

2019

FINANCIAL STATEMENTS





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Independent Auditor's Report

To the Members of
The 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, 2019, 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, 2019, 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 25, 2020

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Financial Position
As at December 31, 2019

	2019 \$	2018 \$
FINANCIAL ASSETS		
Cash	6,432,090	4,330,411
Accounts receivable (Note 3)	672,761	1,619,302
	<u>7,104,851</u>	<u>5,949,713</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 4)	3,363,039	5,588,976
Deferred revenues and tenant deposits (Note 5)	692,439	783,271
	<u>4,055,478</u>	<u>6,372,247</u>
NET FINANCIAL ASSETS (LIABILITIES)	<u>3,049,373</u>	<u>(422,534)</u>
NON-FINANCIAL ASSETS		
Tangible capital assets (Note 6, Schedule 1)	48,636,017	52,151,488
Inventory	92,913	47,170
Prepaid assets (Note 7)	1,620,697	1,568,943
Deposits	-	17,000
	<u>50,349,627</u>	<u>53,784,601</u>
ACCUMULATED SURPLUS (Note 8)	<u>53,399,000</u>	<u>53,362,067</u>

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, 2019

	Budget \$	2019 \$	2018 \$
REVENUES			
City of Calgary (Schedule 2)	54,249,720	52,482,374	51,935,423
Province of Alberta (Schedule 2)	6,864,917	7,564,626	6,916,513
Federal Government (Schedule 2)	148,188	138,667	189,057
Fines	1,030,603	1,028,135	1,034,818
Rental revenue	105,060	202,560	-
Interest and other revenue	639,136	866,819	735,001
Grants and sponsorships (Note 14)	2,759,650	3,752,406	3,041,992
	65,797,274	66,035,587	63,852,804
EXPENSES			
Salaries and employee benefits	41,163,357	39,731,139	38,896,621
Collections	5,445,140	6,037,405	4,267,244
Building and equipment	6,708,679	5,731,690	6,644,353
General operating	10,328,648	9,537,178	8,867,784
Amortization	6,525,023	6,726,998	6,847,260
Occupancy costs	1,673,601	1,674,537	1,338,140
	71,844,448	69,438,947	66,861,402
DEFICIENCY OF REVENUES OVER EXPENSES - BEFORE OTHER	(6,047,174)	(3,403,360)	(3,008,598)
OTHER			
Write off of tangible capital assets	-	(8,677)	(3,150,430)
Government transfers for capital (Schedule 2)	2,313,982	3,448,970	4,160,747
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(3,733,192)	36,933	(1,998,281)
ACCUMULATED SURPLUS, beginning of year	53,878,816	53,362,067	55,360,348
ACCUMULATED SURPLUS, end of year	50,145,624	53,399,000	53,362,067

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, 2019

	2019 \$	2018 \$
OPERATING		
Excess (Deficiency) of revenues over expenses	36,933	(1,998,281)
Non-cash charges to operations		
Amortization	6,726,998	6,847,260
Write off of tangible capital assets	8,677	3,150,430
Change in non-cash working capital (Note 11)	(1,450,725)	1,763,490
Cash provided by operating transactions	5,321,883	9,762,899
CAPITAL		
Acquisition of tangible capital assets (Schedule 1)	(3,220,204)	(8,805,686)
Cash used in capital transactions	(3,220,204)	(8,805,686)
INCREASE IN CASH	2,101,679	957,213
CASH, beginning of year	4,330,411	3,373,198
CASH, end of year	6,432,090	4,330,411

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Change in Net Financial Assets (Liabilities)
As at December 31, 2019

	Budget \$	2019 \$	2018 \$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES		36,933	(1,998,281)
Amortization of tangible capital assets	6,525,023	6,726,998	6,847,260
Change in inventory, prepaid assets and deposits		(80,497)	440,827
Acquisition of tangible capital assets (Schedule 1)	(3,642,506)	(3,220,204)	(8,805,686)
Adjustments of tangible capital assets		8,677	3,150,430
INCREASE (DECREASE) IN NET FINANCIAL ASSETS (LIABILITIES)		3,471,907	(365,450)
NET FINANCIAL LIABILITIES , beginning of year		(422,534)	(57,084)
NET FINANCIAL ASSETS (LIABILITIES) , end of year		3,049,373	(422,534)

THE CALGARY PUBLIC LIBRARY BOARD
Schedule of Tangible Capital Assets
Schedule 1
As at December 31, 2019

	Materials	Building	IT Equipment	Furniture & Equipment	Work In Progress	Vehicles	2019 \$	2018 \$
COST								
Beginning of the year	36,030,769	45,701,936	5,382,316	3,664,889	1,305,530	1,652,028	93,737,468	100,153,628
Acquisition of tangible capital assets	1,867,992	542,755	63,736	-	695,865	49,856	3,220,204	8,805,686
Asset transfers	-	845,950	831,978	-	(1,679,928)	1,999	-	-
Disposal of tangible capital assets	(4,012,290) *	(28,120)	(2,192,211) *	(6,455) *	-	(67,825)	(6,306,901)	(15,221,846)
BALANCE, end of year	33,886,471	47,062,521	4,085,819	3,658,434	321,467	1,636,058	90,650,771	93,737,468
ACCUMULATED AMORTIZATION								
Beginning of the year	17,858,857	18,106,052	3,427,793	1,439,380	-	753,898	41,585,980	48,810,136
Annual amortization	3,495,862	2,153,704	672,256	221,356	-	183,820	6,726,998	6,847,260
Asset transfers	-	-	-	-	-	-	-	-
Accumulated amortization on disposals	(4,012,290) *	(19,443)	(2,192,211) *	(6,455) *	-	(67,825)	(6,298,224)	(12,071,416)
BALANCE, end of year	17,342,429	20,240,313	1,907,838	1,654,281	-	869,893	42,014,754	41,585,980
NET BOOK VALUE, DECEMBER 31, 2019	16,544,042	26,822,208	2,177,981	2,004,153	321,467	766,165	48,636,017	52,151,488
Net book value, December 31, 2018	18,171,912	27,595,884	1,954,523	2,225,509	1,305,530	898,130	52,151,488	

* 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, 2019

	Budget \$	2019 \$	2018 \$
TRANSFERS FOR OPERATING:			
City of Calgary	54,249,720	52,457,719	51,874,814
City of Calgary Insurance Proceeds	-	24,655	60,609
Provincial Government	6,864,917	7,564,626	6,916,513
Federal Government (Note 1)	148,188	138,667	189,057
	61,262,825	60,185,667	59,040,993
TRANSFERS FOR CAPITAL:			
City of Calgary	2,313,982	3,448,970	4,160,747
TOTAL GOVERNMENT TRANSFERS	63,576,807	63,634,637	63,201,740

NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2019

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, 2019 and 2018 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.

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.

Adoption of New Accounting Standards

The Library has prospectively adopted PS 3430 Restructuring transactions. This accounting standard is effective for fiscal years beginning on or after April 1, 2018. Restructuring Transactions establishes how to record and report restructuring transactions, for both transferors and recipients, the transfer of assets and/or liabilities together with related programs or operation responsibilities. The adoption of this standard did not affect the financial statements.

Accounting Standards Effective Beginning On Or After April 1, 2021

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, 2022

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.

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. The Library did not have capital leases during the reporting period.

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, 2019, the balance of the facility was \$nil (2018 – \$nil).

3. ACCOUNTS RECEIVABLE

Accounts receivable are comprised of the following:

	2019 \$	2018 \$
City of Calgary - Life Cycle Recovery	198,081	730,367
Calgary Municipal Land Corporation (CMLC)	-	458,948
GST recovery	259,150	324,801
Other	215,530	105,186
TOTAL	672,761	1,619,302

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2019 \$	2018 \$
Non-salary payables & accruals	858,287	3,086,212
Salary payables & accruals	813,949	668,144
Employee vacation pay accrual	1,074,661	1,135,539
Benefit & salary deduction payables, net	616,142	699,081
TOTAL	3,363,039	5,588,976

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 2018 \$	Inflows \$	Revenue Recognized \$	December 31 2019 \$
Program & Project agreements	759,650	1,362,013	(1,459,359)	662,304
Tenant Deposits	23,621	22,337	(15,823)	30,135
ENDING BALANCE	783,271	1,384,350	(1,475,182)	692,439

6. TANGIBLE CAPITAL ASSETS (Schedule 1)

Category (Net Book Value)	2019 \$	2018 \$
Materials	16,544,042	18,171,912
Buildings	26,822,209	27,595,884
IT equipment	2,177,981	1,954,523
Furniture and equipment	2,004,153	2,225,509
Work in progress	321,467	1,305,530
Vehicles	766,165	898,130
TOTAL	48,636,017	52,151,488

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.

In 2018, the Library transferred the old Central Library building to The City. The Library wrote off \$3,150,434 in remaining net book value from the old Central Library.

7. PREPAID ASSETS

Prepaid assets are comprised of the following:

	2019 \$	2018 \$
Occupancy	75,887	73,186
Software annual maintenance contracts	794,104	755,255
Subscriptions	605,180	715,719
General	145,526	24,783
TOTAL	1,620,697	1,568,943

8. ACCUMULATED SURPLUS

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

	2019 \$	2018 \$
Operating fund	3,200,997	807,226
Capital fund	1,561,986	403,353
Equity in tangible capital assets	48,636,017	52,151,488
TOTAL	53,399,000	53,362,067

Equity in tangible capital assets consists of the following items:

	2019 \$	2018 \$
Tangible capital assets (Schedule 1)	90,650,771	93,737,468
Accumulated amortization (Schedule 1)	(42,014,754)	(41,585,980)
TOTAL	48,636,017	52,151,488

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. The Library currently holds an agreement for Immigrant Settlement Services with The Federal Government of Canada. The Library will receive payments for claims on eligible costs that are incurred. Also included in contractual rights is the rental revenue for space at the Central Library.

Estimated amounts that will be received or receivable for each of the next five years and thereafter are as follows:

	Year \$	Rental Revenue \$	Immigrant Settlement Services \$
	2020	238,310	34,542
	2021	257,810	-
	2022	261,060	-
	2023	234,795	-
	Thereafter through to 2028	26,000	-
TOTAL		1,017,975	34,542

10. COMMITMENTS

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

Year	\$
2020	994,000
2021	880,000
2022	827,000
2023	664,000
2024	600,000
Thereafter through to 2029	1,591,000
TOTAL	5,556,000

The Library is committed to an electricity fixed price contract to June 30, 2021 and a natural gas fix price contract to August 31, 2021. The Library has also entered a fixed price thermal energy services agreement for the new Central Library until August 31, 2037. Capital commitments for major capital projects amount to \$550,117 at December 31, 2019 (\$841,911 at December 31, 2018). Operating commitments amount to \$628,635 at December 31, 2019 (\$885,981 at December 31, 2018).

11. CHANGE IN NON-CASH WORKING CAPITAL

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

	2019 \$	2018 \$	Change \$
Accounts receivable	672,761	1,619,302	946,541
Accounts payable and accrued liabilities	3,363,039	5,588,976	(2,225,937)
Deferred revenues and tenant deposits	692,439	783,271	(90,832)
Inventory	92,913	47,170	(45,743)
Prepaid assets	1,620,697	1,568,943	(51,754)
Deposits	-	17,000	17,000
CHANGE IN NON-CASH WORKING CAPITAL			(1,450,725)

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 2019 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, 2019 is \$203,787 (2018 - \$730,367). Prepaids is \$117,504 (2018 - \$nil). Accounts payable and accrued liabilities is \$96,998 (2018 - \$155,708).
- iii) During 2019, the Library recovered the remaining new Central Library expenses in the amount of \$233,780 (2018 - \$1,265,829) from CMLC. As at December 31, 2019 accounts receivable included \$nil (2018 - \$458,948) due from CMCL, and accounts payable included \$nil (2018 - \$11,600) due to CMLC.

In 2018, CMLC reimbursed \$72,756 for the new Central Library opening costs to the Library, which was included in grants and sponsorships. The expense for the same amount was included in general operating. The Library paid \$461,448 to CMLC for a play structure at the new Central Library, which was considered a furniture addition. The Library also paid \$65,600 for building and maintenance expenses to the CMLC.

- iv) Effective October 1, 2016, the Library signed a lease agreement with CMLC for the use of the Hillier Block Building during the construction of the new Central Library. CMLC donated the value of the lease as an in-kind donation to the Library. The fair market value of the in-kind donation for 2018 was \$102,000, which was included in grants and sponsorships and the expense of the same amount was included in occupancy. Included in deposits at December 31, 2018 was the damage deposit of \$17,000 for the Hillier Block Building.
- v) 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, 2019	Amount Contributed	Amount Withdrawn	Balance Remaining December 31 2019
					\$	\$	\$
Quarry Park Recreation Facility	YMCA	2016	25	96,200	-	-	96,200
Seton Recreation Facility	YMCA	2019	25	-	59,500	-	59,500
TOTAL				96,200	59,500		155,700

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

During 2018 The City (The Landlord) entered into an operating lease agreement with the Library (Lessee) to manage and operate the new Central Library. The annual base rent is ten dollars plus GST for the first twenty-five years. There is an option for an extension of term of fifty years under the same conditions. All operating costs are the sole responsibility of the Library.

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 \$1,973,581 in 2019 (2018 - \$2,081,392). 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 \$3.47 billion in 2018, a decrease from a surplus position of \$4.84 billion in 2017. The surplus applies to the entire plan and the Library's portion of the surplus cannot be determined. The 2018 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 8.2% of which the Library portion is approximately 0.18% as at December 31, 2018.

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 2019, the Foundation donated \$3,752,406 (2018 - \$3,300,886) to the Library, of which \$362,012 is included in deferred revenues, and \$3,390,394 is included in grants and sponsorships revenue. The amount also includes an in-kind donation of \$255,858 (2018 - \$233,859), relating to arts and culture passes. The related expense is recorded in general operating expenses. At December 31, 2019, the Library contributed \$400,000 (2018 - \$500,000) to the Foundation. This is included in the Library's financial statements in general operating expenses. The Library will commit \$300,000 to the Foundation in 2020. The Library also contributed an in-kind donation of \$26,847 (2018 - \$166,403) to the Foundation relating to occupancy costs, building and equipment, and general operating expenses for the Central Library Building.

15. SUBSEQUENT EVENTS

In January 2020, the Library entered into an agreement which will extend the lease for the Sage Hill location until December 31, 2023.

As a result of the COVID-19 global pandemic, all Calgary Public Library branch locations were closed indefinitely on March 16th, 2020. This was done on the advice of Alberta's Chief Medical Officer of Health and an order issued by Calgary Emergency Management Agency. The extent of the impact on the operations of the Library are unknown at this time but may be significant.

16. COMPARATIVE FIGURES

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

