

Bibliothèque East Ferris Public Library

**Independent Auditor's Report and
Financial Statements**

December 31, 2023



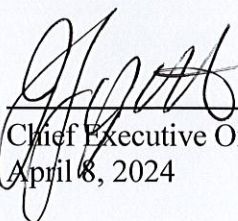
Management's Responsibility for the Financial Statements

The accompanying financial statements of the Bibliothèque East Ferris Public Library (the "Library") are the responsibility of the Library's management and have been prepared in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, as described in Note 2 to the financial statements.

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.

The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in accordance with Canadian Public Sector Accounting Standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management. The Library meets with management and the external auditor to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Baker Tilly SNT LLP, independent external auditor appointed by the Library. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Library's financial statements.



Chief Executive Officer
April 8, 2024

Independent Auditor's Report

To the Chairperson and Members of Bibliothèque East Ferris Public Library

Qualified Opinion

We have audited the financial statements of Bibliothèque East Ferris Public Library, which comprise the statement of financial position as at December 31, 2023, and the statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter discussed in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2023, and its results of operations and its cash flows for the year then ended, in accordance with Canadian Public Sector Accounting Standards.

Basis for Qualified Opinion

In common with many library boards, the Bibliothèque East Ferris Public Library derives part of its revenues from donations and service charges, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Bibliothèque East Ferris Public Library and we were not able to determine whether any adjustments might be necessary to revenues, annual surplus (deficit), financial assets and accumulated surplus.

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 qualified opinion.

ACCOUNTING • TAX • ADVISORY

Baker Tilly SNT LLP is a member of Baker Tilly Canada Cooperative, which is a member of the global network of Baker Tilly International Limited. All members of Baker Tilly Canada Cooperative and Baker Tilly International Limited are separate and independent legal entities.

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Baker Tilly SNT s.r.l. est membre de la Coopérative Baker Tilly Canada, qui fait partie du réseau mondial Baker Tilly International Limited. Les membres de la Coopérative Baker Tilly Canada et de Baker Tilly International Limited sont tous des entités juridiques distinctes et indépendantes.

Independent Auditor's Report (continued)

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 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.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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.

North Bay, Ontario
April 8, 2024

Baker Tilly SNT LLP

CHARTERED PROFESSIONAL ACCOUNTANTS,
LICENSED PUBLIC ACCOUNTANTS

Bibliothèque East Ferris Public Library

Financial Statements

December 31, 2023

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Bibliothèque East Ferris Public Library
Statement of Financial Position
December 31, 2023

	<u>2023</u>	<u>2022</u>
Financial Assets		
Cash	\$ 51,060	\$ 17,483
Accounts receivable	752	822
Due from Municipality of East Ferris (Note 4)	<u>15,175</u>	<u>36,157</u>
	<u>66,987</u>	<u>54,462</u>
Liabilities		
Accounts payable and accrued liabilities	23,501	21,487
Deferred revenues (Note 5)	<u>-</u>	<u>1,915</u>
	<u>23,501</u>	<u>23,402</u>
Net Financial Assets	<u>43,486</u>	<u>31,060</u>
Non-Financial Assets		
Tangible capital assets (note 6)	4,244	4,951
Prepaid expenses	<u>407</u>	<u>-</u>
Accumulated Surplus (note 7)	<u>\$ 48,137</u>	<u>\$ 36,011</u>

Approved by:

Christine Soly

D. L. Martin

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

Bibliothèque East Ferris Public Library
Statement of Operations and Accumulated Surplus
For The Year Ended December 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
Revenues			
Municipal contributions	\$ 159,321	\$ 159,321	\$ 153,193
Province of Ontario - operating grant	8,531	8,531	9,976
Summer Experience Program grant	-	3,812	2,700
Service charges and other revenues	4,580	8,845	4,911
Donations	1,915	13,702	7,924
Total Revenues	<u>174,347</u>	<u>194,211</u>	<u>178,704</u>
Expenses			
Books and video tapes	12,050	10,132	14,368
Cataloguing	650	23	696
Insurance	4,000	4,364	3,945
Professional fees	2,620	2,798	2,544
Repairs and maintenance	4,500	4,232	2,110
Salaries and benefits	130,261	138,852	125,433
Supplies and other	9,449	10,216	8,334
Telephone and internet	2,500	2,212	2,303
Training and conferences	3,950	3,307	3,504
Utilities	7,800	5,242	5,464
Amortization	707	707	707
Total Expenses	<u>178,487</u>	<u>182,085</u>	<u>169,408</u>
Annual Surplus (Deficit)	(4,140)	12,126	9,296
Accumulated Surplus, Beginning of Year	<u>36,011</u>	<u>36,011</u>	<u>26,715</u>
Accumulated Surplus, End of Year	<u>\$ 31,871</u>	<u>\$ 48,137</u>	<u>\$ 36,011</u>

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

Bibliothèque East Ferris Public Library
Statement of Cash Flows
For The Year Ended December 31, 2023

	<u>2023</u>	<u>2022</u>
Operations transactions		
Annual surplus	\$ 12,126	\$ 9,296
Cash provided by (applied to)		
Amortization of tangible capital assets	707	707
Decrease in accounts receivable	70	275
Decrease (increase) in due from Municipality of East Ferris	20,982	(11,926)
Increase in accounts payable and accrued liabilities	2,014	5,309
Increase (decrease) in deferred revenues	(1,915)	90
Increase in prepaid expenses	<u>(407)</u>	<u>-</u>
Cash provided by operating transactions	<u>33,577</u>	<u>3,751</u>
Increase in cash	33,577	3,751
Cash, at the Beginning of Year	<u>17,483</u>	<u>13,732</u>
Cash, at the End of Year	<u><u>\$ 51,060</u></u>	<u><u>\$ 17,483</u></u>

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

Bibliothèque East Ferris Public Library
Statement of Changes in Net Financial Assets
For The Year Ended December 31, 2023

	<u>2023</u>		<u>2022</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	(unaudited)		
Annual Surplus (Deficit)	\$ (4,140)	\$ 12,126	\$ 9,296
Amortization of tangible capital assets	707	707	707
Increase in prepaid expenses	<u>-</u>	<u>(407)</u>	<u>-</u>
Increase (Decrease) In Net Financial Assets	(3,433)	12,426	10,003
Net Financial Assets, Beginning of Year	<u>31,060</u>	<u>31,060</u>	<u>21,057</u>
Net Financial Assets, End of Year	<u><u>\$ 27,627</u></u>	<u><u>\$ 43,486</u></u>	<u><u>\$ 31,060</u></u>

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

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

1. Purpose of the Organization

The Bibliothèque East Ferris Public Library (the "Library"), which is funded and supported primarily by the Corporation of the Municipality of East Ferris (the "Municipality"), was established in 1980 pursuant to the Public Libraries Act of Ontario as a Municipal Public Library. The Library, on behalf of the residents and taxpayers of the Municipality, oversees the management and operation of the Library and further serves as a policy making body for the organization. The members of the Library are appointed by the Council of the Municipality.

2. Significant Accounting Policies

These financial statements have been prepared by management in accordance with Canadian Public Sector Accounting Standards for governments established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The significant accounting policies are summarized as follows:

Basis of Accounting

The accrual basis of accounting recognizes revenues as they become available 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.

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 change in non-financial assets during the year, together with the annual surplus (deficit), provides the change in net financial assets for the year.

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

2. Significant Accounting Policies (Continued)

Non-Financial Assets (continued)

(i) 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. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	10 years
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No amortization is recorded in the year of acquisition.

Assets under construction are not amortized until the asset is available for productive use.

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and also are recorded as revenue.

Revenue Recognition

The Library follows the deferral method of accounting.

Government transfers, such as municipal contributions and grants, are recognized in the financial statements in the period in which events giving rise to the transfer occurs, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be made, except when and to the extent that stipulations associated with the transfer give rise to a liability. If a liability is created, the satisfaction of the transfer stipulations by the recipient government determines the timing of the recognition of the transfer as revenue.

Revenues from donations, service charges and other revenues are recognized as revenue when received.

Employee Future Benefits

The Library makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS) which is a multi-employer contributory defined benefit program with contributions expensed as incurred.

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

2. Significant Accounting Policies (Continued)

Use of Estimates

The preparation of financial statements in conformity with the Public Sector Accounting Board of the Chartered Professional Accountants of Canada 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 revenues and expenses during the year. These estimates are based on management's best knowledge of current events and actions that the Library may undertake in the future. Accounts subject to significant estimates include the useful life of tangible capital assets and the related amortization and accrued liabilities. Actual results could differ from these estimates. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in the periods in which they become known.

Financial Instruments

Financial instruments are classified at either fair value or amortized cost.

Financial instruments classified at amortized cost include cash, accounts receivable, accounts payable and accrued liabilities. They are initially recorded at their fair value and subsequently carried at amortized cost using the effective interest rate method, less impairment. Transaction costs are added to the carrying value of the instrument.

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

3. Change in Accounting Policies

On January 1, 2023, the Library adopted the following standards on a prospective basis: PS 1201 *Financial Statement Presentation*, PS 2601 *Foreign Currency Translation*, PS 3041 *Portfolio Investments*, PS 3450 *Financial Instruments*, PS 3280 *Asset Retirement Obligations*. The adoption of these standards had no impact on the opening balances.

PS 1201 *Financial Statement Presentation* replaces PS 1200 *Financial Statement Presentation*. The standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the statement of remeasurement gains and losses separate from the statement of operations.

PS 2601 *Foreign Currency Translation* replaces PS 2600 *Foreign Currency Translation*. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported at fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new statement of remeasurement gains and losses.

PS 3041 *Portfolio Investments* replaces PS 3040 *Portfolio Investments*. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 *Financial Instruments*. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 *Temporary Investments* no longer applies.

PS 3450 *Financial Instruments* establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the statement of remeasurement gains and losses.

PS 3280 *Asset Retirement Obligations* (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

4. Related Party Transactions

In the normal course of business, the Library had transactions with the Municipality as follows:

	<u>2023</u>	<u>2022</u>
Municipal contributions	<u>\$ 159,321</u>	<u>\$ 153,193</u>

These transactions are in the normal course of operations and are measured at the exchange amount.

The Library held related party balances as follows:

	<u>2023</u>	<u>2022</u>
Due from Municipality of East Ferris	<u>\$ 15,175</u>	<u>\$ 36,157</u>

5. Deferred Revenues

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,915	\$ 1,825
Revenues received during the year	-	90
Revenues recognized during the year	<u>(1,915)</u>	<u>-</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 1,915</u>

Deferred revenues, set aside for specific purposes, are comprised of the following:

Donations - Forest of Reading	<u>\$ -</u>	<u>\$ 1,915</u>
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Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

6. Tangible Capital Assets

	<u>Cost</u>			<u>Accumulated Amortization</u>			<u>Net Book Value</u>	
	<u>Balance, beginning of year</u>	<u>Additions</u>	<u>Balance, end of year</u>	<u>Balance, beginning of year</u>	<u>Amortization</u>	<u>Balance, end of year</u>	<u>2023</u>	<u>2022</u>
Furniture and equipment	\$ <u>7,072</u>	\$ <u>-</u>	\$ <u>7,072</u>	\$ <u>2,121</u>	\$ <u>707</u>	\$ <u>2,828</u>	\$ <u>4,244</u>	\$ <u>4,951</u>

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

7. Accumulated Surplus

	<u>2023</u>	<u>2022</u>
Surplus		
Invested in tangible capital assets	\$ 4,244	\$ 4,951
General (see note (a) below)	<u>43,893</u>	<u>31,060</u>
Accumulated Surplus	<u>\$ 48,137</u>	<u>\$ 36,011</u>

(a) General Surplus

The general surplus of \$43,893 (2022 - \$31,060) at the end of the year is comprised of the following:

	<u>2023</u>	<u>2022</u>
Opening balance	\$ 31,060	\$ 21,057
Net change in tangible capital assets	707	707
Annual surplus	<u>12,126</u>	<u>9,296</u>
	<u>\$ 43,893</u>	<u>\$ 31,060</u>

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

8. Pension Agreements

The Library makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer pension plan, on behalf of all qualifying members of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The OMERS Administration Corporation Board of Directors, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. OMERS provides pension services to approximately 612,000 active and retired members and approximately 1,000 employers.

Each year an independent actuary determines the funding status of OMERS Primary Pension Plan ("the Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. On December 31, 2023 the estimated accrued pension obligation for all members of the Plan was \$134,574 million (2022 - \$128,789 million). The Plan had an actuarial value of net assets at that date of \$130,372 million (2022 - \$122,111 million) indicating an actuarial deficit of \$4,202 million (2022 - \$6,678 million). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Library does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Library to OMERS for 2023 were \$9,765 (2022 - \$6,933) for current services and is included as an expense on the statement of operations and accumulated surplus.

On January 1, 2023 the yearly maximum pension earnings increased to \$66,600 from \$64,900 in 2022. The contributions are calculated at a rate of 9.0% (2022 - 9.0%) for amounts up to the yearly maximum pension earnings stated above and at a rate of 14.6% (2022 - 14.6%) for amounts above the yearly maximum pension earnings.

9. Financial Instruments

Risks arising from financial instruments and risk management

The Library is exposed to a variety of financial risks including credit risk, liquidity risk and market risk.

There have been no changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

Bibliothèque East Ferris Public Library

Notes to the Financial Statements

December 31, 2023

9. Financial Instruments (Continued)

Credit risk

Credit risk is the risk of losses resulting from a counterparty's failure to honour its contractual obligations. The Library is exposed to credit risk to the extent that accounts receivable are not collected in a timely manner. The Library's financial assets consisting of cash and accounts receivable are subject to credit risk. The carrying amounts of financial assets on the consolidated statement of financial position represent the maximum credit risk of the Library at the date of the consolidated statement of financial position. The Library does not believe it is subject to significant credit risk.

Liquidity risk

Liquidity risk is the risk that the Library will not be able to meet its financial obligations as they become due. The Library financial liabilities include accounts payable and accrued liabilities. The Library maintains sufficient resources to meet its obligations. The Library does not believe it is subject to significant liquidity risk.

Market risk

Market risk is the risk of changes in the fair value of financial instruments resulting from fluctuations in the market. The Library is exposed to currency risk, interest risk and price risk to the extent that the fair value of a financial instrument will fluctuate as a result of market factors. The Library's financial instruments consisting of cash, accounts receivable, accounts payable and accrued liabilities are subject to market risk. The Library does not believe it is subject to significant market risk.

10. Budget Figures

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Library. The budget approved by the Library is developed on a model used to manage program spending within the guidelines of the model. Given differences between the model and generally accepted accounting principles established by the Canadian Public Sector Accounting Board, the budget figures presented have been adjusted to conform with this basis of accounting that is used to prepare the financial statements. The budget figures are unaudited.