

The Audited Financial Statements of:
WESTERN COUNTIES REGIONAL LIBRARY
Year ended March 31, 2024

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INDEPENDENT AUDITORS' REPORT

To the Chairman and Members of the Board of the Western Counties Regional Library:

Qualified Opinion

We have audited the accompanying financial statements of the Western Counties Regional Library, which are comprised of the statement of financial position as at March 31, 2024, the statements of operations, net assets, and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Western Counties Regional Library as at March 31, 2024 and its results of operations and cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

The Western Counties Regional Library provides a management service award which is payable to qualifying management employees upon retirement. The related expense and liability has been accrued by management. We were unable to obtain sufficient audit evidence over completeness of the management service award. Accordingly, our verification of the related expense and liability was limited to the amounts recorded in the records of the Library and we are not able to determine whether any adjustments might be necessary to salaries and benefits, any related effect on excess of revenue over expenditures, net assets, or management service award payable.

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, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Other Information

Management is responsible for the other information. The other information comprises the Annual Report, but does not include the financial statement and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated.

If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. As described in the Basis for Qualified Opinion section above, our verification of the management service award expense and liability are limited to the amounts recorded in the records of the Library. Accordingly, we are unable to conclude whether or not the other information is materially misstated with respect to this matter.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financials statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal controls

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 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 auditors' 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 judgement 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 controls 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 auditors' 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 auditors' 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.

Yarmouth, Nova Scotia
June 6, 2024

White Perkins Associates
Chartered Professional Accountants



WESTERN COUNTIES REGIONAL LIBRARY
 STATEMENT OF FINANCIAL POSITION as at March 31, 2024

	2024	2023
ASSETS		(note 15)
CURRENT		
Cash	\$729,978	\$545,236
HST receivable	15,320	20,822
Due from Western Counties Regional Library Charitable Association (note 4)	17,984	25,186
Investments (note 5)	913,538	854,157
	<u>1,676,820</u>	<u>1,445,401</u>
EQUIPMENT (note 6)	164,464	170,548
INTANGIBLE ASSETS (note 7)	26,352	29,379
	<u>\$1,867,636</u>	<u>\$1,645,328</u>
	2024	2023
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable for library materials committed	\$19,523	\$ -
Accounts payable and accrued liabilities	11,642	10,914
Management service award payable (note 8)	78,756	64,806
Deferred revenue (note 9)	107,275	33,330
	<u>217,196</u>	<u>109,050</u>
DEFERRED CAPITAL CONTRIBUTIONS (note 10)	23,458	24,693
Total liabilities	<u>240,654</u>	<u>133,743</u>
NET ASSETS		
Capital	190,816	199,927
Internally restricted for library development (note 11)	1,436,166	1,311,658
	<u>1,626,982</u>	<u>1,511,585</u>
	<u>\$1,867,636</u>	<u>\$1,645,328</u>

Approved by:

Director: _____

Director: _____

Economic dependence (note 13)

Commitments (notes 4 and 14)



WESTERN COUNTIES REGIONAL LIBRARY
 STATEMENT OF OPERATIONS
 Year ended March 31, 2024

	Library		2024	2023
	Operating	Development		
REVENUE				
Provincial grants:				
Operating grant	\$1,222,500	\$ -	\$1,222,500	\$1,222,500
Acadian grant	138,000	-	138,000	138,000
Municipal grants	447,800	-	447,800	447,800
Investment income	-	56,852	56,852	31,955
Unrealized gain (loss) on investments	-	30,974	30,974	(41,555)
Fees and recoveries	15,732	-	15,732	13,081
Yarmouth Public Library and Museum (note 4)	31,094	-	31,094	30,621
Miscellaneous grants (note 4)	118,477	-	118,477	63,621
Other income	15,419	-	15,419	12,558
Amortization of deferred capital contributions	1,235	-	1,235	1,300
	<u>1,990,257</u>	<u>87,826</u>	<u>2,078,083</u>	<u>1,919,881</u>
EXPENSES				
Salaries and benefits (note 13)	1,448,543	13,950	1,462,493	1,303,094
Library materials	200,434	-	200,434	170,565
Vehicle operations	15,530	-	15,530	18,318
Supplies and consumables	26,166	-	26,166	29,130
Telephone and communications	4,316	-	4,316	4,260
Travel	2,049	-	2,049	2,019
Insurance	17,540	-	17,540	17,057
Interest and bank charges	3,931	-	3,931	3,614
Professional fees	12,292	-	12,292	10,589
Headquarters rent (note 4)	48,000	-	48,000	46,800
Postage	13,392	-	13,392	11,228
Lease and service agreements	2,726	-	2,726	1,858
HST expense	10,387	-	10,387	12,030
Computer equipment and maintenance	57,486	-	57,486	62,518
Grant expense	47,649	-	47,649	24,542
Programing	2,324	-	2,324	535
Website maintenance	4,600	-	4,600	6,607
Training and educational development	3,630	-	3,630	2,934
Conference expense	2,190	-	2,190	3,061
Health and safety supplies	461	-	461	1,213
Miscellaneous	7,682	-	7,682	5,235
Depreciation of equipment and intangible assets	17,408	-	17,408	14,418
	<u>1,948,736</u>	<u>13,950</u>	<u>1,962,686</u>	<u>1,751,625</u>
EXCESS - revenue over expenses	<u>\$41,521</u>	<u>\$73,876</u>	<u>\$115,397</u>	<u>\$168,256</u>

WESTERN COUNTIES REGIONAL LIBRARY
 STATEMENT OF CHANGES IN NET ASSETS
 Year ended March 31, 2024

	Operating	Capital	Library Development	2024	2023
Net assets at beginning of year	\$ -	\$199,927	\$1,311,658	\$1,511,585	\$1,343,329
Excess (deficiency) - revenue over expenses	58,929	(17,408)	73,876	115,397	168,256
Interfund transfers	(58,929)	8,297	50,632	-	-
NET ASSETS AT END OF YEAR	\$ -	\$190,816	\$1,436,166	\$1,626,982	\$1,511,585



WESTERN COUNTIES REGIONAL LIBRARY
 STATEMENT OF CASH FLOW
 Year ended March 31, 2024

	2024	2023
CASH PROVIDED BY (USED FOR):		
OPERATIONS		
Excess - revenue over expenses	\$115,397	\$168,256
Add back items which do not involve the use of cash:		
Unrealized (gain) loss on equity investments	(30,974)	41,555
Amortization of deferred capital contributions	(1,235)	(1,300)
Depreciation of equipment and intangible assets	17,408	14,418
	<u>100,596</u>	<u>222,929</u>
Changes in non-cash working capital:		
Prepaid wages	-	500
HST receivable	5,502	(2,268)
Receivable from Western Counties Regional Library Charitable Association	7,202	(10,702)
Accounts payable for library materials committed	19,523	(21,885)
Accounts payable and accrued liabilities	728	(52,446)
Management service award payable	13,948	6,920
Deferred revenue	73,945	20,300
	<u>221,444</u>	<u>163,348</u>
INVESTING		
Additions to investments	(136,068)	(122,889)
Proceeds received on maturity of investments	107,662	98,082
Purchase of equipment	(8,296)	(46,715)
	<u>(36,702)</u>	<u>(71,522)</u>
Increase in cash flow	184,742	91,826
Cash position at beginning of year	<u>545,236</u>	<u>453,410</u>
CASH POSITION AT END OF YEAR	<u><u>\$729,978</u></u>	<u><u>\$545,236</u></u>

1. GENERAL

The Western Counties Regional Library operates public libraries in communities throughout Southwestern Nova Scotia. The Library is a registered charity under the Income Tax Act and accordingly, is exempt from income taxes provided certain requirements are met under the Act.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Financial reporting framework

The financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(b) Cash

Cash is comprised of cash on hand and cash on deposit.

(c) Fund accounting

The Library uses three funds to record its transactions:

(i) Operating Fund

Assets, liabilities, revenues, and expenses related to program delivery and administrative activities are reported through the Operating Fund.

(ii) Capital Fund

The Capital Fund includes the Library's equipment assets and the related yearly depreciation expense of those assets. Equipment asset additions funded through operations are recorded in the Capital Fund under assets and charged to the Operating Fund through an interfund transfer.

(iii) Library Development Fund

The Library Development Fund comprises excess funds internally restricted by the Library for the future development of the library. The annual excess or deficiency of revenue over expenses is transferred to the Library Development Fund through an interfund transfer. Annual charges for management service awards are accrued as an expense in the Library Development Fund. The corresponding liability established for future retirement benefits for management is a liability of this fund.

(d) Revenue recognition

The Library follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenue in the year in which the expenses are incurred. Restricted contributions received, but not yet taken into income, are carried on the Statement of Financial Position as Deferred Revenue. Externally restricted contributions received for equipment additions are deferred and amortized on the same basis as the related equipment is depreciated.

(e) Investments

Investments include both equity and fixed income investments. Equity investments are recorded at their published fair market value. Any unrealized holding gains and losses related to equity investments, being the difference between the cost and the fair market value, are included in the statement of operations. The fixed income investments are recorded at their amortized cost. If the market value of the fixed income investments becomes lower than cost and its decline in value is considered to be other than temporary, the investments are written down to the market value at that point in time. Premiums or discounts incurred at the time of purchasing fixed income investments are amortized over the term of the fixed income investments.

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

(f) Equipment

Equipment is recorded at cost. Contributed equipment is recorded at its fair value at the time of the contribution. Depreciation is provided on the declining balance basis at the following annual rates:

Motor vehicle	10%
Equipment	45%
Phone system	6%
Automation equipment	5% - 45%
Leasehold improvements	4%
Furniture and fixtures	5% - 20%

(g) Intangible assets

Intangible assets are recorded at cost. Depreciation is provided on the declining balance basis at the following annual rates:

Website	5%
Logo and branding	15%

(h) Library materials

The Library does not record an inventory of library materials. When library materials are purchased, they are charged as an expense in the Operating Fund in the year of acquisition. Library materials for which purchase orders are outstanding at year end are charged to expense and recorded as accounts payable for library materials

(i) Measurement uncertainty

In preparing the Library's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities and reported amounts of revenue and expenses. Actual amounts could differ from these estimates. The carrying value of management service award payable and the estimated useful life of equipment represents management's best estimates.

3. FINANCIAL INSTRUMENTS

The Library's financial instruments consist of cash, HST receivable, investments, accounts payable, and management service award payable. All financial instruments are initially recognized at fair value and subsequently measured at amortized cost, except for equity investments, which are measured at fair value. Changes in fair value are recognized in the statement of operations in the period incurred.

When financial assets are determined to be impaired, the carrying amount is reduced to the greater of the discounted future cash flows expected, or the proceeds that could be realized from the sale of the financial asset. Such impairments can be reversed if the value subsequently improves.

The financial instruments expose the Library to certain financial risks and uncertainties, including:

(a) Market risk

The Library's investments in mutual funds exposes the Library to price risks as these investments are subject to price changes in an open market due to market movements, global economic conditions, global markets, and changes to market rates of interest.

WESTERN COUNTIES REGIONAL LIBRARY
 NOTES TO FINANCIAL STATEMENTS
 Year ended March 31, 2024

4. RELATED PARTY TRANSACTIONS	2024	2023
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The Library is related to the Western Counties Regional Library Charitable Association through a shared Board of Directors. In 1982, the Charitable Association was formed to assist in the work of the Library, and to receive gifts, bequests, donations, etc. on behalf of the Western Counties Regional Library.

Total revenues for the Charitable Association for 2024 were \$25,952 (2023: \$27,131), expenses \$20,020 (2023: \$28,216), assets \$523,756 (2023: \$513,616), liabilities \$178,295 (2023: \$174,087), net assets \$345,461 (2023: \$339,529), cash flows from operating activities -\$7,007 (2023: \$61,621), cash flows from investing activities -\$8,266 (2023: -\$75,365), and cash flows from financing activities nil (2023 - nil).

In addition to the Charitable Association, the Library is also related to the following Library's through shared Board members:

- Shelburne Library Building Association
- Yarmouth Public Library and Museum

During the year, the Library had the following transactions with its related parties:

Western Counties Regional Library Charitable Association

Donation included under miscellaneous grants	\$18,005	\$25,378
Increase (decrease) in accounts receivable	(\$7,202)	\$10,702

Yarmouth Public Library and Museum

Recorded under Yarmouth Public Library and Museum revenue		
Grants received from Yarmouth Public Library and Museum Book Fund	\$10,000	\$10,000
Recovered salaries for janitorial services recorded under Yarmouth Public	21,094	20,621
	\$31,094	\$30,621

Headquarters rent expense	\$48,000	\$46,800
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The Library has committed to continuing renting its headquarters space from Yarmouth Public Library and Museum for two more years, with annual rental payments as follows:

2025	\$49,200
2026	\$50,400

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. The balance due on these transactions are detailed as follows:

Due from Western Counties Regional Library Charitable Association	\$17,984	\$25,186
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WESTERN COUNTIES REGIONAL LIBRARY
NOTES TO FINANCIAL STATEMENTS
Year ended March 31, 2024

			Market	Carrying Value	
			2024	2024	2023
5. INVESTMENTS					
	<i>Rate</i>	<i>Date of Maturity</i>			
Fixed income					
RBC cashable GIC	1.95%	June 2023	\$ -	\$ -	\$29,024
RBC cashable GIC	4.95%	June 2024	29,590	29,590	-
RBC cashable GIC	1.95%	June 2023	-	-	9,099
RBC cashable GIC	4.50%	June 2024	60,287	60,287	-
RBC cashable GIC	4.50%	June 2024	10,608	10,608	-
RBC cashable GIC	4.50%	June 2024	18,277	18,277	-
RBC cashable GIC	1.95%	June 2023	-	-	10,405
RBC cashable GIC	1.95%	June 2023	-	-	59,133
			118,762	118,762	107,661
Mutual funds					
Canadian mutual funds			794,776	794,776	746,496
Total			\$913,538	\$913,538	\$854,157

				2024	2023
					(note 15)
		Cost	Accumulated Depreciation	Net Book Value	Net Book Value
6. EQUIPMENT					
Motor vehicle		\$103,495	\$39,165	\$64,330	\$71,478
Equipment		195,762	189,256	6,506	139
Phone system		11,257	2,968	8,289	8,818
Automation equipment		359,860	334,112	25,748	27,181
Leasehold improvements		37,073	3,827	33,246	34,631
Furniture and fixtures		36,500	10,155	26,345	28,301
		<u>\$743,947</u>	<u>\$579,483</u>	<u>\$164,464</u>	<u>\$170,548</u>

				2024	2023
					(note 15)
		Cost	Accumulated Depreciation	Net Book Value	Net Book Value
7. INTANGIBLE ASSETS					
Website development		\$18,145	\$5,044	\$13,101	\$13,790
Logo and branding		19,650	6,399	13,251	15,589
		<u>\$37,795</u>	<u>\$11,443</u>	<u>\$26,352</u>	<u>\$29,379</u>

8. POST EMPLOYMENT OBLIGATIONS

The Library's employees are eligible for post employment benefits, which are dependent on whether the employee is a member of the Union or is management.

Union defined contribution pension plan

The Library contributes to its unionized employees' pension plan, matching the defined contributions based on a percentage of the employee's wage. As at March 31, 2024 there were no required future contributions in respect to past service and all contributions required under the plan have been funded. Contributions to this plan for the year totalled \$35,124 (2023 - \$31,147).

8. POST EMPLOYMENT OBLIGATIONS (continued)

Management defined contribution pension plan

The Library contributed to a defined contribution pension plan for its management employees, matching the employee's contribution which is based on a percentage of the employee's wage. As at March 31, 2024 there were no required future contributions in respect to past service and all contributions required under the plan have been funded. Contributions to this plan for the year totalled \$29,488 (2023 - \$26,522).

Management service award benefit

The Library also provides future retirement benefits to management through a management service award program. In order to be eligible for the Management Service Award, an employee must meet one of the following criteria: reach 55 years of age and have 15 years of service in management, or reach the age of 60 with 10 years of service in management. The amount of the award is based upon three months salary at the salary rate in effect upon the date of retirement. Eligible employees also receive three days of salary for each year they work beyond their required years of service to a maximum of five calendar months. The accrued benefit obligation as at March 31, 2024 was \$78,756 and the Library has set aside \$89,172 at year-end to cover this liability. The economic assumptions used to calculate the liability represent the Library's best estimates for expected rates for:

Inflation	2.0%
Salary increase rate	1.0%
Discount on accrued benefit obligation	3.7%
Expected long-term rate of return on assets	2.2%

9. DEFERRED REVENUE	2024	Additions	Distributions	2023
Digital Literacy Program Grant	\$ -	\$ -	\$20,465	\$20,465
Imagining Our Future Grant	25,800	25,800	-	-
Age Friendly Communities Grant	-	-	9,865	9,865
Province of Nova Scotia Bridge Funding	66,000	66,000	-	-
Period Poverty Grant	14,691	14,691	-	-
Kathryn Acker book fund	-	-	2,000	2,000
Donations for a particular purpose	784	-	216	1,000
	<u>\$107,275</u>	<u>\$106,491</u>	<u>\$32,546</u>	<u>\$33,330</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of funding received for the purchase of equipment. The amortization of capital contributions is recorded as revenue in the statement of operations, and is calculated on the same basis as the related asset is depreciated. The changes in the deferred capital contributions balance are as follows:

Balance at beginning of year	\$24,693	\$25,993
Less amortization of deferred capital contributions	1,235	1,300
Balance at end of year	<u>\$23,458</u>	<u>\$24,693</u>



WESTERN COUNTIES REGIONAL LIBRARY
 NOTES TO FINANCIAL STATEMENTS
 Year ended March 31, 2024

11. NET ASSETS - CAPITAL FUND	2024	2023
Property and equipment, net of accumulated depreciation	\$190,816	\$199,927
Less amount funded through deferred capital contributions	(23,458)	(24,693)
	<u>\$167,358</u>	<u>\$175,234</u>

Annually, an interfund transfer is recorded from the Operating Fund to the Capital Fund for the acquisition of capital assets. The interfund transfer to Capital Fund for 2024 was \$8,297 (2023 - nil).

12. NET ASSETS - LIBRARY DEVELOPMENT FUND	2024	2023
Fund balance at beginning of year	\$1,311,658	\$1,201,692
Excess (deficiency) - revenue over expenses	73,876	(16,519)
Interfund transfers		
Operating Fund excess - revenue over expenses internally restricted	50,632	126,485
	<u>\$1,436,166</u>	<u>\$1,311,658</u>

Annually, the Board of Directors transfers all surpluses of the Operating Fund, that are not used for the Capital Fund, to the Library Development Fund.

13. ECONOMIC DEPENDENCE

The Library's operations are funded primarily through grants from the Province of Nova Scotia and the eleven municipalities of Southwest Nova Scotia, which accounts for 94% of the Library's revenue. The Library's operations are dependent on continued support from these funders.

14. COMMITMENTS

As a designated public sector body by the Government of Nova Scotia, the Library is committed to becoming accessible by 2030 in accordance with the Nova Scotia Accessibility Act. The accessibility standards have not yet been fully developed; therefore, the financial impact on the Library when these standards are enacted is unknown. The extent to which funding will be available to help offset these costs is also unknown. Standards are to be developed in a number of areas, some or all of which may affect the Library's operations. These areas include built environment, education, employment, goods and services, information and communications, and transportation.

The Library has also entered into a rental agreement for its headquarters space for the years 2025 and 2026, as detailed in note 4.

15. COMPARATIVE BALANCES

Certain amounts in the prior year financial statements have been reclassified for comparative purposes to conform with the presentation adopted in the current year.

