



**Grant Thornton**

Financial Statements

South Shore Regional Library Board

March 31, 2018

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# Management Responsibility Statement

The management of South Shore Regional Library Board is responsible for preparing the financial statements, the notes to the financial statements and other financial information contained in this annual report.

Management prepares the financial statements in accordance with Canadian public sector accounting standards. The financial statements are considered by management to present fairly the management's financial position and results of operations.

The organization, in fulfilling its responsibilities, has developed and maintains a system of internal accounting controls designed to provide reasonable assurance that assets are safeguarded from loss or unauthorized use, and that the records are reliable for preparing the financial statements.

The financial statements have been reported on by Grant Thornton LLP, Chartered Professional Accountants, the shareholders' auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

Chief Librarian  
June 18, 2018



## Independent Auditor's Report

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To the Board of Directors of  
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, 2018, and the statements of operations, change in net financial assets, and cash flows 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 public sector accounting standards, 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.

### **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 organization'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 organization's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, 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 audit opinion.

# Independent Auditor's Report (continued)

## **Basis for qualified opinion**

South Shore Regional Library Board derives a material amount of revenue from donations and fundraising activities. We were not able to obtain sufficient appropriate audit evidence about the completeness of the reported amounts for accounts receivable, donation and fundraising revenue, revenue in excess of expenditure and changes to net assets because there is no direct relationship between assets or services given up in exchange for amounts received or receivable. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

The Library has an obligation for sick leave benefits for certain employees. Management has not had the benefit obligation calculated by an actuary and as the amount cannot be reasonably determined by other methods, no liability has been recorded. Not recording the benefit obligation liability and expense constitutes a departure from Canadian public sector accounting standards. Accordingly, liabilities and expenses are understated.

## **Qualified opinion**

In our opinion, except for the effects of the matter described in the Basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of South Shore Regional Library Board as at March 31, 2018, March 31, 2017 and April 1, 2016 and the results of its operations and its cash flows for the years ended March 31, 2018 and March 31, 2017 in accordance with Canadian public sector accounting standards.

Bridgewater, Canada  
June 18, 2018

*Grant Thornton LLP*

Chartered Professional Accountants  
Licensed Public Accountants

## South Shore Regional Library Board Statement of Operations

Year ended March 31	2018 Budget (Note 7)	2018 Actual	As restated 2017 Actual (Note 8)
<b>Revenues</b>			
Appropriations from government (Schedule 1)	\$ 1,440,739	\$ 1,442,001	\$ 1,384,198
Other revenue (Schedule 2)	<u>76,254</u>	<u>89,618</u>	<u>72,520</u>
	<u>1,516,993</u>	<u>1,531,619</u>	<u>1,456,718</u>
<b>Expenditures</b>			
<b>Administration</b>			
Board, volunteer and staff recognition	6,000	6,138	2,945
Consultant	-	-	2,970
Dues and fees	1,900	1,733	1,600
Headquarters expense	43,000	42,784	42,360
Pension charge amortization	-	699	720
Professional services	11,300	12,012	10,998
Supplies and service	26,500	26,374	29,681
Travel and training	<u>18,000</u>	<u>16,691</u>	<u>13,891</u>
	<u>106,700</u>	<u>106,431</u>	<u>105,165</u>
<b>Support services</b>			
Automation	13,700	13,924	13,085
Supplies and service	20,000	21,005	16,269
Travel and training	<u>1,300</u>	<u>753</u>	<u>6,198</u>
	<u>35,000</u>	<u>35,682</u>	<u>35,552</u>
<b>Public services</b>			
Communications	11,500	11,173	6,857
Insurance	4,500	4,750	4,773
Supplies and service	43,500	39,731	26,724
Travel and training	5,600	4,831	7,952
Vehicle operation	<u>42,200</u>	<u>44,445</u>	<u>29,818</u>
	<u>107,300</u>	<u>104,930</u>	<u>76,124</u>
Wages and benefits	<u>962,663</u>	<u>942,804</u>	<u>916,513</u>
Amortization	<u>296,025</u>	<u>296,025</u>	<u>282,408</u>
	<u>1,507,688</u>	<u>1,485,872</u>	<u>1,415,762</u>
<b>Surplus</b>	<u>\$ 9,305</u>	<u>\$ 45,747</u>	<u>\$ 40,956</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 1,031,963	\$ 991,007
Surplus		<u>45,747</u>	<u>40,956</u>
Accumulated surplus, end of year		<u>\$ 1,077,710</u>	<u>\$ 1,031,963</u>

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**South Shore Regional Library Board**  
**Statement of Change in Net Financial Assets (Debt)**

Year Ended March 31	2018 Budget (Note 7)	2018 Actual	2017 Actual
Annual surplus	\$ 9,305	\$ 45,747	\$ 40,956
Changes in tangible capital assets			
Acquisition of tangible capital assets		(371,757)	(298,784)
Amortization of tangible capital assets	<u>296,025</u>	<u>296,025</u>	<u>282,408</u>
	<u>305,330</u>	<u>(29,985)</u>	<u>24,580</u>
Acquisition of prepaid (net of usage)	<u>-</u>	<u>(8,485)</u>	<u>7,140</u>
Increase (decrease) in net financial assets	305,330	(38,470)	31,720
Net financial assets (debt)			
Beginning of year	<u>32,655</u>	<u>32,655</u>	<u>935</u>
End of year	<u>\$ 337,985</u>	<u>\$ (5,815)</u>	<u>\$ 32,655</u>


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See accompanying notes and schedules to the consolidated financial statements.

**South Shore Regional Library Board  
Statement of Financial Position**

Year ended	March 31, 2018	March 31, 2017	April 1, 2016
<b>Financial Assets</b>			
Cash and cash equivalents	\$ 206,540	\$ 267,516	\$ 180,897
Internally restricted cash	9,263	9,263	9,263
Receivables	10,142	995	6,754
Harmonized sales tax receivable	28,107	17,874	21,125
	<u>254,052</u>	<u>295,648</u>	<u>218,039</u>
<b>Liabilities</b>			
Payables and accruals	86,228	72,265	48,850
Rent payable (Note 5)	-	16,188	32,376
Retirement allowance liability ( Note 4)	32,970	32,271	45,942
Deferred revenue	52,667	54,267	1,935
Payable-LBANS	88,002	88,002	88,002
	<u>259,867</u>	<u>262,993</u>	<u>217,105</u>
<b>Net (Debt) Financial Assets</b>	<u>(5,815)</u>	<u>32,655</u>	<u>934</u>
<b>Non-Financial Assets</b>			
Tangible capital assets (Note 3)	1,070,496	994,763	978,387
Prepays	13,029	4,545	11,685
	<u>1,083,525</u>	<u>999,308</u>	<u>990,072</u>
<b>Accumulated Surplus</b>	<u>\$ 1,077,710</u>	<u>\$ 1,031,963</u>	<u>\$ 991,006</u>

On behalf of the South Shore Regional Library Board

 Chairperson

 Treasurer

See accompanying notes and schedules to the consolidated financial statements.



## South Shore Regional Library Board Statement of Cash Flows

Year ended March 31	2018	As restated 2017 (Note 8)
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Surplus	\$ 45,747	\$ 40,956
Item not affecting cash		
Amortization	<u>296,025</u>	<u>282,408</u>
	<b>341,772</b>	<b>323,364</b>
Change in non-cash working capital items		
Receivables	(9,147)	5,759
Prepaid expenses	(8,484)	7,140
Harmonized sales tax	(10,233)	3,251
Payables and accruals	13,962	23,416
Retirement allowance liability (Note 4)	699	(13,671)
Deferred revenue	<u>(1,600)</u>	<u>52,332</u>
	<b>326,969</b>	<b>401,591</b>
<b>Financing</b>		
Repayment of rent payable	(16,188)	(16,188)
<b>Investing</b>		
Purchase of tangible capital assets	<u>(371,757)</u>	<u>(298,784)</u>
(Decrease) increase in cash and cash equivalents	<b>(60,976)</b>	<b>86,619</b>
Cash and cash equivalents		
Beginning of year	<u>276,779</u>	<u>190,160</u>
End of year	<u><b>\$ 215,803</b></u>	<u><b>\$ 276,779</b></u>

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2018

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### 1. Status and nature of activities

The South Shore Regional Library Board is a corporate body deemed to be a regional library board established under the Libraries Act of Nova Scotia. The Board operates South Shore 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.

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### 2. Significant accounting policies

The organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

#### 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

#### Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

#### Other income

All non-government contributions or grant revenues that are externally restricted such that they must be used for a specified purpose are recognized as revenue in the period in which the resources are used for the purpose or purposes specified. Any externally restricted inflow received before the criterion has been met is reported as a liability until the resources are used for the purpose or purposes specified.

Fines are recognized when received. Book sales are recognized as revenue when the goods are delivered and collection is reasonably assured.

#### Net investment income

Unrestricted investment income is recognized as it is earned in the statement of operations. Externally restricted net investment income is deferred and recognized as revenue in the statement of operations when it is used for the purpose or purposes specified.

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2018

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### 2. Significant accounting policies (continued)

#### Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution unless an estimate of fair value cannot be made, in which case the item is recognized at a nominal value. Capital assets are amortized over their estimated useful lives as follows:

The amortization rates used for each class of property and equipment are:

Library materials	25% Declining balance
Computer equipment	30% Declining balance
Equipment	20% Declining balance
Vehicles	30% Declining balance

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

When a tangible capital asset no longer contributes to the Library's ability to provide goods and services or the value of future economic benefits associated with the tangible capital asset is less than its net book value, its cost is reduced to reflect its decline in value and the write-down is recognized as an expense in the statement of operations. Any write-downs recognized are not reversed.

The Library capitalizes items with a useful life exceeding one year.

#### Pension expense and obligation

The organization offers a multiemployer defined benefit pension plan to employees under the Nova Scotia Public Service Superannuation Plan. Due to the nature of the plan, the organization does not have sufficient information to account for the plan as a defined benefit plan. Therefore the multiemployer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period when the organization is obligated to make contributions for services rendered by the employee. Any unpaid contributions are included in payables and accruals on the balance sheet.

#### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action.

These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known.

Items subject to significant management estimates include payables and retirement allowance liability.

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2018

3. Tangible capital assets			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Library materials	\$ 2,115,786	\$ 1,166,706	\$ 949,080	\$ 902,530
Computer equipment	139,358	80,361	58,997	35,191
Equipment	103,095	56,013	47,082	42,450
Vehicles	215,148	205,012	10,136	14,480
Leasehold improvements	<u>5,904</u>	<u>703</u>	<u>5,201</u>	<u>112</u>
	<u>\$ 2,579,291</u>	<u>\$ 1,508,795</u>	<u>\$ 1,070,496</u>	<u>\$ 994,763</u>

### 4. Pension plans

#### 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 original actuarial valuation of the liability. Annually, this liability is decreased as employees retire and is increased to reflect pensionable salary increases. There has been no recent actuarial valuation prepared. As at March 31, 2018, the balance is \$32,970 (2017 - \$32,271).

#### Defined benefit plan

On September 1, 2015, certain of the employees of the organization began to participate in a multiemployer pension plan sponsored by the Nova Scotia Public Service Superannuation Plan (NSPSSP). The plan is a defined benefit plan and the employees contribute 8.4% of earnings up to the Year's Maximum Pensionable Earnings ("YMPE") plus 10.9% of earnings in excess of the YMPE. Contributions cease once the member accrues 35 years of service. The employer matches the employee contributions plan at 8.4% plus 10.9% of earnings in excess of the YMPE. During the year, the organization contributed \$54,670 (2017 - \$51,474) toward this plan.

As of March 31, 2018, there were no required future contributions in respect of past service and all contributions required under the plan had been funded. The most recent actuarial valuation for funding purposes as of December 31, 2015, discloses a funding excess of \$44 million on a going-concern basis.

# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2018

5. Rent payable	<u>2018</u>	<u>2017</u>
Rent payable	\$ -	\$ 16,188
Less current portion	<u>-</u>	<u>16,188</u>
Due beyond one year	<u>\$ -</u>	<u>\$ -</u>

In a prior fiscal year, a rental agreement was signed resulting in additional rent owing for prior years. This amount was repaid over a two-year period, amounts owing were non-interest bearing.

### 6. Commitment

The Board is located at the Lunenburg County Lifestyle Centre. The Board is committed to minimum annual rental payments of \$40,620 until November 30, 2023.

### 7. Budget

PSAS requires a comparison of the results for the period with those originally planned on the same basis as that used for actual results. The fiscal plan in the statement of operations has been adjusted to be on a consistent basis as actual results. Below is a reconciliation of the figures from the approved fiscal budget to the fiscal budget per the financial statements. The reconciling items include purchases and amortization of tangible capital assets.

	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Budget Per Financial Statements</u>
Appropriations from government	\$ 1,440,739	\$ -	\$ 1,440,739
Other revenue	<u>76,254</u>	<u>-</u>	<u>76,254</u>
	<u>\$ 1,516,993</u>	<u>\$ -</u>	<u>\$ 1,516,993</u>
	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Budget Per Financial Statements</u>
Administration	\$ 110,300	\$ (3,600)	\$ 106,700
Support services	39,500	(4,500)	35,000
Public services	427,300	(320,000)	107,300
Wages and benefits	962,663	-	962,663
Amortization	<u>-</u>	<u>296,025</u>	<u>296,025</u>
	<u>\$ 1,539,763</u>	<u>\$ (32,075)</u>	<u>\$ 1,507,688</u>

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# South Shore Regional Library Board

## Notes to the Financial Statements

March 31, 2018

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### **8. First-time adoption of Canadian public sector accounting standards**

These financial statements are the first financial statements for which the Library has applied Canadian public sector accounting standards (PSAS). The financial statements for the year ended March 31, 2018, were prepared in accordance with PSAS. Comparative period information presented for the year ended March 31, 2017, was prepared in accordance with PSAS and the provisions set out in Section PS 2125 First-time adoption. The date of transition to PSAS is April 1, 2016.

In fiscal years preceding March 31, 2018, the Library prepared its financial statements under Canadian accounting standards for not-for-profit organizations (ASNPO). During the year ended March 31, 2018, management determined that the Library should be categorized as a public sector entity, rather than as a not-for-profit organization. Accordingly, the Library is required to prepare its financial statements under PSAS rather than ASNPO.

In its previous ASNPO financial statements, the Library recorded purchase of tangible capital assets as an operating expenditure, and an increase in investment in capital assets. In addition capital assets were report at net book value. The resulting change is to record tangible capital assets at cost and accumulated amortization separately.

There was no overall impact on the accumulated surplus.

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### **9. 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.

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### **10. Comparative figures**

Certain comparative figures have been reclassified from those previously presented to conform to the presentation of the 2018 financial statements.

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# South Shore Regional Library Board

## Schedules to the Financial Statements

Year ended March 31

Schedule of appropriations from government	Schedule 1		
	2018 Budget (Note 7)	2018 Actual	As restated 2017 Actual (Note 8)
Province of Nova Scotia	\$ 1,055,768	\$ 1,057,067	\$ 1,002,900
Municipality of the District of Lunenburg	159,715	159,715	158,134
Region of Queens Municipality	71,302	71,302	70,596
Municipality of the District of Chester	68,715	68,715	68,035
Town of Bridgewater	50,673	50,673	50,171
Town of Lunenburg	14,797	14,760	14,650
Other Municipal funding	14,000	14,000	14,000
Town of Mahone Bay	5,769	5,769	5,712
	<b>\$ 1,440,739</b>	<b>\$ 1,442,001</b>	<b>\$ 1,384,198</b>

Schedule of other revenue	Schedule 2		
	2018 Budget (Note 7)	2018 Actual	As restated 2017 Actual (Note 8)
Books sales and buy-a-book	\$ 17,100	\$ 12,544	\$ 13,500
Donated goods and services	-	5,144	5,408
Donations	10,000	4,659	5,124
Fines and fees	3,000	1,475	2,069
Grants and other income	37,504	55,836	37,686
Interest income	2,000	3,458	1,099
Other funding	1,600	1,600	1,958
Photocopying and laser printing	5,000	4,888	5,475
Tax rebates	50	14	201
	<b>\$ 76,254</b>	<b>\$ 89,618</b>	<b>\$ 72,520</b>