

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Financial Statements

March 31, 2022



MacDonald &
Murphy Inc.

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Revenues and Expenditures	3
Statement of Changes in Net Assets	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, 2022, and the statements of revenues and expenditures, changes in net 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, the accompanying financial statements present fairly, in all material respects, the financial position of the organization as at March 31, 2022, 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 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 9, 2022

MacDonald & Murphy Inc.
Chartered Professional Accountants



MacDonald &
Murphy Inc.



PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD
Statement of Revenues and Expenditures
Year Ended March 31, 2022

	Budget 2022	Admin Ops	Special Project Ops	Total Actual 2022	Total Actual 2021
Revenue					
Grants (Note 5)	\$ 1,965,463	\$ 1,965,463	\$	\$ 1,965,463	\$ 1,965,463
Special projects			136,895	136,895	147,311
Administration revenue	60,300	6,704		6,704	26,759
Donations and fundraising (Note 6)		20,373	1,443	21,816	19,143
Book sales and photocopies		6,734		6,734	4,752
	2,025,763	1,999,274	138,338	2,137,612	2,163,428
Expenses					
Operations					
Advertising, promotion and other	2,000	3,982		3,982	2,626
Audit, legal and other fees	8,865	8,864		8,864	8,864
Automated system	20,000	22,258		22,258	21,638
Employee benefits	243,961	237,160	1,828	238,988	218,311
Equipment maintenance	19,000	35,681		35,681	31,176
Insurance	19,355	20,223		20,223	15,538
Interest and bank charges	6,704	7,150		7,150	8,673
Library materials	175,000	149,411		149,411	150,400
Office and supplies	30,000	40,659	114,056	154,715	116,368
Programming	10,000	4,873		4,873	9,814
Salaries and wages	1,331,107	1,322,402	18,391	1,340,793	1,445,689
Travel and meetings	4,000	7,629		7,629	3,023
Vehicle operation	20,000	23,537		23,537	20,764
	1,889,992	1,883,829	134,275	2,018,104	2,052,884
Building costs					
Building repairs and maintenance	5,085	4,330	4,000	8,330	7,098
Telephone	10,500	10,574		10,574	10,602
Rental	73,000	72,333		72,333	72,333
Janitorial services	7,186	8,031		8,031	7,360
	1,985,763	1,979,097	138,275	2,117,372	2,150,277
Operating surplus from operations	40,000	20,177	63	20,240	13,151
Other income					
CEBA loan forgiveness (Note 9)		20,000		20,000	
Operating surplus	\$ 40,000	\$ 40,177	\$ 63	\$ 40,240	\$ 13,151



PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD
Statement of Changes in Net Assets
Year Ended March 31, 2022

	Budget	Unrestricted Actual Admin Ops	Unrestricted Actual Special Project Ops	Invested in Capital Assets	Total 2022	Total 2021
Net assets - beginning of year	\$	\$ (248,553)	\$ 53,738	\$ 144,559	\$ (50,256)	\$ (28,105)
Operating surplus	40,000	40,177	63		40,240	13,151
Amortization of capital assets						
Purchase of capital assets - Admin ops	(20,000)	(21,616)		(27,507)	(27,507)	(28,696)
Gain (loss) on disposal of capital assets				(1,887)	(1,887)	(6,606)
Change in net assets for year	20,000	18,561	63	(7,778)	10,846	(22,151)
Net assets - end of year	\$	\$ (229,992)	\$ 53,801	\$ 136,781	\$ (39,410)	\$ (50,256)

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Statement of Financial Position

March 31, 2022

	2022	2021
ASSETS		
Current		
Cash		
Operating	\$ 1,353	\$
One Card project (Note 10)	449,448	372,021
Special projects and CAP	29,026	15,222
	<u>479,827</u>	<u>387,243</u>
Accounts receivable (net of allowance for doubtful accounts - \$nil; 2021 - \$nil)	11,613	7,552
Prepaid expenses	19,579	21,211
HST receivable	31,319	21,406
	<u>542,338</u>	<u>437,412</u>
Capital assets (Note 3)	<u>116,835</u>	<u>124,613</u>
	<u>\$ 659,173</u>	<u>\$ 562,025</u>
LIABILITIES		
Current		
Bank indebtedness (Note 4)	\$	\$ 21,292
Accounts payable (Note 7)	514,726	492,615
Deferred revenue (Note 8)	143,857	98,374
	<u>658,583</u>	<u>612,281</u>
Long term debt (Note 9)	<u>40,000</u>	
	<u>698,583</u>	<u>612,281</u>
NET ASSETS		
Unrestricted		
Admin ops	(229,992)	(248,553)
Special Project Ops	53,801	53,738
	<u>(176,191)</u>	<u>(194,815)</u>
Investment in capital assets	<u>136,781</u>	<u>144,559</u>
	<u>(39,410)</u>	<u>(50,256)</u>
	<u>\$ 659,173</u>	<u>\$ 562,025</u>

ON BEHALF OF THE BOARD

Director

Director



PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Statement of Cash Flows

Year Ended March 31, 2022

	2022	2021
Operating activities		
Excess of revenue over expenses	\$ 40,240	\$ 13,151
Changes in non-cash working capital:		
Accounts receivable	(4,061)	13,208
Accounts payable	22,111	176,776
Deferred revenue	45,483	24,397
Prepaid expenses	1,632	(2,114)
HST receivable	(9,913)	16,062
	<u>55,252</u>	<u>228,329</u>
	<u>95,492</u>	<u>241,480</u>
Investing activity		
Purchase of capital assets	<u>(21,616)</u>	<u>(22,053)</u>
Financing activities		
Proceeds from long term debt	60,000	
Forgiveness of long term debt	<u>(20,000)</u>	
	<u>40,000</u>	
Increase in cash flow	113,876	219,427
Cash - beginning of year	365,951	146,524
Cash - end of year	\$ 479,827	\$ 365,951
Cash consists of:		
Operating	\$ 1,353	\$ (21,292)
One Card project	449,448	372,021
Special projects and CAP	<u>29,026</u>	<u>15,222</u>
	<u>\$ 479,827</u>	<u>\$ 365,951</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.

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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	2022 Net book value	2021 Net book value
Equipment	\$ 1,581,108	\$ 1,469,876	\$ 111,232	\$ 116,609
Motor vehicles	116,771	111,168	5,603	8,004
	<u>\$ 1,697,879</u>	<u>\$ 1,581,044</u>	<u>\$ 116,835</u>	<u>\$ 124,613</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, 2022, \$NIL was utilized (2021 - \$21,292).

PICTOU-ANTIGONISH REGIONAL LIBRARY BOARD

Notes to Financial Statements

Year Ended March 31, 2022

5. Grants

	Budget	2022	2021
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 and fundraising

	2022	2021
Donations	\$ 16,028	\$ 14,529
Maria C. Stewart Trust	4,345	4,320
Special Projects	1,443	294
	<u>\$ 21,816</u>	<u>\$ 19,143</u>

7. Accounts payable

	2022	2021
Trade accounts payable	\$ 97,257	\$ 107,453
Deferred payables	13,038	12,448
One Card Project (note 10)	404,431	372,714
	<u>\$ 514,726</u>	<u>\$ 492,615</u>

8. Deferred revenue

	2022	2021
Friends of Antigonish Library (FOAL) (Note 14)	\$ 520	\$ 619
CAP sites (Note 14)	11,557	15,756
Miscellaneous special projects (Note 14)	131,780	81,999
	<u>\$ 143,857</u>	<u>\$ 98,374</u>

9. Long term debt

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, 2025 and converts to a 5% interest rate.

Amounts payable within one year

	2022	2021
	\$ 40,000	\$
	\$ 40,000	\$

As a result of receiving the CEBA loan, \$20,000 has been recognized as income in the current period.

10. 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.

	2022	2021
Funding		
Deferred funding, beginning	\$ 372,714	\$ 222,067
Current year funds received	130,250	274,414
Deferred funding, ending	(404,431)	(372,714)
	<u>98,533</u>	<u>123,767</u>
Expenditures		
Professional fees		6,257
Software		89,858
Supplies	98,533	27,652
	<u>98,533</u>	<u>123,767</u>
Net surplus (deficit)	<u>\$</u>	<u>\$</u>
Assets and liabilities		
One Card project bank	\$ 449,448	\$ 372,021
HST receivable	9,893	693
Due from PARL operating	145	
Trade accounts payable	(55,055)	
	<u>\$ 404,431</u>	<u>\$ 372,714</u>

11. 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, 2022.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The organization is exposed to credit risk from customers. The organization has a significant number of customers which minimizes concentration of credit risk.

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 the organization 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.

12. Other matter

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

As at the reporting date, the organization is aware of changes in its operations as a result of the COVID-19 crisis.

There have been and continue to be no going concern issues as a result of the pandemic.

13. 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, 2022

14. 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			Miscellaneous Projects			2022	2021		
Revenue										
Deferred funding, beginning	\$	619	\$	15,757	\$	81,998	\$	98,374	\$	63,977
Current year funds received		1,344		618		181,859		183,821		182,002
Deferred funding, ending		(520)		(11,557)		(131,780)		(143,857)		(98,374)
Income, current year										
		1,443		4,818		132,077		138,338		147,605
Expenses										
Building maintenance					4,000		4,000			
Salaries and benefits					20,219		20,219			73,010
Supplies		1,443		4,071		108,542		114,056		74,751
Travel										362
Total expenditures										
		1,443		4,071		132,761		138,275		148,123
Net surplus (deficit)										
	\$		\$	747	\$	(684)	\$	63	\$	(518)