

Township of Madawaska Valley

Public Library Board

Financial Statements

For the year ended 31 December 2021

MACKILLICAN & ASSOCIATES

CHARTERED PROFESSIONAL ACCOUNTANTS



INDEPENDENT AUDITOR'S REPORT

To the Board Members,
Members of Council,
Inhabitants and Ratepayers of the
Corporation of the Township of Madawaska Valley.

Opinion

We have audited the financial statements of the Township of Madawaska Valley Public Library Board (the Library Board), which comprise the statement of financial position as at 31 December 2021, and the statement of operations and accumulated surplus and statement of 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 Library Board as at 31 December 2021, and its financial performance and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

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 Board 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 the financial statements in accordance with PSAS, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library Board'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.

A further description of the auditor's responsibilities for the audit of the financial statements is located at *MacKilligan's* website at: http://mackillicans.com/PDF/Auditors_Responsibilities.pdf. This description forms part of our auditor's report.

RENFREW, Ontario.

16 May 2023.

Mac Killigan + Associates

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Licensed Public Accountants.

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Township of Madawaska Valley
Public Library Board
Statement of Financial Position
As at 31 December 2021
(with 2020 figures for comparison)

	<u>2021</u>	<u>2020</u>
	<u>ASSETS</u>	
Financial assets:		
Cash on hand and in bank	\$ 34,467	\$ 51,167
Accounts receivable		367
Due from Canada	2,155	1,418
Investment (Note 5)	23,326	22,590
Prepaid expense	<u>625</u>	<u>583</u>
	<u>\$ 60,573</u>	<u>\$ 76,125</u>
Liabilities:		
Accounts payable and accrued liabilities	\$ 17,726	\$ 10,278
Due to Municipality	3,848	9,881
Deferred revenue (Note 4)	<u>19,000</u>	<u>19,000</u>
	<u>\$ 40,574</u>	<u>\$ 39,159</u>
Net financial assets	<u>\$ 19,999</u>	<u>\$ 36,966</u>
Accumulated surplus comprised of:		
General	\$ 9,399	\$ 26,366
Reserves	<u>10,600</u>	<u>10,600</u>
	<u>\$ 19,999</u>	<u>\$ 36,966</u>

(See accompanying notes)

Township of Madawaska Valley

Public Library Board

Statement of Operations and Accumulated Surplus

For the year ended 31 December 2021

(with 2021 budget and 2020 actual figures for comparison)

	2021 <u>Budget</u>	2021 <u>Actual</u>	2020 <u>Actual</u>
Revenue:			
Canada grant - works grant	\$ 3,920	\$ 2,994	\$ 3,920
Province of Ontario grants - operating	12,459	12,459	12,459
- pay equity	7,270	7,270	7,270
- one time			2,159
- public internet access		1,420	1,056
Municipal grant	152,199	152,199	152,199
Interest income		758	755
Township of Brudenell, Lyndoch and Raglan	3,792	3,792	3,792
Fees and miscellaneous	7,000	5,404	6,762
Donations	<u>5,000</u>	<u>6,443</u>	<u>7,318</u>
	<u>\$ 191,640</u>	<u>\$ 192,739</u>	<u>\$ 197,690</u>
Expenses:			
Advertising	\$ 705	\$ 1,132	\$ 945
Audit	3,500	3,557	3,155
Books	18,600	20,741	20,872
Computer equipment	2,800	2,633	2,894
Custodial contract	3,900	3,900	3,600
Insurance	1,150		1,621
Internet expenses	100	1,176	983
Maintenance	2,800	8,324	2,869
Periodicals	600	481	1,237
Professional development	1,000		57
Salaries, wages and employee benefits	142,000	151,907	139,788
Special programs	1,200	2,580	1,247
Sundry	2,785	2,103	2,004
Supplies	3,950	3,204	2,812
Utilities	8,810	7,968	8,477
Videos and disks			<u>393</u>
	<u>\$ 193,900</u>	<u>\$ 209,706</u>	<u>\$ 192,954</u>
Excess (shortfall) of revenue over expenses	\$ (2,260)	\$ (16,967)	\$ 4,736
Accumulated surplus at the beginning of the year	<u>36,966</u>	<u>36,966</u>	<u>32,230</u>
Accumulated surplus at the end of the year	<u>\$ 34,706</u>	<u>\$ 19,999</u>	<u>\$ 36,966</u>

(See accompanying notes)

Township of Madawaska Valley
Public Library Board
Statement of Cash Flows
For the year ended 31 December 2021
(with 2020 figures for comparison)

	<u>2021</u>	<u>2020</u>
Cash flows from operating activities:		
Excess (shortfall) of revenue over expenses	\$ <u>(16,967)</u>	\$ <u>4,736</u>
Net change in non cash working capital balances related to operations:		
- decrease (increase) in accounts receivable	\$ 367	\$ (231)
- decrease (increase) in due from Canada	(737)	232
- increase (decrease) in accounts payable and accrued liabilities	7,448	(1,114)
- increase (decrease) in due to Municipality	(6,033)	6,131
- decrease (increase) in prepaid expense	<u>(42)</u>	<u>1,308</u>
	\$ <u>1,003</u>	\$ <u>6,326</u>
Cash flows from (used for) operating activities	\$ <u>(15,964)</u>	\$ <u>11,062</u>
Cash flows used for investing activities:		
- increase in investment	\$ <u>(736)</u>	\$ <u>(711)</u>
Net increase (decrease) in cash and cash equivalents during the year	\$ (16,700)	\$ 10,351
Cash and cash equivalents at the beginning of the year	<u>51,167</u>	<u>40,816</u>
Cash and cash equivalents at the end of the year	<u>\$ 34,467</u>	<u>\$ 51,167</u>
Comprised of:		
Cash on hand and in bank	<u>\$ 34,467</u>	<u>\$ 51,167</u>

(See accompanying notes)

Township of Madawaska Valley
Public Library Board
Notes to the Financial Statements
For the year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES

The financial statements of the Township of Madawaska Valley Public Library Board are the representation of management prepared in accordance with generally accepted accounting standards for local governments as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

(a) Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenues in the period in which transactions or events occurred that gave rise to the revenue; expenses are recognized in the period goods or services are acquired and a liability is incurred or transfers are due.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

(b) Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or are the result of a direct financial return.

Government transfers are recognized in the financial statements in the period in which the events giving rise to the transfer occur, providing the transfers are authorized, and eligibility criteria have been met and reasonable estimates of the amounts can be made.

(c) 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, disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from these estimates.

(d) Deferred Revenue

Certain amounts are received pursuant to regulations or agreement and may only be used in the conduct of certain programs or in the delivery of specific services and transactions. These amounts are recognized as revenue in the fiscal year the related expenditures are incurred or services performed.

(e) Cash and Cash Equivalents

Cash and cash equivalents are comprised of cash on hand and in bank and investments due no greater than three months from the date of acquisition or that are cashable on demand.

Township of Madawaska Valley
Public Library Board
Notes to the Financial Statements
For the year ended 31 December 2021

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

(f) Revenue Recognition

Operating grants are recorded as revenue in the period to which they relate. Other revenue relates to library fines, fees for printing, money collected from fundraising activities and is recognized when the activity is performed or when the services are rendered. Donation revenue is recognized once collection is reasonably assured.

2. FINANCIAL INSTRUMENTS

Financial instruments include cash on hand and in bank, accounts receivable, investment, accounts payable and accrued liabilities and due to Municipality. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant interest, currency or credit risks arising from these financial instruments.

The carrying amounts reported on the statement of financial position for cash on hand and in bank, accounts receivable, investment, accounts payable and accrued liabilities and due to Municipality, approximates their fair values, due to the immediate and short term maturities of these financial instruments.

3. CONTINGENT LIABILITIES

The nature of the Library Board's activities is such that there may be litigation pending or in prospect at any time. The Library Board is not aware of any claims or possible claims as at 31 December 2021.

4. DEFERRED REVENUE

Deferred revenue consists of advances from the Province of Ontario.

	<u>2021</u>	<u>2020</u>
Province of Ontario Literacy Grant	\$ <u>19,000</u>	\$ <u>19,000</u>

5. INVESTMENT

Investment consists of a Guaranteed Investment Certificate with an interest rate of 1.00% maturing on 28 January 2022.

6. ECONOMIC DEPENDENCE

A significant portion of the Township of Madawaska Valley Public Library Board operations are financed by a grant from the Township of Madawaska Valley. In the event that support from the Township was no longer extended, the Library Board would have to obtain alternate funding or reduce its services. During the year, \$ 152,199 (2020 - \$ 152,199) was received from the Township.