
**SOUTH CENTRAL REGIONAL
LIBRARY**

FINANCIAL STATEMENTS

December 31, 2021

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of **South Central Regional Library**,

Opinion

We have audited the financial statements of South Central Regional 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 flow 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 South Central Regional Library as at December 31, 2021, and its financial performance 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 entity 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.

Other Matter

The budget figures presented have not been audited, and are presented for informational purposes only.

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 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 entity'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 entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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:

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- 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 entity'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 cause significant doubt on the entity'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 disclosure 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 entity 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.

Gislason Targownik Peters
CHARTERED PROFESSIONAL ACCOUNTANTS

Winkler, Manitoba
 March 17, 2022

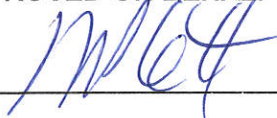
SOUTH CENTRAL REGIONAL LIBRARY

Statement of Financial Position

As at December 31, 2021

	2021	2020
FINANCIAL ASSETS		
Cash and cash equivalents	\$ 270,848	\$ 219,421
Accounts receivable	5,000	-
Government remittances refundable	5,781	6,139
	281,629	225,560
LIABILITIES		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	167,441	26,618
Deferred revenue	-	6,290
	167,441	32,908
LONG-TERM LIABILITIES		
Long-term debt (Note 3)	40,000	30,000
NET FINANCIAL ASSETS	74,188	162,652
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 4)	60,067	54,788
Prepaid expenses	6,405	13,176
	66,472	67,964
ACCUMULATED SURPLUS (Note 5)	\$ 140,660	\$ 230,616

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

See accompanying Notes to Financial Statements and Auditor's Report

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Gislason Targownik Peters

Chartered Professional Accountants

SOUTH CENTRAL REGIONAL LIBRARY

Statement of Operations

For the year ended December 31, 2021

	BUDGET	2021	2020
REVENUE (Page 14)	\$ 1,047,550	\$ 1,167,257	\$ 1,072,879
OPERATING EXPENSES			
Amortization	-	10,957	13,697
Audit fees	9,120	8,196	7,961
Automation support & supplies	15,180	10,965	12,564
Bank charges	-	362	757
Book sale expenses	4,000	3,161	7,070
Building maintenance	450	522	35
Car allowance & courier	19,700	20,639	18,631
Equipment maintenance and rental	7,450	8,778	7,455
Fundraising expense	-	10,170	-
Insurance	5,575	5,878	5,548
Library acquisitions (Note 6)	162,281	183,878	172,248
Memberships, licenses and fees	1,220	1,804	2,522
Minor equipment and furniture	5,375	19,902	21,764
Office & library supplies	12,025	24,952	11,487
Payroll administration	3,600	5,720	4,019
Public relations	3,800	2,445	2,092
Rent and leases	52,325	52,325	52,325
Staff & board development	2,955	3,573	3,362
Summer reading club, programs & tours	4,400	12,558	5,226
Telephone and communications	9,240	9,710	8,883
Wages and benefits	728,837	765,007	703,780
	1,047,533	1,161,502	1,061,426
ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS		5,755	11,453
Subsidies and grants (Note 10)		(95,711)	138,203
ANNUAL SURPLUS (DEFICIT)	17	(89,956)	149,656
ACCUMULATED SURPLUS - Beginning		230,616	80,960
ACCUMULATED SURPLUS - Ending		\$ 140,660	\$ 230,616

See accompanying Notes to Financial Statements and Auditor's Report

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SOUTH CENTRAL REGIONAL LIBRARY
Statement of Changes in Net Financial Assets
For the year ended December 31, 2021

	2021	2020
ANNUAL SURPLUS (DEFICIT)	\$ (89,956)	\$ 149,656
Acquisition of tangible capital assets	(16,237)	-
Amortization of tangible capital assets	10,957	13,697
	(5,280)	13,697
Acquisition of prepaid expense	(6,404)	(13,176)
Use of prepaid expense	13,176	15,595
	6,772	2,419
CHANGE IN NET FINANCIAL ASSETS	(88,464)	165,772
NET FINANCIAL ASSETS - Beginning	162,652	(3,120)
NET FINANCIAL ASSETS - Ending	\$ 74,188	\$ 162,652

See accompanying Notes to Financial Statements and Auditor's Report

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SOUTH CENTRAL REGIONAL LIBRARY

Statement of Cash Flow

For the year ended December 31, 2021

	2021	2020
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (89,956)	\$ 149,656
Non-cash items affecting operations:		
Amortization	10,957	13,697
Accounts receivable	(5,000)	10,725
Prepaid expenses	6,770	2,420
Accounts payable and accrued liabilities	140,825	(14,029)
Government remittances	358	595
Deferred revenue	(6,290)	6,290
	57,664	169,354
FINANCING ACTIVITIES		
Proceeds of loans payable	20,000	40,000
Reduction of loans payable	(10,000)	(10,000)
	10,000	30,000
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(16,237)	-
INCREASE IN CASH AND EQUIVALENTS	51,427	199,354
CASH AND EQUIVALENTS - Beginning	219,421	20,067
CASH AND EQUIVALENTS - Ending	\$ 270,848	\$ 219,421

See accompanying Notes to Financial Statements and Auditor's Report

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SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

1. PURPOSE OF THE ORGANIZATION

The South Central Regional Library is a government partnership operated by the communities of Winkler, Morden, Altona and the Municipalities of Stanley, Thompson, Rhineland and Pembina that provides library resources and services to these communities. The operations of the library are subject to review by the Province of Manitoba - Department of Sport, Culture and Heritage. The organization is a registered charity and is exempt from income taxes under Section 149 of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements of the organization have been prepared in accordance with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board.

Cash and cash equivalents

The organization considers cash equivalents to be highly liquid investments with original maturities of three months or less.

Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Contributed tangible capital assets are recorded at fair value at the date of donation, with a corresponding amount recorded in revenue.

Amortization is recorded on automation equipment on a straight-line basis at the rate of 20% and on furniture and fixtures on a diminishing balance basis at the rate of 20%. No amortization is recorded in the year the tangible capital asset is purchased.

Tangible capital assets are written down when conditions indicate that they no longer contribute to the organization's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Grants for the acquisition of tangible capital assets are recognized in the period in which eligible expenditures are made.

Government transfers

Government transfers, which include federal, provincial and municipal 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 except when, and to the extent that, the transfer gives rise to an obligation that meets the definition of a liability.

Use of estimates

The preparation of the financial statements in conformity with Canadian public sector accounting standards established by the Canadian Public Sector Accounting Board requires management to make estimates that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities as at the date of the financial statements, as well as reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include the useful life of property, plant and equipment. These estimates are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates in future periods could be significant.

On March 11, 2020, The World Health Organization declared COVID-19 a global pandemic. This has created considerable uncertainty in business and markets around the globe. As a result, governments and businesses are taking action to minimize the spread of the virus that include: restrictions on travel, movement of people and goods, work from home arrangements and temporary closure of businesses. The situation is continually evolving and may cause significant measurement uncertainty in the financial statements of future periods.

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

Contributed materials and services

A substantial number of volunteers contribute a significant amount of their time each year. Due to the difficulty of determining the fair market value, contributed services are not recognized in the financial statements.

Contributed materials which are used in the normal course of operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.

Financial instruments

Financial assets and liabilities are initially measured at fair value. Subsequent measurement of financial assets and liabilities are at amortized cost unless otherwise noted. Financial assets and liabilities measured at amortized cost consist of cash, prepaid expenses, and accounts payable.

It is management's opinion that the organization is not exposed to significant credit, currency, interest rate, liquidity or market risks arising from these financial instruments, unless otherwise noted.

The company is exposed to the following significant risks:

Credit risk

The organization is exposed to credit risk through the possibility of non-collection of its accounts receivable. The majority of the organization's receivables are from government entities which minimizes the risk of non-collection. The entity measures impairment based on how long the amounts have been outstanding.

Liquidity risk

Liquidity risk is the risk that the organization will not be able to meet its financial obligations as they come due. The organization has a planning and budgeting process in place to help determine the funds required to support the organization's normal operating requirements on an ongoing basis. The organization ensures that there are sufficient funds to meet its short-term requirements, taking into account its anticipated cash flows from operations and its holdings of cash.

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

3. LONG-TERM DEBT

	2021	2020
Canada Emergency Business Account – \$60,000 non-interest bearing until December 31, 2023. Repayment of 67% of the principal on or before December 31, 2023, will result in the remaining balance being forgiven. Beginning January 1, 2024, the loan will bear interest at 5% payable monthly, with the outstanding principal due in full by the maturity date, December 31, 2025. Secured by a government guarantee. Management believes the required repayments will be made and as a result has recognized the forgivable portion as income in the current year.	\$ 40,000	\$ 30,000

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

4. TANGIBLE CAPITAL ASSETS

	Opening Cost	Additions	Disposals	Closing Cost	Opening Amortization	Current Amortization	Accumulated Amortization Disposals	Closing Accumulated Amortization	2021	2020
Furniture and fixtures	\$ 415,913	\$ 16,237	\$ -	\$ 432,150	\$ (365,909)	\$ (10,001)	\$ -	\$ (375,910)	\$ 56,239	\$ 50,003
Automation	60,324	-	-	60,324	(55,539)	(957)	-	(56,496)	3,828	4,785
	<u>\$ 476,237</u>	<u>\$ 16,237</u>	<u>\$ -</u>	<u>\$ 492,474</u>	<u>\$ (421,448)</u>	<u>\$ (10,958)</u>	<u>\$ -</u>	<u>\$ (432,406)</u>	<u>\$ 60,067</u>	<u>\$ 54,788</u>

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Gislason Targownik Peters

Certified General Accountants

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

5. ACCUMULATED SURPLUS

The accumulated surplus consists of the following:

	2021	2020
Invested in Tangible Capital Assets	\$ 60,067	\$ 54,788
Internally Restricted Funds		
General Reserve	16,042	106,614
Computer Reserve	19,087	19,341
Book Acquisition Reserve	6,694	13,149
Winkler Furniture Reserve	(550)	989
Morden Furniture Reserve	4,828	3,053
Miami Furniture Reserve	(2,063)	3,754
Altona Furniture Reserve	4,174	3,233
Office Furniture Reserve	1,369	1,510
Manitou Furniture Reserve	2,046	1,559
Manitou Capital Reserve	9,946	9,946
Useful Reserve	19,020	12,680
	\$ 140,660	\$ 230,616

6. LIBRARY ACQUISITIONS

	2021	2020
Library materials	\$ 162,164	\$ 150,487
Online resources	21,714	21,761
	\$ 183,878	\$ 172,248

7. RELATED PARTY TRANSACTIONS

During the year, the organization entered into transactions with its municipality partners who exercise significant influence over the organization through directorship positions and funding arrangements. The only related party transactions other than the grant revenue disclosed in the statement of operations is the rent paid to these municipalities of \$52,325 (2020 - \$52,325). 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.

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2021

8. COMMITMENTS

The organization has operating leases for its premises in the City of Winkler, Town of Altona, City of Morden, RM of Thompson and RM of Pembina with each of the respective municipalities. The rent is calculated at \$1.70 per capita per annum.

9. PENSION PLANS

The majority of the permanent employees of the library are members of the Municipal Employees' Benefit Program (MEBP), which is a multi-employer defined benefit pension plan. MEBP members will receive benefits based on 1.5% of their final average yearly Canada Pension Plan (CPP) earnings times years of pensionable service, plus 2% of their final average yearly non-CPP earnings times years of pensionable service. The costs of the retirement plan are not allocated to the individual entities within the related group. As a result, individual entities within the related group are not able to identify their share of the underlying assets and liabilities. Therefore, the plan is accounted for as a defined contribution plan in accordance with the requirements of the Chartered Professional Accountants Handbook section PS3250. The expense for these plans is equal to the organization's required contributions for the year. In 2021, the pension expense was \$36,460 (2020 - \$25,093).

10. SUBSIDIES AND GRANTS

Subsidies and grants consists of the a repayment of \$120,711 for the Canada Emergency Wage Subsidy (CEWS), \$10,000 (2020 - \$10,000) for loan forgiveness through the Canada Emergency Business Account, and \$15,000 (2020 - \$5,000) for the Manitoba Bridge Grant. The CEWS is equal to 75% of eligible remuneration paid during the qualifying periods to eligible employees. The loan forgiveness through the Canada Emergency Business Account loan program is based on management's opinion that there is reasonable assurance that the organization has compiled and will continue to comply with all conditions of the loan. The Manitoba Bridge Grant provided 3 payments of \$5,000 to organizations that were required to fully close their premises to the public as a result of Manitoba COVID-19 Prevention Orders.

SOUTH CENTRAL REGIONAL LIBRARY
Supplementary Statement of Revenue
For the year ended December 31, 2021

	2021	2020
OPERATING		
Local government		
City of Winkler	\$ 173,695	\$ 173,695
Town of Altona	57,789	57,789
City of Morden	118,925	118,925
Municipality of Pembina	32,201	32,201
Rhineland Municipality	64,206	64,206
Rural Municipality of Stanley	96,865	96,865
Rural Municipality of Thompson	21,010	21,010
Provincial government		
General	375,896	375,896
Collection development	27,500	27,500
Rural library technological sustainability	21,508	21,549
Rural public libraries program	63,239	-
Federal government	32,355	27,191
Library generated revenue		
Book sales	11,317	12,707
Fines	15,575	16,140
Lost/damaged books	1,615	1,179
Non-resident fees	1,391	1,811
Photocopies	2,982	3,273
Rental income	854	1,955
Miscellaneous revenue		
Interest	1,003	1,874
Other	545	804
Donations and other grants	46,786	16,309
TOTAL REVENUE	\$ 1,167,257	\$ 1,072,879