

2020

FINANCIAL STATEMENTS





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Independent Auditor's Report

To the Members of
Calgary Public Library Board

Opinion

We have audited the financial statements of Calgary Public Library Board (the "Library"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations and accumulated surplus, cash flows, and change in net financial assets for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library as at December 31, 2020, and the results of its operations, its cash flows and change in its net financial assets for the year then ended in accordance with Canadian public sector accounting standards ("PSAS").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with PSAS, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Library's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Library or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian GAAS 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 GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We 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 our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Library's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Library to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Deloitte LLP

Chartered Professional Accountants
March 31, 2021


THE CALGARY PUBLIC LIBRARY BOARD
Statement of Financial Position
As at December 31,

| | 2020 \$ | 2019 \$ |
|---|------------|------------|
| FINANCIAL ASSETS | | |
| Cash | 9,232,405 | 6,432,090 |
| Accounts receivable (Note 3) | 613,925 | 672,761 |
| | 9,846,330 | 7,104,851 |
| LIABILITIES | | |
| Accounts payable and accrued liabilities (Note 4) | 4,272,182 | 3,363,039 |
| Deferred revenues and tenant deposits (Note 5) | 519,570 | 692,439 |
| | 4,791,752 | 4,055,478 |
| NET FINANCIAL ASSETS | 5,054,578 | 3,049,373 |
| NON-FINANCIAL ASSETS | | |
| Tangible capital assets (Note 6, Schedule 1) | 45,296,570 | 48,636,017 |
| Inventory | 58,664 | 92,913 |
| Prepaid assets (Note 7) | 2,299,666 | 1,620,697 |
| | 47,654,900 | 50,349,627 |
| ACCUMULATED SURPLUS (Note 8) | 52,709,478 | 53,399,000 |

The notes to the Financial Statements are an integral part of the Financial Statements.

On behalf of the Board

 _____ Member

 _____ Member

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Operations and Accumulated Surplus
As at December 31,

| | 2020 Budget \$ | 2020 Actual \$ | 2019 Actual \$ |
|--|----------------------|----------------------|----------------------|
| REVENUES | | | |
| City of Calgary (Schedule 2) | 53,307,720 | 50,357,099 | 52,482,374 |
| Province of Alberta (Schedule 2) | 7,165,208 | 7,187,537 | 7,564,626 |
| Federal Government (Schedule 2) | 34,542 | 32,619 | 138,667 |
| Fines | 1,030,603 | 255,809 | 1,028,135 |
| Rental revenue | 238,310 | 102,640 | 202,560 |
| Interest and other revenue | 749,136 | 678,362 | 866,819 |
| Grants and sponsorships (Note 14) | 1,756,721 | 1,415,140 | 3,752,406 |
| | 64,282,240 | 60,029,206 | 66,035,587 |
| EXPENSES | | | |
| Salaries and employee benefits | 40,560,659 | 33,912,644 | 39,731,139 |
| Collections | 6,054,646 | 7,513,191 | 6,037,405 |
| Building and equipment | 5,194,485 | 5,322,971 | 5,731,690 |
| General operating | 9,124,696 | 8,301,971 | 9,537,178 |
| Amortization | 6,473,561 | 6,317,157 | 6,726,998 |
| Occupancy costs | 1,697,261 | 1,658,193 | 1,674,537 |
| | 69,105,308 | 63,026,127 | 69,438,947 |
| DEFICIENCY OF REVENUES OVER EXPENSES - BEFORE OTHER | (4,823,068) | (2,996,921) | (3,403,360) |
| OTHER | | | |
| Write off of tangible capital assets | - | (11,760) | (8,677) |
| Government transfers for capital (Schedule 2) | - | 2,319,159 | 3,448,970 |
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES | (4,823,068) | (689,522) | 36,933 |
| ACCUMULATED SURPLUS, beginning of year | 53,399,000 | 53,399,000 | 53,362,067 |
| ACCUMULATED SURPLUS, end of year | 48,575,932 | 52,709,478 | 53,399,000 |

The notes to the Financial Statements are an integral part of the Financial Statements.

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Cash Flows
As at December 31,

| | 2020 | 2019 |
|---|------------------|------------------|
| | \$ | \$ |
| OPERATING | | |
| (Deficiency) Excess of revenues over expenses | (689,522) | 36,933 |
| Non-cash charges to operations | | |
| Amortization | 6,317,157 | 6,726,998 |
| Write off of tangible capital assets | 11,760 | 8,677 |
| Change in non-cash working capital (Note 11) | 150,390 | (1,450,725) |
| Cash provided by operating transactions | 5,789,785 | 5,321,883 |
| CAPITAL | | |
| Acquisition of tangible capital assets (Schedule 1) | (2,989,470) | (3,220,204) |
| Cash used in capital transactions | (2,989,470) | (3,220,204) |
| INCREASE IN CASH | 2,800,315 | 2,101,679 |
| CASH, beginning of year | 6,432,090 | 4,330,411 |
| CASH, end of year | 9,232,405 | 6,432,090 |

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Change in Net Financial Assets
As at December 31,

| | 2020 \$ | 2019 \$ |
|--|-------------|-------------|
| (DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES | (689,522) | 36,933 |
| Amortization of tangible capital assets | 6,317,157 | 6,726,998 |
| Change in inventory, prepaid assets and deposits | (644,720) | (80,497) |
| Acquisition of tangible capital assets (Schedule 1) | (2,989,470) | (3,220,204) |
| Write off tangible capital assets | 11,760 | 8,677 |
| INCREASE IN NET FINANCIAL ASSETS | 2,005,205 | 3,471,907 |
| NET FINANCIAL ASSETS (LIABILITIES), beginning of year | 3,049,373 | (422,534) |
| NET FINANCIAL ASSETS, end of year | 5,054,578 | 3,049,373 |

THE CALGARY PUBLIC LIBRARY BOARD
Schedule of Tangible Capital Assets
Schedule 1
As at December 31,

| | Materials | Building | IT Equipment | Furniture & Equipment | Work In Progress | Vehicles | 2020 \$ | 2019 \$ |
|--|-------------------|-------------------|------------------|-----------------------|------------------|----------------|--------------------|-------------------|
| COST | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 33,886,471 | 47,062,521 | 4,085,819 | 3,658,434 | 321,467 | 1,636,058 | 90,650,770 | 93,737,468 |
| Acquisition of tangible capital assets | 1,640,926 | 17,110 | - | - | 1,218,823 | 112,611 | 2,989,470 | 3,220,204 |
| Asset transfers | - | 659,911 | - | - | (659,911) | - | - | - |
| Disposal of tangible capital assets | (3,594,068)* | (53,610) | (19,162)* | -* | - | (89,295) | (3,756,135) | (6,306,901) |
| BALANCE, END OF YEAR | 31,933,329 | 47,685,932 | 4,066,657 | 3,658,434 | 880,379 | 1,659,374 | 89,884,105 | 90,650,771 |
| ACCUMULATED AMORTIZATION | | | | | | | | |
| BALANCE, BEGINNING OF YEAR | 17,342,429 | 20,240,313 | 1,907,838 | 1,654,281 | - | 869,893 | 42,014,754 | 41,585,980 |
| Annual amortization | 3,290,990 | 2,208,229 | 413,530 | 221,095 | - | 183,313 | 6,317,157 | 6,726,998 |
| Asset transfers | - | - | - | - | - | - | - | - |
| Accumulated amortization on disposals | (3,594,068)* | (41,851) | (19,162)* | -* | - | (89,295) | (3,744,376) | (6,298,224) |
| BALANCE, END OF YEAR | 17,039,351 | 22,406,691 | 2,302,206 | 1,875,376 | - | 963,911 | 44,587,535 | 42,014,754 |
| NET BOOK VALUE, DECEMBER 31, 2020 | 14,893,978 | 25,279,241 | 1,764,451 | 1,783,058 | 880,379 | 695,463 | 45,296,570 | 48,636,017 |
| Net book value, December 31, 2019 | 16,544,042 | 26,822,209 | 2,177,981 | 2,004,153 | 321,467 | 766,165 | 48,636,017 | |

* At the end of the life assumed
all assets were disposed.

THE CALGARY PUBLIC LIBRARY BOARD
 Schedule of Government Transfers
 Schedule 2
 As at December 31,

| | 2020 Budget \$ | 2020 Actual \$ | 2019 Actual \$ |
|------------------------------------|----------------------|----------------------|----------------------|
| TRANSFERS FOR OPERATING: | | | |
| City of Calgary | 53,307,720 | 50,327,720 | 52,457,719 |
| City of Calgary Insurance Proceeds | - | 29,379 | 24,655 |
| Provincial Government | 7,165,208 | 7,187,537 | 7,564,626 |
| Federal Government | 34,542 | 32,619 | 138,667 |
| | 60,507,470 | 57,577,255 | 60,185,667 |
| TRANSFERS FOR CAPITAL: | | | |
| City of Calgary | - | 2,319,159 | 3,448,970 |
| TOTAL GOVERNMENT TRANSFERS | 60,507,470 | 59,896,414 | 63,634,637 |

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31,

The Calgary Public Library Board (the "Library") is constituted under the Libraries Act of the Province of Alberta. It operates a system of twenty community libraries and the Central Library in The City of Calgary ("The City").

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian Public Sector Accounting Standards ("PSAS"). The Library's significant accounting policies are:

Basis of Accounting

- i) The financial statements are prepared using the accrual basis of accounting.
- ii) Revenues are accounted for in the period in which the transactions or events occurred that gave rise to the revenues and are reliably measured and reasonably estimated.
- iii) Donated materials and services are recognized at fair value when a fair value can be reasonably estimated and when the materials and services are used in the normal course of the organization's operations and would otherwise have been purchased.
- iv) A substantial number of volunteers have made significant contributions of their time to the Library's program and supporting services. The value of this contributed time is not reflected in these financial statements.
- v) Insurance proceeds are recognized when received.
- vi) Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of tangible capital assets. These funds are accounted for as deferred revenue until used for the purpose specified. Revenue is recognized in the period when the related expenses are incurred, and any eligibility criteria have been met and a reasonable estimate of the amounts can be made.
- vii) Expenses are recognized in the period the goods and services are acquired and a liability is incurred, or transfers are due.
- viii) Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at the transaction dates.

Financial Instruments

The Library's financial instruments, which include cash, accounts receivable, accounts payable and accrued liabilities, approximate their fair values due to their short-term nature and are recorded at cost. At December 31, 2020 and 2019 the Library had no outstanding debt. Management believes the Library's exposure to credit, interest or liquidity risk is not significant.

Use of Estimates

The preparation of financial statements in conformity with PSAS requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenditure during the reporting period. Where measurement uncertainty exists, the financial statements have been prepared within reasonable limits of materiality. Actual results could differ from those estimates. Significant estimates include the estimates of useful lives and potential impairment of tangible capital assets, and accrued liabilities.

Management continues to assess the impact of the novel coronavirus ("COVID-19") and the governments' response to it on our services provided throughout our Library system. Portions of the financial results incorporate estimates from management that are subject to increased uncertainty due to the market disruptions caused by the COVID-19 pandemic. The amounts recorded in these financial statements are based on the latest reliable information available to management at the time the financial statements were prepared where that information reflects conditions as at the date of the financial statements. However, there is inherent uncertainty about these assumptions and estimates which could result in outcomes that require adjustments to the carrying amount of the affected assets or liabilities in the future.

Non-Financial Assets

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the normal course of operations. The change in non-financial assets during the year, together with the excess of revenues over expenses, provides the change in net financial assets for the year.

Deferred Revenue

Deferred revenue represents amounts received from third parties for a specified operating purpose which have yet to be performed. These amounts include funding for long term projects, which are restricted until used for the purpose intended. Deferred revenues are recognized as revenue in the period when the related expenses are incurred to reflect the completion of the Library's performance obligations.

Accounting Standards Effective Beginning On Or After April 1, 2022

Asset Retirement Obligations PS 3280 establish guidance on the accounting and reporting of legal obligations associated with the retirement of tangible capital assets. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use.

Accounting Standards Effective Beginning On Or After April 1, 2023

Revenue PS 3400 establishes standards on how to account for and report on revenue. The standard provides a framework for recognizing, measuring and reporting revenues that arise from transactions that include performance obligations and transactions that do not have performance obligations. Performance obligations are enforceable promises to provide specific goods or services to a specific payor.

The Library continues to assess the impact of the above accounting standards. The extent of impact resulting from the adoption of these standards is not known at this time.

Accumulated Surplus/Deficit

Accumulated surplus/deficit represents the Library's net economic resources. It is an amount by which all assets (financial and non-financial) exceed liabilities. An accumulated surplus indicates that the Library has net resources (financial and non-financial) that can be used to provide future services. An accumulated deficit means that liabilities are greater than assets.

The accumulated surplus includes funds which have been designated for the replacement and upgrade of the Library's automated systems, facility refurbishment and major renovations, and the construction of new facilities. Note 8 provides a listing of all restricted and unrestricted amounts that form the accumulated surplus.

Tangible Capital Assets

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development, or betterment of the asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over the estimated useful life as follows:

| Major Category | Years |
|-------------------------|--------------|
| Materials | 10 |
| Buildings | |
| Buildings | 10 - 75 |
| Leasehold Improvements | 5 - 25 |
| Furniture and Equipment | 5 - 25 |
| IT Equipment | 5 - 10 |
| Vehicles | 7 - 10 |

The Library does not hold title to any of the buildings that are included in the Schedule of Tangible Capital Assets. Legal title of these buildings is held with The City. The Library is the steward of the assets and has control over these assets. As such the value of these assets are recorded in these financial statements in the Library's role as steward, but not as title owner.

Work in progress represents assets which are not available for use and therefore are not subject to amortization.

Tangible capital assets are written down when there is permanent and measurable impairment in value and the tangible capital asset still exists.

During the year, the Library revisited the useful life of the automated materials handling machines and noted that a revision to the amortization policy from 8 to 10 years is required. The change to depreciation expense has been reflected in the statement of operations and accumulated surplus for year ended December 31, 2020.

Cultural and Historical Tangible Capital Assets

The local history collection is not recorded as a tangible capital asset but is disclosed (Note 6).

Inventory

Supplies held for consumption are recorded at cost.

Prepaid assets

Subscriptions, software annual maintenance contracts, and occupancy are recorded as prepaid assets and are recognized as an expense over the corresponding period of the service provided (Note 7).

Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred. During the years ended December 31, 2020 and 2019 the Library did not have any leases which were classified as capital leases.

2. CREDIT FACILITY

The Library has an unsecured revolving credit facility to a maximum of \$4,500,000. The interest rate on the facility fluctuates with the Royal Bank's prime rate per annum. The purpose of the credit facility is to ensure cash flow timing does not affect normal Library operations. It is not intended to be used as debt to fund additional Library operations. At December 31, 2020, the drawn balance of the facility was \$nil (2019 – \$nil).

3. ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

| | 2020 \$ | 2019 \$ |
|---------------------------------------|----------------|----------------|
| City of Calgary - Life Cycle Recovery | 237,808 | 198,081 |
| GST recovery | 122,573 | 259,150 |
| Other | 253,544 | 215,530 |
| TOTAL | 613,925 | 672,761 |

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

| | 2020 \$ | 2019 \$ |
|--|------------------|------------------|
| Non-salary payables & accruals | 1,071,028 | 858,287 |
| Salary payables & accruals | 1,007,474 | 813,949 |
| Employee vacation pay accrual | 1,218,528 | 1,074,661 |
| Benefit & salary deduction payables, net | 975,152 | 616,142 |
| TOTAL | 4,272,182 | 3,363,039 |

5. DEFERRED REVENUES AND TENANT DEPOSITS

Deferred revenues are comprised of the funds noted below, the use of which are externally restricted. These funds are recognized as revenue in the period they are used for the purpose specified.

| | December 31 2019 \$ | Inflows \$ | Revenue Recognized \$ | December 31 2020 \$ |
|------------------------------|---------------------------|----------------|--------------------------|---------------------------|
| Program & Project agreements | 662,304 | 465,254 | (655,822) | 471,736 |
| Tenant Deposits | 30,135 | 25,656 | (7,957) | 47,834 |
| ENDING BALANCE | 692,439 | 490,910 | (663,779) | 519,570 |

6. TANGIBLE CAPITAL ASSETS (Schedule 1)

| Category (Net Book Value) | 2020 \$ | 2019 \$ |
|---------------------------|------------|------------|
| Materials | 14,893,978 | 16,544,042 |
| Buildings | 25,279,241 | 26,822,209 |
| IT equipment | 1,764,451 | 2,177,981 |
| Furniture and equipment | 1,783,058 | 2,004,153 |
| Work in progress | 880,379 | 321,467 |
| Vehicles | 695,463 | 766,165 |
| TOTAL | 45,296,570 | 48,636,017 |

The Library maintains a local history collection that is on permanent display on the fourth floor of the Central Library. The collection is not recorded as a tangible capital asset in the financial statements and is not amortized.

7. PREPAID ASSETS

Prepaid assets are comprised of the following:

| | 2020 \$ | 2019 \$ |
|---------------------------------------|------------|------------|
| Occupancy | 76,438 | 75,887 |
| Software annual maintenance contracts | 1,531,105 | 794,104 |
| Subscriptions | 643,439 | 605,180 |
| General | 48,684 | 145,526 |
| TOTAL | 2,299,666 | 1,620,697 |

8. ACCUMULATED SURPLUS

Accumulated surplus consists of designated amounts and equity in tangible capital assets as follows:

| | 2020 \$ | 2019 \$ |
|-----------------------------------|-------------------|-------------------|
| Operating fund | 5,149,282 | 3,200,997 |
| Capital fund | 2,263,626 | 1,561,986 |
| Equity in tangible capital assets | 45,296,570 | 48,636,017 |
| TOTAL | 52,709,478 | 53,399,000 |

Equity in tangible capital assets consists of the following items:

| | 2020 \$ | 2019 \$ |
|---------------------------------------|-------------------|-------------------|
| Tangible capital assets (Schedule 1) | 89,884,105 | 90,650,771 |
| Accumulated amortization (Schedule 1) | (44,587,535) | (42,014,754) |
| TOTAL | 45,296,570 | 48,636,017 |

9. CONTRACTUAL RIGHTS

Contractual rights are rights of the Library to economic resources arising from contracts or agreements that will result in both assets and revenues in the future when the terms of those contracts or agreements are met. Currently contractual rights are comprised solely of the rental revenue for space at the Central Library.

Estimated amounts that will be received or receivable in future years are as follows:

| Year \$ | Rental Revenue \$ |
|--------------|----------------------|
| 2021 | 257,810 |
| 2022 | 261,060 |
| 2023 | 234,795 |
| 2024 | 26,000 |
| TOTAL | 779,665 |

10. COMMITMENTS

Minimum lease payments for Library locations and equipment under operating leases in future years are as follows:

| Year | \$ |
|---------------------|------------------|
| 2021 | 1,032,000 |
| 2022 | 958,000 |
| 2023 | 798,000 |
| 2024 | 600,000 |
| 2025 | 613,000 |
| 2026 and thereafter | 993,000 |
| TOTAL | 4,994,000 |

The Library has an electricity fixed price contract ending June 30, 2021 and a natural gas fixed price contract ending August 31, 2021. The Library also has a fixed price thermal energy services agreement for the Central Library with a term ending August 31, 2037. All three of these contracts guarantee energy prices but do not commit the Library to any fixed payments or volumes. Capital commitments for major capital projects amount to \$686,929 at December 31, 2020 (\$550,117 at December 31, 2019). Operating commitments amount to \$693,798 at December 31, 2020 (\$628,635 at December 31, 2019).

11. CHANGE IN NON-CASH WORKING CAPITAL

The change in non-cash working capital consists of the following items:

| | 2020 \$ | 2019 \$ | Change \$ |
|---|------------|------------|----------------|
| Accounts receivable | 613,925 | 672,761 | 58,836 |
| Accounts payable and accrued liabilities | 4,272,182 | 3,363,039 | 909,143 |
| Deferred revenues and tenant deposits | 519,570 | 692,439 | (172,869) |
| Inventory | 58,664 | 92,913 | 34,249 |
| Prepaid assets | 2,299,666 | 1,620,697 | (678,969) |
| CHANGE IN NON-CASH WORKING CAPITAL | | | 150,390 |

12. INTER-ENTITY TRANSACTIONS

- i) Related party transactions include transactions with entities outside the reporting entity where a member of the Library's key management personnel, or their spouse or dependent, is key management personnel of the counterparty to a transaction with the Library. As key management personnel, they govern or share the power for the ongoing financial and operating decisions of that counterparty.

Key management personnel of the Library are those individuals having authority and responsibility for planning, directing and controlling the activities of the Library. The Library has controls in place to ensure that the key management personnel do not enter into transactions with related parties. For 2020 there were no material transactions between related parties which occurred at a value different from that which would have been arrived at if the parties were unrelated.

- ii) The Library conducts transactions with The City in the normal course of business: Accounts receivable from The City at December 31, 2020 are \$237,808 (2019 - \$203,787), prepaid assets are \$58,752 (2019 - \$117,504), and accounts payable and accrued liabilities are \$90,455 (2019 - \$96,998).
- iii) During 2020, the Library recovered expenses related to the Central Library in the amount of \$221,900 (2019 - \$233,780) from CMLC. As at December 31, 2020 accounts receivable included \$nil (2019 - \$nil) due from CMCL, and accounts payable included \$nil (2019 - \$nil) due to CMLC.
- iv) The City provides space to the Library under many occupancy models. During 2016 a new arrangement for managing multi use facilities constructed by The City came into existence. The Library will be included in many of these new complexes. Prior to occupancy, The City (The Landlord) enters into a leasing agreement with a third party (Lessee) to manage and operate the entire facility. The Lessee then enters into a separate sublease, as the Sublandlord, with each of the occupants. The sublease contains many of the obligations of the original lease. One of these conditions is the establishment of an asset management reserve fund to be held and used by the Sublandlord to meet common area systems life cycle maintenance needs as they arise. As the reserve is depleted each tenant will be required to replenish the fund, using the formula of the original contribution. The Library (Sublessee) expenses the amount (as building and equipment expense) in the year of payment because the sublease stipulates that any remaining funds at the expiry date or the earlier termination of the sublease will be the property of The City. However, the funds will remain intact for many years until life cycle needs start and the actual building expense are incurred. The following table describes the amounts that were contributed by the Library (as Sublessee) to the asset management reserve fund and the balance being held in the fund at the end of the year.

| Location | Sublandlord | Sublease Commencing Year | Sublease Term (Years) | Opening Balance January 1, 2020 | Amount Contributed | Amount Withdrawn | Balance Remaining December 31 2020 |
|---------------------------------|-------------|--------------------------|-----------------------|---------------------------------|--------------------|------------------|------------------------------------|
| | | | | | \$ | \$ | \$ |
| Quarry Park Recreation Facility | YMCA | 2016 | 25 | 96,200 | - | - | 96,200 |
| Seton Recreation Facility | YMCA | 2019 | 25 | 59,500 | - | - | 59,500 |
| TOTAL | | | | 155,700 | - | - | 155,700 |

These transactions are recorded at the exchange amount, which represents the amount agreed to by both parties.

13. LOCAL AUTHORITIES PENSION PLAN

The Library participates in the Local Authorities Pension Plan (LAPP). This pension plan is a multi-employer defined benefit pension plan that provides pensions for the Library's participating employees, based on years of service and earnings.

The pension expense recorded in these financial statements as salaries and employee benefits expense represents the Library's annual contributions of \$1,838,437 in 2020 (2019 - \$1,973,581). All full-time staff employed by the Library are members of the LAPP after a qualification period.

The LAPP was in a surplus position of \$7.9 billion in 2019, a decrease from a surplus position of \$3.47 billion in 2018. The surplus applies to the entire plan and the Library's portion of the surplus cannot be determined. The 2019 information is provided as the most recent information was not available at the time of preparing the financial statements.

LAPP consists of over 162,787 active members. The City's active plan membership represents approximately 8.0% of which the Library portion is approximately 0.18% as at December 31, 2019.

14. CALGARY PUBLIC LIBRARY FOUNDATION

The Calgary Public Library Foundation (the "Foundation") financial statements are not consolidated with the Library as the Foundation is an unrelated independent organization. The Foundation was established in 1999 and operationalized in 2000. It is a stand-alone charity registered with the federal and provincial governments. The purpose of the Foundation is::

- To raise funds for the Library; and
- To assist the Library in providing the highest possible level and quality of service to the customers of the Library.

During fiscal 2020, the Library recognized \$1,415,140 (2019 - \$3,752,406) grants & sponsorships revenue from the Foundation and recorded \$471,736 in deferred revenues (2019 - \$362,012). The revenue recognized includes an in-kind donation of \$61,206 (2019 - \$255,858), relating to arts and culture passes, of which the related expense is recorded in general operating expenses. At December 31, 2020, the Library contributed \$300,000 (2019 - \$400,000) to the Foundation. This is included in the Library's financial statements in general operating expenses. The Library will commit \$nil to the Foundation in 2021. The Library also contributed an in-kind donation of \$23,737 (2019 - \$26,847) to the Foundation relating to occupancy costs and general operating expenses for the Central Library Building.

15. BUDGET

The budget amounts presented throughout these financial statements are based on the operating and capital budgets approved by the Board of Directors of the Library and The City Council.

