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Financial Statements

Annapolis Valley Regional Library

March 31, 2023

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Independent auditor's report

To the Chairperson and Members of the Board of the

Annapolis Valley Regional Library

Opinion

We have audited the financial statements of the Annapolis Valley Regional Library ("the Library"), which comprise the statement of financial position as at March 31, 2023, and the statements of operations, change in net financial assets and cash flow 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 Annapolis Valley Regional Library as at March 31, 2023, and its results of operations, its changes in its net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 Library 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 opinion.

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 Library'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 Library or to cease operations, or has no realistic alternative but to do so.

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

Grant Thornton LLP

Kentville, Canada
June 15, 2023

Chartered Professional Accountants

Annapolis Valley Regional Library

Statement of Financial Position

As at March 31

| | March 31, 2023 | March 31, 2022 |
|--|---------------------|---------------------|
| Financial assets | | |
| Cash and cash equivalents | \$ 734,895 | \$ 585,304 |
| Investments (Note 5) | 1,621,331 | 400,000 |
| Receivables | 32,942 | 26,437 |
| | 2,389,168 | 1,011,741 |
| Liabilities | | |
| Payables and accruals | 128,918 | 99,409 |
| Deferred revenue (Note 6) | 1,407,161 | 139,173 |
| Funds held in trust (Note 4) | 63,789 | 63,652 |
| Accrued sick leave benefit obligation (Note 7) | 42,926 | 42,926 |
| | 1,642,795 | 345,160 |
| Net financial assets | 746,373 | 666,581 |
| Non-financial assets | | |
| Tangible capital assets (Page 19) | 973,510 | 904,683 |
| Prepays | 40,967 | 23,401 |
| | 1,014,477 | 928,084 |
| Accumulated surplus (Note 9) | \$ 1,760,850 | \$ 1,594,665 |

Commitments (Note 10)

Approved by

See accompanying notes and schedules to the financial statements.

Annapolis Valley Regional Library Statement of Operations

Year Ended March 31

| | Adjusted Budget (Note 14) | 2023 | 2022 |
|--|---------------------------------|---------------------|---------------------|
| Revenue (Page 18) | | | |
| Contributions from governments | | | |
| Province of Nova Scotia | \$ 1,919,600 | \$ 1,919,600 | \$ 1,919,600 |
| Municipal councils | 702,900 | 702,900 | 688,043 |
| Community Access Program (C@P) | - | - | - |
| Library facility projects | - | 668 | 2,221 |
| AR Innovation lab | - | - | - |
| Board generated funding | 63,000 | 173,256 | 128,620 |
| Gain on disposal of assets | - | - | - |
| Interest Income | - | 21,514 | 208 |
| Investment income | - | 29,820 | - |
| Temporary wage subsidy | - | - | - |
| | <u>2,685,500</u> | <u>2,847,758</u> | <u>2,738,484</u> |
| Expenditures | | | |
| Advertising | 3,000 | 1,849 | 2,231 |
| Alliance | 52,524 | 52,522 | 6,365 |
| Amortization | 308,536 | 308,536 | 289,006 |
| AR Innovation lab | - | - | - |
| Bank and payroll service charges | 7,700 | 8,939 | 7,123 |
| C@P | - | - | - |
| Employee benefits | 279,500 | 254,972 | 245,323 |
| Insurance | 16,000 | 16,584 | 14,765 |
| Library facility projects | - | 668 | 2,221 |
| Library materials - other | - | 66,788 | 63,143 |
| Miscellaneous | 1,500 | 11,785 | 2,442 |
| Postage and shipping | 20,000 | 25,555 | 13,144 |
| Professional fees | 22,000 | 30,276 | 20,537 |
| Programming | 7,600 | 63,798 | 70,402 |
| Rent | 55,825 | 65,104 | 64,142 |
| Repairs and maintenance | | | |
| Equipment | 20,000 | 22,675 | 44,738 |
| Building | - | - | - |
| Salaries and wages | 1,695,412 | 1,659,227 | 1,648,651 |
| Sanitization and cleaning | 1,000 | - | 611 |
| Supplies | 25,000 | 26,173 | 24,566 |
| Travel and training | 17,250 | 32,341 | 18,441 |
| Utilities | 5,500 | 5,148 | 4,954 |
| Vehicle operating | 20,000 | 20,143 | 12,175 |
| | <u>2,558,347</u> | <u>2,673,083</u> | <u>2,554,979</u> |
| Annual surplus | <u>\$ 127,153</u> | <u>174,675</u> | <u>183,505</u> |
| Accumulated surplus, beginning of year | | 1,594,665 | 1,411,160 |
| Accumulated surplus, end of year | | <u>\$ 1,769,339</u> | <u>\$ 1,594,665</u> |

See accompanying notes and schedules to the financial statements.

Annapolis Valley Regional Library Statement of Changes in Net Financial Assets

| Year Ended March 31 | Budget (Note 13) | 2023 | 2022 |
|---|---------------------|-------------------|-------------------|
| Annual surplus | \$ 127,153 | \$ 174,675 | \$ 183,505 |
| Acquisition of tangible capital assets | (331,000) | (377,363) | (313,017) |
| Net remeasurement (losses) gains | - | (8,489) | - |
| Amortization of tangible capital assets | <u>308,536</u> | <u>308,536</u> | <u>289,006</u> |
| | - | 97,359 | 159,494 |
| Decrease in prepaids | <u>-</u> | <u>(17,567)</u> | <u>6,099</u> |
| Increase in net financial assets | (104,689) | 79,792 | 165,593 |
| Net financial assets, beginning of year | | <u>666,581</u> | <u>500,988</u> |
| Net financial assets, end of year | | <u>\$ 746,373</u> | <u>\$ 666,581</u> |

See accompanying notes and schedules to the financial statements.

Annapolis Valley Regional Library
Statement of Remeasurement Gains and Losses

| <u>Year Ended March 31</u> | <u>2023</u> | <u>2022</u> |
|---|----------------|-------------|
| Accumulated remeasurement gains (losses), beginning of year | - | - |
| Unrealized (losses) gains attributable to portfolio investments | (8,489) | - |
| Accumulated remeasurement gains (losses), end of year (Note 9) | <u>(8,489)</u> | <u>-</u> |

See accompanying notes and schedules to the financial statements.

Annapolis Valley Regional Library

Statement of Cash Flows

| Year Ended March 31 | 2023 | 2022 |
|--|--------------------|-------------------|
| Increase (decrease) in cash and cash equivalents | | |
| Operating | | |
| Annual surplus | \$ 174,675 | \$ 183,505 |
| Amortization | <u>308,536</u> | <u>289,006</u> |
| | 483,211 | 472,511 |
| Change in non-cash operating working capital | | |
| Receivables | (6,505) | 46,834 |
| Prepays | (17,567) | 6,099 |
| Payables and accruals | 29,511 | (26,472) |
| Funds held in trust | 137 | (1,643) |
| Deferred revenue | <u>1,267,989</u> | <u>(26,537)</u> |
| | 1,756,776 | 470,792 |
| Investing | | |
| Purchase of capital assets | | |
| Books and periodicals | (292,662) | (255,764) |
| Equipment | (82,648) | (54,382) |
| Computers | (2,055) | (2,871) |
| Purchase of Investments | <u>(1,229,820)</u> | <u>(400,000)</u> |
| | <u>(1,607,185)</u> | <u>(713,017)</u> |
| Net increase (decrease) in cash and cash equivalents | 149,591 | (242,225) |
| Cash and cash equivalents, beginning of year | <u>585,304</u> | <u>827,529</u> |
| Cash and cash equivalents, end of year | <u>\$ 734,895</u> | <u>\$ 585,304</u> |

See accompanying notes and schedules to the financial statements.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

1. Nature of organization

The Annapolis Valley Regional Library (the Library) is a corporate body deemed to be a regional library board established under the *Libraries Act of Nova Scotia*. Under this Act, the Library operates public libraries in communities throughout the Annapolis Valley and is responsible for the delivery of public library services, as defined by the Provincial Librarian.

The Library is not subject to income taxes under Section 149(1) of the *Income Tax Act*.

2. Summary of significant accounting policies

The financial statements of the Library are the responsibility of and are prepared by management in accordance with Canadian public sector accounting standards. Significant accounting policies adopted by the Library are as follows:

Basis of accounting

Items recognized in government financial statements are accounted for in accordance with the accrual basis of accounting. The accrual basis of accounting recognizes the effect of transactions and events in the period in which the transactions and events occur, regardless of whether there has been a receipt or payment of cash or its equivalent. Accrual accounting recognizes a liability until the obligation or condition(s) underlying the liability is partly or wholly satisfied. Accrual accounting recognizes an asset until the future economic benefit underlying the asset is partly or wholly used or lost.

Budget figures

As recommended by the Public Sector Accounting Board of CPA Canada, the financial statements show a comparison of actual results with the budget. The budget was approved by the Board of Directors on April 21, 2022.

Revenue recognition

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.

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.

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

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

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.

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks, bank overdrafts and term deposits with maturities of three months or less.

Compensated absences

The Library offers employees sick leave benefits that accumulate at a rate of 18 days per year to a maximum of 150 days. The sick leave benefits do not vest. The Library recognizes an accrued benefit obligation on the statement of financial position and any actuarial gains or losses in the statement of operations.

Tangible capital assets

Purchased 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:

| | | |
|------------------------|-----|-------------------------|
| Equipment | 20% | declining balance basis |
| Books and periodicals | 25% | declining balance basis |
| Vehicles | 30% | declining balance basis |
| Computers and systems | 20% | declining balance basis |
| Leasehold improvements | 33% | straight-line basis |

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.

Non-financial assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Leases

An operating lease is a lease where substantially all the benefits and risks incidental to ownership of the property are not transferred to the Entity. Lease rentals under operating leases are included in the determination of net income over the lease term on the same basis as the related payments.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

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 amortization, accumulated sick leave benefit obligations and sick leave accrual.

Financial instruments

All financial instruments are recorded at their cost or amortized cost except for portfolio investments in equity instruments quoted in an active market and derivatives which are recorded at their fair value with unrealized remeasurement gains and losses recorded in the statement of remeasurement gains and losses. Once realized, remeasurement gains and losses are transferred to the statement of operations. Changes in the fair value on restricted assets are recognized as a liability until the criterion attached to the restrictions has been met, upon which the gain or loss is recognized in the statement of operations.

Transaction costs related to financial instruments measured at cost or amortized cost are added to the carrying value of the financial instrument. Transaction costs related to financial instruments recorded at their fair values are expensed as incurred.

Financial liabilities (or part of a financial liability) are removed from the statement of financial position when, and only when, they are discharged or cancelled or expire.

Financial Instrument Classification

The following table provides the carrying amount information of the Public Sector Entity's financial instruments by category. The maximum exposure to credit risk for the financial assets would be the carrying values shown below.

| Financial Instruments | 2023 | | 2022 | |
|-----------------------|-----------------------|------------|-----------------------|------------|
| | Amortized cost / cost | Fair value | Amortized cost / cost | Fair value |
| Cash | 734,895 | | 858,304 | |
| Accounts receivable | 32,942 | | 26,437 | |
| Investments | 266,628 | 1,354,703 | 400,000 | |
| Accounts Payable | 128,918 | | 99,409 | |

The following table provides an analysis of financial instruments that are subsequently measured at fair value, grouped into Levels 1 to 3 based on the degree to which the fair value is observable:

- Level 1 fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

Financial Instrument Classification (continued)

- Level 2 fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and
- Level 3 fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

| Financial Instrument | 2023 | | | Total |
|----------------------|------------------|----------|----------|------------------|
| | Level 1 | Level 2 | Level 3 | |
| Investments | | | | |
| Pooled funds | 1,354,703 | - | - | 1,354,703 |
| Bonds | 266,628.00 | - | - | 266,628 |
| Private enterprise | - | - | - | - |
| Total | 1,621,331 | - | - | 1,621,331 |

3. Adoption of accounting policies

PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation

On April 1, 2022, the Library adopted Public Accounting Standards PS 3450 – Financial Instruments and PS 2601 – Foreign Currency Translation. The standards were adopted prospectively from the date of adoption. The new standards provide comprehensive requirements for the recognition, measurement, presentation and disclosure of financial instruments and foreign currency transactions. Under PS 3450, all financial instruments, including derivatives, are included on the statement of financial position and are measured either at fair value or amortized cost based on the characteristics of the instrument and the Organization's accounting policy choices.

In accordance with the provisions of this new standard, the Library has now stated their portfolio investments at fair value as at March 31, 2023.

PS 3280 - Asset retirement obligations

On April 1, 2022, the Library also adopted Public Accounting Standard PS 3280 – Asset Retirement Obligations. The new accounting standard addresses the reporting of legal obligations associated with the retirement of certain tangible capital assets, such as asbestos removal in retired buildings by public sector entities. The new accounting standard has resulted in a withdrawal of the existing Section PS 3270 – Solid Waste Landfill Closure and Post-Closure Liability. The standard was adopted on the prospective basis at the date of adoption. Under the prospective method, the discount rate and assumptions used on initial recognition are those as of the date of adoption of the standard.

As at March 31, 2023 the Library has no asset retirement obligations.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

4. Funds held in trust

On behalf of the Village of Kingston, the Library maintains \$63,789 (2022 – 63,652) of funds held in trust. Funds are for expenses to be incurred and upgrades to the Kingston Library Branch.

During the year, the Library received \$200 (2022 – \$3,792) in funds on behalf of the Village of Kingston for purchases of capital items for the Kingston branch. The Library incurred expenditures on behalf of the Kingston branch of \$63 (2022 – \$5,435).

5. Portfolio Investments

The Library holds portfolio investments in the following categories:

| | <u>2023</u> | <u>2022</u> |
|-----------------------------------|---------------------|----------------|
| Investment in Mutual Funds | \$ 190,630 | \$ 199,930 |
| Investments in GICS | 266,628 | - |
| Tiered investment savings account | <u>1,164,073</u> | <u>200,070</u> |
| Total Investment | <u>\$ 1,621,331</u> | <u>400,000</u> |

The equity instruments (mutual funds) in the current year portfolio investment are measured at fair value while all other investments are measured at amortized cost. This is in line with PS 3450. As this standard is prospective as of April 1st 2022, the prior year portfolio investments remain measured at cost as they were originally valued.

Annapolis Valley Regional Library Notes to the Financial Statements

March 31, 2023

6. Deferred revenue

| | <u>March 31, 2023</u> | <u>March 31, 2022</u> |
|---------------------------|-----------------------|-----------------------|
| Deferred revenue, opening | \$ 139,173 | \$ 165,709 |
| Contributions received: | <u>1,339,871</u> | <u>84,033</u> |
| | 1,479,044 | 249,742 |
| Contributions deferred: | <u>71,883</u> | <u>110,569</u> |
| Deferred revenue, ending | <u>\$ 1,407,161</u> | <u>\$ 139,173</u> |

Contributions deferred represents donations and/or grant funds received from various sources that have restricted their use to specific projects. These funds remain in deferred revenue until used for the purpose or purposes specified. Included in this amount is \$1,232,132 received in the year from the Evans Estate that was designated to be used for the benefit of the Annapolis Royal Library Branch.

7. Accrued sick leave benefit obligation

The Library has recognized in these financial statements the estimated liability associated with the accumulated sick leave earned by staff. The amount has been determined based on a report prepared by an independent actuary dated October 13, 2017. The accrued benefit obligation was determined using the Projected Unit Credit method prorated on service. The estimate is based on the following assumptions: 2.0% annual salary increase and 2.3% discount rate. As at March 31, 2023, the Library's estimated liability is \$42,926 (2022 - \$42,926). This amount is included in liabilities on page 3 of the financial statements.

\$75,146 (2022 - \$81,693) of sick leave time was utilized during the period.

8. Related party transactions

All related party transactions are recorded at the exchange amount, which is the amount of consideration paid, as agreed to by the related parties.

The Library has entered into an agreement with the Town of Berwick to lease the headquarters office space for a term of 20 years. Rent in the amount of \$65,104 (2022 - \$64,142) was paid to the Town of Berwick. Additionally, the Library has paid The Town of Berwick for telephone and gas in the amount of \$10,021 (2022 - \$9,736).

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

9. Accumulated surplus

The Library segregates its accumulated surplus into the following categories:

| | <u>2023</u> | <u>2022</u> |
|--|---------------------|---------------------|
| Investment in tangible capital assets | \$ 973,510 | \$ 904,683 |
| Operating | 548,552 | 443,781 |
| Reserve funds | | |
| Vehicles | 65,456 | 65,457 |
| Equipment | 69,544 | 69,545 |
| Staff education | 6,895 | 6,894 |
| Investment | <u>105,382</u> | <u>104,305</u> |
| Accumulated surplus before remeasurement | <u>\$ 1,769,399</u> | <u>\$ 1,594,666</u> |
| Accumulated remeasurement losses | <u>\$ (8,489)</u> | <u>\$ -</u> |
| Total accumulated surplus | <u>\$ 1,760,850</u> | <u>\$ 1,594,665</u> |

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds internally restricted by resolution of the Board of Directors for specific purposes.

10. Commitments

Books

As at March 31, 2023, the Library had placed orders for books and periodicals valued at \$73,643 (2022 - \$72,011). This amount is not included in the current year purchases.

Rent

The Library is committed to a 20-year lease expiring 2037 for the rental of headquarter office space. Annual rent under the agreement is \$59,147 plus HST in the first year of the term and is increased by the lesser of the consumer price index or 1.5% in each subsequent year.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

10. Commitments (continued)

Copier lease

The Library is required to make payments under an operating lease agreement in the next 4 years as follows:

| | |
|------|----------|
| 2024 | \$ 4,935 |
| 2025 | \$ 4,935 |
| 2026 | \$ 4,935 |
| 2027 | \$ 2,467 |

Postage meter lease

The Library is required to make payments under an operating lease agreement in the next five years as follows:

| | |
|------|----------|
| 2024 | \$ 1,234 |
| 2025 | \$ 1,289 |
| 2026 | \$ 1,289 |
| 2027 | \$ 1,289 |
| 2028 | \$ 1,289 |

11. Other matters

Pension plan

The Library has an employee defined contribution registered pension plan. Under this plan, the Library is required to contribute a percentage of annual compensation paid per eligible employee to a specified maximum. For 2023, the expense related to this plan amounted to \$80,670 (2022 - \$83,843).

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

12. Financial instrument risks

The Library's financial instrument risk exposure is detailed as follows.

Credit risk

The Library has determined that the financial assets with credit risk exposure are accounts and grants receivable since failure of any of these parties to fulfill their obligations could result in significant financial losses for the Library. The Library is also exposed to concentration risk in that all of its cash is held with one financial institution and the balances held are in excess of Canadian Deposit Insurance Corporation Limits.

Credit risk of grants receivable is mitigated by ensuring all grants are entered into by way of contract.

Liquidity risk

The Library's liquidity risk represents the risk that the Library could encounter difficulty in meeting obligations associated with its financial liabilities. The Library is, therefore, exposed to liquidity risk with respect to its payables and accruals.

The Library mitigates this risk by maintaining financial assets well above the balance of accounts payable. The Library does not allow payables to accumulate by making payments within 30 days.

Market risk

The Library is not exposed to significant market risk.

Changes in risk

During the year, the Library's exposure to financial instrument risks did not change.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2023

13. Budget figures

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 and revenues from prior period deferrals.

| | <u>Approved Operating Budget</u> | <u>Adjustments</u> | <u>Budget Per Financial Statements</u> |
|----------------------------------|--|--------------------|--|
| Revenue | | | |
| Appropriations from Governments | | | |
| Province of Nova Scotia | \$ 1,919,600 | | \$ 1,919,600 |
| Municipal councils | 702,900 | | 702,900 |
| Community Access Program (C@P) | - | | - |
| Board generated funding | 63,000 | | 63,000 |
| Expenditures | | | |
| Advertising | 3,000 | | 3,000 |
| Alliance | 52,524 | | 52,524 |
| Amortization | - | \$ 308,536 | 308,536 |
| Bank and payroll service charges | 7,700 | | 7,700 |
| C@P | - | | - |
| Employee benefits | 279,500 | | 279,500 |
| Equipment purchases | 4,500 | (4,500) | - |
| Furniture purchases | 1,500 | (1,500) | - |
| Insurance | 16,000 | | 16,000 |
| Library materials – other | 325,000 | (325,000) | - |
| Miscellaneous | 1,500 | | 1,500 |
| Postage and shipping | 20,000 | | 20,000 |
| Professional fees | 22,000 | | 22,000 |
| Programming | 7,600 | | 7,600 |
| Rent | 55,825 | | 55,825 |
| Repairs and maintenance | | | |
| Equipment | 20,000 | | 20,000 |
| Building | - | | - |
| Salaries and wages | 1,695,412 | | 1,695,412 |
| Sanitization and cleaning | 1,000 | | 1,000 |
| Supplies | 25,000 | | 25,000 |
| Travel and training | 17,250 | | 17,250 |
| Utilities | 5,500 | | 5,500 |
| Vehicle operating | 20,000 | | 20,000 |
| Annual surplus | <u>\$ 104,689</u> | <u>\$ (22,464)</u> | <u>\$ 127,153</u> |

Annapolis Valley Regional Library Schedule of Revenues

| Year Ended March 31 | 2023 | 2022 | |
|---|-------------------------|-------------------------|-------------------------|
| | <u>Budget</u> | <u>Actual</u> | <u>Actual</u> |
| Revenue | | | |
| Appropriations from Governments | | | |
| Province of Nova Scotia | \$ 1,919,600 | \$ 1,919,600 | \$ 1,919,600 |
| Municipal councils | | | |
| Municipality of the County of Kings | 331,600 | 331,600 | 331,600 |
| Municipality of the County of Annapolis | 130,700 | 130,700 | 130,700 |
| Municipality of the District of West Hants | 134,400 | 134,400 | 119,543 |
| Annapolis Royal | 3,400 | 3,400 | 3,400 |
| Berwick | 17,400 | 17,400 | 17,400 |
| Kentville | 42,800 | 42,800 | 42,800 |
| Middleton | 12,300 | 12,300 | 12,300 |
| Wolfville | <u>30,300</u> | <u>30,300</u> | <u>30,300</u> |
| | <u>2,622,500</u> | <u>2,622,500</u> | <u>2,559,481</u> |
| Library facility projects | - | 668 | 2,221 |
| Board generated funding | | | |
| Donations, book sales and printing | 60,000 | 173,256 | 128,412 |
| Interest income | <u>3,000</u> | <u>21,514</u> | <u>208</u> |
| | <u>63,000</u> | <u>194,770</u> | <u>128,620</u> |
| Gain on disposal of assets | - | - | - |
| Investment income | - | <u>29,820</u> | - |
| Total revenue | <u>\$ 2,685,500</u> | <u>\$ 2,847,758</u> | <u>\$ 2,738,484</u> |

Annapolis Valley Regional Library Schedule of Tangible Capital Assets

As at March 31, 2023

| | <u>Opening Cost</u> | <u>Additions</u> | <u>Disposals</u> | <u>Ending Cost 2023</u> |
|-----------------------|---------------------|-------------------|------------------|-----------------------------|
| Equipment | \$ 430,689 | \$ 82,648 | - | \$ 513,337 |
| Books and periodicals | 2,017,242 | 292,660 | 236,438 | 2,073,464 |
| Vehicles | 96,364 | - | - | 96,364 |
| Computers and systems | 918,939 | 2,055 | - | 920,994 |
| | <u>\$ 3,463,234</u> | <u>\$ 377,363</u> | <u>236,438</u> | <u>\$ 3,604,159</u> |

| | <u>Opening Accumulated Depreciation</u> | <u>Amortization during the year</u> | <u>Amortization on disposals</u> | <u>Ending Accumulated Depreciation 2023</u> |
|-----------------------|---|---|--------------------------------------|---|
| Equipment | \$ 282,933 | \$ 46,081 | - | \$ 329,014 |
| Books and periodicals | 1,325,554 | 246,087 | 236,438 | 1,335,203 |
| Vehicles | 67,278 | 8,726 | - | 76,004 |
| Computers and systems | 882,786 | 7,642 | - | 890,428 |
| | <u>\$ 2,558,551</u> | <u>\$ 308,536</u> | <u>236,438</u> | <u>\$ 2,630,649</u> |

| | <u>Net Book Value 2022</u> | <u>Net Book Value 2023</u> |
|-----------------------|--------------------------------|--------------------------------|
| Equipment | \$ 147,756 | \$ 184,323 |
| Books and periodicals | 691,688 | 738,261 |
| Vehicles | 29,086 | 20,360 |
| Computers and systems | 36,153 | 30,566 |
| | <u>\$ 904,683</u> | <u>\$ 973,510</u> |