

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**INDEX TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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300-848 Courtney Street  
Victoria, BC V8W 1C4

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## INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

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To the Members of Salt Spring Island Public Library Association

I have reviewed the accompanying financial statements of Salt Spring Island Public Library Association, which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in annual surplus (deficit), changes in net financial 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 and fair presentation 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 me to 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.


### *Conclusion*

Based on my review, nothing has come to my attention that causes me to believe that the financial statements do not present fairly, in all material respects, the financial position of Salt Spring Island Public Library Association as at December 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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Independent Practitioner's Review Engagement Report to the Members of Salt Spring Island Public  
Library Association (*continued*)

Victoria, British Columbia  
March 24, 2020

  
CHARTERED PROFESSIONAL ACCOUNTANT

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2019**

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**FINANCIAL ASSETS**

Cash	\$ 421,209	\$ 530,192
Accounts receivable	12,328	15,120
Long term Investments	265,562	114,561
	<u>699,099</u>	<u>659,873</u>

**FINANCIAL LIABILITIES**

Accounts payable and accrued liabilities	16,646	20,846
Wages payable	929	575
Deferred income	14,152	4,389
	<u>31,727</u>	<u>25,810</u>

**NET FINANCIAL ASSETS**

<u>667,372</u>	<u>634,063</u>
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**NON-FINANCIAL ASSETS**

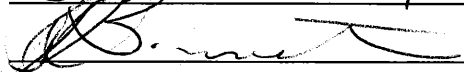
Prepaid expenses	7,228	11,778
Tangible capital assets (Note 4)	336,549	326,727
	<u>343,777</u>	<u>338,505</u>

**ACCUMULATED SURPLUS**

<u>\$ 1,011,149</u>	<u>\$ 972,568</u>
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**APPROVED ON BEHALF OF THE BOARD**

  
\_\_\_\_\_  
Trustee

  
\_\_\_\_\_  
Trustee

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION****STATEMENT OF OPERATIONS****YEAR ENDED DECEMBER 31, 2019**

	Budget 2019	2019	2018
<b>REVENUES</b>			
CRD tax requisition	\$ 383,730	\$ 383,730	\$ 351,510
Donations	40,600	71,458	53,559
Government transfers: provincial	49,975	52,895	50,193
Operating revenue	40,100	38,018	41,373
Other grants	6,500	23,208	20,159
Government transfers: federal	18,466	12,917	18,509
Investment income	3,500	5,189	7,552
Gain on disposal of investments	-	9,895	-
	542,871	597,310	542,855
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>			
Wages and benefits	262,265	253,963	247,700
Supplies and services	116,068	123,024	113,441
Building occupancy	85,300	83,412	83,686
Amortization	69,536	69,536	70,707
Library materials	22,900	28,795	27,343
	556,069	558,730	542,877
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>\$ (13,198)</b>	<b>\$ 38,580</b>	<b>\$ (22)</b>

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**STATEMENT OF CHANGES IN ANNUAL SURPLUS (DEFICIT)**  
**YEAR ENDED DECEMBER 31, 2019**

	2019	2018
<b>ACCUMULATED SURPLUS - BEGINNING OF YEAR</b>		
As previously reported	972,569	973,933
Prior period adjustments	-	(1,343)
As restated	972,569	972,590
<b>ANNUAL SURPLUS (DEFICIT)</b>	<b>38,580</b>	<b>(22)</b>
<b>ACCUMULATED SURPLUS (DEFICIT) - END OF YEAR</b>	<b>\$ 1,011,149</b>	<b>\$ 972,568</b>

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**STATEMENT OF CHANGES IN NET FINANCIAL ASSETS**  
**YEAR ENDED DECEMBER 31, 2019**

	Budget 2019	2019	2018
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ (13,198)	\$ 38,580	\$ (22)
Amortization of tangible capital assets	69,536	69,536	70,707
Purchases of tangible capital assets	-	(79,357)	(57,600)
Decrease (increase) in prepaid expenses	-	4,550	(4,273)
Prior period adjustment to net accumulated surplus	-	-	(1,343)
	69,536	(5,271)	7,491
<b>INCREASE IN NET FINANCIAL ASSETS</b>	56,338	33,309	7,469
<b>NET FINANCIAL ASSETS - BEGINNING OF YEAR</b>	-	634,063	626,594
<b>NET FINANCIAL ASSETS - END OF YEAR</b>	\$ 56,338	\$ 667,372	\$ 634,063



**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**STATEMENT OF CASH FLOWS**  
**YEAR ENDED DECEMBER 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Annual Surplus (deficit)	\$ 38,580	\$ (22)
Items not affecting cash:		
Amortization of tangible capital assets	69,536	70,707
Adjustments to accumulated surplus	-	(1,343)
	<u>108,116</u>	<u>69,342</u>
Changes in non-cash working capital:		
Accounts receivable	2,794	(3,191)
Prepaid expenses	4,550	(4,273)
Wages payable	354	(353)
Accounts payable and accrued liabilities	(4,200)	11,274
Long term Investments	(151,001)	655
Deferred income	9,763	4,389
	<u>(137,740)</u>	<u>8,501</u>
Cash flow from (used by) operating activities	<u>(29,624)</u>	<u>77,843</u>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<u>(79,359)</u>	<u>(57,600)</u>
Cash flow used by investing activity	<u>(79,359)</u>	<u>(57,600)</u>
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<u>(108,983)</u>	<u>20,243</u>
Cash - beginning of year	<u>530,192</u>	<u>509,949</u>
<b>CASH - END OF YEAR</b>	<u>\$ 421,209</u>	<u>\$ 530,192</u>

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**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**1. PURPOSE OF THE ASSOCIATION**

Salt Spring Island Public Library Association (the "Association") is a not-for-profit organization established under the Library Act of British Columbia. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Association operates the public library serving the residents of Salt Spring Island.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Board are as follows:

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.

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.

Revenue recognition

Salt Spring Island Public Library Association follows the deferral method of accounting for contributions.

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.

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.

Cash and cash equivalents

Cash includes cash and 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.

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.

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**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

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.

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:

Artwork	0% non-amortizable
Computer hardware and software	33% declining balance method
Furniture and equipment	25% declining balance method
Library materials collection	5 years straight-line method

Electronic media, paperbacks, periodicals, and database subscriptions are expensed in the year of purchase.

The Association regularly reviews its tangible capital assets to eliminate obsolete items. Government grants are treated as a reduction of tangible capital assets cost.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

**3. INVESTMENTS**

Investments include pooled investments funds which are recorded at cost plus reinvested earnings.

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2019**

**4. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Artwork	\$ 59,635	\$ -	\$ 59,635	\$ 55,699
Computer hardware and software	224,065	187,767	36,298	26,332
Books	571,358	387,014	184,344	179,931
Furniture and equipment	408,609	363,718	44,891	57,051
Leasehold improvements	17,546	6,165	11,381	7,714
	<u>\$ 1,281,213</u>	<u>\$ 944,664</u>	<u>\$ 336,549</u>	<u>\$ 326,727</u>

**5. BUDGET DATA**

The unaudited budget data presented in these financial statements is based upon the operating budget approved by the Board on June 19, 2019.

**6. ECONOMIC DEPENDENCE**

Approximately 65% (2018 - 71%) 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.

**7. 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.

**8. COMPARATIVE FIGURES**

Some of the comparative figures have been reclassified to conform to the current year's presentation.

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**SCHEDULE 1: STATEMENT OF FINANCIAL POSITION BY FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	General Fund	Operating Reserve Fund	Capital Improvement Fund	Invested in Capital Assets	Endowment Fund	2019	2018
<b>FINANCIAL ASSETS</b>							
Cash	\$ 91,616	\$ 329,592	\$ -	\$ -	\$ -	\$ 421,208	\$ 530,192
Accounts receivable	10,736	1,393	-	-	199	12,328	15,120
Investments	-	125,000	-	-	140,562	265,562	114,561
Interfund balances	(10,202)	(60,538)	60,070	-	10,670	-	-
	92,150	395,447	60,070	-	151,431	699,098	659,873
<b>FINANCIAL LIABILITIES</b>							
Accounts payable and accrued liabilities	16,646	-	-	-	-	16,646	20,846
Wages payable	929	-	-	-	-	929	575
Deferred contributions	14,152	-	-	-	-	14,152	4,389
	31,727	-	-	-	-	31,727	25,810
<b>NET FINANCIAL ASSETS</b>	60,423	395,447	60,070	-	151,431	667,371	634,063
<b>NON-FINANCIAL ASSETS</b>							
Prepaid expenses	7,228	-	-	-	-	7,228	11,778
	-	-	-	-	-	-	-
Tangible capital assets	-	-	-	336,550	-	336,550	326,727
	7,228	-	-	336,550	-	343,778	338,505
<b>ACCUMULATED SURPLUS</b>	\$ 67,651	\$ 395,447	\$ 60,070	\$ 336,550	\$ 151,431	\$ 1,011,149	\$ 972,568

**SALT SPRING ISLAND PUBLIC LIBRARY ASSOCIATION**  
**SCHEDULE 2: STATEMENT OF OPERATIONS BY FUND**  
**YEAR ENDED DECEMBER 31, 2019**

	General Fund	Operating Reserve Fund	Capital Improvement Fund	Invested in Capital Assets	Endowment Fund	2019	2018
<b>REVENUES</b>							
CRD tax requisition	\$ 383,730	\$ -	\$ -	\$ -	\$ -	\$ 383,730	\$ 351,510
Donations	70,958	-	-	-	500	71,458	53,559
Government transfers: provincial	52,895	-	-	-	-	52,895	50,193
Operating revenue	38,018	-	-	-	-	38,018	41,373
Other grants	23,208	-	-	-	-	23,208	20,159
Government transfers: federal	12,917	-	-	-	-	12,917	18,509
Investment income	498	2,881	-	-	1,810	5,189	7,552
Gain on disposal of investments	-	-	-	-	9,895	9,895	-
	582,224	2,881	-	-	12,205	597,310	542,855
<b>GENERAL AND ADMINISTRATIVE EXPENSES</b>							
Wages and benefits	253,963	-	-	-	-	253,963	247,700
Supplies and services	122,876	-	-	-	150	123,026	113,441
Building occupancy	83,412	-	-	-	-	83,412	83,686
Library materials	28,795	-	-	-	-	28,795	27,343
Amortization	-	-	-	69,536	-	69,536	70,707
	489,046	-	-	69,536	150	558,730	542,877
	93,178	2,881	-	(69,536)	12,055	38,580	542,877
<b>ACCUMULATED SURPLUS</b>							
Accumulated surplus - beginning of year	51,685	392,566	60,070	326,727	141,520	972,568	973,933
Prior period adjustments	-	-	-	-	-	-	(1,343)
Interfund transfers	(77,214)	-	-	79,359	(2,145)	-	-
	(25,529)	392,566	60,070	406,086	139,375	972,568	972,590
<b>ANNUAL SURPLUS (DEFICIT)</b>	\$ 67,649	\$ 395,447	\$ 60,070	\$ 336,550	\$ 151,430	\$ 1,011,149	\$ 972,568