

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Financial Statements

March 31, 2023



	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Debt	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12



INDEPENDENT AUDITOR'S REPORT

To the Members of Pictou-Antigonish Regional Library Board

Opinion

We have audited the financial statements of Pictou-Antigonish Regional Library Board (the organization), which comprise the statement of financial position as at March 31, 2023, and the statements of revenues and expenditures, changes in net debt and cash flows 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 organization as at March 31, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO)

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 organization in accordance with 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 ASNPO, 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

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



Independent Auditor's Report to the Members of Pictou-Antigonish Regional Library Board *(continued)*

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 organization'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 organization'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 organization 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.

New Glasgow, Nova Scotia
June 8, 2023

MacDonald & Murphy Inc.
Chartered Professional Accountants





PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD
Statement of Revenues and Expenditures
Year Ended March 31, 2023

	Budget 2023	Admin Ops	Special Project Ops	Total Actual 2023	Total Actual 2022
Revenue					
Grants (Note 5)	\$ 1,965,463	\$ 1,965,463	\$	\$ 1,965,463	\$ 1,965,463
Special projects			180,447	180,447	136,895
Administration revenue	62,334	32,606		32,606	6,704
Donations (Note 6)		18,910	2,147	21,057	21,816
Book sales and photocopies		17,553		17,553	6,734
	<u>2,027,797</u>	<u>2,034,532</u>	<u>182,594</u>	<u>2,217,126</u>	<u>2,137,612</u>
Expenses					
Operations					
Advertising, promotion and other	2,000	4,349		4,349	1,958
Audit, legal and other fees	8,865	9,386	2,607	11,993	8,864
Automated system	36,815	36,815		36,815	22,258
Employee benefits	254,715	254,677		254,677	238,988
Equipment maintenance	14,000	34,308		34,308	35,681
Insurance	19,355	20,434		20,434	20,223
Interest and bank charges	5,704	8,926		8,926	7,150
Interest on long term debt		1,513		1,513	
Library materials	165,000	149,487		149,487	149,411
Programming			20,305	20,305	4,873
Salaries and wages	1,361,513	1,353,188	47,141	1,400,329	1,340,793
Shipping		15,649		15,649	5,313
Supplies	28,000	34,502	79,872	114,374	149,402
Travel and meetings	10,000	13,061	11,832	24,893	7,629
Vehicle operation	20,000	29,842		29,842	23,537
	<u>1,925,967</u>	<u>1,966,137</u>	<u>161,757</u>	<u>2,127,894</u>	<u>2,016,080</u>
Building costs					
Building repairs and maintenance	1,000	3,483		3,483	10,354
Telephone	10,500	8,934		8,934	10,574
Rental	73,000	72,333		72,333	72,333
Janitorial services	7,330	6,809		6,809	8,031
	<u>2,017,797</u>	<u>2,057,696</u>	<u>161,757</u>	<u>2,219,453</u>	<u>2,117,372</u>
Excess revenues (expenses) from operations	10,000	(23,164)	20,837	(2,327)	20,240
Other income					
CEBA loan forgiveness (Note 9)					20,000
Excess revenue (expenses)	<u>\$ 10,000</u>	<u>\$ (23,164)</u>	<u>\$ 20,837</u>	<u>\$ (2,327)</u>	<u>\$ 40,240</u>



PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD
Statement of Changes in Net Debt
Year Ended March 31, 2023

	Budget	Unrestricted Actual Admin Ops	Unrestricted Actual Special Project Ops	Invested in Capital Assets	Total 2023	Total 2022
Net assets (debt) - beginning of year	\$	\$ (229,992)	\$ 53,801	\$ 136,781	\$ (39,410)	\$ (50,256)
Excess revenues (expenses)	10,000	(23,164)	20,837		(2,327)	40,240
Amortization of capital assets				(28,105)	(28,105)	(27,507)
Purchase of capital assets - Admin Ops	(10,000)	(15,217)		15,217		
Purchase of capital assets - Special Project Ops			(16,582)		(16,582)	
Gain (loss) on disposal of capital assets				2,003	2,003	(1,887)
Repayment of long term debt		(5,120)		5,120		
Change in net assets for year		(43,501)	4,255	(5,765)	(45,011)	10,846
Net assets (debt) - end of year	\$	\$ (273,493)	\$ 58,056	\$ 131,016	\$ (84,421)	\$ (39,410)

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Statement of Financial Position

March 31, 2023

	2023	2022
ASSETS		
Current		
Cash		
Operating	\$ 25,650	\$ 1,353
One Card project (Note 11)	363,375	449,448
Special Projects and CAP	15,541	29,026
	<u>404,566</u>	479,827
Accounts receivable (net of allowance for doubtful accounts - \$nil; 2022 - \$nil)	10,043	11,613
Prepaid expenses	22,469	19,579
HST receivable	22,172	31,319
	<u>459,250</u>	542,338
Capital assets (Note 3)	<u>123,843</u>	116,835
	<u>\$ 583,093</u>	<u>\$ 659,173</u>
LIABILITIES		
Current		
Accounts payable (Note 7)	\$ 485,434	\$ 514,726
Current portion of long term debt (Note 9)	27,712	
Deferred revenue (Note 8)	138,476	143,857
	<u>651,622</u>	658,583
Long term debt (Note 9)	<u>15,892</u>	40,000
	<u>667,514</u>	698,583
NET ASSETS		
Unrestricted		
Admin Ops	(273,493)	(229,992)
Special Project Ops	58,056	53,801
	<u>(215,437)</u>	(176,191)
Investment in capital assets	<u>131,016</u>	136,781
	<u>(84,421)</u>	(39,410)
	<u>\$ 583,093</u>	<u>\$ 659,173</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director



PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

**Statement of Cash Flows
Year Ended March 31, 2023**

	2023	2022
Operating activities		
Excess revenue (expenses)	\$ (2,327)	\$ 40,240
Changes in non-cash working capital:		
Accounts receivable	1,570	(4,061)
Accounts payable	(29,297)	22,111
Deferred revenue	(5,381)	45,483
Prepaid expenses	(2,890)	1,632
HST receivable	9,147	(9,913)
	<u>(26,851)</u>	<u>55,252</u>
	<u>(29,178)</u>	<u>95,492</u>
Investing activities		
Additions to capital assets	(56,790)	(21,616)
Proceeds on disposal of capital assets	7,103	
	<u>(49,687)</u>	<u>(21,616)</u>
Financing activities		
Proceeds from long term debt	27,548	60,000
Repayment of long term debt	(23,944)	(20,000)
	<u>3,604</u>	<u>40,000</u>
Increase (decrease) in cash flow	(75,261)	113,876
Cash - beginning of year	479,827	365,951
Cash - end of year	\$ 404,566	\$ 479,827
Cash consists of:		
Operating	\$ 25,650	\$ 1,353
One Card project	363,375	449,448
Special projects and CAP	15,541	29,026
	<u>\$ 404,566</u>	<u>\$ 479,827</u>



1. Purpose of the organization

Pictou-Antigonish Regional Library Board (PARL) provides library and other literary services to the Towns and communities of the Counties of Pictou and Antigonish, Nova Scotia. The Library is a non-profit organization and is exempt from income tax.

2. Summary of significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO) and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives on a declining balance basis at the following rates and methods:

Equipment	20%
Motor vehicles	30%

The organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date.

Contributed goods and services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Fund accounting

Contributions are recorded under the restricted fund method of accounting.

The unrestricted fund accounts for the organization's program delivery and administrative activities.

The capital fund reports the vehicles, licenses held and equipment owned by the organization and how these assets are financed. Funds received through capital assistance programs are recorded as additions to the investment in capital assets.

(continues)

2. Summary of significant accounting policies (continued)

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of capital assets;
- the estimated useful lives of assets;

Estimates are based on a number of factors including historical experience, current events and actions that the Organization may undertake in the future, and other assumptions that management believes are reasonable under the circumstances. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

Revenue recognition

Unrestricted contributions are recognized in the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions related to general operations are recognized as revenue of the operating fund in the year in which the expense is incurred. All other restricted contributions are recognized in the appropriate funds.

Investment income is recognized in the fund to which the resources are related. Investment income includes dividends and interest income. Unrealized gains and losses on available-for-sale financial assets are included directly in net assets until the asset is removed from the statement of financial position.

3. Capital assets

	Cost	Accumulated amortization	2023 Net book value	2022 Net book value
Equipment	\$ 1,578,825	\$ 1,479,634	\$ 99,191	\$ 111,232
Motor vehicles	120,284	95,632	24,652	5,603
	<u>\$ 1,699,109</u>	<u>\$ 1,575,266</u>	<u>\$ 123,843</u>	<u>\$ 116,835</u>

4. Bank indebtedness

The Organization has a bank overdraft available to a maximum of \$101,000 for short term purposes through its financial services agreement. This agreement requires the Organization to pay interest at a rate of prime plus 5% on the balance of overdrawn amounts with the balance being payable upon demand. As at March 31, 2023, \$Nil was utilized (2022 - Nil).

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Notes to Financial Statements

Year Ended March 31, 2023

5. Grants

	Budget	2023	2022
The Province of Nova Scotia	\$ 1,383,800	\$ 1,383,800	\$ 1,383,800
Municipality of the County of Antigonish	131,053	131,053	131,053
Municipality of the County of Pictou	195,112	195,112	195,112
The Town of Antigonish	38,821	38,821	38,821
The Town of New Glasgow	83,406	83,406	83,406
The Town of Pictou	33,841	33,841	33,841
The Town of Stellarton	41,680	41,680	41,680
The Town of Trenton	24,257	24,257	24,257
The Town of Westville	33,493	33,493	33,493
	<u>\$ 1,965,463</u>	<u>\$ 1,965,463</u>	<u>\$ 1,965,463</u>

6. Donations

	2023	2022
Donations	\$ 14,277	\$ 16,028
Maria C. Stewart Trust	4,633	4,345
Special Projects	2,147	1,443
	<u>\$ 21,057</u>	<u>\$ 21,816</u>

7. Accounts payable

	2023	2022
Trade accounts payable	\$ 65,153	\$ 97,257
Deferred payables	52,327	13,038
One Card Project (note 11)	367,954	404,431
	<u>\$ 485,434</u>	<u>\$ 514,726</u>

8. Deferred revenue

	2023	2022
Friends of Antigonish Library (FOAL) (Note 13)	\$ 955	\$ 520
CAP sites (Note 13)	10,927	11,557
Other various projects (Note 13)	126,594	131,780
	<u>\$ 138,476</u>	<u>\$ 143,857</u>



9. Long term debt

	2023	2022
Term loan bearing interest at 0% per annum with no set terms of repayment. The loan matures on December 31, 2023 and is guaranteed by the Canadian Government through the Canada Emergency Business Account (CEBA) program. If any unpaid balance remains, the loan then becomes due December 31, 2023 and converts to a 5% interest rate.	\$ 21,176	\$ 40,000
Term loan bearing interest at 7.29% per annum, repayable in monthly blended payments of \$663. The loan matures on May 25, 2026 and is secured by vehicle with a net book value of \$22,548.	<u>22,428</u>	
	43,604	40,000
Amounts payable within one year	<u>(27,712)</u>	
	<u>\$ 15,892</u>	<u>\$ 40,000</u>

Principal repayment terms are approximately:

2024	\$ 27,712
2025	7,032
2026	7,562
2027	<u>1,298</u>
	<u>\$ 43,604</u>

10. Financial instruments

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2023.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its floating interest rate bank indebtedness and credit facilities.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. In order to reduce its credit risk, the organization has a planning and budgeting process in place to help determine the funds required to support the normal operating requirements on an ongoing basis. The organization is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, long term debt, and accounts payable.

Unless otherwise noted, it is management's opinion that the organization is not exposed to significant other price risks arising from these financial instruments.

11. One Card project

The Organization is in receipt of funds from the Province of Nova Scotia and other public library branches in the province to provide support to the library branches within Nova Scotia. The expenditures that are incurred to provide this support are drawn upon these funds as per the schedule below.

	2023	2022
Funding		
Deferred funding, beginning	\$ 404,431	\$ 372,714
Current year funds received	424,581	130,250
Deferred funding, ending	(367,954)	(404,431)
	<u>461,058</u>	<u>98,533</u>
Expenditures		
Advertising	5,080	
Meeting and travel	7,351	
Professional fees	325,876	
Shipping and postage	77,222	
Software	17,387	
Supplies	28,142	98,533
	<u>461,058</u>	<u>98,533</u>
Net surplus (deficit)	<u>\$</u>	<u>\$</u>
Assets and liabilities		
One Card project bank	\$ 363,375	\$ 449,448
HST receivable		9,893
Due from PARL operating	4,579	145
Trade accounts payable		(55,055)
	<u>\$ 367,954</u>	<u>\$ 404,431</u>
Deferred payable	<u>\$ 367,954</u>	<u>\$ 404,431</u>

12. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.



Notes to Financial Statements

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Year Ended March 31, 2023

13. Special projects

The revenue for the following special projects has been presented separately in the Statement of Operations while the expenses form part of the overall operations expenses on Page 3. The capital asset purchases are shown as part of the Statement of Changes in Net Assets per Page 4.

	Friends of Antigonish Library (FOAL) Funds	CAP Funds	Other Various Projects	2023	2022
Revenue					
Deferred funding, beginning	\$ 520	\$ 11,557	\$ 131,780	\$ 143,857	\$ 98,374
Current year funds received	2,582	276	174,355	177,213	183,821
Deferred funding, ending	(955)	(10,927)	(126,594)	(138,476)	(143,857)
Income, current year	2,147	906	179,541	182,594	138,338
Expenses					
Building maintenance					4,000
Professional fees			2,607	2,607	
Programming			20,305	20,305	
Salaries and benefits			47,141	47,141	20,219
Supplies	2,147	780	76,945	79,872	114,056
Travel			11,832	11,832	
Total expenditures	2,147	780	158,830	161,757	138,275
Capital assets					
Purchases			16,582	16,582	
Net surplus (deficit)	\$	\$	\$	\$	\$
		126	4,129	4,255	63