



Financial Statements

South Shore Regional Library Board

March 31, 2024

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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 organization's auditors. Their report outlines the scope of their examination and their opinion on the financial statements.

A handwritten signature in black ink, appearing to read "Ashley Ann Smith", is written over a horizontal line.

Chief Librarian
June 19, 2024

Independent Auditor's Report

Grant Thornton LLP
4th Floor, Dawson Centre
197 Dufferin Street
Bridgewater, NS
B4V 2G9

To the Board of Directors of
South Shore Regional Library Board

T +1 902 543 8115
F +1 902 543 7707
www.GrantThornton.ca

Qualified Opinion

We have audited the financial statements of South Shore Regional Library Board, which comprise the statement of financial position as at March 31, 2024, and the statements of operations and change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of our report, the financial statements present fairly, in all material respects, the financial position of South Shore Regional Library Board as at March 31, 2024 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for qualified opinion

In common with many not-for-profit organizations, the organization derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2024 and 2023, current assets as at March 31, 2024 and 2023, and net assets as at April 1 and March 31 for both the 2024 and 2023 years. Our audit opinion on the financial statements for the year ended March 31, 2023 was modified accordingly because of the possible effects of this limitation in scope.

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 related expense constitutes a departure from Canadian public sector accounting standards. Accordingly, liabilities and expenses are understated.

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 organization 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 qualified opinion.

Other matter – supplementary financial information

Our audit was conducted for the purpose of forming an opinion on the financial statements taken as a whole. The current year's supplementary information included in the Schedules on page 14 are presented for purposes of additional analysis and are not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion, in the audit of the financial statements taken as a whole.

Responsibilities of management and those charged with governance 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.

In preparing the financial statements, management is responsible for assessing the Corporation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Bridgewater, Canada
June 19, 2024

Chartered Professional Accountants

South Shore Regional Library Board

Statement of Operations and Accumulated Surplus

Year ended March 31	2024 Budget (Note 6)	2024 Actual	2023 Actual
Revenues			
Appropriations from government (Schedule 1)	\$ 1,732,700	\$ 1,732,700	\$ 1,732,700
Other revenue (Schedule 2)	<u>139,000</u>	<u>194,461</u>	<u>194,077</u>
	<u>1,871,700</u>	<u>1,927,161</u>	<u>1,926,777</u>
Expenditures			
Administration			
Board, volunteer and staff recognition	4,000	2,715	2,850
Consultant	10,000	16,278	34,418
Dues and fees	1,700	469	1,086
Headquarters expense	49,330	47,163	46,369
Interest and bank charges	2,000	532	1,379
Pension charge amortization	6,000	919	1,247
Professional services	34,500	24,725	38,772
Supplies and service	47,000	56,769	59,162
Travel and training	<u>9,500</u>	<u>3,191</u>	<u>6,372</u>
	<u>164,030</u>	<u>152,761</u>	<u>191,655</u>
Support Services			
Automation	40,500	47,611	43,862
Supplies and service	30,000	28,108	21,399
Travel and training	<u>4,500</u>	<u>13,395</u>	<u>7,435</u>
	<u>75,000</u>	<u>89,114</u>	<u>72,696</u>
Public services			
Insurance	9,000	8,455	5,498
Supplies and service	46,750	80,658	62,110
Travel and training	15,000	24,207	31,106
Vehicle operation	<u>52,700</u>	<u>42,119</u>	<u>75,286</u>
	<u>123,450</u>	<u>155,439</u>	<u>174,000</u>
Wages and benefits	<u>1,210,220</u>	<u>1,206,603</u>	<u>1,157,117</u>
Amortization	<u>322,494</u>	<u>322,494</u>	<u>372,212</u>
	<u>1,895,194</u>	<u>1,926,411</u>	<u>1,967,680</u>
Surplus (deficit)	\$ <u>(23,494)</u>	\$ <u>750</u>	\$ <u>(40,903)</u>
<hr/>			
Accumulated surplus, beginning of year		\$ 1,285,235	\$ 1,326,138
Surplus		<u>750</u>	<u>(40,903)</u>
Accumulated surplus, end of year		\$ <u>1,285,985</u>	\$ <u>1,285,235</u>

South Shore Regional Library Board

Statement of Change in Net Financial Assets

Year ended March 31	2024 Budget (Note 6)	2024 Actual	2023 Actual
(Deficit) surplus	\$ 299,000	\$ 750	\$ (40,903)
Acquisition of tangible capital assets	(325,000)	(222,829)	(175,942)
Amortization of tangible capital assets	322,494	322,494	372,212
Use of prepaids	-	2,061	3,535
Increase (decrease) in net financial assets	296,494	102,476	158,902
Net financial assets			
Beginning of year	56,533	158,660	(242)
End of year	\$ 353,027	\$ 261,136	\$ 158,660


South Shore Regional Library Board

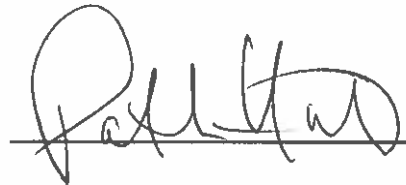
Statement of Financial Position

March 31	2024	2023
Financial assets		
Cash and cash equivalents	\$ 415,110	\$ 280,637
Receivables	33,376	838
Harmonized sales tax receivable	<u>60,938</u>	<u>49,590</u>
	<u>509,424</u>	<u>331,065</u>
Liabilities		
Payables and accruals	34,787	32,868
Retirement allowance liability (Note 4)	10,055	9,136
Deferred revenue	119,444	46,399
Payable to Library Boards Association of NS	<u>84,002</u>	<u>84,002</u>
	<u>248,288</u>	<u>172,405</u>
Net Financial Assets	<u>261,136</u>	<u>158,660</u>
Non-Financial Assets		
Tangible capital assets (Note 3)	1,020,724	1,120,389
Prepays	<u>4,125</u>	<u>6,186</u>
	<u>1,024,849</u>	<u>1,126,575</u>
Accumulated surplus	<u>\$ 1,285,985</u>	<u>\$ 1,285,235</u>

Commitments (Note 5)

On behalf of the Board

 Member

 Member

South Shore Regional Library Board

Statement of Cash Flows

Year ended March 31

2024

2023

Increase (decrease) in cash and cash equivalents

Operating

Surplus	\$ 750	\$ (40,903)
Item not affecting cash		
Amortization of tangible capital assets	<u>322,494</u>	<u>372,212</u>
	323,244	331,309
Change in non-cash working capital items		
Receivables	(32,538)	37,093
Harmonized sales tax	(11,348)	(348)
Payables and accruals	1,919	(51,141)
Retirement allowance liability	919	(32,080)
Deferred revenue	73,045	(3,293)
Prepays	<u>2,061</u>	<u>3,535</u>
	357,302	285,075

Investing

Acquisition of tangible capital assets	<u>(222,829)</u>	<u>(175,942)</u>
Increase in cash and cash equivalents	134,473	109,133

Cash and cash equivalents

Beginning of year	<u>280,637</u>	<u>171,504</u>
End of year	\$ <u>415,110</u>	\$ <u>280,637</u>

Cash consists of:

Cash and cash equivalents	\$ <u>415,110</u>	\$ <u>280,637</u>
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South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2024

1. Status and nature of activities

The South Shore Regional Library Board (the "Library") is a corporate body deemed to be a regional library board established under the Libraries Act of Nova Scotia. The Library operates South Shore Public Libraries in communities throughout Lunenburg County and Queens County Nova Scotia. The Library is registered as a charity with Canada Revenue Agency under the Income Tax Act.

2. Significant accounting policies

The organization follows Canadian public sector accounting standards (PSAS) 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.

Financial instruments

The Library is required to designate its financial instruments into one of the following two categories: (i) fair value; or (ii) cost or amortized cost.

The Library's financial instruments consist of cash and cash equivalents, accounts receivable, harmonized sales tax receivable, accounts payable and accruals, and payable to Library Boards Association of NS.

The Library measures its financial instruments as follows:

Initial measurement

Financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement

At each reporting date, the Library measures its financial assets and liabilities at cost or amortized cost. The Library uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations and accumulated surplus. All of the Library's current financial instruments are measured at cost or amortized cost.

For financial assets measured at cost or amortized cost, the Library regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Library determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

Unless otherwise noted, it is management's opinion that the Library is not exposed to significant interest or credit risks arising from financial instruments.

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2024

2. Significant accounting policies (continued)

Remeasurement gains and losses

Under PSAS, the Commission is required to present a statement of remeasurement gains and losses. As the Library has no remeasurement gains and losses, this statement has not been presented.

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 deferred revenue 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 deferred revenue 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.

Tangible capital assets

Purchased tangible capital assets are recorded at cost. Contributed tangible 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. Tangible 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.

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2024

2. Significant accounting policies (continued)

Tangible capital assets (continued)

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 (PSSP). The actuarial and investment risk of the PSSP is administered by the Public Service Superannuation Trustee Inc. 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 useful lives of tangible capital assets and retirement allowance liability.

3. Tangible capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2024 Net Book Value</u>	<u>2023 Net Book Value</u>
Library materials	\$ 3,378,118	\$ 2,611,769	\$ 766,349	\$ 775,886
Computer equipment	220,222	186,223	33,999	41,556
Equipment	122,850	97,429	25,421	24,593
Vehicles	7,302	5,527	193,180	276,135
Leasehold improvements	<u>676,263</u>	<u>483,083</u>	<u>1,775</u>	<u>2,219</u>
	<u>\$ 4,404,755</u>	<u>\$ 3,384,031</u>	<u>\$1,020,724</u>	<u>\$1,120,391</u>

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2024

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, 2024, the balance is \$10,055 (2023 - \$9,136).

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 \$86,550 (2023 - \$77,908) toward this plan, included in wages and benefits expense.

5. Commitments

The Library is located at the Lunenburg County Lifestyle Centre. The Library is committed to minimum monthly rental payments of \$3,901 until November 30, 2033.

6. 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 item is the amortization of tangible capital assets.

	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Budget per Financial Statements</u>
Appropriations from government	\$ 1,732,700	\$ -	\$ 1,732,700
Other revenue	<u>139,000</u>	<u>-</u>	<u>139,000</u>
	<u>\$ 1,871,700</u>	<u>\$ -</u>	<u>\$ 1,871,700</u>

South Shore Regional Library Board

Notes to the Financial Statements

March 31, 2024

6. Budget (continued)

	<u>Approved Fiscal Plan</u>	<u>Adjustments</u>	<u>Budget per Financial Statements</u>
Administration	\$ 164,030	\$ -	\$ 164,030
Support services	75,000	-	75,000
Public services	123,450	-	123,450
Library materials	299,000	(299,000)	-
Wages and benefits	1,210,220	-	1,210,220
Amortization	<u>-</u>	<u>322,494</u>	<u>322,494</u>
Total expenses	\$ <u>1,871,700</u>	\$ <u>23,494</u>	\$ <u>1,895,194</u>
Surplus (deficit)	<u>-</u>	<u>-</u>	<u>(23,494)</u>

7. Economic dependence

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

South Shore Regional Library Board Schedule 1 – Appropriations From Government

Year ended March 31	2024 Budget (Note 6)	2024 Actual	2023 Actual
Province of Nova Scotia	\$ 1,262,400	\$ 1,262,400	\$ 1,262,400
Municipality of the District of Lunenburg	199,700	199,700	199,700
Region of Queens Municipality	84,000	84,000	84,000
Municipality of the District of Chester	85,700	85,700	85,700
Town of Bridgewater	66,500	66,500	66,500
Town of Lunenburg	18,600	18,600	18,600
Town of Mahone Bay	7,800	7,800	7,800
Other Municipal funding	<u>8,000</u>	<u>8,000</u>	<u>8,000</u>
	\$ <u>1,732,700</u>	\$ <u>1,732,700</u>	\$ <u>1,732,700</u>

South Shore Regional Library Board Schedule 2 – Other Revenue

Year ended March 31	2024 Budget (Note 6)	2024 Actual	2023 Actual
Books sales, buy-a-book & fundraising	\$ 12,000	\$ 16,355	\$ 8,495
Donated goods and services	-	5,574	2,483
Donations	25,000	9,849	18,016
Fines and fees	-	779	315
Grants and other income	95,000	126,754	140,026
Interest income	3,000	28,860	11,949
Other funding	-	-	-
Photocopying and laser printing	<u>4,000</u>	<u>6,290</u>	<u>4,793</u>
	\$ <u>139,000</u>	\$ <u>194,461</u>	\$ <u>194,077</u>