

**FINANCIAL STATEMENTS**  
**THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**  
**LIBRARY BOARD**  
for year ended  
**DECEMBER 31, 2011**

## INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants  
and Ratepayers of the **CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**

We have audited the accompanying financial statements of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN LIBRARY BOARD**, which comprise the statement of financial position as at December 31, 2011, and the statements of operations, change in net financial assets and cash flows 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.

*Auditors' 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 auditor's judgement, 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 of our audit opinion.

*Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of **THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN LIBRARY BOARD** as at December 31, 2011, and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.



CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario  
March 15, 2012

**THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**  
**LIBRARY BOARD**  
**STATEMENT OF FINANCIAL POSITION**  
**DECEMBER 31, 2011**

	<u>2011</u>	<u>2010</u>
<b>ASSETS</b>		
Due from own municipality	\$ <u>32,781</u>	\$ <u>21,114</u>
<b>LIABILITIES</b>		
Accounts payable and accrued liabilities	<u>-</u>	<u>-</u>
<b>NET FINANCIAL ASSETS</b>	32,781	21,114
<b>NON-FINANCIAL ASSETS</b>		
Tangible capital assets (Schedule 1)	<u>235,337</u>	<u>239,893</u>
<b>ACCUMULATED SURPLUS (Note 2)</b>	\$ <u>268,118</u>	\$ <u>261,007</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

LIBRARY BOARD

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2011

	Budget <u>2011</u>	Actual <u>2011</u>	Actual <u>2010</u>
<b>REVENUE</b>			
Contribution from own municipality	\$ 72,452	\$ 72,452	\$ 34,733
Provincial grants	6,464	25,861	25,830
Fundraising, donations and fines	-	85	107
Grants, donations for capital acquisitions	<u>-</u>	<u>-</u>	<u>244,450</u>
	<u>78,916</u>	<u>98,398</u>	<u>305,120</u>
<b>EXPENSES</b>			
Salaries, wages and employee benefits	33,867	38,108	39,240
Books, periodicals and small equipment	6,422	7,619	8,129
Operating supplies and maintenance	45,241	41,004	12,413
Amortization	<u>-</u>	<u>4,556</u>	<u>4,557</u>
	<u>85,530</u>	<u>91,287</u>	<u>64,339</u>
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)</b>	(6,614)	7,111	240,781
<b>ACCUMULATED SURPLUS AT BEGINNING OF YEAR</b>	<u>261,007</u>	<u>261,007</u>	<u>20,226</u>
<b>ACCUMULATED SURPLUS AT END OF YEAR</b>	<u>\$ 254,393</u>	<u>\$ 268,118</u>	<u>\$ 261,007</u>

(See accompanying notes and schedule)

**THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**  
**LIBRARY BOARD**  
**STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**  
**FOR THE YEAR ENDED DECEMBER 31, 2011**

	Budget <u>2011</u>	Actual <u>2011</u>	Actual <u>2010</u>
<b>EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUES)</b>	\$ <u>(6,614)</u>	\$ <u>7,111</u>	\$ <u>240,781</u>
Acquisition of tangible capital assets	-	-	(244,450)
Amortization of tangible capital assets	<u>-</u>	<u>4,556</u>	<u>4,557</u>
	<u>-</u>	<u>4,556</u>	<u>(239,893)</u>
<b>INCREASE (DECREASE) IN NET FINANCIAL ASSETS</b>	(6,614)	11,667	888
<b>NET FINANCIAL ASSETS AT BEGINNING OF YEAR</b>	<u>21,114</u>	<u>21,114</u>	<u>20,226</u>
<b>NET FINANCIAL ASSETS AT END OF YEAR</b>	\$ <u>14,500</u>	\$ <u>32,781</u>	\$ <u>21,114</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN

LIBRARY BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2011

	<u>2011</u>	<u>2010</u>
<b>CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenues over expenses (expenses over revenues)	\$ 7,111	\$ 240,781
Adjustment for non-cash items included in excess of revenues over expenses (expenses over revenues)		
Amortization expense	<u>4,556</u>	<u>4,557</u>
	11,667	245,338
Increase in due from own municipality	<u>(11,667)</u>	<u>(888)</u>
	<u>-</u>	<u>244,450</u>
<b>CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES</b>		
Acquisition of tangible capital assets	<u>-</u>	<u>(244,450)</u>
<b>INCREASE (DECREASE) IN CASH</b>	-	-
<b>CASH AT BEGINNING OF YEAR</b>	<u>-</u>	<u>-</u>
<b>CASH AT END OF YEAR</b>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes and schedule)

THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN  
LIBRARY BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS  
FOR THE YEAR ENDED DECEMBER 31, 2011  
SCHEDULE 1

	Land Improvements	Buildings	2011	2010
<b>COST</b>				
Balance, beginning of year	\$ 9,639	\$ 234,811	\$ 244,450	\$ -
Acquisition of tangible capital assets	-	-	-	244,450
Disposal of tangible capital assets	<u>9,639</u>	<u>234,811</u>	<u>244,450</u>	<u>244,450</u>
<b>ACCUMULATED AMORTIZATION</b>				
Balance, beginning of year	643	3,914	4,557	-
Amortization	642	3,914	4,556	4,557
Accumulated amortization of assets disposed	<u>1,285</u>	<u>7,828</u>	<u>9,113</u>	<u>4,557</u>
<b>NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 8,354</b>	<b>\$ 226,983</b>	<b>\$ 235,337</b>	<b>\$ 239,893</b>
<b>2010 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS</b>	<b>\$ 8,996</b>	<b>\$ 230,897</b>	<b>\$ 239,893</b>	

(See accompanying notes)

**THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN**  
**LIBRARY BOARD**  
**NOTES TO FINANCIAL STATEMENTS**  
**YEAR ENDED DECEMBER 31, 2011**

The Library board is a board of the Township of South Algonquin organized to direct the provision of Library services to residents of the Township.

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

**Basis of accounting**

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

**Government Transfers**

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

**Revenue recognition**

The Library is funded primarily by the Township of South Algonquin in accordance with the budget approved by the Township's council. These financial statements reflect agreed funding arrangements approved by the Township with respect to the year ended December 31, 2011.

Grant revenue is recognized when the related expenditure is incurred and collection is reasonably assured. Interest is recognized as earned. Fines, user fees and service charges and donations are recognized when received.

(See accompanying schedule)

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THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN  
LIBRARY BOARD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)**

**Use of estimates**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

**Non-Financial Assets**

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of (expenses over revenues) revenues over expenses, provides the consolidated Change in Net Financial (Debt) Assets for the year.

i) **Tangible Capital Assets**

Tangible capital assets are recorded at cost which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets is amortized on a straight-line basis over the estimated useful life as follows:

	<u>Years</u>
Buildings	60
Land improvements	15

Annual amortization is charged in the year of acquisition and the year of disposal.

ii) **Contribution of Tangible Capital Assets**

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

**Contributed services**

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

(See accompanying schedule)

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THE CORPORATION OF THE TOWNSHIP OF SOUTH ALGONQUIN  
LIBRARY BOARD  
NOTES TO FINANCIAL STATEMENTS  
YEAR ENDED DECEMBER 31, 2011

**NOTE 2 ACCUMULATED SURPLUS**

Accumulated surplus consists of the following:

	<u>2011</u>	<u>2010</u>
Unrestricted surplus	\$ 18,281	\$ 2,614
Internally restricted reserves	14,500	18,500
Equity in tangible capital assets	<u>235,337</u>	<u>239,893</u>
	<u>\$ 268,118</u>	<u>\$ 261,007</u>

**NOTE 3 FINANCIAL INSTRUMENTS**

The Library's financial instruments consist of amounts due from own municipality.

**Risk**

It is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from its financial instruments.

**Fair market value**

The fair value of the Library's financial instruments approximates their carrying value due to their short term nature.

(See accompanying schedules)