MANAGEMENT REPORT

Management's Responsibility for the Consolidated Financial Statements:

The accompanying financial statements of the CORPORATION OF THE UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD are the responsibility of the Board's management and have been prepared in compliance with legislation, and in accordance with generally accepted accounting principles established by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants.

A summary of the significant accounting policies are described in Note 1 to the financial statements. The preparation of the financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

The Board's Council meets with management and the external auditors to review the financial statements and discuss any significant financial reporting or internal control matters prior to the Council's approval of the financial statements.

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

Clerk	Chair of the Board			
Melinda Reith	Marlene Gibson			
May 8, 2015				
	DRAFT FOR DISCUSSION PURPOSES ONLY.			



INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of the CORPORATION OF THE UNITED TOWNSHIPS OF HEAD, CLARA & MARIA

We have audited the accompanying financial statements of the CORPORATION OF THE UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD, which comprise the statement of financial position as at December 31, 2014, and the statements of operations, change in net financial 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 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.

Auditors' Responsibility

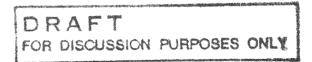
Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable 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 auditor's judgement, 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 statements.

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

Basis for Qualified Opinion

In common with many non-profit organizations, the library derives revenues from fundraising and activities, 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 and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, financial assets and accumulated surplus.



Qualified Opinion

In our opinion, except for the possible effect of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the CORPORATION OF THE UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD as at December 31, 2014, and the results of its operations, change in net financial assets and cash flows for the year then ended, in accordance with Canadian public sector accounting standards.

CHARTERED ACCOUNTANTS LICENSED PUBLIC ACCOUNTANTS

Pembroke, Ontario May 8, 2015



LIBRARY BOARD

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2014

		2014		2013
ASSETS Cash Accounts receivable Due from own municipality	\$ 	24,577 266 4,384 29,227	\$ 	25,556 279 3,912 29,747
LIABILITIES Accounts payable and accrued liabilities		500		144
NET FINANCIAL ASSETS		28,727		29,603
NON-FINANCIAL ASSETS Tangible capital assets (Schedule 1)		21,799	,,,,,,,,,,	24,598
ACCUMULATED SURPLUS (Note 2)	\$	50,526	\$	54,201

DRAFT
FOR DISCUSSION PURPOSES ONLY



UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD

STATEMENT OF OPERATIONS FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
REVENUE Provincial and other government transfers Fundraising, donations and fines	\$ 1,423 3,190 4,613	\$ 1,423 5,777 7,200	\$ 2,466 5,525 7,991
EXPENSES Administration Amortization of tangible capital assets	5,500 5,500	4,995 5,880 10,875	6,541 5,875 12,416
EXCESS OF EXPENSES OVER REVENUE	(887)	(3,675)	(4,425)
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	50,141	54,201	58,626
ACCUMULATED SURPLUS AT END OF YEAR	\$ <u>49,254</u>	\$ <u>50,526</u>	\$54,201



UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2014

	Budget <u>2014</u>	Actual <u>2014</u>	Actual <u>2013</u>
EXCESS OF EXPENSES OVER REVENUES	\$(887)	\$(3,675)	\$(4,425)
Acquisition of tangible capital assets Amortization of tangible capital assets	(4,500) 	(3,081) 5,880 2,799	(2,781) 5,875 3,094
DECREASE IN NET FINANCIAL ASSETS	(5,387)	(876)	(1,331)
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	25,543	29,603	30,934
NET FINANCIAL ASSETS AT END OF YEAR	\$ <u>20,156</u>	\$ 28,727	\$ 29,603



UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2014

		2014		2013
CASH FLOWS FROM (USED IN) OPERATING ACTIVITIES Excess of expenses over revenues	\$	(3,675)	\$	(4,425)
Adjustment for non-cash items included in excess of (expenses over revenues) revenue over expenses - amortization expense		5,880 2,205	Management	5,875 1,450
Changes in the level of:		A., 1. 00		1,,,00
Accounts receivable		13		(87)
Due from own municipality		(472)		(327)
Accounts payable and accrued liabilities		356		144
		2,102	Department	1,180
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES				
Acquisition of tangible capital assets		(3,081)		(2,781)
DECREASE IN CASH		(979)		(1,601)
CASH AT BEGINNING OF YEAR		<u> 25,556</u>		27,157
CASH AT END OF YEAR	\$	24,577	\$	25,556

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FOR DISCUSSION PURPOSES ONLY

LIBRARY BOARD

SCHEDULE OF TANGIBLE CAPITAL ASSETS FOR THE YEAR ENDED DECEMBER 31, 2014

SCHEDULE 1

Land Machinery Improvements and equipment Circulation 2014	\$ 9,008 \$ 25,186 \$ 29,103 \$ 63,297 - 3,081 3,081 3,081 3,081	2,370 16,865 19,464 38,699 360 1,123 4,397 5,880 2,730 17,988 23,861 44,579	TAL ASSETS \$ 6.278 \$ 7,198 \$ 8,323 \$ 21,799	CAPITAL ASSETS \$ 6,638 \$ 8,321 \$ 9,639 \$ 24,598
	COST Balance, beginning of year Disposal of tangible capital assets	ACCUMULATED AMORTIZATION Balance, beginning of year Amortization	NET BOOK VALUE OF TANGIBLE CAPITAL	2013 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS



UNITED TOWNSHIPS OF HEAD, CLARA & MARIA LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

The Library board is a board of the United Townships of Head, Clara and Maria organized to direct the provision of Library services to residents of the United Township.

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian public sector accounting standards for local governments as recommended by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants. Significant aspects of the accounting policies adopted by the Board are as follows:

Basis of accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Funds from external parties and earnings thereon restricted by agreement or legislation are accounted for as deferred revenue until used for the purpose specified.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. In addition, certain user charges and fees are collected for which the related services have yet to be performed. Revenue is recognized in the period when the related expenses are incurred, services performed or the tangible capital assets are acquired.

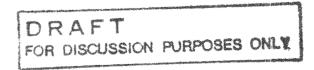
Use of estimates

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Management makes estimates when it estimates the useful life of its tangible capital assets. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers are recognized in the financial statements as revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.





LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS YEAR ENDED DECEMBER 31, 2014

NOTE 1 SIGNIFICANT ACCOUNTING POLICIES (cont'd)

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of expenses over revenues, provides the consolidated Change in Net Financial Assets for the year.

i) 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 the estimated useful life as follows:

	<u>rears</u>
Land improvements	25
Machinery and equipment	5-20
Circulation	5

Annual amortization is charged in the year of acquisition and the year of disposal.

ii) Contribution of Tangible Capital Assets

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

NOTE 2 ACCUMULATED SURPLUS

Accumulated surplus consists of the following:

		<u>2014</u>		<u>2013</u>
Unrestricted surplus	\$	4,511	\$	4,060
Internally restricted reserves		24,216		25,543
Equity in tangible capital assets	***************************************	21,799		24,598
	\$	50,526	\$_	54,201

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LIBRARY BOARD

NOTES TO FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

NOTE 3 FINANCIAL INSTRUMENTS

The Board's financial instruments consist of cash, accounts receivable, amounts due from own municipality and accounts payable and accrued liabilities.

Risk

It is management's opinion that the Board is not exposed to significant interest, currency or credit risks arising from its financial instruments.

Fair market value

The fair value of the Board's financial instruments approximates their carrying value due to their short term nature.

