

**Bibliothèque East Ferris Public Library**

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

**December 31, 2015**

## **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 generally accepted accounting principles 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 generally accepted accounting principles 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 Board meets with management and the external auditors 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 Collins Barrow SNT LLP, independent external auditors 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  
March 1, 2016

## Independent Auditor's Report

### To the Members of the Bibliothèque East Ferris Public Library

We have audited the accompanying financial statements of the Bibliothèque East Ferris Public Library which comprise the statement of financial position as at December 31, 2015 and the statements of operations, cash flows, and changes in net financial assets 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.

### Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the organization's preparation of the financial statements 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 organization's internal controls. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis of our qualified audit opinion.

## **Independent Auditor's Report (Continued)**

### **Basis for Qualified Opinion**

The Bibliothèque East Ferris Public Library derives part of its revenues from donations and service charges, the completeness of which is not susceptible of 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.

### **Qualified Opinion**

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion Paragraph, the financial statements present fairly, in all material respects, the financial position of Bibliothèque East Ferris Public Library as at December 31, 2015, and its financial performance and cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

North Bay, Ontario  
March 1, 2016

*Collins Barrow SNT LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS,  
LICENSED PUBLIC ACCOUNTANTS

# **Bibliothèque East Ferris Public Library**

## **Financial Statements**

**December 31, 2015**

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**Bibliothèque East Ferris Public Library**  
**Statement of Financial Position**  
**December 31, 2015**

	<u>2015</u>	<u>2014</u>
<b>Financial Assets</b>		
Cash	\$ 19,556	\$ 6,671
Accounts receivable	1,796	2,593
Due from Municipality of East Ferris (Note 3)	<u>4,468</u>	<u>9,399</u>
	<u>25,820</u>	<u>18,663</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	12,052	11,718
Deferred revenues (Note 4)	<u>5,276</u>	<u>-</u>
<b>Net Financial Assets</b>	<u>8,492</u>	<u>6,945</u>
<b>Non-Financial Assets</b>		
Prepaid expenses	<u>592</u>	<u>1,451</u>
<b>Accumulated Surplus</b>	<u>\$ 9,084</u>	<u>\$ 8,396</u>

Approved by:

Christie Toly

Tony Kelly

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

**Bibliothèque East Ferris Public Library**  
**Statement of Operations**  
**For The Year Ended December 31, 2015**

	<u>2015</u>		<u>2014</u>
	<u>Budget</u> (unaudited)	<u>Actual</u>	<u>Actual</u>
<b>Revenues</b>			
Municipal contributions	\$ 98,869	\$ 98,869	\$ 90,000
Province of Ontario - Trillium grant	-	9,000	-
Province of Ontario - operating grant	8,531	8,531	8,531
Province of Ontario - capacity fund	3,983	3,983	-
Community Access Program grant	-	-	2,494
Southern Ontario Library Service grant	976	864	864
Service Ontario grant	425	425	-
Service charges	1,531	1,786	2,169
Donations	-	4,033	1,724
Total revenues	<u>114,315</u>	<u>127,491</u>	<u>105,782</u>
<b>Expenses</b>			
Books and video tapes	12,070	13,464	13,084
Cataloguing and programming	500	851	605
Insurance	1,700	1,940	1,744
Professional fees	2,244	2,636	2,137
Repairs and maintenance	1,320	1,320	1,320
Salaries and benefits	80,672	81,112	77,326
Supplies and other	6,243	16,693	3,293
Telephone	1,776	1,819	1,901
Training and conferences	2,665	1,933	2,321
Utilities	5,125	5,035	4,785
Total expenses	<u>114,315</u>	<u>126,803</u>	<u>108,516</u>
<b>Annual Surplus (Deficit)</b>	-	688	(2,734)
<b>Accumulated Surplus, beginning of year</b>	<u>8,396</u>	<u>8,396</u>	<u>11,130</u>
<b>Accumulated Surplus, end of year</b>	<u>\$ 8,396</u>	<u>\$ 9,084</u>	<u>\$ 8,396</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, 2015**

	<u>2015</u>	<u>2014</u>
<b>Operations transactions</b>		
Annual surplus (deficit)	\$ 688	\$ (2,734)
<b>Cash provided by (used for)</b>		
Decrease in accounts receivable	797	1,198
Decrease (increase) in due from Municipality of East Ferris	4,931	(8,941)
Increase in accounts payable and accrued liabilities	334	5
Increase in deferred revenue	5,276	-
Decrease (increase) in prepaid expenses	<u>859</u>	<u>(287)</u>
Cash provided by (used for) operating transactions	<u>12,885</u>	<u>(10,759)</u>
<b>Increase (decrease) in cash</b>	<b>12,885</b>	<b>(10,759)</b>
<b>Cash, at the beginning of year</b>	<u>6,671</u>	<u>17,430</u>
<b>Cash, at the end of year</b>	<u><u>\$ 19,556</u></u>	<u><u>\$ 6,671</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, 2015**

	<u>2015</u>	<u>2014</u>
<b>Annual Surplus (Deficit)</b>	<b>\$ 688</b>	<b>\$ (2,734)</b>
Decrease (increase) in prepaid expenses	<u>859</u>	<u>(287)</u>
<b>Increase (decrease) In Net Financial Assets</b>	<b>1,547</b>	<b>(3,021)</b>
<b>Net Financial Assets, beginning of year</b>	<u>6,945</u>	<u>9,966</u>
<b>Net Financial Assets, end of year</b>	<u><u>\$ 8,492</u></u>	<u><u>\$ 6,945</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, 2015**

### **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 Board, 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 Library Board is 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.

#### **Revenue Recognition**

The Library follows the deferral method of accounting.

Government transfers, such as municipal contributions and grants, are recognized 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 and service charges are recognized as revenue when received.

#### **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, 2015**

**2. 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. Accounts subject to estimate include accrued liabilities. These estimates are based on management's best knowledge of current events and actions that the Library Board may undertake in the future. 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.

**3. Related Party Transactions**

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

	<u>2015</u>	<u>2014</u>
Municipal contributions	<u>\$ 98,869</u>	<u>\$ 90,000</u>

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

The Library held related party balances as follows:

	<u>2015</u>	<u>2014</u>
Due from Municipality of East Ferris	<u>\$ 4,468</u>	<u>\$ 9,399</u>

**Bibliothèque East Ferris Public Library**  
**Notes to the Financial Statements**  
**December 31, 2015**

**4. Deferred Revenues**

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ -	\$ -
Revenues received during the year	5,311	-
Revenues recognized during the year	<u>(35)</u>	<u>-</u>
Balance, end of year	<u><u>\$ 5,276</u></u>	<u><u>\$ -</u></u>

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

Forest of Reading	\$ 1,990	\$ -
Province of Ontario - capacity fund	<u>3,286</u>	<u>-</u>
	<u><u>\$ 5,276</u></u>	<u><u>\$ -</u></u>

**5. Budget Figures**

Budget figures have been provided for comparison purposes and have been derived from the budget approved by the Library Board. The budget approved by the Library Board 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 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.

**6. Comparative Figures**

The presentation of certain accounts of the previous year has been changed to conform with the presentation adopted for the current year.