Eastern Counties Regional Library

Financial Statements

March 31, 2026

Eastern Counties Regional Library
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Independent Auditor's Report

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, 2026, and the statements of operations, changes in net assets, cash flows and the related schedules 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, 2026, 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
August 31, 2026

MNP LLP
Chartered Professional Accountants

Eastern Counties Regional Library
Statement of Financial Position
As at March 31, 2026

	2026	2025
Assets		
Current		
Cash	**384,073**	482,422
Accounts receivable	**44,235**	25,708
Prepaid expenses and deposits	**31,998**	36,423
Harmonized sales tax receivable	**26,416**	34,880
	486,722	579,433
Capital assets *(Note 2)*	**505,241**	555,777
Cash held for reserves *(Note 7) (Note 8)*	**65,881**	64,901
	1,057,844	1,200,111
Liabilities		
Current		
Accounts payable and accruals *(Note 3)*	**88,445**	121,649
Deferred revenue *(Note 4)*	**295,458**	411,057
	383,903	532,706
Deferred contributions related to capital assets *(Note 5)*	**91,316**	143,421
	475,219	676,127
Net Assets		
Invested in capital assets *(Note 6)*	**413,925**	412,356
Capital reserve *(Note 7)*	**23,440**	23,091
Operating reserve *(Note 8)*	**42,441**	41,810
Unrestricted	**102,819**	46,727
	582,625	523,984
	1,057,844	1,200,111

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, 2026

	2026	*2025*
Revenue		
Province of Nova Scotia *(Schedule 1)*	**1,138,873**	1,074,556
Municipal councils *(Schedule 1)*	**304,762**	302,897
Other sources *(Schedule 1)*	**49,467**	25,694
Amortization of deferred contributions *(Note 5)*	**58,307**	55,988
	1,551,409	1,459,135
Expenses		
Salaries and benefits	**709,523**	746,929
Library projects, grants and programming	**175,662**	75,848
Amortization	**169,286**	169,904
Employee benefits	**120,536**	129,316
French language	**91,574**	84,489
Integrated Library System	**36,278**	32,857
Professional fees	**38,139**	57,052
Office supplies, postage and other	**25,466**	24,629
Utilities	**21,783**	20,975
Insurance	**19,343**	18,229
Vehicle	**17,779**	20,534
Repairs and maintenance	**16,133**	13,969
Bank charges and interest	**12,557**	10,170
Communications	**12,323**	7,484
Equipment maintenance	**11,211**	4,096
Janitorial services	**6,350**	29,420
Staff travel and conventions	**5,072**	3,328
Training and education	**2,600**	2,390
Board meetings and travel	**1,153**	2,234
	1,492,768	1,453,853
Excess of revenue over expenses	**58,641**	5,282

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, 2026

	Invested in capital assets	*Capital reserve*	*Operating reserve*	*Unrestricted*	***2026***	*2025*
Net assets, beginning of year	412,356	23,091	41,810	46,727	523,984	518,702
Excess (deficiency) of revenue over expenses (Note 6)	(110,979)	349	631	168,640	58,641	5,282
Acquisition and financing of capital assets (Note 6)	112,548	-	-	(112,548)	-	-
Net assets, end of year	413,925	23,440	42,441	102,819	582,625	523,984

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, 2026

	2026	*2025*
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	**58,641**	5,282
Amortization	**169,286**	169,904
Amortization of deferred contributions	**(58,307)**	(55,988)
	169,620	119,198
Changes in working capital accounts		
Accounts receivables	**(18,527)**	124,288
Prepaid expenses and deposits	**4,425**	(6,113)
Harmonized sales tax receivable	**8,464**	(21,216)
Accounts payable and accruals	**(33,204)**	(1,654)
Deferred revenue	**(115,599)**	(176,871)
	15,179	37,632
Financing		
Contributions received for capital assets	**6,202**	108,273
Investing		
Purchase of capital assets	**(118,750)**	(248,801)
Decrease in cash resources	**(97,369)**	(102,896)
Cash resources, beginning of year	**547,323**	650,219
Cash resources, end of year	**449,954**	547,323
Cash resources are composed of:		
Cash	**384,073**	482,422
Cash held for reserves	**65,881**	64,901
	449,954	547,323

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. Cash held for reserves is presented separately on the statement of financial position.

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 their 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 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.

2. Capital assets

	Balance beginning of year	*Additions*	*Disposals*	*Balance end of year*
Cost				
Land	$ 13,449	$ -	$ -	**$ 13,449**
Buildings	334,929	-	**-**	**334,929**
Automotive	279,530	-	**-**	**279,530**
Computer software	198,907	20,201	**-**	**219,108**
Equipment	878,056	9,459	**-**	**887,515**
Books	4,467,461	89,090	**-**	**4,556,551**
Garage	44,972	**-**	**-**	**44,972**
WIP	7,461	**-**	-	**7,461**
	6,224,765	118,750	-	**6,343,515**
Accumulated Amortization				
Buildings	328,521	3,976	**-**	**332,497**
Automotive	68,348	16,230	**-**	**84,578**
Computer software	177,003	19,053	**-**	**196,056**
Equipment	723,985	27,716	**-**	**751,701**
Books	4,327,057	101,412	-	**4,428,469**
Garage	44,074	899	**-**	**44,973**
	5,668,988	169,286	**-**	**5,838,274**
	$ 555,777	$ (50,536)	$ -	**$ 505,241**

3. Accounts payable and accruals

Accounts payable and accruals include government remittances payable of $Nil (2025 - $Nil).

4. Deferred revenue

Deferred revenue represents externally restricted contributions received for specific projects and programs for which expenditures have not yet been incurred.

	Beginning of year	***Funding received***	***Transferred to deferred contributions***	***Returned to funder***	***Recognized in revenue***	***Balance end of year***
Building improvements	249,550	-	-	-	(96,604)	**152,946**
Bridge funding	46,200	46,200	-	-	(46,200)	**46,200**
French language	34,783	93,500	(2,524)	-	(91,574)	**34,185**
Food security	18,593	-	-	-	(18,593)	**-**
Delivery vehicle and equipment	16,848	-	-	-	-	**16,848**
Facility Project Management	-	30,000	-	-	(22,420)	**7,580**
Products and essentials	8,963	-	-	-	(4,882)	**4,081**
Other	2,710	-	-	-	-	**2,710**
Board governance	7,801	-	-	-	-	**7,801**
Library development fund	7,423	-	-	-	-	**7,423**
Community technology	7,075	-	(3,158)	-	-	**3,917**
Mabou Library	4,822	-	-	-	(2,857)	**1,965**
Occupational Health and Safety	236	-	-	(236)	-	**-**
Margaree Forks bequest	6,053	-	-	-	(4,299)	**1,754**
Strait Regional School Board	-	8,568	(520)	-	-	**8,048**
St Peter's Hub	-	10,994	-	-	(10,994)	**-**
	411,057	189,262	(6,202)	(236)	(298,423)	**295,458**

5. 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:

	2026	*2025*
Balance, beginning of year	**143,421**	91,136
Capital contributions received	**6,202**	108,273
Less: Amounts recognized as revenue during the year	**(58,307)**	(55,988)
Balance, end of year	**91,316**	143,421

6. Investment in capital assets

	2026	*2025*
a) Investment in capital assets is calculated as follows:		
Carrying value of capital assets		
Less:	**505,241**	555,777
Deferred contributions related to capital assets	**(91,316)**	(143,421)
	413,925	412,356
b) Change in net assets invested in capital assets is calculated as follows:		
Deficiency of revenues of expenses		
Amortization of capital assets	**(169,286)**	(169,904)
Amortization of deferred contributions related to capital assets	**58,307**	55,988
	(110,979)	(113,916)
Acquisition and financing of capital assets		
Additions to capital assets	**118,750**	248,801
Capital contributions received	**(6,202)**	(108,273)
	112,548	140,528
	1,569	26,612

7. Capital reserve

The capital reserve fund is an internally restricted amount established by the Board of Directors for future capital asset replacement. Contributions to and withdrawals from the reserve are at the discretion of the Library board of directors.

8. Operating reserve

The operating reserve fund is an internally restricted amount established by the Board of Directors for future operating expenditures. Contributions to and withdrawals from the reserve are at the discretion of the Library board of directors.

9. 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.

10. Economic dependence

The Library is economically dependent on the Provice of Nova Scotia, who provides 76% (2025 - 77%) of total funding received by the Library.

Eastern Counties Regional Library
Schedule 1 - Details of Revenue
For the year ended March 31, 2026

	2026	*2025*
Province of Nova Scotia		
Formula operating grant	**858,000**	858,000
Acadian grant	**91,574**	84,489
Equity grant	**46,800**	46,800
Other	**142,499**	85,267
	1,138,873	1,074,556
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	**26,262**	24,397
Town of Mulgrave	**6,200**	6,200
	304,762	302,897
Other sources		
Other revenue	**35,779**	13,726
Photocopy	**4,822**	5,003
Donations	**6,608**	3,876
Gas tax rebate	**-**	811
Fines	**419**	515
Interest	**1,839**	1,763
	49,467	25,694