

Cranbrook Public Library
Financial Statements
December 31, 2022

Contents

Managements' Responsibility for Financial Reporting	2
Independent Auditor's Report	3 - 4
Financial Statements	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Financial Assets	7
Statement of Cash Flows	8
Significant Accounting Policies	9 - 10
Notes to the Financial Statements	11 - 16
Supplementary Schedule 1 - Statement of Operating Activities	17
Supplementary Schedule 2 - Statement of Changes in Reserves	18

Managements' Responsibility for Financial Reporting

To the Directors of the Board:

In accordance with Sections 11 and 26 of the Library Act, I am pleased to submit the 2022 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 judgments. 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 sufficient 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 Professional 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

16 March 2023

Independent Auditor's Report

To the Members of the Board of the Cranbrook Public Library

Opinion

We have audited the accompanying financial statements of the Cranbrook Public Library, which comprise the statement of financial position as at December 31, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Cranbrook Public Library as at December 31, 2022, 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.

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 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 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.

In preparing the financial statements, management is responsible for assessing the Library'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 or to cease operations, or has no realistic alternative but to do so.

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

Independent Auditor's Report (Continued)

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. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



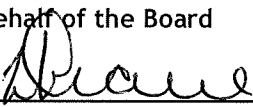
Chartered Professional Accountants

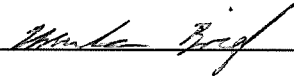
Cranbrook, British Columbia
March 16, 2023

Cranbrook Public Library Statement of Financial Position

December 31	2022	2021
Financial Assets		
Cash and cash equivalents (Note 1)	\$ 249,455	\$ 316,568
Accounts receivable (Note 3)	28,792	19,906
	278,247	336,474
Liabilities		
Accounts payable and accrued liabilities (Note 3)	131,743	142,265
Deferred revenue (Note 2)	21,780	-
Capital lease obligation (Note 4)	3,360	8,973
	156,883	151,238
Net Financial Assets	121,364	185,236
Non-Financial Assets		
Tangible capital assets (Note 7)	420,100	422,767
Prepaid expenses	883	-
	420,983	422,767
Accumulated Surplus	\$ 542,347	\$ 608,003

On behalf of the Board


 _____ Member


 _____ Chief Librarian

Cranbrook Public Library Statement of Operations

For the year ended December 31	2022 (Note 9)	2022	2021
	<i>Budget</i>	Actual	Actual
Revenue			
Grants			
- Province of British Columbia	\$ 100,195	\$ 100,193	\$ 100,193
- City of Cranbrook (Note 3)	665,029	665,029	651,989
- Regional District of East Kootenay (Note 3)	166,257	166,257	162,997
- Other	6,863	31,997	73,866
Donations	39,773	41,098	20,224
Meeting room rental	10,325	10,598	2,372
Internal and other revenue	19,100	17,428	12,998
	<u>1,007,542</u>	<u>1,032,600</u>	<u>1,024,639</u>
Expenses			
Amortization	95,000	109,446	105,399
Accounting and administration	31,399	42,199	31,581
Building maintenance and occupancy (Note 3)	85,959	80,834	82,134
Loss on disposal of tangible capital assets	-	248	4,625
Meeting room	8,955	10,529	2,983
Programs and services	47,624	45,739	41,769
Salaries, wages and benefits	734,847	744,788	692,192
Technology	66,003	64,473	60,420
	<u>1,069,787</u>	<u>1,098,256</u>	<u>1,021,103</u>
Annual surplus (deficit)	(62,245)	(65,656)	3,536
Accumulated surplus, beginning of year	608,003	608,003	604,467
Accumulated surplus, end of year	<u>\$ 545,758</u>	<u>\$ 542,347</u>	<u>\$ 608,003</u>

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

Cranbrook Public Library
Statement of Changes in Net Financial Assets

For the year ended December 31	2022	2022	2021
	(Note 9)		
	<i>Budget</i>	Actual	Actual
Annual surplus (deficit)	\$ (62,245)	\$ (65,656)	\$ 3,536
Acquisition of tangible capital assets	(86,424)	(107,027)	(165,982)
Amortization of tangible capital assets	95,000	109,446	105,399
Loss on disposal of tangible capital assets	-	248	4,625
Change in prepaid expenses	-	(883)	182
	<u>8,576</u>	<u>1,784</u>	<u>(55,776)</u>
Change in net financial assets for the year	(53,669)	(63,872)	(52,240)
Net financial assets, beginning of year	<u>185,236</u>	<u>185,236</u>	<u>237,476</u>
Net financial assets, end of year	<u>\$ 131,567</u>	<u>\$ 121,364</u>	<u>\$ 185,236</u>

Cranbrook Public Library
Statement of Cash Flows

For the year ended December 31	2022	2021
Operating transactions		
Annual surplus (deficit)	\$ (65,656)	\$ 3,536
Items not involving cash		
Income from receipt of contributed tangible assets	(4,521)	-
Amortization	109,446	105,399
Loss on disposal of tangible capital assets	248	4,625
Changes in non-cash operating balances		
Accounts receivable	(8,886)	(14,595)
Prepaid expenses	(884)	182
Accounts payable and accrued liabilities	(10,522)	(1,456)
Deferred revenue	21,780	(39,764)
	<u>41,005</u>	<u>57,927</u>
Capital transaction		
Acquisition of tangible capital assets	<u>(102,505)</u>	<u>(165,982)</u>
Financing transaction		
Repayment of obligations under capital lease	<u>(5,613)</u>	<u>(8,893)</u>
Net change in cash and cash equivalents	(67,113)	(116,948)
Cash and cash equivalents, beginning of year	<u>316,568</u>	<u>433,516</u>
Cash and cash equivalents, end of year	<u>\$ 249,455</u>	<u>\$ 316,568</u>

Cranbrook Public Library Summary of Significant Accounting Policies

December 31, 2022

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 established by the Public Sector Accounting Board ("PSAB") of the Canadian Institute of Chartered Professional Accountants.										
Economic Dependence	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.										
Cash and Cash Equivalents	Management considers all highly liquid investments with maturity of three months or less at acquisition to be cash equivalents.										
Tangible Capital Assets	<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 style="text-align: right;">10 years</td></tr><tr><td>Audio-visual collection</td><td style="text-align: right;">3 years</td></tr><tr><td>Furnishings and equipment</td><td style="text-align: right;">5 to 10 years</td></tr><tr><td>Landscaping and sculptures</td><td style="text-align: right;">15 years</td></tr><tr><td>Equipment under capital lease</td><td style="text-align: right;">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, 2022

Revenue Recognition	<p>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.</p> <p>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.</p> <p>Contributions received in-kind are recognized as revenue in the period received at the fair market value at the time of the contribution.</p>
Contributed Services	<p>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.</p>
Government Transfers	<p>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.</p>
Pension Expenditures	<p>The Library participates in a multi-employer deferred benefit pension plan. The plan is accounted for as a defined contribution plan.</p>
Use of Estimates	<p>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.</p>

Cranbrook Public Library Notes to Financial Statements

December 31, 2022

1. Cash and Cash Equivalents

Included in cash and cash equivalents are amounts of \$125,606 (2021 - \$194,207) 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, 2022 (2021 - \$Nil).

2. Deferred Revenue

	2022	2021
Provincial Covid 19 Relief & Recovery Grant	\$ 10,397	\$ -
Provincial Emergency Planning & Preparedness Grant	11,383	-
	\$ 21,780	\$ -

3. 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 nine 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 operating grant revenue of \$831,286 (2021 - \$814,986) from the City of Cranbrook. This grant includes \$166,257 (2021 - \$162,997) from the Regional District of East Kootenay, representing 20% of the City's operating grant to the Library, and is shown separately on the Statement of Operations.
- (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 is \$80,834 (2021 - \$82,134) comprised of maintenance, insurance, janitorial, and utilities, of which the Library has or will reimburse the City of Cranbrook.
- (d) The amount payable to the City of Cranbrook at the year end and included in accounts payable and accrued liabilities is \$84,252 (2021 - \$84,170).
- (e) Included in the accounts receivables balance is \$10,000 (2021 - \$1,000) receivable from the City of Cranbrook for reimbursement of MTS building revenue.

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 related parties.

Cranbrook Public Library
Notes to Financial Statements

December 31, 2022

4. Capital Lease Obligation

The Library is committed to the following capital lease obligation:

	2022	2021
Computer server lease, minimum monthly payments of \$202, interest rate 7.29%, expires June 2024	\$ 3,360	\$ 5,457
Computer equipment lease, expired during the year.	-	3,516
	\$ 3,360	\$ 8,973

Interest paid relating to the above obligations on capital lease and included in interest and bank charges was \$409 (2021 - \$1,061).

Combined interest and principal payments for the next two years are as follows:

Year	Amount
2023	\$ 2,256
2024	1,104
	3,360
Imputed interest	(193)
	\$ 3,167

Cranbrook Public Library Notes to Financial Statements

December 31, 2022

5. Retirement Benefits and Pension Liability

The Library and its employees contribute to the Municipal Pension Plan (a jointly-trusted pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits provided are based on a formula. As at December 31, 2022, the plan has about 227,000 active members and approximately 118,000 retired members. Active members include approximately 42,000 contributors from local government.

Every three years, an actuarial valuation is performed to assess the financial position of the plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation for the Municipal Pension Plan as at December 31, 2021, indicated a \$3,761 million funding surplus for basic pension benefits on a going concern basis.

The Cranbrook Public Library paid \$42,088 (2021 - \$39,481) for employer contributions to the plan in fiscal 2022.

The next valuation will be as at December 31, 2024, with results available in 2025.

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, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

6. Endowment Funds

The Cranbrook Public Library has accumulated \$31,524 (2021 - \$34,908) in an endowment fund held by the Community Foundation of the Kootenay Rockies. This fund is not included in the assets or net assets of the Library. The income earned on this fund held by the Foundation is donated annually to the Cranbrook Public Library and is included in donation revenue.

Cranbrook Public Library
Notes to Financial Statements

December 31, 2022

7. Tangible Capital Assets

	Print Collection	Audio-Visual Collection	Furniture & Equipment	Equipment Under Capital Lease	Landscape & Sculptures	2022 Total
Cost, beginning of year	\$ 477,439	\$ 30,104	\$ 282,817	\$ 30,162	\$ 69,913	\$ 890,435
Purchases	54,799	10,169	42,059	-	-	107,027
Disposals	(54,430)	(12,408)	(16,055)	-	-	(82,893)
Cost, end of year	477,808	27,865	308,821	30,162	69,913	914,569
Accumulated amortization, beginning of year	265,162	20,841	99,973	18,096	63,596	467,668
Amortization	47,780	9,288	41,685	6,032	4,661	109,446
Disposals	(54,430)	(12,408)	(15,807)	-	-	(82,645)
Accumulated amortization, end of year	258,512	17,721	125,851	24,128	68,257	494,469
Net carrying amount, end of year	\$ 219,296	\$ 10,144	\$ 182,970	\$ 6,034	\$ 1,656	\$ 420,100

During the year the Library received \$1,755 (2021 - \$1,873) of contributed print collection and \$1,560 (2021 - \$290) 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, 2022

7. Tangible Capital Assets (continued)

	Print Collection	Audio-Visual Collection	Furniture & Equipment	Equipment Under Capital Lease	Landscape & Sculptures	2021 Total
Cost, beginning of year	\$ 492,785	\$ 32,475	\$ 203,981	\$ 30,162	\$ 69,913	\$ 829,316
Purchases	51,262	10,184	104,536	-	-	165,982
Disposals	(66,608)	(12,555)	(25,700)	-	-	(104,863)
Cost, end of year	477,439	30,104	282,817	30,162	69,913	890,435
Accumulated amortization, beginning of year	284,584	23,361	83,563	12,064	58,935	462,507
Amortization	47,186	10,035	37,485	6,032	4,661	105,399
Disposals	(66,608)	(12,555)	(21,075)	-	-	(100,238)
Accumulated amortization, end of year	265,162	20,841	99,973	18,096	63,596	467,668
Net carrying amount, end of year	\$ 212,277	\$ 9,263	\$ 182,844	\$ 12,066	\$ 6,317	\$ 422,767

Cranbrook Public Library Notes to Financial Statements

December 31, 2022

8. Commitments and contingencies

a) Operating lease commitments

The Library has an operating lease with estimated annual minimum payments of \$6,552 until August 2023.

b) Maintenance and service contracts

The Library has a maintenance and service contract with estimated annual minimum payments of \$31,770 until December 2023.

The Library has an additional maintenance and service contract with estimated minimum payments of \$2,744 until February 2027.

9. Budget

The Budget adopted by the Board of Trustees on March 16, 2022 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 and 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 March 16, 2022 with adjustments as follows:

	<u>2022</u>
Budgeted deficit for the year	\$ -
Add: Capital expenditures	86,424
Budgeted transfers to accumulated surplus	6,660
Less: Amortization	(95,000)
Budgeted transfers from accumulated surplus	<u>(60,329)</u>
Adjusted budget surplus per statement of operations	<u>\$ (62,245)</u>

Cranbrook Public Library

Supplementary Schedule 1 - Statement of Operating Activities

For the year ended December 31	2022	2022	2021
	<i>Budget</i>	Actual	Actual
Revenue			
Grants			
Province of British Columbia			
- Per capita grant	\$ 83,554	\$ 83,552	\$ 83,552
- Other grants	16,641	16,641	16,641
City of Cranbrook	665,029	665,029	651,989
Regional District of East Kootenay	166,257	166,257	162,997
Other	6,863	31,997	73,866
	<u>938,344</u>	<u>963,476</u>	<u>989,045</u>
Other revenue			
Donations	39,773	41,098	20,224
Internal and other revenue	19,100	17,088	12,858
Meeting room rental	10,325	10,598	2,372
	<u>1,007,542</u>	<u>1,032,260</u>	<u>1,024,499</u>
Expenditures			
Accounting and administration	31,399	42,199	31,581
Building maintenance and occupancy costs	85,959	80,834	82,134
Meeting room	8,955	10,529	2,983
Programs and services	47,624	42,869	41,769
Salaries, wages and benefits	734,847	744,788	692,192
Technology	66,003	64,473	60,420
	<u>974,787</u>	<u>985,692</u>	<u>911,079</u>
Interfund transfers			
Collections	62,900	64,967	61,446
Furnishings and equipment	23,524	42,059	104,535
	<u>86,424</u>	<u>107,026</u>	<u>165,981</u>
Excess (deficiency) of revenue over expenditures	(53,669)	(60,458)	(52,561)
Debt repayment	-	(5,613)	(8,893)
Net transfers from reserves	53,669	66,071	61,454
Operating fund, beginning and end of year	\$ -	\$ -	\$ -

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

For the year ended December 31

	Technology Reserve	General Reserve	Projects Reserve	Manual Training School Reserve	2022 Total	2021 Total
Revenue						
Other	\$ -	\$ -	\$ 340	\$ -	\$ 340	\$ 140
Expenditures						
Other	-	170	2,700	-	2,870	-
Excess of revenue over expenditures	-	(170)	(2,360)	-	(2,530)	140
Transfers						
Transfers for expenditures	(10,221)	(22,732)	(35,468)	(13)	(68,434)	(73,425)
Transfers to reserves	-	2,363	-	-	2,363	12,622
Operating surplus (deficit)	-	-	-	-	-	(651)
	(10,221)	(20,369)	(35,468)	(13)	(66,071)	(61,454)
Change in fund balance	(10,221)	(20,539)	(37,828)	(13)	(68,601)	(61,314)
Reserve balance, beginning of year,	11,773	118,734	54,687	9,013	194,207	255,521
Reserve balance, end of year	\$ 1,552	\$ 98,195	\$ 16,859	\$ 9,000	\$ 125,606	\$ 194,207