

WESTERN COUNTIES REGIONAL LIBRARY

Financial Statements

Year Ended March 31, 2026

WESTERN COUNTIES REGIONAL LIBRARY

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Year Ended March 31, 2026

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of Western Counties Regional Library

Opinion

We have audited the financial statements of Western Counties Regional Library (the "library"), which comprise the statement of financial position as at March 31, 2026, and the statements of revenues and expenditures, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the library as at March 31, 2026, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the library in accordance with 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 ASNPO, 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.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

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Independent Auditor's Report to the Board of Directors of Western Counties Regional Library *(continued)*

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Yarmouth, Nova Scotia
June 4, 2026

White Perkins Associates
Chartered Professional Accountants



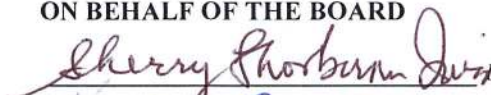
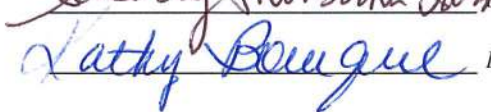
WESTERN COUNTIES REGIONAL LIBRARY

Statement of Financial Position

March 31, 2026

	2026	2025
ASSETS		
CURRENT		
Cash	\$ 900,442	\$ 791,571
Investments (note 5)	894,218	976,539
HST receivable	15,148	17,999
Due from Western Counties Regional Library Charitable Association (note 4)	16,610	16,372
	1,826,418	1,802,481
EQUIPMENT (note 6)	140,218	152,264
INTANGIBLE ASSETS (note 7)	21,397	23,709
	<u>\$ 1,988,033</u>	<u>\$ 1,978,454</u>
LIABILITIES AND NET ASSETS		
CURRENT LIABILITIES		
Accounts payable for library materials committed	\$ 3,672	\$ 7,931
Accounts payable	22,704	18,855
Management service award payable (note 8)	-	94,162
Deferred revenue (note 9)	108,839	160,438
	135,215	281,386
DEFERRED CAPITAL CONTRIBUTIONS (note 10)	21,172	22,286
Total liabilities	<u>156,387</u>	<u>303,672</u>
NET ASSETS		
Capital (note 11)	140,443	153,687
Library development (note 12)	1,691,203	1,521,095
	<u>1,831,646</u>	<u>1,674,782</u>
	<u>\$ 1,988,033</u>	<u>\$ 1,978,454</u>

ON BEHALF OF THE BOARD

 Director
 Director

WESTERN COUNTIES REGIONAL LIBRARY

Statement of Revenues and Expenditures

Year Ended March 31, 2026

	Operating	Library Development	2026	2025
REVENUES				
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	460,700
Investment income	-	55,268	55,268	69,311
Unrealized gain (loss) on investments	-	24,514	24,514	21,374
Fees and recoveries	14,934	-	14,934	14,066
Yarmouth Public Library and Museum (note 4)	35,694	-	35,694	32,093
Miscellaneous grants (note 4)	219,652	-	219,652	135,580
Other income	20,911	-	20,911	13,361
Amortization of deferred capital contributions	1,114	-	1,114	1,173
	2,100,605	79,782	2,180,387	2,108,158
EXPENSES				
Salaries and benefits	1,502,415	19,313	1,521,728	1,532,073
Library materials	150,441	-	150,441	196,278
Vehicle operations	15,087	-	15,087	13,982
Supplies and consumables	24,275	-	24,275	25,146
Telephone and communications	4,968	-	4,968	4,403
Travel	2,497	-	2,497	2,261
Insurance	20,762	-	20,762	18,408
Interest and bank charges	5,254	-	5,254	3,895
Professional fees	30,952	-	30,952	21,726
Headquarters rent (note 4)	50,400	-	50,400	49,200
Postage	13,767	-	13,767	13,888
Lease and service agreements	3,840	-	3,840	2,930
HST expense	9,597	-	9,597	11,250
Computer equipment and maintenance	59,696	-	59,696	61,892
Grant expense	71,266	-	71,266	46,385
Program supplies	-	-	-	7,129
Website maintenance	4,850	-	4,850	9,700
Training and educational development	7,223	-	7,223	1,720
Conference	2,464	-	2,464	3,158
Miscellaneous	10,098	-	10,098	17,983
Depreciation of equipment and intangible assets	14,358	-	14,358	16,951
	2,004,210	19,313	2,023,523	2,060,358
EXCESS OF REVENUES OVER EXPENSES	\$ 96,395	\$ 60,469	\$ 156,864	\$ 47,800

WESTERN COUNTIES REGIONAL LIBRARY**Statement of Changes in Net Assets****Year Ended March 31, 2026**

	Operating	Capital	Library Development	2026	2025
NET ASSETS -					
BEGINNING OF YEAR	\$ -	\$ 153,687	\$ 1,521,095	\$ 1,674,782	\$ 1,626,982
Excess of revenues over expenses	109,639	(13,244)	60,469	156,864	47,800
Interfund transfers	(109,639)	-	109,639	-	-
NET ASSETS - END OF					
YEAR	\$ -	\$ 140,443	\$ 1,691,203	\$ 1,831,646	\$ 1,674,782

WESTERN COUNTIES REGIONAL LIBRARY**Statement of Cash Flows****Year Ended March 31, 2026**

	2026	2025
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 156,864	\$ 47,800
Items not affecting cash:		
Unrealized gain (loss) on investments	(24,514)	(21,374)
Amortization of deferred capital contributions	(1,114)	(1,173)
Depreciation of equipment and intangible assets	14,358	16,951
	<u>145,594</u>	<u>42,204</u>
Changes in non-cash working capital:		
HST receivable	2,851	(2,679)
Due from Western Counties Regional Library Charitable Association	(238)	1,610
Accounts payable	3,849	7,215
Accounts payable for library materials committed	(4,259)	(11,591)
Management service award payable	(94,162)	15,406
Deferred revenue	(51,599)	53,163
	<u>(143,558)</u>	<u>63,124</u>
Cash flow from operating activities	<u>2,036</u>	<u>105,328</u>
INVESTING ACTIVITIES		
Purchase of investments	(58,932)	(160,389)
Purchase of equipment	-	(2,107)
Proceeds received on maturity of investments	165,767	118,762
	<u>106,835</u>	<u>(43,734)</u>
Cash flow from (used by) investing activities	<u>106,835</u>	<u>(43,734)</u>
INCREASE IN CASH FLOW	<u>108,871</u>	<u>61,594</u>
Cash - beginning of year	<u>791,571</u>	<u>729,978</u>
CASH - END OF YEAR	<u>\$ 900,442</u>	<u>\$ 791,572</u>

WESTERN COUNTIES REGIONAL LIBRARY

Notes to Financial Statements

Year Ended March 31, 2026

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. The Library employs approximately 40 full-time, part-time, and casual staff across ten branches and a central library headquarters to provide services in Digby, Shelburne, and Yarmouth counties.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

(a) Cash and short term investments

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

(b) 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.

(c) Revenue recognition

Western Counties Regional Library follows the restricted fund method of accounting for contributions.

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.

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.

Externally restricted contributions received for equipment additions are deferred and amortized on the same basis as the related equipment is depreciated.

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WESTERN COUNTIES REGIONAL LIBRARY

Notes to Financial Statements

Year Ended March 31, 2026

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(d) 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.

(e) Equipment

Equipment is stated at cost. Contributed equipment is recorded at its fair value at the time of the contribution. Depreciation is recorded based on the estimated useful life of assets on a declining balance basis at the following rates and methods:

Equipment	45%	declining balance method
Motor vehicles	10%	declining balance method
Automation equipment	5% - 45%	declining balance method
Phone system	6%	declining balance method
Leasehold improvements	4%	declining balance method

(f) Intangible assets

Intangible assets are recorded at cost. Depreciation is provided on the declining balance basis method. Website is depreciated at 5% and logo and branding is depreciated at 15% annually.

(g) 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

(h) 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, 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:

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WESTERN COUNTIES REGIONAL LIBRARY

Notes to Financial Statements

Year Ended March 31, 2026

3. FINANCIAL INSTRUMENTS *(continued)*

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.

4. RELATED PARTY TRANSACTIONS

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 2026 were \$59,472 (2025: \$56,326), expenses \$30,073 (2025: \$22,708), assets \$586,404 (2025: \$561,967), liabilities \$17,392 (2025: \$22,354), net assets \$569,012 (2025: \$539,613), cash flows from operating activities \$11,739 (2025: \$25,740), cash flows from investing activities -\$28,470 (2025: -\$10,897), and cash flows from financing activities nil (2025 - nil).

In addition to the Charitable Association, the Library is also related to the Yarmouth Public Library and Museum through shared Board members.

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

	<u>2026</u>	<u>2025</u>
<i>Western Counties Regional Library Charitable Association</i>		
Donation included under miscellaneous grants	\$ 27,454	\$ 16,393
Increase (decrease) in accounts receivable	\$ (238)	\$ 1,610
<i>Yarmouth Public Library and Museum</i>		
Grants received from Yarmouth Public Library and Museum Book Fund recorded under Yarmouth Public Library and Museum Revenue	\$ 10,000	\$ 10,000
Recovered salaries for janitorial services recorded under Yarmouth Public Library and Museum Revenue	25,694	22,093
Headquarters rent expense	50,400	49,200

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.

5. INVESTMENTS

	<u>2026</u>	<u>2025</u>
Cashable GICs held with RBC for the management service award, maturing annually on June 27, bearing interest at 4.10% (2025 - 4.10%)	\$ -	\$ 102,385
Cashable GICs held with RBC for library development, maturing annually on June 27, bearing interest at 4.10% (2025 - 4.10%)	-	31,055
Canadian mutual funds held with RBC for library development	894,218	843,100
	<u>\$ 894,218</u>	<u>\$ 976,540</u>

WESTERN COUNTIES REGIONAL LIBRARY**Notes to Financial Statements****Year Ended March 31, 2026****6. EQUIPMENT**

	Cost	Accumulated depreciation	2026 Net book value	2025 Net book value
Motor vehicles	\$ 103,495	\$ 51,388	\$ 52,107	\$ 57,897
Equipment	195,762	193,794	1,968	3,578
Phone system	11,257	3,933	7,324	7,792
Automation equipment	359,860	336,683	23,177	24,420
Leasehold improvements	39,181	6,558	32,623	33,982
Furniture and fixtures	36,500	13,481	23,019	24,595
	<u>\$ 746,055</u>	<u>\$ 605,837</u>	<u>\$ 140,218</u>	<u>\$ 152,264</u>

7. INTANGIBLE ASSETS

	2026	2025
Website	\$ 18,145	\$ 18,145
Logo and branding	19,650	19,650
	<u>37,795</u>	<u>37,795</u>
Less accumulated amortization	<u>(16,398)</u>	<u>(14,086)</u>
	<u>\$ 21,397</u>	<u>\$ 23,709</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, 2026 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 totaled \$36,554 (2025 - \$37,467).

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, 2026 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 totaled \$26,754 (2025 - \$29,518).

9. DEFERRED REVENUE

	Additions	Distributions	2026	2025
Food for security initiative	\$ -	\$ 26,974	\$ -	\$ 26,974
Serving people better Grant	-	9,774	40,165	49,939
Serving people better Grant - Phase 2	49,506	-	49,506	-
Old Ladies Home Society Grant	9,000	483	8,517	-
Imagining Our Future	-	2,049	-	2,049

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WESTERN COUNTIES REGIONAL LIBRARY**Notes to Financial Statements****Year Ended March 31, 2026****9. DEFERRED REVENUE (continued)**

	Additions	Distributions	2026	2025
Provincial Bridge Funding	-	66,000	-	66,000
Period Poverty Grant	-	9,239	5,452	14,691
Donations for a particular purpose	5,500	1,085	5,199	784
	<u>\$ 64,006</u>	<u>\$ 115,604</u>	<u>\$ 108,839</u>	<u>\$ 160,437</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:

	2026	2025
Balance at beginning of year	\$ 22,286	\$ 23,459
Add capital contributions received during the year	-	-
Less amortization of deferred capital contributions	(1,114)	(1,173)
	<u>\$ 21,172</u>	<u>\$ 22,286</u>

11. NET ASSETS - CAPITAL FUND

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 2026 was nil (2025 - \$2,108).

	2026	2025
Property and equipment, net of accumulated depreciation	\$ 161,615	\$ 175,973
Less amount funded through deferred capital contributions	(21,172)	(22,286)
	<u>\$ 140,443</u>	<u>\$ 153,687</u>

12. NET ASSETS - LIBRARY DEVELOPMENT FUND

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. This Library Development Fund supports the replacement of book delivery vehicles, accessibility improvements to the Headquarters office, capital projects, and other initiatives necessary to comply with accessibility and occupational health and safety requirements.

	2026	2025
Balance at beginning of year	\$ 1,521,095	\$ 1,436,166
Excess - revenue over expenses	60,469	75,278
Interfund transfer: Operating Fund excess - revenue over expenses, internally restricted	109,639	(12,634)
	<u>\$ 1,691,203</u>	<u>\$ 1,498,810</u>

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.

Additionally, the Library is required to raise 3% of its operating budget. This is done through local fundraising and board generated income.

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 entered into a memorandum of understanding to participate in the One Library Card Alliance's integrated library system. The agreement is ongoing in nature with no specified termination date. During the year ended March 31, 2026, the Organization incurred fees of \$33,805 (2025: \$32,943) in connection with this arrangement. These fees are expected to continue annually and are subject to increase based on inflationary adjustments.
