



BCLibraries
COOPERATIVE

AGENDA

Annual General Meeting - Friday, June 22, 2018

In Person: [580 W. Hastings Street](#), Morris J. Wosk Centre for Dialogue, Strategy Room 320, Vancouver

Teleconference: 1-888-241-0326 (Event Name for Entry: "BC Libraries Co-op")

(1030 Pacific) Refreshments available for in-person attendees

(1045 Pacific) Teleconference participants – please dial-in to be placed in the queue

1. **(1100 Pacific)** Call To Order and Opening Remarks
2. Agenda for approval
3. Minutes of the 2017 Annual General Meeting, for approval
4. Reports for information:
 - a. Verbal Chair's report
 - b. Annual Report
5. Financial matters:
 - a. FY17/18 Audited Financial Statements, for information
 - b. Appointment of the auditor (KPMG) for FY18/19, for approval
 - c. FY18/19 working budget, for information
6. Recognition of Service – Hilary Bloom, Jay Peters, David Christensen
7. Appointment of Board Director and Business Function Group Chairs, by acclamation
 - a. Appointment to the Board, by acclamation
 - i. Deb Hutchison Koep, Chief Librarian, North Vancouver City Library (Two-year term, renewable)
 - b. Appointment of Business Function Group Chairs
 - i. (BC) Licensing Business Function Group – Jennifer O'Donnell, Digital Services and Resources Librarian, North Vancouver District Public Library

- ii. Sitka Business Function Group – Darlene Dallman, Library Director, South Interlake Regional Library

8. Adjournment



DRAFT Minutes

Annual General Meeting - Friday, June 16, 2017

In Person: 580 W. Hastings Street, Morris J. Wosk Centre for Dialogue, Strategy Room 320, Vancouver

Hilary Bloom, Squamish Public Library; Michael Burris, Interlink, Diana Davidson, Alberta PLSB; Beth Davies, Burnaby Public Library, Christina de Castell, Vancouver Public Library; Sarah Felkar, West Vancouver Memorial Library; Dr. Stan Gardner, University College of the North; Emma Gillis, Pemberton & District Public Library; Deb Hutchison Koep, North Vancouver City Library; Ben Hyman, Vancouver Island University; Mari Martin, BC Libraries Branch; Virginia McCreedy, Port Moody Public Library; Dana McFarland, Vancouver Island University; Jeff Narver, Fraser Valley Regional Library; Suzanne Rackover, Emily Carr University of Art & Design; Beverley Rintoul, Rossland Public Library; June Stockdale, Nelson Public Library; Tracey Therrien, Gibsons & District Library; Jacqueline van Dyk, North Vancouver District Public Library; Nadine White, Whistler Public Library.

BCLC Staff: Sharon Herbert, Scott Leslie, Farrah Little, Cynthia Ng, David Ryland, Tami Setala

Via Teleconference:

Gilbert Bede, Okanagan College; Cathy Ching, South Central Regional Library; David Christensen, Manitoba PLSB; Aimee Ellis, Yukon Public Libraries; Lenora Lee, KPMG; Melissa Lowenberg, Thompson-Nicola Regional District Library; Nikky McCarvill, Salt Spring Library; Toby Mueller, Lillooet Area Library Association; Todd Mundle, Kwantlen Polytechnic; Heidi Rees, Manitoba Legislative Library; Tara Robertson, CAPER BC; Maureen Sawa, Greater Victoria Public Library; Edel Toner-Rogala, North Central and North East Library Federations; Dawna Turcotte, Northern Lights College.

1. **(1030 Pacific)** Call to Order. Quorum was noted.
2. Agenda for approval. Moved by Baharak Yousefi, SFU. Seconded by Christina de

Castell, Vancouver. Unanimous.

3. Minutes of the 2016 Annual General Meeting, for approval. Moved by Christina de Castell, Vancouver. Seconded by Hilary Bloom, Squamish. 1 Abstention. Motion carried.
 4. Reports for information:
 - a. Verbal Chair's report. Delivered by Tracey Therrien, Gibson's.
 - b. Annual Report. Received.
 5. Financial matters:
 - a. FY16/17 Audited Financial Statements, for information. Received.
 - b. Appointment of the auditor for FY17/18. Moved by Jacqueline Van Dyk, North Vancouver District. Seconded by Dr. Stan Gardner, UCN. Unanimous.
 - c. FY17/18 working budget, for information. Received
 6. Governance Matters:
 - a. Election
 - i. Introduction of nominees in attendance and brief comments. Nominees Davies and Narver presented.
 - ii. Last call for votes using the secret ballot tool
 7. Recognition of Service – June Stockdale and Ben Hyman. Gifts and thanks were presented by Therrien.
 8. Appointment of Board Directors - Shirley Lew, VCC and member of the 2017 Nominations Committee was invited to observe the closing of the OpaVote Approval Poll and read the results.
 - i. Introduction of incoming Board Chair. Therrien introduced Baharak Yousefi, Simon Fraser University.
 - ii. Announcement of election results:
 1. Board Director (2-year term). Beth Davies, Burnaby Public Library.
- Thanks to all nominees and for membership participation in the process.
9. Adjournment at 1106AM Pacific.



BCLibraries
COOPERATIVE

Annual Report: Annual General Meeting 2018

This report covers the period May 24, 2017 through May 24, 2018

Who we are:

The BC Libraries Cooperative (BCLC) is a national social enterprise with over 200 member libraries and related organizations across Canada.

Our mission is to help libraries help people, by making it easier and more affordable for libraries to access the technology, ideas, content, and expertise they need to deliver services to users.

BCLC is a member-owned cooperative. All our services are optional – members choose to participate - and our democratic model means that every BCLC member has a voice in the decisions we make together. At BCLC, our members call the shots.

When you become a member of BCLC, you're investing in a library community that supports each other – and libraries working together are stronger.

Statutorily required AGM:

The BC Libraries Cooperative is incorporated under the BC [*Cooperative Association Act*](#) and must hold an annual general meeting each year within four months of the end of its fiscal year. The business at each annual general meeting is determined by the association's [Rules](#) and the *Act*.

The June 16, 2017, Annual General Meeting was held at the Morris J. Wosk Centre for Dialogue in Vancouver and by teleconference and was attended by over 40 individuals. Minutes from this meeting are expected to be approved at the June 22, 2018, AGM.

At AGM 2017, gifts were presented to outgoing Board member June Stockdale, Nelson Public Library and to Ben Hyman, former Executive Director.

The following nominee was declared elected at AGM 2017:

- Board Director (2-year term, renewable) - Beth Davies, Chief Librarian, Burnaby Public Library

Two Business Function Group Chairs renewed their terms for a second year at AGM 2017:

- David Christensen, Public Library Services Branch, Manitoba - Sitka Business Function Group Chair
- Jay Peters, Coquitlam Public Library - (BC) Licensing Business Function Group Chair

In addition to elections, the following business was conducted at the 2017 AGM:

- Acceptance and filing of the 2016 AGM minutes, the 2016 Board Director's Report, the FY16/17 audited financial statements, and the working FY17/18 budget.
- Appointment of an auditor (KPMG) for FY17/18

BC Corporate Registry Annual Report:

Following the 2017 AGM, the Cooperative filed its obligatory annual report along with a notice of change of Directors with the Corporate Registry, Ministry of Finance, Province of BC. The Cooperative remains in good standing. The report lists the current elected Board of Directors as of June 16, 2017:

- **Baharak Yousefi, Chair** (term ends 2019; renewable) Head, Library Communications, Simon Fraser University Library, BC
- **Dana McFarland, Vice Chair and Chair Elect** (term ends 2018; renewable) eResources Coordinator, Vancouver Island University, BC
- **Hilary Bloom, Treasurer** (term ends 2018; renewable) Director of Library Services, Squamish Public Library, BC
- **Dr. Stan Gardner, Secretary** (term ends 2018; renewable) Dean of Library Services, University College of the North, MB
- **Dr. Diana Davidson** (term ends 2018; renewable) Director, Public Library Services Branch, Municipal Affairs, AB
- **Tracey Therrien, Past Chair** (term ends 2019; renewable) Director, Gibsons & District Public Library, BC
- **Beth Davies**, (term ends 2019, renewable) Chief Librarian, Burnaby Public Library
- **Mari Martin, ex officio** Director, Libraries Branch, BC Ministry of Education

Effective April 1, 2018, registered and recorded offices for the Cooperative were listed as:

BC Libraries Cooperative 2009,

Office location: 268 Keefer Street, Suite 330, Vancouver, BC V6A 1X6

Mailing address: Suite 320, 185-911 Yates Street, Victoria BC V8V 4Y9

Meetings of the Board of Directors:

The [Board of Directors](#) met nine times during the period covered by this report. Additionally, the Board's sub committees met almost monthly. A standing member participation component exists at the top of each Board agenda should any member wish to address the board. Meeting dates, Operational Reports and minutes of Board of Directors meetings are posted to the [Cooperative's web site](#). Minutes and reports are added as they are approved. Here are some select highlights from the Board's minutes:

This past year, the Board was focused on recruitment of a new Managing Director. Kevin Millsip was hired in March 2018 and has been meeting with partners, members, and staff to learn more about the role of the Co-op, the great work that Co-op members are doing in their communities and to explore opportunities for the Co-op to better support members in their work;

Staff continued to focus on strategic visions across all service areas, which the Board will use in the development of a new Strategic Plan in FY18/19;

The Co-op moved from its location on Robson Street to a new office at Artscape Sun-Wah in Vancouver's Chinatown, an opportunity to co-locate with culture and community groups while saving the Cooperative approximately \$15,000 annually;

The Co-op continued to negotiate exclusive discounts on licensed products for BC public libraries and the Manitoba Licensing Consortium Inc and worked together with members to advocate for better licensing terms, including better user privacy provisions. We continue to improve communications with members and grow deeper communities of practice to support libraries in providing digital content to their users.

The Sitka community again welcomed several new libraries from BC and Manitoba and the Co-op continued its active participation in the Evergreen™ community, including a partnership with several large consortia and library systems to pool funds and identify strategic short- and long-term development priorities. Sitka's Evergreen was upgraded to the new web client, which included a number of new features and provides a solid platform for future development of the software;

With support from the NNELS Funders Group, the NNELS service was extended nationwide, with users in non-participating provinces able to access the collection at no charge. NNELS was the recipient of \$1M in grant funding in part from Employment and Social

Development Canada to dramatically expand the impact of NNELS for readers with print disabilities;

Libpress continued to expand with over 60 members subscribed. A new multi-lingual framework was introduced and Manitoba libraries have launched bi-lingual sites;

The Library Toolshed service expanded its range to include exemplary programs and conference presentations, the site was redesigned and includes better statistical reporting and a revamped search engine;

The Co-op provided standalone hosting services to twelve organizations as well as server authentication support for numerous licensed products and libraries;

As in previous years, we facilitated, supported and encouraged several initiatives such as the annual BC ebook summit, code4libBC, Cooperate Now, Co-ops in Schools, ImagineBC, Vancouver Island Library Conference, and more. The Co-op also co-sponsored a preconference session on IT and Networking at the 2018 BC Library Conference;

The Board's Governance Sub Committee developed and reviewed organizational policies, making several recommendations to the Board throughout the year;

The Board's Finance Sub Committee monitored the organization's financial progress and made recommendations to the Board with respect to the working FY17/18 and FY18/19 budgets and their dependencies;

The Board's Personnel Sub Committee oversaw the recruitment process for a new Managing Director.

The Board has two standing committees: the Sitka Business Function Group (SBFG) and the BC Licensing Business Function Group (LBFG) which meet regularly; the Chairs of these groups offered these thoughts about the ongoing work in their communities:

- From David Christensen, SBFG Chair: "We – as Sitka member libraries – have much to be proud of this year. Our dedicated team has done outstanding work in bringing Evergreen 3.1 live – a truly massive job that brings many benefits today, and positions us and our shared ILS for continuing developments in the Evergreen world. Our ongoing participation in the MassLNC Evergreen development partnership shows remarkable value to Co-op members; due to the pooling of funds with our partners, we have seen development initiatives worth about ten times our own contribution! This is the end of my second and final term as the chair of the Sitka Business Function Group. It has been an exciting couple of years, and I truly value the connections made with the strong, thoughtful, and forward-thinking libraries in the Sitka family. I have great confidence in our incoming chair, Darlene Dallman from South

Interlake Regional Library in Stonewall, Manitoba, who is a strong champion for Sitka and the ideals of co-operative endeavours such as ours. We are stronger together!

- From Jay Peters, LBFG Chair: “This year the Licensing BFG added Lynda.com and RB Digital streaming on-demand media to its offerings, formed a Digital Resources Consultation work group to strategize about selecting shared provincial resources and planned and held the annual eBook and Digital Collections eSummit. I look forward to seeing what the Licensing BFG develops over the next year.”

Thanks to the support of the Board, the membership, our staff and partners, the Cooperative’s diversification is continuing on many fronts – all to better support the membership within today’s fiscal realities. The Co-op undertook new and continued existing incubation initiatives in FY17/18. Please refer to the Co-op’s regular [Operational Reports](#) for information. As always, the [Board of Directors](#) invites questions and comments from members and non-members.

Financial Statements of

BC LIBRARIES COOPERATIVE 2009

Year ended March 31, 2018



KPMG LLP
St. Andrew's Square II
800-730 View Street
Victoria BC V8W 3Y7
Canada
Telephone 250-480-3500
Fax 250-480-3539

INDEPENDENT AUDITORS' REPORT

To the Shareholders of BC Libraries Cooperative 2009

We have audited the accompanying financial statements of BC Libraries Cooperative 2009, which comprise the statement of financial position as at March 31, 2018, the statement of operations and changes in fund balances and cash flows for the year then ended, and notes, comprising 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 accounting standards for not-for-profit organizations, 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we 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 our 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, we consider 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.



We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of BC Libraries Cooperative 2009 as at March 31, 2018, and its results of operations and its cash flows for the year then ended accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slanted style and is underlined with a single horizontal stroke.

Chartered Professional Accountants

Victoria, Canada
June 19, 2018

BC LIBRARIES COOPERATIVE 2009

Statement of Financial Position

March 31, 2018, with comparative information for 2017

	General Fund	Sitka Fund	Licensing Fund	2018	2017
Assets					
Current assets:					
Cash	\$ 2,562,965	-	-	\$ 2,562,965	\$ 680,047
Accounts receivable	39,956	-	252,750	292,706	58,844
Prepaid expenses	25,567	-	2,152,248	2,177,815	2,006,778
Receivable from other funds	-	504,817	1,795,524	2,300,341	1,179,529
	2,628,488	504,817	4,200,522	7,333,827	3,925,198
Capital assets (note 2)	51,515	-	-	51,515	75,681
	\$ 2,680,003	504,817	4,200,522	\$ 7,385,342	\$ 4,000,879

Liabilities

Current liabilities:					
Accounts payable and accrued liabilities (note 3)	\$ 38,780	-	1,004,502	\$ 1,043,282	\$ 124,050
Accrued payroll expense	39,371	-	-	39,371	58,918
Deferred revenue	-	-	2,327,260	2,327,260	2,354,142
Deferred contributions	1,015,000	-	-	1,015,000	50,000
Payable to other funds	2,300,341	-	-	2,300,341	1,179,529
	3,393,492	-	3,331,762	6,725,254	3,766,639

Fund Balances

Share capital	10,450	-	-	10,450	10,450
Fund balances:					
Invested in capital assets	51,515	-	-	51,515	75,681
General fund	(775,454)	-	-	(775,454)	(636,662)
Sitka fund	-	504,817	-	504,817	410,342
Licensing fund	-	-	868,760	868,760	374,428
	(723,939)	504,817	868,760	649,638	223,789
	(713,489)	504,817	868,760	660,088	234,239

Commitments (note 4)

	\$ 2,680,003	504,817	4,200,522	\$ 7,385,342	\$ 4,000,879
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See accompanying notes to financial statements.

Approved by the Board:



Director



Director

BC LIBRARIES COOPERATIVE 2009

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2018, with comparative information for 2017

	General Fund	Sitka Fund	Licensing Fund	2018	2017
Revenue:					
Government funding	\$ 655,236	250,000	1,111,075	\$ 2,016,311	\$ 1,081,591
Database products	-	-	3,826,279	3,826,279	3,491,554
Integrated library system user fees	-	299,964	-	299,964	285,015
Other	111,215	8,993	296,558	416,766	412,991
	<u>766,451</u>	<u>558,957</u>	<u>5,233,912</u>	<u>6,559,320</u>	<u>5,271,151</u>
Expenses:					
Database products	6,740	-	3,452,535	3,459,275	3,648,683
Service contracts	693	-	234,934	235,627	210,034
Technology infrastructure	8,488	19,407	-	27,895	24,733
Salaries and benefits	582,832	444,821	473,198	1,500,851	1,372,341
Office and general	212,682	254	4,843	217,779	286,828
Professional fees and consulting	82,407	-	587,208	669,615	115,508
Amortization of capital assets	36,589	-	-	36,589	31,753
Foreign exchange	(3,160)	-	(13,138)	(16,298)	8,742
Interest and bank charges	2,138	-	-	2,138	1,747
	<u>929,409</u>	<u>464,482</u>	<u>4,739,580</u>	<u>6,133,471</u>	<u>5,700,369</u>
Excess (deficiency) of revenue over expenses	(162,958)	94,475	494,332	425,849	(429,218)
Fund balance, beginning of year	(560,981)	410,342	374,428	223,789	653,007
Fund balance, end of year	\$ (723,939)	504,817	868,760	\$ 649,638	\$ 223,789

See accompanying notes to financial statements.

BC LIBRARIES COOPERATIVE 2009

Statement of Cash Flows

Year ended March 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
General Fund	\$ (162,958)	\$ (229,745)
Sitka Fund	94,475	38,751
Licensing Fund	494,332	(238,226)
Non-cash items:		
Amortization	36,589	31,753
Changes in non-cash operating working capital:		
Accounts receivable	(233,862)	185,009
Prepaid expenses	(171,037)	13,449
Accounts payable	919,231	36,395
Accrued payroll	(19,547)	16,503
Deferred revenue	(26,882)	32,286
Deferred contributions	965,000	(54,000)
	1,895,341	(167,825)
Investing activities:		
Additions to capital assets	(12,423)	(68,274)
Financing activities:		
Issuance of share capital	-	750
Increase (decrease) in cash	1,882,918	(235,349)
Cash, beginning of year	680,047	915,396
Cash, end of year	\$ 2,562,965	\$ 680,047

See accompanying notes to financial statements.

BC LIBRARIES COOPERATIVE 2009

Notes to Financial Statements

Year ended March 31, 2018

BC Libraries Cooperative 2009 (the "Cooperative") is a limited-liability, non-profit corporate body registered under the Cooperative Association Act of BC on April 21, 2009. The Cooperative harnesses the buying power and cost savings of a consortium while at the same time providing the corporate ability to limit risk. A member's risk is limited to its share capital; its fifty-dollar lifetime membership fee.

1. Significant accounting policies:

The financial statements of the Cooperative have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Fund accounting:

The General Fund includes income for which there are no restrictions attached by the contributor and restricted contributions for which there is no applicable restricted fund.

The Sitka Fund reports assets, liabilities, revenues and expenses of the Cooperative's integrated library software system operations.

The Licensing Fund reports assets, liabilities, revenues and expenses related to the Cooperative's collective procurement, licensing and management of open and vendor-sourced solutions for the membership.

The Cooperative follows the restricted fund method of accounting for contributions.

Unrestricted contributions are recognized as revenue of the General Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is assured.

Restricted contributions related to general operations are recognized as revenue of the General Fund in the year in which the related expenses are incurred. Restricted contributions are recognized as revenues of the appropriate restricted fund in the year received or receivable.

BC LIBRARIES COOPERATIVE 2009

Notes to Financial Statements

Year ended March 31, 2018

1. Significant accounting policies (continued):

(b) Capital assets:

Purchased computers, software and office equipment are recorded at cost. Assets are amortized over their estimated useful lives using the following methods and rates:

Asset	Basis	Rate
Furniture and fixtures	declining balance	20%
Computers	declining balance	55%
Software	declining balance	55%

When a capital asset no longer contributes to the Cooperative's ability to provide services, its carrying amount is written down to its residual amount.

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Freestanding derivative instruments that are not in a qualifying hedging relationship and equity instruments that are quoted in an active market are subsequently measured at fair value. Changes in fair value are recognized in excess of revenue over expenses in the period incurred. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Cooperative has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Cooperative determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Cooperative expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Allocation of expenses:

The Cooperative allocates salary and benefits based on costs directly related to activities of the fund.

BC LIBRARIES COOPERATIVE 2009

Notes to Financial Statements

Year ended March 31, 2018

1. Significant accounting policies (continued):

(e) Employee future benefits:

The Cooperative and its employees make contributions to the Municipal Pension Plan. These contributions are expensed as incurred. The costs of multi-employer defined contribution pension plan benefits, such as the Municipal Pension Plan, are the employer's contributions due to the plan in the period.

(f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts 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 expenses during the year. Actual results could differ from those estimates.

2. Capital assets:

	2018		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 36,342	\$ 16,478	\$ 19,864
Computer	180,834	150,154	30,680
Software	2,635	1,664	971
	<u>\$ 219,811</u>	<u>\$ 168,296</u>	<u>\$ 51,515</u>

	2017		
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 33,310	\$ 11,891	\$ 21,419
Computer	171,443	118,395	53,048
Software	2,635	1,421	1,214
	<u>\$ 207,388</u>	<u>\$ 131,707</u>	<u>\$ 75,681</u>

3. Accounts payable and accrued liabilities:

Included in accrued payroll expense are government remittances payable of nil (2017 - \$27,472), which includes amounts payable for payroll deductions, workers' compensation, and medical service plan premiums.

BC LIBRARIES COOPERATIVE 2009

Notes to Financial Statements

Year ended March 31, 2018

4. Commitments:

- (a) The Cooperative and its employees contribute to the Municipal Pension Plan (a jointly trustee pension plan). The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2016, the plan has about 193,000 active members and approximately 90,000 retired members. Active members include approximately 38,000 contributors from local governments.

The most recent valuation for the Municipal Pension Plan as at December 31, 2015, indicated a \$2,224 million funding surplus for basic pension benefits on a going concern basis. As a result of the 2015 basic account actuarial valuation surplus and pursuant to the joint trustee agreement, \$1,927 million was transferred to the rate stabilization account and \$297 million of the surplus ensured the required contribution rates remained unchanged.

The Cooperative paid \$110,924 (2017 - \$98,290) for employer contributions to the Plan in fiscal 2018.

The next valuation will be as at December 31, 2018, with results available in 2019.

Employers participating in the plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the plan records accrued liabilities and accrued assets for the plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the plan.

- (b) The Cooperative has entered into an operating lease commitment for premises with monthly payments of \$1,748 until February 29, 2020.

5. Financial risks and concentration of credit risk:

- (a) Interest rate risk:

Interest rate risk refers to the adverse consequences of interest rate changes in the cash flows, financial position and income. The risk arises from differences in the timing and amount of cash flows related to the Cooperatives assets. The Cooperative is not subject to significant interest rate risk. There has been no change to risk exposures from 2017.

- (b) Credit risk:

Credit risk arises from cash held with banks and financial institutions and credit exposure to accounts receivable balances. The maximum exposure to credit risk is equal to the carrying value of the financial assets. The Cooperative deals with creditworthy counterparties to mitigate the risk of financial loss from defaults. The Cooperative assesses the credit quality of the counter parties, taking into account their financial position, past experience, and other factors. There has been no change to the risk exposures from 2017.

BC LIBRARIES COOPERATIVE 2009

Notes to Financial Statements

Year ended March 31, 2018

5. Financial risks and concentration of credit risk (continued):

(c) Liquidity risk:

Liquidity risk is the risk that the Cooperative will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Cooperative manages its liquidity risk by monitoring its operating requirements. The Cooperative prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2017.

(d) Foreign currency risk:

The Cooperative is exposed to foreign currency risk on certain liabilities and expenses denominated in US dollars. Included in accounts payable and accrued liabilities is approximately \$126,793.19 of US-denominated payables. The Cooperative uses foreign exchange forward contracts to manage its exposure to foreign currency risk.

CONFIDENTIAL

	FY17/18 APPROVED	FY18/19 APPROVED	% CHANGE
INCOME			
Province of BC	\$1,120,000	\$1,300,000	14%
Memberships	N/A	N/A	0%
External & Incubation Services	\$401,163	\$ 360,225	-11%
BCNet ORAN - Partners	\$42,437	\$ 43,183	2%
National Network	\$260,000	\$ 295,000	12%
Other (Consulting, Development, Hosting, LibPress)	\$98,726	\$ 22,042	-78%
Interest	\$12,533	\$ 9,368	-34%
Licensing	\$3,800,000	\$3,800,000	0%
Sitka & Evergreen Hosting			
Service and/or hosting fees	\$295,000	\$ 366,811	20%
Total Income	\$5,628,702	\$ 5,836,404	4%
EXPENDITURE			
Shared Administration			
Accounting Services	\$12,750	\$ 15,000	15%
Administration Costs	\$20,181	\$ 21,181	5%
Banking Fees	\$2,000	\$ 2,000	0%
Bookkeeping Services	\$14,500	\$ 16,000	9%
Business Expenses	\$1,000	\$ 1,000	0%
Consultants	\$40,000	\$ 40,000	0%
Visual identity; promo; website	\$1,500	\$ 1,500	0%
Consultants - Other	\$38,500	\$ 38,500	0%
Data Centre / Broadband	\$60,000	\$ 57,828	-4%
External & Incubation Services	\$94,320	\$ 124,379	24%
BCNet ORAN - Partners	\$40,320	\$ 39,290	-3%
National Network	\$30,000	\$ 80,000	63%
Other (Consulting, Development, Hosting)	\$24,000	\$ 5,086	-79%
Hardware	\$15,000	\$ 40,000	63%
Legal Services	\$1,500	\$ 4,500	67%
Meeting Expenses	\$6,000	\$ 6,000	0%
Office Expenses	\$4,000	\$ 11,077	64%
Office Lease	\$40,000	\$ 24,000	-67%
Employee Benefits	\$274,648	\$ 308,247	11%
Payroll Expenses	\$1,346,036	\$ 1,522,959	12%
Service Contracts	\$0	\$ -	0%
Telecommunications	\$7,400	\$ 4,239	43%
Travel - Staff	\$40,000	\$ 40,000	0%
Travel - Board	\$13,500	\$ 13,500	0%
Licensing	\$3,610,000	\$3,617,322	0%
Sitka & Evergreen Hosting			
SBFG - Custom Development	\$25,000	\$ 25,000	0%
Total Expenditure	\$5,628,702	\$ 5,836,404	4%