

Kenora Public Library
Financial Statements
December 31, 2021

**Kenora Public Library
Contents**

For the year ended December 31, 2021

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Management's Responsibility

To the Board of Kenora Public Library:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Library. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The council of The Corporation of the City of Kenora is responsible for recommending the appointment of the Library's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the council of The Corporation of the City of Kenora to audit the financial statements and report directly to the members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

September 28, 2022



Head Librarian

To the Board of Kenora Public Library:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Kenora Public Library (the "Organization"), which comprise the statement of financial position as at December 31, 2021, and the statements of operations and accumulated surplus, 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, 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, 2021, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many charitable organizations, the Kenora Public Library derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Library and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, surplus (deficit), and cash flows from operations for the years ended December 31, 2021 and December 31, 2020 and assets and net assets as at December 31, 2021 and December 31, 2020. The audit opinion on the financial statements for the year ended December 31, 2020 was qualified accordingly because of the possible effects of the limitation in scope.

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

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained management's annual report prior to the date of this auditor's report. If, based on the work we have performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 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.

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.

Kenora, Ontario

September 28, 2022

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP
LLP

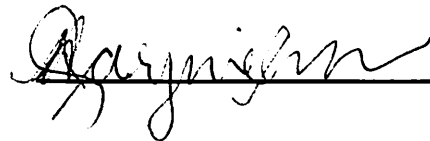
Kenora Public Library
Statement of Financial Position
As at December 31, 2021

| | 2021 | 2020 |
|---|----------------|----------------|
| Financial assets | | |
| Cash | 9,519 | 720 |
| Temporary investments (Note 4) | 22,465 | 22,451 |
| Accounts receivable | 2,425 | 15,376 |
| Due from The Corporation of the City of Kenora (Note 5) | 542,905 | 522,570 |
| Restricted cash (Note 3) | 12,404 | 19,647 |
| | 589,718 | 580,764 |
| Liabilities | | |
| Accounts payable (Note 6) | 35,785 | 35,122 |
| Deferred revenue (Note 7) | 29,886 | 28,151 |
| Future employee benefits (Note 9) | 231,125 | 236,013 |
| | 296,796 | 299,286 |
| Net financial assets | 292,922 | 281,478 |
| Commitments (Note 10) | | |
| Non-financial assets | | |
| Tangible capital assets (Note 11) | 120,073 | 114,633 |
| Prepaid expenses | 1,714 | 7,818 |
| Accumulated surplus (Note 12) | 414,709 | 403,929 |

Approved on behalf of the Board



Director



Director

Kenora Public Library

Statement of Operations and Accumulated Surplus

For the year ended December 31, 2021

| | 2021 <i>Budget</i> <i>(unaudited)</i> <i>(note 16)</i> | 2021 | 2020 |
|--|---|----------------|----------------|
| Revenue | | | |
| The Corporation of the City of Kenora <i>(Note 5)</i> | 645,520 | 645,520 | 626,132 |
| Province of Ontario | 35,583 | 35,583 | 35,583 |
| Donations and other income | 1,530 | 23,276 | 27,946 |
| Dolly Parton Imagination Library <i>(Note 7)</i> | - | 20,265 | 16,424 |
| Room rental | 13,241 | 13,236 | 13,044 |
| Memberships | 4,800 | 6,585 | 4,605 |
| Fines | 8,100 | 2,706 | 3,043 |
| Photocopies | 3,300 | 2,211 | 1,942 |
| Proceeds from used and unreturned books | 1,320 | 2,096 | 800 |
| Fundraising | - | 147 | 395 |
| | 713,394 | 751,625 | 729,914 |
| Expenses | | | |
| Advertising | 2,000 | 253 | 317 |
| Amortization | 45,067 | 45,067 | 46,698 |
| Audit fees | 5,245 | 5,409 | 5,231 |
| Bad debts (recoveries) | - | (128) | (309) |
| Bank charges and interest | 850 | 1,380 | 943 |
| Books | 28,496 | 19,524 | 22,112 |
| Cleaning | 27,000 | 27,877 | 19,455 |
| Contracted services | 3,700 | 6,452 | 2,247 |
| Dolly Parton Imagination Library expenses | - | 20,265 | 16,424 |
| Equipment and supplies | 4,450 | 1,602 | 7,401 |
| Equipment rental | 3,700 | 174 | 2,338 |
| Fundraising | - | - | 125 |
| Insurance | 4,256 | 4,475 | 3,530 |
| Materials and supplies | 12,250 | 11,239 | 11,854 |
| Microfilm | 1,000 | - | 458 |
| Office and miscellaneous | 4,600 | 3,931 | 1,686 |
| Periodicals | 4,000 | 2,994 | 3,098 |
| Repairs and maintenance | 12,500 | 15,540 | 6,542 |
| Salaries and benefits | 527,847 | 530,716 | 504,628 |
| Technology | 9,500 | 4,875 | 1,931 |
| Telephone and utilities | 27,227 | 28,001 | 26,294 |
| Travel | 4,200 | 3,420 | 3,234 |
| | 727,888 | 733,066 | 686,237 |
| Surplus before other items | (14,494) | 18,559 | 43,677 |
| Other items | | | |
| Transfer to KLOTW Regional Community Foundation <i>(Note 14)</i> | - | (7,779) | (2,650) |
| Transfer from Capital Replacement Fund <i>(Note 15)</i> | - | 7,500 | - |
| Transfer to General Fund <i>(Note 15)</i> | - | (7,500) | - |
| | (14,494) | 10,780 | 41,027 |
| Accumulated surplus, beginning of year | 403,929 | 403,929 | 362,902 |
| | 389,435 | 414,709 | 403,929 |
| Accumulated surplus, end of year | 389,435 | 414,709 | 403,929 |

The accompanying notes are an integral part of these financial statements

Kenora Public Library
Statement of Changes in Net Financial Assets
For the year ended December 31, 2021

| | 2021 Budget (unaudited) (note 16) | 2021 | 2020 |
|--|--|-----------------|-------------|
| Surplus (deficit) | (14,494) | 10,780 | 41,027 |
| Purchases of tangible capital assets | (43,004) | (50,505) | (42,703) |
| Amortization of tangible capital assets | 45,067 | 45,067 | 46,698 |
| Acquisition of prepaid expenses | - | - | (7,820) |
| Use of prepaid expenses | - | 6,102 | - |
| Increase (decrease) in net financial assets | (12,431) | 11,444 | 37,202 |
| Net financial assets, beginning of year | 281,478 | 281,478 | 244,276 |
| Net financial assets, end of year | 269,047 | 292,922 | 281,478 |

The accompanying notes are an integral part of these financial statements

Kenora Public Library

Statement of Cash Flows

For the year ended December 31, 2021

| | 2021 | 2020 |
|---|---------------|----------|
| Cash provided by (used for) the following activities | | |
| Operating activities | | |
| Surplus | 10,780 | 41,027 |
| Non-cash item | | |
| Amortization | 45,067 | 46,698 |
| | 55,847 | 87,725 |
| Changes in working capital accounts | | |
| Temporary investments | (14) | (93) |
| Accounts receivable | 12,951 | (8,168) |
| Due from The Corporation of the City of Kenora | (20,335) | (39,652) |
| Prepaid expenses | 6,102 | (7,820) |
| Restricted cash | 7,243 | (474) |
| Accounts payable | 663 | 12,879 |
| Deferred revenue | 1,735 | 2,864 |
| Future employee benefits | (4,888) | (5,515) |
| | 59,304 | 41,746 |
| Capital activities | | |
| Purchases of tangible capital assets | (50,505) | (42,703) |
| Increase (decrease) in cash | 8,799 | (957) |
| Cash, beginning of year | 720 | 1,677 |
| Cash, end of year | 9,519 | 720 |

The accompanying notes are an integral part of these financial statements

1. Operations

The Kenora Public Library (the "Library") is a municipal unincorporated organization controlled by the Corporation of the City of Kenora located in the Province of Ontario, and provides public library services to residents of the municipality. The Library is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

COVID-19 Impact on Operations

In March 2020, there was a global outbreak of COVID-19 (coronavirus), which has had a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, business operations and isolation/quarantine orders.

The Library's operations were impacted by COVID-19 due to restrictions placed on various services and facilities. At this time, it is unknown what further impact the COVID-19 outbreak may have on the organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, business closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and include the following significant accounting policies:

Cash

Cash includes balances with banks. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Temporary investments

Temporary investments consist of investments in money market funds and are valued at the lower of cost and market value.

Tangible capital assets

Tangible capital assets are initially recorded at cost based on historical cost accounting records. Contributed tangible assets are recorded at their fair value at the date of contribution.

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. One half of normal depreciation is taken in the year of acquisition.

Assets under construction are not amortized until the asset is available to be put into service.

| | Rate |
|------------------|----------|
| Books and movies | 5 years |
| Equipment | 10 years |

2. Significant accounting policies *(Continued from previous page)*

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Library determines that a long-lived asset no longer has any long-term service potential to the organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

At December 31, 2021 the Library had a website under construction. At December 31, 2021 \$7,500 (2020 - \$NIL), in costs had been capitalized to "construction in progress" on Note 11.

As this asset was not available for use at December 31, 2021, no amortization was recorded for the year.

Future employee benefits

The Library accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Standards issued by Chartered Professional Accountants Canada with respect to accounting for employee future benefits require the company to accrue for its obligations under other employee benefits plans and related costs, net of plan assets.

The cost of other post-employment benefits offered to employees are actuarially determined using the projected benefit method, prorated on service and based on management's best estimates and assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

Vested sick leave is accumulated to a maximum of 200 days, which vests and is payable at a rate of 50% to employees upon retirement. In the event an employee resigns, only 25% of the vested sick leave is paid out.

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.

Government transfers

Government transfers, which include legislative 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, and reasonable estimates of the amount can be made.

Revenue recognition

Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional grant revenue is recognized when the monies are received.

Membership revenue is recognized when the term of the membership commences and the proceeds have been received.

Fines are recognized for each day that books and magazines are overdue.

General donations and fundraising revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales of service and other revenues are recognized on an accrual basis.

Kenora Public Library
Notes to the Financial Statements
For the year ended December 31, 2021

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

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.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end. Liabilities for future employee benefits are determined based on actuarial assessments.

These estimates and assumptions are reviewed periodically and as adjustments become necessary they are reported in expenses in the periods in which they become known.

Segments

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Library's activities are in only one segment, recreation and culture, and hence there is no additional financial statement disclosure required.

3. Restricted cash

| | 2021 | 2020 |
|---------------------------|---------------|-------------|
| Capital Fundraising funds | 4,803 | 12,088 |
| Keewatin Donation funds | 7,601 | 7,559 |
| | 12,404 | 19,647 |

4. Temporary investments

The temporary investments are part of the capital replacement reserve and consist of investments in money market funds. Market value is equal to book value.

5. Related party transactions

Included in revenues is an operating grant of \$645,520 (2020 - \$626,132) from The Corporation of the City of Kenora. The balance owing by The Corporation of the City of Kenora to the Library at December 31, 2021 was \$542,905 (2020 - \$522,570).

The Corporation of the City of Kenora administers various services on behalf of the Library for no consideration.

The advances are unsecured and non-interest bearing with no fixed terms of repayment.

6. Accounts payable

| | 2021 | 2020 |
|-----------------|---------------|-------------|
| Sundry payables | 30,449 | 29,903 |
| OMERS | 5,336 | 5,219 |
| | 35,785 | 35,122 |

Kenora Public Library
Notes to the Financial Statements
For the year ended December 31, 2021

7. Deferred revenue

| | 2021 | 2020 |
|---|---------------|---------------|
| Keewatin Donations | | |
| Opening balance | 7,559 | 7,494 |
| Externally restricted investment income | 42 | 65 |
| <hr/> | | |
| Ending balance | 7,601 | 7,559 |
| <hr/> | | |
| Dolly Parton Imagination Library | | |
| Opening balance | 19,389 | 16,590 |
| Contributions received | 21,958 | 19,223 |
| Revenue recognized | (20,265) | (16,424) |
| <hr/> | | |
| Ending balance | 21,082 | 19,389 |
| <hr/> | | |
| Teen Advisory Group | | |
| Opening and Ending balance | 1,203 | 1,203 |
| <hr/> | | |
| | 29,886 | 28,151 |

The Keewatin Donations Fund was established from funds provided in December 2009. The funds are to be used to offset costs associated with the purchase of books and materials, technology upgrades and other initiatives outside of day-to-day operating expenses at the Keewatin Branch Library.

The Dolly Parton Imagination Library deferred contributions represents funds to be used to offset costs associated with the Dolly Parton Imagination Library program.

The Teen Advisory Group deferred contributions represents funds to be used to offset costs associated with the Teen Advisory Group program.

8. Pension plan

The Library, through The Corporation of the City of Kenora, makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its staff. This plan is a defined contribution plan. The amount contributed to OMERS for 2021 was \$37,274 (2020 - \$30,126) and is included in salaries and benefits. For employees who have a normal retirement age of 65, contributions are 9% of employees' salary up to \$57,400 and 14.6% thereafter.

Because OMERS is a multi-employer pension plan, the Library does not recognize any share of the pension plan deficit of \$69 million (2020 - deficit of \$7,655 million) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipalities and their employees.

Kenora Public Library
Notes to the Financial Statements
For the year ended December 31, 2021

9. Future employee benefits

The policies of the Kenora Public Library allow for the accumulation of vested sick leave to a maximum of 200 days for certain employees. On retirement 50% of the vested sick leave is payable to the employee, and on resignation 25% of the vested sick leave is payable to the employee. The amount reported represents the 50% payable on retirement.

The Kenora Public Library, through The Corporation of the City of Kenora, pays certain health and dental benefits on behalf of its retired employees. The Library recognizes these post-retirement costs in the period in which the employees rendered the services. As well, the Library provides for the accumulation of unused sick days to be banked.

Information about the Kenora Public Library's future employee benefits is as follows:

| | 2021 | 2020 |
|--|----------------------------|----------|
| Vested sick leave | | |
| Liability as at December 31 | 69,061 | 66,760 |
| <hr/> | | |
| Post-retirement and sick leave benefits | | |
| Accrued benefit liability at January 1 | 169,253 | 157,477 |
| Actuarial adjustment to opening balance | (11,986) | 11,325 |
| Expense for the year as determined by actuarial valuation using a 1.40% (2020 - 1.40%) discount rate | 10,084 | 11,223 |
| Adjustment for actual costs for retirees | (5,287) | (10,772) |
| | <hr/> 162,064 <hr/> | 169,253 |
| | <hr/> 231,125 <hr/> | 236,013 |

The accrued benefit liability for post-retirement benefits as at December 31, 2021 is based on an actuarial valuation prepared as at December 31, 2021. The main actuarial assumptions employed for the valuation of post-retirement benefits are as follows:

- a) Interest (discount) rate:
 The obligations as at December 31, 2021 of the present value of future liabilities and the expense for the 12 months ended December 31, 2021 were determined using a discount rate of 2.20%.
- b) Medical costs:
 Medical costs were assumed to increase 5.20% per year to 2023 and between 3.57% and 5.11% per year thereafter.
- c) Dental costs:
 Dental costs were assumed to increase 3.00% per year to 2023 and between 3.35% and 4.75% per year thereafter.
- d) Salary and wage rates:
 Salary and wage rates were assumed to increase at 1.50% per year to 2022 and 2.00% per year thereafter.

Kenora Public Library
Notes to the Financial Statements
For the year ended December 31, 2021

10. Commitments

The Library has entered into the following long-term commitments:

- Office equipment lease with annual payments of \$2,326 to September 2026.
- Lease agreement with Firefly where the Library is committed to providing a designated space for operations and access to the building in exchange for monthly payments plus GST/HST starting January 2020 until January 1, 2025. The annual payments under the agreement in each of the next three years are as follows:

| | |
|------|--------|
| 2022 | 13,440 |
| 2023 | 13,642 |
| 2024 | 13,846 |

11. Tangible capital assets

| | <i>Cost</i> | <i>Additions</i> | <i>Disposals</i> | <i>Accumulated amortization</i> | <i>2021 Net book value</i> |
|----------------------------|----------------|------------------|------------------|-------------------------------------|------------------------------------|
| Books and movies | 599,192 | 43,005 | 399,988 | 137,352 | 104,857 |
| Equipment | 67,964 | - | - | 60,248 | 7,716 |
| Website under construction | - | 7,500 | - | - | 7,500 |
| | 667,156 | 50,505 | 399,988 | 197,600 | 120,073 |

| | <i>Cost</i> | <i>Additions</i> | <i>Disposals</i> | <i>Accumulated amortization</i> | <i>2020 Net book value</i> |
|------------------|----------------|------------------|------------------|-------------------------------------|------------------------------------|
| Books and movies | 563,645 | 35,545 | - | 496,120 | 103,070 |
| Equipment | 60,805 | 7,158 | - | 56,400 | 11,563 |
| | 624,450 | 42,703 | - | 552,520 | 114,633 |

Kenora Public Library
Notes to the Financial Statements
For the year ended December 31, 2021

12. Accumulated surplus/Funds

The investment in tangible capital assets represents amounts already spent and invested in collections and other non-financial assets.

The General Fund reports the Library's day-to-day operating activities and unrestricted funds.

Restricted funds represent funds set aside by Board resolution for specific purposes. The following is a description of the Library's restricted funds:

- The capital replacement fund was established specifically for the purchase of capital assets. The use of its surplus is restricted to expenditures of this nature and is subject to Board approval.

Activities in these funds during the year were as follows:

| | 2021 | 2020 |
|--|---------|---------|
| Invested in Capital Assets | | |
| Fund balance, beginning of year | 114,633 | 118,627 |
| Capital (net) | 5,440 | (3,994) |
| Fund balance, end of year | 120,073 | 114,633 |
| General | | |
| Fund balance, beginning of year | 254,760 | 210,238 |
| Excess of revenue (expense) | 18,329 | 44,522 |
| Transfer from Capital Replacement (Note 15) | 7,500 | - |
| Change in capital assets | (5,440) | - |
| Transfer to Kenora & Lake of the Woods Regional Community Foundation (Note 14) | (7,779) | - |
| Fund balance, end of year | 267,370 | 254,760 |
| Capital Replacement | | |
| Fund balance, beginning of year | 34,537 | 34,038 |
| Excess of revenue (expense) | 229 | 499 |
| Transfer to General (Note 15) | (7,500) | - |
| Fund balance, end of year | 27,266 | 34,537 |
| Accumulated Surplus | 414,709 | 403,930 |

13. Economic dependence

Approximately 86% (2020 - 86%) of revenue was received from The Corporation of the City of Kenora. The continuance of operations is dependent upon this funding.

Kenora Public Library
Notes to the Financial Statements
For the year ended December 31, 2021

14. Kenora & Lake of the Woods Regional Community Foundation

The Library has established a charitable agency endowment fund from donation funds with the Kenora & Lake of the Woods Regional Community Foundation, which allows the Library to set up a fund without the responsibility of investment management. In 2009, a bequest of \$25,000 was matched by an anonymous donor to create the \$50,000 fund. Income from this endowment fund will continue in perpetuity and will be used by the Library as an annualized source of program funding. The fund is not controlled by the Kenora Public Library and has not been included in the statement of financial position nor have the operations been included in the statement of operations. The market value of the fund on December 31, 2021 was \$115,313, (2020 - \$101,307), including donations of \$2,950 (2020 - \$250) deposited to the fund during the year plus fund gain of \$13,084 (2020 - \$8,211), grants of \$5,075 (2020 - \$5,075), and fees of \$2,028 (2020 - \$1,233). During the year the Library made a contribution of \$7,779 (2020 - \$2,650), which was received by the Community Foundation subsequent to year end.

15. Fund Transfer

During the year the Board approved the transfer of \$7,500 from the Capital Replacement fund to the General fund to finance the Website which is under construction.

16. Budget information

The budget approved by the board of directors was not prepared on a basis consistent with that used to report actual results (Public sector accounting standards). The budget was prepared on a modified accrual basis while Public sector accounting standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to \$nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budgets approved by the board with adjustments as follows:

| | 2021 | 2020 |
|--|-----------------|-------------|
| Budget surplus (deficit) approved by the Board | (12,431) | - |
| Add: Capital expenditures | 43,004 | 42,704 |
| Less: Amortization | (45,067) | (46,698) |
| Budget deficit per statement of operations | (14,494) | (3,994) |