

Financial Statements of

## SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Year ended December 31, 2016  
(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, 2016 and the statements of operations, changes in net financial 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.

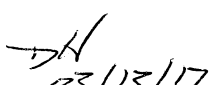


**Jean Elwell**  
**Chartered Professional Accountant**

Salt Spring Island, British Columbia

March 13, 2017

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

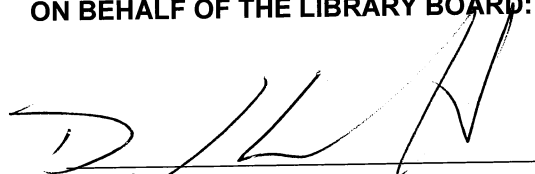
## Statement of Financial Position

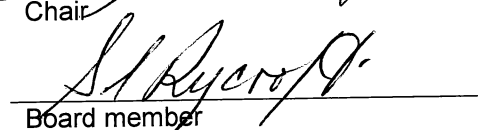
December 31, 2016, with comparative figures for 2015

	2016	2015
<b>Financial assets</b>		
Cash and cash equivalents (note 2)	\$ 475,439	\$ 406,567
Accounts receivable	7,087	9,016
Investments (note 3)	115,190	148,025
	<u>597,716</u>	<u>563,608</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	9,159	5,513
Salaries and wages payable	410	-
	<u>9,569</u>	<u>5,513</u>
<b>Net financial assets</b>	<u>588,147</u>	<u>558,095</u>
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	343,095	363,218
Prepaid expenses	8,672	8,181
	<u>351,767</u>	<u>371,399</u>
<b>Accumulated surplus (Note 4)</b>	<u>\$ 939,914</u>	<u>\$ 929,494</u>

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

ON BEHALF OF THE LIBRARY BOARD:

  
Chair

  
Board member

Jean Elwell, Chartered Professional Accountant

Unaudited – see Review Engagement report dated March 13, 2017.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Operations

Year ended December 31, 2016, with comparative figures for 2015  
(Unaudited – See Notice to Reader)

	Budget	2016	2015
	(unaudited – note 5)		
Revenue:			
CRD tax requisition	\$ 332,360	\$ 332,360	\$ 327,450
Operating revenue	36,200	37,129	39,042
Government transfers:			
Provincial	70,260	65,196	60,992
Federal	6,500	3,770	15,073
Grants	-	2,351	
Investment income	4,000	9,244	5,263
Donations	27,800	47,131	46,786
	477,120	497,181	494,606
Expenses:			
Salaries and benefits	205,188	203,126	219,497
Library materials	25,236	26,255	24,240
Supplies and services	91,652	95,419	61,758
Building occupancy	94,810	86,579	89,195
Amortization	79,301	75,946	86,203
	496,187	487,325	480,893
Annual surplus (deficiency)	(19,067)	9,856	13,713
Accumulated surplus, beginning of year	929,494	929,494	910,163
Contributions to Endowment Fund	-	564	5,618
Accumulated surplus, end of year	\$ 910,472	\$ 939,914	\$ 929,494

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

Jean Elwell, Chartered Professional Accountant

Unaudited – see Review Engagement report dated March 13, 2017.

# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Change in Net Financial Assets

Year ended December 31, 2016, with comparative information for 2015

	<b>Budget</b>	<b>2016</b>	<b>2015</b>
	(unaudited – note 5)		
Annual surplus (deficiency)	\$ (19,067)	\$ 9,856	\$ 13,713
Acquisition of tangible capital assets	(87,236)	(55,822)	(42,994)
Amortization of tangible capital assets	79,301	75,946	86,203
	(27,002)	29,980	56,922
Net change in prepaid expenses	-	(492)	430
Contributions to Endowment fund	-	564	5,617
Change in net financial assets	(27,002)	30,052	62,969
Net financial assets, beginning of year	558,095	558,095	495,126
Net financial assets, end of year	\$ 531,092	588,147	\$ 558,095

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

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Jean Elwell, Chartered Professional Accountant

Unaudited – see Review Engagement report dated March 13, 2017.

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# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Change in Net Accumulated Surplus

Year ended December 31, 2016, with comparative information for 2015

	General	Capital Improvement Fund	Invested in Capital Assets	Endowment Funds	2016 Total	2015 Total
Balance, beginning of year	\$ 509,235	\$ 26,190	\$ 363,219	\$ 30,852	\$ 929,496	\$ 910,163
Excess of revenue over expenses	81,106		(75,946)	4,694	9,854	13,713
Endowment fund contributions	-			564	564	5,617
Transfer to Endowment fund from General fund	(109,199)			109,199	-	-
Interest from Endowment funds	4,539			(4,539)	-	-
Capital assets purchased	(55,822)		55,822		-	-
Balance, end of year	\$ 429,859	\$ 26,190	\$ 343,095	\$ 140,770	\$ 939,914	\$ 929,494

Jean Elwell, Chartered Professional Accountant

Unaudited – see Review Engagement report dated March 13, 2017.

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# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

## Statement of Cash Flows

Year ended December 31, 2016, with comparative figures for 2015

	2016	2015
<b>Cash from operating activities</b>		
Annual surplus (deficiency)	\$ 9,856	\$ 13,713
Items not involving cash:		
Amortization	75,946	86,203
Change in non-cash operating assets and liabilities		
Accounts receivable	1,929	(740)
Accounts payable and accrued liabilities	3,646	(5,880)
Salaries and wages payable	410	(5,598)
Prepaid expenses	(492)	430
	91,295	88,128
<b>Capital activities:</b>		
Acquisition of tangible capital assets	(55,822)	(42,994)
Contributions to Endowment Fund	564	5,618
<b>Investing activities:</b>		
Net sale of investments	32,835	9,646
Increase (decrease in cash and cash equivalents)	68,872	60,398
Cash and cash equivalents, beginning of year	406,567	346,169
<b>Cash, and cash equivalents, end of year:</b>	<b>\$ 475,439</b>	<b>\$ 406,567</b>
Cash and cash equivalents is comprised of:		
Cash	41,323	199,934
Term deposits	434,116	206,633
	<b>\$ 475,439</b>	<b>\$ 406,567</b>

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

Jean Elwell, Chartered Professional Accountant

Unaudited – see Review Engagement report dated March 13, 2017.

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# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2016

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, except donations which are recognized when received. 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.

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# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2016

(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 of 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 0.6% to 1.9% and mature at varying dates in 2016.

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# SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION

Notes to the Financial Statements (unaudited)

Year ended December 31, 2016

## 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. ACCUMULATED SURPLUS:

Accumulated surplus consists of:

	2016	2015
<b>Surplus:</b>		
Invested in tangible capital assets	\$ 343,095	\$ 363,216
<b>Reserves:</b>		
Endowment funds	\$ 140,770	\$ 30,852
Capital improvement fund	26,190	26,190
Operating reserves	429,859	509,236
	596,819	566,278
	\$ 939,914	\$ 929,494

## 5. BUDGET DATA:

The unaudited budget data presented in these financial statements is based upon the 2016 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.

	2016
Excess of revenue over expenses per budget approved	\$ (78,810)
Capital expenditures	87,236
Addition of 2015 budget surplus	(40,000)
Contingency expenses	12,507
Annual surplus on a PSAB basis	\$ (19,067)

# **SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**

Notes to the Financial Statements (unaudited)

Year ended December 31, 2016

## **6. ECONOMIC DEPENDENCY:**

Approximately 67% (2015 – 66%) 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.

## **7. 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.

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# SCHEDULE OF TANGIBLE ASSETS

2016						2015	
	Equipment & furnishings	Computer h/w & s/w	Leasehold Improvements	Artwork	Books	Total	Total
Cost, beginning of year	\$ 400,469	\$ 166,574	\$ -	\$ 55,237	\$ 396,691	\$ 1,018,971	\$ 975,976
Purchases	1,480	3,322	8,718	462	41,840	55,822	42,994
Disposals						-	-
Transfers						-	-
Cost, end of year	401,949	169,896	8,718	55,699	438,531	1,074,793	1,018,971
Accumulated amortization							
Beginning of year	274,987	148,985	-	-	231,781	655,753	569,550
Amortization	31,555	6,353	872		37,166	75,946	86,203
Transfers							
Accumulated amortization End of year	306,542	155,338	872		268,947	731,699	655,753
<b>Net book value</b>	<b>\$ 95,407</b>	<b>\$ 14,558</b>	<b>\$ 7,846</b>	<b>\$ 55,699</b>	<b>\$ 169,584</b>	<b>\$ 343,095</b>	<b>\$ 363,216</b>

Jean Elwell, Chartered Professional Accountant