

**Elliot Lake Public Library**  
**Financial Statements**  
For the year ended December 31, 2023

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## Independent Auditor's Report

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To the Members of the Elliot Lake Public Library Board,  
Members of Council, Inhabitants and Ratepayers of The Corporation of the City of Elliot  
Lake

### Qualified Opinion

We have audited the accompanying financial statements of Elliot Lake 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 Library as at December 31, 2023, and its results of operations, its change in 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 such organizations, the Library derives revenue from fines, user charges and sale of materials, 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. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, annual surplus and cash flows from operations for the years ended December 31, 2023 and 2022, financial assets as at December 31, 2023 and 2022, and accumulated surplus as at January 1 and December 31 for both the 2023 and 2022 years. 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 audit 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 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 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.

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## Independent Auditor's Report

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### 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.

*BDO Canada LLP*

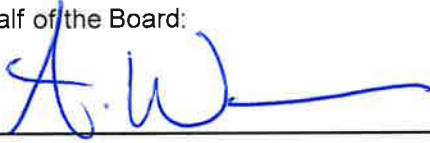
Chartered Professional Accountants, Licensed Public Accountants  
Sault Ste. Marie, Ontario  
October 28, 2024

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**Elliot Lake Public Library**  
**Statement of Financial Position**

<u>December 31</u>	<u>2023</u>	<u>2022</u>
<b>Financial assets</b>		
Due from the City of Elliot Lake (Note 4)	\$ 352,212	\$ 323,058
<b>Liabilities</b>		
Accounts payable and accrued liabilities	71,297	57,202
<b>Net financial assets</b>	<b>280,915</b>	<b>265,856</b>
<b>Non-financial assets</b>		
Tangible capital assets (Schedule 1)	1,190,707	1,280,473
<b>Accumulated surplus (Note 5)</b>	<b>\$ 1,471,622</b>	<b>\$ 1,546,329</b>

On behalf of the Board:



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## Elliot Lake Public Library Statement of Operations

<b>For the year ended December 31</b>	Budget	2023	2022
<b>Revenue</b>			
Municipal contributions	\$ 593,684	\$ 542,260	\$ 532,354
Province of Ontario grants	37,522	37,522	37,522
User charges	4,510	7,205	6,637
Interest	-	12,737	6,297
Other	4,372	6,536	3,942
	<b>640,088</b>	<b>606,260</b>	<b>586,752</b>
<b>Expenses</b>			
Advertising	1,000	407	151
Amortization	111,100	133,719	146,724
Equipment	5,100	2,866	539
Insurance	8,813	8,813	5,875
Professional fees	11,000	5,850	5,300
Rent	187,903	187,903	187,903
Repairs and maintenance	720	720	720
Supplies and materials	14,797	14,039	12,799
Telephone and internet	5,332	1,691	5,660
Travel	150	-	-
Wages and benefits	349,451	324,959	314,403
	<b>695,366</b>	<b>680,967</b>	<b>680,074</b>
<b>Annual deficit</b>	<b>(55,278)</b>	<b>(74,707)</b>	<b>(93,322)</b>
<b>Accumulated surplus, beginning of year</b>	<b>1,546,329</b>	<b>1,546,329</b>	<b>1,639,651</b>
<b>Accumulated surplus, end of year</b>	<b>\$ 1,491,051</b>	<b>\$ 1,471,622</b>	<b>\$ 1,546,329</b>

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

**Elliot Lake Public Library**  
**Statement of Change in Net Financial Assets**

<b>For the year ended December 31</b>	Budget	<b>2023</b>	2022
<b>Annual deficit</b>	\$ (55,278)	<b>\$ (74,707)</b>	\$ (93,322)
Acquisition of tangible capital assets	(53,500)	<b>(43,952)</b>	(45,355)
Amortization of tangible capital assets	111,100	<b>133,718</b>	146,724
<b>Net change in net financial assets</b>	2,322	<b>15,059</b>	8,047
<b>Net financial assets, beginning of year</b>	265,856	<b>265,856</b>	257,809
<b>Net financial assets, end of year</b>	\$ 268,178	<b>\$ 280,915</b>	\$ 265,856

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

**Elliot Lake Public Library  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2023</b>	<b>2022</b>
<b>Operating transactions</b>		
Annual deficit	\$ (74,707)	\$ (93,322)
Item not involving cash		
Amortization	<u>133,718</u>	146,724
	<b>59,011</b>	53,402
Changes in non-cash operating balances		
Accounts payable and accrued liabilities	<b>14,095</b>	15,311
Due to/from the City of Elliot Lake	<u>(29,154)</u>	(60,880)
	<b>43,952</b>	7,833
<b>Capital transactions</b>		
Acquisition of tangible capital assets	<u>(43,952)</u>	(45,355)
<b>Net change in cash</b>	-	(37,522)
<b>Cash, beginning of year</b>	-	<u>37,522</u>
<b>Cash, end of year</b>	<b>\$ -</b>	<b>\$ -</b>

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

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# Elliot Lake Public Library

## Notes to Financial Statements

December 31, 2023

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### 1. Summary of significant accounting policies

<b>Management Responsibility</b>	The financial statements of the Elliot Lake Public Library (the Library) are the responsibility of management. The Library Board reviews and approves the financial statements.						
<b>Basis of accounting</b>	The financial statements of the Elliot Lake Public Library are prepared in accordance with Canadian public sector accounting standards, as recommended by the Public Sector Accounting Board.						
<b>Nature of operations</b>	The Elliot Lake Public Library provides library services to residents of the City of Elliot Lake and residents of other municipalities who have contracted the Library for services.						
<b>Revenue recognition</b>	<p>Government transfers are recognized in the year in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability.</p> <p>User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.</p>						
<b>Deferred revenue</b>	Funds received for specific purposes which contain stipulations externally restricted by legislation, regulation or agreement and are not available for general municipal 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.						
<b>Tangible capital assets</b>	<p>Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset commencing once the asset is available for productive use as follows:</p> <table style="margin-left: 40px;"><tr><td>Library collection</td><td>- 10 years</td></tr><tr><td>Furniture and equipment</td><td>- 5-15 years</td></tr><tr><td>Leasehold improvements</td><td>- over the lease term</td></tr></table>	Library collection	- 10 years	Furniture and equipment	- 5-15 years	Leasehold improvements	- over the lease term
Library collection	- 10 years						
Furniture and equipment	- 5-15 years						
Leasehold improvements	- over the lease term						
<b>Use of estimates</b>	The preparation of 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.						

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**Elliot Lake Public Library**  
**Notes to Financial Statements**

**December 31, 2023**

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**1. Summary of significant accounting policies (continued)**

**Financial  
Instruments**

Cash balances are measured at fair value. Term deposits are measured at cost or amortized cost. Accounts receivable and accounts payable are measured at cost or amortized cost. The carrying amount of each of these financial instruments is presented on the statement of financial position. The investment income is recognized as revenue in the period in which the resources are earned. For financial instruments measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations. Transaction costs are added to the carrying value for financial instruments measured using cost or amortized cost.

**Asset Retirement  
Obligations**

A liability for an asset retirement obligation is recognized when there is a legal obligation to incur retirement costs in relation to a capital asset; the past transaction or event giving rise to the liability has occurred; it is expected that future economic benefits will be given up; and a reasonable estimate of the amount can be made. The liability is recorded at an amount that is the best estimate of the expenditure required to retire a capital asset at the financial statement date. This liability is subsequently reviewed at each financial reporting date and adjusted for the passage of time and for any revisions to the timing, amount required to settle the obligation or the discount rate. Upon the initial measurement of an asset retirement obligation, a corresponding asset retirement cost is added to the carrying value of the related capital asset if it is still in productive use. This cost is amortized over the useful life of the capital asset. If the related capital asset is unrecognized or no longer in productive use, the asset retirement costs are expensed.

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# Elliot Lake Public Library

## Notes to Financial Statements

**December 31, 2023**

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### **2. Change in accounting policy**

Effective January 1, 2023, the Library adopted new Public Sector Accounting Handbook Standard, PS Section 3280, Asset Retirement Obligations. The Standard requires an obligation to be recognized related to legal obligations associated with the retirement of capital assets. The Library completed a detailed assessment of its assets and leased assets and concluded that there were no legal obligations to incur retirement costs in relation to these assets. Therefore, the Library has not recognized an asset retirement obligation.

On January 1, 2023, the Library adopted PS 3450 Financial instruments which establishes standards for recognizing and measuring financial assets, financial liabilities and non-financial derivatives. This standard is effective January 1, 2022 and is required to be adopted prospectively. The Library did not have any unrealized gains and losses on investments for the year ended December 31, 2023, and therefore in the new statement, the statement of measurement gains and losses, was not presented. The comparative figures have not been restated from the presentation and disclosure requirements of the previous financial reporting framework adopted by the Library.

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### **3. Pension plan and future benefits**

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

Because OMERS is a multi-employer pension plan, the library does not recognize any share of the pension plan deficit, as this is a joint responsibility of all Ontario municipalities and their employees. At December 31, 2023 OMERS reported an actuarial funding deficit of \$4.2 billion (2022 - \$6.7 billion). Employer's contributions for current and past service are included as an expense on the statement of operations. The amount contributed to OMERS in 2023 was \$16,025 (2022 - \$15,863).

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### **4. Due to the City of Elliot Lake**

The balance owing from the City of Elliot Lake is non-interest bearing and has no set terms of repayment.

**Elliot Lake Public Library**  
**Notes to Financial Statements**

**December 31, 2023**

**5. Accumulated surplus**

The total balance of accumulated surplus is made up of the following amounts:

	<b>2023</b>	2022
Equity in tangible capital assets	<b>\$ 1,190,707</b>	\$ 1,280,473
Reserves set aside by the Board Library building reserve	<b>280,915</b>	265,856
	<b>\$ 1,471,622</b>	\$ 1,546,329

**Allocation of annual surplus:**

Reserves	<b>\$ 15,059</b>	\$ 8,047
Equity in tangible capital assets	<b>(89,766)</b>	(101,369)
	<b>\$ (74,707)</b>	\$ (93,322)

Any operating surplus becomes part of The Corporation of the City of Elliot Lake's working capital reserve. As the City adjusts its contribution to the Library each year based on the annual operating surplus or deficit of the Library.

**6. Commitment**

The Library has entered into a 25 year lease for its premises commencing November 2013. Annual lease payments are approximately \$100,590 plus a proportionate share of common area costs and realty tax which are approximately \$74,235 annually.

**7. Budget**

The Financial Plan (Budget) By-Law adopted by Council on May 8, 2023 was not prepared on a basis consistent with that used to report actual results. The budget was prepared on a modified accrual basis while Public Sector Accounting Standards require a full accrual basis. The budget figures anticipated use of reserves and/or surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues. 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 include the following adjustments:

Financial Plan (Budget) Bylaw surplus for the year	\$	-
Add:		
Capital expenditures		53,500
Net inter-fund transfers to reserves		2,322
Less:		
Amortization		(111,100)
Budget surplus (deficit) per statement of operations	<b>\$</b>	<b>(55,278)</b>

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## Elliot Lake Public Library Notes to Financial Statements

**December 31, 2023**

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### 8. Financial instruments

The Library is exposed to credit risk and liquidity risk from its financial instruments. This note describes the Library's objectives, policies and processes for managing those risks and the methods used to measure them. Further qualitative and quantitative information in respect of these risks is presented below and throughout these financial statements.

a) Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Library is exposed to credit risk through its cash.

The Library's maximum exposure to credit risk at the financial statement date is the carrying value of its cash as presented on the statement of financial position. The Library holds its cash accounts with a large reputable financial institution, from which management believes the risk of loss due to credit risk to be remote.

b) Liquidity risk

Liquidity risk is the risk that the company cannot repay its obligations when they become due to its creditors. The Library is exposed to this risk relating to its accounts payable and accrued liabilities.

The Library reduces its exposure to liquidity risk by monitoring cash and investing activities and expected outflow through extensive budgeting and maintaining enough cash to repay trade creditors as payables become due. In the opinion of management, the liquidity risk exposure to the Library is low.

There have not been any changes from the prior year in the Library's exposure to all of the above risks or the policies, procedures and methods it uses to measure these risks.

**Elliot Lake Public Library**  
**Schedule 1 - Tangible Capital Assets**

**For the year ended December 31, 2023**

	Leasehold Improvements	Furniture and Equipment	Library Collection	Work in Progress	Total
<b>Cost, beginning of year</b>	<b>\$ 1,088,154</b>	<b>\$ 330,666</b>	<b>\$ 770,688</b>	<b>\$ -</b>	<b>\$ 2,189,508</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>43,952</b>	<b>-</b>	<b>43,952</b>
<b>Cost, end of year</b>	<b>1,088,154</b>	<b>330,666</b>	<b>814,640</b>	<b>-</b>	<b>2,233,460</b>
<b>Accumulated amortization, beginning of year</b>	<b>239,359</b>	<b>145,307</b>	<b>524,369</b>	<b>-</b>	<b>909,035</b>
<b>Amortization</b>	<b>43,527</b>	<b>20,691</b>	<b>69,500</b>	<b>-</b>	<b>133,718</b>
<b>Accumulated amortization, end of year</b>	<b>282,886</b>	<b>165,998</b>	<b>593,869</b>	<b>-</b>	<b>1,042,753</b>
<b>Net carrying amount, end of year</b>	<b>\$ 805,268</b>	<b>\$ 164,668</b>	<b>\$ 220,771</b>	<b>\$ -</b>	<b>\$ 1,190,707</b>

**For the year ended December 31, 2022 (comparative figures)**

	Leasehold Improvements	Furniture and Equipment	Library Collection	Work in Progress	Total
<b>Cost, beginning of year</b>	<b>\$ 1,088,154</b>	<b>\$ 330,666</b>	<b>\$ 725,333</b>	<b>\$ -</b>	<b>\$ 2,144,153</b>
<b>Additions</b>	<b>-</b>	<b>-</b>	<b>45,355</b>	<b>-</b>	<b>45,355</b>
<b>Cost, end of year</b>	<b>1,088,154</b>	<b>330,666</b>	<b>770,688</b>	<b>-</b>	<b>2,189,508</b>
<b>Accumulated amortization, beginning of year</b>	<b>195,831</b>	<b>121,049</b>	<b>445,431</b>	<b>-</b>	<b>762,311</b>
<b>Amortization</b>	<b>43,528</b>	<b>24,258</b>	<b>78,938</b>	<b>-</b>	<b>146,724</b>
<b>Accumulated amortization, end of year</b>	<b>239,359</b>	<b>145,307</b>	<b>524,369</b>	<b>-</b>	<b>909,035</b>
<b>Net carrying amount, end of year</b>	<b>\$ 848,795</b>	<b>\$ 185,359</b>	<b>\$ 246,319</b>	<b>\$ -</b>	<b>\$ 1,280,473</b>

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