

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**

**Financial Statements**

**Year Ended December 31, 2020**

*(See Independent Auditor's Report)*

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Index to Financial Statements**  
**Year Ended December 31, 2020**  
**(See Independent Auditor's Report)**

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*Partners*

- \* Ben Sander, B. Comm., FCPA, FCA
- \* Dale J. Rose, CPA, CA
- \* Alan Bone, B. Comm., CPA, CA
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## INDEPENDENT AUDITOR'S REPORT

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To the Board of Directors of Dawson Creek Municipal Public Library

*Report on the Financial Statements*

*Qualified Opinion*

We have audited the financial statements of Dawson Creek Municipal Public Library (the Library), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian public sector accounting standards (PSAS).

*Basis for Qualified Opinion*

In common with many libraries, the Library derives revenue from donations, book fines and user fees, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Library. Therefore, we were not able to determine whether any adjustments might be necessary to these revenues, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of this limitation of scope.

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 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 qualified audit 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 PSAS, 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.

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.

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Independent Auditor's Report to the Board of Directorss of Dawson Creek Municipal Public Library  
(continued)

*Report on Other Legal and Regulatory Requirements*

As required by the Societies Act of British Columbia, we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Dawson Creek, BC  
May 10, 2021

*Sander Rose Bone Grindle LLP*  
CHARTERED PROFESSIONAL ACCOUNTANTS

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Statement of Financial Position**  
**December 31, 2020**

	Operating Fund	Capital Asset Fund	Total 2020	Total 2019
<b>ASSETS</b>				
<b>CURRENT</b>				
Cash	\$ 336,448	\$ -	\$ 336,448	\$ 295,466
Goods and services tax recoverable	2,439	-	2,439	4,545
Prepaid expenses	1,770	-	1,770	1,779
	340,657	-	340,657	301,790
<b>TANGIBLE CAPITAL ASSETS (Note 3)</b>	-	144,546	144,546	155,549
	\$ 340,657	\$ 144,546	\$ 485,203	\$ 457,339
<b>LIABILITIES AND NET ASSETS</b>				
<b>CURRENT</b>				
Trade payables	\$ 10,692	\$ -	\$ 10,692	\$ 15,885
Deferred revenue (Note 4)	82,494	-	82,494	58,915
Unearned revenue (Note 5)	-	131,308	131,308	133,949
	93,186	131,308	224,494	208,749
<b>NET ASSETS</b>	247,471	13,238	260,709	248,590
	\$ 340,657	\$ 144,546	\$ 485,203	\$ 457,339

Approved by

\_\_\_\_\_ Director

\_\_\_\_\_ Director

See notes to financial statements

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Statement of Operations and Changes in Net Assets**  
**Year Ended December 31, 2020**

	Operating Fund	Capital Asset Fund	Total 2020	Total 2019
<b>REVENUES</b>				
Amortization of deferred shelving donations	\$ -	\$ 12,177	\$ 12,177	\$ 12,180
Dolly Parton Imagination Library	379	-	379	-
Donations	5,741	-	5,741	13,486
Grants				
- Municipal operating	453,879	-	453,879	534,888
- Provincial operating	50,927	-	50,927	50,927
- Federal operating	-	-	-	1,940
- Interlibrary loan	1,828	-	1,828	952
- Equity	5,238	-	5,238	2,310
- OneCard program	11,000	-	11,000	11,000
- BC Courthouse	-	-	-	3,000
- BC Technology	-	2,324	2,324	-
Interest	996	-	996	2,795
Library fines, user fees and sundry	4,150	-	4,150	11,149
	534,138	14,501	548,639	644,627
<b>EXPENSES (Schedule 1)</b>	513,657	22,863	536,520	636,622
<b>NET EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	20,481	(8,362)	12,119	8,005
NET ASSETS - BEGINNING OF YEAR	226,990	21,600	248,590	240,585
<b>NET ASSETS - END OF YEAR</b>	\$ 247,471	\$ 13,238	\$ 260,709	\$ 248,590

See notes to financial statements

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Statement of Cash Flows**  
**Year Ended December 31, 2020**

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	\$ 12,119	\$ 8,005
Item not affecting cash:		
Amortization of capital assets	22,446	20,798
	<b>34,565</b>	<b>28,803</b>
Changes in non-cash working capital:		
Goods and services tax receivable - decrease (increase)	2,106	(1,414)
Prepaid expenses - decrease (increase)	9	(1,160)
Trade payables - (decrease) increase	(5,193)	3,826
Deferred revenue - increase	20,938	5,890
	<b>17,860</b>	<b>7,142</b>
Cash flow from operating activities	<b>52,425</b>	<b>35,945</b>
<b>INVESTING ACTIVITY</b>		
Purchase of tangible capital assets	<b>(11,443)</b>	-
<b>INCREASE IN CASH</b>	<b>40,982</b>	<b>35,945</b>
Cash - beginning of year	<b>295,466</b>	<b>259,521</b>
<b>CASH - END OF YEAR</b>	<b>\$ 336,448</b>	<b>\$ 295,466</b>



# DAWSON CREEK MUNICIPAL PUBLIC LIBRARY

## Notes to Financial Statements

Year Ended December 31, 2020

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### 1. PURPOSE OF THE LIBRARY

The Dawson Creek Municipal Public Library is a local organization operating programs and providing library services to the community. The Dawson Creek Municipal Public Library is governed under the Libraries Act of British Columbia as a not-for-profit organization and is a registered charity under the Income Tax Act.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

#### Basis of presentation

These financial statements have been prepared in accordance with Canadian public sector accounting standards (PSAS); accordingly these financial statements have been prepared in accordance with Canadian generally accepted accounting principles.

#### Revenue recognition

##### *Library revenue*

Library revenue is recognized as revenue in the year in which the related expenses are incurred.

##### *Grant revenue*

Grant revenues are recognized in the year in which the related expenses are incurred.

##### *Other revenue*

All other contributions are recognized as revenue in the appropriate fund in the year in which the related expenses are incurred.

#### Contributed materials and supplies

From time to time the Library receives donations of books and pieces of artwork. These contributions are not reported in the financial statements as their value cannot be reasonably estimated.

#### Fund accounting

Dawson Creek Municipal Public Library follows the deferral method of accounting for contributions.

The Operating Fund accounts for revenues and expenses related to program delivery and administrative activities.

The Capital Asset Fund reports the assets, liabilities, revenues and expenses related to the Dawson Creek Municipal Library's tangible capital assets.

#### Cash and cash equivalents

Cash is defined as cash on hand, cash on deposit and short term deposits with maturity dates of less than 90 days net of cheques issued and outstanding at the reporting date.

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**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

Financial instruments

The Library initially measures its financial assets and financial liabilities at fair value. The Library 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 statement of operations.

Financial assets measured at amortized cost include cash and receivables.

Financial liabilities measured at amortized cost include payables, and deferred revenues.

Use of estimates

The preparation of these financial statements is in conformity with Canadian public sector accounting standards which requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the current period. Significant estimates include those used when accounting for useful life of tangible capital assets, contributions in kind, payables, and deferred revenues. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

Prepaid expenses

Prepaid expenses consist of prepaid operating expenses which will be expensed in the periods expected to benefit from them.

Tangible capital assets

Tangible capital assets are stated at cost or, if donated, at estimated fair market value at the time of donation. They are amortized using the straight-line method over the useful life of the assets. Amortization is recorded over their estimated useful lives as follows:

Computer equipment	3 years
Office equipment	10 years
Shelving	15 years

Expenditures for maintenance and repairs are charged to operating expenses as incurred. Significant expenditures for improvements are capitalized.

Gains or losses realized on the disposal of major tangible capital assets are reflected in income in the year of disposition.

The carrying amount of an item of tangible capital assets is tested for recoverability whenever events or changes in circumstances indicate that the carrying amount may not be recoverable. An impairment loss is recognized when the asset's carrying amount is not recoverable and exceeds its fair value.

Books

All book purchases are expensed in the year of purchase and are not recorded as a capital asset.

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

**3. TANGIBLE CAPITAL ASSETS**

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 128,937	\$ 116,753	\$ 12,184	\$ 7,945
Office equipment	19,996	14,438	5,558	7,388
Shelving	201,166	74,362	126,804	140,215
	<b>\$ 350,099</b>	<b>\$ 205,553</b>	<b>\$ 144,546</b>	<b>\$ 155,548</b>

**4. DEFERRED REVENUE**

	2020	2019
BC Equity Grant Deferral	\$ 46,562	\$ 34,856
OneCard grant	11,000	11,000
Resource sharing grant	1,826	1,826
Summer reading program	6,314	10,048
Rotary Club	1,185	1,185
BC Technology Grant	3,786	-
Dolly Parton Deferred Donations	11,821	-
	<b>\$ 82,494</b>	<b>\$ 58,915</b>

**5. UNEARNED REVENUE**

	2020	2019
Deferred Revenue - Shelving	\$ 121,772	\$ 133,949
Deferred Revenue - Tech Grant	9,536	-
	<b>\$ 131,308</b>	<b>\$ 133,949</b>

In the year ending December 31, 2015 the Library received funding in the amount of \$148,391 from various sources that was restricted in use for the purchase of new shelves. This funding is being recognized over 15 years in accordance with the Library's amortization policy. In 2020 the Library recognized \$12,177 (2019 - \$12,177) of revenue related to these contributions.

In the year ending December 31, 2020, the Library received funding in the amount of \$11,443 for the purchase of new computers. This money was fully spent in 2020 on it's intended use. The funding is being recognized over a 3 year period in accordance with the Library's amortization policy. In 2020 the Library recognized \$2,324 (2019 - \$nil) of revenue related to these contributions.

## DAWSON CREEK MUNICIPAL PUBLIC LIBRARY

### Notes to Financial Statements

Year Ended December 31, 2020

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#### 6. ECONOMIC DEPENDENCE

The Library's primary source of funding is from the City of Dawson Creek. It is management's opinion that the loss of this funding would have a significant impact on the Library's ability to continue operations. As at the date of this report management has no reason to believe the funding will not continue.

#### 7. EXCEPTIONAL ITEM

On March 11, 2020 the World Health Organization declared a Global Pandemic for the spread of Covid-19. Management continues to assess the actual and potential impact this global pandemic may have on the operations of the Dawson Creek Municipal Public Library.

#### 8. FINANCIAL INSTRUMENTS

The Library is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the Library's risk exposure at the statement of financial position date.

##### **(a) Credit risk**

Credit risk is the possibility that other parties may default on their financial obligations. At year end the maximum exposure of the Library to credit risk is the carrying value of cash and receivables. The Library has limited exposure to this type of risk.

##### **(b) Liquidity risk**

Liquidity risk is the risk that the Library will not be able to meet its obligations associated with financial liabilities. Cash flow from operations provides a substantial portion of the Library's cash requirements. The Library monitors its cash flows from operations by preparing and monitoring cash flows against budget and anticipated future requirements based on their needs.

##### **(c) Market risk**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises of currency risk and interest rate risk.

##### **(d) Currency risk**

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Library has very limited exposures to this type of risk.

##### **(e) Interest rate risk**

The Library's interest bearing assets include cash.

The Library's cash is generally of a demand nature which minimizes the impact of fluctuations in market interest rates. These assets are held with the Lake View Credit Union.

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**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**  
**Notes to Financial Statements**  
**Year Ended December 31, 2020**

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**8. FINANCIAL INSTRUMENTS *(continued)***

Unless otherwise noted, it is management's opinion that the library is not exposed to significant other price risks arising from these financial instruments.

**DAWSON CREEK MUNICIPAL PUBLIC LIBRARY**

**Expenses**

**(Schedule 1)**

**Year Ended December 31, 2020**

	Operating Fund	Capital Asset Fund	Total 2020	Total 2019
Accounting	\$ 6,216	\$ -	\$ 6,216	\$ 6,341
Advertising and promotion	351	-	351	290
Amortization	-	22,446	22,446	20,798
Automobile allowance	529	-	529	958
Books	25,344	-	25,344	30,848
Equity	6,943	-	6,943	2,952
Fees and dues	6,904	-	6,904	2,955
Insurance	10,130	-	10,130	8,335
Janitor	35,366	-	35,366	37,715
Library supplies	5,514	-	5,514	4,839
Meetings and conventions	1,358	-	1,358	1,575
Miscellaneous	784	-	784	2,471
Photocopier	3,961	-	3,961	5,371
Postage	2,338	-	2,338	2,715
Professional development	57	-	57	725
Programs	4,958	-	4,958	6,526
Repairs and maintenance				
- building	21,977	-	21,977	30,927
- computers	7,091	-	7,091	12,180
Technology grant	-	417	417	-
Telephone	4,437	-	4,437	6,933
Utilities	15,564	-	15,564	17,582
Wages and benefits	353,835	-	353,835	433,586
	\$ 513,657	\$ 22,863	\$ 536,520	\$ 636,622