
SUNDRIDGE-STRONG UNION PUBLIC LIBRARY

FINANCIAL STATEMENTS

DECEMBER 31, 2019

SUNDRIDGE-STRONG UNION PUBLIC LIBRARY
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Independent auditor's report

To the Members of Council, Inhabitants and Ratepayers of the Contributing Municipalities of the Sundridge-Strong Union Public Library

Opinion

We have audited the financial statements of the Sundridge-Strong Union Public Library ("the Library"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations and accumulated surplus, change in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Sundridge-Strong Union Public Library as at December 31, 2019, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

North Bay, Canada
June 24, 2020

Chartered Professional Accountants
Licensed Public Accountants

SUNDRIDGE-STRONG UNION PUBLIC LIBRARY**STATEMENT OF FINANCIAL POSITION****AS AT DECEMBER 31, 2019**

	2019	2018
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 15,350	\$ 16,112
Accounts receivable	3,286	2,973
	18,636	19,085
LIABILITIES		
Accounts payable and accrued liabilities	6,637	7,409
Tangible capital leases (Note 3)	1,549	2,134
Employee benefits payable (Note 4)	851	426
	9,037	9,969
NET FINANCIAL ASSETS	9,599	9,116
NON-FINANCIAL ASSETS		
Tangible capital assets - net (Note 5)	76,832	81,025
Prepaid expenses	279	237
	77,111	81,262
ACCUMULATED SURPLUS (Note 6)	\$ 86,710	\$ 90,378

APPROVED ON BEHALF OF COUNCIL:

_____ Mayor

SUNDRIDGE-STRONG UNION PUBLIC LIBRARY
STATEMENTS OF OPERATIONS AND ACCUMULATED SURPLUS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019 <i>(see Note 7)</i>	Actual 2019	Actual 2018
REVENUE			
Municipal contributions - Sundridge	\$ 34,992	\$ 34,992	\$ 34,317
Municipal contributions - Strong	34,992	34,992	34,317
Municipal contributions - Joly	851	851	851
Provincial grants	12,253	12,852	16,993
Other	1,985	5,532	4,918
TOTAL REVENUE	85,073	89,219	91,396
EXPENSES			
Amortization	16,600	16,584	16,930
Administration	3,000	3,000	3,000
Audit and accounting	2,300	2,140	2,298
Insurance	1,816	1,817	1,778
Interest on capital lease	50	38	49
Program and office supplies	8,250	6,585	7,920
Rent	7,671	7,671	7,671
Telephone, internet and utilities	3,950	3,060	3,451
Wages and benefits, net of capitalized wages	51,204	51,992	48,438
TOTAL EXPENSES	94,841	92,887	91,535
ANNUAL DEFICIT <i>(Note 6)</i>	(9,768)	(3,668)	(139)
ACCUMULATED SURPLUS, BEGINNING OF YEAR	90,378	90,378	90,517
ACCUMULATED SURPLUS, END OF YEAR	\$ 80,610	\$ 86,710	\$ 90,378

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG UNION PUBLIC LIBRARY
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2019

	Budget 2019 (see Note 7)	Actual 2019	Actual 2018
Annual deficit	\$ (9,768)	\$ (3,668)	\$ (139)
Acquisition of tangible capital assets	(12,740)	(12,391)	(14,741)
Amortization of tangible capital assets	16,600	16,584	16,930
Loss on disposal of tangible capital assets	-	-	2
Proceeds from disposal of tangible capital assets	-	-	63
Change in prepaid expenses	-	(42)	(32)
Increase (decrease) in net financial assets	(5,908)	483	2,083
Net financial assets, beginning of year	9,116	9,116	7,033
Net financial assets, end of year	\$ 3,208	\$ 9,599	\$ 9,116

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG UNION PUBLIC LIBRARY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
Operating transactions		
Annual deficit	\$ (3,668)	\$ (139)
Non-cash charges to operations:		
Amortization	16,584	16,930
Loss on disposal of tangible capital assets	-	2
Change in employee benefits payable	425	200
	13,341	16,993
Changes in non-cash items:		
Accounts receivable	(313)	(1,414)
Accounts payable and accrued liabilities	(772)	3,486
Deferred revenue	-	(4,127)
Prepaid expenses	(42)	(32)
	(1,127)	(2,087)
Cash provided by operating transactions	12,214	14,906
Capital transactions		
Acquisition of tangible capital assets	(12,391)	(14,741)
Proceeds from disposal of tangible capital assets	-	63
Cash applied to capital transactions	(12,391)	(14,678)
Financing transactions		
Tangible capital lease repayments	(585)	(574)
Cash applied to financing transactions	(585)	(574)
Net change in cash and cash equivalents	(762)	(346)
Cash and cash equivalents, beginning of year	16,112	16,458
Cash and cash equivalents, end of year	\$ 15,350	\$ 16,112
Cash flow supplementary information:		
Cash paid for Interest	\$ 38	\$ 49

The accompanying notes are an integral part of these financial statements

SUNDRIDGE-STRONG UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2019

The Sundridge-Strong Union Public Library (the "Library") is a joint board of the Corporation of the Village of Sundridge and the Corporation of the Township of Strong, who contribute towards the Library in the following proportions: Sundridge - 50%; Strong - 50%.

Management Responsibility

The financial statements of the Library are the responsibility of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of significant accounting policies is provided in Note 1. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management maintains a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

1. SIGNIFICANT ACCOUNTING POLICIES

Significant accounting policies adopted by the Library are as follows:

Basis of Accounting

- (i) Accrual basis of accounting
Revenue and expenses are reported on the accrual basis of accounting. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.
- (ii) Cash and cash equivalents
Cash and cash equivalents include cash on hand, balances held at financial institutions and demand deposits.
- (iii) Non-financial assets
Non-financial assets are not available to discharge existing liabilities but 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.

SUNDRIDGE-STRONG UNION PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS Year Ended December 31, 2019

(a) Tangible capital assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Borrowing costs related to the acquisition of tangible capital assets are expensed in the year incurred. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Computers - 5 years
Equipment and furniture - 10 to 20 years
Library collections - 10 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

The capitalized cost of library collections includes the acquisition cost plus a shelving factor of 30% of the acquisition cost. The shelving costs is reported as a reduction in wages and benefits on the Statement of Operations.

Tangible capital assets received as donations are recorded at their fair value at the date of receipt.

(iv) Reserves and reserve funds

Certain amounts, as approved by the Library, are set aside in reserves and reserve funds for future operating and capital purposes. Balances related to these funds are included in the accumulated surplus of the Statement of Financial Position.

(v) Government transfers

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the Statement of Operations as the stipulation liabilities are settled.

(vi) Employee benefits

Obligations for sick leave under employee benefits payable are accrued as the eligible employees render the services necessary to earn the benefits.

(vii) Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the period. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Library may undertake in the future. Significant accounting estimates include estimated useful lives of tangible capital assets and employee benefits payable. Actual results could differ from these estimates.

SUNDRIDGE-STRONG UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20192. EXPENSES BY OBJECT

The following is a summary of the expenses reported on the Statement of Operations by the object of the expense.

	2019	2018
Salaries, wages and benefits (net of capitalized wages)	\$ 51,992	\$ 48,438
Long-term debt charges (interest)	38	49
Materials and supplies	10,683	12,488
Contracted services	5,387	5,520
Rents and financial expenses	8,203	8,102
External transfers	-	8
Amortization	16,584	16,930
	\$ 92,887	\$ 91,535

3. TANGIBLE CAPITAL LEASES

The Library leases a photocopier, which is accounted for on the Statement of Financial Position at the present value of future minimum lease payments. Future minimum lease payments are as follows:

	2019	2018
2019	\$ -	\$ 623
2020	623	623
2021	964	964
Total minimum lease payments	1,587	2,210
Less amount representing interest (2.02% incremental borrowing rate)	(38)	(76)
Present value of future minimum capital lease payments	\$ 1,549	\$ 2,134

Interest of \$38 (2018 \$49) relating to capital lease obligations has been reported on the Statement of Operations.

4. EMPLOYEE BENEFITS PAYABLE

Under the sick leave benefits plan, unused sick leave can accumulate to a prescribed maximum and eligible employees may become entitled to a cash payment when they leave the Library's employment. The sick leave benefit liability estimates the use of accumulated sick leave prior to retirement, as well as any lump-sum payments upon retirement, and assumes that both the appropriate discount rate and future salary and wage levels will increase by 2% per annum. The liability for these accumulated days amounted to \$851 (2018 \$426) at the end of the year.

SUNDRIDGE-STRONG UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20195. TANGIBLE CAPITAL ASSETS

The tangible capital assets of the Library by major asset class are outlined below.

2019				
	Computers	Equipment and Furniture	Collections	TOTAL
COST				
Balance, beginning of year	\$ 8,942	\$ 16,313	\$ 149,490	\$ 174,745
Additions and betterments	-	-	12,391	12,391
Disposals and writedowns	-	-	(16,112)	(16,112)
BALANCE, END OF YEAR	8,942	16,313	145,769	171,024
ACCUMULATED AMORTIZATION				
Balance, beginning of year	6,853	7,786	79,081	93,720
Annual amortization	837	984	14,763	16,584
Amortization disposals	-	-	(16,112)	(16,112)
BALANCE, END OF YEAR	7,690	8,770	77,732	94,192
TANGIBLE CAPITAL ASSETS-NET	\$ 1,252	\$ 7,543	\$ 68,037	\$ 76,832

2018				
	Computers	Equipment and Furniture	Collections	TOTAL
COST				
Balance, beginning of year	\$ 8,127	\$ 15,045	\$ 151,486	\$ 174,658
Additions and betterments	815	1,908	12,018	14,741
Disposals and writedowns	-	(640)	(14,014)	(14,654)
BALANCE, END OF YEAR	8,942	16,313	149,490	174,745
ACCUMULATED AMORTIZATION				
Balance, beginning of year	5,907	7,426	78,046	91,379
Annual amortization	946	935	15,049	16,930
Amortization disposals	-	(575)	(14,014)	(14,589)
BALANCE, END OF YEAR	6,853	7,786	79,081	93,720
TANGIBLE CAPITAL ASSETS-NET	\$ 2,089	\$ 8,527	\$ 70,409	\$ 81,025

Included in tangible capital assets are leased tangible capital assets with a cost of \$3,363 (2018 \$3,363) and accumulated amortization of \$1,177 (2018 \$841).

6. ACCUMULATED SURPLUS

The 2019 continuity of accumulated surplus reported on the Statement of Financial Position is as follows:

	Balance Beginning of Year	Annual Surplus (Deficit)	Balance End of Year
Tangible capital assets	\$ 81,025	\$ (4,193)	\$ 76,832
Reserves	5,355	-	5,355
General operating surplus	6,558	365	6,923
Unfunded amounts -			
Sick leave	(426)	(425)	(851)
Tangible capital leases	(2,134)	585	(1,549)
	\$ 90,378	\$ (3,668)	\$ 86,710

SUNDRIDGE-STRONG UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 20197. BUDGET FIGURES

The budget adopted for the current year was prepared on a modified accrual basis, and has been restated to conform with the accounting and reporting standards applicable to the actual results. A reconciliation of the adopted and reported budgets is presented below.

	Budget
ADOPTED BUDGET:	
Decrease in general operating surplus	\$ (6,558)
ADJUSTMENTS:	
Acquisition of tangible capital assets including collections	12,740
Amortization of tangible capital assets	(16,600)
Budgeted tangible capital lease repayment	650
ANNUAL DEFICIT	\$ (9,768)

8. RELATED PARTY TRANSACTIONS

The related party transactions below are in the normal course of operations and are measured at their exchange amount, which is the amount of consideration established and agreed to by the related parties.

The following table summarizes the Library's related party transactions with its contributing municipalities during the year:

	2019	2018
Municipal contributions		
Township of Strong	\$ 34,992	\$ 34,317
Village of Sundridge	34,992	34,317
Expenses		
Village of Sundridge		
Rent	7,671	7,671
Administration	3,000	3,000

At the end of the year, amounts due to contributing municipalities are as follows:

Village of Sundridge	42	-
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The amounts due to contributing municipalities are reported in accounts payable and accrued liabilities on the Statement of Financial Position.

SUNDRIDGE-STRONG UNION PUBLIC LIBRARYNOTES TO THE FINANCIAL STATEMENTS
Year Ended December 31, 2019

9. SEGMENT DISCLOSURE

Since the Library's operations are not considered diverse and operations are managed as one department, no segment disclosure has been provided.

10. SUBSEQUENT EVENTS

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of nonessential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

Although the Library has been physically closed to the public since the March 2020, there have been no employee layoffs to date and the Library continues to provide some of its services using curbside pickup.

The Library has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Library for future periods.