Financial Statements of

THE LONDON PUBLIC LIBRARY BOARD

And Independent Auditor’s Report thereon

Year ended December 31, 2023

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of The London Public Library Board

Opinion

We have audited the accompanying financial statements of The London Public Library Board (the Board), which comprise:

- the statement of financial position as at December 31, 2023
- the statement of operations for the year then ended
- the statement of changes in net financial assets (debt) 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 accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2023, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's report.

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion.

Reasonable assurance is a high level of assurance but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are 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 Board'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 Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board 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, Licensed Public Accountants

London, Canada
May 28, 2024

THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2023, with comparative information for 2022

		2023		2022
Financial Assets				
Cash	$	3,127,732	$	3,555,172
Accounts receivable:				
The Corporation of the City of London		400,080		194,316
London Public Library Board Trust Funds		901,492		465,906
Other		158,924		161,027
		4,588,228		4,376,421
Financial Liabilities				
Accounts payable and accrued liabilities		2,259,373		1,166,392
Deferred revenue		175,726		197,757
Payable to The Corporation of the City of London		–		19,783
Employee future benefits and other liabilities (note 3)		2,192,589		2,207,480
Asset retirement obligation (note 10)		49,540		–
		4,677,228		3,591,412
Net financial assets (deficit)		(89,000)		785,009
Non-Financial Assets				
Tangible capital assets (note 7)		21,379,080		21,595,288
Prepaid expenses		405,915		331,015
		21,784,995		21,926,303
Accumulated surplus (note 8)	**$**	**21,695,995**	**$**	**22,711,312**

See accompanying notes to financial statements.

On behalf of the Board:

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Director

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Director

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 9)		
Revenue:			
User charges			
Fines	$ 35,710	$ 35,036	$ 35,678
Fee, rental, sundry	523,353	616,066	546,951
Grants			
Federal	–	43,609	67,868
Ontario	598,829	598,829	598,829
Other	–	1,739	1,278
The Corporation of the City of London			
Current	22,128,694	22,128,694	21,741,937
Capital	789,813	789,813	473,877
Investment income	81,412	183,472	93,797
Contribution from Trust Funds (note 4)	–	441,382	407,313
	24,157,811	24,838,640	23,967,528
Expenses:			
Personnel	16,596,437	16,171,403	15,450,541
Amortization of tangible capital assets	–	2,716,171	2,434,513
Facility services	2,512,407	2,638,118	2,421,337
Collections and lending services	2,576,500	1,318,805	1,393,483
Utilities	992,504	970,892	942,222
Purchased services	1,024,692	924,453	714,120
Technology	925,949	177,234	580,465
Trust fund expenditures (note 4)	–	441,382	374,349
Administrative	229,505	197,705	129,333
Major repairs and maintenance (capital)	789,813	35,846	98,977
Contribution to self-insurance reserve	93,885	94,037	92,044
Program services	100,000	107,926	47,849
Equipment	68,311	59,985	8,464
Contribution to Trust Funds	–	–	2,101
	25,910,003	25,853,957	24,689,798
Annual deficit	(1,752,192)	(1,015,317)	(722,270)
Accumulated surplus, beginning of year	22,711,312	22,711,312	23,433,582
Accumulated surplus, end of year	**$ 20,959,120**	**$ 21,695,995**	**$ 22,711,312**

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets (Debt)

Year ended December 31, 2023, with comparative information for 2022

	2023 Budget	2023 Actual	2022 Actual
	(note 9)		
Annual deficit	$ (1,752,192)	$ (1,015,317)	$ (722,270)
Acquisition of tangible capital assets	(695,000)	(2,499,962)	(1,737,553)
Amortization of tangible capital assets	–	2,716,171	2,434,513
	(2,447,192)	(799,108)	(25,310)
Use of prepaid expenses	–	(74,901)	7,541
Change in net debt	(2,447,192)	(874,009)	(17,769)
Net financial assets, beginning of year	785,009	785,009	802,778
Net financial assets (debt), end of year	**$ (1,662,183)**	**$ (89,000)**	**$ 785,009**

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operating activities:		
Annual deficit	$ (1,015,317)	$ (722,270)
Items not involving cash:		
Amortization of tangible capital assets	2,716,171	2,434,513
Change in employee future benefits and other liabilities	(14,891)	(7,715)
Changes in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	(205,763)	14,284
Receivable from London Public Library Board Trust Funds	(435,586)	(400,311)
Other accounts receivable	2,101	(18,182)
Accounts payable and accrued liabilities	1,142,521	110,587
Payable to The Corporation of the City of London	(19,783)	9,184
Deferred revenue	(22,031)	155,692
Prepaid expenses	(74,900)	7,541
	2,072,522	1,583,323
Capital activities:		
Cash used to acquire tangible capital assets	(2,499,962)	(1,737,553)
Decrease in cash	(427,440)	(154,230)
Cash, beginning of year	3,555,172	3,709,402
Cash, end of year	**$ 3,127,732**	**$ 3,555,172**

See accompanying notes to financial statements.

1. Significant accounting policies:

The financial statements of The London Public Library Board (the "Board"), a registered charity and a local board of the Corporation of the City of London (the "City"), are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Municipal funding:

The City provides funding to the Board for both operating and capital expenditures such as refurbishment, replacement and major repairs and maintenance to the Library buildings. Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Deferred revenue:

Deferred revenues represent grants and other designated funding which has been received but for which the service has yet to be performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

(d) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial instrument	**Measurement Method**
Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Fair value category – The Board has not elected to reflect any financial instruments at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost – Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category – Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(e) Employee future benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for early retirees.

The costs of life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long term inflation rates and discount rates.

(f) Pension contributions:

The Board has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Board's costs are the contributions due to the plan in the period.

1. Significant accounting policies (continued):

(g) 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 ordinary course of operations.

i) Tangible capital assets

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

Asset	Useful Life - Years
Buildings	15 - 60
Leasehold improvements	40
Shelving	40
Furniture and equipment	7
Collections	7
Computers	3

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

A liability for the removal of asbestos and other hazardous materials in the buildings owned by the Board has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note. In addition, the Board's implementation of PS3280 Asset Retirement Obligations has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

iii) Leased tangible capital assets:

Leases which transfer substantially all the benefits and risks incidental to ownership of property are accounted for as leased tangible capital assets. All other leases are accounted for as operating leases and the related payments are charged to expenses as incurred.

(h) Budget data:

Budget information has been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(i) 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 period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in preparing actuarial valuations for employee future benefits.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates.

1. Significant accounting policies (continued):

(j) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

2. Change in accounting policy – adoption of new accounting standards:

The Board adopted the following standards concurrently beginning January 1, 2023 prospectively: PS 1201 Financial Statement Presentation, PS 2601 Foreign Currency Translation, PS 3041 Portfolio Investments and PS 3450 Financial Instruments.

(a) PS 1201 Financial Statement Presentation replaces PS 1200 Financial Statement Presentation. This standard establishes general reporting principles and standards for the disclosure of information in government financial statements. The standard introduces the Statement of Remeasurement Gains and Losses separate from the Statement of Operations. Requirements in PS 2601 Foreign Currency Translation, PS 3450 Financial Instruments, and PS 3041 Portfolio Investments, which are required to be adopted at the same time, can give rise to the presentation of gains and losses as remeasurement gains and losses.

(b) PS 2601 Foreign Currency Translation replaces PS 2600 Foreign Currency Translation. The standard requires monetary assets and liabilities denominated in a foreign currency and non-monetary items denominated in a foreign currency that are reported as fair value, to be adjusted to reflect the exchange rates in effect at the financial statement date. Unrealized gains and losses arising from foreign currency changes are presented in the new Statement of Remeasurement Gains and Losses.

(c) PS 3041 Portfolio Investments replaces PS 3040 Portfolio Investments. The standard provides revised guidance on accounting for, and presentation and disclosure of, portfolio investments to conform to PS 3450 Financial Instruments. The distinction between temporary and portfolio investments has been removed in the new standard, and upon adoption, PS 3030 Temporary Investments no longer applies.

(d) PS 3450 Financial Instruments establishes accounting and reporting requirements for all types of financial instruments including derivatives. The standard requires fair value measurement of derivatives and portfolio investments in equity instruments that are quoted in an active market. All other financial instruments will generally be measured at cost or amortized cost. Unrealized gains and losses arising from changes in fair value are presented in the Statement of Remeasurement Gains and Losses.

2. Change in accounting policy – adoption of new accounting standards (continued):

Fair value hierarchy: The following provides an analysis of financial instruments that are measured subsequent to initial recognition at fair value, grouped into Levels 1 to 3 based on the degree to which fair value is observable:

(i) Level 1 – fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

(ii) Level 2 – fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e., as prices) or indirectly (i.e., derived from prices); and

(iii) Level 3 – fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

The fair value hierarchy requires the use of observable market inputs whenever such inputs exist. A financial instrument is classified to the lowest level of the hierarchy for which a significant input has been considered in measuring fair value.

(e) PS 3280 Asset Retirement Obligations (ARO) establishes the accounting and reporting requirements for legal obligations associated with the retirement of tangible capital assets controlled by a government or government organization. A liability for a retirement obligation can apply to tangible capital assets either in productive use or no longer in productive use. This standard was adopted on January 1, 2023 on a modified retroactive basis. Prior period restatement was not done as the liability was not significant.

In the past, the Board has reported its obligations related to the retirement of tangible capital assets in the period when the asset was retired directly as an expense. The new standard requires the recognition of a liability for legal obligations that exist as a result of the acquisition, construction or development of a tangible capital asset, or that result from the normal use of the asset when the asset is recorded. Such obligation justifies recognition of a liability and can result from existing legislation, regulation, agreement, contract, or that is based on a promise and an expectation of performance. The estimate of the liability includes costs directly attributable to asset retirement activities. Costs include post-retirement operation, maintenance, and monitoring that are an integral part of the retirement of the tangible capital asset (if applicable). When recording an asset retirement obligation, the estimated retirement costs are capitalized to the carrying value of the associated assets and amortized over the asset's estimated useful life. The amortization of the asset retirement costs follows the same method of amortization as the associated tangible capital asset.

A significant part of asset retirement obligations results from the removal and disposal of designated substances such as asbestos from buildings. The Board reports liabilities related to the legal obligations where the Board is obligated to incur costs to retire a tangible capital asset.

2. Change in accounting policy – adoption of new accounting standards (continued):

As a result of applying this accounting standard, an asset retirement obligation of $49,540 was recognized as a liability in the Statement of Financial Position. These obligations represent estimated retirement costs for the Board owned buildings.

3. Employee future benefits and other liabilities:

Employee future benefits and other liabilities are comprised of the following:

		2023		2022
Liability for vested sick leave benefits (a)	$	14,053	$	29,665
Vacation pay liability		188,536		183,815
Employee future benefits obligation (b)		1,990,000		1,994,000
	$	2,192,589	$	2,207,480

(a) Liability for vested sick leave benefits

Under the sick leave benefit plan, employees hired prior to May 1, 1985 can accumulate unused sick leave and may become entitled to a cash payment when they leave the employment of the Board.

The liability of these accumulated days, to the extent that they have vested and could be taken in cash by an employee upon ceasing employment with the Board as at December 31, 2023, amounts to $15,612 (2022 - $29,665). This amount is fully funded by a reserve held by the City in the amount of $29,841 (2022 - $44,565).

(b) Retiree benefits

The Board provides certain post-employment and post-retirement employee benefits which will require funding in future periods.

The Board pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age sixty-five. The Board recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2021.

3. Employee future benefits and other liabilities (continued):

(b) Retiree benefits (continued)

Detailed information about retiree benefits is as follows:

	2023	2022
Accrued employee future benefit obligation:		
Balance, beginning of year	$ 2,005,000	$ 1,990,000
Current year benefit cost	82,000	79,000
Interest cost	59,000	59,000
Benefits paid	(131,000)	(123,000)
Actuarial loss	(94,000)	–
Balance at the end of the year	1,921,000	2,005,000
Unamortized actuarial gain (loss)	69,000	(11,000)
Employee future benefits obligation	$ 1,990,000	$ 1,994,000

Post-employment and post-retirement benefit expenses included in total expenditures consist of the following:

	2023	2022
Current year benefit cost	$ 82,000	$ 79,000
Interest on accrued benefit obligation	59,000	59,000
Amortization of net actuarial gain	(14,000)	(9,000)
Total expenses	$ 127,000	$ 129,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	3.50%
Rate of compensation increase	2.00%
Healthcare cost increases	4.00%

The actuarial gain is amortized over the expected average remaining service life of the related employee group of fourteen years.

4. Trust funds:

Trust funds administered by the Board amounting to $4,576,829 (2022 - $4,071,340) have not been included in the statement of financial position nor have their operations been included in the statement of operations. They are reported separately on The London Public Library Board Trust Fund Financial Statements ("Trust Funds").

During the year, the Trust Funds transferred $441,382 (2022 - $407,313) to the Board for capital and operating expenses. This amount and the related expenditures have been included in the statement of operations.

5. Commitments:

The Board is committed under operating leases for the rental of premises and equipment. The minimum annual payments under these leases are as follows:

2024	$	910,734
2025		747,188
2026		682,408
2027		648,151
2028 and beyond		1,346,024
	$	4,334,505

6. Pension agreement:

The Board has a pension agreement with OMERS, which is a multi-employer plan, on behalf of its full and part-time staff. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2023 is $1,129,326 (2022 - $1,036,431) for current service and is included as an expenditure in the statement of operations.

The last available report for the OMERS plan was on December 31, 2023. At that time, the plan reported a $4.2 billion actuarial deficit (2022 - $6.7 billion), based on actuarial liabilities for $136.1 billion (2022 - $130.3 billion) and actuarial value of net assets for $131.9 billion (2022 - $123.6 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

7. Tangible capital assets:

Cost	Balance at December 31, 2022	2023 Additions	2023 Disposals	Balance at December 31, 2023
Land	$ 3,904,165	$ –	$ –	$ 3,904,165
Buildings	39,412,208	–	–	39,412,208
Leasehold improvements	4,981,852	–	–	4,981,852
Collections	9,038,588	1,063,289	1,409,223	8,692,654
Shelving	1,281,713	–	186,731	1,094,982
Computers	657,982	1,165,913	170,102	1,653,793
Furniture and equipment	1,139,497	270,760	76,792	1,333,465
Total	**$ 60,416,005**	**$ 2,499,962**	**$ 1,842,848**	**61,073,119**

Accumulated amortization	Balance at December 31, 2022	2023 Additions	2023 Disposals	Balance at December 31, 2023
Land	$ –	$ –	$ –	$ –
Buildings	31,376,725	729,699	–	32,106,423
Leasehold improvements	886,850	122,754	–	1,009,605
Collections	4,758,076	1,266,517	1,409,223	4,615,370
Shelving	815,898	32,043	186,731	661,210
Computers	279,140	385,294	170,102	494,332
Furniture and equipment	704,028	179,864	76,792	807,100
Total	**$ 38,820,717**	**2,716,171**	**1,842,848**	**$ 39,694,040**

	Net book value December 31, 2022	Net book value December 31, 2023
Land	$ 3,904,165	$ 3,904,165
Buildings	8,035,483	7,305,785
Leasehold improvements	4,095,002	3,972,247
Collections	4,280,512	4,077,284
Shelving	465,815	433,772
Computers	378,842	1,159,461
Furniture and equipment	435,469	526,366
Total	**$ 21,595,288**	**$ 21,379,080**

8. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2023	2022
Surplus		
Invested in tangible capital assets	$ 21,379,080	$ 21,595,288
Unfunded		
Employee benefits, accrued sick and vacation	(202,591)	(213,480)
Employee benefits, future benefit liability	(1,990,000)	(1,994,000)
Total surplus	19,186,489	19,387,808
Reserves set aside by the Board		
Stabilization fund	2,419,665	3,098,938
Collections encumbrance fund	60,000	180,000
Total reserves	2,479,665	3,278,938
Reserve held by the City on behalf of the Board		
Sick leave reserve	29,841	44,566
	$ 21,695,995	$ 22,711,312

9. Budget data:

Budget information has been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

	Budget amount
Revenues	
Operating budget	$ 25,120,190
Expenses	
Operating budget	25,120,190
Annual surplus, as per approved budget	$ –

9. Budget data (continued):

		Budget amount
Capital funding from the City	$	789,813
Major repairs and maintenance		(789,813)
Drawdown from Stabilization fund		(1,572,192)
Drawdown from Collections encumbrance fund		(180,000)
Annual (deficit), revised	$	(1,752,192)

10. Asset retirement obligation :

The Board has recorded an asset retirement obligation of $49,540 as of January 1, 2023. As at December 31, 2023, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

11. Financial risks and concentration of risk:

The Board is exposed to a variety of financial risks, including credit risks and liquidity risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

(a) Credit risk:

The Board's principal financial assets that are subject to credit risk are accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six months.

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the Board's opinion that they are not exposed to significant interest rate or currency risks arising from these financial instruments.