Radium Hot Springs Public Library
Financial Statements
For the year ended December 31, 2021

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Management's Responsibility for Financial Reporting

In accordance with Section 814 of the Local Government Act and Section 167 of the Community Charter, I am pleased to submit the 2021 financial statements for the Radium Hot Springs Public Library, together with the report of our auditor, 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 generally accepted accounting principles for governments. These principles are based upon recommendations of the Public Sector Accounting Board ("PSAB") of CPA Canada.

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 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 auditor has full and free access to the accounting records.

Library Board Chair

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Independent Auditor's Report

To the Members of the Board of Radium Hot Springs Public Library

Opinion

We have audited the accompanying financial statements of Radium Hot Springs Public Library the ("Library"), which comprise the statement of financial position as at December 31, 2021, 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 Radium Hot Springs Public Library as at December 31, 2021 and the results of its operations, changes in net financial assets and 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 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 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.

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.

BDO Canada LLP

Chartered Professional Accountants

Cranbrook, British Columbia
March 29, 2022

Radium Hot Springs Public Library
Statement of Financial Position

As at December 31	2021	2020
Financial Assets		
Cash and cash equivalents	$ 68,674	$ 62,391
Accounts receivable (Note 1)	22,082	13,021
	90,756	75,412
Liabilities		
Accounts payable and accrued liabilities	29,895	13,094
Deferred revenue (Note 2)	7,788	22,971
	37,683	36,065
Net Financial Assets	53,073	39,347
Non-Financial Assets		
Tangible capital assets (Note 3)	74,521	67,587
Prepaid expenses	709	338
Inventory	548	684
	75,778	68,609
Accumulated Surplus	$ 128,851	$ 107,956

On behalf of the Board

_____ Member

_____ Member

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

Radium Hot Springs Public Library
Statement of Operations

For the year ended December 31	*2021*	*2021*	2020
	Budget (Note 4)		
Revenues			
Government Funding:			
Village of Radium Hot Springs	*$ 71,181*	$ 75,205	$ 55,953
Regional District of East Kootenay	*41,523*	41,523	39,125
BC One Card	*6,350*	-	6,350
BC Equity	*1,560*	-	1,563
Provincial Library	*4,355*	12,936	4,355
Other Grants	*15,906*	24,643	11,732
Own Source:			
Book sales, fines, penalties, user fees	*850*	2,248	398
Interest and dividends	*15*	39	29
Fundraising	*1,000*	313	10
Donations	*2,250*	3,537	2,655
Gross profit from sale of goods	-	39	-
	144,990	160,483	122,170
Expenses			
Library Administration:			
Amortization	*3,340*	17,434	14,756
Board meetings, conferences and training	*12,600*	1,503	3,033
Insurance	*1,150*	1,153	1,096
Miscellaneous	*4,115*	2,935	4,664
Rent and common fees	*17,500*	18,591	17,769
Office Services:			
Accounting	*10,065*	11,564	9,996
Advertising, printing and laminating	*150*	1,109	354
Bank charges	*45*	5	-
Computer and technical support	*1,850*	1,944	1,756
Office expenses	*2,850*	3,038	2,843
Utilities and telephone	*2,525*	2,069	1,892
Programs and Services:			
Programs	*3,000*	3,481	1,259
Wages and benefits	*79,000*	74,762	63,478
	138,190	139,588	122,896
Annual surplus (deficit)	*6,800*	20,895	(726)
Accumulated surplus, beginning of year	*107,956*	107,956	108,682
Accumulated surplus, end of year	*$ 114,756*	$ 128,851	$ 107,956

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

Radium Hot Springs Public Library
Statement of Changes in Net Financial Assets

For the year ended December 31	*2021*	*2021*	2020
	Budget (Note 4)		
Annual surplus (deficit)	*$ 6,800*	$ 20,895	$ (726)
Acquisition of tangible capital assets	*(6,800)*	(24,368)	(14,114)
Amortization of tangible capital assets	-	17,434	14,756
	(6,800)	13,961	(84)
Change in prepaid expenses	-	(371)	(1,022)
Change in inventory	-	136	-
Change in net financial assets for the year	*6,800*	13,726	(1,106)
Net financial assets, beginning of year	*39,347*	39,347	40,453
Net financial assets, end of year	*$ 46,147*	$ 53,073	$ 39,347

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

Radium Hot Springs Public Library
Statement of Cash Flows

For the year ended December 31	2021	2020
Operating transactions		
Annual surplus (deficit)	$ 20,895	$ (726)
Items not involving cash		
Income from receipting of donated books	(3,278)	(1,930)
Amortization	17,434	14,756
Changes in non-cash operating balances		
Accounts receivable	(9,061)	(4,410)
Inventories for resale	136	-
Prepaid expenses and inventories of supplies	(371)	-
Accounts payable and accrued liabilities	16,801	4,293
Deferred revenue	(15,183)	19,278
	27,373	31,261
Capital transactions		
Acquisition of tangible capital assets	(21,090)	(12,199)
Net change in cash and cash equivalents	6,283	19,062
Cash and cash equivalents, beginning of year	62,391	43,329
Cash and cash equivalents, end of year	$ 68,674	$ 62,391

Supplemental information on non-cash operating and capital transactions:

During the year the library received donated books with a fair value of $3,278 (2020 - $1,915).

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

Radium Hot Springs Public Library
Summary of Significant Accounting Policies

December 31, 2021

Nature and Purpose

The Radium Hot Springs Public Library is a municipal library operating as a registered charity. The Library is incorporated under the Library Act of British Columbia and provides library services for Radium Hot Springs 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 local government entities using guidelines issued by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada.

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:

Purchased collection inventory	10 years
Donated collection inventory	8 years
Shelving, book supports, and furniture	15 years
Office equipment	5 - 10 years

Inventory

Books and book bags held for resale are stated at the lower of cost and net realizable value. Cost is generally determined on a first-in, first-out basis.

Revenue Recognition	Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made. Unrestricted grants and contributions 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. Restricted grants or contributions received under funding agreements which relate to a subsequent period are 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. Book and book bag revenue is recognized at the time of sale.
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.
Retirement Benefits	The Library's contributions due during the period to its multi-employer defined benefit plan are expensed as incurred.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in the statement of remeasured gains and losses, other than those that are externally restricted. All bonds and guaranteed investment certificates have been designated to be in the fair value category, with significant gains and losses reported in the statement of remeasured gains and losses, other than those that are externally restricted. Changes in fair value of externally restricted financial instruments are recorded directly in deferred revenue. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each balance sheet date and charged to the financial instrument for those measured at amortized cost.

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.

1. Related Party Transactions

The Library is related to the Village of Radium Hot Springs (the "Village") as described in the significant accounting policies. The formal relationship between the Village and the Library is set out in the Library Act (British Columbia). The Village provides grants to the Library, and has indicated it will provide funding to cover the Library's audit fees as well as funding in form of in kind services including bookkeeping services for a total of $25,994 (2020 - $23,495).

The amounts included in accounts receivable are all due from the Village of Radium.

These transactions are in the normal course of operations and are measured at the exchange value, the amount of consideration established and agreed to by the related parties.

2. Deferred Revenue

	2021	2020
Province of BC	$ 598	$ 6,779
Columbia Basin Trust	7,190	13,500
Columbia Valley Community Foundation	-	2,692
	$ 7,788	$ 22,971

3. Tangible Capital Assets

	Purchased Collection Inventory	Donated Collection Inventory	Office Equipment	Shelving Book Supports & Furniture	2021 Total
Cost, beginning of year	$ 60,260	$ 59,658	$ 41,664	$ 55,899	$ 217,481
Purchases	6,799	3,278	14,291	-	24,368
Cost, end of year	67,059	62,936	55,955	55,899	241,849
Accumulated amortization, beginning of year	40,903	51,460	30,924	26,607	149,894
Amortization	4,234	2,261	7,513	3,426	17,434
Accumulated amortization, end of year	45,137	53,721	38,437	30,033	167,328
Net carrying amount, end of year	$ 21,922	$ 9,215	$ 17,518	$ 25,866	$ 74,521

3. Tangible Capital Assets (continued)

	Purchased Collection Inventory	Donated Collection Inventory	Office Equipment	Shelving Book Supports & Furniture	2020 Total
Cost, beginning of year	$ 56,220	$ 57,743	$ 38,304	$ 51,100	$ 203,367
Purchases	4,040	1,915	3,360	4,799	14,114
Cost, end of year	60,260	59,658	41,664	55,899	217,481
Accumulated amortization, beginning of year	36,870	49,336	25,751	23,181	135,138
Amortization	4,033	2,124	5,173	3,426	14,756
Accumulated amortization, end of year	40,903	51,460	30,924	26,607	149,894
Net carrying amount, end of year	$ 19,357	$ 8,198	$ 10,740	$ 29,292	$ 67,587

4. Budget

The Financial Plan adopted by the Board on October 27, 2020 was prepared on a different basis than 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 reporting on a full accrual basis. The budget expensed all tangible capital asset expenditures and a small portion of the unfunded amortization expense. As a result, the budget figures presented in the Statement of Operations represent the Financial Plan adopted by the Board on October 27, 2020 with the following adjustment:

		2021
Financial Plan surplus for the year	$	-
Decrease to budgeted expenses per Financial Plan		
Capital expenditures		6,800
Budget surplus per Statement of Operations	$	6,800

5. Endowment Funds

The Radium Hot Springs Public Library has accumulated $25,634 (2020 - $24,918) 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 Radium Hot Springs Public Library and is included in donation revenue.

6. Economic Dependence

Approximately 70% of the Library's revenues are derived from the Village of Radium Hot Springs 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.

7. Segment Disclosure

The Library maintains 3 segments. Library administration, office services and programs and services. These segments are broken out on the statement of operations with related expenses. The goal of all segments is to enhance operations. As such no further disclosure is considered necessary.

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.

9. Municipal Pension Plan

The Library and its employees contribute to the Municipal Pension Plan (the " Plan") , a jointly trusteed 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. The Plan has about 213,000 active members and approximately 106,000 retired members. Active members include approximately 41,000 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 as at December 31, 2018 indicated a $ 2,866 million funding surplus for basic pension benefits on a going concern basis.

The Library paid $924 (2020 - $nil) for employer contributions to the Plan in fiscal 2019, while employees contributed $787 (2020 - $ nil) to the Plan in fiscal 2021.

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

Employers participating in the Plan record their pension expenses 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.

10. Comparative Figures

The comparative figures presented in the financial statements have been restated to conform to the current year's presentation.