

**COLCHESTER-EAST HANTS PUBLIC LIBRARY**

**FINANCIAL STATEMENTS**

**MARCH 31, 2023**

**COLCHESTER-EAST HANTS PUBLIC LIBRARY  
INDEX  
MARCH 31, 2023**

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	Page
<b>INDEPENDENT AUDITORS' REPORT</b>	1
<b>STATEMENT OF OPERATIONS</b>	4
<b>STATEMENT OF CHANGES IN NET ASSETS</b>	5
<b>STATEMENT OF FINANCIAL POSITION</b>	6
<b>STATEMENT OF CASH FLOWS</b>	7
<b>NOTES TO THE FINANCIAL STATEMENTS</b>	8 - 13
<b>SCHEDULE OF EXPENSES</b>	14 - 15



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## INDEPENDENT AUDITORS' REPORT

To the Directors of:  
**Colchester-East Hants Public Libraries**

### *Opinion*

We have audited the financial statements of **Colchester-East Hants Public Library** ("the Library"), which comprise the statement of financial position as at March 31, 2023 and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies and supplementary schedules.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at March 31, 2023, and results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for Opinion*

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

### *Responsibilities of Management and Those Charged with Governance for the Financial Statements*

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to 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.

### *Auditors' 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 judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our 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.

*Baker Tilly Nova Scotia Inc*

Dartmouth, Nova Scotia  
July 26, 2023

**Chartered Professional Accountants**

**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**STATEMENT OF OPERATIONS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

	Operating Fund	Reserve Fund	Capital Asset Fund	Stanfield Fund	2023	2022
	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>						
Province of Nova Scotia	1,490,100	-	-	-	1,490,100	1,490,100
Province grants	102,670	-	-	-	102,670	69,994
Federal funding	6,037	-	-	-	6,037	6,423
Municipality of the County of Colchester	275,700	-	-	-	275,700	275,700
Municipality of East Hants	169,300	-	-	-	169,300	169,300
Town of Truro	90,200	-	-	-	90,200	90,200
Town of Stewiacke	10,500	-	-	-	10,500	10,500
Hall and office rentals	6,283	-	-	-	6,283	3,390
Designated donations	4,500	-	-	-	4,500	2,955
Photocopy and print fees	9,454	-	-	-	9,454	5,790
Interest	18,210	-	-	6,426	24,636	1,918
Fees & non-designated donations (Note 7)	9,797	-	-	-	9,797	6,718
Truro building cleaning	60,721	-	-	-	60,721	60,721
Stanfield bequest	-	-	-	126,272	126,272	111,299
Reserve fund revenue	-	56,100	-	-	56,100	106,376
	<u>2,253,472</u>	<u>56,100</u>	<u>-</u>	<u>132,698</u>	<u>2,442,270</u>	<u>2,411,384</u>
<b>OPERATING EXPENSES</b>						
Salaries and employee benefits (Schedule)						
(Note 10)	1,569,240	-	-	64,202	1,633,442	1,558,225
General operating (Schedule)	228,499	-	-	29,557	258,056	264,482
Building (Schedule)	177,111	-	-	22,500	199,611	174,513
Reserve expenses	-	131,863	-	-	131,863	85,835
	<u>1,974,850</u>	<u>131,863</u>	<u>-</u>	<u>116,259</u>	<u>2,222,972</u>	<u>2,083,055</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES BEFORE AMORTIZATION</b>						
	278,624	( 75,763)	-	16,439	219,298	328,329
<b>AMORTIZATION</b>	<u>178,283</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>178,283</u>	<u>187,689</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>						
	<u>100,341</u>	<u>( 75,763)</u>	<u>-</u>	<u>16,439</u>	<u>41,017</u>	<u>140,640</u>

**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**AS AT MARCH 31, 2023**

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	Operating Fund	Reserve Fund	Capital Asset Fund	Stanfield Fund	Total 2023	Total 2022
	\$	\$	\$	\$	\$	\$
Balance, beginning of year	339,520	1,406,605	564,586	186,822	<b>2,497,533</b>	2,356,893
Excess (deficiency) of revenue over expenses	100,341	( 75,763)	-	16,439	<b>41,017</b>	140,640
Interfund transfer	( 261,553)	132,408	119,090	10,055	-	-
Amortization	<u>178,283</u>	<u>-</u>	<u>( 178,283)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Balance, end of year	<u>356,591</u>	<u>1,463,250</u>	<u>505,393</u>	<u>213,316</u>	<u><b>2,538,550</b></u>	<u>2,497,533</u>

**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2023**

	Operating Fund \$	Reserve Fund \$	Capital Asset Fund \$	Stanfield Fund \$	2023 \$	2022 \$
<b>ASSETS</b>						
<b>CURRENT</b>						
Unrestricted cash	443,262	-	-	160,800	<b>604,062</b>	514,683
Restricted cash	-	1,458,424	-	48,872	<b>1,507,296</b>	1,449,588
Accounts receivable (Notes 3)	56,424	4,826	-	2,176	<b>63,426</b>	81,509
Prepays	<u>54,425</u>	<u>-</u>	<u>-</u>	<u>1,564</u>	<b><u>55,989</u></b>	<u>13,313</u>
	554,111	1,463,250	-	213,412	<b>2,230,773</b>	2,059,093
<b>CAPITAL ASSETS (Note 4)</b>	<u>-</u>	<u>-</u>	<u>505,393</u>	<u>-</u>	<b><u>505,393</u></b>	<u>564,586</u>
	<u><u>554,111</u></u>	<u><u>1,463,250</u></u>	<u><u>505,393</u></u>	<u><u>213,412</u></u>	<b><u><u>2,736,166</u></u></b>	<u><u>2,623,679</u></u>
<b>LIABILITIES</b>						
<b>CURRENT</b>						
Accounts payable and accrued liabilities (Note 5)	78,038	-	-	96	<b>78,134</b>	78,801
Deferred revenue (Note 6)	<u>119,482</u>	<u>-</u>	<u>-</u>	<u>-</u>	<b><u>119,482</u></b>	<u>47,345</u>
	<u>197,520</u>	<u>-</u>	<u>-</u>	<u>96</u>	<b><u>197,616</u></b>	<u>126,146</u>
<b>FUND BALANCES</b>						
Operating fund	356,591	-	-	-	<b>356,591</b>	339,520
Reserve fund	-	1,463,250	-	-	<b>1,463,250</b>	1,406,605
Capital asset fund	-	-	505,393	-	<b>505,393</b>	564,586
Stanfield fund	<u>-</u>	<u>-</u>	<u>-</u>	<u>213,316</u>	<b><u>213,316</u></b>	<u>186,822</u>
	<u>356,591</u>	<u>1,463,250</u>	<u>505,393</u>	<u>213,316</u>	<b><u>2,538,550</u></b>	<u>2,497,533</u>
	<u><u>554,111</u></u>	<u><u>1,463,250</u></u>	<u><u>505,393</u></u>	<u><u>213,412</u></u>	<b><u><u>2,736,166</u></u></b>	<u><u>2,623,679</u></u>

Approved by the Board

*Norval Mitchell*

Chair

*Alvon Graham*

Treasurer



**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

7

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED BY (USED FOR):</b>		
<b>OPERATIONS</b>		
Excess of revenue over expenses	41,017	140,640
Items not affecting cash		
Amortization	<u>178,283</u>	<u>187,689</u>
	<b>219,300</b>	<b>328,329</b>
Changes in non-cash working capital items		
Account receivable	18,083	71,183
Prepays	( 42,676)	-
Accounts payable and accrued liabilities	( 667)	( 105,876)
Deferred revenue	<u>72,137</u>	<u>( 18,190)</u>
	<u><b>266,177</b></u>	<u><b>275,446</b></u>
<b>INVESTING</b>		
Acquisition of capital assets	( <u>119,090</u> )	( <u>109,365</u> )
<b>CHANGE IN CASH</b>	<b>147,087</b>	<b>166,081</b>
<b>CASH - beginning of year</b>	<u><b>1,964,271</b></u>	<u><b>1,798,190</b></u>
<b>CASH - end of year</b>	<u><u><b>2,111,358</b></u></u>	<u><u><b>1,964,271</b></u></u>
Cash consists of:		
Unrestricted cash	604,062	514,683
Restricted cash	<u>1,507,296</u>	<u>1,449,588</u>
	<u><u><b>2,111,358</b></u></u>	<u><u><b>1,964,271</b></u></u>

## **1. OPERATIONS**

Colchester-East Hants Public Library ("the Library") operates libraries within the region of Colchester-East Hants. The Library is a not-for-profit organization and a registered charity and, as such, is not subject to taxes under section 149.1(1) of the Income Tax Act.

## **2. SIGNIFICANT ACCOUNTING POLICIES**

### Basis of accounting

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

### Cash

Cash consists of cash on hand and a bank balance held with a financial institution. Restricted cash is maintained for specific uses by the Library.

### Fund accounting and revenue recognition

The Library follows the restricted fund method of accounting for revenue.

The Operating Fund accounts for the Library's programs and administrative activities. The Fund reports unrestricted resources.

Funds received from the Stanfield Estate are designated for a specific purpose and are shown in the Stanfield Fund.

The other restricted funds report resources contributed for specific purposes.

Unrestricted contributions are recognized as revenue in the Operating Fund in the year received or receivable to the extent that amounts to be received can be reasonably estimated and collection is reasonably assured.

Restricted contributions and related investment income are recorded as revenue of the appropriate reserve in the year in which the contribution is received or the income is earned. Restricted contributions for which no fund exists are recognized as revenue in the Operating fund in the period in which the related expenditures are incurred.

### Government assistance

Government grants received for which no restricted fund exists are recorded as revenues in the period in which the related expenditures are incurred.

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Capital assets

Capital assets are recorded at cost. Amortization is provided for using the following rate and method over their estimated useful lives as follows:

Computer equipment	30%	Declining balance
Equipment	20%	Declining balance
Library materials	20%	Straight-line
Vehicles	30%	Declining balance

In the year of acquisition, capital assets are depreciated at one-half their stated annual rates.

Impairment of long-lived assets

Long-lived assets are tested for impairment whenever events or changes in circumstances indicate that their carrying value may not be recoverable. An impairment loss is recognized when the carrying amount of any asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of any long-lived asset exceeds its fair value.

Financial instruments

*Measurement of financial instruments*

The Library initially measures its financial assets and financial liabilities at fair value, except related party transactions which are recorded at the exchange amount established and agreed upon by the related parties.

The Library subsequently measures all its financial assets and financial liabilities at amortized cost, except related party transactions which are measured at their carrying value.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**COLCHESTER-EAST HANTS PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

Financial instruments (Continued)

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write down is recognized in excess (deficiency) of revenues over expenses. Any previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of a reversal is recognized in excess (deficiency) of revenues over expenses.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires the Library's management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingencies at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Estimates are used when accounting for items and matters such as useful lives of capital assets and certain accrued liabilities. Actual results could differ from those estimates.

**3. ACCOUNTS RECEIVABLE**

	Operating Fund	Reserve Fund	Capital Asset Fund	Stanfield Fund	<b>2023</b>	2022
	\$	\$	\$	\$	\$	\$
Trade	3,247	4,826	-	-	<b>8,073</b>	22,285
HST receivable	<u>53,177</u>	<u>-</u>	<u>-</u>	<u>2,176</u>	<b><u>55,353</u></b>	<u>59,224</u>
	<u>56,424</u>	<u>4,826</u>	<u>-</u>	<u>2,176</u>	<b><u>63,426</u></b>	<u>81,509</u>

**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2023**

11

<b>4. CAPITAL ASSETS</b>	Cost	Accumulated Amortization	Net 2023	Net 2022
	\$	\$	\$	\$
Computer equipment	709,821	692,069	17,752	25,360
Equipment	802,573	633,078	169,495	211,868
Library materials	1,694,281	1,405,859	288,422	284,895
Vehicles	<u>74,763</u>	<u>45,039</u>	<u>29,724</u>	<u>42,463</u>
	<u>3,281,438</u>	<u>2,776,045</u>	<u>505,393</u>	<u>564,586</u>

**5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES**

	Operating Fund	Reserve Fund	Capital Asset Fund	Stanfield Fund	2023	2022
	\$	\$	\$	\$	\$	\$
Accounts payable and accrued liabilities	<u>78,038</u>	<u>-</u>	<u>-</u>	<u>96</u>	<u>78,134</u>	<u>78,801</u>

**6. DEFERRED REVENUE**

Deferred revenue consists of contributions received for the following programs:

	2023	2022
	\$	\$
Staff Recognition	53,500	-
PressReader Subscription	41,698	-
Province of Nova Scotia - Voices of Change	18,900	-
Province of Nova Scotia - Public Policy Development	4,591	47,345
One Card Library Alliance - Same Page	<u>793</u>	<u>-</u>
	<u>119,482</u>	<u>47,345</u>

Changes in deferred revenue are as follows:

	2023	2022
	\$	\$
Balance - beginning of year	47,345	65,535
Amount recognized as revenue	( 47,556)	( 65,535)
Amounts received related to future periods	<u>119,693</u>	<u>47,345</u>
	<u>119,482</u>	<u>47,345</u>

**COLCHESTER-EAST HANTS PUBLIC LIBRARY  
NOTES TO THE FINANCIAL STATEMENTS  
FOR THE YEAR ENDED MARCH 31, 2023**

12

<b>7. FEES &amp; NON-DESIGNATED DONATIONS</b>	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
Non-designated donations	5,708	-
Fees	822	1,285
Book, miscellaneous and promotional sales	<u>3,267</u>	<u>5,433</u>
	<u><u>9,797</u></u>	<u><u>6,718</u></u>

**8. RELATED PARTY TRANSACTIONS**

Reserve fund revenue includes \$NIL (2022 - \$90,000) from the Colchester-East Hants Public Library Foundation (the "Foundation"), an organization established to raise funds for technology acquisitions, improvements, special and capital projects for the Library.

**9. COMMITMENTS**

The building is owned by the Town of Truro and a formal lease agreement was signed on April 30, 2018. A rental fee for the period from April 1, 2022 to March 31, 2023 was paid in the amount of \$78,000. On April 1, 2023 and each April 1 thereafter, the annualized rent for the following 12-month period will be increased by a percentage equal to the percentage increase based on the Consumer Price Index for Nova Scotia for the period during the previous calendar year.

**10. PENSION PLAN**

A defined contribution pension plan is available for all full-time employees. Contributions are shared by the Library and the employee, with the Library matching the employees contributions. During the year contributions of \$68,704 (2022 - \$63,270) were made by the Library and are recorded in salaries and employee benefits (Schedule).

**11. FINANCIAL INSTRUMENTS**

The Library is exposed to various risks through its financial instruments. The following analysis provides a measure of the Library's risk exposure and concentrations as at March 31, 2023. It is management's opinion that the Library is not exposed to significant currency, market and other price risks from its financial instruments. The risks arising on financial instruments are limited to the following:

## 11. FINANCIAL INSTRUMENTS (Continued)

### *Credit risk*

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Library to concentrations of credit risk consist of cash and accounts receivable. The Library deposits its cash in a reputable financial institution and therefore believes the risk of loss to be remote. Management closely evaluates the collectability of its accounts receivable which are assessed on a regular basis. There was no significant change in exposure from the prior year.

### *Liquidity risk*

Liquidity risk is the risk that the Library will encounter difficulty in meeting obligations associated with financial liabilities. The Library is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Library generates sufficient cash flow from operating activities to fund operations and fulfil obligations as they come due. In the opinion of management, the liquidity risk to the Library is low. There was no significant change in exposure from prior year.

## 12. COMPARATIVE FIGURES

Certain figures presented for comparative purposes have been reclassified to conform with the financial statement presentation adopted for the current year.

**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

14

	Operating Fund	Stanfield Fund	2023	2022
	\$	\$	\$	\$
<b>Salaries and employee benefits</b>				
Salaries	1,347,028	64,202	1,411,230	1,342,612
Canada Pension Plan	65,470	-	65,470	60,532
Employment insurance	28,943	-	28,943	26,838
Group insurance	51,544	-	51,544	57,233
Staff pension	68,704	-	68,704	63,270
Workers' compensation insurance	<u>7,551</u>	<u>-</u>	<u>7,551</u>	<u>7,740</u>
	<u>1,569,240</u>	<u>64,202</u>	<u>1,633,442</u>	<u>1,558,225</u>
<b>General operating</b>				
Association memberships	1,157	-	1,157	1,199
Bank charges	1,754	-	1,754	2,911
Bindery, repairs and casing	4,933	-	4,933	3,292
Board and staff development	51,937	-	51,937	5,844
Branch and board travel	2,132	-	2,132	521
Computer maintenance	45,106	-	45,106	41,235
Downloadable collection	16,160	11,176	27,336	27,218
Equipment and servicing	31,354	2,055	33,409	63,446
Insurance - books and furnishings	-	-	-	20,086
Insurance - directors	538	-	538	1,581
Marketing	6,108	900	7,008	10,720
Miscellaneous and staff recognition	7,614	-	7,614	3,600
Office and computer supplies	10,530	-	10,530	21,657
Postage and shipping	20,921	-	20,921	9,126
Professional fees	18,016	2,500	20,516	33,660
Programming	4,981	8,709	13,690	13,219
Vehicle operation	<u>5,258</u>	<u>4,217</u>	<u>9,475</u>	<u>5,167</u>
	<u>228,499</u>	<u>29,557</u>	<u>258,056</u>	<u>264,482</u>



**COLCHESTER-EAST HANTS PUBLIC LIBRARY**  
**SCHEDULE OF EXPENSES**  
**FOR THE YEAR ENDED MARCH 31, 2023**

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	Operating Fund	Stanfield Fund	2023	2022
	\$	\$	\$	\$
<b>Building</b>				
Rent	78,000	-	<b>78,000</b>	78,000
Truro building cleaning	62,410	-	<b>62,410</b>	62,211
Security	32,768	22,500	<b>55,268</b>	30,135
Telephone	<u>3,933</u>	<u>-</u>	<u><b>3,933</b></u>	<u>4,167</u>
	<u>177,111</u>	<u>22,500</u>	<u><b>199,611</b></u>	<u>174,513</u>