

Financial Report

Grimsby Public Library

December 31, 2023

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GRIMSBY PUBLIC LIBRARY

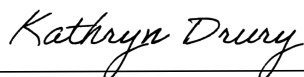
MANAGEMENT'S RESPONSIBILITY FOR THE FINANCIAL STATEMENTS

The accompanying financial statements of the Grimsby Public Library ("the Library") are the responsibility of the Library'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 described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

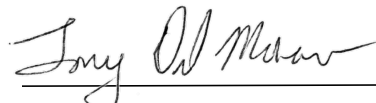
The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely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

The Library board meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by Grant Thornton LLP, licensed public accountants, appointed by the Town of Grimsby. The accompanying Independent Auditor's Report outlines the responsibilities of management and the board, the auditors' responsibilities and their opinion on the Library's financial statements.



Kathryn Drury
CEO/Chief Librarian
Grimsby Public Library



Tony Del Monaco, CPA, CMA
Director of Finance/Treasurer
Corporation of the Town of Grimsby

June 12, 2024

Independent auditor's report

To the Board, Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Grimsby

Qualified Opinion

We have audited the financial statements of the Grimsby Public Library ("the Library"), which comprise the statement of financial position as at December 31, 2023, and the statements of operations, 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 Grimsby Public Library as at December 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Library derives revenue from donations and cash sales, 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 Grimsby Public Library. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other revenue and annual surplus for the years ended December 31, 2023 and 2022, net financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both 2023 and 2022. Our audit opinion on the financial statements for the year ended December 31, 2022 was modified accordingly because of the possible effects of this 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 Library 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.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for public sector 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 Library'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 Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library'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 Library'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 Library'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 Library 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.

Grant Thornton LLP

Port Colborne, Canada
June 12, 2024

Chartered Professional Accountants
Licensed Public Accountants

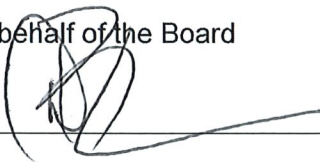
GRIMSBY PUBLIC LIBRARY

STATEMENT OF FINANCIAL POSITION

As at December 31, 2023

	2023	2022
Financial Assets		
Cash (Note 4)	\$ 37,881	\$ 28,098
Receivables	5,415	35,022
Due from Town of Grimsby	872,831	647,813
Inventories for resale	2,768	2,098
	918,895	713,031
Financial Liabilities		
Employee benefit obligations (Note 5)	47,000	51,500
Long term debt (Note 6)	6,298	8,099
	53,298	59,599
Net Financial Assets	865,597	653,432
Non-Financial Assets		
Tangible capital assets (Page 21 and 22)	595,975	613,260
Prepaid expenses	6,230	7,415
	602,205	620,675
Accumulated Surplus (Note 7)	\$ 1,467,802	\$ 1,274,107

On behalf of the Board



Grimsby Public Library Board
Chair.

See accompanying notes to financial statements.

GRIMSBY PUBLIC LIBRARY

STATEMENT OF OPERATIONS

For the Year Ended December 31, 2023

	2023 Budget (Note 17)	2023 Actual	2022 Actual
Revenues			
Municipal contributions	\$ 1,030,800	\$ 1,030,800	\$ 987,710
Development charges (Note 10)	88,600	90,933	87,867
Government transfers (Note 11)	43,400	82,680	231,827
Fundraising	20,000	31,604	14,757
Investment income	150	4,581	677
User charges	11,340	15,286	11,569
Other (Note 12)	2,900	3,539	7,263
	1,197,190	1,259,423	1,341,670
Expenses			
Advertising and promotion	5,000	3,654	8,761
Amortization	119,602	119,602	116,847
Conferences and training	9,200	6,203	4,790
Contracted Services	49,670	37,477	38,215
Loss on disposal of tangible capital asset	-	-	19,342
Memberships	1,800	780	1,348
Office	8,190	7,577	4,179
Periodicals and videos	48,000	47,639	41,305
Professional fees	6,160	6,321	6,213
Programs	14,000	17,780	7,362
Repairs and maintenance	12,000	9,034	13,649
Salaries, wages and benefits (Note 13)	815,110	745,268	743,135
Supplies	23,000	21,793	13,327
Travel	1,500	794	684
Utilities	50,700	41,806	40,897
	1,163,932	1,065,728	1,060,054
Annual surplus	33,258	193,695	281,616
Accumulated Surplus (Note 7)			
Beginning of year	1,274,107	1,274,107	992,491
End of year	\$ 1,307,365	\$ 1,467,802	\$ 1,274,107

See accompanying notes to financial statements.

GRIMSBY PUBLIC LIBRARY

STATEMENT OF CHANGES IN NET FINANCIAL ASSETS

For the Year Ended December 31, 2023

	2023 Budget (Note 17)	2023 Actual	2022 Actual
Annual surplus	\$ 33,258	\$ 193,695	\$ 281,616
Amortization of tangible capital assets	119,602	119,602	116,847
Acquisition of tangible capital assets	(127,300)	(102,317)	(298,440)
Loss on disposal of tangible capital assets	-	-	19,342
	25,560	210,980	119,365
Utilization (acquisition) of prepaid expenses	-	1,185	(2,827)
Increase in net financial assets	25,560	212,165	116,538
Net Financial Assets			
Beginning of year	653,432	653,432	536,894
End of year	\$ 678,992	\$ 865,597	\$ 653,432

See accompanying notes to the financial statements.

GRIMSBY PUBLIC LIBRARY

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2023

	2023	2022
Increase (decrease) in cash and cash equivalents		
Operating activities		
Annual surplus	\$ 193,695	\$ 281,616
Non-cash items:		
Amortization of tangible capital assets	119,602	116,847
Loss on disposal of tangible capital assets	-	19,342
Change in non-cash assets and liabilities:		
Receivables	29,607	(25,449)
Due from Town of Grimsby	(225,018)	(114,815)
Inventories for resale	(670)	(427)
Employee benefit obligations	(4,500)	(2,500)
Prepaid expenses	1,185	(2,827)
	113,901	271,787
Capital activities		
Acquisition of tangible capital assets	(102,317)	(298,440)
Financing activities		
(Repayment of) proceeds from capital lease obligation	(1,801)	7,412
Net increase (decrease) in cash and cash equivalents	9,783	(19,241)
Cash and Cash Equivalents (Note 4)		
Beginning of year	28,098	47,339
End of year	\$ 37,881	\$ 28,098

See accompanying notes to the financial statements.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

1. Purpose of the Library

The Grimsby Public Library (“the Library”) provides informational and literacy-based community programming for all demographics which is supported by a wide range of virtual and physical collections and services. All of this is provided to residents of the Town of Grimsby and residents of other municipalities who have contracted with the Library for services.

2. Significant accounting policies:

Management responsibility

The financial statements of the Library are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of estimates based on management’s judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

a) Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in the accumulated surplus of the Library.

b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and liability is incurred.

c) Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with bank and guaranteed investment certificates that mature within three months.

d) Portfolio investments

Portfolio investments are valued at the lower of cost and market value. Interest income is reported as revenue in the period earned.

e) Inventories for resale

Inventories held for resale are recorded at the lower of cost and net realizable value.

f) Deferred revenue

Resources restricted by agreement with an external party are recognized as revenue in the entity’s financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met and is recorded as a liability until the resources are used for the purpose or purposes specified.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. Significant accounting policies (continued):

(g) Employee future benefits:

The Library pays certain benefits on behalf of its retired employees. These retirement costs are recognized in the period in which the employees rendered their services to the Library. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

(h) Tangible capital assets

Tangible capital assets are recorded at cost. Cost includes all directly attributable to the acquisition, construction, development and/or betterment of the asset, required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible assets are capitalized at their estimated fair value upon acquisition.

The Library does not capitalize interest as part of the costs of its capital assets

Leases are classified as capital or operating leases. Leases that transfer substantially all benefits incidental to ownership are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its useful life for all classes except land. Land is considered to have infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life - Years
Library collection	8
Furniture and fixtures	20
Equipment	3-15
Computer software	15
Computer equipment	5

Assets under construction are not amortized until the asset is available for productive use.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

2. Significant accounting policies (continued):

(i) Revenue recognition

(i) User charges

User charges are recognized when the services are performed, or goods are delivered and there is reasonable assurance of collection.

(ii) Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized, and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as a revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized, and all eligibility criteria have been met.

(iii) Other

Other revenue is recorded when it is earned, and collection is reasonably assured.

(j) Reserves for future expenses

Certain amounts, as approved by the Library and recommended to the Town of Grimsby, are set aside in reserves for future operating and capital expenses.

(k) Financial instruments

The Library initially measures its financial assets and financial liabilities at fair value. The Library subsequently measures all its financial assets and financial liabilities at amortized cost. Financial liabilities are removed from the Statement of Financial Position upon discharge, cancellation, or expiration.

Financial assets measured at amortized cost include cash, receivables and due from the Town of Grimsby.

Financial liabilities measured at amortized cost include long term debt.

(l) Use of estimates

The preparation of the financial statements in accordance with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regard to employee future benefits.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

3. Adoption of new guidance

Effective January 1, 2023, the Library adopted new Public Sector Accounting Standards Sections PS 3450 Financial Instruments, PS 3041 Portfolio Investments, and Section 1201 Financial Statement Presentation along with the related amendments. New Section PS 3450 requires the fair value measurement of derivatives and portfolio investments in equities quoted in an active market. All other financial assets and liabilities are measured at cost or amortized cost (using the effective interest method).

The measurement requirements were applied prospectively. The recognition, derecognition, and measurement policies followed in the comparative period were not reversed and the comparative figures have not been restated.

There were no adjustments required and there are no remeasurement gains or losses or embedded derivatives requiring the presentation of a Statement of Remeasurement Gains or Losses.

4. Cash and cash equivalents

	<u>2023</u>	<u>2022</u>
Cash on hand	\$ 930	\$ 930
Bank balances	36,951	27,168
	<u>\$ 37,881</u>	<u>\$ 28,098</u>

5. Employee benefit obligations:

	<u>2023</u>	<u>2022</u>
Post-employment benefits	\$ 47,000	\$ 51,500

The Library pays certain retirement benefits on behalf of its retired employees. The Library recognizes these retirement costs in the period in which the employees rendered the services. The plan is substantially unfunded and requires no contributions from employees.

The accrued benefit obligation at December 31, 2023 of \$ 47,000 (2022 - \$ 51,500) was determined by actuarial valuation using a discount rate of 4.30% (2022 - 3.10%). The Library's obligation under the retirement benefits provision of employment agreements will be funded out of current revenue. During the year, benefit payments of \$ 17,700 (2022 - \$ 7,000) were paid to retirees.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method, pro-rated on service. Under this method, the projected post-employment benefits are deemed to be earned on a pro-rated basis over the employee's years of service.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

5. Employee benefit obligations (continued):

The actuarial valuation was prepared as at December 31, 2023. The main actuarial assumptions employed for the valuation are as follows:

Interest (discount) rate – the obligations as at December 31, 2023 of the present value of future liabilities were determined using a discount rate of 4.30%.

Dental costs – dental costs were assumed to be 4.50% per annum.

Drug costs – drug costs were assumed to be 7.65% in 2023 grading down by 0.15% per annum to 4.50% in 2044.

Vision costs – vision costs were assumed to be 2.75% in 2023 grading down by 0.25% per annum to Nil in 2034.

Other health costs – other health costs were assumed to be 4.50% per annum.

	<u>2023</u>	<u>2022</u>
Accrued benefit obligation		
Beginning of year	\$ 51,500	\$ 54,000
Current service cost	3,800	1,900
Interest cost	3,200	1,900
Benefits paid	(17,700)	(7,000)
Amortization of actuarial loss	6,200	700
	\$ 47,000	\$ 51,500
Funded status		
Deficit	\$ 87,000	\$ 59,600
Unamortized actuarial loss	(40,000)	(8,100)
	\$ 47,000	\$ 51,500

The net benefit expense for the employee benefit plan is as follows:

Current service cost	\$ 3,800	\$ 1,900
Interest cost	3,200	1,900
Amortization of actuarial loss	6,200	700
	\$ 13,200	\$ 4,500

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

6. Long term debt

(a) The long-term debt reported on the Statement of Financial Position is made up of the following:

<u>Purpose</u>	<u>Interest Rate</u>	<u>Maturity Date</u>	<u>2023</u>	<u>2022</u>
Photocopier	0%	2027	\$ 6,298	\$8,099

(b) Total charges for interest, which are reported on the Statement of Operations in contracted services amounts to \$ Nil (2022 - \$ Nil).

(c) Principal payments due over the next 4 years is as follows:

2024	\$ 1,801
2025	1,801
2026	1,801
2027	895

7. Accumulated surplus

	<u>2023</u>	<u>2022</u>
Operating surplus	\$ 115,757	\$ 46,204
Tangible capital assets	595,975	613,260
Reserves and reserve funds (Note 8)	809,368	674,242
Unfunded liabilities (Note 9)	(53,298)	(59,599)
	\$ 1,467,802	1,274,107

8. Reserve and reserve funds

	<u>2023</u>	<u>2022</u>
Reserves set aside by the Board for specific purposes:		
Replacement of equipment	\$ 277,738	\$ 281,341
Maintenance	426,667	326,298
Strategic priorities	104,963	66,603
	\$ 809,368	\$ 674,242

9. Unfunded liabilities

	<u>2023</u>	<u>2022</u>
Employee benefit obligations	\$ 47,000	\$ 51,500
Long term debt	6,298	8,099
	\$ 53,298	\$ 59,599

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

10. Development charges

Development charges are fees collected by the Town of Grimsby from developers at the time a building permit is issued to help pay for municipal services, including Library services, required to meet the needs of community growth. Development charges allocated for Library purposes are collected, administered, and held by the Town of Grimsby are as follows:

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 1,248,573	\$ 1,145,695
Add: contributions during the year	27,278	158,558
Add: interest income	61,018	32,187
Less: amounts recognized during the year for Library expenses	(90,933)	(87,867)
Balance, end of year	\$ 1,245,936	\$ 1,248,573

11. Government transfers

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Capital			
Government of Canada			
Investing in Canada infrastructure program	\$ -	\$ -	\$ 189,770
Canada Community Revitalization Fund	-	41,790	-
Operating			
Government of Canada			
Canada Summer Jobs	-	1,992	2,300
YCW summer student grant	12,010	4,896	6,617
Province of Ontario			
Public library operating grant	31,390	31,392	31,390
Region of Niagara	-	750	-
Other	-	1,860	1,750
	\$ 43,400	\$ 82,680	\$ 231,827

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

12. Other revenue

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Book bag sales	\$ 50	\$ 42	\$ 78
Merchandise sales	50	77	48
Library book sales	2,000	1,634	2,484
Miscellaneous revenue	800	1,786	4,653
	<u>\$ 2,900</u>	<u>\$ 3,539</u>	<u>\$ 7,263</u>

13. Salaries, wages and benefits

	<u>2023 Budget</u>	<u>2023 Actual</u>	<u>2022 Actual</u>
Salaries and wages	\$ 660,790	\$ 610,184	\$ 610,939
Benefits	154,320	135,084	132,196
	<u>\$ 815,110</u>	<u>\$ 745,268</u>	<u>\$ 743,135</u>

14. Workplace and Insurance Board (WSIB) future benefits

The Library, as a part of the Town of Grimsby, is a schedule II employer under the Workplace Safety & Insurance Act and follows a policy of self-insurance for all its employees.

An actuarial estimate of the future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The Library remits payments to the WSIB as required to fund disability payments.

A Workplace Safety and Insurance Reserve, funded by annual contributions from the Town of Grimsby has also been established to protect against any unknown future liability. The Town of Grimsby also maintains an insurance policy, which protects against single claims in excess of \$500,000.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

15. Pension agreements

The Library makes contributions to the Ontario Municipal Employees Retirement System (“OMERS”), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Library does not recognize any share of the pension plan deficit of \$ 7.6 billion (2022 - \$ 6.1 billion deficit) based on the fair market value of the plan’s assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in 2023 calendar year at rates from 9.0% to 14.6% depending on the member’s designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2023 current and past service was \$ 48,774 (2022 - \$ 44,333) and were matched by employee contributions in a similar amount.

16. Related party transactions

	<u>2023</u>	<u>2022</u>
<u>Revenues</u>		
Municipal contribution and development charges	\$ 1,121,733	\$ 1,075,577
<u>Expenses</u>		
Utilities	\$ 34,572	\$ 32,340

In 2023, the municipal contribution for water and sewer charges of \$ 703 (2022 - \$ 488) is included in utilities and office repairs and maintenance were with the Town of Grimsby. Electrical charges of \$ 33,869 (2022 - \$ 31,853) included in utilities were paid to Grimsby Power Incorporated, a company owned by the Town of Grimsby.

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

17. Budget

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Statement of Changes in Net Financial Assets represent the budget adopted by the Board with the following adjustments:

Budgeted annual surplus	\$	-
Add:		
Acquisition of tangible capital assets		127,300
Less:		
Transfers to (from) reserves, net		25,560
Amortization of tangible capital assets		(119,602)
<u>Budgeted surplus per Statement of Operations</u>	<u>\$</u>	<u>33,258</u>

18. Financial instruments

The Library is exposed to various risks through its financial instruments. The following analysis provides a measure of the Library's risk exposures as at December 31, 2023:

Credit risk

Credit risk is the risk of financial loss to the Library if a debtor fails to pay the amounts owing to the Library. The Library is exposed to this risk arising from its cash, investments, grants receivable and accounts receivable. The Library holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Library's cash accounts are insured up to \$ 37,881 (2022 - \$ 28,098).

GRIMSBY PUBLIC LIBRARY

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2023

18. Financial instruments (continued)

Credit risk (continued)

Receivables are primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Library measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up for specific accounts deemed to be possibly uncollectible. In the current and prior year, no impairment allowance was recorded. There were no changes in exposures to credit risk during the period. The amounts outstanding at year-end were as follows:

	2023					Total
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	
Government receivables	\$878,246	-	-	-	-	\$878,246

	2022					Total
	Current	31-60 days	61-90 days	91-120 days	Over 120 days	
Government receivables	\$682,835	-	-	-	-	\$682,835

Liquidity risk

Liquidity risk is the risk that the Library will not be able to meet all cash outflow obligations as they come due. The Library mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining adequate cash levels. The following undiscounted cash-flows are required to settle the Library's financial liabilities within one year \$1,801 (2022 - \$ 1,801).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

18. Financial instrument (continued)

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Library is exposed to this risk through its interest-bearing bank balance. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

GRIMSBY PUBLIC LIBRARY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2023

	Library Collection	Furniture and Fixtures	Equipment	Computer Software	Computers	2023
Cost						
Beginning of year	\$ 579,135	\$ 389,585	\$ 208,679	\$ 22,885	\$ 55,656	\$ 1,255,940
Additions	90,933	2,544	3,811	-	5,029	102,317
Disposals	(72,066)	-	-	-	-	(72,066)
End of year	598,002	392,129	212,490	22,885	60,685	1,286,191
Accumulated Amortization						
Beginning of year	282,569	300,964	11,181	3,814	44,152	642,680
Amortization	73,571	23,958	15,422	1,526	5,125	119,602
Amortization on disposals	(72,066)	-	-	-	\$ -	(72,066)
End of year	284,074	324,922	26,603	5,340	49,277	690,216
Net Book Value	\$ 313,928	\$ 67,207	\$ 185,887	\$ 17,545	\$ 11,408	\$ 595,975

The net book value of equipment under capital leases is \$ 7,200.

GRIMSBY PUBLIC LIBRARY

SCHEDULE OF TANGIBLE CAPITAL ASSETS

For the Year Ended December 31, 2022

	Library Collection	Furniture and Fixtures	Equipment	Computer Software	Computers	2022
Cost						
Beginning of year	\$ 582,751	\$ 388,024	\$ 27,915	\$ 65,082	\$ 47,816	\$ 1,111,588
Additions	87,867	1,561	201,172	-	7,840	298,440
Disposals	(91,483)	-	(20,408)	(42,197)	-	(154,088)
End of year	579,135	389,585	208,679	22,885	55,656	1,255,940
Accumulated Amortization						
Beginning of year	301,434	277,109	21,299	23,387	37,350	660,579
Amortization	72,618	23,855	9,468	4,104	6,802	116,847
Amortization on disposals	(91,483)	-	(19,586)	(23,677)	-	(134,746)
End of year	282,569	300,964	11,181	3,814	44,152	642,680
Net Book Value	\$ 296,566	\$ 88,621	\$ 197,498	\$ 19,071	\$ 11,504	\$ 613,260

The net book value of equipment under capital leases is \$ 8,099.