

Financial Statements of

**THE CORPORATION OF THE  
TOWN OF BLIND RIVER  
BLIND RIVER PUBLIC LIBRARY BOARD**

And Independent Auditors' Report thereon

Year ended December 31, 2020



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## INDEPENDENT AUDITORS' REPORT

To the Members of Council, Inhabitants and Ratepayers of the Corporation of the  
Town of Blind River

### ***Opinion***

We have audited the financial statements of the Blind River Public Library Board of the Corporation of the Town of Blind River (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 change in net financial debt 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 Blind River Public Library Board of the Corporation of the Town of Blind River 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 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.



### ***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' Responsibility 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.



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- 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

Sudbury, Canada  
June 21, 2021

**THE CORPORATION OF THE TOWN OF BLIND RIVER**  
**BLIND RIVER PUBLIC LIBRARY BOARD**

Statement of Financial Position

December 31, 2020, with comparative information for 2019

	2020	2019
<b>Financial assets</b>		
Cash	\$ 36,335	\$ 23,633
Trade receivable	94	-
	<u>36,429</u>	<u>23,633</u>
<b>Financial liabilities</b>		
Accounts payable and accrued liabilities	4,819	5,619
Advances from the Corporation of the Town of Blind River	44,520	68,229
	<u>49,339</u>	<u>73,848</u>
Net financial debt	(12,910)	(50,215)
<b>Non-financial assets</b>		
Tangible capital assets (note 2)	233,709	252,109
Accumulated surplus (note 3)	<u>\$ 220,799</u>	<u>\$ 201,894</u>

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

On behalf of the Board:

S. Melchior Board Chair

E. Nyman Board Treasurer

# THE CORPORATION OF THE TOWN OF BLIND RIVER

## BLIND RIVER PUBLIC LIBRARY BOARD

### Statement of Operations and Accumulated Surplus

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

	2020 Budget (note 5)	2020 Actual	2019 Actual
<b>Revenue:</b>			
Municipal contributions	\$ 145,020	\$ 145,021	\$ 125,739
Grants	17,755	20,971	21,382
User fees and service charges	4,600	2,011	4,943
Donations	1,000	2,452	13,781
Other	250	1,139	1,139
<b>Total revenue</b>	<b>168,625</b>	<b>171,594</b>	<b>166,984</b>
<b>Expenses:</b>			
Salaries and benefits	120,700	97,781	110,532
Amortization of tangible capital assets	-	29,609	26,738
Administration	13,625	10,361	12,244
Utilities	10,000	6,356	9,323
Repairs and maintenance	4,400	5,295	3,160
Supplies	3,200	2,093	4,735
Insurance	1,200	1,194	1,029
<b>Total expenses</b>	<b>153,125</b>	<b>152,689</b>	<b>167,761</b>
<b>Annual surplus (deficit)</b>	<b>15,500</b>	<b>18,905</b>	<b>(777)</b>
<b>Accumulated surplus, beginning of year</b>	<b>201,894</b>	<b>201,894</b>	<b>202,671</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 217,394</b>	<b>\$ 220,799</b>	<b>\$ 201,894</b>

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

**THE CORPORATION OF THE TOWN OF BLIND RIVER**  
**BLIND RIVER PUBLIC LIBRARY BOARD**

Statement of Change in Net Financial Debt

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

	2020 Budget (note 5)	2020 Actual	2019 Actual
Annual surplus (deficit)	\$ 15,500	\$ 18,905	\$ (777)
Acquisition of tangible capital assets	(15,500)	(11,209)	(74,913)
Amortization of tangible capital assets	-	29,609	26,738
	(15,500)	18,400	(48,175)
Change in net financial assets (debt)	-	37,305	(48,952)
Net financial debt, beginning of year	(50,215)	(50,215)	(1,263)
Net financial debt, end of year	\$ (50,215)	\$ (12,910)	\$ (50,215)

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

**THE CORPORATION OF THE TOWN OF BLIND RIVER**  
**BLIND RIVER PUBLIC LIBRARY BOARD**

Consolidated Statement of Cash Flows

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

	2020	2019
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ 18,905	\$ (777)
Items not involving cash:		
Amortization of tangible capital assets	29,609	26,739
Changes in accounts receivable	(94)	-
Change in accounts payable and accrued liabilities	(800)	2,618
Change in deferred revenue	-	(8,848)
Net change in cash from operating activities	47,620	19,732
Capital activities:		
Cash used to acquire tangible capital assets	(11,209)	(74,913)
Financing activities:		
Advances/(payment) from/to the Corporation of the Town of Blind River	(23,709)	40,063
Net change in cash	12,702	(15,118)
Cash, beginning of year	23,633	38,751
Cash, end of year	\$ 36,335	\$ 23,633

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



# THE CORPORATION OF THE TOWN OF BLIND RIVER

## BLIND RIVER PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2020

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The Blind River Public Library Board (the "Board") provides library services to residents of the Town of Blind River and residents of other municipalities who have contracted the Board for services.

### 1. Significant accounting policies:

The financial statements of the Blind River Public Library Board are the representation of management prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

#### a) Basis of accounting:

##### i) Accrual accounting:

Revenues and expenditures are reported on the accrual basis of accounting. The accrual basis of accounting recognizes the revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

##### ii) Tangible capital assets:

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

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Land improvements	20 years
Buildings	40 years
Library collections	5 years
Machinery	7 years

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##### iii) Contributions of tangible capital assets:

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

# THE CORPORATION OF THE TOWN OF BLIND RIVER

## BLIND RIVER PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2020

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### 1. Significant accounting policies (continued):

#### a) Basis of accounting (continued):

##### iv) Revenue recognition:

Grants are recognized in the year in which the events giving rise to the grant occurred, provided that the grant is authorized and the amount can be reasonably estimated. Grants are recognized when approved to the extent that the related expenditures have been incurred and collection can be reasonably assured. Municipal contributions are recognized in the period that the events giving rise to the transfer have occurred as long as: the transfer is authorized; the eligibility criteria, if any, have been met and the amount can be reasonably estimated. Government transfers received before these criteria have been met are recorded in the accounts as deferred revenue and are recognized as revenue in the period in which all of these criteria are met. Donation revenue is recognized in the period the donation is made, provided there are no external restrictions on the donation. Restricted donations are recorded as deferred revenue upon receipt and recognized in the period the related expenditures have been incurred. User fees and other revenues are recognized in the period in which services are provided.

##### v) 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 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. These estimates and assumptions are based on management's historical experience, best knowledge of current events and actions that the Blind River Public Library Board may undertake in the future. Significant account estimates include estimated useful lives of tangible capital assets. Actual results could differ from those estimates.

##### vi) Financial instruments:

The Library initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties.

The Library subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

# THE CORPORATION OF THE TOWN OF BLIND RIVER

## BLIND RIVER PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2020

### 2. Tangible capital assets:

Cost	Balance at December 31, 2019	Additions	Disposals	Balance at December 31, 2020
Land	\$ 1	-	-	1
Land improvements	8,518	-	-	8,518
Buildings	298,384	-	-	298,384
Library collections	166,666	11,209	-	177,875
Machinery	11,764	-	-	11,764
<b>Total</b>	<b>\$ 485,333</b>	<b>11,209</b>	<b>-</b>	<b>496,542</b>

Accumulated Amortization	Balance at December 31, 2,019	Disposals	Amortization	Balance at December 31, 2020
Land	\$ -	-	-	-
Land improvements	8,305	-	213	8,518
Buildings	100,989	-	9,815	110,804
Library collections	120,925	-	17,228	138,153
Machinery	3,005	-	2,353	5,358
<b>Total</b>	<b>\$ 233,224</b>	<b>-</b>	<b>29,609</b>	<b>262,833</b>

	Net book value, December 31, 2,019	Net book value, December 31, 2020
Land	\$ 1	1
Land improvements	213	-
Buildings	197,395	187,580
Library collections	45,741	39,722
Machinery	8,759	6,406
<b>Total</b>	<b>\$ 252,109</b>	<b>233,709</b>

**THE CORPORATION OF THE TOWN OF BLIND RIVER**  
**BLIND RIVER PUBLIC LIBRARY BOARD**

Notes to Financial Statements

Year ended December 31, 2020

**2. Tangible capital assets (continued):**

Cost	Balance at December 31, 2018	Additions	Disposals	Balance at December 31, 2019
Land	\$ 1	-	-	1
Land improvements	8,518	-	-	8,518
Buildings	244,227	54,157	-	298,384
Library collections	148,529	18,137	-	166,666
Machinery	9,145	2,619	-	11,764
<b>Total</b>	<b>\$ 410,420</b>	<b>74,913</b>	<b>-</b>	<b>485,333</b>

Accumulated Amortization	Balance at December 31, 2018	Disposals	Amortization	Balance at December 31, 2019
Land	\$ -	-	-	-
Land improvements	7,879	-	426	8,305
Buildings	88,663	-	12,326	100,989
Library collections	105,165	-	15,760	120,925
Machinery	915	-	2,090	3,005
<b>Total</b>	<b>\$ 202,622</b>	<b>-</b>	<b>30,602</b>	<b>233,224</b>

	Net book value, December 31, 2018	Net book value, December 31, 2019
Land	\$ 1	1
Land improvements	639	213
Buildings	155,564	197,395
Library collections	43,364	45,741
Machinery	8,230	8,759
<b>Total</b>	<b>\$ 207,798</b>	<b>252,109</b>

# THE CORPORATION OF THE TOWN OF BLIND RIVER

## BLIND RIVER PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2020

**3. Accumulated surplus:**

	2020	2019
General deficit	\$ (14,919)	\$ (52,224)
Reserves	2,009	2,009
Investment in tangible capital assets	233,709	252,109
<b>Accumulated surplus</b>	<b>\$ 220,799</b>	<b>\$ 201,894</b>

**4. Economic dependence:**

The Board relies on the Corporation of the Town of Blind River to fund a significant portion of its operations.

**5. Budget information:**

The budget adopted by the Library on January 24, 2020, was prepared on a basis consistent with that used to report actual results. The budget surplus was used for capital expenditures and amortization.

Balanced operating surplus for the year	\$	15,500
Budget use of surplus:		
Acquisition of tangible capital assets		(15,500)
	<b>\$</b>	<b>-</b>

**6. Financial instruments:**

Transactions in financial instruments may result in an entity assuming or transferring, to another party, financial risks. The Library is exposed to the following risks associated with financial instruments and transactions is a party to:

a) Credit risk:

Credit risk is the risk that one party to a financial transaction will cause a financial loss for another party by failing to discharge a financial obligation. The Library's main credit risks relate to its cash.

The Library minimizes credit risk associated with cash by holding these assets with a reputable financial institution with a higher credit rating.

# THE CORPORATION OF THE TOWN OF BLIND RIVER

## BLIND RIVER PUBLIC LIBRARY BOARD

Notes to the Financial Statements

Year ended December 31, 2020

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### 6. Financial instruments:

#### b) Other risks:

The Library's main sources of revenue are government operating grants. In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This resulted in the Canadian and Provincial governments enacting emergency measures to combat the spread of the virus. The Library halted most in-person activity for a period of time and moved to delivery on non-essential services in a virtual environment. All essential services remained provided through in-person service delivery based on recommendations from Public Health Ontario. In the summer of 2020, certain in person services restarted with the organization currently utilizing a hybrid model for the delivery of services in compliance with Public Health regulations.

The Provincial government has provided financial relief in the form of grants totaling \$3,216.

The impact of COVID-19 is expected to negatively impact operations for a duration that cannot be reasonably predicted. The further overall operational and financial impact is highly dependent on the duration of COVID-19, including the potential occurrence of additional waves of the pandemic, and could be affected by other factors that are currently not known at this time. Management is actively monitoring the effect of the pandemic on its financial condition, liquidity, operations, suppliers, and workforce. Given the daily evolution of the pandemic and the global responses to curb its spread, the Library is not able to fully estimate the effects of the pandemic on its results of operations, financial condition, or liquidity at this time

#### c) Liquidity risk:

Liquidity risk is the risk that the Library cannot repay its obligations when they become due to its creditors. The Library has liquidity risk associated with its accounts payable and accrued liabilities balance of \$4,819 (2019 - \$5,619).

The Library reduces its exposure to liquidity risk by monitoring cash activities and expected outflow through budgeting and maintaining enough cash to repay trade creditors as payables become due.

### 7. Comparative information:

Certain 2019 comparative information has been reclassified to conform with the presentation adopted in the current year. Such reclassifications have no impact on the annual surplus of the current or comparative period.