

Financial Statements of

**TOWNSHIP OF LEEDS AND
THE THOUSAND ISLANDS
PUBLIC LIBRARY BOARD**

And Independent Auditors' Report thereon

Year ended December 31, 2020

Management's Responsibility for the Financial Statements

The accompanying consolidated financial statements of the Township of Leeds and The Thousand Islands Public Library Board (the "Library Board") are the responsibility of the Library Board's management and have been prepared in compliance with legislation, and in accordance with Canadian public sector accounting standards. A summary of the significant accounting policies is contained in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Library Board's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. These systems are monitored and evaluated by management.

Management meets with the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Library Board approval of the financial statements.

The financial statements have been audited by KPMG LLP, independent external auditors appointed by the Library Board. The accompanying Independent Auditors' Report outlines their responsibilities, the scope of their examination and their opinion on the Library Board's financial statements.

Linda Chadwick, Interim CEO



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INDEPENDENT AUDITORS' REPORT

To the Members of the Township of Leeds and the Thousand Islands Public Library Board

Opinion

We have audited the financial statements of the Township of Leeds and The Thousand Islands Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2020
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies.

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2020, and its results of operations 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 "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' 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 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 – Comparative Information

The financial statements as at and for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 15, 2020.



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.

Auditors' 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 auditors' 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 the 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 cast 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 auditors' 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 auditors' 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.
- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Kingston, Canada

April 21, 2021

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
Financial assets:		
Cash and cash equivalents	\$ 152,701	\$ 247,214
Accounts receivable	20,906	21,956
Due from Township of Leeds and the Thousand Islands	96,024	3,616
Total assets	269,631	272,786
Financial liabilities:		
Accounts payable and accrued liabilities (note 8)	59,128	55,323
Deferred revenue	2,340	3,096
	61,468	58,419
Total net financial assets	208,163	214,367
Non-financial assets:		
Tangible capital assets (note 5)	105,663	108,659
Accumulated surplus (note 4)	\$ 313,826	\$ 323,026

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020 (note 7)	Actual 2020	Actual 2019
Revenue:			
Municipal grants	\$ 423,401	\$ 423,401	\$ 464,243
Province of Ontario grant	28,494	28,493	28,493
Other grants	1,145	7,232	10,343
Service charges and fines	1,450	2,358	5,679
Investment income	3,500	2,351	8,624
Donations and fundraising	5	2,554	1,879
	457,995	466,389	519,261
Expenses:			
Salaries and wages	313,300	294,840	319,511
Other supplies and services	67,847	36,895	37,856
Facility maintenance and utilities	30,148	31,488	28,692
Amortization expense	–	34,999	36,697
Technical services	16,200	16,702	14,332
Minor capital – Equipment and furniture	10,000	9,758	12,914
Utilities, telephone, fax and internet	13,800	9,184	12,793
Other special grant expenses	3,000	2,817	3,375
Professional fees	2,700	2,150	2,035
Advertising	1,000	947	1,080
	457,995	439,780	469,285
Annual deficit before the undernoted	–	(26,609)	49,976
Transfer to Township of Leeds and the Thousand Islands building reserve (note 8)	–	–	194,334
Transfer to Township of Leeds and the Thousand Islands operating fund (note 8)	–	35,809	53,400
Annual deficit	–	(9,200)	(197,195)
Accumulated surplus, beginning of year	–	323,026	520,221
Accumulated surplus, end of year	\$ –	\$ 313,826	\$ 323,026

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2020, with comparative information for 2019

	Budget 2020 (note 7)	2020	2019
Annual deficit	\$ —	\$ (9,200)	\$ (197,195)
Amortization of tangible capital assets	—	34,999	36,697
Acquisition of tangible capital assets	—	(32,003)	(37,507)
Change in net financial assets	—	(6,204)	(198,005)
Net financial assets, beginning of year	—	214,367	412,372
Net financial assets, end of year	\$ —	\$ 208,163	\$ 214,367

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2020, with comparative information 2019

	2020	2019
Operating activities:		
Annual deficit	\$ (9,200)	\$ (197,195)
Amortization, which does not involve cash	34,999	36,697
Net change in non-cash working capital items:		
Accounts receivable	1,050	(11,264)
Due from Township of Leeds and the Thousand Islands	(92,408)	(46,959)
Accounts payable and accrued liabilities	3,805	13,323
Deferred revenue	(756)	3,096
Net change in cash from operating activities	(62,510)	(202,302)
Capital transactions:		
Acquisition of tangible capital assets	(32,003)	(37,507)
Decrease in cash and cash equivalents	(94,513)	(239,809)
Cash and cash equivalents, beginning of year	247,214	487,023
Cash and cash equivalents, end of year	\$ 152,701	\$ 247,214

The accompanying notes are an integral part of these financial statements.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2020

1. Status of the Library Board

The Township of Leeds and The Thousand Islands Public Library Board (the 'Library Board') was established under the Public Library Act, 1992, R.S.O. 1990 in accordance with the Section 15 of the Minister of Municipal Affairs Restructuring Order which amalgamated the former Townships of Front of Leeds and Lansdowne, Rear of Leeds and Lansdowne and Front of Escott effective January 1, 2001.

2. Significant accounting policies:

The financial statements of the Library Board, a local board of the Township of Leeds and the Thousands Islands (the "Township"), are the representation of management prepared in accordance with Canadian public sector accounting standards ("PSAB"). Significant aspects of the accounting policies adopted by the Library Board are as follows:

(a) Reporting entity:

These statements reflect the assets, liabilities, revenue and expenses of the Library Board and include capital and reserve activities.

(b) 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 on receipt of goods and services and/or the creation of a legal obligation to pay.

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 ordinary course of operations.

(c) Tangible capital assets:

Tangible capital assets are recorded at cost, which include 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 are amortized on a straight line basis over their estimated useful lives as follows:

Assets	Estimated Useful Life
Library collection	7 years

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Significant accounting policies (continued):

(c) Tangible capital assets (continued):

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt, and that fair value is also recorded as revenue. Similarly, transfers of assets to third parties are recorded as an expense equal to the net book value of the assets as of the date of transfer.

When tangible capital assets are disposed of, either by way of a sale, destruction or loss, or abandonment of the asset, the asset's net book value, historical cost less accumulated amortization, is written off. Any resulting gain or loss, equal to the proceeds on disposal less the asset's net book value, is reported on the statement of operations and accumulated surplus in the year of disposal.

When conditions indicate that a tangible capital asset no longer contributes to the Library Board's ability to provide services or the value of the future economic benefits associated with the tangible capital asset are less than its net book value, and the decline is expected to be permanent, the cost and accumulated amortization of the asset are reduced to reflect the revised estimate of the value of the asset's remaining service potential. The resulting net adjustment is reported as an expense on the statement of operations and accumulated surplus.

(d) Cash and cash equivalents:

The Library Board considers cash and cash equivalents to be highly liquid investments with original maturities of three months or less.

(e) Government transfers:

Government transfers are recognized in the financial statements in the period in which the 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 made.

(f) Deferred revenue:

Deferred revenue represents amounts which have been collected for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal period in which the services are performed or the related expenses incurred.

(g) Pledges:

The Library Board records donations when received.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2020

2. Significant accounting policies (continued):

(h) 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 revenue and expenses during the period. Actual results could differ from those estimates.

3. Financial instruments:

The Library Board's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and deferred revenue, which are carried at cost. Unless otherwise noted, it is management's opinion that the Library Board is not exposed to significant credit, liquidity or market risks arising from these financial instruments. The fair value of the Library Board's financial instruments approximates their carrying value due to their short-term nature.

4. Accumulated surplus:

Accumulated surplus consists of individual fund surplus and reserves as follows:

	2020	2019
Surplus:		
Invested in tangible capital assets	\$ 105,663	\$ 108,659
Reserves:		
Working fund	56,364	62,568
Technology	84,742	84,742
Literacy/opening day collection	67,057	67,057
	208,163	214,367
Accumulated surplus	\$ 313,826	\$ 323,026

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2020

5. Tangible capital assets:

Cost	Balance at January 1, 2020	Additions	Disposals	Balance at December 31, 2020
Library collection	\$ 567,397	\$ 32,003	\$ -	\$ 599,400

Accumulated amortization	Balance at January 1, 2020	Amortization	Disposals	Balance at December 31, 2020
-				
Library collection	\$ 458,738	\$ 34,999	\$ -	\$ 493,737

	Net book value 2020	Net book value 2019
Library collection	\$ 105,663	\$ 108,659

7. Budget figures:

The Library Board reviews its operating and capital budgets each year. The approved operating budget for 2020 is included in the budget figures presented in the Statement of Operations and Accumulated Surplus.

8. Related party transactions:

The Township pays for certain operating costs on behalf of the Library Board, which the Library Board subsequently reimburses.

During the year, the Library Board returned \$35,809 (2019 - \$52,837) related to unused municipal grant funding to the Township.

During the year, the Library Board returned \$Nil (2019 - \$194,334) related to accumulated surplus of building reserves to the Township.

Included in accounts payable and accrued liabilities is \$42,285 (2019 - \$53,386) related to the payment of these funds.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2020

9. Pension agreements:

The Library Board makes contributions to the Ontario Municipal Employees Retirement System Pension Fund (OMERS), which is a multi-employer plan, on behalf of its employees. As a result, the Library Board does not recognize any share of the OMERS pension surplus or deficit. The last available report was at December 31, 2020, at that time, the plan reported a \$3.2 billion actuarial deficit (2019 - \$3.4 billion actuarial deficit). The plan is a contributory defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employers and employees contribute to the plan. In 2020, the contributions made by the Library Board were \$12,156 (2019 - \$14,931) and are included on the Statement of Operations and Accumulated Surplus.

10. Impact of the COVID-19 pandemic:

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact. At the time of approval of these financial statements, the Library Board has undertaken the following activities in relation to the COVID-19 pandemic:

Measures implemented to ensure worker safety and minimize exposure to COVID-19 include:

- Staff have to self-screen each morning and staff to stay home if they are sick or screen positive
- Staff who were travelling had to self-isolate for 14 days after returning home
- If at work and symptoms begin, workers immediately isolate, contact their supervisor and leave the workplace, following public health guidelines before they return
- Signs about COVID symptoms and prevention strategies are posted
- Physical distancing signs and floor markers are in place
- Regular emails sent out from the CEO with reminders and directions for following public health guidelines
- Compliance with the rules monitored by supervisors in the workplace
- Sanitizing stations throughout the workplace for employee availability
- Workers must wear masks if within 6ft (2m) of each other
- Masks are worn in all public areas
- As part of a general hazard control plan, full PPE is available to staff as needed or required
- The 2020 annual operating budget was revised to incorporate the impact of COVID-19 on projected revenues and expenses.

TOWNSHIP OF LEEDS AND THE THOUSAND ISLANDS PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2020

10. Impact of the COVID-19 pandemic (continued):

The Library Board continues to closely monitor the financial situation and to make adjustments to ensure the costs associated from the measures to ensure the impacts from COVID can be covered in the annual operating budget.

11. Comparative information:

Certain 2019 comparative information has been reclassified to conform to the financial statement presentation adopted for 2020.