

Eastern Counties Regional Library
Financial Statements
March 31, 2025

**Eastern Counties Regional Library
Contents**

For the year ended March 31, 2025

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To the Board of Directors of Eastern Counties Regional Library:

Opinion

We have audited the financial statements of Eastern Counties Regional Library (the "Library"), which comprise the statement of financial position as at March 31, 2025, and the statements of operations, changes in net assets, cash flows and the related schedule for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at March 31, 2025, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 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 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 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.

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.

Sydney, Nova Scotia
July 7, 2025

MNP **LLP**
Chartered Professional Accountants

Eastern Counties Regional Library Statement of Financial Position

As at March 31, 2025

	2025	2024
Assets		
Current		
Cash	482,422	587,081
Accounts receivable	25,708	149,996
Prepaid expenses and deposits	36,423	30,310
Harmonized sales tax receivable	34,880	13,664
	579,433	781,051
Capital assets (Note 2)	555,777	476,880
Cash held for reserves (Note 8) (Note 9)	64,901	63,138
	1,200,111	1,321,069
Liabilities		
Current		
Accounts payable and accruals (Note 4)	121,649	123,303
Deferred revenue (Note 5)	411,057	587,928
	532,706	711,231
Deferred contributions related to capital assets (Note 6)	143,421	91,136
	676,127	802,367
Net Assets		
Invested in capital assets (Note 7)	412,356	385,744
Capital reserve (Note 8)	23,091	22,465
Operating reserve (Note 9)	41,810	40,673
Unrestricted	46,727	69,820
	523,984	518,702
	1,200,111	1,321,069

Approved on behalf of the Board

Director

Director

The accompanying notes are an integral part of these financial statements

Eastern Counties Regional Library
Statement of Operations
For the year ended March 31, 2025

	2025	2024
Revenue		
Province of Nova Scotia <i>(Schedule 1)</i>	1,074,556	1,005,090
Municipal councils <i>(Schedule 1)</i>	302,897	302,897
Other sources <i>(Schedule 1)</i>	25,694	16,257
Amortization of deferred contributions	55,988	57,891
	1,459,135	1,382,135
Expenses		
Salaries and benefits	746,929	723,827
Amortization	169,904	194,471
Employee benefits	129,316	128,832
French language	81,078	92,705
Library projects, grants and programming	75,848	33,671
Professional fees	57,052	26,234
Ingrated Library System	36,268	23,575
Janitorial services	29,420	27,739
Office supplies, postage and other	24,629	22,959
Utilities	20,975	20,040
Vehicle	20,534	18,535
Insurance	18,229	18,768
Repairs and maintenance	13,969	9,583
Bank charges and interest	10,170	8,436
Communications	7,484	7,086
Equipment maintenance	4,096	4,358
Staff travel and conventions	3,328	5,198
Training and education	2,390	5,681
Board meetings and travel	2,234	1,678
	1,453,853	1,373,376
Excess of revenue over expenses	5,282	8,759

The accompanying notes are an integral part of these financial statements

Eastern Counties Regional Library
Statement of Changes in Net Assets

For the year ended March 31, 2025

	<i>Invested in capital assets</i>	<i>Capital reserve</i>	<i>Operating reserve</i>	<i>Unrestricted</i>	2025	2024
Net assets, beginning of year	385,744	22,465	40,673	69,820	518,702	509,943
Excess (deficiency) of revenue over expenses	(113,916)	626	1,137	117,435	5,282	8,759
Acquisition and financing of capital assets	140,528	-	-	(140,528)	-	-
Net assets, end of year	412,356	23,091	41,810	46,727	523,984	518,702

The accompanying notes are an integral part of these financial statements

Eastern Counties Regional Library
Statement of Cash Flows
For the year ended March 31, 2025

	2025	2024
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	5,282	8,759
Amortization	169,904	194,471
Amortization of deferred contributions	(55,988)	(57,891)
	119,198	145,339
Changes in working capital accounts		
Accounts receivables	124,288	(99,353)
Prepaid expenses and deposits	(6,113)	(24,906)
Harmonized sales tax receivable	(21,216)	3,164
Accounts payable and accruals	(1,654)	(6,762)
Deferred revenue	(176,871)	360,118
	37,632	377,600
Financing		
Contributions received for capital assets	108,273	30,567
Investing		
Purchase of capital assets	(248,801)	(130,930)
Increase (decrease) in cash resources	(102,896)	277,237
Cash resources, beginning of year	650,219	372,982
Cash resources, end of year	547,323	650,219
Cash resources are composed of:		
Cash	482,422	587,081
Restricted cash	64,901	63,138
	547,323	650,219

The accompanying notes are an integral part of these financial statements

1. Significant accounting policies

Eastern Counties Regional Library (the "Library") is established under Libraries Act of the Province of Nova Scotia to provide free public library services to the municipal units of Guysborough, Inverness, Mulgrave, Port Hawkesbury, Richmond and St. Mary's. The Library is a registered charity and is exempt from income taxes.

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Handbook - Accounting Issued by the Accounting Standards Board in Canada.

Cash and cash equivalents

Cash and cash equivalents is comprised of cash on deposit net of outstanding cheques and cash held for reserve for capital asset replacement.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution plus all costs directly attributable to the acquisition.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	straight-line	40 years
Automotive	straight-line	5 years
Computer software	straight-line	3 years
Equipment	straight-line	5-10 years
Books	straight-line	2 years
Garage	straight-line	40 years

Intangible asset

Intangible assets recognized separately from goodwill and subject to amortization are recorded at cost. Contributed intangible assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at a rate intended to amortize the cost of intangible asset over its estimated useful life.

When an intangible asset no longer contributes to the Library's ability to provide goods or services, or the value of future economic benefits or service potential associated with the intangible asset is less than its net carrying amount, its carrying amount is written down to fair value.

Revenue recognition

The Library follows the deferral method of accounting for contributions, which includes provincial and municipal government support.

Under the deferral method, externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions related to capital assets are deferred and amortized into revenue over the same period as the related capital asset.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from fees are recognized when the services are provided.

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

Financial instruments

The Library recognizes its financial instruments when the Library 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 are subsequently measured at amortized cost.

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

Financial assets measured at amortized cost include cash and accounts receivables.

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

Financial asset impairment

The Library assesses impairment of all of its financial assets measured at cost or amortized cost. The Library groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant, etc. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments; etc. in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Library 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 Library 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 Library 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 of excess of revenue over expenses in the year the reversal occurs.

Measurement uncertainty (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 collectibility and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of capital assets.

By their nature, these judgments are subject to measurement uncertainty, and the effect on the financial statements of changes in such estimates and assumptions in future years could be material. These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues over expenses in the years in which they become known.

Eastern Counties Regional Library
Notes to the Financial Statements

For the year ended March 31, 2025

2. Capital assets

	<i>Balance beginning of year</i>	<i>Additions</i>	<i>Disposals</i>	<i>Balance end of year</i>
Cost				
Land	\$ 13,449	\$ -	\$ -	\$ 13,449
Buildings	334,929	-	-	334,929
Automotive	196,378	83,152	-	279,530
Computer software	172,150	26,757	-	198,907
Equipment	847,607	30,449	-	878,056
Books	4,359,018	108,443	-	4,467,461
Garage	44,972	-	-	44,972
WIP	7,461	-	-	7,461
	5,975,964	248,801	-	6,224,765
Accumulated Amortization				
Building	324,545	3,976	-	328,521
Automotive	60,233	8,115	-	68,348
Computer software	161,783	15,220	-	177,003
Equipment	693,595	30,390	-	723,985
Books	4,215,978	111,079	-	4,327,057
Garage	42,950	1,124	-	44,074
	5,499,084	169,904	-	5,668,988
	\$ 476,880	\$ 78,897	\$ -	\$ 555,777

3. Intangible asset

	<i>2025</i>	<i>2024</i>
Intangible asset having definite lives		
Website	25,769	25,769
Accumulated amortization	(25,769)	(25,769)
	-	-

4. Accounts payable and accruals

Accounts payable and accruals include government remittances payable of \$Nil (2024 - \$4,887).

Eastern Counties Regional Library
Notes to the Financial Statements

For the year ended March 31, 2025

5. Deferred revenue

	<i>Beginning of year</i>	<i>Funding received</i>	<i>Transferred to deferred contributions</i>	<i>Recognized in revenue</i>	<i>Balance end of year</i>
Building improvements	250,000	-	-	(450)	249,550
Bridge funding	46,200	46,200	-	(46,200)	46,200
French language grant	28,860	93,500	(3,088)	(84,489)	34,783
Food security	59,900	-	-	(41,307)	18,593
Delivery vehicle and equipment grant	100,000	-	(83,152)	-	16,848
Products and essentials grant	14,131	-	-	(5,168)	8,963
Other	2,710	-	-	-	2,710
Board governance grant	8,301	-	-	(500)	7,801
Library development fund	42,000	-	-	(34,577)	7,423
Community technology grant	20,500	-	(13,425)	-	7,075
Mabou Library grant	5,205	8,608	(8,608)	(383)	4,822
Occupational Health and Safety	3,500	-	-	(3,264)	236
Margaree Forks bequest	6,621	-	-	(568)	6,053
	587,928	148,308	(108,273)	(216,906)	411,057

6. Deferred contributions related to capital assets

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of capital assets. Recognition of these amounts as revenue is deferred to periods when the related capital assets are amortized. Changes in deferred capital contributions are as follows:

	2025	2024
Balance, beginning of year	91,136	118,460
Capital contributions received	108,273	30,567
Less: Amounts recognized as revenue during the year	(55,988)	(57,891)
Balance, end of year	143,421	91,136

Eastern Counties Regional Library
Notes to the Financial Statements

For the year ended March 31, 2025

7. Investment in capital assets

2025 **2024**

a) Investment in capital assets is calculated as follows:

Carrying value of capital assets		
Less:	555,777	476,880
Deferred contributions related to capital assets	(143,421)	(91,136)
	412,356	385,744

b) Change in net assets invested in capital assets is calculated as follows:

Deficiency of revenues of expenses		
Amortization of capital assets	(169,904)	(188,026)
Amortization of deferred contributions related to capital assets	55,988	57,891
	(113,916)	(130,135)
Acquisition and financing of capital assets		
Additions to capital assets	248,801	130,930
Capital contributions received	(108,273)	(30,567)
	140,528	100,363
	26,612	(29,772)

8. Capital reserve

The Library has established a reserve for future capital asset replacement. Contributions to and withdrawals from the reserve are at the discretion of the Library board of directors.

9. Operating reserve

The Library has established a reserve for future operating expenditures. Contributions to and withdrawals from the reserve are at the discretion of the Library board of directors.

10. Financial instruments

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

Credit Risk

The Library's exposure to credit risk relates to accounts receivable and arises from the possibility that creditors do not fulfill their obligations. The Library performs continuous evaluations of its accounts receivable.

Eastern Counties Regional Library Schedule 1 - Details of Revenue

For the year ended March 31, 2025

	2025	2024
Province of Nova Scotia		
Formula operating grant	858,000	839,600
Acadian grant	84,489	93,122
Equity grant	46,800	46,800
Other	85,267	25,568
	1,074,556	1,005,090
Municipal councils		
County of Inverness	124,400	124,400
County of Richmond	79,100	79,100
District of Guysborough	40,700	40,700
Town of Port Hawkesbury	28,100	28,100
District of St. Mary's	24,397	24,397
Town of Mulgrave	6,200	6,200
	302,897	302,897
Other sources		
Other revenue	13,726	8,302
Photocopy	5,003	4,327
Donations	3,876	2,591
Gas tax rebate	811	781
Fines	515	187
Interest	1,763	69
	25,694	16,257