



BCLibraries
COOPERATIVE

AGENDA

Annual General Meeting - Thursday, June 20, 2019

In Person: [580 W. Hastings Street](#), Morris J. Wosk Centre for Dialogue, Strategy Room 420, Vancouver

Teleconference: Toll-free 1.888.241.0326 Conference name: "Co-op AGM"

(1000 Pacific) Refreshments available for in-person attendees

(1015 Pacific) Teleconference participants – please dial-in to be placed in the queue

1. **(1030 Pacific)** Call to Order and Opening Remarks
2. Agenda, for approval
3. Minutes of the 2018 Annual General Meeting, for approval (*attached*)
4. Reports for information:
 - a. Verbal Chair's Report
 - i. NNELS update
 - ii. BC Public Library Partners update
 - b. Executive Director's Report
 - i. Annual Report (*attached*)
 - ii. Verbal Strategic Planning update
5. Financial matters:
 - a. FY18/19 Audited Financial Statements, for information (*attached*)
 - b. Appointment of the auditor (KPMG) for FY19/20, for approval
 - c. FY19/20 working budget, for information (*attached*)
6. Governance matters:
 - a. Governance Review Backgrounder
 - i. Draft revised Rules of Association (*attached*)
 - b. (Special Resolution) to accept the amendments to the Co-op's Rules of Association, as presented in the agenda package
 - c. Appointment of Board of Directors

- i. Introduction of nominees and brief comments
- ii. Declaration of appointment of nominees to the Board
 1. David Christensen, Public Library Services Branch, Manitoba (2-year term, renewable)
 2. Shirley Lew, Vancouver Community College (2-year term, renewable)
7. Recognition of Service – Baharak Yousefi, Dr. Stan Gardner
8. Closing Remarks
9. Adjournment



BCLibraries
COOPERATIVE

DRAFT MINUTES

Annual General Meeting - Friday, June 22, 2018

In Person (Morris J. Wosk Centre for Dialogue, Strategy Room 320, Vancouver): Geoffrey Allen, Vancouver Island Regional Library; Hilary Bloom, Squamish Public Library; Christine Burns, BC Libraries Cooperative; Laurie Davidson, BC Libraries Cooperative; Beth Davies, Burnaby Public Library; Christina de Castell, Vancouver Public Library; Elvy Del Bianco, Vancity; Adam Farrell, New Westminster Public Library; Sarah Felkar, West Vancouver Memorial Library; Alyssa Green, Vancouver Public Library; Heather Hadley, Port Moody Public Library; Sharon Herbert, BC Libraries Cooperative; Deb Hutchison Koep, North Vancouver City Library; Ben Hyman, BC Libraries Cooperative; Tina Ji, BC Libraries Cooperative; Dean Kelly, Fraser Valley Regional Library; Scott Leslie, BC Libraries Cooperative; Shirley Lew, Vancouver Community College; Anna Loster, Legislative Library of BC; Melissa Lowenberg, Thompson-Nicola Regional Library; Kat Lucas, North Vancouver City Library; Mari Martin, Libraries Branch; Emily Mathews, Vancouver Island Regional Library; Dana McFarland, Vancouver Island University Library; Kevin Millsip, BC Libraries Cooperative; Adrian Mitescu, University Canada West; Toby Mueller, Lillooet Area Library Association; Jennifer O'Donnell, North Vancouver District Public Library; Jay Peters, Coquitlam Public Library; Reta Pyke, Surrey Libraries; David Ryland, BC Libraries Cooperative; Tami Setala, BC Libraries Cooperative; Tracey Therrien, Nelson Public Library; Elder Jewel Thomas, Musqueam Nation; Jacqueline Van Dyk, North Vancouver District Public Library

Via Teleconference: Roxy Barnes, Cariboo Regional District Library; Darlene Dallman, South Interlake Regional Library; Wanda Davis, Cariboo Regional District Library; Anton Dounts, Cariboo Regional District Library; Roen Janyk, Okanagan Regional Library; Carmen Oleskevich, Pender Island Public Library; Deanne Perreault, Cranbrook Public Library; Melanie Reaveley, Kootenay Library Federation; Beverley Rintoul, Rossland Public Library; Edel Toner-Rogala, North Central and North East Library Federations; Elizabeth Tracy, Whistler Public Library.

1. (1104 Pacific) Call to Order and Opening Remarks. Quorum was noted.

Dana McFarland, Chair Elect welcomed Elder Jewel Thomas from the Musqueam Nation to provide opening remarks. Kevin Millsip, Managing Director welcomed staff and members attending in-person and via teleconference and asked them to

introduce themselves. Elvy del Bianco, VanCity and Ben Hyman, BCLC Senior Adviser provided updates.

2. Agenda for approval. Moved by Christina de Castell, Vancouver Public Library. Seconded by Adam Farrell, New Westminster Public Library. Unanimous.
3. Minutes of the 2017 Annual General Meeting, for approval. Moved by Jacqueline van Dyk, North Vancouver District Library. Seconded by Beth Davies, Burnaby Public Library. Correction noted by Beverley Rintoul, Rossland Public Library: to include name of auditor KPMG in Item 5 b. Unanimous.
4. Reports for information:
 - a. Verbal Chair's report delivered by Dana McFarland, Vice Chair and Chair Elect. The Chair invited Diana Davidson, BCLC Board Director to provide an update on NNELS.
 - b. Annual Report. Received. Kevin Millsip also provided a verbal update.
5. Financial matters:
 - a. FY17/18 Audited Financial Statements, for information. Received. Lenora Lee, KPMG also provided a verbal update.
 - b. Appointment of the auditor (KPMG) for FY18/19, for approval. Moved by Deb Hutchison Koep, North Vancouver City Library. Seconded by Adam Farrell, New Westminster Public Library. Unanimous.
 - c. FY18/19 working budget. Received.
6. Recognition of Service – Hilary Bloom, Jay Peters, David Christensen. Presentations were made by Tracey Therrien, Tami Setala and Sharon Herbert.
7. Appointment of Board Director and Business Function Group Chairs, by acclamation

Dana McFarland acknowledged the work of the Nominations Committee: Shirley Lew, Dean of Library, Teaching and Learning Services, Vancouver Community College and Toby Mueller, Library Director, Lillooet Area Library Association.

- 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, by acclamation
 - i. (BC) Licensing Business Function Group – Jennifer O'Donnell, Digital Services and Resources Librarian, North Vancouver District Public Library, BC
 - ii. Sitka Business Function Group – Darlene Dallman, Library Director, South Interlake Regional Library, Manitoba
9. Adjournment at 1205 Pacific



BCLibraries
COOPERATIVE

Annual Report: Annual General Meeting 2019

This report covers the period May 25, 2018 through May 21, 2019

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 22, 2018, 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 20, 2019, AGM. At AGM 2018, gifts were presented to outgoing Board member Hilary Bloom, Squamish Public Library, outgoing Business Function Group Chairs David Christensen, Manitoba Public Library Service (Sitka) and Jay Peters, Coquitlam Public Library (Licensing).

The following nominee was declared elected at AGM 2018:

- Board Director (2-year term, renewable) - Deb Hutchison Koep, Chief Librarian, North Vancouver City Library (2-year term, renewable)

Two Business Function Group Chairs were acclaimed at AGM 2018:

- Darlene Dallman, South Interlake Regional Library, Manitoba - Sitka Business Function Group Chair
- Jennifer O'Donnell, North Vancouver District Public Library - (BC) Licensing Business Function Group Chair

In addition to elections, the following business was conducted at the 2018 AGM:

- Acceptance and filing of the 2017 AGM minutes, the 2017 Board Director's Report, the FY17/18 audited financial statements, and the working FY18/19 budget.
- Appointment of an auditor (KPMG) for FY18/19

BC Corporate Registry Annual Report:

Following the 2018 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 22, 2018:

Dana McFarland, Chair (term ends 2020; renewable)

Librarian & Coordinator for eResources & Scholarly Communication, Vancouver Island University, BC

Beth Davies, Vice Chair and Chair Elect (term ends 2020; renewable), Director, Burnaby Public Library, BC

Tracey Therrien, Treasurer (term ends 2020; renewable), Chief Librarian, Nelson Public Library, BC

Dr. Stan Gardner, Secretary (term ends 2019), Dean of Library Services, University College of the North, MB

Baharak Yousefi, Past Chair (term ends 2019; renewable), Head, Library Communications, Simon Fraser University Library, BC

Dr. Diana Davidson (term ends 2019; renewable), Director, Public Library Services Branch, Municipal Affairs, AB

Deb Hutchison Koep (term ends 2020; renewable), Chief Librarian, North Vancouver City 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:

Earlier this year, the Co-op began a comprehensive strategic planning process, with broad engagement of members, staff, Board members and stakeholders. With the support of facilitators Trina Isakson and Kinwa Bluesky and a Strategic Planning Advisory Group comprised of Board and staff members, we look forward to sharing a new Strategic Plan soon;

The suite of licensed product offerings for BC public libraries and the Manitoba Licensing Consortium Inc continued to grow in the past year and Co-op staff worked together with members to advocate for better licensing terms, including implementing a model license with all our vendors. Our thriving community of practice continues to allow for deeper collaboration on negotiating better terms with digital content providers and advocating for clearer privacy provisions for library users;

Sitka's Evergreen® community welcomed several new members from BC and Manitoba in the past year, including four BC post-secondary libraries. The Co-op continued its active participation in the wider Evergreen community, including a partnership with several large consortia and library systems to pool funds and prioritize development, while providing significant return on investment for our members. 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;

For the third consecutive year, 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 and to continue to break down barriers to accessible reading. NNELS was also honoured with a nomination for the Accessible Books Consortium's International Excellence Award: Initiative at the London Book Fair;

Libpress continued to expand with over 65 members subscribed. In addition to the launch of new bilingual sites in Manitoba, this last year saw a number of service-wide training sessions as well as a member survey to help determine the future direction of development work;

The Library Toolshed service continued to share training resources and conference presentations amongst libraries in the four western provinces. A new "policy" section is set to launch in 2019;

The Co-op continued to provide standalone web hosting services to many library organizations, expanded its mailing list service and piloted a wiki hosting service. In addition, the Co-op provides 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 and Digital Resources Summit and Code4LibBC. The Co-op

again 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 review process for the 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. At AGM 2018, David Christensen completed a two-year term as SBFG Chair and Jay Peters completed a two-year term as LBFG Chair. Darlene Dallman, Library Director, South Interlake Regional Library was appointed as the new SBFG Chair and Jennifer O'Donnell, Digital Services and Resources Librarian, North Vancouver District Public Library was appointed as the new LBFG Chair.

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 current fiscal realities. The Co-op undertook new and continued existing incubation initiatives in FY18/19. 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

And Independent Auditors' Report thereon

Year ended March 31, 2019



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

Opinion

We have audited the financial statements of BC Libraries Cooperative 2009 (the Entity), which comprise:

- the statement of financial position as at March 31, 2019;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended;
- and notes to the financial statements, including a summary of significant accounting policies;

(hereinafter referred to as the "financial statements").

In our opinion the financial statements, present fairly, in all material respects, the financial position of the Entity as at March 31, 2019 and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "**Auditors' Responsibilities for the Audit of the Financial Statements**" section of our auditors' report.

We are independent of the Entity 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 audit 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 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.

In preparing the financial statements, management is responsible for assessing the Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

KPMG LLP

Chartered Professional Accountants

Victoria, Canada
June 14, 2019

BC LIBRARIES COOPERATIVE 2009

Statement of Financial Position

March 31, 2019, with comparative information for 2018

	General Fund	Sitka Fund	Licensing Fund	2019	2018
Assets					
Current assets:					
Cash	\$ 2,351,912	-	-	\$ 2,351,912	\$ 2,562,965
Accounts receivable	14,200	68,299	522,959	605,458	292,706
Prepaid expenses	7,287	-	1,903,789	1,911,076	2,177,815
Receivable from other funds	-	381,822	1,483,079	1,864,901	2,300,341
	2,373,399	450,121	3,909,827	6,733,347	7,333,827
Capital assets (note 2)	37,306	-	-	37,306	51,515
	\$ 2,410,705	450,121	3,909,827	\$ 6,770,653	\$ 7,385,342

Liabilities

Current liabilities:					
Accounts payable and accrued liabilities (note 3)	\$ 58,825	-	230,570	\$ 289,395	\$ 1,043,282
Accrued payroll expense	36,707	-	-	36,707	39,371
Deferred revenue	4,428	59,006	2,453,532	2,516,966	2,327,260
Deferred contributions	1,066,164	-	52,500	1,118,664	1,015,000
Payable to other funds	1,864,901	-	-	1,864,901	2,300,341
	3,031,025	59,006	2,736,602	5,826,633	6,725,254

Fund Balances


Share capital	10,650	-	-	10,650	10,450
Fund balances:					
Invested in capital assets	37,306	-	-	37,306	51,515
General fund	(668,276)	-	-	(668,276)	(775,454)
Sitka fund	-	391,115	-	391,115	504,817
Licensing fund	-	-	1,173,225	1,173,225	868,760
	(630,970)	391,115	1,173,225	933,370	649,638
	(620,320)	391,115	1,173,225	944,020	660,088

Commitments (note 4)

	\$ 2,410,705	450,121	3,909,827	\$ 6,770,653	\$ 7,385,342
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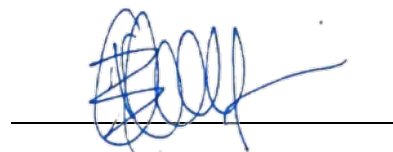
See accompanying notes to financial statements.

Approved by the Board:



 Dana McFarland

Director



 Baharak Yousefi

Director

BC LIBRARIES COOPERATIVE 2009

Statement of Operations and Changes in Fund Balances

Year ended March 31, 2019, with comparative information for 2018

	General Fund	Sitka Fund	Licensing Fund	2019	2018
Revenue:					
Government funding	\$ 1,048,875	-	1,376,750	\$ 2,425,625	\$ 2,016,311
Database products	-	-	3,871,269	3,871,269	3,826,279
Integrated library system user fees	-	330,859	-	330,859	299,964
Other	128,755	18,841	103,733	251,329	416,766
	<u>1,177,630</u>	<u>349,700</u>	<u>5,351,752</u>	<u>6,879,082</u>	<u>6,559,320</u>
Expenses:					
Database products	5,482	-	3,693,121	3,698,603	3,459,275
Service contracts	9,496	-	43,103	52,599	235,627
Technology infrastructure	5,401	19,724	-	25,125	27,895
Salaries and benefits	738,123	443,678	698,811	1,880,612	1,500,851
Office and general	213,315	-	12,630	225,945	217,779
Professional fees and consulting	72,560	-	599,504	672,064	669,615
Amortization of capital assets	23,407	-	-	23,407	36,589
Foreign exchange	12,946	-	78	13,024	(16,298)
Interest and bank charges	3,931	-	40	3,971	2,138
	<u>1,084,661</u>	<u>463,402</u>	<u>5,047,287</u>	<u>6,595,350</u>	<u>6,133,471</u>
Excess (deficiency) of revenue over expenses	92,969	(113,702)	304,465	283,732	425,849
Fund balance, beginning of year	(723,939)	504,817	868,760	649,638	223,789
Fund balance, end of year	\$ (630,970)	391,115	1,173,225	\$ 933,370	\$ 649,638

See accompanying notes to financial statements.

BC LIBRARIES COOPERATIVE 2009

Statement of Cash Flows

Year ended March 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses:		
General Fund	\$ 92,969	\$ (162,958)
Sitka Fund	(113,702)	94,475
Licensing Fund	304,465	494,332
Non-cash items:		
Amortization	23,407	36,589
Changes in non-cash operating working capital:		
Accounts receivable	(312,752)	(233,862)
Prepaid expenses	266,739	(171,037)
Accounts payable	(753,886)	919,231
Accrued payroll	(2,664)	(19,547)
Deferred revenue	189,706	(26,882)
Deferred contributions	103,664	965,000
	(202,054)	1,895,341
Investing activities:		
Additions to capital assets	(9,199)	(12,423)
Financing activities:		
Issuance of share capital	200	-
Increase (decrease) in cash	(211,053)	1,882,918
Cash, beginning of year	2,562,965	680,047
Cash, end of year	\$ 2,351,912	\$ 2,562,965

See accompanying notes to financial statements.

BC LIBRARIES COOPERATIVE 2009

Notes to Financial Statements

Year ended March 31, 2019

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, 2019

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, 2019

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:

			2019
	Cost	Accumulated amortization	Net book value
Furniture and fixtures	\$ 36,342	\$ 20,451	\$ 15,891
Computer	189,098	169,301	19,797
Software	3,569	1,951	1,618
	\$ 229,009	\$ 191,703	\$ 37,306

			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
	\$ 219,811	\$ 168,296	\$ 51,515

3. Accounts payable and accrued liabilities:

Included in accrued payroll expense are government remittances payable of \$1,632 (2018 - nil), 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, 2019

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, 2017, the plan has about 197,000 active members and approximately 95,000 retired members. Active members include approximately 39,000 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 \$ 139,497 (2018 - \$110,924) for employer contributions to the Plan in fiscal 2019.

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

- (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 2018.

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Notes to Financial Statements

Year ended March 31, 2019

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 2018.

(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 \$36,913 (2018 - \$126,793) of US-denominated payables. The Cooperative uses foreign exchange forward contracts to manage its exposure to foreign currency risk.

CONFIDENTIAL

	FY18/19 Approved	FY19/20 Approved	% Change
INCOME			
Province of BC	\$1,120,000	\$1,146,222	2%
Memberships	N/A	N/A	
External & Incubation Services	\$ 360,225	\$ 345,376	-4%
BCNet ORAN - Partners	\$ 43,183	\$43,183	0%
National Network	\$ 295,000	\$276,682	-6%
Other (Consulting, Development, Hosting, LibPress)	\$ 22,042	\$25,511	16%
Interest	\$ 9,368	\$ 11,368	21%
Licensing	\$3,800,000	\$4,033,028	6%
Sitka & Evergreen Hosting			
Service and/or hosting fees	\$ 366,811	\$406,578	11%
Total Income	\$ 5,656,404	\$5,942,572	5%
EXPENDITURE			
Shared Administration			
Accounting Services	\$ 15,000	\$15,000	0%
Administration Costs	\$ 27,375	\$27,375	0%
Banking Fees	\$ 2,000	\$3,300	65%
Bookkeeping Services	\$ 16,000	\$22,000	38%
Business Expenses	\$ 1,000	\$1,000	0%
Consultants	\$ 40,000	\$ 34,000	-15%
Visual identity; promo; website	\$ 1,500	\$1,500	0%
Consultants - Other	\$ 38,500	\$32,500	-16%
Data Centre / Broadband	\$ 57,828	\$62,928	9%
External & Incubation Services	\$ 124,376	\$ 69,290	-44%
BCNet ORAN - Partners	\$ 39,290	\$39,290	0%
National Network	\$ 80,000	\$30,000	-63%
Other (Consulting, Development, Hosting)	\$ 5,086	\$0	-100%
Hardware	\$ 40,000	\$40,000	0%
Legal Services	\$ 4,500	\$4,500	0%
Meeting Expenses	\$ 6,000	\$6,000	0%
Office Expenses	\$ 11,077	\$11,000	-1%
Office Lease	\$ 24,000	\$24,000	0%
Employee Benefits	\$ 287,053	\$317,939	11%
Payroll Expenses	\$ 1,357,959	\$1,374,235	1%
Service Contracts	\$ -	\$59,250	100%+
Telecommunications	\$ 4,239	\$9,400	122%
Travel - Staff	\$ 40,000	\$40,000	0%
Travel - Board	\$ 13,500	\$13,500	0%
Licensing	\$3,617,325	\$3,836,782	6%
Sitka & Evergreen Hosting			
SBFG - Custom Development	\$ 25,000	\$ 34,000	36%
Total Expenditure	\$ 5,656,404	\$ 5,942,572	5%

Agenda Item 6 (b) – Special Resolution

As per BCLC [Rules of Association](#):

17.01 Alteration of the Memorandum or Rules

Rules can be made, amended, or repealed by Special Resolution passed at a Meeting called for that purpose or at any Annual General Meeting of the Cooperative.

and

As per [Cooperative Association Act](#): to be passed “by at least 2/3 of the total votes cast”

Special Resolution: To accept the following amendments to Article 11 of the BCLC [Rules of Association](#), as recommended by the Board of Directors.

Article 11 — Officers, Appointment, Removal and Powers

11.01 Officers

The Officers of the Cooperative are the Chair, Vice-Chair, Treasurer, and Secretary. Additionally, the Executive Director, in an ex-officio, non-voting capacity. Subject to the Act, the Board may specify the powers, duties and responsibilities of the officers appointed, and may vary, add to, or limit the powers, duties, and responsibilities of any officer.

11.02 Chair and Vice-Chair

(1) The Chair and Vice-Chair shall be appointed by the Board of Directors from among the Directors. Appointed Directors are not eligible to serve in the position of Chair or Vice-Chair.

~~REMOVE: 11.03 Past Chair~~

~~(1) As Past Chair, the individual who most recently vacated the position of Chair can, subject to 9.16, choose either to retain a voting seat on the Board or to provide ad-hoc advice to the Board of Directors~~

11.04 Appointment of other officers

(1) The Board must appoint, by resolution, a Treasurer, and Secretary and may appoint other officers that the Board determines are necessary.

(2) The officers appointed under subrule (1) may be, but need not be, directors.

11.05 Duties of Chair and Vice-Chair

(1) The duties of the Chair are to:

- (a) preside at all meetings of the Members and the Board of Directors;
- (b) call meetings of the Board of Directors at his/her own discretion or

- upon the request of the majority of Board of Directors or Members;
 - (c) prepare a Report of the Directors for each Annual General Meeting, per the Act;
 - (d) be a signing authority;
 - (e) be the primary representative for the Members; and
 - (f) serve as an Officer of the Cooperative.
- (2) The duties of the Vice-Chair are to:
- a) preside in the absence of the Chair and serve as an Officer of the Cooperative;
 - b) be a signing authority;
 - c) become sufficiently acquainted with the work of the Board so as to effectively assume the position of Chair when the term transitions.

11.06 Duties of the Treasurer

The Treasurer will ensure that proper arrangements have been made for the management of the financial affairs of the Cooperative. The Treasurer will report to the Board and Members on the Cooperative's finances and perform other duties assigned by the Board.

11.07 Duties of the Secretary

The Secretary is responsible for ensuring that the minutes and resolutions of all general and Board meetings are recorded and for the keeping and maintaining all records of the Cooperative.

11.08 Removal of Officers

The Board, in its discretion, may remove any officer, other than the Chair of the Cooperative, without prejudice. The Chair may only be removed by a special resolution of the Members.

11.09 Act applies

The Directors and Officers of the Cooperative are governed by the disclosure and conflict of interest rules set out in the Act.

11.10 Term of Office

(1) Save as provided in this Rule, and subject to Article 9.16 of these Rules, the Directors may specify the term of the Officers of the Cooperative.

(2) Elected Delegates who serve as officers may serve a maximum of three consecutive two-year terms:

(3) **REMOVE:** The positions of Vice-Chair, Chair and Past Chair are normally each 1-year terms. **REPLACE WITH:** The positions of Vice-Chair and Chair are normally each 2-year terms.