

Invermere Public Library
Financial Statements
December 31, 2020

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Managements' Responsibility for Financial Reporting

To Members of the Board:

In accordance with Sections 11 and 26 of the Library Act, I am pleased to submit the 2020 financial statements for the Invermere 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 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.



Anne Rogers
Library Director

April 4, 2021

Independent Auditor's Report

To the Members of the Board of the Invermere Public Library

Opinion

We have audited the accompanying financial statements of the Invermere Public Library, which comprise the statement of financial position as at December 31, 2020, 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 Invermere Public Library as at December 31, 2020, 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 Municipality 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. 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.

Independent Auditor's Report (Continued)

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.



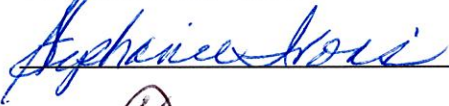
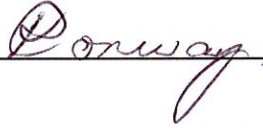
Chartered Professional Accountants

Cranbrook, BC
April 4, 2021

Invermere Public Library Statement of Financial Position

December 31	2020	2019
Financial Assets		
Cash and cash equivalents (Note 1)	\$ 173,406	\$ 184,580
Accounts receivable	8,819	8,591
	182,225	193,171
Liabilities		
Accounts payable and accrued liabilities	26,112	22,771
Deferred revenue (Note 3)	33,436	59,100
	59,548	81,871
Net Financial Assets	122,677	111,300
Non-Financial Assets		
Tangible capital assets (Note 4)	271,409	264,005
Accumulated Surplus	\$ 394,086	\$ 375,305

On behalf of the Board

 _____ Member
 _____ Member

Invermere Public Library Statement of Operations

For the year ended December 31	<i>2020</i>	2020	2019
	(Note 7)		
	<i>Budget</i>	Actual	Actual
Revenues			
District of Invermere	\$ 117,000	\$ 117,300	\$ 117,200
Regional District of East Kootenay	134,885	119,500	117,157
Provincial Grants			
Library Service Grant	28,160	28,160	28,160
Inter-Library Loaning	2,717	2,717	2,717
Technology / Equity	7,829	7,829	7,829
Other	10,250	10,250	10,250
Other Grants	19,402	55,924	25,171
Other Revenue			
Donations, fundraising and miscellaneous	14,404	19,278	38,851
Fines, photocopies, internet fees, and fax	5,500	7,664	5,858
Interest	1,900	3,910	4,286
	<u>342,047</u>	<u>372,532</u>	<u>357,479</u>
Expenses			
Accounting and legal	7,000	7,300	7,200
Amortization	-	44,525	38,528
Fundraising, advertising, and promotion	3,500	3,585	4,406
Library, office supplies, and miscellaneous	22,475	16,020	17,495
Periodicals, subscriptions and programs	10,900	11,972	9,604
Seminars and travel	5,000	2,492	4,504
Wages and employee benefits	309,343	267,857	281,887
	<u>358,218</u>	<u>353,751</u>	<u>363,624</u>
Annual surplus (deficit)	<i>(16,171)</i>	18,781	<i>(6,145)</i>
Accumulated surplus, beginning of year	<u>375,305</u>	<u>375,305</u>	<u>381,450</u>
Accumulated surplus, end of year	<u>\$ 359,134</u>	<u>\$ 394,086</u>	<u>\$ 375,305</u>

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

Invermere Public Library Statement of Changes in Net Financial Assets

For the year ended December 31	<i>2020</i> (Note 7)	2020	2019
	<i>Budget</i>	Actual	Actual
Annual surplus (deficit)	\$ (16,171)	\$ 18,781	\$ (6,145)
Acquisition of tangible capital assets	(13,500)	(51,929)	(19,279)
Amortization of tangible capital assets	-	44,525	38,528
	<u>(13,500)</u>	<u>(7,404)</u>	19,249
Change in net financial assets for the year	(29,671)	11,377	13,104
Net financial assets , beginning of year	<u>111,300</u>	<u>111,300</u>	<u>98,196</u>
Net financial assets , end of year	\$ 81,629	\$ 122,677	\$ 111,300

Invermere Public Library Statement of Cash Flows

For the year ended December 31	2020	2019
Operating transactions		
Annual surplus (deficit)	\$ 18,781	\$ (6,145)
Items not involving cash		
Amortization	44,525	38,528
Changes in non-cash operating balances		
Accounts receivable	(228)	(41)
Accounts payable and accrued liabilities	3,341	(860)
Deferred revenue	(25,664)	46,390
	40,755	77,872
Capital transactions		
Acquisition of tangible capital assets	(51,929)	(19,279)
Net change in cash and cash equivalents	(11,174)	58,593
Cash and cash equivalents, beginning of year	184,580	125,987
Cash and cash equivalents, end of year	\$ 173,406	\$ 184,580

Invermere Public Library Summary of Significant Accounting Policies

December 31, 2020

Basis of Presentation The Invermere Public Library is incorporated under the Library Act of British Columbia and provides library services for Invermere 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 principles for governments using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

Economic Dependence Approximately 60% of the Library's annual revenues are grants derived from the District of Invermere and the Regional District of East Kootenay. 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 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.

Estimated useful lives of tangible capital assets are as follows:

Collection inventory	10 years
Furnishings and equipment	10 years
Computer equipment	5 years
Leasehold improvements	15 years

Invermere Public Library

Summary of Significant Accounting Policies (continued)

December 31, 2020

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.

Invermere Public Library Notes to Financial Statements

December 31, 2020

1. Cash and Cash Equivalents

Included in cash and cash equivalents is an amount of \$40,000 (2019 - \$40,000) which has been internally restricted for future capital expenditures.

2. Related Party Transactions

The Library is a municipal library governed by a seven member Board, of which three members are appointed by the District of Invermere Council and the remaining four members are appointed by the Regional District of East Kootenay. One member of the Library Board is also a District Councilor.

Transactions with the District of Invermere during the year are as follows:

- (a) The Library received grant revenue of \$117,300 (2019 - \$117,200) from the District of Invermere.
- (b) The building occupied by the Library is owned by the District of Invermere and is currently being leased for nil consideration.
- (c) Included in accounts receivable is \$7,300 (2019 - \$7,200) receivable from the District of Invermere for grant funding.
- (d) The District of Invermere provided bookkeeping services for the Library during the year for nil consideration.

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.

Invermere Public Library Notes to Financial Statements

December 31, 2020

3. Deferred Revenue

	Balance December 31 2019	Funding Received 2020	Revenue Recognized 2020	Balance December 31, 2020
Provincial Government				
Technology Grant	\$ -	\$ 12,027	\$ -	\$ 12,027
	-	12,027	-	12,027
Other				
Columbia Basin Trust	54,500	-	(39,191)	15,309
Columbia Valley				
Community Foundation	1,600	-	-	1,600
Fairmont Lions Club	1,500	-	-	1,500
Friends of the Library	-	1,500	-	1,500
Windermere Legion	1,500	-	-	1,500
	59,100	1,500	(39,191)	21,409
	\$ 59,100	\$ 13,527	\$ (39,191)	\$ 33,436

During the year, the Library received a government transfer for the technology hub. As of year end, the funding was unspent and as a result the Library has recognized it as a liability in the statement of financial position.

During the year, the Library received funding from the Friends of the Library. The funding included external restrictions that it be used for the technology hub. As of year end, the funding that had not yet been used to satisfy the external restrictions and as a result it has been recorded as deferred revenue in the statement of financial position.

**Invermere Public Library
Notes to Financial Statements**

December 31, 2020

4. Tangible Capital Assets

	Collection Inventory	Furnishings & Equipment	Computer Equipment	Leasehold Improvements	2020 Total
Cost, beginning of year	\$ 164,329	\$ 102,898	\$ 13,569	\$ 136,366	\$ 417,162
Purchases	14,048	29,840	8,041	-	51,929
Disposals	(19,117)	-	-	-	(19,117)
Cost, end of year	<u>159,260</u>	<u>132,738</u>	<u>21,610</u>	<u>136,366</u>	<u>449,974</u>
Accumulated amortization, beginning of year	89,883	30,870	5,830	26,574	153,157
Amortization	17,838	13,274	4,322	9,091	44,525
Disposals	(19,117)	-	-	-	(19,117)
Accumulated amortization, end of year	<u>88,604</u>	<u>44,144</u>	<u>10,152</u>	<u>35,665</u>	<u>178,565</u>
Net carrying amount, end of year	<u>\$ 70,656</u>	<u>\$ 88,594</u>	<u>\$ 11,458</u>	<u>\$ 100,701</u>	<u>\$ 271,409</u>

**Invermere Public Library
Notes to Financial Statements**

December 31, 2020

4. Tangible Capital Assets (continued)

	Collection Inventory	Furnishings & Equipment	Computer Equipment	Leasehold Improvements	2019 Total
Cost, beginning of year	\$ 170,954	\$ 102,898	\$ 12,885	\$ 136,366	\$ 423,103
Purchases	16,935	-	2,344	-	19,279
Disposals	(23,560)	-	(1,660)	-	(25,220)
Cost, end of year	164,329	102,898	13,569	136,366	417,162
Accumulated amortization, beginning of year	97,010	20,580	4,776	17,483	139,849
Amortization	16,433	10,290	2,714	9,091	38,528
Disposals	(23,560)	-	(1,660)	-	(25,220)
Accumulated amortization, end of year	89,883	30,870	5,830	26,574	153,157
Net carrying amount, end of year	\$ 74,446	\$ 72,028	\$ 7,739	\$ 109,792	\$ 264,005

Invermere Public Library Notes to Financial Statements

December 31, 2020

5. 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, 2019, the plan has 213,000 active members and approximately 106,000 retired members. Active members include approximately 40,000 contributors from local governments.

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, 2018, indicated a \$2,866 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2018 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$2,485 million was transferred to the rate stabilization account.

The Invermere Public Library paid \$16,747 (2019 - \$15,308) for employer contributions to the plan in fiscal 2020.

The next valuation will be as at December 31, 2021, with results available in 2022.

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 Invermere Public Library has accumulated \$19,716 (2019 - \$18,246) in an endowment fund held by the Columbia Valley Community Foundation. 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 Invermere Public Library and is included in donation revenue.

Invermere Public Library Notes to Financial Statements

December 31, 2020

7. Budget

The Budget adopted by the Board on December 3, 2019 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 require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed 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 approved by the Board on December 3, 2019 with an adjustment as follows:

	<u>2020</u>
Budgeted surplus (deficit) for the year	\$ -
Add: Capital expenditures	13,500
Less: Appropriation from accumulated surplus	<u>(29,671)</u>
Adjusted budget deficit per statement of operations	<u>\$ (16,171)</u>

8. Measurement Uncertainty Regarding COVID-19

The impact of COVID-19 in Canada and on the global economy continues to exist. There is uncertainty as to the full impact on the Library, its patrons, employees, suppliers and other third party business associates that could impact the timing and amounts realized on the Library's assets and future ability to deliver services and projects.

Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of disruption and the related financial impact cannot be reasonably estimated at this time. The Library's ability to continue delivering services and employ staff, will depend on the legislative mandates from the various levels of government. The Library will continue to focus on collecting receivables, managing expenditures, and leveraging existing reserves and available credit facilities to ensure it is able to continue providing essential services to its patrons.