

Parry Sound Public Library

Financial Statements

December 31, 2015

**Parry Sound Public Library
Financial Statements
For the year ended December 31, 2015**

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Supplementary Information

Chairperson	Mrs. Terry Zanussi
Secretary-Treasurer and Librarian	Ms. Andrea Gaspar
Bank	Canadian Imperial Bank of Commerce
Location	29 Mary Street, Parry Sound, ON

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Independent Auditors' Report

**To: The Board of Directors of
the Parry Sound Public Library**

We have audited the accompanying financial statements of the Parry Sound Public Library, which comprise the statement of financial position as at December 31, 2015 and the statement of operations, change 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.

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 entity's preparation and fair presentation 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 entity's internal control. 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 for our audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Parry Sound Public Library as at December 31, 2015, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.



Parry Sound, Ontario
March 11, 2016

Chartered Professional Accountants
Licensed Public Accountants

Parry Sound Public Library Statement of Financial Position

December 31	2015	2014
Financial Assets		
Cash	\$ 61,823	\$ 58,268
Accounts receivable	13,691	15,118
HST recoverable	8,616	7,371
Accrued interest receivable	1,321	1,464
Bequest fund investments (Note 2)	210,432	210,432
	295,883	292,653
Liabilities		
Accounts payable	4,416	6,087
Deferred revenue (Note 3)	23,472	13,796
	27,888	19,883
Net financial assets	267,995	272,770
Non-financial assets		
Tangible capital assets (Note 5)	242,613	246,925
Accumulated Surplus (Note 6)	\$ 510,608	\$ 519,695

Parry Sound Public Library Statement of Operations

For the year ended December 31	2015	2015	2014
	Budget (Unaudited)		
Revenues			
Transfer from Town of Parry Sound	\$ 161,734	\$ 161,734	\$ 136,734
Other municipal contracts	103,443	103,443	90,722
Provincial grants	46,309	52,407	67,950
Canada grants	1,348	1,348	1,348
Other grants	6,871	11,255	6,842
Memberships	945	1,050	945
Other user charges	6,000	7,197	6,168
Rent - auditorium	3,880	4,410	3,880
Fines	3,200	4,154	3,227
Donations	28,045	8,612	10,362
Investment income	5,200	5,447	5,508
Other	4,200	3,426	4,736
Town of Parry Sound - Capital	-	1,250	13,717
	<u>371,175</u>	<u>365,733</u>	<u>352,139</u>
Expenses			
Advertising and programming	2,000	3,506	1,778
Amortization	29,106	32,233	28,914
Auditing and legal	3,750	4,558	3,714
Computer maintenance and software	8,496	8,254	4,529
Conference and travel	1,500	2,536	2,000
Employee benefits	40,756	43,869	37,611
Insurance	6,765	6,765	6,092
Light, heat, and water	13,375	15,229	15,297
Miscellaneous	350	1,097	363
Overdrive-online services	2,603	1,603	1,603
Photocopies	4,500	4,886	5,505
Repairs and maintenance	34,434	19,294	18,979
Salaries and wages	225,702	221,663	204,450
Subscriptions	2,250	1,348	1,593
Supplies/stationary/postage	3,800	7,609	4,278
Telephone	375	370	354
	<u>379,762</u>	<u>374,820</u>	<u>337,060</u>
Annual surplus (Deficit)	(8,587)	(9,087)	15,079
Accumulated surplus, beginning of year	519,695	519,695	504,616
Accumulated surplus, end of year	<u>\$ 511,108</u>	<u>\$ 510,608</u>	<u>\$ 519,695</u>

The accompanying summary of significant accounting policies and notes are an integral part of these financial statements.

**Parry Sound Public Library
Statement of Change in Net Financial Assets**

For the year ended December 31	2015	2014
Annual surplus (Deficit)	\$ (9,087)	\$ 15,079
Acquisition of tangible capital assets	(27,921)	(40,237)
Amortization of tangible capital assets	<u>32,233</u>	<u>28,914</u>
Change in net financial assets	(4,775)	3,756
Net financial assets , beginning of year	<u>272,770</u>	<u>269,014</u>
Net financial assets , end of year	<u>\$ 267,995</u>	<u>\$ 272,770</u>

**Parry Sound Public Library
Statement of Cash Flows**

For the year ended December 31	2015	2014
Cash provided by (used in)		
Operating activities		
Annual surplus	\$ (9,087)	\$ 15,079
Items not involving cash:		
Amortization of tangible capital assets	32,233	28,914
Change in non-cash assets and liabilities:		
Accounts receivable	1,427	(10,380)
HST recoverable	(1,245)	(1,595)
Accrued interest receivable	143	545
Accounts payable	(1,671)	2,945
Deferred revenue	9,676	2,485
	<u>31,476</u>	<u>37,993</u>
Capital activities		
Acquisition of tangible capital assets	<u>(27,921)</u>	<u>(40,237)</u>
	<u>(27,921)</u>	<u>(40,237)</u>
Investing activities		
	<u>-</u>	<u>-</u>
Net change in cash during the year	3,555	(2,244)
Cash, beginning of year	58,268	60,512
Cash, end of year	\$ 61,823	\$ 58,268

Parry Sound Public Library

Notes to Financial Statements

December 31, 2015

1. Significant Accounting Policies

The financial statements of the Parry Sound Public Library are prepared by management in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of Chartered Professional Accountants Canada. Significant accounting policies adopted by the Library are as follows:

(a) Basis of accounting

The consolidated financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Investments

Investments consist of guaranteed investment certificates and are stated at the lower of cost and market value. Gains and losses on investments are recorded when incurred.

(c) Deferred revenue

Deferred revenues represent grants and donations which have been collected but for which the related expenditures have yet to be incurred. These amounts will be recognized as revenues in the fiscal year the services are performed or the purchases are made.

(d) 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 excess of revenues over expenses, provides the change in net financial assets for the year.

(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 of tangible capital assets is amortized on a straight-line basis over their estimated useful lives as follows:

Building	80/20 years
Furniture and shelving	10 years
Books & DVD's	7 years
Information technology systems	3 to 5 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.

Parry Sound Public Library Notes to Financial Statements

December 31, 2015

1. Significant Accounting Policies (Continued)

(e) Government transfers

Government transfers are recognized in the financial statements as revenues in the year 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.

(f) Contributed services

Volunteers contribute hundreds of hours per year to assist the library in carrying out its service delivery activities. Because of the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

(g) Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from these estimates.

2. Bequest Fund Investments

	2015	2014
Guaranteed Investment Certificates, at Cost:		
1.80% Access Credit Union - April 13, 2016	\$ 51,588	\$ 51,588
2.10% Equitable Bank - December 15, 2016	13,042	13,042
2.15% Concentra Financial - December 9, 2015	-	37,152
2.30% Community Trust - December 9, 2016	37,152	37,152
1.75% MCAN Mtge. Corp. - March 24, 2015	-	30,614
2.40% Peace Hills Trust - October 16, 2015	-	40,884
1.80% Access Credit Union - March 24, 2016	30,614	-
1.80% Entegra Credit Union - October 16, 2016	40,884	-
Desjardins Cash Control Account	37,152	-
	\$ 210,432	\$ 210,432

Parry Sound Public Library Notes to Financial Statements

December 31, 2015

3. Deferred revenue

	2015	2014
Restricted contributions unexpended as at year-end		
Donations for building	\$ 19,751	\$ 12,796
Donation for eBooks	1,000	1,000
Service Ontario- Seniors grant	2,721	-
	\$ 23,472	\$ 13,796

4. Pension Agreements

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of all permanent, full-time 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 amount contributed to OMERS for 2015 was \$14,833 (2014 \$12,433) for current and past service and is included as an expenditure on the Statement of Operations.

5. Tangible Capital Assets

	2015		2014	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Land	\$ 1	\$	\$ 1	\$ 1
Building	233,942	90,762	143,180	151,533
Furniture & shelving	1	1	-	-
Books & DVD's	151,515	75,315	76,200	75,947
Computer systems	12,746	6,689	6,057	8,607
	\$ 398,205	\$ 172,767	225,438	236,088
Building renewal in progress			17,175	10,837
			\$ 242,613	\$ 246,925

Parry Sound Public Library Notes to Financial Statements

December 31, 2015

6. Accumulated Surplus

Accumulated surplus consists of individual fund surplus and reserves and reserve funds as follows:

	<u>2015</u>	<u>2014</u>
Surplus		
Invested in tangible capital assets	\$ 242,613	\$ 246,925
Other	12,655	6,400
	<u>255,268</u>	<u>253,325</u>
Reserves set aside by Council		
Short-term disability costs	-	5,000
Reserve for accessibility study	2,000	2,000
	<u>253,340</u>	<u>259,370</u>
Charles C. Johnson Bequest Fund	253,340	259,370
	<u>\$ 510,608</u>	<u>\$ 519,695</u>

7. Commitments

The Library commenced leasing a Konica Minolta c364e photocopier from RCAP Leasing Inc. in June 2015. The lease requires 60 monthly payments of \$108.15 plus HST.
