
**SOUTH CENTRAL REGIONAL
LIBRARY**

FINANCIAL STATEMENTS

December 31, 2016

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INDEPENDENT AUDITOR'S REPORT

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

We have audited the accompanying financial statements of South Central Regional Library, which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in net financial assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility 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.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Basis for qualified opinion

The South Central Regional Library derives revenue from book sales, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these cash receipts was limited to the amounts recorded in the records of the organization. We were unable to determine whether any adjustments might be necessary to book sales, annual surplus and accumulated surplus.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of South Central Regional Library as at December 31, 2016, and the results of its operations, change in net financial assets, and its cash flow for the year then ended in accordance with Canadian public sector accounting standards.

Other matters

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

Gislason Targownik Peters
CHARTERED PROFESSIONAL ACCOUNTANTS

Winkler, Manitoba
March 23, 2017


SOUTH CENTRAL REGIONAL LIBRARY


Statement of Financial Position

As at December 31, 2016

	2016	2015
FINANCIAL ASSETS		
Cash	\$ 131,056	\$ 183,963
Government remittances refundable	5,115	6,934
	136,171	190,897
LIABILITIES		
Accounts payable and accrued liabilities	19,048	41,494
NET FINANCIAL ASSETS	117,123	149,403
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 3)	63,697	34,437
Prepaid expenses	29,370	29,352
	93,067	63,789
ACCUMULATED SURPLUS (Note 4)	\$ 210,190	\$ 213,192

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

See accompanying Notes to Financial Statements and Auditor's Report

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SOUTH CENTRAL REGIONAL LIBRARY

Statement of Operations

For the year ended December 31, 2016

	BUDGET	2016	2015
REVENUE (Page 13)	\$ 836,217	\$ 855,667	\$ 854,507
OPERATING EXPENSES			
Amortization	-	7,037	8,479
Audit fees	11,000	7,776	12,633
Automation support & supplies	26,000	20,678	11,137
Bank charges	-	133	62
Book sale expenses	3,500	4,505	4,283
Building maintenance	1,500	1,487	1,165
Car allowance	14,000	14,479	13,535
Equipment maintenance and rental	7,450	7,277	7,702
Insurance	2,400	2,437	2,366
Library acquisitions (Note 5)	177,060	167,630	168,883
Memberships, licenses and fees	1,350	775	955
Minor equipment and furniture	8,000	9,976	6,669
Office & library supplies	5,100	11,267	10,992
Office administration	2,000	2,432	2,076
Public relations	1,500	1,093	1,851
Rent and leases	40,000	42,612	42,498
Staff development	6,000	8,078	3,220
Summer reading club	6,500	6,913	4,149
Telephone and communications	6,700	6,364	6,941
Wages and benefits	516,157	535,720	510,304
	836,217	858,669	819,900
ANNUAL SURPLUS (DEFICIT)		(3,002)	34,607
ACCUMULATED SURPLUS - Beginning		213,192	178,585
ACCUMULATED SURPLUS - Ending		\$ 210,190	\$ 213,192

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 Changes in Net Financial Assets
For the year ended December 31, 2016

	2016	2015
ANNUAL SURPLUS (DEFICIT)	\$ (3,002)	\$ 34,607
Acquisition of tangible capital assets	(36,297)	(1,040)
Amortization of tangible capital assets	7,037	8,479
	(29,260)	7,439
Acquisition of prepaid expense	(29,370)	(29,353)
Use of prepaid expense	29,352	15,660
	(18)	(13,693)
CHANGE IN NET FINANCIAL ASSETS	(32,280)	28,353
NET FINANCIAL ASSETS - Beginning	149,403	121,050
NET FINANCIAL ASSETS - Ending	\$ 117,123	\$ 149,403

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 Cash Flow****For the year ended December 31, 2016**

	2016	2015
OPERATING TRANSACTIONS		
Annual surplus (deficit)	\$ (3,002)	\$ 34,607
Non-cash items affecting operations:		
Amortization	7,037	8,479
Prepaid expenses	(17)	(13,693)
Accounts payable and accrued liabilities	(22,496)	(5,584)
Government remittances	1,868	(17)
	(16,610)	23,792
CAPITAL TRANSACTIONS		
Acquisition of tangible capital assets	(36,297)	(1,040)
(DECREASE) INCREASE IN CASH AND EQUIVALENTS	(52,907)	22,752
CASH AND EQUIVALENTS - Beginning	183,963	161,211
CASH AND EQUIVALENTS - Ending	\$ 131,056	\$ 183,963

See accompanying Notes to Financial Statements and Auditor's Report

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**Gislason Targownik Peters**

Chartered Professional Accountants

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2016

1. PURPOSE OF THE ORGANIZATION

The South Central Regional Library is a government partnership operated by the communities of Winkler, Morden, Altona and the Rural Municipalities of Stanley, Thompson and Rhineland 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

Cash and cash equivalents include bank deposits and short-term highly liquid investments in money market instruments that are readily convertible to cash and that are subject to insignificant risk of change in value. These short-term investments generally have a maturity of three months or less at acquisition and are held for the purposes of meeting short-term cash commitments rather than for investing.

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.

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2016

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.

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 or 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. 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.

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2016

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 and services 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, 2016

3. TANGIBLE CAPITAL ASSETS

	Opening Cost	Additions	Disposals	Closing Cost	Opening	Current Amortization	Accumulated Amortization Disposals	Closing Accumulated Amortization	2016	2015
Furniture and fixtures	\$ 344,644	\$ 36,297		\$ 380,941	\$ (310,260)	\$ (7,027)		\$ (317,287)	\$ 63,654	\$ 34,384
Automation	51,316			51,316	(51,263)	(10)		(51,273)	43	53
	\$ 395,960	\$ 36,297	\$ -	\$ 432,257	\$ (361,523)	\$ (7,037)	\$ -	\$ (368,560)	\$ 63,697	\$ 34,437



Gislason Targownik Peters

Certified General Accountants

SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2016

4. ACCUMULATED SURPLUS

The accumulated surplus consists of the following:

	2016	2015
Invested in Tangible Capital Assets	\$ 63,697	\$ 34,437
Internally Restricted Funds		
General Reserve	106,258	113,173
Computer Reserve	30,000	30,000
Book Acquisition Reserve	8,923	6,455
Winkler Furniture Reserve	1,996	1,690
Morden Furniture Reserve	1,622	4,568
Miami Furniture Reserve	(2,073)	21,336
Altona Furniture Reserve	(233)	1,533
	\$ 210,190	\$ 213,192

5. LIBRARY ACQUISITIONS

	2016	2015
Library materials	\$ 144,850	\$ 155,579
Online resources	22,780	13,304
	\$ 167,630	\$ 168,883

6. 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 \$42,612 (2015 - \$42,498). 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, 2016

7. COMMITMENTS

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

8. 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 2016, the pension expense was \$32,463 (2015 - \$35,029).

SOUTH CENTRAL REGIONAL LIBRARY
Supplementary Statement of Revenue
For the year ended December 31, 2016

	2016	2015
OPERATING		
Local government		
City of Winkler	\$ 129,854	\$ 129,854
Town of Altona	49,751	49,751
City of Morden	95,072	95,072
Rural Municipality of Rhineland	49,062	49,062
Rural Municipality of Stanley	73,115	71,026
Rural Municipality of Thompson	20,301	17,001
Provincial government		
General	323,808	323,808
Collection development	22,000	22,000
Rural library technological sustainability	19,412	19,374
Federal government		
Canada Summer Jobs grant	5,137	2,172
Library generated revenue		
Book Sales	20,428	19,971
Fines	19,953	19,877
Internet user fees	674	542
Lost/damaged books	2,622	2,783
Non-resident fees	2,545	2,215
Photocopies	6,790	6,932
Rental income	2,555	2,075
Miscellaneous revenue		
Interest	748	1,016
Other	1,588	2,430
Donations	10,252	17,546
TOTAL REVENUE	\$ 855,667	\$ 854,507

SOUTH CENTRAL REGIONAL LIBRARY
Supplementary Statement of Expenses
For the year ended December 31, 2016

	2016	2015
EXPENSE		
Personnel		
Salaries	\$ 535,720	\$ 510,304
Professional development	8,078	3,220
Travel allowance	14,479	13,535
Building		
Rent	42,612	42,498
Repairs and maintenance	1,487	1,165
Other Costs		
Insurance	2,437	2,366
Office & library supplies	11,267	10,992
Telephone	6,364	6,941
Association memberships or subscriptions	775	955
Professional fees	7,776	12,633
Bank charges	133	62
Equipment maintenance and rental	7,277	7,702
Miscellaneous	10,643	12,359
Minor furniture and equipment	9,213	7,167
Capital Equipment		
Furniture	36,297	1,040
Materials		
Books	108,404	111,319
Audio and/or visual formats	18,047	22,847
Magazines/periodicals	11,660	10,834
Digital/electronic	33,931	13,304
Technology		
Automation support & supplies	20,678	11,137
Computer purchases	648	1,322
TOTAL EXPENSES	\$ 887,926	\$ 803,702