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**SOUTH CENTRAL REGIONAL  
LIBRARY**

**FINANCIAL STATEMENTS**

**December 31, 2023**

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<b>TABLE OF CONTENTS</b>	<b>Page</b>
Auditor's Report	1
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Financial Assets	5
Statement of Cash Flow	6
Notes to Financial Statements	7
Supplementary Statement of Revenue	13

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## **INDEPENDENT AUDITOR'S REPORT**

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To the 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, 2023, and the statements of operations, changes in net financial 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, the accompanying financial statements present fairly, in all material respects, the financial position of South Central Regional Library as at December 31, 2023, 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:

- 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*

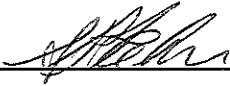
CHARTERED PROFESSIONAL ACCOUNTANTS LLP

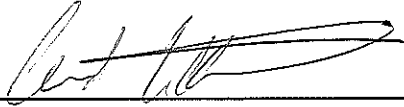
Winkler, Manitoba  
March 8, 2024

**SOUTH CENTRAL REGIONAL LIBRARY**  
**Statement of Financial Position**  
**As at December 31, 2023**

	2023	2022
<b>FINANCIAL ASSETS</b>		
Cash	\$ 102,093	\$ 152,729
Grants receivable	34,005	-
Government remittances refundable	9,741	10,350
	<b>145,839</b>	<b>163,079</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	51,376	37,524
Deferred revenue	-	14,823
	<b>51,376</b>	<b>52,347</b>
<b>LONG-TERM LIABILITIES</b>		
Long-term debt	-	40,000
<b>NET FINANCIAL ASSETS</b>	<b>94,463</b>	<b>70,732</b>
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Note 3)	157,008	110,226
Prepaid expenses	20,136	5,808
	<b>177,144</b>	<b>116,034</b>
<b>ACCUMULATED SURPLUS (Note 4)</b>	<b>\$ 271,607</b>	<b>\$ 186,766</b>

**APPROVED ON BEHALF OF THE BOARD:**

  
 \_\_\_\_\_ Director  
 Sharon Fehr, Treasurer

  
 \_\_\_\_\_ Director  
 Chad Collins, Chair

**SOUTH CENTRAL REGIONAL LIBRARY**  
**Statement of Operations**  
**For the year ended December 31, 2023**

	BUDGET	2023	2022
<b>REVENUE</b> (Page 13)	\$ 1,248,377	\$ 1,382,924	\$ 1,283,447
<b>OPERATING EXPENSES</b>			
Amortization	-	13,097	11,248
Automation support & supplies	14,000	16,520	13,546
Bank charges	550	2,825	657
Book sale expenses	1,350	1,209	2,357
Building maintenance	-	-	365
Car allowance & courier	20,350	18,874	26,560
Equipment maintenance and rental	9,200	10,714	12,508
Insurance	6,200	6,620	6,121
Library acquisitions (Note 5)	194,495	191,303	168,198
Memberships, licenses and fees	2,150	2,361	2,087
Minor equipment and furniture	5,000	12,863	23,262
Office & library supplies	12,200	14,485	12,206
Payroll administration	4,700	5,083	4,502
Professional fees	17,500	19,945	8,595
Project expense	-	13,682	39,522
Public relations	1,500	1,032	2,826
Rent and leases	56,671	54,090	52,425
Staff & board development	3,755	4,985	3,367
Summer reading club, program & tours	7,700	10,543	9,474
Telephone and communications	9,100	9,119	9,066
Wages and benefits	887,014	888,733	824,621
	<b>1,253,435</b>	<b>1,298,083</b>	<b>1,233,513</b>
<b>ANNUAL SURPLUS (DEFICIT) BEFORE OTHER ITEMS</b>	<b>(5,058)</b>	<b>84,841</b>	<b>49,934</b>
Loss on disposal of tangible capital assets	-	-	(3,828)
<b>ANNUAL SURPLUS</b>	<b>(5,058)</b>	<b>84,841</b>	<b>46,106</b>
<b>ACCUMULATED SURPLUS - Beginning</b>		<b>186,766</b>	<b>140,660</b>
<b>ACCUMULATED SURPLUS - Ending</b>		<b>\$ 271,607</b>	<b>\$ 186,766</b>

**SOUTH CENTRAL REGIONAL LIBRARY**  
**Statement of Changes in Net Financial Assets**  
**For the year ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>ANNUAL SURPLUS</b>	<b>\$ 84,841</b>	<b>\$ 46,106</b>
Acquisition of tangible capital assets	<b>(59,878)</b>	(65,235)
Amortization of of tangible capital assets	<b>13,097</b>	11,248
Loss on disposal of tangible capital assets	-	3,828
	<b>(46,781)</b>	(50,159)
Acquisition of prepaid expense	<b>(20,138)</b>	(5,808)
Use of prepaid expense	<b>5,808</b>	6,405
	<b>(14,330)</b>	597
<b>CHANGE IN NET FINANCIAL ASSETS</b>	<b>23,730</b>	(3,456)
<b>NET FINANCIAL ASSETS - Beginning</b>	<b>70,732</b>	74,188
<b>NET FINANCIAL ASSETS - Ending</b>	<b>\$ 94,462</b>	<b>\$ 70,732</b>

**SOUTH CENTRAL REGIONAL LIBRARY**  
**Statement of Cash Flow**  
**For the year ended December 31, 2023**

	2023	2022
<b>OPERATING TRANSACTIONS</b>		
Annual Surplus	\$ 84,841	\$ 46,106
Non-cash items affecting operations:		
Amortization	13,097	11,248
Loss on sale of tangible capital assets	-	3,828
Grants receivable	(34,005)	5,000
Prepaid expenses	(14,332)	599
Accounts payable and accrued liabilities	13,855	(129,919)
Government remittances	609	(4,569)
Deferred revenue	(14,823)	14,823
	<b>49,242</b>	<b>(52,884)</b>
<b>FINANCING ACTIVITIES</b>		
Reduction of loans payable	(40,000)	-
<b>INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	(59,878)	(65,235)
<b>DECREASE IN CASH AND EQUIVALENTS</b>	<b>(50,636)</b>	<b>(118,119)</b>
<b>CASH AND EQUIVALENTS - Beginning</b>	<b>152,729</b>	<b>270,848</b>
<b>CASH AND EQUIVALENTS - Ending</b>	<b>\$ 102,093</b>	<b>\$ 152,729</b>

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# **SOUTH CENTRAL REGIONAL LIBRARY**

## **Notes to the Financial Statements**

### **For the year ended December 31, 2023**

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#### **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.

##### **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.

Leasehold improvements are recorded at cost and are being amortized on the straight-line basis over their estimated useful life.

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 for the specified purpose.



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**SOUTH CENTRAL REGIONAL LIBRARY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**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 areas requiring the use of management estimates 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.

**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:

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## **SOUTH CENTRAL REGIONAL LIBRARY**

### **Notes to the Financial Statements**

**For the year ended December 31, 2023**

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#### **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.

#### **Contributed services and materials**

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 the organization's 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.

## SOUTH CENTRAL REGIONAL LIBRARY

Notes to the Financial Statements

For the year ended December 31, 2023

### 4. TANGIBLE CAPITAL ASSETS

	Opening Cost	Additions	Disposals	Closing Cost	Opening	Current Amortization	Accumulated Amortization Disposals	Closing Accumulated Amortization	2023	2022
Furniture and fixtures	\$ 432,150	\$ -	\$ -	\$ 432,150	\$ (387,158)	\$ (8,998)	\$ -	\$ (396,156)	\$ 35,993	\$ 44,991
Leasehold improvements	50,206	29,961	-	80,167	-	(3,347)	-	(3,347)	76,820	50,206
Buildings	15,029	29,917	-	44,946	-	(751)	-	(751)	44,195	15,029
Automation	469	-	-	469	(469)	-	-	(469)	-	-
	\$ 497,854	\$ 59,878	\$ -	\$ 557,732	\$ (387,627)	\$ (13,096)	\$ -	\$ (400,723)	\$ 157,008	\$ 110,226

**SOUTH CENTRAL REGIONAL LIBRARY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**4. ACCUMULATED SURPLUS**

The accumulated surplus consist of the following:

Invested in Tangible Capital Assets	\$ 157,008	\$ 110,226
Internally Restricted Fund:		
General Reserve	57,640	41,067
Book Acquisition Reserve	15,662	6,911
Furniture Reserve	8,753	10,572
Manitou Capital Reserve	9,946	9,946
Useful Reserve	-	4,808
Altona Projects Reserve	4,593	-
Manitou Projects Reserve	13,703	2,961
Miami Projects Reserve	2	275
Morden Projects Reserve	1,822	-
Winkler Projects Reserve	2,478	-
	<b>\$ 271,607</b>	<b>\$ 186,766</b>

**5. LIBRARY ACQUISITIONS**

	2023	2022
Library materials	\$ 174,297	\$ 141,818
Online resources	17,006	26,380
	<b>\$ 191,303</b>	<b>\$ 168,198</b>

**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 \$54,090 (2022 - \$52,425). 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.

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**SOUTH CENTRAL REGIONAL LIBRARY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

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**7. COMMITMENT**

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.

**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 2023, the pension expense was \$58,096 (2022 - \$42,859).

**SOUTH CENTRAL REGIONAL LIBRARY**  
**Notes to the Financial Statements**  
**For the year ended December 31, 2023**

**Supplementary Statement of Revenue**  
**For the year ended December 31, 2023**

	<b>2023</b>	<b>2022</b>
<b>OPERATING</b>		
Local government		
City of Winkler	\$ 211,948	\$ 181,290
Town of Altona	65,797	60,316
City of Morden	153,105	124,126
Municipality of Pembina	37,101	33,609
Rhineland Municipality	79,837	75,026
Rural Municipality of Stanley	123,219	113,189
Rural Municipality of Thompson	23,413	20,358
Provincial government		
General	463,383	375,896
Collection development	27,500	27,500
Rural library technology sustainability	22,080	21,549
Rural public libraries program	-	63,239
Wage grants	15,620	-
Federal government	-	31,682
Library generated revenue		
Book sales	5,939	11,884
Fines	19,278	18,246
Lost/damaged books	3,068	2,051
Non-resident fees	2,837	2,341
Photocopies	6,781	5,531
Rental income	6,140	1,935
Miscellaneous revenue		
Interest	4,131	2,544
Other	4,682	947
Donations and other grants	107,065	110,188
<b>TOTAL REVENUE</b>	<b>\$ 1,382,924</b>	<b>\$ 1,283,447</b>