

**LAC DU BONNET REGIONAL
LIBRARY BOARD**

Financial Statements

Year Ended December 31, 2018

LAC DU BONNET REGIONAL LIBRARY BOARD
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Year Ended December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

To the Members of Lac du Bonnet Regional Library Board

Opinion

We have audited the financial statements of Lac du Bonnet Regional Library Board (the Organization), which comprise the statement of financial position as at December 31, 2018, and the statements of revenues and expenditures and changes in net assets 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 the Organization as at December 31, 2018, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 Organization 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 those 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 fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, 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 Organization's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization's financial reporting process.

(continues)

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 Organization'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 Organization'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 Organization 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.

Winnipeg, Manitoba
March 14, 2019

KJL & Associates
Chartered Professional Accountants

LAC DU BONNET REGIONAL LIBRARY BOARD
Statement of Financial Position
December 31, 2018

	2018	2017
Assets		
Current		
Cash	\$ 59,062	\$ 57,953
Goods and services tax recoverable	668	488
	\$ 59,730	\$ 58,441
Liabilities		
Current		
Accounts payable	\$ 1,113	\$ 154
Net Assets	58,617	58,287
	\$ 59,730	\$ 58,441

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

LAC DU BONNET REGIONAL LIBRARY BOARD
Statement of Revenues and Expenditures
Year Ended December 31, 2018

	2018	2017
Revenue		
Grants		
Municipal		
R.M. of Lac du Bonnet	\$ 43,957	\$ 41,753
Town of Lac du Bonnet	16,036	15,233
Provincial		
Cultural, Heritage & Tourism (operating)	41,285	39,492
Rural Library Technological Sustainability	3,625	3,716
Federal		
Government of Canada	2,676	2,978
Other revenues		
Fundraising	10,598	11,093
Non-resident fees	3,385	3,495
Internet fees	670	717
Interest	942	695
Photocopies and printing	967	752
Miscellaneous	181	247
Damage payments	240	180
Fines	1,160	1,413
Donations	1,747	2,801
	127,469	124,565
Expenses (Schedule 1)		
Salaries and benefits	91,357	88,693
Collection development	11,926	9,136
Capital expenditures	1,193	3,266
Building occupancy costs	12,836	9,914
Operating expenses	9,827	9,079
	127,139	120,088
Excess of Revenues over Expenses	\$ 330	\$ 4,477

See notes to financial statements

LAC DU BONNET REGIONAL LIBRARY BOARD
Statement of Changes in Net Assets
Year Ended December 31, 2018

	2018		2017
Net assets - beginning of year	\$ 58,287	\$	53,810
Excess of revenue over expenses	330		4,477
Net assets - end of year	\$ 58,617	\$	58,287

LAC DU BONNET REGIONAL LIBRARY BOARD

Notes to Financial Statements

Year Ended December 31, 2018

1. Purpose of the organization

Lac du Bonnet Regional Library Board (the "organization") is a not-for-profit organization incorporated provincially under the Corporations Act of Manitoba. As a registered charity the organization is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The Organization operates to provides library services.

2. Summary of significant accounting policies

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPPO).

Capital Expenditures

Capital Expenditures are expensed in the year of purchase

Revenue recognition

Lac du Bonnet Regional Library Board follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonable estimated and collection is reasonably assured.

Contributed services

Volunteer services contributed on behalf of the Library Board in carrying out its operating activities are not recognized in these financial statements because of the difficulty in determining their value.

Financial instruments

Financial instruments consisting of cash, GST receivable and accounts payable are recorded at fair value when acquired or issued due to the near-term maturity of those instruments.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Donated goods

Donated goods are not recorded because the fair market value is not readily determinable.

LAC DU BONNET REGIONAL LIBRARY BOARD
Notes to Financial Statements
Year Ended December 31, 2018

3. Financial instruments

The main risks the organization is exposed to through its financial instruments are credit risk, liquidity risk, and interest rate risk.

(a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The organization's main credit risk relate to its accounts receivable. The entity provides credit to its clients in the normal course of its operations.

(b) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its accounts payable.

(c) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments.

4. Economic dependence

The organization is dependent on annual funding from provincial and municipal governments.

5. Statement of cash flow

A statement of cash flows has not been presented because it would not provide any additional meaningful information that is not readily determinable from information presented in the other financial statements.

LAC DU BONNET REGIONAL LIBRARY BOARD

Schedule 1 - Expenses

Year Ended December 31, 2018

	2018	2017
Salaries and Benefits		
Regular	\$ 87,060	\$ 84,655
Summer work	4,297	4,038
	91,357	88,693
Collection development		
Books	9,839	7,005
Magazines	1,226	1,366
Videos	861	765
	11,926	9,136
Capital expenditures		
Furniture and equipment	578	-
Automation hardware and software	407	65
Building improvements	208	3,201
	1,193	3,266
Building occupancy costs		
Insurance	2,040	1,905
Maintenance	2,081	277
Taxes	510	552
Utilities	8,205	7,180
	12,836	9,914
Operating expenses		
Audit	1,404	1,026
Conference and travel	1,576	281
Daily operating	1,751	1,706
Equipment maintenance and software support	1,979	3,009
Fundraising expenses	1,111	1,293
Miscellaneous	604	387
Postage and stationery	1,185	1,151
Publicity	217	226
	\$ 9,827	\$ 9,079

See notes to financial statements