



**PROVINCIAL INFORMATION AND
LIBRARY RESOURCES BOARD**

FINANCIAL STATEMENTS

MARCH 31, 2021

Management's Report

Management's Responsibility for the Provincial Information and Library Resources Board Financial Statements

The financial statements have been prepared by management in accordance with Canadian public sector accounting standards and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements.

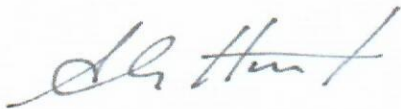
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

Management is also responsible for ensuring that transactions comply with relevant policies and authorities and are properly recorded to produce timely and reliable financial information.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial information periodically and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Board in accordance with Canadian generally accepted auditing standards, in order to express an opinion thereon. The Auditor General has full and free access to financial management of the Provincial Information and Library Resources Board.

On behalf of the Provincial Information and Library Resources Board.



Mr. Andrew Hunt, BBA, CPA, CGA
Executive Director



OFFICE OF THE AUDITOR GENERAL
NEWFOUNDLAND AND LABRADOR

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors
Provincial Information and Library
Resources Board
Stephenville, Newfoundland and Labrador

Opinion

I have audited the financial statements of the Provincial Information and Library Resources Board (the Board), which comprise the statement of financial position as at March 31, 2021, and the statements of operations, remeasurement gains and losses, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and my auditor's report thereon. The annual report is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I will not express any form of assurance conclusion thereon.

Independent Auditor's Report (cont.)

In connection with my audit of the financial statements, my responsibility is to read the other information identified above when it becomes available and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated. When I read the annual report, if I conclude that there is a material misstatement therein, I am required to communicate the matter to those charged with governance.

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 public sector accounting standards, 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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

My 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 my 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my 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.

Independent Auditor's Report (cont.)

- 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 Board'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 Board's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Board 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.

I 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 I identify during my audit.



SANDRA RUSSELL, CPA, CA
Deputy Auditor General

July 13, 2021
St. John's, Newfoundland and Labrador

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF FINANCIAL POSITION**

As at March 31

2021

2020

FINANCIAL ASSETS

Cash	\$ 3,044,394	\$ 2,964,411
Accounts receivable (Note 3)	38,788	48,001
Due from Province	-	73,417
Portfolio investments (Note 4)	106,570	75,963
	3,189,752	3,161,792

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	662,296	667,442
Employee future benefits (Note 6)	650,984	685,321
Deferred revenue (Note 7)	465,698	550,576
Obligation under capital lease (Note 9)	3,398	7,476
	1,782,376	1,910,815

Net financial assets	1,407,376	1,250,977
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NON-FINANCIAL ASSETS

Inventories held for use	60,453	51,114
Prepaid expenses	120,831	137,018
Tangible capital assets (Note 10)	1,242,846	1,387,410
	1,424,130	1,575,542

Accumulated surplus	\$ 2,831,506	\$ 2,826,519
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Accumulated surplus is comprised of:

Accumulated operating surplus	\$ 2,748,428	\$ 2,774,048
Accumulated remeasurement gains	83,078	52,471
	\$ 2,831,506	\$ 2,826,519

**Contractual obligations (Note 8)
Trusts under administration (Note 11)**

The accompanying notes and supplementary schedules are an integral part of these financial statements.

Signed on behalf of the Board:



Chairperson



Member

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF OPERATIONS
For the Year Ended March 31

	2021 Budget	2021 Actual	2020 Actual
(Note 13)			
REVENUE			
Province of Newfoundland and Labrador			
Operating grant	\$ 11,090,717	\$ 10,942,500	\$ 11,115,817
Capital grant	120,000	120,000	170,000
Early Literacy Program	-	72,656	97,645
Horizon Trainer	-	-	10,693
Eastern Health - Clarenville Project	-	563	8,688
Miscellaneous	25,000	35,140	90,597
Fines and lost library materials	-	808	56,423
Interest	14,400	23,656	85,197
Gain on disposal of tangible capital assets	-	800	2,600
Sun Life Musical Instrument Lending Program	-	1,729	13,380
Canada Summer Jobs Program	-	-	45,896
Dividend revenue	-	3,692	3,608
TD Black History Month	-	5,720	-
TD Summer Reading Program	-	599	634
	11,250,117	11,207,863	11,701,178
EXPENSES (Note 16)			
Administration	2,212,486	2,327,901	2,302,314
Amortization	-	323,061	338,005
Early Literacy Program	-	71,529	97,701
Eastern Health - Clarenville Project	-	563	4,079
Horizon Trainer	-	-	10,308
Library Collection	1,575,419	1,721,073	1,669,583
Library Operations	7,614,294	6,432,277	6,882,793
Public Computer Access	387,258	349,031	325,394
Sun Life Musical Instrument Lending Program	-	1,729	13,380
TD Black History Month	-	5,720	-
TD Summer Reading Program	-	599	634
	11,789,457	11,233,483	11,644,191
Annual operating surplus (deficit)	(539,340)	(25,620)	56,987
Accumulated operating surplus, beginning of year	2,774,048	2,774,048	2,717,061
Accumulated operating surplus, end of year	\$ 2,234,708	\$ 2,748,428	\$ 2,774,048

The accompanying notes and supplementary schedules are an integral part of these financial statements.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF REMEASUREMENT GAINS AND LOSSES
For the Year Ended March 31

2021

2020

Accumulated remeasurement gains, beginning of year	\$ 52,471	\$ 62,657
Unrealized gains (losses) attributable to:		
Portfolio investments	30,607	(10,186)
Accumulated remeasurement gains, end of year	\$ 83,078	\$ 52,471

The accompanying notes and supplementary schedules are an integral part of these financial statements.

**PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
STATEMENT OF CHANGE IN NET FINANCIAL ASSETS**

For the Year Ended March 31

	2021 Budget	2021 Actual	2020 Actual
(Note 13)			
Annual operating surplus (deficit)	\$(539,340)	\$ (25,620)	\$ 56,987
Changes in other non-financial assets			
Use of prepaid expenses	-	137,018	150,791
Acquisition of prepaid expenses	-	(120,831)	(137,018)
Net (acquisition) use of inventories held for use	-	(9,339)	3,103
	-	6,848	16,876
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(178,497)	(342,152)
Amortization of tangible capital assets	-	323,061	338,005
	-	144,564	(4,147)
Effect of remeasurement gains (losses) for the year	-	30,607	(10,186)
Increase (decrease) in net financial assets	(539,340)	156,399	59,530
Net financial assets, beginning of year	1,250,977	1,250,977	1,191,447
Net financial assets, end of year	\$ 711,637	\$ 1,407,376	\$ 1,250,977

The accompanying notes and supplementary schedules are an integral part of these financial statements.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD**STATEMENT OF CASH FLOWS**

For the Year Ended March 31

2021

2020

Operating transactions

Annual operating surplus (deficit)	\$ (25,620)	\$ 56,987
Adjustment for non-cash items		
Amortization	323,061	338,005
Gain on disposal of tangible capital assets	(800)	(2,600)
	296,641	392,392
Change in non-cash operating items		
Accounts receivable	9,213	(778)
Due from Province	73,417	828,783
Accounts payable and accrued liabilities	(5,146)	(50,580)
Employee future benefits	(34,337)	(197,877)
Deferred revenue	(84,878)	(181,041)
Inventories held for use	(9,339)	3,103
Prepaid expenses	16,187	13,773
	261,758	807,775
Cash provided from operating transactions	261,758	807,775
Capital transactions		
Acquisition of tangible capital assets	(178,497)	(342,152)
Proceeds from disposal of tangible capital assets	800	2,600
	(177,697)	(339,552)
Cash applied to capital transactions	(177,697)	(339,552)
Financing transactions		
Repayments of obligations under capital lease	(4,078)	(4,078)
	(4,078)	(4,078)
Cash applied to financing transactions	(4,078)	(4,078)
Increase in cash	79,983	464,145
Cash, beginning of year	2,964,411	2,500,266
Cash, end of year	\$ 3,044,394	\$ 2,964,411

The accompanying notes and supplementary schedules are an integral part of these financial statements.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES

For the Year Ended March 31

2021

2020

Eastern Division

Arnold's Cove	\$ 4,854	\$ 8,415
Bay Roberts	73,644	75,091
Bell Island	556	943
Bonavista	3,438	5,675
Brigus	8,723	9,398
Burin	529	975
Carbonear	39,316	40,897
Catalina	4,584	4,693
Clareville	17,950	17,478
Conception Bay South	8,339	11,846
Fortune	452	1,004
Fox Harbour	4,964	5,371
Garnish	454	672
Grand Bank	15,299	10,296
Harbour Grace	8,149	11,480
Holyrood	4,929	6,566
Marystown	692	842
Mount Pearl	15,521	15,473
Old Perlican	2,869	4,806
Placentia	21,951	21,965
Pouch Cove	1,641	2,158
St. Brides	7,611	7,828
St. Lawrence	501	1,207
Southern Harbour	-	1,597
Torbay	26,310	27,848
Trepassey	6,884	7,720
Victoria	688	942
Whitbourne	2,581	3,888
Winterton	423	1,055
	283,852	308,129

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD**SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (cont.)**

For the Year Ended March 31

	2021	2020
Central Division		
Baie Verte	5,217	6,803
Bishop's Falls	828	1,500
Botwood	8,577	13,738
Buchans	461	1,111
Carmanville	1,050	1,042
Centerville	476	1,231
Change Islands	1,034	927
Fogo	463	1,167
Gambo	9,261	11,007
Gander	37,763	41,694
Gaultois	2,228	2,868
Glenwood	1,027	1,582
Glovertown	572	1,352
Grand Falls-Windsor	2,356	7,836
Greenspond	4,561	6,683
Harbour Breton	786	1,112
Hare Bay	460	952
Harry's Harbour	3,868	8,125
Hermitage	884	734
King's Point	4,965	4,319
LaScie	10,454	3,732
Lewisporte	10,273	18,898
Lumsden	456	1,262
Musgrave Harbour	488	1,027
Norris Arm	1,510	2,235
Point Leamington	552	1,149
Robert's Arm	4,009	4,564
St. Albans	1,146	1,363
Seal Cove	714	679
Springdale	596	1,167
Summerford	658	1,402
Twillingate	481	908
Wesleyville	436	624
	118,610	154,793

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
SCHEDULE OF OPERATING GRANTS TO LOCAL LIBRARIES (cont.)
For the Year Ended March 31

2021

2020

**Western Newfoundland -
Labrador Division**

Bay St. George South	1,226	2,389
Burgeo	689	720
Cape St. George	496	915
Cartwright	398	795
Codroy Valley	410	465
Cormack	1,396	1,334
Corner Brook	201,999	204,663
Cow Head	6,991	7,866
Daniel's Harbour	1,306	1,761
Deer Lake	13,259	17,741
Happy Valley	1,280	3,217
Labrador City	35,718	21,585
L'Anse au Loup	589	1,290
Lark Harbour	462	864
Lourdes	480	1,049
Norris Point	3,274	3,576
Pasadena	1,028	4,400
Port au Port	596	1,390
Port aux Basques	16,930	17,610
Port Saunders	3,940	6,287
Ramea	428	447
Rocky Harbour	550	445
St. Anthony	1,189	2,255
St. George's	972	1,272
Sops Arm	764	1,344
Stephenville	44,533	41,189
Stephenville Crossing	967	1,590
Wabush	1,802	2,329
Woody Point	4,228	3,987
	347,900	354,775
	\$ 750,362	\$ 817,697

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. Nature of operations

The Provincial Information and Library Resources Board (the Board) operates under the authority of the Public Libraries Act. The purpose of the Board is to operate the public libraries in the Province. A majority of the members of the Board are appointed by the Lieutenant-Governor in Council. The Board reports to the Minister of Education.

The reporting entity for the purpose of these financial statements is the Board's head office and divisional offices. These financial statements include expenditures for grants made to local libraries under the jurisdiction of the three divisional library boards detailed in the Schedule to the financial statements. Funds raised by local libraries are not reflected in these financial statements.

The Board is a Crown entity of the Province of Newfoundland and Labrador and as such is not subject to Provincial or Federal income taxes.

2. Summary of significant accounting policies

(a) Basis of accounting

The Board is classified as an Other Government Organization as defined by Canadian public sector accounting standards (CPSAS). These financial statements have been prepared by the Board's management in accordance with CPSAS for provincial reporting entities established by the Canadian Public Sector Accounting Board (PSAB). Outlined below are the significant accounting policies followed.

(b) Financial instruments

The Board's financial instruments recognized in the statement of financial position consist of cash, accounts receivable, due from Province, portfolio investments, accounts payable and accrued liabilities, and obligation under capital lease. The Board generally recognizes a financial instrument when it enters into a contract which creates a financial asset or financial liability. Financial assets and financial liabilities are initially measured at cost, which is the fair value at the time of acquisition.

The Board subsequently measures all of its financial assets and financial liabilities at cost or amortized cost, except for portfolio investments in equity instruments that are quoted in an active market, which are measured at fair value. Financial assets measured at cost include cash, accounts receivable and due from Province. Financial liabilities measured at cost include accounts payable and accrued liabilities. Financial liabilities measured at amortized cost include obligation under capital lease.

The carrying values of cash, accounts receivable, due from Province and accounts payable and accrued liabilities approximate current fair value due to their nature and the short-term maturity associated with these instruments. The carrying value of obligation under capital lease is considered to approximate market value.

2. Summary of significant accounting policies (cont.)

(b) Financial instruments (cont.)

The Board uses the quoted market price as at the fiscal year end to measure the fair value of its portfolio investments. Unrealized gains and losses from changes in the fair value of financial instruments are recognized in the statement of remeasurement gains and losses. Upon settlement, the cumulative gain or loss is reclassified from the statement of remeasurement gains and losses and recognized in the statement of operations.

Interest and dividends attributable to financial instruments are reported in the statement of operations.

(c) Cash

Cash includes cash in bank.

(d) Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets. Cost includes overhead directly attributable to construction and development, as well as interest costs that are directly attributable to the acquisition or construction of the asset.

Capital lease obligations are recorded at the present value of the minimum lease payments excluding executor costs (e.g. insurance, maintenance costs, etc.). The discount rate used to determine the present value of the lease payments is the lower of the Board's rate for incremental borrowing or the interest rate implicit in the lease. Note 9 provides a schedule of repayments and amount of interest on the leases.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Buildings	40 years
Building improvements	10 years
Furniture and equipment	10 years
Motor vehicles	5 years
Computer equipment	3 years
Software	5 years
Assets under capital lease	10 years

2. Summary of significant accounting policies (cont.)

(d) Tangible capital assets (cont.)

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Board's ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the statement of operations.

Contributed tangible capital assets are recorded as revenue at their fair market value on the date of donation, except in circumstances where fair value cannot be reasonably determined, which are then recognized at nominal value. Transfers of tangible capital assets from related parties are recorded at carrying value.

(e) Inventories held for use

Inventories held for use include office supplies and postage, and are recorded at the lower of historical cost and replacement cost.

(f) Prepaid expenses

Prepaid expenses include subscriptions, insurance and licenses, and are charged to expenses over the periods expected to benefit from it.

(g) Employee future benefits

Employee future benefits include severance pay and accumulating non-vesting sick leave benefits.

- (i) Severance is accounted for on an accrual basis and is calculated based upon years of service and salary levels at the cessation of the plans.
- (ii) The cost of accumulating non-vesting sick leave benefits is actuarially determined using management's best estimates of long-term inflation rates, compensation increases, discount rate and remaining service life.

Under the Public Libraries Act, certain employees of the Board are subject to the Public Services Pensions Act, 2019. Employee contributions are matched by the Board and remitted to Provident¹⁰ from which pensions will be paid to employees when they retire. This plan is a multi-employer defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and the average of their best 6 years of earnings for service on or after January 1, 2015, and, for service before January 1, 2015, the higher of the average of the frozen best 5 years of earnings up to January 1, 2015, or the average of the best 6 years of earnings for all service.

Employee future benefits expenses are included with salaries and benefits in the Board's financial statements.

2. Summary of significant accounting policies (cont.)

(h) Revenues

Revenues are recorded on an accrual basis in the period in which the transactions or events which gave rise to the revenues occurred. When the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable, revenues are recorded when received.

Dividend revenue on portfolio investments is recognized when the dividend is declared.

Government transfers (Province of Newfoundland and Labrador grants and Canada Summer Jobs Program grants) are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation related to the liabilities are settled.

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue when used for the specific purpose.

(i) Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is recorded as an expense in that year.

Transfers include operating grants to local libraries. These transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

(j) Measurement uncertainty

The preparation of financial statements in conformity with CPSAS requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the expected future life of tangible capital assets and the probability of future sick leave benefits utilized by employees.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these financial statements. Actual results could differ from these estimates.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

3. Accounts receivable

	<u>2021</u>	<u>2020</u>
Federal Government		
Harmonized Sales Tax	\$ 23,880	\$ 33,417
Other	14,908	14,584
	<u>\$ 38,788</u>	<u>\$ 48,001</u>

There is no allowance for doubtful accounts since all amounts are considered collectible.

4. Portfolio investments

Portfolio investments consist of 1,678 shares of Sun Life Financial Services of Canada Inc. which were given to the Board as a result of the demutualization of Sun Life Assurance Company of Canada. The carrying value of the shares is equal to their market price at the time of transfer to the Board.

	<u>Market Value</u>		<u>Carrying Value</u>	
	<u>2021</u>	<u>2020</u>	<u>2021</u>	<u>2020</u>
Investments held directly				
Sun Life Financial Services				
of Canada - 1,678 shares	\$ 106,570	\$ 75,963	\$ 23,492	\$ 23,492

5. Accounts payable and accrued liabilities

	<u>2021</u>	<u>2020</u>
Accounts payable	\$ 87,772	\$ 40,739
Accrued salaries and benefits	574,524	626,703
	<u>\$ 662,296</u>	<u>\$ 667,442</u>

6. Employee future benefits

Employee future benefits consists of:

	<u>2021</u>	<u>2020</u>
Severance pay	\$ 88,379	\$ 93,639
Accumulating non-vesting sick leave benefit liability (a)	562,605	591,682
	<u>\$ 650,984</u>	<u>\$ 685,321</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

6. Employee future benefits (cont.)

(a) Accumulating non-vesting sick leave benefit liability

	<u>2021</u>	<u>2020</u>
Accrued accumulating non-vesting sick leave benefit obligation, end of year	\$ 442,637	\$ 448,376
Unamortized actuarial gain, end of year	119,968	143,306
	<hr/>	<hr/>
Accumulating non-vesting sick leave benefit liability, end of year	\$ 562,605	\$ 591,682

(b) Change in accumulating non-vesting sick leave benefit liability

	<u>2021</u>	<u>2020</u>
Current year benefit cost	\$ 42,960	\$ 43,550
Interest on accrued benefit obligation	14,185	14,074
Amortization of actuarial gains	(19,451)	(18,200)
	<hr/>	<hr/>
Accumulating non vesting sick leave benefit expense	37,694	39,424
	<hr/>	<hr/>
Benefit payments	(66,771)	(65,299)
	<hr/>	<hr/>
Change in accumulating non-vesting sick leave benefit liability	\$ (29,077)	\$ (25,875)

(c) Employee future benefits

(i) Severance pay

Employees of the Board as at March 31, 2018, as represented by the Canadian Union of Public Employees (CUPE), were entitled to severance pay. No further severance will accrue for these employees after March 31, 2018.

Executives, managers, and non-management/non-union employees of the Board were entitled to severance pay. No further severance will accrue for these employees after May 31, 2018.

6. Employee future benefits (cont.)

(c) Employee future benefits (cont.)

(i) Severance pay (cont.)

CUPE employees who had at least one year of eligible service as at March 31, 2018 and executives, managers, and non-management/non-union employees who had at least one year of eligible service as at May 31, 2018 had the option of receiving their severance entitlement during the fiscal year ended March 31, 2019, or deferring it to a later date.

The severance liability as at March 31, 2021 represents severance owing to employees who deferred receiving their severance entitlement.

(ii) Accumulating non-vesting sick leave benefits

All unionized employees hired before May 4, 2004, are credited with 2 days per month and all unionized employees hired thereafter are credited with 1 day per month for use as paid absences in the year due to illness. Employees are allowed to accumulate unused sick day credits each year, up to the allowable maximum provided in their respective employment agreement. Accumulated credits may be used in future years to the extent that the employee's illness exceeds the current year's allocation of credits. The use of accumulated sick days for sick leave compensation ceases on termination of employment. The benefit costs and liabilities related to the plan are included in the financial statements. For the year ended March 31, 2021, a sick leave liability was calculated for 193 employees.

The accrued benefit obligation for accumulating non-vesting sick leave benefits for the year ended March 31, 2021, is based on an actuarial extrapolation for accounting purposes to March 31, 2021 (valuation date as of March 31, 2018).

The actuarial extrapolation is based on assumptions about future events. The economic assumptions used in this extrapolation are the Board's best estimates of compensation increases of 3.50% per annum and discount rate of 3.11%. Other assumptions used in the extrapolation include estimates of expected termination rates, utilization rates and mortality rates.

6. Employee future benefits (cont.)

(c) Employee future benefits (cont.)

(ii) Accumulating non-vesting sick leave benefits (cont.)

Actuarial assumptions are reviewed and assessed on a regular basis to ensure that the accounting assumptions take into account various changing conditions and reflect the Board's best estimate of expectations over the long term.

Experience gains or losses are amortized over 13 years, which is the estimated average remaining service life of active employees. The amortization amount will be included as an expense in the financial statements commencing in the year subsequent to the year in which the experience gain or loss arose.

(iii) Pension contributions

The Board and its employees contribute to the Public Service Pension Plan in accordance with the Public Service Pensions Act, 2019 (the Act). The plan is administered by Provident¹⁰, including payment of pension benefits to employees to whom the Act applies.

The plan provides a pension to employees based on their age at retirement, length of service and rates of pay. The maximum contribution rate for eligible employees was 11.85% (2020 - 11.85%). The Board's contributions equal the employees' contributions to the plan. Total Public Service Pension Plan expense for the Board for the year ended March 31, 2021, was \$396,018 (2020 - \$404,551).

Employees who do not qualify to participate in the Public Service Pension Plan (for example, part-time employees) participate in the Government Money Purchase Pension Plan (GMPP). The GMPP is a defined contribution plan which was established under the Government Money Purchase Pension Plan Act. Employees are required to contribute 5% of regular earnings which is matched by the Board. Employees may make additional voluntary contributions, however, the maximum amount for all contributions may not exceed the lesser of 18% of an employee's earnings and the maximum amount allowed as specified under the Income Tax Act. Total GMPP expense for the Board for the year ended March 31, 2021, was \$106,076 (2020 - \$106,099).

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7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement. As at March 31, 2021, the Board reported the following:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Provincial source revenue	\$ 433,231	\$ -	\$ 73,230	\$ 360,001
Other source revenue	117,345	11,472	23,120	105,697
	<u>\$ 550,576</u>	<u>\$ 11,472</u>	<u>\$ 96,350</u>	<u>\$ 465,698</u>

Deferred revenue relates to grants received for specific programs such as literacy initiatives, musical instrument lending and library book purchases which have not yet been spent for these purposes by the Board. These amounts will be recognized as revenue when the specific program expenses are incurred.

8. Contractual obligations

The Board has entered into lease agreements for postal equipment and various rental properties throughout the Province. Future minimum lease payments are as follows:

2022	\$ 541,889
2023	316,234
2024	300,861
2025	241,941
2026	199,941
Thereafter	<u>1,070,710</u>
	<u>\$ 2,671,576</u>

9. Obligation under capital lease

The Board acquired office furniture under the terms of a lease agreement ending January 31, 2022. There is no interest under the terms of the agreement and the Board will assume ownership at the end of the 10 year term.

	<u>2021</u>	<u>2020</u>
Obligation under capital lease	<u>\$ 3,398</u>	<u>\$ 7,476</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
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9. Obligation under capital lease (cont.)

Payments under this obligation for the next year are as follows:

<u>2022</u>	<u>\$ 3,398</u>
<u>Total minimum lease payments</u>	<u>\$ 3,398</u>

10. Tangible capital assets

Original Cost

	Balance March 31, 2020	Additions	Disposals	Balance March 31, 2021
Land	\$ 285,907	\$ -	\$ -	\$ 285,907
Buildings	1,758,867	-	-	1,758,867
Building improvements	2,420,366	24,400	-	2,444,766
Furniture and equipment	1,908,774	25,174	4,718	1,929,230
Motor vehicles	213,083	27,781	22,468	218,396
Computer equipment	918,559	101,142	16,290	1,003,411
Software	168,688	-	-	168,688
Assets under capital lease	40,777	-	-	40,777
	<u>\$7,715,021</u>	<u>\$ 178,497</u>	<u>\$ 43,476</u>	<u>\$ 7,850,042</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

10. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2020	Amortization	Disposals	Balance March 31, 2021	Net book value March 31, 2021	Net book value March 31, 2020
Land	\$ -	\$ -	\$ -	\$ -	\$ 285,907	\$ 285,907
Buildings	1,479,487	30,619	-	1,510,106	248,761	279,380
Building improvements	1,920,472	109,456	-	2,029,928	414,838	499,894
Furniture and equipment	1,713,048	66,416	4,718	1,774,746	154,484	195,726
Motor vehicles	168,720	25,706	22,468	171,958	46,438	44,363
Computer equipment	840,497	86,786	16,290	910,993	92,418	78,062
Software	168,688	-	-	168,688	-	-
Assets under capital lease	36,699	4,078	-	40,777	-	4,078
	\$ 6,327,611	\$ 323,061	\$ 43,476	\$ 6,607,196	\$ 1,242,846	\$ 1,387,410

11. Trusts under administration

Trust funds administered by the Board have not been included in the financial statements as expenditures of these funds are not controlled by the Board. The balances of funds held in trust are as follows:

	<u>2021</u>	<u>2020</u>
Local libraries - deposits	\$ 249,586	\$ 241,649
Provincial Territorial Public Library Council	85,203	88,640
	\$ 334,789	\$ 330,289

Funds raised by some local libraries have been deposited with the Board to cover the cost of wages for additional opening hours and for the purchase of books, periodicals and computers. The balance on deposit at March 31, 2021 consists of cash of \$143,905 (2020 - \$136,272), and 8,899 shares (2020 - 8,849 shares) of various Investor Group Mutual Funds held in trust for the St. John's Public Library Board which were donated to the Board. The carrying value of the mutual funds is recognized at \$105,681 (2020 - \$105,377), as determined by the average cost at the time the shares were acquired by the Board. The fair market value of these shares at March 31, 2021 was \$164,981 (2020 - \$123,739).

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2021

11. Trusts under administration (cont.)

The Provincial/Territorial Public Library Council is a national public library group comprising the provincial/territorial public library directors or senior policy advisors whose mandate is to facilitate the coordination of cross-jurisdictional public-library initiatives and to act as a point of contact with national library organizations and the Federal government. The membership fees are paid annually into an account for operational support and special projects. The group has established guidelines regarding funding expenditures.

12. Related party transactions

Province of Newfoundland and Labrador

The Board receives grant funding from the Province of Newfoundland and Labrador. During the year, the Board received grants totaling \$11,062,489 (2020 - \$11,235,817). The Board recognized \$11,135,156 (2020 - \$11,394,155) in revenue from the Province of Newfoundland and Labrador.

Eastern Regional Health Authority

During the year the Board recognized \$563 (2020 - \$8,688) in revenue from the Eastern Regional Health Authority.

13. Budget

The Board's budget is prepared on a cash basis and approved by the Board of Directors. The 2021 budget expenses exceeded the Board's budgeted revenues and the expected difference would be funded from cash surpluses carried forward from prior years.

14. Donated acquisitions

Donated acquisitions include gifts of artwork, books, periodicals, DVDs and other library resources that the Board has received. Donated acquisitions are not reflected in the Board's financial statements.

During the year, the Board issued receipts for non-cash donations of \$10,102 (2020 - \$51,081). Tax receipts are issued to the donor based on established rates per policy or an appraised value.

15. Financial risk management

The Board recognizes the importance of managing risks and this includes policies, procedures and oversight designed to reduce risks identified to an appropriate threshold. The Board is exposed to credit risk, liquidity risk and market risk through its financial instruments. There was no significant change in the Board's exposure to these risks or its processes for managing these risks from the prior year.

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. The Board's main credit risk relates to cash, accounts receivable and due from Province. The Board's maximum exposure to credit risk is the carrying amounts of these financial instruments. The Board is not exposed to significant credit risk with its cash because this financial instrument is held with a chartered bank. The Board is not exposed to significant credit risk related to its accounts receivable and due from Province as it has policies and procedures for the monitoring and collection of its accounts receivable so as to mitigate potential credit losses. Any estimated impairment of these accounts receivable has been provided for through a provision for doubtful accounts. At the present time there is no provision for doubtful accounts as all amounts are considered collectible.

Liquidity risk

Liquidity risk is the risk that the Board will be unable to meet its contractual obligations and financial liabilities. The Board manages liquidity risk by monitoring its cash flows and ensuring that it has sufficient resources available to meet its contractual obligations and financial liabilities. The Board's exposure to liquidity risk relates mainly to its accounts payable and accrued liabilities, obligation under capital lease and contractual obligations. The future minimum payments required from the Board in relation to its contractual obligations and obligation under capital lease are outlined in Notes 8 and 9 respectively.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency (foreign exchange) risk, interest rate risk and other price risk. The Board is not exposed to significant foreign exchange risk. The Board is not exposed to interest rate risk on its obligation under capital lease because it is non-interest bearing. In addition, the Board is not exposed to significant interest rate risk related to cash because of its nature.

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NOTES TO FINANCIAL STATEMENTS
 March 31, 2021

15. Financial risk management (cont.)

Market risk (cont.)

The Board is exposed to other price risk on its portfolio investments (equity investments) as the investments are quoted in an active market in which share pricing can fluctuate. The Board's maximum other price risk is limited to the fair value of the shares as at March 31, 2021. As the Board's investment consists of 1,678 shares, any price fluctuation of \$1 to the quoted market price will result in an unrecognized gain or loss of \$1,678 for the Board.

16. Expenses by Object

	2021 Budget (Note 13)	2021 Actual	2020 Actual
Amortization	\$ -	\$ 323,061	\$ 338,005
Books and Periodicals	902,500	958,988	931,030
Computerization of Libraries	430,588	351,456	335,964
Conference and Workshops	30,000	6,223	42,519
Freight and Postage	58,750	25,300	37,566
Library Operations (Grants)	810,301	750,362	817,697
Insurance	80,759	80,672	75,732
Miscellaneous	-	131	1,112
Office and Library Supplies	99,358	48,045	104,870
Professional Fees	35,000	18,152	38,411
Rental of Premises	369,569	365,590	360,340
Repairs and Maintenance	22,000	2,862	33,394
Salaries and Benefits	8,334,782	8,009,455	8,340,546
Telephone	49,350	51,807	48,668
Pandemic – COVID-19	475,000	221,158	-
Travel	91,500	20,221	138,337
	\$11,789,457	\$11,233,483	\$11,644,191

17. Non-financial assets

The recognition and measurement of non-financial assets is based on their service potential. These assets will not provide resources to discharge liabilities of the Board. For non-financial assets, the future economic benefit consists of their capacity to render service to further the Board's objectives.

18. Impact of the COVID-19 pandemic on results and operations

The COVID-19 pandemic declared March 11, 2020 has resulted in an economic slowdown worldwide. There was a financial impact to the Board in the 2021 fiscal year but, due to the unpredictable duration of restrictions placed on operations, it is difficult to ascertain the future impact on the financial statements and operations.

19. Comparative Figures

Certain comparative figures have been reclassified to conform to current year's presentation.