

Eastern Counties Regional Library
Financial Statements
March 31, 2024

**Eastern Counties Regional Library
Contents**

For the year ended March 31, 2024

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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, 2024, 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, 2024, 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
June 13, 2024

MNP **LLP**
Chartered Professional Accountants

Eastern Counties Regional Library Statement of Financial Position

As at March 31, 2024

	2024	2023
Assets		
Current		
Cash	587,081	350,520
Accounts receivable	149,996	50,643
Prepaid expenses and deposits	30,310	5,404
Harmonized sales tax receivable	13,664	16,828
	781,051	423,395
Capital assets (Note 2)	476,880	533,976
Intangible asset (Note 3)	-	6,445
Cash held for reserves	63,138	22,462
	1,321,069	986,278
Liabilities		
Current		
Accounts payable and accruals (Note 4)	123,303	130,065
Deferred revenue (Note 5)	587,928	227,810
	711,231	357,875
Deferred contributions related to capital assets (Note 6)	91,136	118,460
	802,367	476,335
Net Assets		
Invested in capital assets	385,744	415,516
Capital reserve (Note 8)	22,465	22,462
Operating reserve (Note 9)	40,673	40,670
Unrestricted	69,820	31,295
	518,702	509,943
	1,321,069	986,278

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, 2024

	2024	2023
Revenue		
Province of Nova Scotia <i>(Schedule 1)</i>	1,005,090	957,354
Municipal councils <i>(Schedule 1)</i>	302,897	297,300
Other sources <i>(Schedule 1)</i>	16,257	16,853
Amortization of deferred contributions	57,891	63,674
	1,382,135	1,335,181
Expenses		
Salaries and benefits	723,827	701,932
Amortization	194,471	202,872
Employee benefits	128,832	117,098
French language	92,705	66,599
Library projects, grants and programming	33,671	34,203
Janitorial services	27,739	27,403
Professional fees	26,234	23,656
Integrated Library System	23,575	23,683
Office supplies, postage and other	22,959	26,293
Utilities	20,040	19,729
Insurance	18,768	18,242
Vehicle	18,535	12,151
Repairs and maintenance	9,583	3,671
Bank charges and interest	8,436	10,096
Communications	7,086	7,413
Training and education	5,681	4,926
Staff travel and conventions	5,198	3,763
Equipment maintenance	4,358	7,374
Board meetings and travel	1,678	4,111
	1,373,376	1,315,215
Excess of revenue over expenses	8,759	19,966

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, 2024

	<i>Invested in capital assets</i>	<i>Capital reserve</i>	<i>Operating reserve</i>	<i>Unrestricted</i>	2024	2023
Balance, beginning of the year	415,516	22,462	40,670	31,295	509,943	489,977
Excess (deficiency) of revenue over expenses	(130,135)	3	3	138,888	8,759	19,966
Acquisition and financing of capital assets	100,363	-	-	(100,363)	-	-
Net assets, end of year	385,744	22,465	40,673	69,820	518,702	509,943

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, 2024

	2024	2023
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	8,759	19,966
Amortization	194,471	202,872
Amortization of deferred contributions	(57,891)	(63,674)
	145,339	159,164
Changes in working capital accounts		
Accounts receivables	(99,353)	4,133
Prepaid expenses and deposits	(24,906)	27,460
Harmonized sales tax receivable	3,164	10,594
Accounts payable and accruals	(6,762)	(16,504)
Deferred revenue	360,118	130,920
	377,600	315,767
Financing		
Contributions received for capital assets	30,567	26,994
Investing		
Purchase of capital assets	(130,930)	(186,154)
Increase in cash resources	277,237	156,607
Cash resources, beginning of year	372,982	216,375
Cash resources, end of year	650,219	372,982
Cash resources are composed of:		
Cash	587,081	350,520
Restricted cash	63,138	22,462
	650,219	372,982

The accompanying notes are an integral part of these financial statements

Eastern Counties Regional Library

Notes to the Financial Statements

For the year ended March 31, 2024

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.

	Method	Rate
Website	straight-line	2 years

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, 2024

2. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2024 Net book value</i>	<i>2023 Net book value</i>
Land	13,449	-	13,449	13,449
Buildings	334,929	324,545	10,384	14,360
Automotive	196,378	60,233	136,145	136,145
Computer software	172,150	161,783	10,367	12,072
Equipment	847,607	693,595	154,012	171,899
Books	4,359,018	4,215,978	143,040	182,905
Garage	44,972	42,950	2,022	3,146
WIP	7,461	-	7,461	-
	5,975,964	5,499,084	476,880	533,976

3. Intangible asset

	<i>2024</i>	<i>2023</i>
Intangible asset having definite lives		
Website	25,769	25,769
Accumulated amortization	(25,769)	(19,324)
	-	6,445

4. Accounts payable and accruals

Accounts payable and accruals include government remittances payable of \$4,887 (2023 - \$4,586).

5. Deferred revenue

	<i>2024</i>	<i>2023</i>
Building improvements	250,000	-
Delivery vehicle and equipment grant	100,000	100,000
Food security	59,900	-
Bridge funding fiscal 2025	46,200	-
Library Development Fund	42,000	10,000
French language grant	28,860	28,558
Community technology grant	20,500	24,986
Products and essentials grant	14,131	25,000
Board governance grant	8,301	23,000
Mabou Library grant	5,205	5,205
Occupational Health and Safety	3,500	-
Strait Area Regional School Board grant	-	8,352
Other	9,331	2,709
	587,928	227,810

Eastern Counties Regional Library
Notes to the Financial Statements

For the year ended March 31, 2024

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:

	2024	2023
Balance, beginning of year	118,460	155,140
Capital contributions received	30,567	26,994
Less: Amounts recognized as revenue during the year	(57,891)	(63,674)
Balance, end of year	91,136	118,460

7. Investment in capital assets

	2024	2023
a) Investment in capital assets is calculated as follows:		
Carrying value of capital assets		
Less:		
Deferred contributions related to capital assets	476,880	533,976
	(91,136)	(118,460)
	385,744	415,516

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

Deficiency of revenues of expenses		
Amortization of capital assets	(188,026)	(189,990)
Amortization of deferred contributions related to capital assets	57,891	63,674
	(130,135)	(126,316)
Acquisition and financing of capital assets		
Additions to capital assets	130,930	186,154
Capital contributions received	(30,567)	(26,994)
	100,363	159,160
	(29,772)	32,844

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.

Eastern Counties Regional Library
Notes to the Financial Statements
For the year ended March 31, 2024

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, 2024

	2024	2023
Province of Nova Scotia		
Formula operating grant	839,600	811,800
Acadian grant	93,122	80,238
Equity grant	46,800	46,800
Other	25,568	18,516
	1,005,090	957,354
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	18,800
Town of Mulgrave	6,200	6,200
	302,897	297,300
Other sources		
Other revenue	8,302	12,400
Photocopy	4,327	2,134
Donations	2,591	1,342
Gas tax rebate	781	743
Fines	187	234
Interest	69	-
	16,257	16,853