



Grant Thornton

Financial Statements

South Shore Regional Library Board

March 31, 2010

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Grant Thornton

## Auditors' Report

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To the Chairperson and Members  
of the South Shore Regional Library Board

We have audited the statement of financial position, statement of changes in net assets and net assets invested in capital assets of the South Shore Regional Library Board as at March 31, 2010, and the statement of operations for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, the Board derives a portion of its revenue from public donations, 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 organization and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures and net assets.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the donations, these financial statements present fairly in all material respects the results of operations for the year ended March 31, 2010 in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Bridgewater, Nova Scotia  
June 2, 2010

Chartered Accountants

# South Shore Regional Library Board

## Statement of Operations

Year Ended March 31

2010

2009

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Appropriations from Governments (Note 6)	\$ 1,307,800	\$ 1,311,285	\$ 1,236,996
Fines and fees	150	1,849	269
Tax rebates	-	-	87
Book sales and adopt-a-book	19,000	14,738	23,313
Photocopying and laser printing	2,250	4,379	5,536
Interest income	2,500	26	5,084
Student grants and miscellaneous	27,000	29,486	37,566
Other funding	4,000	19,854	21,013
Donations	16,000	4,334	18,336
Donated goods and services	12,000	6,183	18,411
	<u>1,390,700</u>	<u>1,392,134</u>	<u>1,366,611</u>
<b>Expenditures</b>			
<b>Administration</b>			
Salaries, wages and benefits	112,000	114,577	112,621
Pension charge amortization	-	7,584	10,336
Professional services	13,700	9,349	14,554
Supplies and service	32,700	37,627	41,200
Travel and training	4,950	4,808	4,033
Memberships	2,300	1,550	1,435
Headquarters expenses	98,373	80,108	82,299
Other expenses	500	936	1,299
	<u>264,523</u>	<u>256,539</u>	<u>267,777</u>
<b>Support Services</b>			
Salaries, wages and benefits	336,000	331,926	351,521
Supplies and service	12,000	4,475	15,181
Travel and training	4,500	3,411	8,424
Automation	22,700	24,540	15,440
	<u>375,200</u>	<u>364,352</u>	<u>390,566</u>
<b>Public Services</b>			
Salaries, wages and benefits	415,000	417,741	494,990
Library material	322,200	281,821	137,756
Supplies and service	9,700	9,541	15,267
Travel and training	23,000	6,845	11,039
Vehicle operation and new mobile bus	45,200	193,296	78,923
	<u>815,100</u>	<u>909,244</u>	<u>737,975</u>
Total expenditures	<u>1,454,823</u>	<u>1,530,135</u>	<u>1,396,318</u>
Excess of expenditures over revenue	\$ (64,123)	\$ (138,001)	\$ (29,707)

See accompanying notes to the financial statements.

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## South Shore Regional Library Board Statement of Changes in Net Assets

Year Ended March 31	2010		2009
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Net assets, beginning of year	\$ -	\$ 120,781	\$ 102,208
Transfer to revenue	65,000	-	-
Transfer from reserves (Note 5)	<u>-</u>	<u>-</u>	<u>48,280</u>
	65,000	120,781	150,488
Excess of expenditures over revenue	<u>(64,123)</u>	<u>(138,001)</u>	<u>(29,707)</u>
Net (debt) assets, end of year	<u>\$ 877</u>	<u>\$ (17,220)</u>	<u>\$ 120,781</u>

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See accompanying notes to the financial statements

# South Shore Regional Library Board

## Statement of Financial Position

March 31 2010 2009

**Assets**

Current

Cash and cash equivalents		
Unrestricted	\$ 70,700	\$ 142,952
Receivables - trade	40,205	35,094
Prepays	<u>8,722</u>	<u>2,832</u>
	119,627	180,878
Deferred charges (Note 4)	37,849	45,433
Capital assets (Note 7)	<u>731,797</u>	<u>448,318</u>
	<u>\$ 889,273</u>	<u>\$ 674,629</u>

**Liabilities**

Payables and accruals-trade	\$ 37,391	\$ 39,135
Retirement allowance liability (Note 4)	66,395	66,395
Current portion of long term debt	<u>4,728</u>	<u>-</u>
	108,514	105,530
Long term debt (Note 8)	<u>66,182</u>	<u>-</u>
	<u>174,696</u>	<u>105,530</u>

**Net Assets**

Invested in capital assets (Page 5)	731,797	448,318
Unrestricted	<u>(17,220)</u>	<u>120,781</u>
	<u>714,577</u>	<u>569,099</u>
	<u>\$ 889,273</u>	<u>\$ 674,629</u>

Commitments (Note 10)

On behalf of the Board

\_\_\_\_\_ Chairperson \_\_\_\_\_ Director

See accompanying notes to the financial statements.

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## South Shore Regional Library Board Net Assets Invested in Capital Assets

Year Ended March 31	2010	2009
Invested in capital assets, beginning of year	\$ 448,318	\$ 364,848
Add:		
Capital assets provided by revenue fund		
Mobile bus	169,168	45,765
Library materials	281,821	137,756
Equipment	<u>9,581</u>	<u>11,588</u>
	<u>908,888</u>	<u>559,957</u>
Subtract:		
Cost of mobile bus sold	<u>-</u>	<u>980</u>
Deduct:		
Depreciation		
Library materials	123,382	94,580
Equipment	14,407	15,821
Vehicle	39,170	93
Leasehold improvements	<u>132</u>	<u>165</u>
	<u>177,091</u>	<u>110,659</u>
Invested in capital assets, end of year	<u>\$ 731,797</u>	<u>\$ 448,318</u>

See accompanying notes to the financial statements

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2010

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### 1. Nature of organization

The South Shore Regional Library Board operates public libraries in communities throughout Lunenburg County and Queens County Nova Scotia. The Library is registered as a charity with CRA under the income tax act and as a not-for-profit organization under the Societies Act of Nova Scotia.

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### 2. Accounting policies

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks and short term deposits with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### Investments

Investments are recorded at cost.

#### Revenue recognition

The Board follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. 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. Donations and interest income on the reserves are recognized as direct increases in reserve funds.

#### Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets funded by the operations are charged to expense in the year of purchase and recorded as an asset in the capital fund, with a credit to the investment in capital assets. When property and equipment is disposed of, the cost of the asset is written off against the investment in capital assets account. Depreciation of fixed assets is recorded on the diminishing balance method at the following rates except for leasehold improvements which are depreciated on the straight line basis:

Library materials	25%
Equipment	20-30%
Vehicles	30%
Leasehold improvements	20%SL

#### Use of Estimates

In preparing the Library's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates.

#### Fair values

The fair value of the Board's short-term financial instruments (cash, accounts receivable and accounts payable) approximates carrying value, due to the short-term maturity of these financial instruments.



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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2010

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### 2. Accounting policies (continued)

#### Library materials

No inventory of library materials on hand has been taken. When library materials are purchased they are charged to expense in the year of acquisition, and inventory is not recorded. Library materials for which purchase orders are outstanding at the end of the year are charged to expense and set-up as accounts payable for library materials committed.

#### Statement of cash flows

A statement of cash flow is not prepared and presented here as it would not provide additional useful information. Information about financing and investing activities and their effects on cash resources are readily apparent from the other financial statements.

#### Revenue recognition

Revenue is recognized in the period in which the funds pertain. Revenue which is received prior to the period in which it is to be accounted for is included in deferred revenue.

#### Financial Instruments

The fair value of cash, accounts receivable, accounts payable and accrued liabilities approximate their carrying amounts, due to the short term nature of these financial instruments. The fair values of restricted and unrestricted investments are reflected in the statement of financial position.

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### 3. Change in accounting policies

#### Adoption of 1506 - "Accounting Changes"

The Library adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook standard 1506 "Accounting Changes" that became effective for interim and annual financial statements relating to fiscal years beginning on or after April 1, 2009. The new section prescribes the criteria for changing accounting policies, together with the accounting treatment and disclosure of changes in accounting policies, changes in accounting estimates and corrections of errors. Under this section the Association is also required to disclose new primary sources of GAAP that have been issued but that are not yet effective.

# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2010

### 4. Pension

#### Deferred charges

A deferred charge has been recorded as an asset to reflect the pension cost. The related expense is being amortized over the estimated average remaining service life (EARSL) of 14 years, as calculated by management. As the Library does not have a mandatory retirement age, management has assumed a retirement age of 65 resulting in remaining service between 4 and 28 years. The annual pension charge is \$7,584. As at March 31, 2010 the unamortized balance is \$37,849.

#### Retirement allowance liability

A motion was passed on November 20, 2001 to supplement the retirement of employees based on their service between January 1, 1988 and January 1, 1998. A liability had been set up in the amount of \$106,100 based on an actuarial valuation of the liability. Annually this liability is decreased as employees retire and is increased to reflect pensionable salary increases. As at March 31, 2010 the balance is \$66,395.

### 5. Internally Restricted Net Assets

				<u>2010</u>	<u>2009</u>
	<u>Donations</u>	<u>General Library Development</u>	<u>Retirement Allowance</u>	<u>Total</u>	<u>Total</u>
Balance, beginning of year	\$ -	\$ -	\$ -	\$ -	\$ 48,280
Transitional adjustment on adoption of new accounting standards	-	-	-	-	-
Balance, beginning of year, as restated	-	-	-	-	48,280
Investment income, due or received	-	-	-	-	-
Donations	-	-	-	-	-
Loss on sale of investments	-	-	-	-	-
Unrealized loss on investments	-	-	-	-	-
	-	-	-	-	48,280
Transfer to operating	-	-	-	-	(48,280)
Balance, end of year	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2010

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### 6. Appropriations from Governments

	<u>2010</u>	<u>2009</u>
Region of Queens Municipality	\$ 67,020	\$ 64,457
Municipality of the District of Chester	65,116	57,933
Municipality of the District of Lunenburg	147,446	144,474
Town of Bridgewater	46,679	41,036
Town of Lunenburg	14,871	13,244
Town of Mahone Bay	5,667	5,056
Province of Nova Scotia	947,000	896,796
Other Municipal Funding	<u>17,486</u>	<u>14,000</u>
	<u>\$ 1,311,285</u>	<u>\$ 1,236,996</u>

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### 7. Capital assets

					<u>2010</u>	<u>2009</u>
	<u>Library</u>	<u>Equipment</u>	<u>Vehicles</u>	<u>Leasehold</u>	<u>Total</u>	<u>Total</u>
	<u>Materials</u>			<u>Improvements</u>		
Balance, beginning of year	\$ 352,621	\$ 49,056	\$ 45,980	\$ 661	\$ 448,318	\$ 364,848
Additions	<u>281,821</u>	<u>9,581</u>	<u>169,168</u>	-	<u>460,570</u>	<u>195,109</u>
	634,442	58,637	215,148	661	<u>908,888</u>	559,957
Disposals	-	-	-	-	-	(980)
	634,442	58,637	215,148	661	<u>908,888</u>	558,977
Depreciation	<u>(123,382)</u>	<u>(14,407)</u>	<u>(39,170)</u>	<u>(132)</u>	<u>(177,091)</u>	<u>(110,659)</u>
Balance, end of year	<u>\$ 511,060</u>	<u>\$ 44,230</u>	<u>\$ 175,978</u>	<u>\$ 529</u>	<u>\$ 731,797</u>	<u>\$ 448,318</u>

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2010

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8. Long term debt	<u>2010</u>	<u>2009</u>
Prime plus 1.5% demand loan, payable in monthly instalments of \$394 principal plus interest. As security the Board has provided an assignment on specified equipment.	\$ 70,910	\$ -
Less: amount payable within one year	<u>4,728</u>	<u>-</u>
	<u>\$ 66,182</u>	<u>\$ -</u>

Principal repayments required over the next five years are as follows:

2011	\$ 4,728
2012	\$ 4,728
2013	\$ 4,728
2014	\$ 4,728
2015	\$ 4,728

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### 9. Pension plan

The South Shore Regional Library currently makes contributions to a pension plan on behalf of employees who participate in the plan. The pension plan is a defined contribution plan and is administered by Sunlife Assurance Company Limited on behalf of the Library Board.

Pension plan contributions made by the Board for the current year are \$45,131 (2009- \$47,579)

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### 10. Commitments

The Board signed a five year lease agreement commencing January 1, 2010 and expiring December 31, 2013. Lease payments are \$5,169 per month plus applicable taxes.

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### 11. Comparative figures

Certain of the 2009 comparative figures have been reclassified to conform to the presentation adopted for 2010.