



Financial Statements

South Shore Regional Library Board

March 31, 2012

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Independent auditor's report

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To the Board of Directors
of the South Shore Regional Library Board

We have audited the accompanying financial statements of South Shore Regional Library Board., which comprise the statement of financial position as at March 31, 2012, and the statement of operations, statement of cash flows and statement of changes in net assets 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 generally accepted accounting principles, and for such internal control as those charged with governance determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's 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 judgment, 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 Board'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 Board's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by those charged with governance, 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 for our qualified audit opinion.

Basis for qualified opinion

As is common with many charitable organizations, the Board derives revenue from 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 Board and we were not able to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenditures, assets and net assets.

Qualified opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of South Shore Regional Library Board as at March 31, 2012, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Bridgewater, Canada
June 19, 2012

Chartered Accountants

South Shore Regional Library Board

Statement of Operations

Year Ended March 31

2012

2011

	Budget (Unaudited)	Actual	Actual
Revenue			
Appropriations from Governments (Note 5)	\$ 1,365,900	\$ 1,365,902	\$ 1,370,803
Fines and fees	1,500	2,436	2,546
Tax rebates	250	42	225
Book sales and adopt-a-book	18,200	24,106	18,125
Photocopying and laser printing	5,000	4,445	3,676
Interest income	1,500	2,324	1,320
Student grants and miscellaneous	50,000	56,691	34,133
Other funding	30,500	33,670	55,880
Donations	6,730	4,826	7,846
Donated goods and services	2,000	2,016	1,010
	<u>1,481,580</u>	<u>1,496,458</u>	<u>1,495,564</u>
Expenditures			
Administration			
Salaries, wages and benefits	143,779	132,153	134,833
Pension charge amortization	-	9,230	8,569
Professional services	34,000	11,699	33,040
Supplies and service	29,950	33,699	34,335
Travel and training	5,000	7,814	3,442
Memberships	2,050	1,474	1,921
Headquarters expenses	83,800	78,169	81,846
Other expenses	1,200	801	942
	<u>299,779</u>	<u>275,039</u>	<u>298,928</u>
Support Services			
Salaries, wages and benefits	394,217	362,443	346,400
Supplies and service	19,500	44,648	19,054
Travel and training	4,000	8,991	7,744
Automation	21,400	18,252	21,795
	<u>439,117</u>	<u>434,334</u>	<u>394,993</u>
Public Services			
Salaries, wages and benefits	388,504	437,305	420,517
Library material	295,000	226,941	303,090
Supplies and service	20,200	19,156	11,099
Travel and training	5,000	6,693	6,464
Vehicle operation and new mobile bus	33,800	31,456	33,435
	<u>742,504</u>	<u>721,551</u>	<u>774,605</u>
Total expenditures	<u>1,481,400</u>	<u>1,430,924</u>	<u>1,468,526</u>
Excess of revenue over expenditures	\$ 180	\$ 65,534	\$ 27,038

See accompanying notes to the financial statements.

South Shore Regional Library Board

Statement of Changes in Net Assets

Year Ended March 31

2012

2011

	Budget (Unaudited)	<u>Actual</u>	<u>Actual</u>
Net debt, beginning of year	\$ -	\$ -	\$ (17,220)
Transfer to internally restricted reserve	-	<u>(65,534)</u>	<u>(9,818)</u>
	-	<u>(65,534)</u>	<u>(27,038)</u>
Excess of revenue over expenditures	<u>180</u>	<u>65,534</u>	<u>27,038</u>
Net assets, end of year	<u>\$ 180</u>	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes to the financial statements

South Shore Regional Library Board

Statement of Financial Position

March 31

2012

2011

Assets

Current

Cash and cash equivalents		
Unrestricted	\$ 90,691	\$ 124,121
Internally restricted	75,351	9,818
Receivables - trade	25,384	21,127
Prepays	<u>20,864</u>	<u>19,800</u>
	212,290	174,866
Investments	34,818	-
Deferred charges (Note 4)	22,681	30,265
Capital assets (Note 6)	<u>820,668</u>	<u>814,761</u>
	<u>\$ 1,090,457</u>	<u>\$ 1,019,892</u>

Liabilities

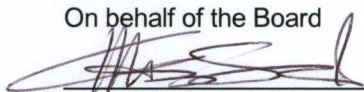
Payables and accruals - trade	\$ 64,040	\$ 61,999
Retirement allowance liability (Note 4)	69,026	67,380
Current portion of long term debt	<u>4,980</u>	<u>4,728</u>
	138,046	134,107
Long term debt (Note 7)	<u>56,392</u>	<u>61,206</u>
	<u>194,438</u>	<u>195,313</u>

Net Assets

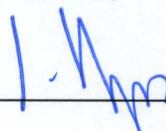
Invested in capital assets (Page 7)	820,668	814,761
Internally restricted (Note 8)	<u>75,351</u>	<u>9,818</u>
	<u>896,019</u>	<u>824,579</u>
	<u>\$ 1,090,457</u>	<u>\$ 1,019,892</u>

Commitments (Note 10)

On behalf of the Board



Chairperson



Director

See accompanying notes to the financial statements.

South Shore Regional Library Board

Statement of Cash Flows

(Unaudited)

Year Ended March

2012

2011

Increase in cash and cash equivalents

Operating

Excess of revenue over expenditures operating fund	\$ 65,534	\$ 27,038
Investment in capital assets	5,906	82,964
Amortization of capital assets	<u>242,076</u>	<u>231,896</u>
	<u>313,516</u>	<u>341,898</u>

Changes in non-cash operating working capital

Receivables	(4,257)	19,078
Prepays	(1,064)	(11,078)
Deferred charge	7,584	7,584
Payables and accruals	2,041	24,608
Retirement allowance liability	<u>1,646</u>	<u>985</u>
	<u>319,466</u>	<u>383,075</u>

Financing

Repayment of long term debt	<u>(4,562)</u>	<u>(4,976)</u>
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Investing

Proceeds from sale of capital assets	-	151
Purchase of investments	(34,818)	-
Purchase of capital assets	<u>(247,983)</u>	<u>(315,011)</u>
	<u>(282,801)</u>	<u>(314,860)</u>

Net increase in cash and cash equivalents 32,103 63,239

Cash and cash equivalents

Beginning of year	<u>133,939</u>	<u>70,700</u>
End of year	<u>\$ 166,042</u>	<u>\$ 133,939</u>

See accompanying notes to the financial statements.

South Shore Regional Library Board

Net Assets Invested in Capital Assets

Year Ended March 31

2012

2011

Invested in capital assets, beginning of year	\$ 814,761	\$ 731,797
Add:		
Capital assets provided by revenue fund		
Library materials	226,941	303,090
Equipment	<u>21,042</u>	<u>11,921</u>
	<u>1,062,744</u>	<u>1,046,808</u>
Subtract:		
Cost of mobile bus sold	<u>-</u>	<u>151</u>
Deduct:		
Depreciation		
Library materials	190,523	165,524
Equipment	14,545	13,518
Vehicle	36,924	52,748
Leasehold improvements	<u>84</u>	<u>106</u>
	<u>242,076</u>	<u>231,896</u>
Invested in capital assets, end of year	<u>\$ 820,668</u>	<u>\$ 814,761</u>

See accompanying notes to the financial statements

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2012

1. Status and nature of activities

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.

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.

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.

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2012

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.

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.

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 January 1, 2007. 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.

There are no new primary sources of GAAP effective at this time.

March 31, 2012

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2012

7. Long term debt

2012

2011

Prime plus 1.5% demand loan, payable in monthly instalments of \$415 principal plus interest. As security the Board has provided an assignment on specified equipment.

\$ 61,372 \$ 65,934

Less: amount payable within one year

4,980 4,728

\$ 56,392 \$ 61,206

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

2013	\$ 4,980
2014	\$ 4,980
2015	\$ 4,980
2016	\$ 4,980
2017	\$ 4,980

8. Internally restricted

The Library passed a motion March 15, 2011 that accumulated surplus from fiscal year end 2010/2011 would be put into a short term reserve designated for new furnishings and equipment for the Library space at the Lunenburg County Lifestyle Center. A similar motion was passed March 20, 2012 that accumulated surplus from the fiscal year 2011/2012 would be put into a short term reserve designated for new furnishings and equipment for the Library space at the Lunenburg County Lifestyle Center.

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 \$46,656 (2011 - \$39,990).

10. Commitments

The Board signed a five year lease agreement commencing January 1, 2009 and expiring December 31, 2013. Lease payments are \$5,169 per month plus applicable taxes.

The Board intends to relocate to the Lunenburg County Lifestyle Centre prior to January 1, 2014. At this time no contract has been signed for specific lease terms.

11. Economic dependence

The Board is dependent on the Province of Nova Scotia for the majority of its funding to provide Library services in Lunenburg and Queens County.

12. Comparative figures

Certain of the 2011 comparative figures have been reclassified to conform to the presentation adopted for 2012.