

Six Nations Public Library
Financial Statements
March 31, 2017

Independent Auditors' Report

To the Board of Directors of Six Nations Public Library:

We have audited the accompanying financial statements of Six Nations Public Library, which comprise the statement of financial position as at March 31, 2017 and the statements of operations and changes in net 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 accounting standards for not-for-profit 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.

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 auditors' judgment, 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 statement.

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

Basis for Qualified Opinion

In common with many non-profit organizations, the organization derives part of its revenues from fundraising functions and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to amounts recorded in the records and we were not able to determine if any adjustments might be necessary to revenues, excess of revenues over expenses, assets or net assets.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly in all material respects the financial position of Six Nations Public Library as at March 31, 2017 and the results of its operations and changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Cambridge, Ontario

June 12, 2017

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

Six Nations Public Library
Statement of Financial Position
As at March 31, 2017

	General Fund	Reserve Fund	2017	2016
Assets				
Current				
Cash	6,855	-	6,855	7,832
Restricted cash	-	22,454	22,454	21,636
Accounts receivable	6,455	-	6,455	6,297
Prepaid expenses and deposits	1,678	-	1,678	3,749
	14,988	22,454	37,442	39,514
Liability				
Current				
Accounts payable and accrued charges	16,821	-	16,821	14,045
Net Assets				
General fund	(1,833)	-	(1,833)	3,833
Reserve fund	-	22,454	22,454	21,636
	(1,833)	22,454	20,621	25,469
	14,988	22,454	37,442	39,514

Approved on behalf of the Board


 Director


 Director

The accompanying notes are an integral part of these financial statements

Six Nations Public Library
Statement of Operations and Changes in Net Assets
For the year ended March 31, 2017

	<i>General Fund</i>	<i>Reserve Fund</i>	<i>2017</i>	<i>2016</i>
Revenues				
Grant and other contributions				
Six Nations of The Grand River	175,000	-	175,000	175,000
Federal	14,037	-	14,037	-
Provincial	52,724	-	52,724	61,084
Grants	108,813	-	108,813	41,569
User fees and fundraising	11,833	818	12,651	9,461
Friends of the Six Nations				
Public Library Foundation	-	-	-	19,075
Other credits and rebates	1,419	-	1,419	191
Total revenues	363,826	818	364,644	306,380
Expenses				
Administrative	14,391	-	14,391	9,624
Advertising	200	-	200	-
Board expenses	6,780	-	6,780	8,360
Book services	11,292	-	11,292	14,120
Building maintenance	4,801	-	4,801	5,659
Computer services	96,486	-	96,486	20,157
Financial services	911	-	911	906
General maintenance	1,232	-	1,232	1,175
Professional fees	6,127	-	6,127	7,837
Reading initiatives	2,529	-	2,529	3,157
Salaries and benefits	202,657	-	202,657	210,696
Utilities	22,086	-	22,086	18,040
	369,492	-	369,492	299,731
Excess (deficiency) of revenues over expenses	(5,666)	818	(4,848)	6,649
Net assets, beginning of year	3,833	21,636	25,469	18,820
Net assets, end of year	(1,833)	22,454	20,621	25,469

The accompanying notes are an integral part of these financial statements

Six Nations Public Library
Statement of Cash Flows
For the year ended March 31, 2017

	2017	2016
Cash provided by (used for) the following activities		
Operating		
Excess (deficiency) of revenues over expenses	(4,848)	6,649
Changes in working capital accounts		
Accounts receivable	(158)	952
Prepaid expenses and deposits	2,071	(2,287)
Accounts payable and accrued charges	2,776	8,159
	(159)	13,473
Investing		
Net increase in restricted cash	(818)	(11,175)
Increase (decrease) in cash resources	(977)	2,298
Cash resources, beginning of year	7,832	5,534
Cash resources, end of year	6,855	7,832

The accompanying notes are an integral part of these financial statements

1. Organization

Six Nations Public Library (the "Organization") is a non-profit organization that provides universal public library services to the public. The Organization is exempt from harmonized sales tax and both Federal and Provincial income and capital taxes.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada using the following significant accounting policies:

Basis of accounting

Sources of financing and expenses are reported on the accrual basis of accounting. Under this basis, revenues are recognized as they become available and measurable and expenses are recognized as they become measurable as a result of the receipt of goods or services and the creation of legal obligation to pay.

Fund accounting

The General Fund accounts for the operations of the Organization.

The Reserve Fund is an internally restricted fund which accounts for funds set aside by the Six Nations Public Library to fund future expenses.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Operating grants are recorded as revenue in the period to which they relate. Grants approved but not received at the end of an accounting period are accrued. Where a portion of a grant is related to a future period, it is deferred and recognized in the subsequent period. Donations are recorded as income on a cash basis.

Contributed materials and services

Contributions of materials and services are recognized both as contributions and expenses in the statement of operations when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the Organization's operations and would otherwise have been purchased.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with CPA Canada 3840 *Related Party Transactions*.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess (deficiency) of revenues over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

The Organization has initially measured its accounts receivable at fair value and carries it at cost less impairment.

The Organization has initially measured the following financial liabilities at fair value and carries it at cost: accounts payable and accrued charges.

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

Financial asset impairment:

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. Management considers relevant criteria in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenues over expenses in the year the reversal occurs.

Capital assets

In accordance with CPA Handbook Section 4431, the Organization has elected to expense capital assets as incurred as the average annual revenues of the Organization are less than \$500,000. See Note 4 for details of the type and amount of capital assets expensed during the year.

Collections

The Organization's collections consist of library and rare books, periodicals, government publications, reports, digital and archival materials and other relevant information, as well as art and artifacts. Purchased collections are expensed consistent with the treatment for other capital assets. Significant contributed collections are recorded as revenue and an expense at the fair value at the date of the contribution. Amortization is not provided on collections as amounts are not capitalized.

Employee future benefits

The Organization provides a defined contribution pension plan to substantially all salaried employees.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported 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. Accrued liabilities are based on management's expectation of amounts payable for goods and services for which invoices were not received prior to the year end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess (deficiency) of revenues and expenses in the periods in which they become known.

3. Economic dependence

Six Nations Public Library receives a major portion of its revenues pursuant to funding arrangements with Six Nations of The Grand River.

4. Capital assets

Capital assets expensed for the year, including collections, office and computer equipment totalled \$95,155 (2016 - \$12,258) and are recorded in the book services, computer services, general and building maintenance expense lines.

5. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Credit risk

Credit risk arises from the potential that the funders and members will fail to perform its obligations. The Organization's financial instruments that are exposed to concentration of credit risk consist primarily of accounts receivable. Concentration of credit risk with respect to accounts receivable is limited due to the fact that the majority of the funders are governmental agencies.