

EVERGREEN REGIONAL LIBRARY

GIMLI, MB

DECEMBER 31, 2018



REID & ASSOCIATES

Chartered Professional Accountants Inc.

Independent Auditors' Report

To the Members of;
Evergreen Regional Library

Opinion

We have audited the accompanying financial statements of Evergreen Regional Library, which comprise the balance sheet as at December 31, 2018, and the statements of revenue and expenditure, changes in net assets and 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 Evergreen Regional Library as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

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 Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the organization 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 Canadian accounting standards for not for profit organizations, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.



REID & ASSOCIATES
Chartered Professional Accountants Inc.

Auditors' 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 auditors' 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. 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 Evergreen Regional 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 Evergreen Regional 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 auditors' 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 auditors' report. However, future events or conditions may cause Evergreen Regional 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.

Reid & Associates

March 12, 2019
Winnipeg, Manitoba

Chartered Professional Accountants Inc.

EVERGREEN REGIONAL LIBRARY

BALANCE SHEET

AS AT DECEMBER 31

	2018	2017
ASSETS		
CURRENT ASSETS		
Cash	47,024	20,327
Accounts receivable	1,219	383
Prepaid expenses	1,692	2,211
	<u>49,935</u>	<u>22,921</u>
TANGIBLE CAPITAL ASSETS (note 3)	<u>3,679</u>	<u>6,296</u>
	<u>53,614</u>	<u>29,217</u>
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	6,139	3,759
Due to government agencies	2,862	3,101
Deferred revenue	8,286	8,494
	<u>17,287</u>	<u>15,354</u>
NET ASSETS		
UNRESTRICTED NET ASSETS (DEFICIT)	19,288	4,468
INVESTMENT IN CAPITAL ASSETS	3,680	6,296
INTERNALLY RESTRICTED FUNDS (note 5)	<u>13,359</u>	<u>3,099</u>
	<u>36,327</u>	<u>13,863</u>
	<u>53,614</u>	<u>29,217</u>

BUDGET INFORMATION

Approved on Behalf of the Board

Becky Barrett Director
Brenda Kiddiee Director

The accompanying notes are an integral part of these financial statements

Reid & Associates Chartered Professional Accountants Inc.

EVERGREEN REGIONAL LIBRARY
STATEMENT OF REVENUE AND EXPENDITURE
FOR THE YEAR ENDED DECEMBER 31

	2018	2018	2017
	Budget		
REVENUE			
Municipal grants			
Town of Arborg	12,628	12,628	11,808
Rural Municipality of Bifrost	34,625	34,625	36,018
Rural Municipality of Gimli	63,355	63,355	59,911
Donations and fundraising	2,900	3,500	2,963
Provincial Government			
Collection development grant	16,500	16,500	16,500
Operating grant	91,723	91,724	89,344
Rural library technology sustainability grant	8,494	8,494	8,627
Rural library cooperative technology grant	-	13,034	-
Library generated revenue			
Books and vidcos	-	1,684	1,465
Fines and sundry	5,000	1,535	1,474
Internet	1,600	1,597	1,612
Memberships	1,600	2,540	1,610
Other	-	2,019	2,628
	<u>238,425</u>	<u>253,235</u>	<u>233,960</u>
EXPENDITURE			
Books and online costs	34,614	33,892	20,023
Internet expense	-	3,217	3,115
Insurance, licences and fees	3,300	3,389	3,196
Miscellaneous	-	-	559
Office and sundry	9,350	6,948	8,542
Professional fees	4,820	4,980	4,820
Rent	24,563	24,565	17,431
Repairs and maintenance	2,300	1,741	1,760
Salaries	133,148	123,246	157,725
Telephone	2,630	2,844	2,627
Technology support	9,700	20,721	6,603
Travel	3,000	1,637	1,507
	<u>228,425</u>	<u>227,180</u>	<u>227,908</u>
EXCESS OF REVENUE OVER EXPENDITURE BEFORE AMORTIZATION	10,000	26,055	6,052
AMORTIZATION			
Amortization	-	3,591	3,990
EXCESS OF REVENUE OVER EXPENDITURE	<u>10,000</u>	<u>22,464</u>	<u>2,062</u>

The accompanying notes are an integral part of these financial statements

Reid & Associates Chartered Professional Accountants Inc.

EVERGREEN REGIONAL LIBRARY
STATEMENT OF CHANGES IN NET ASSETS

	Year Ended December 31				
	Internally Restricted Funds	Investment in capital assets	Unrestricted net assets (Deficit)	2018 Total	2017 Total
NET ASSETS					
Balance, beginning of year	3,099	6,296	4,468	13,863	11,801
Excess of revenue over expenditure	260	(3,591)	25,795	22,464	2,062
Purchase of capital assets	-	975	(975)	-	-
Contributions to restricted funds	10,000	-	(10,000)	-	-
Balance, end of year	<u>13,359</u>	<u>3,680</u>	<u>19,288</u>	<u>36,327</u>	<u>13,863</u>

EVERGREEN REGIONAL LIBRARY**STATEMENT OF CASH FLOWS**

	Year Ended December 31	
	2018	2017
CASH PROVIDED BY (USED FOR) THE FOLLOWING ACTIVITIES		
OPERATING		
Excess of revenue over expenditure for the year	22,464	2,062
Items not affecting cash:		
Amortization	<u>3,591</u>	<u>3,990</u>
	26,055	6,052
Net changes in non-cash working capital affecting operations (<i>note 9</i>)	<u>1,616</u>	<u>9,423</u>
	<u>27,671</u>	<u>15,475</u>
INVESTING		
Purchase of tangible capital assets	<u>(974)</u>	<u>-</u>
INCREASE IN CASH RESOURCES	26,697	15,475
CASH RESOURCES, BEGINNING OF YEAR	<u>20,327</u>	<u>4,852</u>
CASH RESOURCES, END OF YEAR	<u>47,024</u>	<u>20,327</u>

EVERGREEN REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

d) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities. Financial assets measured at fair value include equity instruments that are quoted in an active market.

The fair values of investments quoted in an active market are determined by reference to the latest closing transactional net asset value of each respective investment.

Impairment

At the end of each reporting period, the organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, such as a default or delinquency in interest or principal payments; or bankruptcy or other financial reorganization proceedings.

When there is an indication of impairment, the organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

e) MEASUREMENT UNCERTAINTY

Estimates are used to accrue revenues and expenses in circumstances where the actual accrued amounts are unknown at the time the financial statements are prepared. Uncertainty in the determination of the amount at which an item is recognized in the financial statements is known as measurement uncertainty. Such uncertainty exists when there is a variance between the recognized amount and another reasonable possible amount, as there is whenever estimates are used.

EVERGREEN REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

f) REVENUE RECOGNITION

Unrestricted donations and user fee contributions are recognized as revenue when received or receivable if the amount received can be reasonably estimated and collection is reasonably assured.

The organization recognizes revenue from grants and donations when they are fixed or determinable and collection is reasonably assured.

The organization uses the deferral method of accounting for contributions under which restricted contributions related to expenses of future periods are deferred and recognized as revenue in the period in which the related expenses are incurred.

Restricted contributions for the purchase of tangible capital assets that will be amortized have been deferred and will be recognized as revenue on the same basis as the amortization expense related to the acquired tangible capital assets.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred.

Unearned revenue represents user charges and other fees which have been collected, for which the related services have yet to be provided. These amounts will be recognized as revenue in the fiscal year the services are provided.

3. TANGIBLE CAPITAL ASSETS

	2018			2017		
	Cost	Accumulated Amortization	Balance	Cost	Accumulated Amortization	Balance
Computer equipment	21,594	21,481	113	24,049	21,524	2,525
Equipment and furniture	9,485	5,919	3,566	13,319	9,548	3,771
	<u>31,079</u>	<u>27,400</u>	<u>3,679</u>	<u>37,368</u>	<u>31,072</u>	<u>6,296</u>

4. BANK INDEBTEDNESS

The organization has obtained an operating line of credit from the CIBC to a maximum of \$20,000. Interest is charged monthly. As at year end the organization is not utilized this line of credit.

EVERGREEN REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

5. INTERNALLY RESTRICTED FUNDS

The Board of Directors can internally restrict net assets stipulating that these net assets be used for a specific purpose. These internally restricted net assets amounts are not available for other purposes without approval by the Board of Directors.

	Arborg Reserve	Gimli Ethnic and special projects Reserve	Riverton Reserve	Contingency	2018	2017
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	1,288	559	1,252	-	3,099	2,926
Income earned	156	-	3	-	159	1
Donations and grants	858	1,542	1,100	-	3,500	2,939
Transfers to unrestricted	(1,892)	(852)	(655)	10,000	6,601	(2,767)
Balance, end of year	410	1,249	1,700	10,000	13,359	3,099

6. FINANCIAL INSTRUMENTS

The organization's financial instruments consist of marketable securities, contributions receivable, short-term indebtedness, payables, and long-term debt. Unless otherwise noted, it is management's opinion that the organization is not exposed to significant credit, interest rate, liquidity, or market (other price) risks arising from these financial instruments. Market risks result from changes in interest rates.

Credit risk

The organization's credit risk consists principally of cash and cash equivalents, short-term and other investments, and contributions receivable. The organization maintains cash and cash equivalents with reputable and major financial institutions. The investments include commercial papers and investments issued by high-credit quality corporations and financial institutions. Management considers the risk of non-performance of these instruments to be remote.

Interest rate risk

The Organization is exposed to interest rate risk with respect to the following financial instruments:

- Cash and cash equivalents
- Interest bearing investments
- Bank indebtedness

The Organization is exposed to interest rate risk with respect to the following financial instruments: cash and cash equivalents, and investments in interest bearing securities. Changes in interest rates can affect the fair value of investments and the cash flows related to interest income and expense.

Liquidity risk

The Organization is exposed to liquidity risk in meeting its obligations associated with financial liabilities, which is dependent on receipt of funds from contributors and continued support by financial institutions providing sufficient operating lending facilities.

7. BUDGET INFORMATION

Budget information presented in Statement of Operations and Schedule of Expenditures have not been subject to audit; the budget numbers are presented for information purposes only.

EVERGREEN REGIONAL LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

December 31, 2018

8. ECONOMIC DEPENDENCE

The library is dependent on the Province of Manitoba - Public Library Services grants and the Rural Municipality Funding Partners grants for funding which is essential to its continuing operations.

9. CASH FLOW STATEMENT

	<u>2018</u>	<u>2017</u>
Net changes in non-cash working capital affecting operations		
Accounts receivable	(836)	(27)
Prepaid expenses	519	138
Accounts payable and accrued liabilities	2,380	952
Deferred revenue	(208)	8,494
Due to government agencies	(239)	(134)
	<u>1,616</u>	<u>9,423</u>