



Newfoundland & Labrador
Public Libraries

Annual Report

2019 - 20

Submitted by

**The Provincial Information
and
Library Resources Board**

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Newfoundland & Labrador
Public Libraries

PROVINCIAL ADMINISTRATION DIVISION
48 St. George's Avenue, Stephenville, NL A2N 1K9

Honourable Tom Osborne
Minister of Education
Department of Education
P. O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister Osborne:

I am pleased to submit, on behalf of the Provincial Information and Library Resources Board, the annual report for the year 2019-20.

This report was prepared in accordance with the requirements of a category one entity under the **Public Libraries Act** and the **Transparency and Accountability Act**. The outcomes reported in this document detail the Newfoundland and Labrador Public Libraries performance in addressing the strategic issues outlined in the 2017-20 Strategic Plan.

On behalf of the entire Board, I offer our sincere thanks to all our local and divisional board members, staff, partners and patrons who have contributed to or used our services during this past year. I also want to acknowledge the support we have received from the Department of Education and Government. Your continued use of and support for our services are sincerely appreciated.

As the Provincial Information and Library Resources Board, we are accountable for the results reported herein. My signature below is indicative of the Board's accountability for the actual results.

Sincerely,

A handwritten signature in blue ink that reads "Myrtice Alpen".

Myrtice Alpen, Chair

BOARD STRUCTURES

Provincial Information and Library Resources Board

The Provincial Information and Library Resources Board (PILRB - the board) is a category one Government entity established, under the authority of the **Public Libraries Act**, to oversee the operation of the public library services in the province, now commonly referred to as the Newfoundland and Labrador Public Libraries (NLPL - the organization). The organization has existed, in some form, since 1935.

The PILRB is a provincial board composed of representatives of regional library boards and appointees of the Lieutenant-Governor in Council. The provincial board has not less than 10 and not more than 15 members which include: (a) a representative from each regional library board appointed by that board; (b) the chairperson of the St. John's Library Board appointed by that board; and (c) up to six other members appointed by the Lieutenant-Governor in Council. A list of board members, as of March 2020, is found in Appendix 1.

Regional and Local Library Boards

There are 94 public library locations throughout the province. Each local library is operated by a local library board consisting of five to nine members, with the exception of the three libraries in St. John's, which operate under the St. John's Library Board. A representative of each local library board is appointed to a regional library board, which assists the PILRB to ensure services and programs are consistent throughout the different regions of the province and aids in the development and implementation of policies. The structure of the boards are outlined in Appendix 2.

ENTITY OVERVIEW

Information on the PILRB's Mandate, Lines of Business, Primary Clients and Vision can be found at the PILRB's website at <https://www.nlpl.ca/mandate>.

Library Funding

The public library system is funded, primarily, by the Provincial Government in the form of an annual operating grant. In 2019-20, the grant that was recognized in the financial statements was \$11,394,155. This included one time funding of \$172,861 to cover the payout of severance to qualifying staff of the PILRB as per Collective Agreement.

Many municipalities regularly contribute to the operation of public libraries either by providing direct funding or in-kind contributions. The funding provided from municipalities in 2019-20 was low; however, the in-kind contributions were significant. These in-kind contributions, in the form of free or low-cost rent, snow clearing, maintenance, etc., which are not included in the budget figures, were estimated to exceed \$1,000,000.

The remainder of the funding was self-generated from fines, fees for service and donations. The total operating and capital budget for 2019-20 was \$11,815,219.

The PILRB's fiscal position is audited annually by the Office of the Auditor General. The Auditor General's report and the audited financial statements for 2019-20 are attached in Appendix 3.

Staff Complement

As of March 31, 2020, NLPL had a total staff complement of 194, comprised of 79 full-time and 115 part-time permanent employees (180 female and 14 male), and 263 substitute employees (251 female and 12 male). Substitutes are casual employees who are called to work when permanent staff members take leave. There were also approximately 700 volunteer library board members and many other individuals who volunteered to support their public library. The organizational chart is found in Appendix 4.

Library Locations

There are 94 public libraries located throughout the province. These libraries are divided into four regions:

Western Newfoundland	29	(includes 5 in Labrador)
Central Newfoundland	33	
Eastern Newfoundland	29	
St. John's	3	

Of the 94 public libraries, 30 are located in schools, 36 are located in municipal buildings, four are located in Government buildings and 24 are located in PILRB owned or leased facilities.

Highlights and Partnerships

During the past year, the PILRB continued to maintain excellent partnerships with a number of groups and agencies which contribute to the provision of quality library services and programs:

- Many municipalities supported public libraries with funding or in-kind contributions.
- Local volunteer library boards raised funds for extra operating hours and to help establish and support PILRB programs.
- The Newfoundland and Labrador English School District continued to provide space for 30 school/public libraries as well as cleaning and maintenance services.
- The Department of Transportation and Infrastructure continued to be a valuable partner in helping to identify and correct issues with buildings or properties and with the tendering process.
- The Toronto Dominion Bank and Library and Archives Canada supported the TD Summer Reading Program, and the Canadian Council for the Arts supported the Literary Readings Program. Both programs, offered in partnership with public libraries, helped enhance literacy.
- A.C. Hunter Public Library and Sun Life continued their partnership to operate the Sun Life Financial Musical Instrument Lending Library. This initiative provides access to 150 musical instruments. For additional information about the program, visit <https://nlpl.ca/programs/musiclibrary/about.html>
- Canada Post continued to support the Library Book Rate, a reduced postal rate for mailing of library materials from library to library and library to end-users. This rate helped provide library services to remote communities without library facilities and made it economical to share library materials between libraries.
- On Thursday, February 27, 2020, in partnership with CBC Newfoundland and Labrador, PILRB hosted another successful NL Reads Finale. The event was attended by three of the nominated authors (Kevin Major, Tom Moore, Melissa Barbeau) and by Elizabeth Yeoman, representing nominee Elizabeth Penashue. Also present were reader advocates Angela Antle, John Griffin, Trudy Morgan-Cole and Lori Shortall. This popular event was hosted by CBC NL journalist Zach Goudie and live-streamed across the province. Tom Moore's "The Sign on My Father's House" was declared the winner.

- The Woody Point Library partnered with the nationally recognized Writers at Woody Point Festival to host successful local author readings.
- The NLPL partnered with the Alzheimer’s Society and the Western Regional Wellness Coalition to create and distribute Memory Care Kits. These kits have self- help material, such as games, puzzles, conversation cards, and other information for caregivers and for individuals with dementia.
- The Gander Flybrary continued to operate in 2019-20. It is a partnership with the Gander Airport Authority and the Gander Public Library. A collection of library materials is set up in the departures area of the airport, and books are free for passengers to take. A wide selection of books is offered to airport travellers.
- The NLPL entered into a partnership with SeniorsNL and the NL 50+ Federation. The partnership’s goal is to develop an action plan that will promote, support and increase the involvement and engagement of seniors at their local public libraries. It will offer the opportunity for the library system to promote services and provide a community place for seniors to meet and remain active in their communities.
- The NLPL continued to be a member of the Centre for Equitable Library Access to provide print disabled citizens of the province with library materials.
- NLPL distributed 12,000 bookmarks on behalf of the Office of the Privacy Commissioner of Canada, educating Newfoundlanders and Labradorians on privacy protection while using WiFi.
- NLPL distributed 12,000 bookmarks on behalf of Elections Canada, encouraging Canadians to vote in the federal election.
- There were many other organizations and agencies that assisted PILRB on a daily basis. That support, which was critical to the effective and efficient operation of public libraries, was truly appreciated by the boards and staff.

Library Services

Each year PILRB records various statistics to help determine trends and evaluate the effectiveness of library programs and services. The following statistical summaries, from 2019-20, provide an overview of activities in the areas monitored.

Public libraries in the St. John’s area were closed in January 2020 due to the extreme snowfall event nicknamed “Snowmageddon”. Six public libraries (which are the PILRB’s top circulating libraries in the province) were negatively affected by this event. After being closed for a week, upon reopening, travel around the St. John’s area was extremely difficult. It resulted in reduced numbers of patrons visiting these libraries, negatively affecting the amount of participation in programs and library material checkouts.

On March 16, 2020, the PILRB suspended operations due to the COVID-19 Health Crisis. The shut-down continued well into 2020-21, and reductions in usage statistics for 2019-20 can be primarily attributed to these two events.

- Of the 519,716 residents of the province (2016 Census, Statistics Canada), 494,251 people (95.1 per cent) had direct access (within a 30 minute drive) to a range of library and information services through 94 public library facilities. One hundred per cent of the population had access to library materials either through library facilities or outreach initiatives such as Books by Mail, electronic resources and digital library services.
- 187,058 individuals were registered as library patrons representing 36 per cent of the population with direct access to a public library.
- 1,482,371 items of library material were circulated to patrons. This is an average of eight items per patron and represents a one and a half per cent decrease in circulation over the previous year.

- 212,837 reference requests were processed. This represents the number of written and verbal inquiries processed by staff and represents a decrease of seven and a half per cent over last year.
- 135,711 interlibrary loans were processed. This represents the number of items transferred from one library to another, within or outside Newfoundland and Labrador Public Libraries, and is a three per cent increase compared to the previous year.
- 11,626 library programs were offered, with a total of 112,879 people participating. There was a 15 per cent decrease in the number of programs and a six per cent decrease in the number of people participating compared to the previous year.
- 324,208 items (264,813 e-books and 59,395 audio books) were checked out from our digital library service. This represents a 13 per cent increase compared to the previous year.
- 125,361 computer use sessions were recorded (30 minute blocks) from 391 public computers. This represents a 13 per cent decrease compared to the previous year.
- 609,624 wireless sessions were recorded, which represents the number of times patrons connected to the public library using their own computer or device. This represents a 70 per cent increase over the previous year.

Library Facilities

- The Town of Torbay continued to rent temporary space in a commercial building until December 31, 2020, in order to provide time to locate a suitable alternate permanent location for the library. This has been the fifth consecutive year that the town has rented this space.
- The older model fluorescent lighting in the Labrador City Public Library was replaced with more efficient LED fixtures.
- The Port Saunders Public Library underwent extensive renovations, including jacking up the floor to level the building, replacing the roof shingles, windows, some siding which incurred wind damage, insulating the crawl space, painting the exterior, steps and ramp. Interior work, such as replacing the bathroom sink, installing a new doorknob, replacing a malfunctioning heater, also occurred.
- Renovations to the Woody Point Public Library were completed in order to make the bathroom wheelchair accessible.
- Interior renovations consisting of electrical upgrades, new suspended ceiling, drywall and bathroom fixtures were completed at the Arnold's Cove Public Library. Additional exterior renovations in the form of new roofing materials were completed.
- New flooring, an exterior wind barrier, along with automatic doors and wheelchair ramps, were installed at the Botwood Public Library.
- The renovation of the Placentia Public Library's roof was completed with new trusses, shingles, soffit, and eaves installed.
- New flooring and interior wall repair and painting were completed at the Clarenville Public Library.

Library Materials

- 31,809 copies of new library materials were purchased for public library sites around the province. This represents a decrease of 981 items from the previous year.
- 5,525 copies were purchased through local fundraising initiatives. This represents a decrease of 2,125 items or a 28 per cent decrease from the previous year.
- \$952,500 was allocated for library materials in the following categories:
 - \$433,448 for books;
 - \$80,000 for periodicals;

- \$60,944 for electronic information services;
- \$86,000 for DVDs;
- \$15,890 for audio books;
- \$160,916 for digital library;
- \$50,187 for license and fees;
- \$2,500 for table top board games; and
- \$62,615 for miscellaneous items: binding, fees, supplies, freight, etc.

Technical Services (cataloguing and processing)

- 37,334 items were received in technical services. This represents the total materials that are received in the division and require some action.
- 37,435 copies of library materials, including new purchases, donations and existing materials, were catalogued. This is 3,994 items less than the previous year. Cataloguing is a process where information relating to library materials is entered into a database according to standardized rules and practices. This facilitates the tracking and retrieval of information on specific library materials. Not all materials received or processed are catalogued.
- 40,098 items were processed. Processing includes the stamping, repairing, covering and labelling of library materials. This represents an increase of 2,705 items, or seven per cent, from the previous year.

Special Projects/Activities

- NLPL continued its annual participation in the TD Summer Reading Club (TD SRC) with a new provincial approach that encouraged partnership between all provincial branches. 84 of our 94 locations hosted TD Summer Reading Clubs, with 2,825 children registering for this program and over 6,000 books read.
- Brilliant Labs continued to support a Makerspace at Gander Public Library while establishing a new pilot site at the Stephenville Public Library. These sites received in the spring not only the following items but professional development and training on: 3D Printer, Snap Circuits, Beebots and accompanying mats, Ozobots, Makey Makey, Cricut Maker, and Microbit Classroom Sets.
- On Saturday, October 19, 2019, patrons were invited to come and embrace their geekdom for a day of geeky indulgence at the AC Hunter Library (Geek Out At The Library). Activities included LEGO, Dungeons & Dragons, Harry Potter trivia, a Cosplay parade and a Superhero Storytime.
- Early Literacy initiatives continued with the focus being on enhancing programming and services for children birth to six years old and their caregivers, through staff training/support, new programming and resources.
- Programming resource materials continued to be acquired and distributed to sites. These materials included toy kits, story time resource books and story time kits. An internal online guide has been created so that staff may easily access story time information, resources, videos and appropriate links. A separate public guide, which shares early literacy information and library services for children birth to 6 years old, is also available to staff and patrons to reference.
- PILRB's digital library service continued to grow as a result of increased awareness and content. Circulation last year reached 324,208 items, which was a 13 per cent increase over the previous year. The digital library is the most circulated collection in the NLPL system after the AC Hunter Library collection in St. John's. This service allows downloading of electronic books and audio books, from within the library or home, to a variety of devices. This e-resource is helping expand library services to people who do not have access to a library or have difficulty getting to one.

REPORT ON PERFORMANCE

ISSUE: SUSTAINABILITY OF THE PUBLIC LIBRARY SYSTEM

Many changes have occurred over the past 15 years that impact public library services. Changes such as the impact of technology, declining rural populations, shifting demographics from rural to urban centers, the increasing costs to provide basic library services, and client expectations affect where libraries are located, how libraries function, what services are provided and options for service delivery. These issues are also affected by an increasingly challenging fiscal situation. The Provincial Government has a limited amount of resources and its ability to divert additional funds to the PILRB has become challenging. Per capita the NLPL system has more libraries than any other library system in Canada.

In June of 2016, the Department of Education engaged Ernst and Young LLP (EY) to conduct an organizational review of the Newfoundland and Labrador Public Library System (NLPL). The review titled, Organizational and Service Review of the Newfoundland and Labrador Public Library System, was completed in May 2017 and included 18 recommendations.

Goal: By March 31, 2020, the Provincial Information and Library Resources Board will have improved library services.

Indicators:

- Developed a Future State Plan for NLPL
- Implemented selected options from the Future State Plan

Developed a Future State Plan for NLPL

Using EY's report as a base, in March 2018, the PILRB developed a Future State Plan, which will help create a strong and vibrant public library system that can serve the residents of the province for the foreseeable future. The Future State Plan addresses EY's 18 recommendations. Each recommendation was listed as it was stated in the report, followed by PILRB's analysis, estimated costs and implementation plan. The Future State Plan strives to meet all the NLPL's service delivery standards. The plan can be found at: <https://www.nlpl.ca/about/reports-plans.html>

Implemented selected options from the Future State Plan

In 2017-18, the PILRB developed a Future State Plan to address the recommendations made in the EY report. Phase one of this plan identified 21 actions that the Board should explore to begin meeting the service standards developed as a result of EY's review. Through 2018-2020, the Board completed 13 of the identified actions; many, but not all of these, were identified as not requiring additional funding to complete. In order to complete the remaining eight actions identified in phase one of the plan, the Board would need to secure an additional \$1.55 million annually in operational funding. Without this additional funding, the successful implementation of the PILRB's Future State Plan actions and Strategic Plan objectives in the coming years will be limited.

In 2019-20, the Board requested additional funding of \$1.55 million to implement the remaining nine actions of phase one of the NLPL's Future State Plan. The funding request was not granted. However, the Board was able to identify some resources and make modest progress in those areas.

Objective 3: By March 31, 2020, the PILRB will have continued implementation of selected options of the Future State Plan.

Indicators:

- Implemented activities in support of the funding recommendations of the Future State Plan
- Implemented activities in support of the governance recommendations of the Future State Plan
- Implemented activities in support of the service delivery standard recommendations of the Future State Plan.

In 2019-20 PILRB was successful in implementing activities in support of the funding, governance and service delivery standard recommendations of the Future State Plan.

Implemented activities in support of the funding recommendations of the Future State Plan

During 2018-19, the PILRB invited municipalities to send a representative to their respective local library board meetings and to join those boards in an ex-officio role. Through this mechanism, the municipality can provide assistance to the local boards in identifying strategies to increase municipal funding levels and in-kind contributions that would increase the resources available to local libraries. This practice continued through 2019-20, and local boards were encouraged to engage and invite their local town councils to be involved in local library activities. Thirty-five municipalities have accepted the invitation to send a representative to their respective local library meetings.

When leases expired, the PILRB undertook examination for alternate space that would be of a lower cost, provided it was suitable for library operations. This is a normal course of business for the PILRB.

Implemented activities in support of the governance recommendations of the Future State Plan

The PILRB continued to participate in the multi-year Strategic Planning and reporting process and incorporated the Future State Plan in that process.

The Board approved support for the creation of a Human Resource Consultant position that would permit the Director of Regional Services to focus their attention on Library Operations, thereby redirecting the position more to a Provincial Librarian role.

Implemented activities in support of the service delivery standard recommendations of the Future State Plan

The PILRB continued to reallocate Public Access Computers in accordance with the approved Technology Service Delivery Standards. The Board reduced the number of its public access computers from 434 to 391. The process will continue into the future.

In 2019-20, the PILRB allocated \$86,000 to upgrade the WI-FI systems in all 94 public libraries to a commercial grade, which allowed for greater range, remote serving, stronger connections and faster download speeds. Another series of upgrades is expected to occur in 2020-21 as the organization moves to Office 2019, and a Windows 10 environment.

The Board implemented a two-year training program for the Board's Records Clerk so that there would be support for the Board in the area of Information Management.

In February 2019, a realignment of positions within the Provincial Resources Library Division permitted the Board to be able to recruit a Regional Librarian position for the Provincial Resource Division in St. John's. The position is scheduled to commence in June of 2020.

The PILRB continued to explore and implement alternate service delivery methods to improve library services. The Board has increased its amount of ebook and audio book Overdrive holdings.

The Board began the process of planning and implementing a Cultural Pass Program through partnering with provincial cultural institutions. This program would allow patrons to obtain access to various cultural and social sites and activities free of charge.

The Board also began the implementation of a Province-Wide Library Materials Holds System, which would permit any patron to place a hold on any library book or material regardless of the collection or local library it was housed. The material would then be delivered to the patron's local library and would be returned to any site in the province. Once received, instead of returning to the original local library site, it would be forwarded to the next patron who had a hold on the material. This would provide faster access to material and allow more of it to circulate.

Discussion of Results

The Board was successful in its 2019-20 objective of continuing to implement select options of the PILRB's Future State Plan.

In the seven major public library usage categories, three of the categories saw usage increases over the previous year, despite public library operations being suspended on March 16, 2020, due to the COVID-19 crisis.

The largest increase came in the usage of our WiFi systems that saw a 70 per cent increase in usage over the previous year. Our digital library platform use continues to grow, with a 13 per cent increase over 2018-19.

The Board was also successful in meeting its three-year goal of improving library services in Newfoundland Labrador.

In May 2017, the Board was able to review EY's report on the Organization and Service Review of the Public Library System and its 18 recommendations. From this report, the Board created delivery standards for Public Libraries in the areas of facilities, collections, hours of operation, information technology and programming. These standards became the basis for a Future State Plan for the PILRB. Phase one of this plan identified 21 actions to be taken by the PILRB. Twelve of these actions would require little or no funding and were completed in 2018-19. The remaining nine would require government funding and would be completed in 2019-20. While requests for funding were submitted to the government as per the plan, these requests were not granted. However, the Board was able to move forward on three of these tasks through reallocation of resources within the organization.

The Board continues to roll out of the Every Child Ready to Read program to increase awareness of the role public libraries play in childhood literacy and development

Over the Strategic Planning period of 2017 through 2020, of the seven major public library usage categories, four of the categories saw usage increases over the three-year period. The largest increase came in the usage of our WiFi systems that saw a 96 percent increase (609,624 sessions in 2020 up from 311,539 in

2017). Our digital library platform also performed strongly with a 42 percent increase during this time frame (324,208 in 2020 up from 227,688 in 2017).

OPPORTUNITIES AND CHALLENGES

During 2019-20, a number of opportunities and challenges, which are important to the board, were identified. They include:

Utilization of Service Delivery Standards

Six of the 18 recommendations in EY's report on the Organization and Service Review are centred on the establishment of service delivery standards. While the establishment of standards is helpful in determining service delivery gaps, in order to achieve the newly developed standards, additional funding of approximately \$9.8 million is required. If an increase in funding is not provided, the standards cannot be achieved.

If additional funding cannot be secured, the organization will be perceived as underperforming because it cannot reach its established standards. The report on the Organization and Service Review did not address the scenario of how practical service standards would be if no new funding was forthcoming.

Even though standards have been developed, the organization may have to accept that in the confines of the fiscal challenges that all levels of government currently face, it may be some time before adequate fiscal resources can be obtained to realize them.

Early Literacy

Early literacy remains a priority, with continued annual spending to enhance library spaces and programming for our youngest patrons. The Every Child Ready to Read Program remains as the foundation for early literacy education and promotion. Outreach and partnerships with groups serving children and families will be expanded upon, and new resources to support early literacy made available to all patrons.

COVID-19 Pandemic

On March 16, 2020 the Newfoundland and Labrador Public Library System suspended all library operations. Until further notice, local library staff were instructed to stay at home and to begin practicing social distancing. All library book drops were closed, all overdue fines were waived, and patrons were asked to keep their current library materials at home. Except for digital library material, all physical library material ordering and receiving ceased. All unnecessary staff travel was halted. All Local and Regional Board Meetings were suspended until further notice.

Business continuity measures were put in place. Critical staff involved with payroll, accounts payable, human resources, E-registration, management, administration, and information technology were either set up to work from home or were operating out of offices within social distancing guidelines.

All 94 public libraries were closed.

The impact of COVID-19, and the subsequent practice of social distancing will have a major impact and produce many uncertainties on the future of library services and libraries themselves. The biggest impacts will be the escalation of use and demand of the NLPL Digital Library and a shift from physical face to face

programming to professionally developed online programming through online streaming services. Social distancing practices will prevent physical face to face library programming from occurring. Patron behaviour is expected to shift, but it will remain to be seen what impact this will have.

In order for public libraries to operate within the COVID-19 environment, the NLPL will need to acquire large amounts of resources to be in place and will be forgoing \$150,000 annually of lost revenue. Therefore, the fiscal impact on the organization is expected to be quite large in 2020-21.

Appendix 1
Provincial Information and Library Resources Board
Members

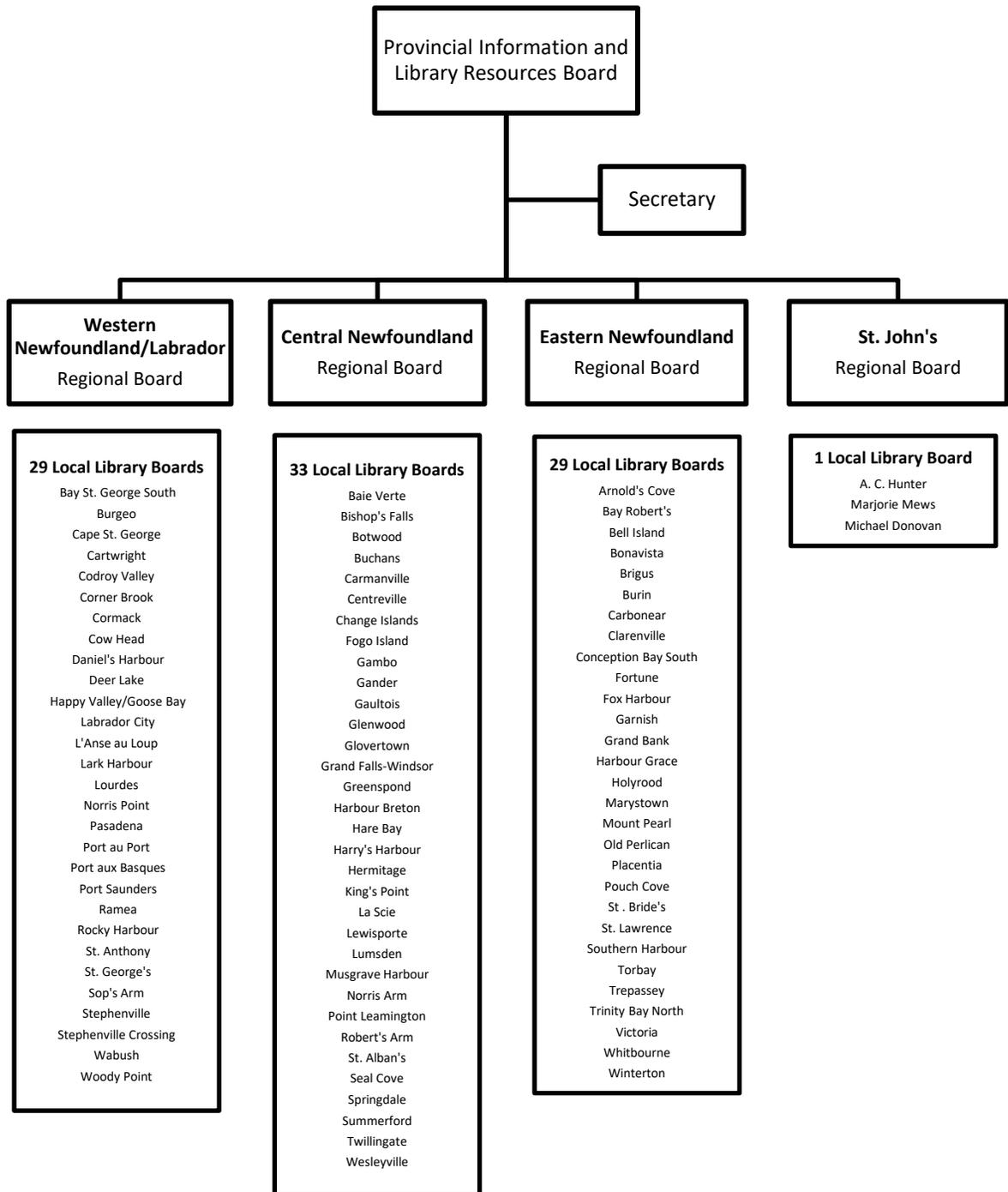
Provincial Information and Library Resources Board
Board Membership as of March 31, 2020

Name	Location	Appointment Type
Alpen, Myrtice (Chair)	Lewisporte	Central Board Representative
Drodge, Wes	Clarenville	Eastern Board Representative
Tobin, Monique	St. John's	St. John's Board Representative
Pink, James (Vice Chair)	Burgeo	Western Board Representative
Butler, Joan	Conception Bay South	Lieutenant-Governor in Council
Maddigan, Beth (Executive Officer)	St. John's	Lieutenant-Governor in Council
McKellar, Sandra	Gander	Lieutenant-Governor in Council
Sheppard, Derrick	St. John's	Lieutenant-Governor in Council
Sheppard – Whalen, Linda	St. John's	Lieutenant-Governor in Council
Wicks, Hilary	St. John's	Lieutenant-Governor in Council

Appendix 2
Newfoundland and Labrador
Public Libraries
Board Structures
March 31, 2020

Newfoundland and Labrador Public Libraries

Board Structures



Appendix 3
Provincial Information and
Library Resources Board
Audited Financial Statements
2019-20

**PROVINCIAL INFORMATION AND
LIBRARY RESOURCES BOARD**

FINANCIAL STATEMENTS

MARCH 31, 2020

Office of the Auditor General

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.

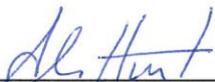
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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, 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, 2020, 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, 2020, 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 16, 2020
St. John's, Newfoundland and Labrador

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

As at March 31

2020

2019

FINANCIAL ASSETS

Cash	\$ 2,964,411	\$ 2,500,266
Accounts receivable (Note 3)	48,001	47,223
Due from Province	73,417	902,200
Portfolio investments (Note 4)	75,963	86,149
	3,161,792	3,535,838

LIABILITIES

Accounts payable and accrued liabilities (Note 5)	667,442	718,022
Employee future benefits (Note 6)	685,321	883,198
Deferred revenue (Note 7)	550,576	731,617
Obligation under capital lease (Note 9)	7,476	11,554
	1,910,815	2,344,391

Net financial assets **1,250,977** **1,191,447**

NON-FINANCIAL ASSETS

Inventories held for use	51,114	54,217
Prepaid expenses	137,018	150,791
Tangible capital assets (Note 10)	1,387,410	1,383,263
	1,575,542	1,588,271

Accumulated surplus **\$ 2,826,519** **\$ 2,779,718**

Accumulated surplus is comprised of:

Accumulated operating surplus	\$ 2,774,048	\$ 2,717,061
Accumulated remeasurement gains	52,471	62,657
	\$ 2,826,519	\$ 2,779,718

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

Office of the Auditor General

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

	2020 Budget	2020 Actual	2019 Actual
	(Note 13)		
REVENUE			
Province of Newfoundland and Labrador			
Operating grant	\$ 10,942,500	\$ 11,115,817	\$ 12,002,419
Capital grant	170,000	170,000	220,000
Early Literacy Program	-	97,645	146,469
Kinderstart Literacy Program	-	-	935
Horizon Trainer	-	10,693	81,207
Multi-Lingual Books Project	-	-	3,000
Eastern Health - Clarenville Project	-	8,688	738
Miscellaneous	67,500	90,597	80,148
Fines and lost library materials	55,000	56,423	55,398
Interest	46,500	85,197	87,456
Gain on disposal of tangible capital assets	-	2,600	2,000
Sun Life Musical Instrument Lending Program	-	13,380	27,770
Canada Summer Jobs Program	-	45,896	-
Dividend revenue	-	3,608	3,272
TD summer reading program	-	634	16,161
	11,281,500	11,701,178	12,726,973
EXPENSES (Note 16)			
Administration	2,155,868	2,302,314	2,295,479
Amortization	-	338,005	354,372
Early Literacy Program	-	97,701	146,469
Kinderstart Literacy Program	-	-	935
Horizon Trainer	-	10,308	81,207
Multi-Lingual Book Project	-	-	3,000
Library Collection	1,559,679	1,669,583	1,604,532
Library Operations	7,247,926	6,882,793	6,904,438
Public Computer Access	365,723	325,394	334,969
Sun Life Musical Instrument Lending Program	-	13,380	27,770
Eastern Health - Clarenville Project	-	4,079	738
TD Summer Reading Program	-	634	16,161
	11,329,196	11,644,191	11,770,070
Annual operating surplus (deficit)	(47,696)	56,987	956,903
Accumulated operating surplus, beginning of year	2,717,061	2,717,061	1,760,158
Accumulated operating surplus, end of year	\$ 2,669,365	\$ 2,774,048	\$ 2,717,061

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

2020

2019

Accumulated remeasurement gains, beginning of year	\$ 62,657	\$ 65,291
Unrealized losses attributable to:		
Portfolio investments	(10,186)	(2,634)
Accumulated remeasurement gains, end of year	\$ 52,471	\$ 62,657

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

	2020 Budget	2020 Actual	2019 Actual
(Note 13)			
<u>Annual operating surplus (deficit)</u>	<u>\$ (47,696)</u>	<u>\$ 56,987</u>	<u>\$ 956,903</u>
Changes in other non-financial assets			
Use of prepaid expenses	-	150,791	163,901
Acquisition of prepaid expenses	-	(137,018)	(150,791)
Net use of inventories held for use	-	3,103	3,932
	-	16,876	17,042
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(342,152)	(140,890)
Amortization of tangible capital assets	-	338,005	354,372
	-	(4,147)	213,482
<u>Effect of remeasurement losses for the year</u>	-	<u>(10,186)</u>	<u>(2,634)</u>
Increase (decrease) in net financial assets	(47,696)	59,530	1,184,793
Net financial assets, beginning of year	1,191,447	1,191,447	6,654
Net financial assets, end of year	\$ 1,143,751	\$ 1,250,977	\$ 1,191,447

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

2020

2019

Operating transactions

Annual operating surplus	\$ 56,987	\$ 956,903
Adjustment for non-cash items		
Amortization	338,005	354,372
Gain on disposal of tangible capital assets	(2,600)	(2,000)
	392,392	1,309,275
Change in non-cash operating items		
Accounts receivable	(778)	(3,692)
Due from Province	828,783	(902,200)
Accounts payable and accrued liabilities	(50,580)	67,151
Employee future benefits	(197,877)	(1,132,398)
Deferred revenue	(181,041)	(174,056)
Inventories held for use	3,103	3,932
Prepaid expenses	13,773	13,110
Cash provided from (applied to) operating transactions	807,775	(818,878)

Capital transactions

Acquisition of tangible capital assets	(342,152)	(140,890)
Proceeds from disposal of tangible capital assets	2,600	2,000
Cash applied to capital transactions	(339,552)	(138,890)

Financing transactions

Repayments of obligations under capital lease	(4,078)	(4,076)
Cash applied to financing transactions	(4,078)	(4,076)
Increase (decrease) in cash	464,145	(961,844)
Cash, beginning of year	2,500,266	3,462,110
Cash, end of year	\$ 2,964,411	\$ 2,500,266

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

2020

2019

Eastern Division

Arnold's Cove	\$ 8,415	\$ 6,387
Bay Roberts	75,091	74,837
Bell Island	943	852
Bonavista	5,675	4,858
Brigus	9,398	8,403
Burin	975	875
Carbonear	40,897	41,248
Catalina	4,693	4,478
Clarenville	17,478	19,031
Conception Bay South	11,846	11,192
Fortune	1,004	753
Fox Harbour	5,371	5,309
Garnish	672	704
Grand Bank	10,296	10,563
Harbour Grace	11,480	11,196
Holyrood	6,566	6,576
Marystown	842	894
Mount Pearl	15,473	16,924
Old Perlican	4,806	3,119
Placentia	21,965	23,435
Pouch Cove	2,158	1,702
St. Brides	7,828	7,832
St. Lawrence	1,207	801
Southern Harbour	1,597	2,112
Torbay	27,848	25,350
Trepassey	7,720	10,082
Victoria	942	901
Whitbourne	3,888	3,659
Winterton	1,055	761
	308,129	304,834

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

	2020	2019
Central Division		
Baie Verte	6,803	6,294
Bishop's Falls	1,500	116,964
Botwood	13,738	10,015
Buchans	1,111	707
Carmanville	1,042	863
Centerville	1,231	797
Change Islands	927	1,243
Fogo	1,167	754
Gambo	11,007	10,533
Gander	41,694	42,406
Gaultois	2,868	2,822
Glenwood	1,582	1,568
Glovertown	1,352	1,238
Grand Falls-Windsor	7,836	6,804
Greenspond	6,683	4,758
Harbour Breton	1,112	1,130
Hare Bay	952	898
Harry's Harbour	8,125	5,292
Hermitage	734	1,696
King's Point	4,319	4,737
LaScie	3,732	4,155
Lewisporte	18,898	10,196
Lumsden	1,262	715
Musgrave Harbour	1,027	837
Norris Arm	2,235	2,845
Point Leamington	1,149	1,184
Robert's Arm	4,564	4,552
St. Albans	1,363	1,023
Seal Cove	679	1,206
Springdale	1,167	972
Summerford	1,402	2,032
Twillingate	908	1,006
Wesleyville	624	682
	154,793	252,924

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

	2020	2019
Western Newfoundland - Labrador Division		
Bay St. George South	2,389	2,203
Burgeo	720	872
Cape St. George	915	810
Cartwright	795	530
Codroy Valley	465	549
Cormack	1,334	2,383
Corner Brook	204,663	207,105
Cow Head	7,866	7,291
Daniel's Harbour	1,761	1,427
Deer Lake	17,741	18,761
Happy Valley	3,217	1,703
Labrador City	21,585	16,881
L'Anse au Loup	1,290	1,493
Lark Harbour	864	550
Lourdes	1,049	1,057
Norris Point	3,576	3,469
Pasadena	4,400	3,725
Port au Port	1,390	1,244
Port aux Basques	17,610	15,996
Port Saunders	6,287	6,339
Ramea	447	573
Rocky Harbour	445	783
St. Anthony	2,255	2,189
St. George's	1,272	1,127
Sops Arm	1,344	1,019
Stephenville	41,189	37,253
Stephenville Crossing	1,590	2,414
Wabush	2,329	2,387
Woody Point	3,987	5,010
	354,775	347,143
	\$ 817,697	\$ 904,901

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2020

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 and Early Childhood Development.

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, 2020

3. Accounts receivable

	<u>2020</u>	<u>2019</u>
Federal Government		
Harmonized Sales Tax	\$ 33,417	\$ 27,539
Other	14,584	19,684
	<u>\$ 48,001</u>	<u>\$ 47,223</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>2020</u>	<u>2019</u>	<u>2020</u>	<u>2019</u>
Investments held directly				
Sun Life Financial Services				
of Canada - 1,678 shares	\$ 75,963	\$ 86,149	\$ 23,492	\$ 23,492

5. Accounts payable and accrued liabilities

	<u>2020</u>	<u>2019</u>
Accounts payable	\$ 40,739	\$ 128,973
Accrued salaries and benefits	626,703	
	<u>589,049</u>	
	<u>\$ 667,442</u>	<u>\$ 718,022</u>

6. Employee future benefits

Employee future benefits consists of:

	<u>2020</u>	<u>2019</u>
Severance pay	\$ 93,639	\$ 265,641
Accumulating non-vesting sick leave benefit liability (a)	591,682	617,557
	<u>\$ 685,321</u>	<u>\$ 883,198</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

6. Employee future benefits (cont.)

(a) Accumulating non-vesting sick leave benefit liability

	<u>2020</u>	<u>2019</u>
Accrued accumulating non-vesting sick leave benefit obligation, end of year	\$ 448,376	\$ 472,320
Unamortized actuarial gain, end of year	<u>143,306</u>	<u>145,237</u>
Accumulating non-vesting sick leave benefit liability, end of year	<u>\$ 591,682</u>	<u>\$ 617,557</u>

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

	<u>2020</u>	<u>2019</u>
Current year benefit cost	\$ 43,550	\$ 41,468
Interest on accrued benefit obligation	14,074	15,206
Amortization of actuarial gains	<u>(18,200)</u>	<u>(18,762)</u>
Accumulating non vesting sick leave benefit expense	<u>39,424</u>	<u>37,912</u>
Benefit payments	<u>(65,299)</u>	<u>(63,396)</u>
Change in accumulating non-vesting sick leave benefit liability	<u>\$ (25,875)</u>	<u>\$ (25,484)</u>

(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, 2020 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, 2020, 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, 2020, is based on an actuarial extrapolation for accounting purposes to March 31, 2020 (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 3.25%. 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% (2019 - 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, 2020, was \$404,551 (2019 - \$403,511).

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, 2020, was \$106,099 (2019 - \$107,701).

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

7. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement. As at March 31, 2020, the Board reported the following:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Provincial source revenue	\$ 600,257	\$ -	\$ 167,026	\$ 433,231
Other source revenue	131,360	15,071	29,086	117,345
	<u>\$ 731,617</u>	<u>\$ 15,071</u>	<u>\$ 196,112</u>	<u>\$ 550,576</u>

Deferred revenue relates to grants received for specific programs such as literacy initiatives, library automation, 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:

2021	\$ 582,098
2022	524,767
2023	313,963
2024	298,590
2025	239,670
Thereafter	<u>1,268,379</u>
	<u>\$ 3,227,467</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>2020</u>	<u>2019</u>
<u>Obligation under capital lease</u>	\$ 7,476	\$ 11,554

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

9. Obligation under capital lease (cont.)

Payments under this obligation for the next 2 years are as follows:

2021	\$ 4,078
2022	3,398
<hr/>	
Total minimum lease payments	\$ 7,476

10. Tangible capital assets

Original Cost

	Balance March 31, 2019	Additions	Disposals	Balance March 31, 2020
Land	\$ 285,907	\$ -	\$ -	\$ 285,907
Buildings	1,758,867	-	-	1,758,867
Building improvements	2,223,037	197,328	-	2,420,365
Furniture and equipment	1,876,036	37,260	4,523	1,908,773
Motor vehicles	203,207	32,595	22,719	213,083
Computer equipment	1,113,773	74,969	270,179	918,563
Software	168,688	-	-	168,688
Assets under capital lease	40,777	-	-	40,777
	<hr/>			
	\$ 7,670,292	\$ 342,152	\$ 297,421	\$ 7,715,023
	<hr/>			

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

10. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2019	Amortization	Disposals	Balance March 31, 2020	Net book value March 31, 2020	Net book value March 31, 2019
Land	\$ -	\$ -	\$ -	\$ -	\$ 285,907	\$ 285,907
Buildings	1,448,866	30,619	-	1,479,485	279,382	310,001
Building improvements	1,794,558	125,913	-	1,920,471	499,894	428,479
Furniture and equipment	1,641,190	76,381	4,523	1,713,048	195,725	234,846
Motor vehicles	167,453	23,985	22,719	168,719	44,364	35,754
Computer equipment	1,033,650	77,029	270,179	840,500	78,063	80,123
Software	168,688	-	-	168,688	-	-
Assets under capital lease	32,624	4,078	-	36,702	4,075	8,153
	\$ 6,287,029	\$ 338,005	\$ 297,421	\$ 6,327,613	\$ 1,387,410	\$ 1,383,263

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>2020</u>	<u>2019</u>
Local libraries - deposits	\$ 241,649	\$ 139,007
Provincial Territorial Public Library Council	88,640	75,200
	\$ 330,289	\$ 214,207

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, 2020 consists of cash of \$136,272 (2019 - \$34,028), and 8,849 shares (2019 - 8,793 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 \$105,377 (2019 - \$104,979), 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, 2020 was \$123,739 (2019 - \$135,395).

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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 \$11,235,817 (2019 - \$12,174,643). The Board recognized \$11,394,155 (2019 - \$12,454,030) in revenue from the Province of Newfoundland and Labrador.

Eastern Regional Health Authority

During the year, the Board received grants totaling \$nil (2019 - \$10,000) from the Eastern Regional Health Authority. The Board recognized \$8,688 (2019 - \$738) 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 2020 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 \$51,081 (2019 - \$140,953). 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.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2020

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, 2020. 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

	2020 <u>Budget</u> (Note 13)	2020 <u>Actual</u>	2019 <u>Actual</u>
Amortization	\$ -	\$ 338,005	\$ 354,372
Books and Periodicals	902,500	931,030	935,508
Computerization of Libraries	405,000	335,964	270,232
Conference and Workshops	50,000	42,519	61,080
Freight and Postage	58,750	37,566	35,538
Library Operations (Grants)	794,655	817,697	904,901
Insurance	78,630	75,732	76,152
Miscellaneous	-	1,112	826
Office and Library Supplies	104,358	104,870	106,048
Professional Fees	40,000	38,411	25,641
Rental of Premises	368,139	360,340	356,590
Repairs and Maintenance	22,000	33,394	27,872
Salaries and Benefits	8,298,626	8,340,546	8,447,633
Telephone	50,600	48,668	50,873
Travel	155,938	138,337	116,804
	\$ 11,329,196	\$ 11,644,191	\$ 11,770,070

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. The financial impact to the Board in the 2020 fiscal year was minimal 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.

Appendix 4
Newfoundland and Labrador
Public Libraries
Staff Organizational Chart

PROVINCIAL INFORMATION & LIBRARY RESOURCES BOARD
Staff Organizational Chart

