



THE CALGARY PUBLIC LIBRARY BOARD

Financial Statements

For the Year Ended December 31, 2012



INDEPENDENT AUDITOR'S REPORT

To Members of the Calgary Public Library Board

We have audited the accompanying financial statements of Calgary Public Library Board, which comprise the statement of financial position as at December 31, 2012, and the statements of operations and accumulated surplus, cash flows and changes in net financial assets for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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

Auditor's Responsibility

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 the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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 the Calgary Public Library Board as at December 31, 2012, and the results of its operations, cash flows and changes in net financial assets for the year then ended in accordance with Canadian public sector accounting standards.

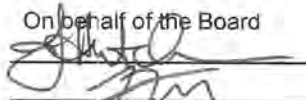

Deloitte LLP

Chartered Accountants
March 27, 2013

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

	2012 \$	2011 \$
FINANCIAL ASSETS		
Cash	8,789,861	10,510,145
Accounts receivable (Note 14)	593,511	1,333,478
	<u>9,383,372</u>	<u>11,843,623</u>
LIABILITIES		
Accounts payable and accrued liabilities (Note 3, 14)	3,234,669	4,774,390
Deferred revenues (Note 4)	356,246	199,636
City of Calgary financing (Note 5)	1,223,741	2,108,670
	<u>4,814,656</u>	<u>7,082,696</u>
NET FINANCIAL ASSETS	<u>4,568,716</u>	<u>4,760,927</u>
NON-FINANANCIAL ASSETS		
Tangible capital assets (Note 7, Schedule 1)	45,675,220	39,658,235
Inventory	64,112	77,424
Prepaid expenses (Note 9)	1,497,611	1,273,244
	<u>47,236,943</u>	<u>41,008,903</u>
ACCUMULATED SURPLUS (Note 11)	<u>51,805,659</u>	<u>45,769,830</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
For the Year Ended December 31, 2012

	Budget \$ (Unaudited)	2012 \$	2011 \$
REVENUES			
City of Calgary (Schedule 2)	40,233,348	40,441,125	39,703,946
Province of Alberta (Schedule 2)	5,786,181	5,835,616	5,820,294
Fines and fees	3,523,430	3,214,379	3,291,776
Investment and other revenue (Note 16)	468,041	1,232,507	664,972
Donations, grants and sponsorships (Note 17)	-	1,368,292	709,843
	50,011,000	52,091,919	50,190,831
EXPENSES			
Salaries and employee benefits	32,440,376	33,018,463	30,837,603
Collections	7,748,000	4,749,838	4,525,851
Building and equipment	2,722,061	3,553,718	2,795,272
General operating	3,783,000	4,402,587	4,098,245
Amortization	-	6,596,575	6,078,689
Occupancy costs	767,215	706,920	626,840
Interest charges on City of Calgary financing	76,419	76,419	127,937
	47,537,071	53,104,520	49,090,437
(DEFICIENCY) EXCESS OF REVENUES OVER EXPENSES - BEFORE OTHER	2,473,929	(1,012,601)	1,100,394
OTHER			
Gain (loss) on disposal of tangible capital assets		8,617	(28,405)
Government transfers for capital and donated assets (Schedule 2)	-	7,039,813	(1,883,009)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	2,473,929	6,035,829	(811,020)
ACCUMULATED SURPLUS , beginning of year		45,769,830	46,580,850
ACCUMULATED SURPLUS , end of year		51,805,659	45,769,830

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

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Cash Flows
For the Year Ended December 31, 2012

	2012	2011
	\$	\$
OPERATING		
Excess (deficiency) of revenues over expenses	6,035,829	(811,020)
Non-cash charges to operations		
Amortization	6,596,575	6,078,689
(Gain)loss on disposal of tangible capital assets	(8,617)	28,405
Adjustments of tangible capital assets	5,922	16,753
Change in non-cash working capital (Note 13)	(854,199)	(298,531)
Cash provided by operating transactions	11,775,510	5,014,296
CAPITAL		
Acquisition of tangible capital assets	(12,628,152)	(7,683,393)
Proceeds on disposal of tangible capital assets	17,287	-
Cash used in capital transactions	(12,610,865)	(7,683,393)
FINANCING		
Loans repaid	(884,929)	(1,125,371)
CASH, beginning of year	10,510,145	14,304,613
CASH, end of year	8,789,861	10,510,145

THE CALGARY PUBLIC LIBRARY BOARD
Statement of Change in Net Financial Assets
For the Year Ended December 31, 2012

	2012	2011
	\$	\$
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	6,035,829	(811,020)
Amortization of tangible capital assets	6,596,575	6,078,689
Change in inventory and prepaid expenses	(211,055)	(324,994)
Acquisition of tangible capital assets	(12,628,152)	(7,683,393)
Proceeds on disposal of tangible capital assets	17,287	-
(Gain) loss on disposal of tangible capital assets	(8,617)	28,405
Adjustments of tangible capital assets	5,922	16,753
DECREASE IN NET FINANCIAL ASSETS	(192,211)	(2,695,560)
NET FINANCIAL ASSETS, beginning of year	4,760,927	7,456,487
NET FINANCIAL ASSETS, end of year	4,568,716	4,760,927

THE CALGARY PUBLIC LIBRARY BOARD
Schedule of Tangible Capital Assets
Schedule 1
For the Year Ended December 31, 2012

	Materials	Building	IT Equipment	Furniture and Equipment	Land Improvements	Work In Progress	Vehicles	2012	2011
COST:									
BALANCE, BEGINNING OF YEAR	\$ 47,789,021	\$ 26,777,094	\$ 6,811,947	\$ 4,916,702	\$ 879,478	\$ 1,728,635	\$ 536,181	\$ 89,439,058	\$ 82,088,928
Acquisition of tangible capital assets	3,500,546	7,089,320	1,258,213	310,517	-	401,428	68,128	12,628,152	7,683,393
Asset transfers	633,401	890,019	720,756	371,291	(879,478)	(1,735,989)	-	-	-
Disposal of tangible capital assets	-	-	(495,899)	(11,170)	-	-	(108,954)	(616,025)	(316,509)
Adjustments of tangible capital assets	-	(4,392)	(1,060)	-	-	(470)	-	(5,922)	(16,753)
BALANCE, END OF YEAR	51,922,968	34,752,041	8,293,957	5,587,340	-	393,604	495,355	101,445,265	89,439,059
ACCUMULATED AMORTIZATION:									
BALANCE, BEGINNING OF YEAR	27,986,536	14,019,975	4,394,979	2,787,580	351,187	-	240,567	49,780,824	43,990,262
Annual amortization	4,052,186	1,357,474	972,886	156,779	-	-	57,250	6,596,575	6,078,689
Asset transfers	-	351,187	-	-	(351,187)	-	-	-	-
Accumulated amortization on disposals	-	-	(493,281)	(10,419)	-	-	(103,654)	(607,354)	(288,127)
Accumulated amortization on write down	-	-	-	-	-	-	-	-	-
BALANCE, END OF YEAR	32,038,722	15,728,636	4,874,584	2,933,940	-	-	194,163	55,770,045	49,780,824
NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	\$ 19,884,246	\$ 19,023,405	\$ 3,419,373	\$ 2,653,400	\$ -	\$ 393,604	\$ 301,192	\$ 45,675,220	\$ 39,658,235
2011 NET BOOK VALUE OF TANGIBLE CAPITAL ASSETS	19,802,485	12,757,120	2,416,968	2,129,122	528,291	1,728,635	295,614	39,658,235	

THE CALGARY PUBLIC LIBRARY BOARD
Schedule of Government Transfers and Donated Assets
Schedule 2

For the Year Ended December 31, 2012

	2012 Budget (unaudited)		2012		2011
Transfers for operating:					
City of Calgary	\$ 40,233,348	\$	40,441,125	\$	39,703,946
Provincial Government	5,786,181		5,835,616		5,820,294
	46,019,529		46,276,742		45,524,240
Transfers for capital and donated assets:					
City of Calgary	-		6,964,903		(2,249,367)
Provincial Government	-		74,910		366,358
	-		7,039,813		(1,883,009)
Total Government Transfers and Donated Asset					
	\$ 46,019,529	\$	53,316,555	\$	43,641,231

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

The Calgary Public Library Board (the "Library") is constituted under the Libraries Act of the Province of Alberta. It operates a system of seventeen branches and the central library in The City of Calgary.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared by management in accordance with Canadian generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board (the "PSAB") of the Canadian Institute of Chartered Accountants ("CICA"). The Library's significant accounting policies are:

Basis of Accounting

The financial statements are prepared using the accrual basis of accounting. The accrual basis of accounting records revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

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.

Reconciliation of Financial Plan (Budget) to Financial Statements

The legislative requirements under the Municipal Government Act for the Financial Plan (Budget) are that cash inflows for the period must equal cash outflows. The Calgary Public Library has followed and will continue to follow this requirement. Cash inflows and outflows include such items as: debt proceeds, transfers to and from reserves and surplus, debt principal repayment and sale proceeds. These items are not recognized as revenues and expenses in the Statement of Operations as they do not meet the Public Sector Accounting Standard requirements. The legislation does not require (but does not preclude) the funding of non-cash items such as amortization or liability accruals to provide for future cash requirements, thus, there is no legislative requirement to include these items in the Financial Plan. However, these items are recognized as expenses in the Statement of Operations. Thus, the financial items included in the legislative Financial Plan and the Public Sector Accounting Statement of Operations is different. The purpose of this note is to explain the difference between these two requirements and demonstrate how the legislative requirements for a balanced budget, or Financial Plan net balance of "0", has been met.

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

Calgary Public Library Board
Financial Plan Balance Compliance Schedule
For the year ended December 31, 2012

	2012 Budget (Unaudited)	2012 Actual	2011 Actual
STATEMENT OF OPERATIONS			
REVENUES			
City of Calgary	40,233,348	40,441,125	39,703,946
Province of Alberta	5,786,181	5,835,616	5,820,294
Fines and fees	3,523,430	3,214,379	3,291,776
Investment and other revenue	468,041	1,232,507	664,972
Donations, grants and sponsorships	-	1,368,292	709,843
Total Revenues	50,011,000	52,091,919	50,190,831
EXPENSES			
Salaries and employee benefits	32,440,376	33,018,463	30,837,603
Collections	7,748,000	4,749,838	4,525,851
Building and equipment	2,722,061	3,553,718	2,795,272
General operating	3,783,000	4,402,587	4,098,245
Amortization	-	6,596,575	6,078,689
Occupancy costs	767,215	706,920	626,840
Interest charges on City of Calgary financing	76,419	76,419	127,937
	47,537,071	53,104,520	49,090,437
REVENUES IN EXCESS/SHORTFALL OF EXPENSES -BEFORE OTHER	2,473,929	(1,012,601)	1,100,394
OTHER			
Gain (loss) from disposal of tangible capital assets	-	8,617	(28,405)
Government transfers for capital	-	7,039,813	(1,883,009)
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	2,473,929	6,035,829	(811,020)
ADJUSTMENTS FOR NON-CASH ITEMS:			
Amortization expense	-	6,596,575	6,078,689
ADJUSTMENTS FOR CASH ITEMS:			
TCA additions expenditures (Schedule 1)	-	(12,628,152)	(7,683,393)
Loans repaid	(884,929)	(884,929)	(1,125,371)
Changes in fund balances and capital reserves	-	866,085	(523,995)
Contribution to reserves	(1,589,000)	-	-
Transfer New Central Library funds to the City of Calgary	-	-	4,019,932
Adjustments of tangible capital assets	-	5,922	16,753
(Gain)loss from disposal of tangible capital assets	-	(8,617)	28,405
Proceeds from disposal of tangible capital assets	-	17,287	-
FINANCIAL PLAN BALANCE	-	-	-

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 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.

Government Transfers

Government transfers are the transfer of assets from senior levels of government that are not the result of an exchange transaction, are not expected to be repaid in the future, or the result of a direct financial return.

Government transfers for capital are recognized in the financial statements as other revenue in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amounts can be determined.

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.

a) 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 is amortized on a straight-line basis over the estimated useful life as follows:

Major Category	Years
Materials	10
Buildings	10 - 75
Land Improvements	10 - 40
Furniture and Equipment	5 - 25
IT Equipment	3.5 - 10
Vehicles	7 - 10

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

Work in progress is not amortized until the asset is available for productive use.

b) Prepaid expenses

Subscriptions, software annual maintenance contracts, occupancy, and insurance are recorded as prepaid expenses and are recognized as an expense over the corresponding period of the service provided (Note 9).

c) Inventories

Supplies held for consumption are recorded at the lower of cost and net replacement value.

d) Leases

Leases are classified as capital or operating leases. Leases which transfer substantially all of 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.

e) Cultural and Historical Tangible Capital Assets

The local history collection is not recorded as a tangible capital asset but is disclosed (Note 7).

The City of Calgary Financing

The City of Calgary provides financing in the form of loans for some of the Library's budgeted major capital asset expenditures. These financial statements reflect that portion of financing received by the Library to acquire tangible capital assets. There has been no additional indebtedness incurred in the current reporting period.

Principal payments made in respect of The City of Calgary financing are reflected as a reduction of liabilities in the Statement of Financial Position. The interest payments are reported as expenses in the Statement of Operations.

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

Revenue

The operating grant from The City of Calgary is determined annually during the budget process and is received on a quarterly basis but accrued and recorded on a monthly basis. The operating grant from the Province of Alberta is received in one or two lump-sum payments and is accrued and recorded on a monthly basis. Investment income is accrued and recorded on a monthly basis. Revenue from fines and fees, donations, grants and sponsorships and other revenue is accounted for when the funds are received.

Accumulated Surplus

The accumulated surplus includes restricted funds which have been designated for the replacement and upgrade of the Library's automated systems, facility refurbishment and major renovations, and construction of new facilities, as well as obligations under sponsorships. Note 11 provides a listing of all restricted and unrestricted amounts that form the accumulated surplus.

2. CREDIT FACILITY

The Library has an unsecured revolving credit facility to a maximum of \$1,000,000. 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, 2012, the balance of the facility was \$nil (2011 – \$nil).

3. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities are comprised of the following:

	2012		2011
Accounts payable - Items invoiced not paid/goods received not invoiced	\$ 633,019	\$	1,295,670
Salary and non salary accruals	394,771		1,024,388
Employee vacation pay accrual	898,854		914,424
Benefit & salary deduction payables net	1,308,025		1,539,908
Total	\$ 3,234,669	\$	4,774,390

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

4. DEFERRED REVENUES

Deferred revenues are comprised of the following:

	2012		2011
Capital deposits	\$ 148,771	\$	190,599
Building Bridges Project	-		8,826
One time City Funding	207,294		-
Other	181		211
Total	\$ 356,246	\$	199,636

5. LOANS

Loans payable are due to The City of Calgary and are unsecured. Interest on outstanding amounts is payable at rates ranging from 4.093% to 5.375% per annum. Loan repayments are as follows:

	Principal		Interest		Total
2013	\$ 930,022	\$	29,723	\$	959,745
2014	293,719		996		294,715
Total	\$ 1,223,741	\$	30,719	\$	1,254,460

6. FINANCIAL INSTRUMENTS

The Library's financial instruments are cash, accounts receivable, accounts payable and accrued liabilities and The City of Calgary financing. Except for The City of Calgary financing, the carrying value of these items approximates the fair value. To estimate the fair value of The City of Calgary financing, the Library uses lending rates currently available to it for the issuance of financing with similar terms and remaining maturities from the City of Calgary's primary lender, the Alberta Capital Finance Authority. At December 31, 2012 the estimated fair value of loans was \$1,229,673 (\$2,144,202 at December 31, 2011) compared to a carrying value of \$1,223,741 (\$2,108,670 at December 31, 2011).

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

7. TANGIBLE CAPITAL ASSETS (Schedule 1)

Category (Net Book Value)	2012	2011	Change
Materials	\$ 19,884,246	\$ 19,802,485	\$ 81,761
Building	19,023,405	12,757,120	6,266,285
IT Equipment	3,419,373	2,416,968	1,002,405
Furniture and Equipment	2,653,400	2,129,122	524,278
Land Improvements	-	528,291	(528,291)
Work In Progress	393,604	1,728,635	(1,335,031)
Vehicles	301,192	295,614	5,578
Total	\$ 45,675,220	\$ 39,658,235	\$ 6,016,985

The Calgary Public Library maintains a local history collection that is on permanent display on the fourth floor of the Calgary Public Library Central Branch. It is available for public viewing by request. The collection is not recorded as a tangible capital asset in the financial statements and is not amortized.

8. DONATED TANGIBLE CAPITAL ASSETS

Capital transfers from the City of Calgary include donated tangible capital assets received in 2012 from The City of Calgary having a fair value of \$6,055,391 for the new Saddletowne branch building (2011 - \$nil).

9. PREPAID EXPENSES

Prepaid expenses are comprised of the following:

	2012	2011
Occupancy	\$ 33,037	\$ 34,477
Insurance	-	86,640
General	13,814	83,860
Software annual maintenance contracts	951,322	586,993
Subscriptions	499,438	481,274
Total	\$ 1,497,611	\$ 1,273,244

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

10. EQUITY IN TANGIBLE CAPITAL ASSETS

Equity in tangible capital assets consists of the following items:

	2012		2011		Change
Tangible capital assets (Schedule 1)	\$ 101,445,265	\$	89,439,058	\$	12,006,207
Accumulated amortization (Schedule 1)	(55,770,045)		(49,780,823)		(5,989,222)
Loans (Note 5)	(1,223,741)		(2,108,670)		884,929
	\$ 44,451,479	\$	37,549,565	\$	6,901,914

11. ACCUMULATED SURPLUS

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

	2012		2011		Change
Unrestricted surplus	\$ 2,017	\$	851,148	\$	(849,131)
Restricted surplus					
Special Purpose Fund	1,144,762		1,125,019		19,743
Replacement Reserve	3,611,659		3,388,762		222,897
Pay as You Go Reserve	1,658,332		1,627,616		30,716
Automation Reserve	937,410		1,227,720		(290,310)
Equity in tangible capital assets	44,451,479		37,549,565		6,901,914
Total Accumulated Surplus	\$ 51,805,659	\$	45,769,830	\$	6,035,829

12. COMMITMENTS

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

Year	\$
2013	455,000
2014	383,000
2015	356,000
2016	291,000
2017	137,000
Thereafter through 2022	75,000

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

The Library committed to a five-year electricity fixed price contract effective July 1, 2006 due to a coordinated effort by The City of Calgary with major civic partners in a bulk purchasing opportunity. This has been extended to June 30, 2016. As well, the Library amended the original five year natural gas fixed price contract to December 31, 2014 for the Central Library and the new Bowness location to December 31, 2014 to coincide with expiry of all other locations. Capital commitments for major capital projects amount to \$112,785 at December 31, 2012 (\$460,795 at December 31, 2011). Operating commitments amount to \$211,794 at December 31, 2012 (\$144,519 at December 31, 2011).

13. CHANGE IN NON-CASH WORKING CAPITAL

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

	2012	2011	Change
Accounts receivable	593,511	1,333,478	\$ 739,967
Accounts payable and accrued liabilities	3,234,669	4,774,390	(1,539,721)
Deferred revenues	356,246	199,636	156,610
Inventory	64,112	77,424	13,312
Prepaid expenses	1,497,611	1,273,244	(224,367)
Change in Non-Cash Working Capital			\$ (854,199)

14. RELATED PARTY TRANSACTIONS

The Library conducts transactions with The City of Calgary in the normal course of business. Included in accounts receivable at December 31, 2012 is \$229,705 (2011 - \$981,603) due from and included in accounts payable and accrued liabilities is \$15,750 (2011 – \$nil) due to The City of Calgary. These transactions are recorded at the exchange amount, which represents the amount agreed to by both parties.

15. LOCAL AUTHORITIES PENSION PLAN

The Library participates in the Local Authorities Pension Plan. 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 \$1,692,410 in 2012 (2011 - \$1,581,442). All full-time staff employed by the Library are members of the Local Authorities Pension Plan ("LAPP") after a qualification period.

THE CALGARY PUBLIC LIBRARY BOARD
Notes to Financial Statements
For the Year Ended December 31, 2012

16. INVESTMENT AND OTHER REVENUE

Investment and other revenue included \$527,077 of insurance proceeds received to cover the repair cost for damages sustained in the fire on the third floor at the Central Library during September 2012. The expenses are recorded in Building and Equipment expense. All insurance proceeds received matched expenses to return this area to Library service.

17. CALGARY PUBLIC LIBRARY FOUNDATION

The Calgary Public Library Foundation (the "Foundation") financial statements are not consolidated with the Library. 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, a registered charity; and
- To assist the Library in providing the highest possible level and quality of service to the customers of the Library.

During fiscal 2012, the Foundation donated \$654,268 (2011 - \$361,733) to the Library which has been included in donations, grants, and sponsorships revenue. The net fund balance of the Foundation at December 31, 2012 was \$87,499 (2011 - \$192,757). The cost of the mail-out campaign for the Foundation in 2012 of \$126,101 (2011 - \$59,055) is included in the Library's financial statements in general operating expense.

A contribution of \$50,000 was gifted by the Foundation to the Calgary Foundation in May 2005, to establish a perpetual endowment fund in support of library collections called the 'Calgary Public Library Fund' (the "Fund"). During 2006, an additional \$25,000 was transferred by the Foundation to the Calgary Foundation as per a donor's request. In 2008, a further \$15,000 was donated at the request of several donors to support a long-term endowment. In 2012, the amount of \$265 was donated. The Calgary Foundation will retain all contributions to the Fund and invest them in accordance with its investment policy and the provisions of the Calgary Foundation Act. The Library will receive a percentage of the market value of the Fund each year. The 2012 amount was \$3,793 (2011-\$4,417) which has been included in investment and other revenue.