

Financial Statements of

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

Year ended December 31, 2014  
(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



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## 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, 2014 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, 2014, with comparative figures for 2013

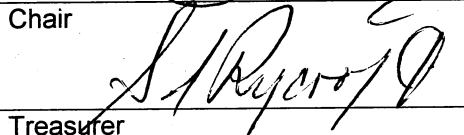
	2014	2013
<b>Financial assets</b>		
Cash and cash equivalents (note 2)	\$ 346,169	\$ 290,119
Receivable from CRD	-	2,636
Other receivables	8,276	6,794
Investments (note 3)	157,671	204,957
	<u>512,116</u>	<u>504,506</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	11,391	23,300
Salaries and wages payable	5,599	10,875
Deferred revenue (note 4)	16,035	15,892
	<u>33,025</u>	<u>5,067</u>
Net financial assets	479,091	454,439
<b>Non-financial assets</b>		
Tangible capital assets (note 9)	406,426	460,387
Prepaid expenses	8,611	7,350
	<u>415,037</u>	<u>467,737</u>
<b>Accumulated surplus (Note 5)</b>	<u>\$ 894,128</u>	<u>\$ 922,176</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, 2015.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Operations

Year ended December 31, 2014, with comparative figures for 2013  
(Unaudited – See Notice to Reader)

	Budget	2014	2013
	(unaudited – note 6)		
Revenue:			
CRD tax requisition	\$ 308,580	\$ 308,580	\$ 241,460
Fines, fees and printing	29,600	34,350	26,872
Government transfers:			
Provincial	59,124	57,811	55,969
Federal	-	5,290	5,642
Investment income	6,000	5,232	6,482
Donations	39,200	44,235	88,521
	442,504	455,498	424,946
Expenses:			
Salaries and benefits	204,912	206,140	177,587
Library materials	27,905	24,496	20,172
Materials and services	61,872	59,278	87,237
Building occupancy	91,126	96,853	60,079
Amortization	-	101,006	118,794
	385,815	487,771	463,869
Annual (deficiency)	56,689	(32,273)	(38,923)
Accumulated surplus, beginning of year	922,176	922,176	-
Transfers of assets (at net book value)	-	(4,974)	(38,923)
Contributions to Endowment Fund	-	9,199	
Prior period adjustment – (note 8)	-	-	(10,000)
Accumulated surplus, end of year	\$ 978,865	\$ 894,128	\$ 922,176

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

Jean Elwell, Chartered Accountant

Unaudited – see Review Engagement report dated February 21, 2015.

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

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

Year ended December 31, 2014, with comparative information for 2013

	<b>Budget</b>	<b>2014</b>	<b>2013</b>
	(unaudited – note 6)		
Annual surplus (deficiency)	\$ 56,689	\$ (32,273)	\$ (38,923)
Acquisition of tangible capital assets	(48,668)	(52,019)	(68,702)
Amortization of tangible capital assets	-	101,006	118,794
	8,021	16,714	11,169
Net change in prepaid expenses	-	(1,261)	280
Prior period adjustment	-	-	(10,000)
Contributions to Endowment fund		9,199	
Change in net financial assets	8,021	24,652	1,449
Net financial assets, beginning of year	454,439	454,439	452,990
Net financial assets, end of year	\$ 462,460	\$ 479,091	\$ 454,439

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

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**Jean Elwell, Chartered Accountant**

Unaudited – see Review Engagement report dated February 21, 2015.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2014, with comparative figures for 2013

	2014	2013
<b>Cash from operating activities</b>		
Annual surplus (deficiency)	\$ (32,273)	\$ (38,923)
Items not involving cash:		
Amortization	101,006	118,794
Transfer of assets	-	-
Prior period adjustment	-	(10,000)
Change in non-cash operating assets and liabilities		
Receivable from CRD	2,636	48,620
Other receivables	(1,482)	7,459
Accounts payable and accrued liabilities	(11,910)	7,996
Salaries and wages payable	(5,276)	1,365
Deferred revenue	143	(31,807)
Prepaid expenses	(1,261)	281
	51,583	103,785
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(52,018)	(68,702)
Contributions to Endowment Fund	9,199	-
<b>Investing activities:</b>		
Change in investments	47,286	(1,926)
Increase (decrease in cash and cash equivalents)	56,050	33,157
Cash and cash equivalents, beginning of year	290,119	256,962
<b>Cash, and cash equivalents, end of year:</b>	<b>346,169</b>	<b>290,119</b>
Cash and cash equivalents is comprised of:		
Cash	41,695	28,633
Term deposits	304,474	261,486
	\$ 346,169	\$ 290,119

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

Jean Elwell, Chartered Accountant

Unaudited – see Review Engagement report dated February 21, 2015.

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

Notes to the Financial Statements (unaudited)

Year ended December 31, 2014

Salt Spring Island Public Library Association (the "Association") is a non-profit organization 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 and may issue income tax receipts to donors.

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) **Management's responsibility for the financial statements:**

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

(b) **Revenue recognition:**

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. 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.

(c) **Government transfers:**

Government transfers, which include government grants, 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.

(d) **Financial instruments:**

The Association's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities. It is management's opinion that the Library is not exposed to any significant interest, credit or currency risks arising from these financial instruments.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2014

## (e) 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. The Association's non-financial assets consist of tangible capital assets and prepaid expenses

### 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 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 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, because of the complexities of estimating useful life, is not amortized.

## (f) 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.

## 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 1.15% to 1.8% and mature at varying dates in 2015.



# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2014

## 3. INVESTMENTS:

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

## 4. DEFERRED REVENUE:

Deferred revenue, reported on the statement of financial position, is made up of restricted donations in the amount of \$16,035 at December 31, 2014 and \$15,892 for the previous year.

## 5. ACCUMULATED SURPLUS:

Accumulated surplus consists of:

	2014	2013
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 406,426	\$ 460,387
<b>Reserves:</b>		
Endowment fund	\$ 9,199	\$ -
Building fund	26,190	32,051
Operating reserves	452,416	429,738
	487,805	461,789
	\$ 894,231	\$ 922,176

## 6. BUDGET DATA:

The unaudited budget data presented in these financial statements is based upon the 2014 operating budget approved by the Board as adjusted to a "PSAB basis" in order to comply with Canadian Public Sector accounting standards. Certain expenditure items are not considered expenditures for PSAB purposes, including capital expenditures and contributions to the reserve fund. Amortization was not contemplated on development of the budget and, as such, has not been included.

	2014
Excess of revenue over expenses per budget approved	\$ 1,022
Capital expenditures	48,667
Contribution to capital reserve fund	13,000
Transfer from building fund	(6,000)
Annual surplus on a PSAB basis	\$ 56,689

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

Notes to the Financial Statements (unaudited)

Year ended December 31, 2014

## **7. ECONOMIC DEPENDENCY:**

Approximately 68% (2013 – 57%) 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.

## **8. CORRECTION OF ERROR IN PRIOR PERIOD**

During 2013, 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.

## **9. TANGIBLE CAPITAL ASSETS**

### **(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.

### **(c) Ownership of premises; lease of building.**

The British Columbia Library Act prohibits the Association from owning a building. The Association and the CRD entered into an 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.

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

# SCHEDULE OF TANGIBLE ASSETS

	2014				2013			
	Equipment & furnishings	Computer equipment	Computer software	Artwork	Books	Total	Total	Total
Cost, beginning of year	\$ 396,777	\$ 155,061	\$ 14,268	\$ 55,063	\$ 312,285	\$ 933,454	\$ 864,751	
Purchases	6,050	492	-	-	45,476	52,018	68,703	
Disposals						-	-	
Transfers	(6,249)	(3,247)				(9,496)		
Cost, end of year	396,579	152,306	14,268	55,063	357,760	975,976	933,454	
Accumulated amortization								
Beginning of year	183,164	117,219	12,164	-	160,519	473,066	354,272	
Amortization	53,378	12,033	694	-	34,901	101,006	118,794	
Transfers	(2,733)	(1,789)				(4,522)	-	
Accumulated amortization								
End of year	233,809	127,463	12,858	-	195,420	569,550	473,066	
<b>Net book value</b>	<b>\$ 162,770</b>	<b>\$ 24,843</b>	<b>\$ 1,410</b>	<b>\$ 55,063</b>	<b>\$ 162,340</b>	<b>\$ 406,426</b>	<b>\$ 460,387</b>	

Jean Elwell, Chartered Accountant