



Newfoundland & Labrador
Public Libraries

Annual Report

2017 - 18

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 Al Hawkins
Minister of Education and Early Childhood Development
Department of Education and
Early Childhood Development
P. O. Box 8700
St. John's, NL
A1B 4J6

Dear Minister Hawkins:

I am pleased to submit, on behalf of the Provincial Information and Library Resources Board, the annual report for the year 2017-18.

This report was prepared in accordance with 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 Early Childhood Development 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 "Gillian Noonan".

Gillian Noonan, 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 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.

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 2018, 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 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 is 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 2017-18, the grant was \$11,372,600. In 2017-18, one time funding was received for the following:

- \$91,900 to automate 38 libraries with Horizon software; and
- \$218,200 to cover the payout of severance and paid leave for retiring staff.

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 2017-18 was low (\$67,758) considering the number of communities in the province; 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 2017-18 was \$11,662,383.

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 2017-18 are attached in Appendix 3.

Staff Complement

As of March 31, 2018, NLPL had a total staff complement of 195, comprised of 83 full-time and 112 part-time permanent employees (177 female and 18 male) and 137 substitute employees (129 female and 8 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, 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 Education and Early Childhood Development provided approximately 98 per cent of all PILRB funding as well as expertise when needed. It also continued its partnership with PILRB for two early literacy initiatives: Kinderstart and the Every Child Ready to Read Program. The Kinderstart initiative provides free books to preschool children upon visiting their public library and signing up for a library card. The Every Child Ready to Read Program involves five one hour sessions provided by library staff.
- The Department of Transportation and Works 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.
- 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.
- CBC partnered with PILRB in a variety of programs (e.g., “Canada Reads”) in support of reading and literacy. This year it was expanded to an NLREADS event upon which the Newfoundland Beothuk by Gary Collins was declared the winner.
- On August 1, 2017, NLPL joined with the Centre for Equitable Library Access to provide print disabled citizens of the province with library materials.
- College of the North Atlantic provided surplus library shelving and agreed to transport new shelving from Stephenville to various libraries across the province at considerable savings to PILRB.
- The St. John’s Library Board partnered with CHMR-FM to produce a biweekly podcast exploring all the possibilities libraries have to offer, featuring discussions with library staff, partners, and community members.
- The Department of Advanced Education, Skills and Labour in partnership with PILRB provided \$3,000 in support of a multilingual book collection. This is part of Government’s initiative “The Way Forward on Immigration in Newfoundland and Labrador”.
- NLPL distributed 24,000 bookmarks on behalf of Canadian Association of Optometrists.
- 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 2017-18, provide an overview of activities in the areas monitored.

- 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.
- 159,562 individuals were registered as library patrons representing thirty two per cent of the population with direct access to a public library.
- 1,478,344 items of library material were circulated to patrons. This is an average of nine items per patron and represents less than a one per cent increase in circulation over the previous year.
- 228,801 reference requests were processed. This represents the number of written and verbal inquiries processed by staff and is a one per cent increase over last year.

- 105,849 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 five per cent increase compared to the previous year.
- 13,634 library programs were offered with a total of 123,091 people participating. There was a four per cent decrease in the number of programs and a two per cent decrease in the number of people participating compared to the previous year.
- 227,688 items (199,943 e-books and 27,745 audio books) were checked out from our digital library service. This represents a seventeen per cent increase compared to the previous year.
- 169,902 computer use sessions were recorded (30 minute blocks) from 450 public computers. This represents a twenty eight per cent decrease compared to the previous year.
- 311,539 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 five 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, 2018 in order to provide time to locate a suitable alternate permanent location for the library. This has been the third consecutive year that the town has rented this space.
- The Town of St. George's completely renovated the library space located in the Town Hall.
- The Town of Mount Pearl repaired and renovated the parking lot and completed installing a new roof on the Mount Pearl Public Library.
- The Town of Robert's Arm provided a new library facility in its town hall.
- As part of the regular capital improvements, new lighting and electrical was installed at the Clarenville Public Library, and extensive plumbing work was completed in Deer Lake.

Library Materials

- 31,551 copies of new library materials were purchased for public library sites around the province. This represents a decrease of 1,837 items from the previous year.
- 11,068 copies were purchased through local fundraising initiatives. This represents an increase of 1,108 items or an 11 per cent increase from the previous year.
- \$952,500 was allocated for library materials in the following categories:
 - \$431,422 for books;
 - \$86,000 for periodicals;
 - \$3,500 for standing orders;
 - \$110,300 for electronic information services;
 - \$85,300 for DVDs;
 - \$15,650 for audio books;
 - \$119,000 for digital library;
 - \$35,828 for license and fees;
 - \$2,500 for table top board games; and
 - \$63,000 for miscellaneous items: binding, fees, supplies, freight, etc.

Technical Services (cataloguing and processing)

- 42,468 items were received in technical services. This represents the total materials which are received in the division and require some action.
- 43,307 copies of library materials, including new purchases, donations and existing materials, were catalogued. This is 303 items more 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.
- 45,099 items were processed. Processing includes the stamping, repairing, covering and labeling of library materials. This represents an increase of 863 items, or two per cent, from the previous year.
- Technical Services staff continued to participate in automation projects. Six projects (St. Anthony, Port Saunders, Grand Bank, Burin, Bonavista, and Catalina) were completed in 2017-18. Since 2001, NLPL has automated 55 of 94 public library sites. Automation of library sites involves installing the NLPL automated library management software system and inputting library material information. Automation allows patrons to view the holdings of the library online, expedites the checking in and out of materials and automatically tracks overdue and lost materials.

Special Projects/Activities

- In August 2017, NLPL expanded its Digital Library by launching two e-library products, Flipster and Press Reader. Flipster is an on line service that allows patrons to access 25 magazines on a portable device, while Press Reader permits users to access over 2000 newspapers from across the world.
- In partnership with the Botwood Public Library Board, a mural was painted on the exterior of the Botwood Public Library by the Botwood Mural Arts Society. The mural, which covers 2 sides of the library building, depicts the vibrant literary culture in our province.
- Robert's Arm Public Library moved to a new location in the Town Council building. This move required a great deal of planning and preparation. Extensive weeding and cleaning out was required well in advance of the move. New children's shelving, staff desk and storage were purchased for the new location. Moving the contents of the library was also a considerable expense. Robert's Arm Public Library was closed for two weeks while the packing, moving, and unpacking happened.
- In July and August, Newfoundland and Labrador authors and poets Janice Godin and Catherine Parsons accompanied Ontario born author Candace Osmond (who now resides in Newfoundland and Labrador) on a province wide tour giving author's readings of their works in various public libraries.

- In February 2018, a month-long celebration of local authors was held. A series of social media and events occurred, culminating in the NLREADS event.
- Self-Published Author fairs were held across the province which allowed local self-published authors a chance to give readings from their works, and display and sell their books.
- Early Literacy initiatives continued with the focus being on enhancing programming and services for children birth to 6 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 the pilot of story time kits. An internal online guide is also being created so that staff may easily access story time information, resources, videos and appropriate links. A separate public guide, which will aim to share early literacy information and library services for children birth to 6 years old, will also be available to staff and patrons for reference.
- NLPL continued its annual participation in the TD Summer Reading Club (TD SRC). Seventy-seven of our 94 locations hosted TD Summer Reading Clubs, with 2093 children registering for this program of which, 1,151 (55 per cent) were new to the TD SRC.
- On June 17, 2017, NLPL was honoured to host the English-language National Launch of the TD Summer Reading Club. This was held at the AC Hunter Children's Library in St. John's. This honour included a generous gift of \$25,000 from the TD Bank Group to cover launch expenses and to enhance children's literacy programming throughout the province.
- In March 2018, TD approved a proposal developed by the Children's Librarian, Bonnie Morgan and Eastern Regional Librarian Mark McCumber, to use funds from the National Launch party to develop sets of mobile MakerSpace kits to support school-age digital literacy programming.
- PILRB's digital library service continues to grow as a result of increased awareness and content. Circulation last year reached 227,688 items which was a seventeen 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 centres, 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 provide additional funds to PILRB has become challenging. Per capita the NLPL system has more libraries than any other library system in Canada. In April 2016, the board announced that the system would be restructured into a Regional Library System. In June 2016, this decision was suspended and in May 2017 EY delivered its report on its service review of the NLPL system. Using EY's report as a base, 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.

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

Objective 1: By March 31, 2018, the Provincial Information and Library Resources Board will have developed a Future State Plan for NLPL.

Indicators:

- Reviewed the Report on the Organization and Service Review of the public library system
- Reviewed the suspended decision to implement a Regional Library System
- Identified operational challenges

In 2017-18 PILRB was successful in developing a future state plan for NLPL.

Reviewed the Report on the Organization and Service Review of the public library system

During 2017-18, PILRB reviewed and analyzed the 18 recommendations contained in the Report on the Organization and Service Review of the public library system.

Reviewed the suspended decision to implement a Regional Library System

During 2017-18, PILRB reviewed the decision to implement a regional library system. In March 2018, the Board, having developed a Future State Plan, decided that no further action on the implementation of a Regional Library System was necessary.

Identified operational challenges

As part of the Future State Plan, PILRB analyzed each of the 18 recommendations made in the report on the Organization and Service Review of the public library system. As part of this analysis, each of the recommendations was reviewed and operational challenges that would be encountered if the recommendation was implemented were identified.

Discussion of Results

The Provincial Information and Library Resources Board received EY's report on the Organization and Service Review of the public library system in May 2017. After examining and reviewing the report's 18 recommendations, the Board created six working committees to develop service delivery standards in the areas of Public Library Locations, Facilities, Collections, Hours, Information Technology and Programming.

These committees presented their work to the Board in November 2017. Utilizing these service standards as a base, and recognizing the fiscal situation of the Province and wanting to be reasonable in its expectations, PILRB developed a Progressive Investment and Enhancement Future State Plan, with a phase one goal of restoring library operations to 2012-13 levels.

This plan addressed and determined the following:

- The Board would take action on 14 of the 18 recommendations, completing six of the recommendations in 2017-18;
- Three recommendations would not be acted upon;
- One recommendation would be acted upon but not in a manner as recommended by the report;
- Addressed other areas of concern that were not identified by the report; and
- Developed a strategy to automate the remaining 38 public libraries in the system with the goal that the entire system will be automated by April 1, 2019. PILRB has secured \$91,900 in funding for this project, which began in February 2018.

The continued roll out of the Every Child Ready to Read program increased awareness of the role public libraries play in childhood literacy and development.

In the seven major public library usage categories, five of the categories saw usage increases over the previous year. The largest increase came in the usage of our digital library platform with a 17 per cent increase over 2016-17.

The 2017-18 objective relating to the development of a future state plan for the NLPL was achieved.

2018-19 Objective:

By March 31, 2019, the PILRB will have begun implementation of selected options in 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.

OPPORTUNITIES AND CHALLENGES

During 2017-18, 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.

Online Opportunities for NLPL

As Information and Communication Technologies (ICT) progress in sophistication and importance, there are numerous possible avenues for PILRB to reach new patrons and expand services to current patrons. Our new digital library (<https://digitallibrary.nlpl.ca/>) provides patrons with access to magazines, newspapers, product reviews, book reviews, children's media, and content for people with print disabilities. In addition, patrons can now use the Libby app (<https://meet.libbyapp.com/>) to access our elibrary. Libby is designed to make borrowing and browsing for material easy and enjoyable. In addition to the services already mentioned, the Newfoundland & Labrador Public Library's digital library (<http://elibrary.nlpl.ca>), also provides access to timeless and popular fiction and non-fiction in formats familiar to a new generation of library users and valued by our loyal patrons who are navigating the ever expanding world of ICT. PILRB continues in the process of augmenting its strong foundation of print material with a robust offering of electronic services.

Early Literacy

As the partnership with the Department of Education and Early Childhood Development and associated Government funding continues, there will be great opportunity to enhance library spaces to be more inviting for families and to elevate children's programming. Through staff training, outreach, promotion and resource development, libraries can continue to move forward in creating spaces where families enjoy spending time and early literacy development is supported. The Every Child Ready to Read Program will continue to be an instrumental tool in training staff, assessing early literacy spaces, and infusing research into existing programming.

Appendix 1
Provincial Information and Library Resources Board
Members

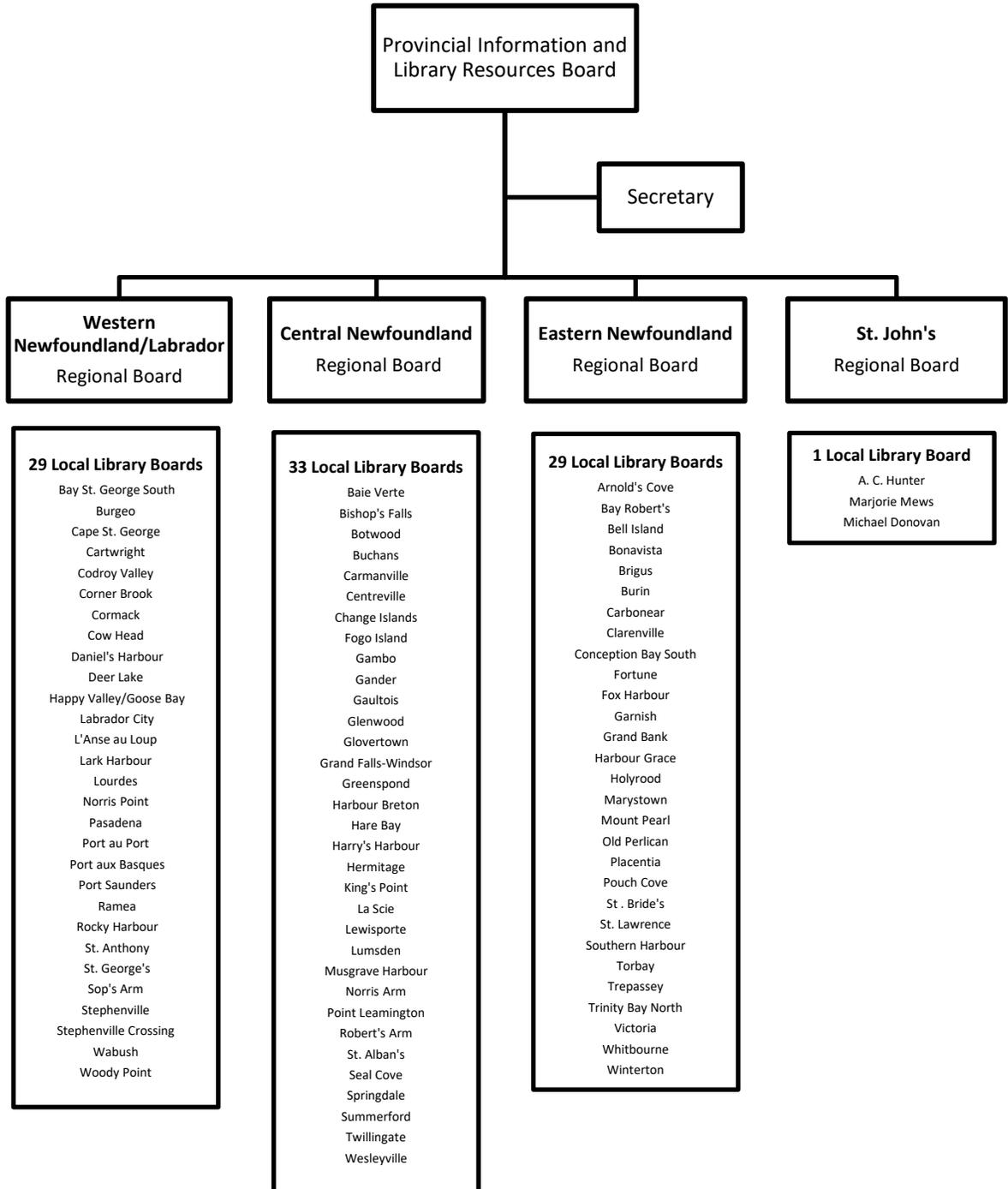
Provincial Information and Library Resources Board
Board Membership as of March 31, 2018

Name	Location	Appointment Type
Alpen, Myrtice	Lewisporte	Central Board Representative
Butler, Joan	Conception Bay South	LGIC
Goodridge, Alan (Vice-Chair)	Goulds	St. John's Board Representative
Maddigan, Beth	St. John's	LGIC
Noonan, Gillian (Chair)	Old Perlican	Eastern Board Representative
Pink, James	Burgeo	Western Board Representative
Roberts, Barry	St. John's	LGIC
Sheppard, Derrick	St. John's	LGIC
Sheppard – Whalen, Linda	St. John's	LGIC
Smith, Shelley	St. John's	LGIC

Appendix 2
Newfoundland and Labrador
Public Libraries
Board Structures
March 31, 2018

Newfoundland and Labrador Public Libraries

Board Structures



Appendix 3
Provincial Information and
Library Resources Board
Audited Financial Statements
2017-18

**PROVINCIAL INFORMATION AND
LIBRARY RESOURCES BOARD**

FINANCIAL STATEMENTS

MARCH 31, 2018

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.

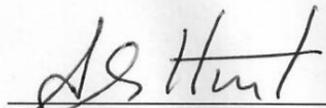
Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that transactions are properly authorized, assets are safeguarded and liabilities are recognized.

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 on a quarterly basis and external audited financial statements yearly.

The Auditor General conducts an independent audit of the annual financial statements of the Provincial Information and Library Resources 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



**AUDITOR
GENERAL**
of Newfoundland and Labrador

INDEPENDENT AUDITOR'S REPORT

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

Report on the Financial Statements

I have audited the accompanying financial statements of the Provincial Information and Library Resources Board which comprise the statement of financial position as at March 31, 2018, the statements of operations, remeasurement gains and losses, change in net financial assets (debt), and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

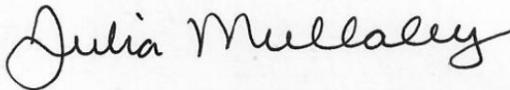
An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

Independent Auditor's Report (cont.)

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Provincial Information and Library Resources Board as at March 31, 2018, and its financial performance and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

A handwritten signature in cursive script that reads "Julia Mullahey".

JULIA MULLALEY, CPA, CA
Auditor General

July 23, 2018
St. John's, Newfoundland and Labrador

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

As at March 31

2018

2017

FINANCIAL ASSETS

Cash	\$ 3,462,110	\$ 3,302,143
Accounts receivable (Note 4)	43,531	48,461
Portfolio investments (Note 5)	88,783	81,718
	<u>3,594,424</u>	<u>3,432,322</u>

LIABILITIES

Accounts payable and accrued liabilities (Note 6)	650,871	668,557
Employee future benefits (Note 7)	2,015,596	2,100,453
Deferred revenue (Note 8)	905,673	957,213
Obligation under capital lease (Note 10)	15,630	19,708
	<u>3,587,770</u>	<u>3,745,931</u>

Net financial assets (debt) 6,654 (313,609)

NON-FINANCIAL ASSETS

Inventories held for use	58,149	65,695
Prepaid expenses	163,901	182,327
Tangible capital assets (Note 11)	1,596,745	1,809,545
	<u>1,818,795</u>	<u>2,057,567</u>

Accumulated surplus \$ 1,825,449 \$ 1,743,958

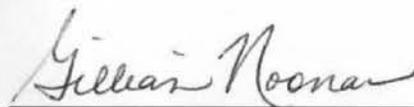
Accumulated surplus is comprised of:

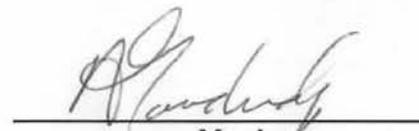
Accumulated operating surplus	\$ 1,760,158	\$ 1,685,732
Accumulated remeasurement gains	65,291	58,226
	<u>\$ 1,825,449</u>	<u>\$ 1,743,958</u>

**Contractual obligations (Note 9)
Trusts under administration (Note 12)**

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

	2018 Budget	2018 Actual	2017 Actual
(Note 14)			
REVENUE			
Province of Newfoundland and Labrador			
Operating grant	\$ 10,942,500	\$ 11,160,700	\$ 10,884,303
Capital grant	220,000	120,000	94,805
Early Literacy Program	-	138,636	86,190
Kinderstart Literacy Program	-	42,573	36,584
Miscellaneous	64,500	62,626	98,212
Fines and lost library materials	55,000	55,261	56,611
Interest	34,000	51,007	35,661
Gain on disposal of tangible capital assets	-	1,800	-
Dividend revenue	-	2,987	2,768
TD summer reading program	-	4,781	-
	11,316,000	11,640,371	11,295,134
EXPENSES (Note 17)			
Administration	2,248,717	2,366,403	2,532,872
Amortization	-	370,266	413,852
Early Literacy Program	-	138,636	86,190
Kinderstart Literacy Program	-	42,573	36,584
Library Collection	1,570,274	1,637,504	1,672,727
Library Operations	7,264,136	6,755,165	6,377,234
Public Computer Access	321,756	250,617	234,614
TD Summer Reading Program	-	4,781	-
	11,404,883	11,565,945	11,354,073
Annual operating surplus (deficit)	(88,883)	74,426	(58,939)
Accumulated operating surplus, beginning of year	1,685,732	1,685,732	1,744,671
Accumulated operating surplus, end of year	\$ 1,596,849	\$ 1,760,158	\$ 1,685,732

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

2018

2017

Accumulated remeasurement gains, beginning of year	\$ 58,226	\$ 46,816
Unrealized gains attributable to:		
Portfolio investments	7,065	11,410
Accumulated remeasurement gains, end of year	\$ 65,291	\$ 58,226

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 (DEBT)
For the Year Ended March 31

	2018 Budget	2018 Actual	2017 Actual
(Note 14)			
<u>Annual operating surplus (deficit)</u>	\$ (88,883)	\$ 74,426	\$ (58,939)
Changes in other non-financial assets			
Use of prepaid expenses	-	182,327	199,480
Acquisition of prepaid expenses	-	(163,901)	(182,327)
Net use of inventories held for use	-	7,546	16,177
	-	25,972	33,330
Changes in tangible capital assets			
Acquisition of tangible capital assets	-	(157,466)	(232,306)
Net book value of tangible capital asset disposals	-	-	1,586
Amortization of tangible capital assets	-	370,266	413,852
	-	212,800	183,132
Effect of remeasurement gains for the year	-	7,065	11,410
Decrease in net debt and increase in net financial assets/decrease in net debt	(88,883)	320,263	168,933
Net debt, beginning of year	(313,609)	(313,609)	(482,542)
Net financial assets (debt), end of year	\$ (402,492)	\$ 6,654	\$ (313,609)

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

2018

2017

Operating transactions

Annual operating surplus (deficit)	\$ 74,426	\$ (58,939)
Adjustment for non-cash items		
Amortization	370,266	413,852
Loss (gain) on disposal of tangible capital assets	(1,800)	286
	442,892	355,199
Change in non-cash operating items		
Accounts receivable	4,930	16,698
Due from the Province	-	296,165
Accounts payable and accrued liabilities	(17,686)	(5,464)
Employee future benefits	(84,857)	(36,450)
Deferred revenue	(51,540)	(379,482)
Inventories held for use	7,546	16,177
Prepaid expenses	18,426	17,153
Cash provided from operating transactions	319,711	279,996
Capital transactions		
Acquisition of tangible capital assets	(157,466)	(232,306)
Proceeds from disposal of tangible capital assets	1,800	1,300
Cash applied to capital transactions	(155,666)	(231,006)
Financing transactions		
Repayments of obligations under capital lease	(4,078)	(4,078)
Cash applied to financing transactions	(4,078)	(4,078)
Increase in cash	159,967	44,912
Cash, beginning of year	3,302,143	3,257,231
Cash, end of year	\$ 3,462,110	\$ 3,302,143

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

2018

2017

Eastern Division

Arnold's Cove	\$ 6,194	\$ 5,311
Bay Roberts	74,953	74,336
Bell Island	986	1,002
Bonavista	4,172	4,602
Brigus	8,058	6,767
Burin	1,607	550
Carbonear	40,294	40,244
Catalina	5,334	3,354
Clarenville	20,885	14,692
Conception Bay South	11,434	10,674
Fortune	485	410
Fox Harbour	5,245	6,138
Garnish	612	454
Grand Bank	11,416	8,914
Harbour Grace	12,637	10,763
Holyrood	6,394	5,356
Marystown	550	441
Mount Pearl	16,747	12,224
Old Perlican	3,114	3,509
Placentia	24,719	24,049
Pouch Cove	1,766	2,013
St. Brides	7,669	7,655
St. Lawrence	735	428
Southern Harbour	2,923	2,506
Torbay	19,653	9,904
Trepassey	7,545	9,576
Victoria	495	843
Whitbourne	3,247	3,497
Winterton	1,553	530
	301,422	270,742

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

For the Year Ended March 31

2018

2017

Central Division

Baie Verte	6,111	6,529
Bishop's Falls	1,154	976
Botwood	9,678	8,216
Buchans	749	572
Carmanville	983	709
Centerville	868	1,016
Change Islands	447	450
Fogo	864	554
Gambo	9,883	9,039
Gander	38,674	38,650
Gaultois	2,954	2,483
Glenwood	1,357	1,369
Glovertown	758	523
Grand Falls-Windsor	9,633	2,780
Greenspond	4,093	3,779
Harbour Breton	970	729
Hare Bay	703	472
Harry's Harbour	5,497	4,033
Hermitage	728	563
King's Point	3,922	3,676
LaScie	3,433	3,579
Lewisporte	8,181	4,328
Lumsden	616	440
Musgrave Harbour	1,934	777
Norris Arm	1,790	2,682
Point Leamington	868	790
Robert's Arm	6,489	4,387
St. Albans	1,077	986
Seal Cove	850	764
Springdale	2,001	1,117
Summerford	1,992	1,882
Twillingate	1,044	825
Wesleyville	531	493
	130,832	110,168

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

For the Year Ended March 31

2018

2017

**Western Newfoundland -
Labrador Division**

Bay St. George South	2,071	2,061
Burgeo	750	590
Cape St. George	716	629
Cartwright	513	427
Codroy Valley	535	467
Cormack	1,637	1,582
Corner Brook	206,653	208,121
Cow Head	6,222	5,760
Daniel's Harbour	1,408	1,270
Deer Lake	22,807	15,674
Happy Valley	2,529	1,963
Labrador City	16,641	14,352
L'Anse au Loup	720	650
Lark Harbour	882	541
Lourdes	811	653
Norris Point	3,844	2,236
Pasadena	2,008	3,754
Port au Port	699	637
Port aux Basques	17,608	12,712
Port Saunders	5,265	7,665
Ramea	612	533
Rocky Harbour	463	837
St. Anthony	1,891	1,961
St. George's	1,879	1,198
Sops Arm	901	827
Stephenville	31,420	27,961
Stephenville Crossing	1,405	1,239
Wabush	2,249	1,882
Woody Point	4,571	3,978
	339,710	322,160
	\$ 771,964	\$ 703,070

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

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, 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 and accounts receivable. 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 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.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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 10 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

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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 current salary levels.
- (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*, the employees of the Board are subject to the *Public Services Pensions Act, 1991*. 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 six 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.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

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) 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, 2018

3. Changes in accounting policies

(a) New accounting standards

On April 1, 2017, the Board adopted the following five new CPSAS Handbook Sections:

PS 2200 Related Party Disclosures – a new standard defining related parties and establishing disclosure requirements for related party transactions.

PS 3210 Assets – a new standard providing guidance for applying the definition of assets and establishing general disclosure requirements for assets but does not provide guidance for the recognition and disclosure of specific types of assets.

PS 3320 Contingent Assets – a new standard defining and establishing disclosure requirements for contingent assets but does not include disclosure standards for specific types of contingent assets.

PS 3380 Contractual Rights – a new standard defining and establishing disclosure requirements for contractual rights but does not include disclosure standards for specific types of contractual rights.

PS 3420 Inter-entity Transactions – a new standard on how to account for and report transactions between public sector entities that comprise a government's reporting entity from both a provider and recipient perspective.

These accounting changes had no significant impact on the financial statements.

(b) Accounting pronouncement

The PSAB has issued *PS 3430 Restructuring Transactions* which is effective April 1, 2018. This is a new standard on how to account for and report restructuring transactions by both transferors and recipients of assets and/or liabilities. The standard has not been applied in these financial statements.

The Board plans to adopt this standard by the effective date and is currently analyzing the impact the standard will have on the financial statements.

4. Accounts receivable

	<u>2018</u>	<u>2017</u>
Federal Government		
Harmonized Sales Tax	\$ 25,290	\$ 32,158
Other	18,241	16,303
	<hr/> \$ 43,531	<hr/> \$ 48,461

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

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

5. 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>2018</u>	<u>2017</u>	<u>2018</u>	<u>2017</u>
Investments held directly Sun Life Financial Services of Canada - 1,678 shares	\$ 88,783	\$ 81,718	\$ 23,492	\$ 23,492

6. Accounts payable and accrued liabilities

	<u>2018</u>	<u>2017</u>
Accounts payable	\$ 121,608	\$ 99,610
Accrued salaries and benefits	529,263	568,947
	<u>\$ 650,871</u>	<u>\$ 668,557</u>

7. Employee future benefits

Employee future benefits consists of:

	<u>2018</u>	<u>2017</u>
Severance pay (a)	\$ 1,372,555	\$ 1,420,833
Accumulating non-vesting sick leave benefit liability (b)	643,041	679,620
	<u>\$ 2,015,596</u>	<u>\$ 2,100,453</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

7. Employee future benefits (cont.)

(a) Severance pay

Severance pay consists of the severance pay liability related to the following employees:

	<u>2018</u>	<u>2017</u>
Employees with 9 or more years of service	\$ 1,140,487	\$ 1,248,501
Employees with less than 9 years of service	232,068	172,332
	<u>\$ 1,372,555</u>	<u>\$ 1,420,833</u>

(b) Accumulating non-vesting sick leave benefit liability

	<u>2018</u>	<u>2017</u>
Accrued accumulating non-vesting sick leave benefit obligation, end of year	\$ 435,591	\$ 440,311
Unamortized actuarial gain, end of year	207,450	239,309
	<u>\$ 643,041</u>	<u>\$ 679,620</u>

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

	<u>2018</u>	<u>2017</u>
Current year benefit cost	\$ 36,450	\$ 35,388
Interest on accrued benefit obligation	15,736	16,230
Amortization of actuarial gains	(22,337)	(22,337)
	<u>29,849</u>	<u>29,281</u>
Accumulating non vesting sick leave benefit expense	29,849	29,281
Benefit payments	(66,428)	(64,494)
	<u>(36,579)</u>	<u>(35,213)</u>
Change in accumulating non-vesting sick leave benefit liability	\$ (36,579)	\$ (35,213)

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

7. Employee future benefits (cont.)

(d) Employee future benefits

(i) Severance pay

Severance is accounted for on an accrual basis and is calculated based upon years of service and current salary levels. The right to be paid severance vests with employees with nine years of continuous service, and accordingly a liability has been recorded by the Board for these employees. For employees with less than nine years of continuous service, the Board has made a provision in the accounts for the payment of severance which is based upon the Board's best estimate of the probability of having to pay severance to the employees and current salary levels. In determining the best estimate of the probability that employees would be paid severance, the Board considered the rate of employee turnover. Employees with prior service with the Government of Newfoundland and Labrador or a Crown corporation or agency may be considered for severance provided the previous employer followed the same or an equivalent severance policy. Severance is payable when the employee ceases employment with the Board provided no severance has been paid by Government or another Crown corporation or agency for the same period and the employee has at least nine years of continuous service.

On May 31, 2018, the Province of Newfoundland and Labrador enacted legislation affecting severance pay for executives, managers, and non-management/non-union employees as outlined in Note 20.

(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, 2018, a sick leave liability was calculated for 191 employees.

The accrued benefit obligation for accumulating non-vesting sick leave benefits for the year ended March 31, 2018, is based on an actuarial extrapolation for accounting purposes to March 31, 2018 (valuation date as of March 31, 2015).

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

7. Employee future benefits (cont.)

(d) Employee future benefits (cont.)

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

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 3.75% per annum and discount rate of 3.3%. Other assumptions used in the extrapolation include estimates of expected termination rates, utilization rates and mortality rates.

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 12 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, 1991* (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% (2017 - 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, 2018, was \$396,051 (2017 - \$382,483).

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, 2018, was \$112,487 (2017 - \$118,073).

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

8. Deferred revenue

Deferred revenues are set aside for specific purposes as required either by legislation, regulation or agreement. As at March 31, 2018, the Board reported the following:

	Balance at beginning of year	Receipts during year	Transferred to revenue	Balance at end of year
Provincial source revenue	\$ 956,991	\$ 94,600	\$ 181,209	\$ 870,382
Other source revenue	222	40,072	5,003	35,291
	<u>\$ 957,213</u>	<u>\$ 134,672</u>	<u>\$ 186,212</u>	<u>\$ 905,673</u>

Deferred revenue relates to grants received for specific programs such as literacy initiatives and library book purchases, and renovations to local libraries 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 or the capital equipment is acquired.

9. 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:

2019	\$ 549,655
2020	460,691
2021	454,134
2022	411,972
2023	201,168
Thereafter	<u>1,693,165</u>
	<u>\$ 3,770,785</u>

10. 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>2018</u>	<u>2017</u>
Obligation under capital lease	<u>\$ 15,630</u>	<u>\$ 19,708</u>

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

10. Obligation under capital lease (cont.)

Payments under this obligation for the next 4 years are as follows:

2019	\$ 4,078
2020	4,078
2021	4,078
2022	3,396
<hr/>	
Total minimum lease payments	\$ 15,630

11. Tangible capital assets

Original Cost

	Balance March 31, 2017	Additions	Disposals	Balance March 31, 2018
Land	\$ 285,907	\$ -	\$ -	\$ 285,907
Buildings	1,758,867	-	-	1,758,867
Building improvements	2,156,912	27,085	-	2,183,997
Furniture and equipment	1,858,938	35,226	1,359	1,892,805
Motor vehicles	225,416	23,284	23,025	225,675
Computer equipment	1,378,047	71,871	324,787	1,125,131
Software	168,688	-	-	168,688
Assets under capital lease	40,777	-	-	40,777
	<hr/>			
	\$ 7,873,552	\$ 157,466	\$ 349,171	\$ 7,681,847
	<hr/>			

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
 March 31, 2018

11. Tangible capital assets (cont.)

Accumulated Amortization

	Balance March 31, 2017	Amortization	Disposals	Balance March 31, 2018	Net book value March 31, 2018	Net book value March 31, 2017
Land	\$ -	\$ -	\$ -	\$ -	\$ 285,907	\$ 285,907
Buildings	1,387,628	30,619	-	1,418,247	340,620	371,239
Building improvements	1,523,384	138,299	-	1,661,683	522,314	633,528
Furniture and equipment	1,487,395	99,666	1,359	1,585,702	307,103	371,543
Motor vehicles	178,015	17,466	23,025	172,456	53,219	47,401
Computer equipment	1,294,429	80,138	324,787	1,049,780	75,351	83,618
Software	168,688	-	-	168,688	-	-
Assets under capital lease	24,468	4,078	-	28,546	12,231	16,309
	<u>\$ 6,064,007</u>	<u>\$ 370,266</u>	<u>\$ 349,171</u>	<u>\$ 6,085,102</u>	<u>\$ 1,596,745</u>	<u>\$ 1,809,545</u>

12. 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>2018</u>	<u>2017</u>
Local libraries - deposits	\$ 119,798	\$ 116,723
Provincial Territorial Public Library Council	83,200	73,003
	<u>\$ 202,998</u>	<u>\$ 189,726</u>

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, 2018 consists of cash of \$28,518 (2017 - \$27,809), and 4,649 shares (2017 - 4,566 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 \$91,280 (2017 - \$88,914), 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, 2018 was \$130,016 (2017 - \$126,178).

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

12. 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.

13. 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 \$11,375,300 (2017 - \$10,722,400). The Board recognized \$11,461,909 (2017 - \$11,101,882) in revenue from the Province of Newfoundland and Labrador.

14. Budget

The Board's budget is prepared on a cash basis. The 2018 budget expenses exceeded the Board's budgeted revenues and the expected difference would be funded from cash surpluses carried forward from prior years.

15. Donated acquisitions

Donated acquisitions are gifts of artwork, books, periodicals, DVDs and other library resources that the Board has received, and for which a tax receipt has been issued to the donor based on established rates per policy or an appraised value. Donated acquisitions are not reflected in the Board's financial statements. During the year, the Board issued receipts for non-cash donations of \$146,117 (2017 - \$157,197).

16. 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.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD

NOTES TO FINANCIAL STATEMENTS

March 31, 2018

16. Financial risk management (cont.)

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 and accounts receivable. 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 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 9 and 10 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.

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, 2018. 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.

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

17. Expenses by Object

	2018 <u>Budget</u> (Note 14)	2018 <u>Actual</u>	2017 <u>Actual</u>
Amortization	\$ -	\$ 370,266	\$ 413,852
Books and Periodicals	902,500	893,565	907,408
Computerization of Libraries	355,000	307,116	255,461
Conference and Workshops	85,000	11,081	4,012
Early Literacy Program	-	138,636	86,188
Freight and Postage	58,750	32,049	35,186
Library Operations (Grants)	705,815	771,964	703,070
Insurance	76,630	74,037	67,564
Kinderstart Literacy Program	-	42,573	36,584
Loss on Disposal of Capital Assets	-	-	286
Miscellaneous	-	1,133	1,158
Office and Library Supplies	133,576	89,317	129,638
Professional Fees	35,000	21,499	46,774
Rental of Premises	360,669	356,590	356,591
Repairs and Maintenance	22,000	12,212	9,472
Salaries and Benefits	8,491,843	8,244,679	8,146,168
TD Summer Reading Program	-	4,781	-
Telephone	60,600	51,349	52,870
Travel	117,500	143,098	101,791
	\$ 11,404,883	\$ 11,565,945	\$ 11,354,073

18. 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.

19. Comparative figures

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

PROVINCIAL INFORMATION AND LIBRARY RESOURCES BOARD
NOTES TO FINANCIAL STATEMENTS
March 31, 2018

20. Subsequent event

On May 31, 2018, the Province of Newfoundland and Labrador enacted legislation affecting severance pay for executives, managers, and non-management/non-union employees. Effective June 1, 2018 these non-union employees with at least one year of continuous service will be entitled to one week of salary for each complete year of service to a maximum of 20 weeks. The value of severance will be based on an employee's rate of pay as of May 31, 2018, and no additional severance will accrue beyond May 31, 2018. Employees may elect to receive all of their entitlement by March 31, 2019, or they may defer receiving their entitlement to a later date. The Board has included the impact of the legislation in the estimate of its severance pay liability for the year ended March 31, 2018.

Appendix 4
Newfoundland and Labrador
Public Libraries
Staff Organizational Chart

**Newfoundland and Labrador
Public Libraries**

Staff Organizational Chart

