

**LAC DU BONNET REGIONAL
LIBRARY BOARD
Financial Statements
Year Ended December 31, 2020**

LAC DU BONNET REGIONAL LIBRARY BOARD

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Year Ended December 31, 2020

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INDEPENDENT AUDITOR'S REPORT

To the Members of Lac du Bonnet Regional Library Board

Qualified 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, 2020, and the statements of revenues and expenditures, changes in net 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2020, current assets and net assets as at December 31, 2020.

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 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 qualified audit 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 ASNPO, 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 related 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.

(continues)

Independent Auditor's Report to the Members of Lac du Bonnet Regional Library Board *(continued)*

Those charged with governance are responsible for overseeing the Organization'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 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 17, 2021

KJL & Associates
Chartered Professional Accountants

LAC DU BONNET REGIONAL LIBRARY BOARD
Statement of Financial Position
December 31, 2020

	2020	2019
Assets		
Current		
Cash	\$ 93,891	\$ 64,516
Goods and services tax recoverable	570	594
	\$ 94,461	\$ 65,110
Liabilities		
Current		
Accounts payable	\$ -	\$ 163
Net Assets	94,461	64,947
	\$ 94,461	\$ 65,110

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, 2020

	2020	2019
Revenue		
Grants		
Municipal		
R.M. of Lac du Bonnet	\$ 45,345	\$ 43,956
Town of Lac du Bonnet	16,542	16,549
Lac du Bonnet Charitable Foundation Grant	2,300	-
Provincial		
Cultural, Heritage & Tourism (operating)	41,285	41,285
Rural Library Technological Sustainability	3,591	3,598
Province of Manitoba Bridge Grant	5,000	-
Federal		
Government of Canada	2,796	2,724
Other revenues		
Fundraising	3,015	10,556
Non-resident fees	3,440	3,665
Internet fees	323	590
Interest	890	1,196
Photocopies and printing	839	982
Miscellaneous	-	30
Damage payments	12	17
Fines	808	996
Donations	21,470	1,354
	147,656	127,498
Expenses (Schedule 1)		
Salaries and benefits	84,830	91,437
Collection development	8,992	9,920
Capital expenditures	4,958	313
Building occupancy costs	10,350	10,692
Operating expenses	9,012	8,805
	118,142	121,167
Excess of revenue over expenses	\$ 29,514	\$ 6,331

LAC DU BONNET REGIONAL LIBRARY BOARD

Statement of Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
Net assets - beginning of year	\$ 64,947	\$ 58,616
Excess of revenue over expenses	29,514	6,331
Net assets - end of year	\$ 94,461	\$ 64,947

LAC DU BONNET REGIONAL LIBRARY BOARD**Statement of Cash Flows****Year Ended December 31, 2020**

	2020	2019
Operating activities		
Excess of revenue over expenses	\$ 29,514	\$ 6,331
Changes in non-cash working capital:		
Accounts payable	(162)	(951)
Goods and services tax payable	23	74
	(139)	(877)
Increase in cash flow	29,375	5,454
Cash - beginning of year	64,516	59,062
Cash - end of year	\$ 93,891	\$ 64,516

See notes to financial statements

LAC DU BONNET REGIONAL LIBRARY BOARD

Notes to Financial Statements

Year Ended December 31, 2020

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 provide library services.

2. Summary of significant accounting policies

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

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 reasonably 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 are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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, 2020

3. Financial instruments

The company is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the company's risk exposure and concentration as of December 31, 2019. The main risks the organization is exposed to through its financial instruments are credit risk, liquidity risk and interest rate risk. The concentrations of risk have not changed since the period year.

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 relates to its accounts receivable. The entity provides credit to its clients in the normal course of operations.

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.

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.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks or currency risk arising from these financial instruments.

4. Economic dependence

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

LAC DU BONNET REGIONAL LIBRARY BOARD

Schedule 1 - Expenses

Year Ended December 31, 2020

	2020	2019
Salaries and benefits		
Regular	\$ 80,723	\$ 88,060
Summer work	4,107	3,377
	\$ 84,830	\$ 91,437
Collection development		
Books	\$ 7,015	\$ 7,952
Videos	827	901
Magazines	1,150	1,067
	\$ 8,992	\$ 9,920
Capital expenditures		
Automation hardware and software	\$ 4,958	\$ 313
Building occupancy costs		
Insurance	\$ 832	\$ 474
Repairs and maintenance	1,362	2,041
Taxes	508	500
Utilities	7,648	7,677
	\$ 10,350	\$ 10,692
Operating expenses		
Audit	\$ 1,070	\$ 1,080
Conference and travel	202	419
Daily operating	2,190	1,721
Equipment maintenance and software support	3,866	2,579
Fundraising expenses	495	1,349
Miscellaneous	308	279
Postage and stationery	781	1,222
Publicity	100	156
	\$ 9,012	\$ 8,805

See notes to financial statements