



Financial Statements

Annapolis Valley Regional Library

March 31, 2010

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# Grant Thornton

## Auditors' Report

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To the Chairman and Members of the Board of the  
Annapolis Valley Regional Library

We have audited the combined balance sheet of the Annapolis Valley Regional Library as at March 31, 2010, and the combined statements of operations and equity and statement of cash flows for the year then ended. These financial statements are the responsibility of the Library's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Library as at March 31, 2010, and the results of its operations for the year then ended in accordance with Canadian generally accepted accounting principles.

*Grant Thornton LLP*

Kentville, Nova Scotia

May 26, 2010

Chartered Accountants

# Annapolis Valley Regional Library

## Combined Statement of Operations and Equity

Year Ended March 31	2010	2009
	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>		
Appropriations from Governments		
Province of Nova Scotia	\$ 1,605,800	\$ 1,502,399
Municipal councils	505,000	439,824
Towns	129,624	108,174
Community Access Program (CAP)	74,190	59,286
Board Generated Funding	89,857	70,269
Interest earned on reserve funds	<u>4</u>	<u>2,301</u>
	<b><u>2,404,475</u></b>	<b><u>2,182,253</u></b>
<b>Expenses</b>		
Advertising	1,476	856
Bank charges	6,325	6,467
Community Access Program (CAP)	63,666	62,588
Depreciation	222,225	222,549
Employee benefits	191,917	191,261
Insurance	17,888	17,880
Janitor	5,292	4,536
ILL and lost books	1,235	941
Miscellaneous	7,964	6,634
Postage and shipping	17,142	16,549
Professional fees	9,279	7,718
Programming	1,178	1,832
Recycling	2,274	2,353
Refundable tax	(6,420)	(6,633)
Rent	50,498	53,424
Repairs and maintenance		
Equipment	31,991	37,903
Buildings	601	962
Salaries and wages	1,478,201	1,430,930
Special programming	18,122	4,748
Staff education	316	
Supplies	40,994	31,794
Travel and training	24,898	28,280
Utilities	6,834	9,481
Vehicle operating	<u>32,163</u>	<u>39,181</u>
	<b><u>2,226,059</u></b>	<b><u>2,172,234</u></b>
Excess of revenue over expenses before other expenses	178,416	10,019
Loss on disposal of capital assets	<u>                    </u>	<u>(44,519)</u>
Excess (deficiency) of revenue over expenses	178,416	(34,500)
<b>Equity</b>		
Beginning of year	<u>851,593</u>	<u>886,093</u>
End of year	<b><u>\$ 1,030,009</u></b>	<b><u>\$ 851,593</u></b>

See accompanying notes to the financial statements.

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## Annapolis Valley Regional Library Combined Balance Sheet

March 31	2010	2009
<b>Assets</b>		
Cash	\$ 174,267	\$ 41,682
Receivables	35,316	41,530
Prepays	<u>31,159</u>	<u>31,949</u>
	240,742	115,161
Property and equipment (Note 3)	693,340	690,720
Reserve fund assets		
Cash and temporary deposits	<u>158,208</u>	<u>98,233</u>
	<u>\$ 1,092,290</u>	<u>\$ 904,114</u>
<b>Liabilities</b>		
Payables and accruals	\$ 41,942	\$ 34,972
Deferred revenue	<u>20,339</u>	<u>17,549</u>
	<u>62,281</u>	<u>52,521</u>
<b>Equity</b>		
Reserves (Page 14)	332,499	156,703
Investment in capital assets (Page 8)	<u>697,510</u>	<u>694,890</u>
	<u>1,030,009</u>	<u>851,593</u>
	<u>\$ 1,092,290</u>	<u>\$ 904,114</u>

Commitments (Note 4)

Approved by

\_\_\_\_\_ Chairman

\_\_\_\_\_ Member of the Board

See accompanying notes to the financial statements.

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## Annapolis Valley Regional Library Combined Statement of Cash Flows

Year Ended March 31

2010

2009

Increase (decrease) in cash and cash equivalents

<b>Operating</b>		
Excess (deficiency) of revenue over expenses	\$ 178,416	\$ (34,500)
Depreciation	222,225	222,549
Loss on disposal of capital assets	<u>          </u>	<u>44,519</u>
	<b>400,641</b>	232,568
Change in non-cash operating working capital		
Receivables	6,214	(10,366)
Prepays	790	(3,303)
Payables and accruals	6,970	(81,528)
Deferred revenue	<u>2,790</u>	<u>(356,960)</u>
	<b><u>417,405</u></b>	<b><u>(219,589)</u></b>
<b>Investing</b>		
Purchase of capital assets		
Books and periodicals	(208,775)	(182,866)
Equipment and computers	<u>(16,070)</u>	<u>(7,323)</u>
	<b><u>(224,845)</u></b>	<b><u>(190,189)</u></b>
Net increase (decrease) in cash and cash equivalents	<b>192,560</b>	(409,778)
Cash and cash equivalents, beginning of year	<u>139,915</u>	<u>549,693</u>
Cash and cash equivalents, end of year	<b><u>\$ 332,475</u></b>	<b><u>\$ 139,915</u></b>
Comprised of		
Operating funds	\$ 174,267	\$ 41,682
Reserve funds	<u>158,208</u>	<u>98,233</u>
	<b><u>\$ 332,475</u></b>	<b><u>\$ 139,915</u></b>

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See accompanying notes to the financial statements.

# Annapolis Valley Regional Library

## Statements of Operations and Surplus

Year Ended March 31	2010	2009	
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Revenue			
Appropriations from Governments			
Province of Nova Scotia	\$ 1,605,800	\$ 1,605,800	\$ 1,502,399
Municipal councils			
Municipality of the County of Kings	311,448	311,448	263,204
Municipality of the County of Annapolis	115,535	105,358	100,229
Municipality of the District of West Hants	88,194	88,194	76,391
Towns of			
Annapolis Royal	3,333	3,333	2,904
Berwick	15,913	15,913	11,563
Bridgetown	7,028	7,028	5,261
Hantsport	7,327	7,327	6,576
Kentville	37,670	37,670	29,208
Middleton	10,850	10,850	9,754
Windsor	24,645	24,645	20,769
Wolfville	22,858	22,858	22,139
Community Access Program (CAP)	<u>                    </u>	<u>74,190</u>	<u>59,286</u>
	<u>2,250,601</u>	<u>2,314,614</u>	<u>2,109,683</u>
Board Generated Funding			
Fines, donations and book sales		89,851	64,576
Interest income		6	4,876
Other			314
Tax rebates			<u>503</u>
	<u>67,800</u>	<u>89,857</u>	<u>70,269</u>
Total revenue (carried forward)	<u>2,318,401</u>	<u>2,404,471</u>	<u>2,179,952</u>

See accompanying notes to the financial statements.

# Annapolis Valley Regional Library

## Statements of Operations and Surplus

Year Ended March 31

2010

2009

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Total revenue (carried forward)	\$ 2,318,401	\$ 2,404,471	\$ 2,179,952
Expenditures (Page 13)	<u>1,996,747</u>	<u>2,003,834</u>	<u>1,949,685</u>
Excess of revenue over expenditures	<u>\$ 321,654</u>	<u>\$ 400,637</u>	<u>\$ 230,267</u>
<hr/>			
Deficit, beginning of year	\$ Nil	\$ Nil	\$ (2,340)
Excess of revenue over expenditures	<u>321,654</u>	<u>400,637</u>	<u>230,267</u>
Transfers from			
Reserve for automation		760	14,353
Reserve for home library			1,400
Reserve for Community Access Program		<u>          </u>	<u>5,579</u>
		<u>760</u>	<u>21,332</u>
Transfers to			
Reserve for books and periodicals		(115,821)	(58,470)
Reserve for Wolfville Community Access Program		(100)	
Reserve for Community Access Program		(5,447)	
Reserve for Annapolis Royal			(100)
Reserve for Bookmobiles		(30,000)	
Reserve for staff education		(184)	(500)
Reserve for automation		<u>(25,000)</u>	<u>          </u>
		<u>(176,552)</u>	<u>(59,070)</u>
Capital expenditures out of revenue			
Books and periodicals	(266,654)	(208,775)	(182,866)
Bookmobiles	(30,000)		
Equipment and computers	<u>(25,000)</u>	<u>(16,070)</u>	<u>(7,323)</u>
	<u>(321,654)</u>	<u>(224,845)</u>	<u>(190,189)</u>
Deficit, end of year	<u>\$ Nil</u>	<u>\$ Nil</u>	<u>\$ Nil</u>

See accompanying notes to the financial statements.

# Annapolis Valley Regional Library Revenue Fund Balance Sheet

March 31 2010 2009

## Assets

Cash	\$ 174,267	\$ 41,682
Receivables	35,316	41,530
Prepays	<u>31,159</u>	<u>31,949</u>
	<b>240,742</b>	115,161
Reserve fund assets		
Cash and temporary deposits	<u>158,208</u>	<u>98,233</u>
	<b>\$ 398,950</b>	<b>\$ 213,394</b>

## Liabilities

Payables and accruals	\$ 41,942	\$ 34,972
Payable to capital fund	4,170	4,170
Deferred revenue	<u>20,339</u>	<u>17,549</u>
	<b>66,451</b>	56,691

## Equity

Operations	<u>Nil</u>	<u>Nil</u>
Reserves (Page 14)		
C.R. Gilliatt Memorial	155	155
Bookmobiles	86,081	56,079
Automation	29,053	4,813
Books and periodicals	174,291	58,470
Home Library Project	536	536
Wolfville CAP	2,783	2,683
Community Access Program	17,256	11,808
Staff education	9,540	9,356
Annapolis Royal donation	<u>12,804</u>	<u>12,803</u>
	<b>332,499</b>	156,703
Total equity	<u>332,499</u>	<u>156,703</u>
	<b>\$ 398,950</b>	<b>\$ 213,394</b>

Commitments (Note 4)

Approved by

\_\_\_\_\_ Chairman

\_\_\_\_\_ Member of the Board

See accompanying notes to the financial statements.

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## Annapolis Valley Regional Library Capital Fund Balance Sheet

March 31	2010	2009
<b>Assets</b>		
Receivable from operating fund	\$ 4,170	\$ 4,170
Property and equipment (Note 3)	<u>693,340</u>	<u>690,720</u>
	<b>\$ <u>697,510</u></b>	<b>\$ <u>694,890</u></b>
<b>Equity</b>		
Investment in capital assets	<b>\$ <u>697,510</u></b>	<b>\$ <u>694,890</u></b>

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## Annapolis Valley Regional Library Statement of Investment in Capital Assets

Year Ended March 31	2010	2009
Balance, beginning of year	\$ <u>694,890</u>	\$ <u>771,769</u>
Add		
Purchase of assets from operations		
Books and periodicals	208,775	182,866
Equipment and computers	<u>16,070</u>	<u>7,323</u>
	<b><u>224,845</u></b>	<b><u>190,189</u></b>
Deduct		
Net book value of land disposal		15,000
Net book value of building disposal		29,519
Depreciation		
Books and periodicals	192,801	187,537
Equipment	2,855	3,438
Vans	6,477	9,252
Computer	15,898	17,657
Computer software	4,031	4,461
Interfile system	<u>163</u>	<u>204</u>
	<b><u>222,225</u></b>	<b><u>267,068</u></b>
Balance, end of year	<b>\$ <u>697,510</u></b>	<b>\$ <u>694,890</u></b>

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See accompanying notes to the financial statements.

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# **Annapolis Valley Regional Library**

## **Notes to the Financial Statements**

March 31, 2010

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### **1. Nature of organization**

The Annapolis Valley Regional Library operates public libraries in communities throughout the Annapolis Valley.

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### **2. Summary of significant accounting policies**

#### **Fund accounting**

- The Library follows the restricted fund method of accounting for contributions. Contributions are recognized as revenue in the year they are received.
- Revenues and expenses related to program delivery and administrative activities are reported in the operating fund.
- The capital asset fund reports assets, liabilities, revenues and expenses related to capital assets.
- The following fund reserves are held for the stated purposes:
  - C.R. Gilliatt Memorial - purchase of periodicals and large print materials
  - Bookmobiles - purchase of bookmobile
  - Automation - automation of library services
  - Home library - home library services
  - Wolfville CAP - purchase of equipment for Wolfville branch
  - Community Access Program - activities providing Internet access to communities
  - Staff education - staff education
  - Annapolis Royal - expenses incurred for the Annapolis Royal branch

#### **Donations**

Books and similar materials donated to the Library are not reflected in the financial statements because of the difficulty of determining their fair value. Property of substantial value and all cash donations are reflected in the revenue section of the financial statements.

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# Annapolis Valley Regional Library

## Notes to the Financial Statements

March 31, 2010

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### 2. Summary of significant accounting policies (continued)

#### Depreciation

Rates and bases of depreciation applied to write-off the cost less estimated salvage value of property and equipment over their estimated lives are as follows:

Bookmobiles	30%, declining balance
Equipment	20%, declining balance
Automobiles	30%, declining balance
Building	10%, declining balance
Books	25%, declining balance
Computer software/hardware	20%, declining balance
Computer	20%, declining balance
Leasehold improvements	33%, straight line

The Library capitalizes items with a useful life exceeding one year.

#### Cash and cash equivalents

Cash and cash equivalents include cash on hand, balances with banks, bank overdrafts, and highly liquid temporary money market instruments with original maturities of three months or less. Bank borrowings are considered to be financing activities.

#### Use of estimates

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.

#### Fair values

The fair value of the organization's short-term financial instruments (cash, accounts receivable and accounts payable) approximates carrying value, due to the short-term maturity of these financial instruments.

#### Accounting changes

The Library discloses new primary sources of GAAP that have been issued but that are not yet effective.

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# Annapolis Valley Regional Library

## Notes to the Financial Statements

March 31, 2010

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### 2. Summary of significant accounting policies (continued)

#### Financial instruments

The Library's financial instruments include cash and cash equivalents, receivables, investments, and payables and accruals. Unless otherwise noted, it is management's opinion that the Library is not exposed to significant interest, currency or credit risks arising from financial instruments.

The Library classifies its financial instruments as held for trading and applies Section 3861 of the CICA Handbook. Financial instruments classified as held for trading are measured at fair value on each reporting date. Given the current nature of the Library's financial assets and liabilities, their fair values approximate carrying values.

The Library is exempt from applying the following Sections of the CICA Handbook: Section 3862 – Financial Instruments – Disclosures, and Section 3863, Financial Instruments – Presentation, which would otherwise have applied to the financial statements of the Library for the year ended March 31, 2009. The Library applies the requirements of Section 3861 of the CICA Handbook.

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<b>3. Property and equipment</b>			<u>2010</u>	<u>2009</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Equipment	\$ 164,578	\$ 152,987	\$ 11,591	\$ 14,104
Books and periodicals	3,197,338	2,618,936	578,402	562,428
Vehicles	81,570	66,458	15,112	21,589
Computers and systems	805,205	716,970	88,235	92,599
Leasehold improvements	<u>19,353</u>	<u>19,353</u>	<u>          </u>	<u>          </u>
	<u>\$ 4,268,044</u>	<u>\$ 3,574,704</u>	<u>\$ 693,340</u>	<u>\$ 690,720</u>

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### 4. Commitments

#### Automotive Equipment

As at March 31, 2010, the Library had ordered a van valued at \$28,174.

#### Books

As at March 31, 2010, the Library had placed orders for books and periodicals valued at \$49,256. This amount is not included in the current year purchases.

#### Rent

The Library is also committed to a 10 year lease expiring 2014 for the rental of headquarter office space. Annual rent under the agreement is \$42,653; increased by the consumer price index each year.

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# **Annapolis Valley Regional Library**

## **Notes to the Financial Statements**

March 31, 2010

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### **4. Commitments (continued)**

#### **Copier lease**

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

2011	\$6,672
2012	\$6,672
2013	\$1,668

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### **5. Other matters**

#### **Pension plan**

The Library has a group registered retirement savings plan in place. Under this plan, the Library is required to contribute a percentage of annual compensation paid per eligible employee to a specified maximum. For 2010, the expense related to this plan amounted to \$55,539 (2009 - \$54,000).

# Annapolis Valley Regional Library

## Schedule of Expenditures

Year Ended March 31

2010

2009

	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
Advertising	\$ 2,000	\$ 1,476	\$ 856
Bank charges	6,700	6,325	6,467
Community Access Program (CAP)		63,666	62,588
Employee benefits	198,897	191,917	191,261
Insurance	18,000	17,888	17,880
Janitor	5,100	5,292	4,536
ILL and lost books		1,235	941
Miscellaneous	4,000	7,964	6,634
Postage and shipping	17,500	17,142	16,549
Professional fees	7,400	9,279	7,718
Programming		1,178	1,832
Recycling	1,950	2,274	2,353
Refundable tax		(6,420)	(6,633)
Rent	50,500	50,498	53,424
Repairs and maintenance			
Equipment	50,850	31,991	37,903
Buildings	500	601	962
Salaries and wages	1,522,950	1,478,201	1,430,930
Special programming		18,122	4,748
Staff education	500	316	
Supplies	36,100	40,994	31,794
Travel and training	29,600	24,898	28,280
Utilities	9,200	6,834	9,481
Vehicle operating	<u>35,000</u>	<u>32,163</u>	<u>39,181</u>
	<u>\$ 1,996,747</u>	<u>\$ 2,003,834</u>	<u>\$ 1,949,685</u>

**Annapolis Valley Regional Library**  
**Schedule of Operating Fund Reserves**  
Year Ended March 31, 2010

	C.R. Gilliatt Memorial	Bookmobile	Automation	Home Library	Wolfville CAP	Community Access Program	Staff Education	Annapolis Royal Donation	Books and Periodicals	2010 Total	2009 Total
Balance, beginning of year	\$ 155	\$ 56,079	\$ 4,813	\$ 536	\$ 2,683	\$ 11,808	\$ 9,356	\$ 12,803	\$ 58,470	\$ 156,703	\$ 116,664
Add											
Interest		2				1		1		4	2,301
Transfers from operating		30,000	25,000		100	5,447	184		115,821	176,552	59,070
	155	86,081	29,813	536	2,783	17,256	9,540	12,804	174,291	333,259	178,035
Less											
Transfers to operating			760							760	21,332
Balance, end of year	\$ 155	\$ 86,081	\$ 29,053	\$ 536	\$ 2,783	\$ 17,256	\$ 9,540	\$ 12,804	\$ 174,291	\$ 332,499	\$ 156,703
As at March 31, the following reserves were overfunded (unfunded).											
Books and periodicals										<u>(174,291)</u>	<u>(58,470)</u>
Balance of reserve fund assets										<u>\$ 158,208</u>	<u>\$ 98,233</u>