

**Cranbrook Public Library**  
**Financial Statements**  
December 31, 2014

	<b>Contents</b>
<b>Managements' Responsibility for Financial Reporting</b>	<b>2</b>
<b>Independent Auditor's Report</b>	<b>3</b>
<b>Financial Statements</b>	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Net Financial Assets	6
Statement of Cash Flows	7
Significant Accounting Policies	8 - 9
Notes to the Financial Statements	10 - 14
<b>Auditor's Comment on Supplementary Financial Information</b>	<b>15</b>
Supplementary Schedule 1 - Statement of Operating Activities	16
Supplementary Schedule 2 - Statement of Changes in Reserves	17

## Managements' Responsibility for Financial Reporting

---

### To Directors of the Board:

In accordance with Section 11 and 26 of the Library Act, I am pleased to submit the 2014 financial statements for the Cranbrook Public Library, together with the report of our auditors, BDO Canada LLP.

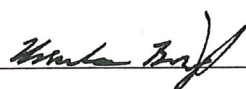
The preparation of the financial statements is the responsibility of the Library's management. The statements have been prepared in accordance with Canadian public sector accounting standards.

Financial statements are not precise since they include certain amounts based on estimates and judgements. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances, in order to ensure that the financial statements are presented fairly in all material respects.

The Library maintains systems of internal accounting and administrative controls of high quality, consistent with reasonable cost. Such systems are designed to provide reasonable assurance that the financial information is relevant, reliable and accurate and the Library's assets are appropriately accounted for and adequately safeguarded.

The Board is responsible for ensuring that management fulfills its responsibilities for financial reporting and is ultimately responsible for reviewing and approving the financial statements.

The financial statements have been audited by BDO Canada LLP Chartered Accountants in accordance with Canadian generally accepted auditing standards on behalf of the members. The auditor's report expresses their opinion on these financial statements. The auditors have full and free access to the accounting records.



---

Ursula Brigl  
Chief Librarian

April 8, 2015



Tel: 250 426 4285  
Fax: 250 426 8886  
www.bdo.ca

BDO Canada LLP  
35 - 10th Avenue S  
Cranbrook BC V1C 2M9 Canada

---

## Independent Auditor's Report

---

### To the Members of the Board of the Cranbrook Public Library

We have audited the accompanying financial statements of Cranbrook Public Library, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, changes 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 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, the financial statements present fairly, in all material respects, the financial position of Cranbrook Public Library as at December 31, 2014, and its results of operations, its change in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

*BDO Canada LLP*

Chartered Accountants


Cranbrook, BC  
April 8, 2015

---

## Cranbrook Public Library Statement of Financial Position

December 31	2014	2013
<b>Financial Assets</b>		
Cash and cash equivalents (Note 1)	\$ 217,955	\$ 231,717
Accounts receivable	27,655	17,966
	<u>245,610</u>	<u>249,683</u>
<b>Liabilities</b>		
Accounts payable and accrued liabilities	97,536	75,576
Deferred revenue (Note 2)	20,421	19,541
Capital lease obligation (Note 3)	6,622	14,518
	<u>124,579</u>	<u>109,635</u>
<b>Net Financial Assets</b>	<u>121,031</u>	<u>140,048</u>
<b>Non-Financial Assets</b>		
Tangible capital assets (Note 6)	399,769	435,923
Prepaid expenses	15,282	2,567
	<u>415,051</u>	<u>438,490</u>
<b>Accumulated Surplus</b>	<u>\$ 536,082</u>	<u>\$ 578,538</u>

On behalf of the Board

 \_\_\_\_\_ Member

 \_\_\_\_\_ Chief Librarian

## Cranbrook Public Library Statement of Operations

<b>For the year ended December 31</b>	<b>2014</b>	<b>2014</b>	<b>2013</b>
	(Note 8)		
	<i>Budget</i>	<b>Actual</b>	Actual
<b>Revenue</b>			
Grants			
- Province of British Columbia	\$ 101,987	\$ 101,403	\$ 101,986
- Government of Canada	1,436	-	1,437
- City of Cranbrook	550,415	550,415	537,204
- Regional District of East Kootenay	137,600	137,600	134,301
- Community Access Program	4,822	5,248	3,628
- Other	16,485	11,585	18,278
Donations	40,525	40,435	37,766
Other revenue	35,190	38,586	43,824
	<u>888,460</u>	<u>885,272</u>	<u>878,424</u>
<b>Expenses</b>			
Accounting	13,300	12,806	12,063
Advertising	4,850	2,885	2,627
Amortization	-	109,252	115,685
Building maintenance and occupancy costs	84,000	99,405	69,480
Equipment leasing	11,650	3,631	4,328
Equipment repairs	27,350	27,431	23,232
Interest and bank charges	2,900	3,171	3,568
Programs and miscellaneous	20,240	23,657	13,809
Periodical collections	20,250	22,596	19,902
Salaries, wages and benefits	636,095	607,436	572,949
Supplies and postage	14,275	12,219	11,618
Telephone and data lines	3,900	3,239	3,761
	<u>838,810</u>	<u>927,728</u>	<u>853,022</u>
<b>Annual surplus (deficit)</b>	49,650	(42,456)	25,402
<b>Accumulated surplus, beginning of year</b>	578,538	578,538	553,136
<b>Accumulated surplus, end of year</b>	<u>\$ 628,188</u>	<u>\$ 536,082</u>	<u>\$ 578,538</u>

## Cranbrook Public Library Statement of Changes in Net Financial Assets

<u>For the year ended December 31</u>	<u>2014</u> (Note 8)	<u>2014</u>	<u>2013</u>
	<i>Budget</i>	<b>Actual</b>	Actual
<b>Annual surplus (deficit)</b>	\$ 49,650	\$ (42,456)	\$ 25,402
Acquisition of tangible capital assets	(80,945)	(73,098)	(74,332)
Amortization of tangible capital assets	-	109,252	115,685
Increase in prepaid expenses	-	(12,715)	981
	<u>(80,945)</u>	<u>23,439</u>	<u>42,334</u>
 <b>Change in net financial assets for the year</b>	 (31,295)	 (19,017)	 67,736
<b>Net financial assets, beginning of year</b>	<u>140,048</u>	<u>140,048</u>	<u>72,312</u>
<b>Net financial assets, end of year</b>	<u>\$ 108,753</u>	<u>\$ 121,031</u>	<u>\$ 140,048</u>

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

## Cranbrook Public Library Statement of Cash Flows

For the year ended December 31	2014	2013
<b>Operating transactions</b>		
Annual surplus (deficit)	\$ (42,456)	\$ 25,402
Items not involving cash		
Income from receipt of contributed tangible assets	(9,736)	(11,518)
Amortization	109,252	115,685
Changes in non-cash operating balances		
Accounts receivable	(9,689)	6,169
Prepaid expenses and inventories of supplies	(12,715)	981
Accounts payable and accrued liabilities	21,960	6,714
Deferred revenue	880	2,900
	<u>57,496</u>	<u>146,333</u>
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(63,362)</u>	<u>(61,530)</u>
<b>Financing transactions</b>		
Repayment of obligations under capital lease	<u>(7,896)</u>	<u>(6,643)</u>
<b>Net change in cash and cash equivalents</b>	<b>(13,762)</b>	<b>78,160</b>
<b>Cash and cash equivalents, beginning of year</b>	<u><b>231,717</b></u>	<u><b>153,557</b></u>
<b>Cash and cash equivalents, end of year</b>	<u><b>\$ 217,955</b></u>	<u><b>\$ 231,717</b></u>

---

## Cranbrook Public Library Summary of Significant Accounting Policies

**December 31, 2014**

---

<b>Basis of Presentation</b>	The Cranbrook Public Library is incorporated under the Library Act of British Columbia and provides library services for Cranbrook and District.										
<b>Basis of Accounting</b>	The financial statements of the Library are the representations of management and are prepared in accordance with Canadian generally accepted accounting policies established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Accountants.										
<b>Economic Dependence</b>	Approximately 60% 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.										
<b>Cash and Cash Equivalents</b>	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.										
<b>Tangible Capital Assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization and are classified according to their functional use. Cost includes all costs directly attributable to the acquisition or construction of the tangible capital assets. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is put into use. Donated tangible capital assets are recorded at fair value at the time of the donation unless fair value can not be reasonably measured. Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation.</p> <p>Estimated useful lives of tangible capital assets are as follows:</p> <table><tr><td>Print collection</td><td>10 years</td></tr><tr><td>Audio-visual collection</td><td>3 years</td></tr><tr><td>Furnishings and equipment</td><td>5 to 10 years</td></tr><tr><td>Landscaping and sculptures</td><td>15 years</td></tr><tr><td>Equipment under capital lease</td><td>5 years</td></tr></table>	Print collection	10 years	Audio-visual collection	3 years	Furnishings and equipment	5 to 10 years	Landscaping and sculptures	15 years	Equipment under capital lease	5 years
Print collection	10 years										
Audio-visual collection	3 years										
Furnishings and equipment	5 to 10 years										
Landscaping and sculptures	15 years										
Equipment under capital lease	5 years										



---

## **Cranbrook Public Library**

### **Summary of Significant Accounting Policies (continued)**

**December 31, 2014**

---

**Revenue Recognition**

Unrestricted grants, contributions and charges 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.

Grants, contributions or other funding which has externally imposed restrictions is recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Funding received before this criterion has been met is reported as deferred revenue on the statement of financial position until the period in which the specified purpose or related expense is incurred.

Contributions received in-kind are recognized as revenue in the period received at the fair market value at the time of the 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.

**Government Transfers**

Government transfers, which include legislative grants, are recognized as revenue in the period in which events giving rise to the transfers occur providing the transfers are authorized, any eligibility criteria and stipulations have been met, and reasonable estimates of the amounts can be determined.

**Pension Expenditures**

The Library participates in a multi-employer deferred benefit pension plan. The plan is accounted for as a defined contribution plan.

**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, 2014**

---

### 1. Cash and Cash Equivalents

Included in cash and cash equivalents are amounts of \$142,932 (2013 - \$157,134) which have been internally restricted for future technology, capital and collection expenditures.

The Library has available a bank overdraft facility of up to \$100,000 which it uses to finance its operations. This facility bears interest at prime plus 1.3%. There was no balance outstanding at December 31, 2014 (2013 - nil).

---

### 2. Deferred Revenue

	<u>2014</u>	<u>2013</u>
Literacy programs	<u>\$ 20,421</u>	<u>\$ 19,541</u>

---

### 3. Capital Lease Obligation

	<u>2014</u>	<u>2013</u>
Computer equipment lease, minimum monthly payments of \$638, interest rate 7.89%, expires November 2015	<u>\$ 6,622</u>	<u>\$ 14,518</u>

Interest paid relating to the above obligations on capital leases and included in interest and bank charges was \$806 (2013 - \$1,340). Future minimum payments under capital lease are:

Year	Amount
2015	\$ 6,833
Imputed interest	<u>(211)</u>
	<u>\$ 6,622</u>

---

## **Cranbrook Public Library Notes to Financial Statements**

**December 31, 2014**

---

### **4. Retirement Benefits and Pension Liability**

The Library and its 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 Plan, including investment of the assets and administration of benefits. The Plan is a multi-employer contributory pension plan. Basic pension benefits provided are based on a formula. The Plan has about 182,000 active members and approximately 75,000 retired members. Active members include approximately 36,000 contributors from local government.

The most recent valuation as at December 31, 2012 indicated a \$1,370 million funding deficit for basic pension benefits. The next valuation will be as at December 31, 2015 with results available in 2016. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the results that there is no consistent and reliable basis for allocating the obligation, assets and cost to the individual employers participating in the Plan.

The Cranbrook Public Library paid \$47,085 for employer contributions to the plan in fiscal 2014 (2013 - \$39,602).

---

### **5. 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 \$550,415 (2013 - \$537,204) from the City of Cranbrook.
- (b) The building occupied by the Library is owned by the Corporation of the City of Cranbrook and is currently being leased for nil consideration.
- (c) Included in building maintenance and occupancy costs of which it reimbursed the City of Cranbrook has or will be reimbursed is \$52,634 (2013 - \$38,037) comprised of maintenance, insurance, and utilities.
- (d) The amount payable to the City of Cranbrook at the year end and included in accounts payable and accrued liabilities is \$35,070 (2013 - \$15,272).
- (e) Included in accounts receivable is \$3,117 (2013 - \$3,759) receivable from the City of Cranbrook for reimbursement of building maintenance and improvement costs.

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, 2014

### 6. Tangible Capital Assets

	Print Collection	Audio-Visual Collection	Furniture & Equipment	Equipment Under Capital Lease	Landscape & Sculptures	2014 Total
Cost, beginning of year	\$ 668,804	\$ 41,098	\$ 234,672	\$ 21,684	\$ 69,913	\$ 1,036,171
Purchases	48,033	13,853	11,212	-	-	73,098
Disposals	(67,732)	(11,541)	(31,239)	-	-	(110,512)
Cost, end of year	649,105	43,410	214,645	21,684	69,913	998,757
Accumulated Amortization, beginning of year	377,904	25,853	161,766	8,417	26,308	600,248
Amortization	64,354	14,461	21,439	4,337	4,661	109,252
Disposals	(67,732)	(11,541)	(31,239)	-	-	(110,512)
Accumulated Amortization, end of year	374,526	28,773	151,966	12,754	30,969	598,988
Net carrying amount, end of year	\$ 274,579	\$ 14,637	\$ 62,679	\$ 8,930	\$ 38,944	\$ 399,769

During the year the Library received \$5,467 (2013 - \$6,211) of contributed print collection and \$4,269 (2013 - \$5,307) of contributed audio-visual collection which have been capitalized and of which the offset is reported as donation revenue in the statement of operations.

# Cranbrook Public Library

## Notes to Financial Statements

December 31, 2014

### 6. Tangible Capital Assets (continued)

	Print Collection	Audio-Visual Collection	Furniture & Equipment	Equipment Under Capital Lease	Landscape & Sculptures	2013 Total
Cost, beginning of year	\$ 676,402	\$ 35,860	\$ 229,096	\$ 20,400	\$ 69,913	\$ 1,031,671
Purchases	50,377	16,212	6,459	1,284	-	74,332
Disposals	(57,975)	(10,974)	(883)	-	-	(69,832)
Cost, end of year	668,804	41,098	234,672	21,684	69,913	1,036,171
Accumulated Amortization, beginning of year	369,555	23,136	135,977	4,080	21,647	554,395
Amortization	66,324	13,691	26,672	4,337	4,661	115,685
Disposals	(57,975)	(10,974)	(883)	-	-	(69,832)
Accumulated Amortization, end of year	377,904	25,853	161,766	8,417	26,308	600,248
Net carrying amount, end of year	\$ 290,900	\$ 15,245	\$ 72,906	\$ 13,267	\$ 43,605	\$ 435,923

---

## Cranbrook Public Library Notes to Financial Statements

**December 31, 2014**

---

### 7. Lease Commitments

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

Year	Amount
2015	\$ 14,686
2016	15,025
2017	14,881
2018	14,267
2019	<u>12,689</u>
	<u>\$ 71,548</u>

---

### 8. Budget

The Budget adopted by the Board of Trustees on October 16, 2013 was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated from previous years to reduce current year expenditures in excess of current year revenues to \$ nil. In addition, the budget included all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the Budget adopted by the Board on October 16, 2013 with adjustments as follows:

	<u>2014</u>
Budgeted surplus for the year	\$ -
Add: Capital expenditures	80,945
Less: Budgeted transfers from reserves	<u>(31,295)</u>
Adjusted budget surplus per statement of operations	<u>\$ 49,650</u>



Tel: 250 426 4285  
Fax: 250 426 8886  
www.bdo.ca

BDO Canada LLP  
35 - 10th Avenue S  
Cranbrook BC V1C 2M9 Canada

---

## Auditor's Comments on Supplementary Financial Information

---

To the Members of the Board  
of the Cranbrook Public Library

We have audited the financial statements of the Cranbrook Public Library as at December 31, 2014 and reported thereon dated April 8, 2015. The financial information presented hereinafter was derived from the accounting records tested by us as part of the auditing procedures followed in our examination of the financial statements and, in our opinion, it is fairly presented in all material respects in relation to the financial statements taken as a whole.

*BDO Canada LLP*

Chartered Accountants

Cranbrook, BC  
April 8, 2015

## Cranbrook Public Library Supplementary Schedule 1 - Statement of Operating Activities

For the year ended December 31	2014	2014	2013
	<i>Budget</i>	<b>Actual</b>	Actual
<b>Revenue</b>			
Grants			
Province of British Columbia			
- Per capita grant	\$ 85,346	\$ 70,265	\$ 70,265
- Other grants	16,641	16,641	16,641
City of Cranbrook	550,415	550,415	537,204
Regional District of East Kootenay	137,600	137,600	134,301
Government of Canada	1,436	-	1,437
Community Access Program	4,822	5,248	3,628
Other	16,485	11,585	9,393
	<u>812,745</u>	<u>791,754</u>	<u>772,869</u>
Other revenue			
Donations	40,525	39,320	33,392
Fines, photocopier and book sales	23,300	25,110	29,790
Miscellaneous	11,890	9,291	10,438
	<u>888,460</u>	<u>865,475</u>	<u>846,489</u>
<b>Expenditures</b>			
Accounting	13,300	12,806	12,063
Advertising	4,850	2,885	2,627
Building maintenance and occupancy costs	84,000	99,405	69,480
Equipment leasing	11,650	3,631	4,328
Equipment repairs	27,350	27,431	23,232
Interest and bank charges	2,900	3,171	3,568
Programs and miscellaneous	20,240	11,337	13,752
Periodical collections	20,250	22,596	19,902
Salaries, wages and benefits	636,095	607,436	572,949
Supplies and postage	14,275	12,219	11,618
Telephone and data lines	3,900	3,239	3,761
	<u>838,810</u>	<u>806,156</u>	<u>737,280</u>
<b>Interfund transfers</b>			
Collections	68,750	61,887	66,588
Furnishings and equipment	12,195	11,212	6,459
	<u>80,945</u>	<u>73,099</u>	<u>73,047</u>
<b>Excess (deficiency) of revenue over expenditures</b>	(31,295)	(13,780)	36,162
<b>Debt repayment</b>	-	(7,896)	(6,643)
<b>Net transfers from reserves</b>	31,295	21,676	(29,519)
<b>Operating fund, beginning and end of year</b>	\$ -	\$ -	\$ -



**Cranbrook Public Library**  
**Supplementary Schedule 2 - Statement of Changes in Reserves**

For the year ended December 31						2014	2013
		Technology Reserve	General Reserve	Projects Reserve	Manual Training School Reserve	Total	Total
Revenue							
Donations	\$	-	\$	1,115	\$	1,115	\$ 4,374
Fundraising, net of expenses		-	-	-	-	-	35
Provincial grants		-	-	14,497	-	14,497	15,080
Other grants		-	-	-	-	-	8,885
Other		4,184	-	-	-	4,184	3,561
		4,184	-	15,612	-	19,796	31,935
Expenditures							
Other		2,000	10,076	244	-	12,320	57
Excess of revenue over expenditures		2,184	(10,076)	15,368	-	7,476	31,878
Interfund transfers		-	(5,867)	(16,180)	371	(21,676)	29,519
Change in fund balance		2,184	(15,943)	(812)	371	(14,200)	61,397
Reserve balance, beginning of year		6,072	110,725	37,682	2,655	157,134	95,737
Reserve balance, end of year	\$	8,256	\$ 94,782	\$ 36,870	\$ 3,026	\$ 142,934	\$ 157,134