 429,859	\$ 26,191	\$ 343,094	\$ 140,770	\$ 939,914	\$ 929,493
Excess (deficiency) of revenues over expenses	104,821	-	(72,725)	1,673	33,769	9,857
Endowment fund contributions	-	-	-	250	250	565
Interest from Endowment	1,673	-	-	(1,673)	-	-
Capital asset purchases	(69,460)	-	69,460	-	-	-
	<u>\$ 466,893</u>	<u>\$ 26,191</u>	<u>\$ 339,830</u>	<u>\$ 141,020</u>	<u>\$ 973,933</u>	<u>\$ 939,915</u>

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
STATEMENT OF CASH FLOWS
(Unaudited - See Review Engagement Report)
YEAR ENDED DECEMBER 31, 2017, WITH COMPARATIVE FIGURES FOR 2016

	Notes	2017	2016
CASH FLOWS FROM OPERATING ACTIVITIES			
Excess (deficiency) of revenues over expenses	\$	33,769	\$ 9,858
Amortization		72,724	75,946
Changes in non-cash working capital			
Accounts receivable		(2,583)	1,929
Prepaid expenses		1,166	(492)
Accounts payable and accrued liabilities		413	3,646
Salaries and wages payable		517	410
		<u>106,006</u>	<u>91,297</u>
CASH FLOWS FROM CAPITAL ACTIVITIES			
Purchase of capital assets		(69,460)	(55,822)
Contributions to endowment fund		250	564
		<u>(69,210)</u>	<u>(55,258)</u>
CASH FLOWS FROM INVESTING ACTIVITIES			
Net sale (purchase) of investments		<u>(26)</u>	<u>32,835</u>
Increase (decrease) in cash and cash equivalents during the year		36,770	68,875
Cash and cash equivalents, beginning of the year		<u>475,439</u>	<u>406,567</u>
Cash and cash equivalents, end of the year		<u>\$ 512,212</u>	<u>\$ 475,439</u>

SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION
NOTES TO FINANCIAL STATEMENTS
(Unaudited - See Review Engagement Report)
YEAR ENDED DECEMBER 31, 2017

Salt Spring Island Public Library Association (the "Association") was established under the *Library Act* of British Columbia. Its principal activity is the operation of the public library serving residents of Salt Spring Island. The Association is a registered charity and is exempt from income tax.

1. Significant accounting policies

The financial statements of Salt Spring Island 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.

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:

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

Receipts that are restricted by legislation or by agreement with external parties are deferred and reported as deferred revenue. When qualifying expenses are incurred, deferred revenue are brought into revenue in equal amounts.

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 amounts can be made. Government transfers with stipulations are recognized as revenue when authorized and eligibility criteria have been met, except when and to the extent the transfer gives rise to an obligation that meets the definition of a liability.

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.

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.

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

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. The cost, less residual value, of the tangible capital assets are amortized on a declining balance basis, except for library materials collection which is amortized on a straight line basis, over their estimated useful lives as follows:

Asset	Rate
Artwork	0%
Computer equipment	33%
Computer software	33%
Furniture and office equipment	25%
Library materials 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. Amortization is charged in the year of purchase and the year of disposal.

h) Contributed services

Volunteers contribute many hours each year to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

i) Use of estimates

The preparation of financial statements in accordance with generally accepted accounting principles 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 revenues and expenses during the reporting period. Actual results could differ from management's best estimates.

2. Investments:

Investments include pooled investment funds which are recorded at cost plus earnings reinvested in the funds. Investments consist of low-risk savings mutual funds.

3. Accumulated surplus:

	2017	2016
Surplus:		
Invested in tangible capital assets	\$ 339,830	\$ 343,096
Reserves:		
Endowment funds	141,020	140,770
Capital improvement fund	26,191	26,190
Operating reserves	466,893	429,859
	<u>\$ 973,933</u>	<u>\$ 939,915</u>

4. Budget data

The unaudited budget data presented in these financial statements is based on the 2017 operating budget approved by the board as adjusted in order to comply with Canadian public sector accounting standards. Certain expenditure items are not considered to be expenses according to these standards, including capital expenditures and contributions to the reserve fund.

Excess of revenue over expenditures per the approved budget	\$ (75,988)
Capital expenditures	93,425
Addition of 2016 budget surplus	<u>(9,857)</u>
Annual surplus on PSAB basis	<u>\$ 7,580</u>

5. Economic dependency

Approximately 65% (2016 - 67%) of the Association's revenues are derived from contributions from the Capital Regional District (the "CRD"). Should this funding be cancelled or not renewed, management is of the opinion that continued viability of operations would not be assured.

6. Tangible capital assets (see attached schedule)

a) Contributed tangible capital assets

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

b) Write-down of contributed tangible capital assets

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

c) Premises and lease

The *Library Act* of British Columbia prohibits the Association from owning a building. The Association entered into an agreement in 2011 with the CRD specifying the provisions of planning, construction, financing, and operation of the building occupied by the Association and also agreed to transfer the Association's existing real estate assets to the CRD. The transfer took place in 2011 and the construction of the building has been completed.

The Association currently leases the building from the CRD at a rate of \$10 per year for an initial term of ten years ending March 31, 2023. The lease may then be renewed for an additional ten-year term and four subsequent five-year terms at the same lease rate.

SALT SPRING PUBLIC LIBRARY ASSOCIATION
SCHEDULE OF TANGIBLE ASSETS
(Unaudited - See Review Engagement Report)
YEAR ENDED DECEMBER 31, 2017

	2017						2016
	Equipment and furnishings	Computer hardware and software	Leasehold improvements	Artwork	Books	Total	Total
Cost, beginning of year	\$ 401,949	\$ 169,896	\$ 8,718	\$ 55,699	\$ 438,532	\$ 1,074,794	\$ 1,018,972
Purchases	1,555	24,611	243	-	43,052	69,460	55,822
Disposals	-	-	-	-	-	-	-
Transfers	-	-	-	-	-	-	-
Cost, end of year	403,503	194,507	8,962	55,699	481,583	1,144,254	1,074,794
Accumulated amortization, beginning of year	306,542	155,338	872	-	268,947	306,542	655,753
Amortization	24,046	8,865	1,594	-	38,220	72,725	75,946
Transfers	-	-	-	-	-	-	-
Accumulated amortization, end of year	330,588	164,203	2,465	-	307,167	379,267	731,699
Net book value	\$ 72,915	\$ 30,304	\$ 6,496	\$ 55,699	\$ 174,416	\$ 339,831	\$ 343,095

