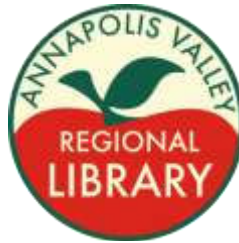


Annapolis Valley Regional Library

Annual General Meeting
Thursday, June 18, 2026
5:30 p.m. – 6:30 p.m.

Agenda

1. Call to order by the Chair
2. Minutes of the previous AGM: June 19, 2025
3. Investment Report: Terry Miller, CPA CA, CFP, Investia Financial Services (written)
4. Approval of the annual Audited Financial Statement – Jessica Clahane, Partner,
Doane Grant Thornton
5. Appointment of the Auditors – Grant Thornton LLP
6. Annual Reports
 - 6.1 Chair of the Board
 - 6.2 Finance Report
 - 6.3 Human Resources Report
 - 6.4 Chief Executive Officer
7. Election of the Officers of the Board
 - 7.1 Chair
 - 7.2 Vice-Chair
 - 7.3 Treasurer
8. Adjournment



Annapolis Valley Regional Library Board Annual General Meeting

Thursday, June 19, 2025

5:30 pm – 8:30 pm

In-Person Meeting

Minutes (DRAFT)

PRESENT: Janet Ness, Jill Cox, Emily Lutz, Karie-Ann Parsons-Saltzman, Adele MacDonald, Chrystal Remme, Rob Baker, Emily Lutz, Ty Walsh, Julia Merritt (CEO), Carin Cress (EA)

STAFF: Beth Kaweck, Jai Soloy, Samantha Driscoll, Barbara Lipp, Julie Johnson

GUESTS: Victoria Ells (Grant Thornton LLP)

1. Call to order:

The meeting was called to order at 5:30 pm by Janet Ness, Chair.

2. Minutes from the previous Thursday, June 20, 2024 AGM Hybrid In-Person/Zoom Meeting

J. Cox clarified an error in the minutes of the Annual General Meeting held on June 19th, 2024. Under Item 7, Annual Reports, specifically Section 7.3 Human Resources Report, the minutes state that no report was presented. J. Cox confirmed that she did present her report and it was included in the board package.

MOTION: That the board acknowledges J. Cox's clarification that the Human Resources Report was presented and included in the June 19th, 2024 Annual General Meeting minutes.

MOVED BY: Jill Cox **SECONDED BY:** Emily Lutz

CARRIED

MOTION: To accept minutes of June 20th, 2024 AGM meeting as amended.

MOVED BY: Rob Baker **SECONDED BY:** Jill Cox

3. Presentation of the Review of Investments:

Terry Miller did not attend the AGM but submitted a written report.

MOTION: To receive the Financial Review of Investments report submitted by Terry Miller (Investia Financial Services).

MOVED BY: Karie-Ann Parsons-Saltzman **SECONDED BY:** Adele MacDonald
CARRIED

4. Presentation of the Annual Audited Financial Statements:

Victoria Ells (Grant Thornton) presented the April 1, 2024 - March 31, 2025 Financial Statements. The Board noted their appreciation to the auditors and to staff.

MOTION: To approve the Financial Statements for April 1, 2024 - March 31, 2025 as presented by Grant Thornton.

MOVED BY: Emily Lutz **SECONDED BY:** Chrystal Remme
CARRIED

Victoria Ells left the meeting.

5. Appointment of the Auditors:

MOTION: To discuss the appointment of auditors for the fiscal year April 1, 2025, to March 31, 2026.

MOVED BY: Adele MacDonald **SECONDED BY:** Jill Cox
CARRIED

The board discussed the appointment of auditors for the fiscal year April 1, 2025, to March 31, 2026. It was agreed that Grant Thornton would be reappointed as auditors for the upcoming year. The board will review and reassess the appointment of auditors following the completion of this term.

MOTION: That Grant Thornton will continue as the auditors for the coming fiscal year: April 1, 2025 - March 31, 2026.

MOVED BY: Adele MacDonald **SECONDED BY:** Emily Lutz
CARRIED

6. Revisions to the AVRL Board By-Laws:

Advocacy and Development and LBANS removed from by-laws 2024.

MOTION: That AVRL Board confirm and approve the changes to the Board By-Laws 2024.

MOVED BY: Emily Lutz **SECONDED BY:** Karie-Ann Parsons-Saltzman
CARRIED

7. Annual Reports:

Annual reports, 7.1 - 7.4 were included in the board package.

7.1 Chair of the Board:

J. Ness, Chair AVRL, submitted the Annual Report from the Chair.

7.2 Finance Report:

J. Merritt, Chief Executive Officer, submitted the AVRL Annual Report April 1st, 2024 - March 31st, 2025 and CEO report.

7.3 Human Resources Report:

J. Cox, Vice Chair, Chair of HR Subcommittee, submitted the HR report for 2024-2025.

7.4 Chief Executive Officer:

J. Merritt, Chief Executive Officer, submitted the CEO's report for 2024-2025.

MOTION: To accept the Annual Reports as presented.

MOVED BY: Rob Baker SECONDED BY: Karie-Ann Parsons-Saltzman

CARRIED

8. Election of the Officers:

8.1 Chair:

J. Cox nominated Janet Ness to serve as Board Chair. The nomination was accepted by Janet Ness. There were no further nominations.

8.2 Vice-Chair:

E. Lutz nominated C. Remme to serve as Board Vice-Chair. The nomination was accepted by C. Remme. There were no further nominations.

8.3 Treasurer:

A. MacDonald nominated E. Lutz to serve as Board Treasurer. The nomination was accepted by E. Lutz. There were no further nominations.

9. Adjournment:

Next meeting(s):

AGM and Regular Board Meeting - June 18th, 2026 at 5:30pm

MOTION: That the meeting be adjourned at 6:34 pm.

MOVED BY: Jill Cox

June 12, 2026

**Annual Report to the Board of Trustees
Annapolis Valley Regional Library
Year Ending March 31, 2026**

The AVRL Investia investment account was established in February 2022 to manage endowment funds for the long term and working capital account for the medium term. The majority of the invested assets are held in the restricted endowment fund.

In preparation for the Endowment and Working Capital Funds a detailed investment policy statement was prepared and approved by the Board. The Investment Policy Statement establishes the risk profile and asset allocation guidelines for the invested assets. The Investment Policy ensures that the invested assets stay invested during volatile market periods and ensure the account is rebalanced so no single asset class grows out line with the overall risk guidelines.

The portfolio is in full compliance with the investment policy statement.

The March 31 year end financial statements report an account value of \$2,264,946. The annualized return of the portfolio from inception to June 12, 2026 is 6.8%. \$200,000 was returned back to the general operating account from the working capital fund during the fiscal year.

I look forward to meeting with the finance / investment committee with a comprehensive portfolio report and analysis in the near future.

Respectfully submitted



Terry Miller, CPA CA, CFP

Terry Miller, CFP, CPA CA

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Doane
Grant Thornton

Financial Statements

Annapolis Valley Regional Library

March 31, 2026

DRAFT

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Annapolis Valley Regional Library

Statement of Financial Position

As at March 31

	2026	2025
Financial assets		
Cash and cash equivalents	\$ 805,695	\$ 1,180,140
Portfolio investment (Note 4)	2,264,946	2,135,025
Receivables	<u>33,897</u>	<u>20,021</u>
	3,104,538	3,335,186
 Liabilities		
Payables and accruals	121,517	148,825
Deferred revenue (Note 5)	1,654,213	1,743,003
Funds held in trust (Note 3)	55,700	65,018
Accrued sick leave benefit obligation (Note 6)	<u>53,097</u>	<u>54,678</u>
	1,884,527	2,011,524
 Net financial assets	<u>1,220,011</u>	<u>1,323,662</u>
 Non-financial assets		
Tangible capital assets (Page 19)	1,038,159	1,002,056
Prepays	<u>22,770</u>	<u>18,352</u>
	<u>1,060,929</u>	<u>1,020,408</u>
 Accumulated surplus (Note 8)	<u>\$ 2,280,940</u>	<u>\$ 2,344,070</u>
 Comprised of:		
Accumulated surplus	\$ 2,288,874	\$ 2,212,753
Accumulated remeasurement (losses) gains	<u>(7,934)</u>	<u>131,317</u>
	<u>\$ 2,280,940</u>	<u>\$ 2,344,070</u>

Commitments (Note 9)

Approved by

_____ Chair

_____ Member of the Board

Annapolis Valley Regional Library

Statement of Operations

Year Ended March 31

	Adjusted Budget (Note 12)	<u>2026</u>	<u>2025</u>
Revenue (Page 18)			
Contributions from governments			
Province of Nova Scotia	\$ 2,115,800	\$ 2,012,800	\$ 2,012,800
Municipal councils	702,900	702,900	702,900
Board generated funding	84,155	258,854	309,797
Interest income	40,000	18,100	53,554
Investment income	-	234,103	78,466
Library facility projects	-	2,866	2,417
	<u>2,942,855</u>	<u>3,229,623</u>	<u>3,159,934</u>
Expenditures			
Advertising	6,000	3,562	5,228
Alliance	62,795	56,394	59,960
Amortization	288,468	288,468	324,829
Bank and payroll service charges	30,500	27,507	31,866
Computer expenses	-	10,266	20,385
Employee benefits	-	300,498	271,366
Insurance	19,000	19,194	14,919
Library materials – other	-	82	171
Management fees	-	11,784	6,991
Meals and entertainment	1,700	32,578	4,131
Miscellaneous	500	12,050	20,420
Postage and shipping	30,000	28,528	28,604
Professional fees	80,000	104,816	134,750
Programming	11,000	18,275	107,250
Rent	69,507	68,170	68,153
Repairs and maintenance equipment	35,000	28,494	21,006
Salaries and wages	2,360,695	2,043,952	1,841,045
Supplies	35,000	34,919	30,788
Travel and training	40,750	46,373	33,166
Utilities	5,500	6,817	5,060
Vehicle operating	22,000	8,828	8,551
Refundable tax	-	1,947	-
	<u>3,098,415</u>	<u>3,153,502</u>	<u>3,038,640</u>
Annual surplus	<u>\$ (155,560)</u>	<u>76,121</u>	<u>121,295</u>
Accumulated surplus, beginning of year		2,212,753	2,091,458
Accumulated surplus, end of year		<u>\$ 2,288,874</u>	<u>\$ 2,212,753</u>

Annapolis Valley Regional Library

Statement of Changes in Net Financial Assets

Year ended March 31	Budget (Note 12)	2026	2025
Annual surplus	\$ (155,560)	\$ 76,121	\$ 121,295
Acquisition of tangible capital assets	(402,655)	(324,572)	(366,545)
Changes of remeasurement	-	(139,251)	104,627
Amortization of tangible capital assets	<u>288,468</u>	<u>288,468</u>	<u>324,829</u>
	(269,747)	(99,234)	184,206
Decrease in prepaids	<u>-</u>	<u>(4,416)</u>	<u>2,714</u>
Increase in net financial assets	\$ (269,747)	(103,650)	186,920
Net financial assets, beginning of year		<u>1,323,662</u>	<u>1,136,742</u>
Net financial assets, end of year		<u>\$ 1,220,011</u>	<u>\$ 1,323,662</u>

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Annapolis Valley Regional Library
Statement of Remeasurement Gains and Losses

Year ended March 31

2026

2025

Accumulated remeasurement gains, beginning of year	\$ 131,317	\$ 26,690
Unrealized (losses) gains attributable to portfolio investments	<u>(139,251)</u>	<u>104,627</u>
Accumulated remeasurement (losses) gains, end of year (Note 8)	<u>\$ (7,934)</u>	<u>\$ 131,317</u>

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Annapolis Valley Regional Library

Statement of Cash Flows

Year ended March 31

2026

2025

Increase in cash and cash equivalents

Operating		
Annual surplus	\$ 76,121	\$ 121,295
Amortization	288,468	324,829
Unrealized investment (losses) gains	<u>(139,251)</u>	<u>104,608</u>
	225,338	550,732
Change in non-cash operating working capital		
Receivables	(13,876)	(19,505)
Prepays	(4,416)	2,715
Payables and accruals	(27,308)	17,674
Accrued benefit obligations	(1,581)	11,752
Funds held in trust	(9,318)	1,960
Deferred revenue	<u>(88,791)</u>	<u>163,811</u>
	80,048	729,139
Investing		
Purchase of capital assets		
Books and periodicals	(298,107)	(324,476)
Leaseholds	-	(29,981)
Equipment	-	(8,070)
Furniture & fixtures	(347)	(834)
Computers	(26,118)	(3,206)
Investment draws	200,052	
Investment purchases and reinvested income	<u>(329,973)</u>	<u>(343,003)</u>
	(454,493)	(709,570)
Net (decrease) increase in cash and cash equivalents	(374,445)	19,570
Cash and cash equivalents, beginning of year	<u>1,180,140</u>	<u>1,160,570</u>
Cash and cash equivalents, end of year	<u>\$ 805,695</u>	<u>\$ 1,180,140</u>

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2026

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 (PSAS). 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 17, 2025.

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.

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.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2026

2. Summary of significant accounting policies (continued)

Government transfers (continued)

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, 2026

2. Summary of significant accounting policies (continued)

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 expired.

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.

	2026		2025	
	Amortized cost/cost	Fair value	Amortized cost/cost	Fair value
Financial instruments				
Cash	\$ 805,695	\$ -	\$ 1,180,140	\$ -
Accounts receivable	33,897	-	20,021	-
Investments		2,264,946	-	2,135,025
Accounts payable	121,517	-	148,825	-

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, 2026

2. Summary of significant accounting policies (continued)

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 instruments	2026			
	Level 1	Level 2	Level 3	Total
Pooled funds	\$ 2,264,946	\$ -	\$ -	\$ 2,264,946
Bonds	-	-	-	
Total	\$ 2,264,946	\$ -	\$ -	\$ 2,264,946

3. Funds held in trust

On behalf of the Village of Kingston, the Library maintains \$55,700 (2025 – 65,018) 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 \$Nil (2025 – \$1,944) 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 \$9,318 (2025 – \$Nil).

4. Portfolio Investment

The Library holds portfolio investments in the following categories:

	2026	2025
Investment in mutual funds	\$ 2,264,946	\$ 2,072,734
Tiered investment savings account	-	62,291
Total Investment	\$ 2,264,946	\$ 2,135,025

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2026

4. Portfolio Investment (continued)

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.

5. Deferred revenue

	<u>2026</u>	<u>2025</u>
Deferred revenue, opening balance	\$ 1,743,003	\$ 1,579,193
Contributions deferred		
Provincial	4,480	119,400
Private	-	237,648
	<u>1,747,483</u>	<u>1,936,241</u>
Contributions recognized		
Provincial	81,620	37,780
Private	11,650	155,458
Deferred revenue, ending balance	<u>\$ 1,654,213</u>	<u>\$ 1,743,003</u>

Contributions deferred represent 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 purposes specified.

Included in deferred revenue above are allocations externally restricted for the purposes of:

Annapolis Royal branch	\$1,231,897
Middleton branch	86,905
Provincial grants	54,670
Wolfville building	175,343
Other programming	<u>105,398</u>
Total deferred revenue	<u>\$1,654,213</u>

6. 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 May 9, 2025. The accrued benefit obligation was determined using the Projected Unit Credit method prorated on service. The estimate is based on the following assumptions: 4.0% annual salary increase and 4.9% discount rate. As at March 31, 2026, the Library's estimated liability is \$53,097 (2025 - \$54,678). This amount is included in liabilities on page 4 of the financial statements.

\$109,591 (2025 - \$98,896) of sick leave time was utilized during the period.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2026

7. 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 \$65,556 (2025 - \$64,316) was paid to the Town of Berwick. Additionally, the Library has paid The Town of Berwick for telephone and gas in the amount of \$5,105 (2025 - \$5,664).

8. Accumulated surplus

The Library segregates its accumulated surplus into the following categories:

	<u>2026</u>	<u>2025</u>
Investment in tangible capital assets	\$ 1,028,842	\$ 1,002,057
Operating	1,249,453	984,957
Reserve funds		
Vehicles	65,456	65,457
Equipment	69,545	69,545
Staff education	6,895	6,895
Investment	<u>-</u>	<u>110,534</u>
Accumulated surplus before remeasurement	<u>2,420,191</u>	<u>2,239,443</u>
Accumulated remeasurement (losses) gains	<u>(139,251)</u>	<u>104,627</u>
Total accumulated surplus	<u>\$ 2,280,940</u>	<u>\$ 2,344,070</u>

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

Reserve funds represent funds set aside by resolution of the Board of Directors for specific purposes.

9. Commitments

Books

As at March 31, 2026, the Library had placed orders for books and periodicals valued at \$45,526.42 (2025 - \$34,001). 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, 2026

9. Commitments (continued)

Copier lease

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

2027	\$ 2,467
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Postage meter lease

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

2027	\$ 1,289
2028	\$ 1,289

10. 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 2026, the expense related to this plan amounted to \$96,730 (2025 - \$74,340).

11. 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 accounts payable.

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.

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2026

11. Financial instrument risks (continued)

Market risk

The Library is not exposed to significant market risk, however because the library continues to invest more heavily into mutual fund investments this does introduce the risk of market fluctuations.

Changes in risk

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

12. 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 impact of HST filings.

	Approved Operating Budget	Adjustments	Budget Per Financial Statements
Revenue			
Appropriations from Governments			
Province of Nova Scotia	\$ 2,115,800	\$	\$ 2,115,800
Municipal councils	702,900		702,900
Board generated funding	134,155	(50,000)	84,155
Interest Income	40,000		40,000
Expenditures			
Advertising	6,000		6,000
Alliance	62,795		62,795
Amortization	-	288,468	288,468
Bank and payroll service charges	30,500		30,500
Employee benefits	-		-
Equipment purchases	5,500	(5,500)	-
Furniture purchases	3,000	(3,000)	-
Insurance	19,000		19,000
Library materials – other	340,000	(340,000)	-
Miscellaneous	2,200		2,200
Other capital purchases	54,155	(54,155)	-
Postage and shipping	30,000		30,000
Professional fees	80,000		80,000
Programming	11,000		11,000
Rent	69,507		69,507
Repairs and maintenance			
Equipment	35,000		35,000
Salaries and wages	2,360,695		2,360,695
Supplies	35,000		35,000
Travel and training	40,750		40,750
Utilities	5,500		5,500
Vehicle operating	22,000		22,000
HST	45,000	(45,000)	-
Annual surplus	<u>\$ (264,747)</u>	<u>\$ (109,187)</u>	<u>\$ (155,560)</u>

Annapolis Valley Regional Library

Notes to the Financial Statements

March 31, 2026

13. Subsequent events

Subsequent to year end, on May 25, 2026, the Board voted to close five branches of library operations (Hantsport, Kentville, Lawrencetown, Middleton, and Port Williams) effective July 20, 2026. Costs related to the restructuring are unknown at the date of these statements, therefore a reasonable estimate of the financial effect of the closure of these branches is not determinable at this time.

DRAFT

Annapolis Valley Regional Library

Schedule of Revenues

Year ended March 31

2026

2025

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Appropriations from Governments			
Province of Nova Scotia	\$ 2,115,800	\$ 2,012,800	\$ 2,012,800
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	134,400
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	30,300	30,300	30,300
	<u>2,818,700</u>	<u>2,715,700</u>	<u>2,715,700</u>
Library facility projects	-	-	2,417
Board generated funding			
Donations, book sales and printing	134,155	261,720	309,797
Interest income	40,000	18,100	53,554
	<u>174,155</u>	<u>279,820</u>	<u>363,351</u>
Investment income	-	234,103	78,466
Total revenue	<u>\$ 2,992,855</u>	<u>\$ 3,229,623</u>	<u>\$ 3,159,934</u>

Annapolis Valley Regional Library

Schedule of Tangible Capital Assets

As at March 31

	Opening cost	Additions	Disposals	Ending cost 2026
Equipment	\$ 539,341	\$ -	\$ -	\$ 539,341
Furniture & fixtures	812	347	-	1,159
Books & periodicals	2,252,189	298,107	262,217	2,288,079
Leasehold improvements	29,981	-	-	29,981
Vehicles	96,364	-	-	96,364
Computers & systems	926,341	26,118	-	952,459
	<u>\$ 3,845,028</u>	<u>\$ 333,890</u>	<u>\$ 262,217</u>	<u>\$ 3,907,383</u>

	Opening accumulated depreciation	Amortization during the year	Amortization on disposals	Ending accumulated depreciation 2026
Equipment	\$ 403,440	\$ 27,180	\$ -	\$ 430,620
Furniture & fixtures	162	309	-	471
Books & periodicals	1,440,247	239,440	262,217	1,417,470
Leasehold improvements	9,894	9,994	-	19,888
Vehicles	86,387	2,993	-	89,380
Computers & systems	902,843	8,552	-	911,395
	<u>\$ 2,842,973</u>	<u>\$ 289,710</u>	<u>\$ 262,217</u>	<u>\$ 2,869,224</u>

	Net book Value 2025	Net book value 2026
Equipment	\$ 135,901	\$ 108,721
Furniture & fixtures	650	688
Books & periodicals	811,942	870,609
Leasehold improvements	20,087	10,093
Vehicles	9,977	6,984
Computers & systems	23,498	41,064
	<u>\$ 1,002,055</u>	<u>\$ 1,038,159</u>



Annapolis Valley Regional Library

For the year ended March 31, 2026

Report to the Board of Directors
Audit strategy and results

Purpose of report and scope

The purpose of this report dated June 18, 2026 is to engage in an open dialogue with you regarding our audit of the financial statements of Annapolis Valley Regional Library (the "Library") for the year ended March 31, 2026. This communication will assist you in understanding our overall audit strategy and results. The information in this document is intended solely for the information and use of the Board of Directors and should not be distributed to other parties.

The purpose of our audit, our responsibilities and your responsibilities were communicated to you in our signed engagement letter dated November 8, 2024.

We were engaged to provide the following deliverables:

- Report on the March 31, 2026 financial statements
- Communication of audit strategy and results

Audit approach

Our audit approach involves identifying and assessing risks of material misstatement of the financial statements, whether due to fraud or error. Misstatements, including omissions, are material if they could reasonably be expected to influence the economic decisions made by users based on the financial statements. Ultimately, materiality is a measure of the significance of items to financial statement users, taking both quantitative and qualitative considerations into account. Without this concept, auditors would need to verify every transaction, which would not generally be practical, useful or cost effective. We apply a materiality threshold as a basis for focusing our audit work and, ultimately, to determine what matters will be brought to your attention and what adjustments need to be made to the financial statements.

The greater the risk of material misstatement associated with an area of the financial statements, the greater the audit emphasis placed on it in terms of verification. Where the nature of a risk of material misstatement is such that it is close to the upper end of the spectrum of inherent risk, it is classified as a significant risk.

Due to the inherent limitations of an audit, there is an unavoidable risk that some material misstatements may not be detected, and this is particularly true in relation to fraud. The primary responsibility for the prevention and detection of fraud rests with you.

Status of our audit

We have substantially completed our audit of the financial statements of the Library and the results of that audit are included in this report. We will finalize our report upon resolution of the following items that are outstanding as at June 18, 2026:

- Receipt of signed management representation letter
- Approval of the financial statements by the Board of Directors

Audit results

Area of focus	Matter, response and findings
Significant risk: fraud via management override of internal control	<p>Per the Canadian auditing standards, this is a presumed significant risk. The risk relates to management's ability to override the controls surrounding financial reporting in order to report improved financial results, manipulate particular financial statement areas, or perpetrate other financial fraud.</p> <p>Our audit procedures included testing journal entries, testing and analyzing significant accounting estimates for evidence of management bias, and reviewing significant transactions outside the normal course of business. Our audit procedures did not uncover any significant issues.</p>
Significant risk: fraud in revenue recognition	<p>Per the Canadian auditing standards, there is a presumed significant risk of fraud in revenue recognition. The risk is presumed to apply because past history indicates that, in financial statement frauds, revenue is an area that is commonly manipulated. The risk primarily relates to revenue recognized under board generated funding.</p> <p>We obtained a listing of donations received in the year and selected a sample of donations to trace to supporting source documentation. We examined support to ensure donations appropriately occurred and were recorded accurately.</p> <p>We reviewed management prepared deferred revenue schedules and obtained support for additional deferrals in the year and deferred revenue recognized to ensure appropriate accounting treatment.</p> <p>Our audit procedures did not uncover any significant issues.</p>
Going concern and subsequent events	<p>Subsequent to year end, the Board made the decision to close five Library branch locations. As part of our audit procedures we obtained the 2026/27 budget, considered reserves on hand and projected cashflow requirements, and had discussions with Management to assess the ability for the Library to continue as a going concern.</p> <p>As a result of these procedures, we concluded that presentation as a going concern remains appropriate, however this will continue to be an area of audit focus until such a time that the Library as returned to break even operation.</p> <p>The closure of branches has been included as a subsequent event in the financial statement.</p>

Area of focus	Matter, response and findings
Accounting practices	<p>As part of our audit, we considered the Library's significant accounting practices, including accounting policies, accounting estimates and financial statement disclosures.</p> <p>As part of this review of accrued liabilities, it was noted that the year end payroll accrual had not yet been recorded. Therefore, we recorded an entry of \$41,957 to increase both wages and accrued liabilities.</p> <p>Investment accounts are not being reconciled throughout the period. As part of our audit, we received summarized investment information from the investment advisor. We utilized this information to prepare the investment schedule and record adjustments to the investment accounts and recognize the related investment income and losses. We would recommend that the process of reconciling the investment accounts and related income(losses) be performed on a quarterly basis so that management has current information on the performance of the portfolios.</p> <p>With the exception of the items noted above, the accounting practices applied are consistent with those applied in the prior year and appear to be appropriate based on the Library's circumstances.</p>

Misstatements

We have no non-trivial unadjusted misstatements to report.

Please see attached listing of adjusting journal entries made as a result of the audit.

Other matters

Internal control

We obtain an understanding of internal control over financial reporting to the extent necessary to plan the audit and to determine the nature, timing and extent of our work. If we become aware of a deficiency in your internal control over financial reporting, the auditing standards require us to communicate to the Board of Directors those deficiencies we consider significant. However, a financial statement audit is not designed to provide assurance on internal control.

The following significant deficiencies in internal control were reported previously in our report to the Board dated June 19, 2025. They have not been remediated and, therefore, we are required to include them in this communication:

Incompatible duties

The Library continues to have a number of duties that are not adequately segregated. The same staff member continues to be responsible for receiving the cheques, preparing the deposit, recording deposits in the books of account, preparing payments and mailing cheques.

The size of the Library means that having segregations of duties is not always possible. It is our understanding that the Library has some compensating controls in place, including having the second signer on cheques review supporting documentation and review of year-to-date financial information by management and the Board throughout the year. In addition, accounting services are outsourced to MNP LLP which further mitigates the risks associated with segregation of duties however does not fully remediate the control deficiency.

Time card approval

It was noted that branch managers continue to have the ability to post and approve their own timecards. While this is not an approved process, there are no preventative controls in place that blocked this from occurring; there are, however, detective controls in place that helped to mitigate the risk. While detective controls are meant to identify an error after it has occurred and rely primarily on manual review, a preventative control can prevent the error from occurring in the first place and are often technically based.

Independence

We have a rigorous process where we continually monitor and maintain our independence. We have identified no information regarding our independence that in our judgment should be brought to your attention.

A self-review threat exists in relation to the audit due to the fact that, in addition to performing the audit engagement, we draft the financial statements and propose journal entries. This threat is mitigated by ensuring that you understand, take responsibility for and approve the financial statements and journal entries.

Technical updates

Accounting

Please see Appendix A for accounting standards issued by the Accounting Standards Board that may affect the Library in future years.

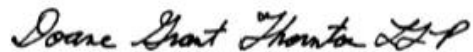
Assurance

There are currently no new assurance standards that have been identified that will impact the Library in future periods.

Cooperation during the audit

We report that we received cooperation from management of the Library. To our knowledge, we were provided with access to all necessary records and other documentation, and any issues that arose as a result of our audit were discussed with management and have been resolved to our satisfaction.

Yours sincerely,
Doane Grant Thornton LLP



Jessica Clahane, CPA, CA
Partner

Appendix A – PSAS Accounting developments

Public Sector Accounting Standards [updated March 31, 2025]

Effective date

Section PS 1202 *Financial Statement Presentation*

New Section PS 1202 *Financial Statement Presentation* replaces Section PS 1201 *Financial Statement Presentation*.

The main features of the new Section include:

- Changes to the statement of financial position to present financial assets, non-financial assets, total assets, financial liabilities, non-financial liabilities total liabilities and net assets/net liabilities
- Separate statement of changes in net assets or net liabilities (formerly known as accumulated surplus) by required categories
- The addition of a statement of net financial assets or net financial liabilities that presents a revised net financial assets or net financial liabilities (formerly known as “net debt”) calculation
- The option to present the change in net financial assets or net financial liabilities on the statement of net financial assets or net financial liabilities
- Ability to present an amended budget when there is an election or the majority of the governing body of a government organization is newly elected or appointed
- The requirement to provide a subtotal prior to financing activities in the statement of cash flow
- Guidance on assessing the going concern assumption

As a result of the issuance of the new Section, various Sections and Guidelines of the Handbook have been amended to include references to the Section. The impacted Sections and Guidelines include:

- PS 1300 *Government Reporting Entity*
- PS 2120 *Accounting Changes*
- PS 2500 *Basic Principles of Consolidation*
- PS 2510 *Additional Areas of Consolidation*
- PS 2601 *Foreign Currency Translation*
- PS 3041 *Portfolio Investments*
- PS 3060 *Interest in Partnerships*
- PS 3070 *Investments in Government Business Enterprises*
- PS 3100 *Restricted Assets and Revenues*
- PS 3160 *Public Private Partnerships*
- PS 3230 *Long-Term Debt*
- PS 3250 *Retirement Benefits*
- PS 3255 *Post-Employment Benefits, Compensated Absences and Termination Benefits*
- PS 3260 *Liability for Contaminated Sites*
- PS 3280 *Asset Retirement Obligations*
- PS 3300 *Contingent Liabilities*
- PS 3310 *Loan Guarantees*
- PS 3400 *Revenue*
- PS 3410 *Government Transfers*
- PS 3430 *Restructuring Transactions*
- PS 3450 *Financial Instruments*
- PS 4200 *Financial Statement Presentation by Not-for-Profit Organizations*
- PSG-2 *Leased Tangible Capital Assets*
- PSG-4 *Funds and Reserves*
- PSG-5 *Sale-Leaseback Transactions*

Fiscal years beginning on or after April 1, 2026.

Earlier adoption is permitted only if the Conceptual Framework is also adopted at the same time.

Prior period amounts would need to be restated to conform to the presentation requirements for comparative financial information in Section PS 1202.

Public Sector Accounting Standards [updated March 31, 2025]

Effective date

Conceptual Framework for Financial Reporting in the Public Sector

PSAB's Conceptual Framework for Financial Reporting in the Public Sector replaces Sections PS 1000 *Financial Statement Concepts* and PS 1100 *Financial Statement Objectives*.

The new Conceptual Framework includes:

- Characteristics of public sector entities
- Objectives of financial reporting
- Primary users of financial reporting and their expectations
- Role of financial statements
- Foundations and objectives of financial statements
- Qualitative characteristics of information in financial statements
- Qualitative characteristics of information in financial statements and related considerations
- Definitions of elements
- Criteria of general recognition and derecognition; and,
- Concepts of general measurement and presentation

As a result of the issuance of the Conceptual Framework, various Sections and Guidelines of the Handbook have been amended to include references to the new Conceptual Framework, add/clarify key definitions that are consistent with the Conceptual Framework, and/or remove references to qualitative characteristics that are no longer qualitative characteristics in the new Conceptual Framework. These Sections include:

- Introduction to the Public Sector Accounting Handbook (formerly the Introduction to the Public Sector Accounting Standards)
- PS 1150 *Generally accepted Accounting Principles*
- PS 1201 *Financial Statement Presentation*
- PS 1300 *Government Reporting Entity*
- PS 2100 *Disclosure of Accounting Policies*
- PS 2120 *Accounting Changes*
- PS 2130 *Measurement Uncertainty*
- PS 2200 *Related Party Transactions*
- PS 3150 *Tangible Capital Assets*
- PS 3200 *Liabilities*
- PS 3210 *Assets*
- PS 3400 *Revenue*
- PS 3430 *Restructuring Transactions*
- PS 3450 *Financial Instruments; and*
- PS 4230 *Capital Assets Held by Not-for-Profit Organizations*

The Conceptual Framework will be applied prospectively.

2022-2023 Annual Improvements

The following relevant amendments have been made to PSG 2 *Leased tangible capital assets*

- deleted an outdated cross-reference in Appendix A to Section 3065 *Leases* in former Part V of the CPA Canada Handbook – Accounting, pre-changeover accounting standards and added specific guidance which outlines that lease rentals under an operating lease are included in the determination of surplus or deficit over the lease term on a straight-line basis, unless another systematic and rational basis is more representative of the time pattern of the entity's benefit.

Fiscal years beginning on or after April 1, 2026.

Earlier adoption is permitted.

Immediate

Strategic plan for not-for-profit organizations in the public sector

Since 2012, government not-for-profit organizations (GNPOs) have been required to adopt PSAS but were given the option of applying the specific GNPO accounting standards (PS 4200 series) in PSAS. Some GNPOs have utilized those standards, while others have not. The PSAB recognized that a “one-size-fits-all” approach may not be appropriate for all stakeholders. In March 2022, having deliberated feedback from two Consultation Papers, the PSAB decided to incorporate the PS 4200 series, with potential customizations, into PSAS as its strategy for GNPOs. This solution was defined as reviewing and amending, as appropriate, the PS 4200 series guidance and incorporating it within the PSA Handbook available for all public sector entities to apply, if appropriate. That is, the existing standards in the PS 4200 series will be reviewed to determine if they should be retained and added to PSAS. This may involve amending standards to update them and ensuring consistency with PSAB’s conceptual framework. The PSAB believes this strategy will likely:

- improve the comparability and understandability of financial statements, as all public sector entities would be applying a common reporting model;
- provide the PSAB with a tool and some flexibility to address matters warranting a different presentation or accounting treatment for GNPOs when appropriate; and
- make some of the guidance currently found only in the PS 4200 series available to all public sector entities with similar transactions, improving comparability and consistent application of accounting standards.

The implementation plan for this strategy was approved at its June 2022 meeting, and an overview of the implementation plan was presented at its March 2022 meeting. The current ordering of standard level projects will start with tangible capital assets as well as contributions (including endowments), then controlled and related entities, finishing with the reporting model. The capital asset project will focus on proposing amendments to Section PS 3150 *Tangible Capital Assets*, as a result of reviewing Section PS 4230 *Capital Assets Held by Not-for-Profit Organizations* and Section PS 4240 *Collections Held by Not-for-Profit Organizations*.

In March 2023, the Public Sector Accounting Board (“PSAB”) issued an Exposure Draft entitled [Tangible Capital Assets](#). The Exposure Draft proposes amendments to PS 3150 *Tangible Capital Assets*, resulting from a review of PS 4230 and PS

4240 as part of its GNPO strategy implementation plan. The Exposure Draft proposes the following:

- Amending the definition of “tangible capital asset” in paragraph PS 3150.05(a) for only a minor clarification.
- Retaining the emphasis on recognizing the complete stock of tangible capital assets in Section PS 3150.
- Not recognizing works of art, historical treasures and collections as outlined in Section PS 3150.
- Adding guidance to Section PS 3150 to
 - identify a “collection.”
 - clarify the accounting treatment when a tangible capital asset is purchased at substantially below fair value.
 - clarify the accounting treatment for contributed materials and labour in determining the cost of a constructed tangible capital asset.
- Adding more disclosures to Section PS 3150 to convey the importance of works of art, historical treasures and collections.
- Removal of Sections PS 4230 and PS 4240 as they will no longer apply once Section PS 3150 is adopted.

The proposed effective date of the changes is for fiscal years beginning on or after April 1, 2029, with early adoption permitted. The PSAB is currently deliberating the responses.

Annapolis Valley Regional Library

1.4

Year End: March 31, 2026

Adjusting Journal Entries

Date: 4/1/2025 To 3/31/2026

Number	Name	Account No	Debit	Credit
AJE1	Books & Periodicals	CAP-1510 CAP		262,217.00
AJE1	Acc Dep - Books & Periodicals	CAP-1511 CAP	262,217.00	
	To record book disposals for the year.			
AJE2	Reserves:Reserve - RBC Premium Investment	3002 OP	110,534.36	
AJE2	Accumulated Surplus - Operations	3500 OP		110,534.36
	To transfer investment reserve to operating			
AJE3	Accrued Wages	2130 OP		41,956.66
AJE3	Salaries & Wages	6400 OP	41,956.66	
	To record accrued wages.			
AJE4	Realized gain (loss) on sale of investments	7100 OP		124,171.24
AJE4	Revenue - Investment Income	4900 OP		109,931.53
AJE4	Investment Management Fees	7001 OP	11,784.46	
AJE4	Investments - Investia:General Investments	1066 OP	27,290.56	
AJE4	Investments - Investia:Evans Bequest Investmen	1064 OP	146,776.39	
AJE4	Investments - Investia:James Lehman Estate Inv	1065 OP	21,593.54	
AJE4	Investments - Investia:David Ritchie Investment	1070 OP	9,382.98	
AJE4	Investments - Investia:Wolfville Library Build	1071 OP	17,274.84	
	To post investment revenues and fees per schedule			
AJE5	Unrealized gains/losses on Investments	7000 OP	139,250.94	
AJE5	Investments - Investia:General Investments	1066 OP	934.05	
AJE5	Investments - Investia:Evans Bequest Investmen	1064 OP		105,502.15
AJE5	Investments - Investia:James Lehman Estate Inv	1065 OP		15,521.33
AJE5	Investments - Investia:David Ritchie Investment	1070 OP		6,744.44
AJE5	Investments - Investia:Wolfville Library Build	1071 OP		12,417.07
	To record unrealized gains per wp 24-2 and investment summary			
AJE6	Investments - Investia:Evans Bequest Investmen	1064 OP	200,051.78	
AJE6	Investments - Investia:General Investments	1066 OP		200,051.78
	To correct withdraw from investment account from 405486940 to 39820889 per investment summary reports			

Annapolis Valley Regional Library

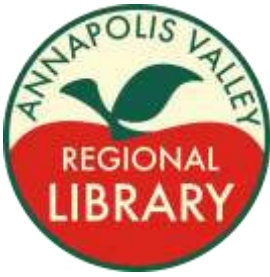
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Year End: March 31, 2026

Adjusting Journal Entries

Date: 4/1/2025 To 3/31/2026

Number	Name	Account No	Debit	Credit
AJE7	Investments - Investia:Evans Bequest Investmen	1064 OP	33,061.51	
AJE7	Investments - Investia:General Investments	1066 OP		33,061.51
to correct opening balances in investment GL's to agree to PY summary				
AJE8	Investment - Evans Bequest - Cash	1010 OP		246,905.43
AJE8	Investments - Investia:Evans Bequest Investmen	1064 OP	246,905.43	
To record investment of Evans estate cash to Evans estate investment purchases				
AJE9	Furniture & Fixtures	CAP-1505 CAP		9,318.44
AJE9	Capital out of revenue - equip (automation)	CAP-80002 CAP	9,318.44	
AJE9	Deferred Revenue:Funds held 'in trust'	2700 OP	9,318.44	
AJE9	Capital out of revenue - equip (automation)	80002 OP		9,318.44
AJE9	Accum Amort - Furn & Fixt	CAP-1506 CAP	1,242.00	
AJE9	Depreciation	7050 CAP		1,242.00
To correct fro spening out of funds held in trust				
			1,288,893.38	1,288,893.38
Net Income (Loss)		76,119.80		



Report to Board

To: AVRL Board
From: Janet Ness, AVRL Board Chair
Date: June 18, 2026
Re: Annual Chair Report for the 2025-26 AGM

The long-predicted financial breaking point for AVRL became a reality in 2025-2026. After years of advocacy and transparency with the NS Provincial Government through the Department of Communities, Culture, Heritage and Tourism (CCTH), Annapolis Valley Regional Library (AVRL) faced the harsh reality that we no longer have the funding to operate an 11-branch regional library.

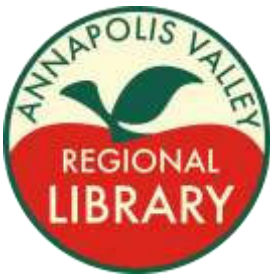
Funding for Public libraries in Nova Scotia is stipulated through the Nova Scotia Libraries Act currently a responsibility of the Department of CCTH. We were hopeful when that department initiated a Funding Review Committee in 2024. All regional libraries and CCTH staff spent time and resources to complete a comprehensive report for increased funding for the NS Government. Hopes, however, were shattered when the government chose not to implement the funding recommendations from that report and instead to hold the funding at the 2020 amount without even inflationary increases and despite knowing it would lead to the situation AVRL now faces.

As anyone knows who has been faced with reaching a financial breaking point, whether in a business or in your personal life, the decisions on how to continue to move forward are never done lightly or without a great deal of thought, and that is also the case with the AVRL Board. Eight passionate library supporters representing our AVRL municipal funding partners were faced with deciding how a regional library that stretches from Windsor to Annapolis Royal could provide the best service to the most people for the immediate and long-term future.

After years of making cuts, finding efficiencies and staff reductions to match flat-line base operational funding we opted to create a new Regional Library model that would consolidate modern service in fewer branches that would still leave a path for future expanded service in those branches when funding partners choose to commit to providing realistic funding for an Essential Community Service for all citizens of the Annapolis Valley and Nova Scotia.

In closing, I would like to thank the entire staff of the Annapolis Valley Regional Library for their ongoing dedication to the needs of library users each and every workday. Additionally, it has been an honour to work collaboratively with my fellow board members through these very difficult times and decisions. The AVRL is fortunate to have a group of knowledgeable, prepared and effective library board representatives.

Respectfully submitted,
Janet Ness, AVRL Board Chair



Report to Board

To: AVRL Board
From: Julia Merritt, CEO
Date: June 18, 2026
Re: Annual Financial Report for the 2025-26 AGM

2025-26 Financial Landscape

2025-26 continued to be a challenging financial year for a number of reasons:

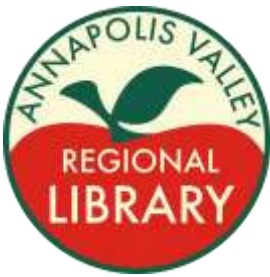
- Under the 2020-2025 Provincial Library Funding Formula, the AVRL's 2025-26 budget did not have the capacity to absorb inflationary increases for salaries and operational costs; additional pressure was applied to the budget from the collective agreement reached in 2025, and the \$1.30 minimum wage increase which alone represented an increase of \$107,000 to the budget.
- The AVRL Board approved a deficit budget of \$264,747 with the plan to use unrestricted reserve funds to offset this deficit while continuing to advocate with the Province for sustainable funding.
- Without sustainable operational funding, there are no more logical operational efficiencies to take without layoffs, branch closures, or extreme service reductions.

Actions Taken

- The Province of Nova Scotia provided "Bridge" funding of \$186,400 to offset inflation.
- The Board budgeted to use operational reserve funds.

Final Position 2025-26

The Audited Financial Statements report a net decrease in cash and cash equivalents of \$374,445 for Fiscal Year '26. The AVRL is drawing down its available resources in a financially unsustainable way. For this reason, the auditors have identified the AVRL as a "going concern" which indicates the organization is in a state of financial risk.



Report to Board

To: AVRIL Board
From: Jill Cox, AVRIL Board Human Resources Subcommittee Chair
Date: June 18, 2026
Re: Annual AVRIL Board Human Resources Committee Report for the 2025-26 AGM

January 15th 2026 marked the beginning of CEO Julia Merritt's fourth year with AVRIL. A 360 evaluation of Ms. Merritt was completed in February and March with very positive comments from her fellow management team members, her executive assistant and four AVRIL Board members.

This year has been a continuation of challenges navigating ongoing and ever increasing financial and budgetary shortfall concerns. Multiple meetings with Municipal staff and Councillors in the AVRIL catchment area. Letters to the Minister of CETH, working with CEOs in other regions of NS and informing the public (not just in our immediate area but across all of Nova Scotia) through various forms of media of possible library closures have all dominated the overseeing of day-to-day AVRIL operations by our CEO. Sadly, the absolutely necessary increase in provincial funding to sustain AVRIL as it presently exists with 11 branches has not been realised in the latest spring budget.

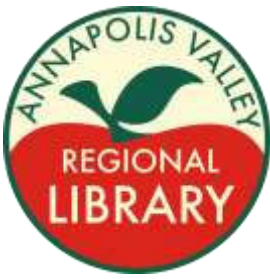
A special provincially funded community consultation study completed by Davis Pier in November 2025, seeking the public's opinion about AVRIL services found that the public had glowing praise for their libraries and truly value their local library staff. However, the winter to early spring time frame of 2025-26 has been a particularly worrisome and uncertain time for staff across the AVRIL system as solutions to the funding shortfall have been sought by AVRIL Management and the Board.

Samantha Driscoll HR Manager has spearheaded many training initiatives for branch staff in order to bring about consistent service across AVRIL's 11 locations including a Learning Management software system to improve training efforts and ensure success. Sadly, Ms Driscoll announced that she would be departing in May. She will be missed as she had developed a true sense of trust with AVRIL staff and her fellow management team members.

Beth Kawecki was hired as Regional Branch Supervisor in February 2025. Her focus has been to develop a framework for staff oversight and coaching. She has been in all 11 branches regularly and has created working groups to address shared issues.

AVRL's HR Manager continued interviewing candidates for casual work as the turnover of permanent and casual staff remains quite constant. Casual staff are performing a critical function of ensuring that branches remain open; the ultra-lean staffing model relies on casual staff to enable permanent staff to take their vacation and sick time. Consequently the number of casual hours paid for 2025-26 remained high at 7500 hours closely matching 2024-25 at 8000 hours.

A successful collective agreement was reached with NSUPE Union Local 23 in September of 2025 which is in effect until 2028.



Report to Board

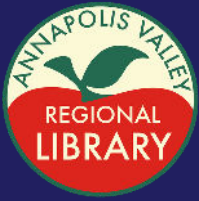
To: AVRL Board
From: Julia Merritt, CEO
Date: June 18, 2026
Re: Annual CEO Report for the 2025-26 AGM

2025-26 continued the trend of the previous two years, with significant increases in community engagement.

However, the challenges of 2025-26 are serious and speak to the compounding impact of the financial challenges. Since 2009, the AVRL has only received a 10% increase in sustainable funding, which has led to an erosion of public service as the AVRL has become increasingly lean. The major impacts are:

1. From 2015-2025, AVRL has deleted 12 permanent full-time jobs to cope with cost increases. This is the equivalent of 25% of the AVRL's permanent staffing complement.
2. Due to the loss of staff, as of 2024 AVRL has reduced program offerings by 50% and is no longer able to participate in partnerships with community organizations or government departments. Previously, the AVRL had eliminated the Bookmobile service (two trucks) and the entire outreach department.
3. AVRL does not have the capacity to initiate new projects. This is a major loss of service to the public at a time when libraries are working to be responsive to community needs by acting as community hubs and lifelong learning centres.

Taken together, these cuts allowed AVRL to preserve staff in the branches and maintain regular operating hours through 2025-26. However, this is not a sustainable position without increased operational funding. During this past year, AVRL has repeatedly sent letters to the Ministry of Culture and updates to the Nova Scotia Public Library to advise of the risks to service continuity in 2026-27, and to urge the government to implement an updated, sustainable public library funding formula. The remaining staff continue to be dedicated to serving the Annapolis Valley Region and we are all working diligently to maintain as much continuity as possible.



ANNAPOLIS VALLEY REGIONAL LIBRARY

ANNUAL REPORT 2025-2026



NEW USERS

3,496

ACTIVE USERS

25,069

IN PERSON VISITS

206,752

DIGITAL ITEMS BORROWED

136,841

TOTAL ITEMS BORROWED

734,453



TOTAL PROGRAMS

1,137

PROGRAM ATTENDANCE

7,644

TOTAL OPEN HOURS

19,500

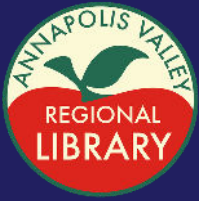
PUBLIC COMPUTER ACCESS (HOURS)

21,205

WIRELESS USAGE (HOURS)

211,448





ANNAPOLIS VALLEY REGIONAL LIBRARY

ANNUAL REPORT 2025-2026

Updates from the CEO and Board Chair

Following up from the results of its community consultation in 2024-25, the AVRL Board approved a new strategic plan for 2025-28, with the goals of updating and improving AVRL's internal structures, while responding to the increase in public service needs.

With public usage strong and growing, the dedicated AVRL staff continue to do their best to meet the growing demand and to support the public in accessing reliable and accurate information, entertainment, lifelong learning opportunities, early literacy development, and a welcoming space for all members of the community.



Julia Merritt, Chief Executive Officer

The mandate of providing the best possible library experience for all the citizens of the Annapolis Valley has been challenged following the sobering news that the Provincial Library Funding Formula would not be increased after it ended March 31, 2025. Despite robust and consistent advocacy for sustainable funding, AVRL must now look to a future where quality library service and programs can be delivered in a different model. This path forward comes with much sadness and recognition of the impact of the AVRL in the Annapolis Valley over the last 77 years.

Janet Ness, Chair