

Cranbrook Public Library
Financial Statements
December 31, 2008

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Auditors' Report

To the Members of the Board of the Cranbrook Public Library

We have audited the statement of financial position of the Cranbrook Public Library as at December 31, 2008 and the statement of financial activities and changes in financial equity for the year then ended. These financial statements are the responsibility of the management of the Cranbrook Public Library. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial information. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall presentation of the financial information.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Cranbrook Public Library as at December 31, 2008 and the results of its financial activities and changes in financial equity for the year then ended in accordance with Canadian generally accepted accounting principles.


Chartered Accountants

Cranbrook, BC
March 12, 2009

Cranbrook Public Library Statement of Financial Position

December 31	2008	2007
Financial Assets		
Cash and short-term deposits (Note 1)	\$ 109,685	\$ 89,876
Accounts receivable	16,550	8,146
	126,235	98,022
Financial Liabilities		
Accounts payable and accrued liabilities	68,124	70,547
Long-term debt	-	6,278
	68,124	76,825
Net Financial Assets	58,111	21,197
Physical Assets		
Collection inventory (Note 2)	1,085,022	1,062,409
Tangible capital assets (Note 3)	423,824	382,676
	1,508,846	1,445,085
Net Position	\$ 1,566,957	\$ 1,466,282
Library Position		
Financial Equity		
Reserves	\$ 36,291	\$ 8,472
Operating fund	21,820	19,003
	58,111	27,475
Equity in Physical Assets (Note 4)	1,508,846	1,438,807
	\$ 1,566,957	\$ 1,466,282

On behalf of the Board:

Original signed by _____ Member

Keith Powell, Board Chair _____ Member

Cranbrook Public Library Statement of Financial Activities

For the year ended December 31	<i>(Unaudited)</i> 2008 Budget	2008	2007
Revenue			
Grants			
- Province of British Columbia	\$ 97,460	\$ 103,765	\$ 108,336
- City of Cranbrook	441,055	441,055	411,640
- Regional District of East Kootenay	110,265	129,683	102,910
- Community Access Program	-	3,706	-
Donations (Note 3)	43,610	71,476	58,114
Other revenue	33,150	53,491	46,137
	725,540	803,176	727,137
Expenditures			
Collections and staffing	560,605	563,010	524,874
General and administrative	62,160	62,926	57,733
Repairs and maintenance	80,725	83,262	81,275
Interest on long-term debt	-	101	1,022
Capital expenditures (Note 3)	15,350	56,963	53,658
	718,840	766,262	718,562
Excess of revenue over expenditures	6,700	36,914	8,575
Debt repayment	(6,700)	(6,278)	(14,820)
Change in fund balance	-	30,636	(6,245)
Financial equity, beginning of year	27,475	27,475	33,720
Financial equity, end of year	\$ 27,475	\$ 58,111	\$ 27,475

Cranbrook Public Library Summary of Significant Accounting Policies

December 31, 2008

Basis of Presentation	The Cranbrook Public Library is incorporated under the Library Act of British Columbia and provides library services for Cranbrook and District.
Basis of Accounting	The financial statements of the Library are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies for local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.
Fund Accounting	<p>Revenues and expenses related to the administration and delivery of library services and programs are reported in the Operating Fund.</p> <p>The Capital Fund reports the assets, liabilities, revenues and expenses related to the inventory of books, furniture and equipment.</p> <p>Reserves represent amounts set aside for future collection inventory, fundraising, technology and capital expenditures.</p>
Economic Dependence	Approximately 55% of the Library's revenues are grants from The Corporation of the City of Cranbrook. The ongoing operations of the Library and its ability to meet its service objectives is proportionately dependant upon the level of such support.
Revenue Recognition	<p>Unrestricted grants and contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.</p> <p>Restricted grants or contributions received under funding agreements which relate to a subsequent period are recognized as revenue in the period in which the resources are used for the purpose or purposes specified.</p>
Collection Inventory	Purchases of books are recorded as expenses of the Operating Fund and are capitalized in the Capital Fund at estimated historical average cost. Donated collections are recorded at estimated fair value at the date of contribution.

Cranbrook Public Library
Summary of Significant Accounting Policies (continued)

December 31, 2008

Tangible Capital Assets	Tangible capital assets are recorded at cost. Amortization has not been recorded in the financial statements. Contributed capital assets have been recorded at estimated fair value at the date of contribution.
Contributed Services	Volunteers contribute services to assist the Library in carrying out its operations. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Financial Instruments	The Library carries a number of financial instruments. Unless otherwise noted, it is management's opinion that the Company is not exposed to significant interest, currency or credit risks arising from these financial instruments. The fair values of these financial instruments approximate their carrying values, unless otherwise noted.
Use of Estimates	The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

Cranbrook Public Library Notes to Financial Statements

December 31, 2008

1. Cash and Short-term Deposits

Included in cash and short-term deposits is an amount of \$36,291 (2007 - \$8,472) which has been internally restricted for future technology, capital and collection expenditures.

The Library has available a bank overdraft facility of up to \$200,000 which it uses to finance its operations. This facility bears interest at prime plus 1%. There was no balance outstanding at December 31, 2008 (2007 - nil).

2. Collection Inventory

	2008			2007	
	Print	Audio Visual	Serials	Total	Total
Balance, beginning of year	\$ 935,518	\$ 115,103	\$ 11,788	\$ 1,062,409	\$ 1,166,557
Purchases (net of adjustments)	71,272	10,756	8,101	90,129	93,131
Disposal and / or change in estimate of collection value	(43,376)	(12,352)	(11,788)	(67,516)	(197,279)
Balance, end of year	\$ 963,414	\$ 113,507	\$ 8,101	\$ 1,085,022	1,062,409

Included in collection inventory are 13,190 (2007 - 14,419) soft cover books with an average cost of \$7.62 (2007 - \$7.62) and 50,301 (2007 - 47,498) other collection items with an average cost of \$19.58 (2007 - \$20.06).

3. Tangible Capital Assets

	2008		2007	
Furniture and equipment				
Balance, beginning of year	\$	382,676	\$	354,143
Purchases (net of adjustments)		56,963		53,658
Dispositions		(15,815)		(25,125)
Balance, end of year	\$	423,824	\$	382,676

Furniture and equipment donations-in-kind of \$32,707 (2007 - \$14,976) are included in donation revenue and capital expenditures.

For the year ended December 31, 2009, the Library will be required to comply with Section 3150, Tangible Capital Assets of the Public Sector Accounting Board Handbook. Section 3150 requires the capitalization and amortization of tangible capital assets in the financial statements. As at December 31, 2008, the Library has not yet determined amortization policies based on estimated useful life.

Cranbrook Public Library Notes to Financial Statements

December 31, 2008

4. Equity in Physical Assets

	2008	2007
Balance, beginning of year	\$ 1,438,807	\$ 1,499,602
Debt repayment	6,278	14,820
Capital expenditures	56,963	53,658
Collection purchases	90,129	93,131
Disposal and / or change in estimate of collection value	(67,516)	(197,279)
Disposal of furniture and equipment	(15,815)	(25,125)
	\$ 1,508,846	\$ 1,438,807

5. Statement of Cash Flows

A statement of cash flows is not presented since the sources and uses of cash is readily apparent from the information provided in the financial statements.

6. Related Party Transactions

The Library is managed by the Cranbrook Public Library Board, a corporation created under the Library Act. This Board is appointed by the Corporation of the City of Cranbrook Council annually and consists of seven members, one of whom is elected by the Council. All remaining members are not related to the Library or the City.

Transactions with the Corporation of the City of Cranbrook during the year are as follows:

- (a) The Library received grant revenue of \$441,055 (2007 - \$411,640) from the City of Cranbrook.
- (b) Included in building maintenance and occupancy costs of which it reimbursed the City of Cranbrook are \$39,813 (2007 - \$32,208) comprised of maintenance, insurance, and utilities.
- (c) The building occupied by the Library is owned by the Corporation of the City of Cranbrook and is currently being leased for nil consideration.
- (d) Included in accounts payable and accrued liabilities is \$30,742 (2007 - \$28,520) payable to the City of Cranbrook for insurance and utilities.

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

Cranbrook Public Library Notes to Financial Statements

December 31, 2008

7. Retirement Benefits and Pension Liability

The Library and its eligible employees contribute to the Municipal Pension Plan ("the plan"), a jointly-trusted pension plan. The board of trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has about 150,000 active members and approximately 54,000 retired members. Active members include approximately 32,000 contributors from local governments.

Every three years an actuarial valuation is performed to assess the financial position of the plan and the adequacy of plan funding. The most recent valuation as at December 31, 2006 indicates a surplus of \$438 million for basic pension benefits. The next valuation will be as at December 31, 2009 with results available in 2010. The actuary does not attribute portions of the surplus to individual employers. The Library paid \$25,965 for employer contributions to the plan in fiscal 2008 (2007 - \$24,077).

8. Lease Commitments

The Library has equipment under operating leases. Lease commitments over the next four years are due as follows:

Year	Amount
2009	\$ 9,237
2010	1,244
2011	653
2012	48
	<hr/>
	\$ 11,182

9. Comparative Figures

The comparative amounts presented in the financial statements have been restated to conform to the current year's presentation.

Cranbrook Public Library Schedule 1 - Statement of Operating Activities

For the year ended December 31	(Unaudited) 2008 Budget	2008	2007
Revenue			
Grants			
Province of British Columbia			
- Per capita grant	\$ 89,860	\$ 89,165	\$ 90,185
- Other grants	7,600	14,600	18,151
City of Cranbrook	441,055	441,055	411,640
Regional District of East Kootenay	110,265	110,265	102,910
	648,780	655,085	622,886
Other revenue			
Bank interest	3,500	3,069	5,113
Donations	43,610	44,776	42,460
Fines, photocopier and book sales	24,100	24,804	27,003
Miscellaneous	5,550	11,677	11,194
	725,540	739,411	708,656
Expenditures			
Accounting	6,800	7,000	6,500
Advertising	3,650	3,638	4,648
Building maintenance and occupancy costs	62,725	65,939	65,162
Collections	74,000	90,129	93,131
Equipment leasing	18,000	17,761	17,745
Equipment repairs	18,000	17,424	17,930
Interest and bank charges	2,440	1,934	2,308
Miscellaneous	9,020	9,521	7,295
Software	2,050	2,809	1,307
Salaries, wages and benefits	486,605	472,881	426,558
Supplies and postage	17,000	17,191	18,728
Telephone and data lines	3,200	2,869	3,230
	703,490	709,096	664,542
Capital expenditures	15,350	7,394	8,167
	718,840	716,490	672,709
Excess of revenue over expenditures	6,700	22,921	35,947
Debt repayment	(6,700)	(6,278)	(14,820)
Net transfers to reserves	-	(13,826)	-
Change in fund balance	-	2,817	21,127
Operating fund, beginning of year	19,003	19,003	(2,124)
Operating fund, end of year	\$ 19,003	\$ 21,820	\$ 19,003

Cranbrook Public Library
Schedule 2 - Statement of Changes in Reserves

For the year ended December 31 2008 2007

	Community Access Program Reserves	Operating Reserves	Capital Expenditure Reserves	Collection Reserves	Total	Total
Revenue						
Donations	-	-	\$ 26,700	-	-	\$ 15,654
Fundraising, net of expenses	-	-	3,882	-	3,882	2,827
Grants	3,706	-	19,418	-	23,124	-
Other	10,059	-	-	-	10,059	-
	13,765	-	50,000	-	63,765	18,481
Expenditures						
Collections	-	-	-	-	-	362
Event	-	-	203	-	203	-
Capital expenditures	-	-	49,569	-	49,569	45,491
	-	-	49,772	-	49,772	45,853
Excess of revenue over expenditures	13,765	-	228	-	13,993	(27,372)
Interfund transfers	(8)	19,003	(5,169)	-	13,826	-
Change in fund balance	13,757	19,003	(4,941)	-	27,819	(27,372)
Reserve balance, beginning of year	-	-	8,429	43	8,472	35,844
Reserve balance, end of year	\$ 13,757	\$ 19,003	\$ 3,488	\$ 43	\$ 36,291	\$ 8,472