

Financial Statements of

**THE CAMBRIDGE PUBLIC  
LIBRARY BOARD**

(Operating as "Idea Exchange")

And Independent Auditors' Report thereon

Year ended December 31, 2019



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## INDEPENDENT AUDITORS' REPORT

To the Board Members, Members of Council, Inhabitants and Ratepayers of  
The Corporation of The City of Cambridge

### ***Opinion***

We have audited the financial statements of The Cambridge Public Library Board (operating as "Idea Exchange") (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2019
- the statement of operations for the year then ended
- the statement of 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 accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2019 and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector 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 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.



### ***Other Matter – Comparative Information***

The financial statements as at and for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on March 27, 2019.

### ***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 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.



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- 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.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P', with a small upward tick at the end.

Chartered Professional Accountants, Licensed Public Accountants

Waterloo, Canada

June 18, 2020

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Statement of Financial Position

December 31, 2019, with comparative information for 2018

	Library	Gallery	2019 Total	2018 Total (restated – note 2)
<b>Assets</b>				
<b>Current assets:</b>				
Cash	\$ 649,633	\$ –	\$ 649,633	\$ 841,179
Accounts receivable	70,674	–	70,674	82,855
Interfund receivable (payable)	(186,159)	186,159	–	–
Receivable from the City of Cambridge	81,147	–	81,147	153,479
Prepaid expenses	158,348	198	158,546	188,242
	773,643	186,357	960,000	1,265,755
Investments (note 6)	414,553	326,488	741,041	802,857
Capital assets (note 7)	1,876,969	9,933	1,886,902	1,883,968
	\$ 3,065,165	\$ 522,778	\$ 3,587,943	\$ 3,952,580

## Liabilities and Fund Balances

### Current liabilities:

Accounts payable and accrued liabilities	444,499	31,466	475,965	822,011
Deferred revenue (note 8)	361,442	150,265	511,707	571,694
	805,941	181,731	987,672	1,393,705
Deferred capital contributions (note 9)	883,691	860	884,551	887,060
Post-employment benefits (note 10)	1,684,137	–	1,684,137	1,649,276
	3,373,769	182,591	3,556,360	3,930,041

### Fund balances:

Invested in capital assets	1,876,969	9,933	1,886,902	1,883,968
Internally restricted – post-employment benefits	(1,684,137)	–	(1,684,137)	(1,649,276)
Internally restricted – capital projects	87,598	323,334	410,932	405,291
Unrestricted	(589,034)	6,920	(582,114)	(617,444)
	(308,604)	340,187	31,583	22,539

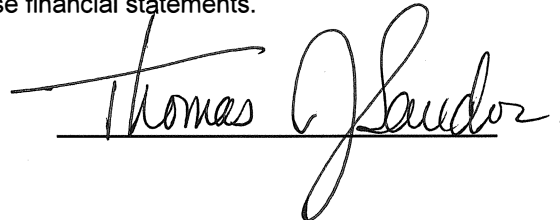
### Subsequent events (note 13)

	\$ 3,065,165	\$ 522,778	\$ 3,587,943	\$ 3,952,580
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The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors:





# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Statement of Operations

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

	Library	Gallery	2019 Total	2018 Total (restated – note 2)
<b>Revenue:</b>				
City of Cambridge operating grant	\$ 6,825,100	\$ 603,400	\$ 7,428,500	\$ 7,206,200
Federal and provincial support grants (note 3)	161,464	134,660	296,124	291,685
Contracts and rental	275,582	–	275,582	266,108
Fines, fees and sundry	154,449	9,211	163,660	159,528
Other grants	29,590	19,965	49,555	176,733
Endowment and investment income	17,376	18,305	35,681	34,557
Donations and fundraising	9,818	11,186	21,004	29,107
Amortization of deferred capital contributions	326,278	172	326,450	332,067
	<u>7,799,657</u>	<u>796,899</u>	<u>8,596,556</u>	<u>8,495,985</u>
<b>Expenses:</b>				
Personnel	5,725,424	500,002	6,225,426	5,806,821
Amortization of capital assets	797,512	6,114	803,626	811,905
Digital services	231,695	–	231,695	216,936
Building and equipment	324,836	1,598	326,434	297,613
Collections	313,047	8,403	321,450	281,702
Administrative	162,587	142,197	304,784	332,892
Utilities	246,553	–	246,553	191,907
Programming	58,671	109,180	167,851	141,851
Purchased services	139,580	–	139,580	72,709
Grant expenses	1,816	11,419	13,235	95,608
Fundraising expenses	–	7,778	7,778	9,579
	<u>8,001,721</u>	<u>786,691</u>	<u>8,788,412</u>	<u>8,259,523</u>
<b>Other expense (income):</b>				
Contribution from City of Cambridge reserves	(234,000)	–	(234,000)	–
Contribution to City of Cambridge reserves	26,900	6,200	33,100	224,100
	<u>(207,100)</u>	<u>6,200</u>	<u>(200,900)</u>	<u>224,100</u>
<b>Excess of revenue over expenses</b>	<b>\$ 5,036</b>	<b>\$ 4,008</b>	<b>\$ 9,044</b>	<b>\$ 12,362</b>

The accompanying notes are an integral part of these financial statements.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Statement of Changes in Fund Balances

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

Cost	Unrestricted Library	Unrestricted Gallery	Internally restricted - post- employment benefits	Internally restricted reserves Library	Internally restricted - capital projects Library	Internally restricted - capital projects Gallery	Invested in capital assets Library	Invested in capital assets Gallery	2019	2018
	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$
Fund balance, beginning of year, as previously stated	109,611	6,174	(1,649,276)	3,044,262	–	–	–	–	1,510,771	923,988
Adjustments to opening fund balances (note 2)	(733,230)	–	–	(3,044,262)	87,586	317,706	1,871,669	12,299	(1,488,232)	(913,812)
Fund balance, beginning of year, restated	(623,619)	6,174	(1,649,276)	–	87,586	317,706	1,871,669	12,299	22,539	10,176
Excess (deficiency) of revenue over expenses	802,548	10,122	–	–	–	–	(797,512)	(6,114)	9,044	12,362
Interfund transfers	(12)	(5,628)	–	–	12	5,628	–	–	–	–
Remeasurement of Post-employment benefits	34,861	–	(34,861)	–	–	–	–	–	–	–
Investment in capital assets	(802,812)	(3,748)	–	–	–	–	802,812	3,748	–	–
Fund balance, end of year	(589,034)	6,920	(1,684,137)	–	87,598	323,334	1,876,969	9,933	31,583	22,538

The accompanying notes are an integral part of these financial statements.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Statement of Cash Flows

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

	Library	Gallery	2019 Total	2018 Total (restated - note 2)
Cash provided by (used in):				
Operating activities:				
Excess of revenue over expenses	\$ 5,036	\$ 4,008	\$ 9,044	\$ 12,362
Items not involving cash				
Post-employment benefits expense	34,861	–	34,861	42,575
Amortization of capital assets	797,512	6,114	803,626	811,905
Amortization of deferred capital contributions	(326,278)	(172)	(326,450)	(332,067)
Changes in non-cash working capital:				
Accounts receivable	10,982	1,200	12,182	(3,879)
Receivable from the City of Cambridge	72,332	–	72,332	(79,236)
Interfund receivable	(56,239)	56,239	–	–
Accounts payable and accrued liabilities	(289,673)	(56,373)	(346,046)	474,863
Deferred revenue	(54,722)	(5,265)	(59,987)	(691,511)
Prepaid expenses	26,070	3,625	29,695	(69,375)
	219,881	9,376	229,257	165,637
Investing activities:				
Change in investments	67,444	(5,628)	61,816	66,649
Purchase of capital assets	(802,812)	(3,748)	(806,560)	(1,143,365)
	(735,368)	(9,376)	(744,744)	(1,076,716)
Financing activities:				
Deferred capital contributions received	323,941	–	323,941	630,415
Decrease in cash	(191,546)	–	(191,546)	(280,664)
Cash, beginning of year	841,179	–	841,179	1,121,843
Cash, end of year	\$ 649,633	\$ –	\$ 649,633	\$ 841,179

The accompanying notes are an integral part of these financial statements.



# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Notes to Financial Statements

Year ended December 31, 2019

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The Cambridge Public Library Board operating as Idea Exchange (the "Board") was incorporated as a not-for-profit organization, without share capital, under the laws of Ontario. It is a Board of the Corporation of the City of Cambridge (the "City") and is dependent on the City for a significant portion of its operating and capital funding.

The Board supports and inspires the community in the exploration of reading, arts, innovation and learning.

The financial statements of the Board are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada, including the 4200 standards for government not-for-profit organizations. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments. The following is a summary of the significant accounting policies followed in the preparation of these financial statements.

## 1. Significant accounting policies:

### (a) Fund accounting

The Board uses fund accounting in these financial statements. The purpose of each fund is as follows:

- Library Fund: to account for all revenues and expenditures related to the administration and operation of the library.
- Gallery Fund: to account for all revenues and expenditures related to the operation of the gallery.

### (b) Revenue recognition:

The Board receives revenue from a variety of sources and applies the following recognition policies:

- i) Grants and contributions received for operating expenses are recognized as revenue in the year in which the related expenses are incurred.
- ii) Fee and fine revenue is recognized when the cash is collected.
- iii) Revenue from donations without donor specifications and fundraising events is recognized when the cash is collected
- iv) Endowment and investment income are recognized as revenue in the period earned.

### (c) Investments:

Investments are recorded at the lower of cost or market value. When the investments incur a loss in value that is other than temporary, the investments are written down to their fair value and the loss is recognized in the statement of operations.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Notes to Financial Statements

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (d) Capital assets:

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

Asset	Rate
Library collections	3 – 5 years
Furniture and equipment	10 years
Computer hardware and software	5 years

### (e) Deferred revenue:

Deferred revenue represents donations, grants and user charges and fees which have been received but for which the related services have yet to be performed. These amounts will be recognized as revenues in the fiscal year the services are performed and/or expenditures are incurred.

### (f) Collections of literary materials and artwork:

The Board's collection of literary materials and artwork are preserved and held for public education and research. The Board's collection of artwork is paid for through funds acquired by private fundraising and special purpose grants.

The Board has elected not to record its artwork in the statement of financial position. Gallery acquisitions are recorded as expenditures in the period they are incurred.

### (g) Pension plan:

The contributions to the Ontario Municipal Employers Retirement System ("OMERS"), a multi-employer defined benefit pension plan, are expensed when contributions are due.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")  
Notes to Financial Statements

Year ended December 31, 2019

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## 1. Significant accounting policies (continued):

### (h) 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 retirees.

The costs of post-retirement benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance. Liabilities are actuarially determined using discount rates that are consistent with the market rates of high quality debt instruments. Any gains or losses from changes in assumptions or experience are amortized over the average remaining service period for active employees.

### (i) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards for not-for-profit organizations 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 items subject to such estimates and assumptions include allocations of revenue and expenses between funds and the carrying amounts of obligations related to employee future benefits. Actual results could differ from those estimates.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 2. Adjustment to opening fund balances:

During the year ended December 31, 2019, there were several adjustments to the opening fund balances that were determined by management. These amounts have all been applied retrospectively with a revision of the 2018 Financial Statements. The description of the adjustments are discussed below with the illustrative disclosure of the financial statement impact shown following the descriptions.

(a) Elimination of reserves:

During 2019, it was determined that amounts held for capital and operating reserves were not owned or controlled by the Library, and were solely controlled by the City of Cambridge.

(b) Funds previously held in trust:

In 2019, management of the Library became aware that investments held with the Cambridge and North Dumfries Community Foundation and the City of Cambridge were incorrectly treated as trust funds and had been excluded from previous years' financial statements.

(c) Recognition of capital assets and associated deferred capital contributions:

During 2019, the Library identified capital assets that were omitted from prior years, as well as their associated deferred capital contributions.

(d) Internal restriction previously set up in accounts payable:

During 2019, it was determined that an amount previously recorded as an accrual for future health benefit costs was erroneously recognized and represents management's internal restriction on net assets to fund future health benefits.

(e) Reclassification:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 2. Adjustment to opening fund balances (continued):

A reconciliation of the restated statement of financial position as at December 31, 2018 is detailed below:

	December 31, 2018 (as reported)	Adjustments	December 31, 2018 (as restated)
<b>Assets</b>			
<b>Current assets:</b>			
Cash	\$ 841,179	\$ -	\$ 841,179
Accounts receivable	82,856	-	82,856
Receivable from City of Cambridge	153,479	-	153,479
Prepaid expenses	188,241	-	188,241
	1,265,755	-	1,265,755
Investments (b)	-	802,857	802,857
Capital assets (c)	-	1,883,968	1,883,968
Operating reserve funds (a)	897,564	(897,564)	-
Capital reserve funds (a)	2,146,698	(2,146,698)	-
	\$ 4,310,017	\$ (357,437)	\$ 3,952,580
<b>Liabilities and Fund Balances</b>			
<b>Current liabilities:</b>			
Accounts payable and accrued			
Liabilities (d), (e)	942,842	(120,831)	822,011
Deferred revenue (b)	174,128	397,566	571,694
Liability for the 27 <sup>th</sup> pay (e)	33,000	(33,000)	-
	1,149,970	243,735	1,393,705
Deferred capital contributions (c)	-	887,060	887,060
Post-employment benefits	1,649,276	-	1,649,276
<b>Fund Balances</b>			
Internally restricted post-employment benefits (e)	-	(1,649,276)	(1,649,276)
Internally restricted for capital projects (b), (e)	-	405,291	405,291
Invested in capital assets (c), (e)	-	1,883,968	1,883,968
Unrestricted (d), (e)	-	(617,444)	(617,444)
Reserve funds (a), (e)	1,394,986	(1,394,986)	-
Operating fund balance (e)	115,785	(115,785)	-
	\$ 4,310,017	\$ (200,737)	\$ 3,952,580

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 2. Adjustment to opening fund balances (continued):

A reconciliation of the restated statement of operations for the year December 31, 2018 is detailed below:

	December 31, 2018 (as reported)	Adjustments	December 31, 2018 (as restated)
<b>Revenue</b>			
City of Cambridge operating grant	\$ 7,206,200	\$ –	\$ 7,206,200
City of Cambridge capital grant	447,620	(447,620)	–
Federal and provincial support grants	291,685	–	291,685
Other revenue (b), (e)	474,082	(474,082)	–
Contracts and rental (e)	–	266,108	266,108
Fines, fees and sundry (e)	–	159,528	159,528
Other grants (e)	–	176,733	176,733
Donations, fundraising, and investment income (b), (e)	–	63,664	63,664
Amortization of deferred capital contributions (c)	–	332,067	332,067
	8,419,587	76,398	8,495,985
<b>Expenses</b>			
Personnel (e)	5,733,042	73,779	5,806,821
Amortization of capital assets (c)	–	811,905	811,905
Digital services (e)	–	216,936	216,936
Building and equipment (e)	706,536	(408,923)	297,613
Collections (e)	682,117	(400,415)	281,702
Administrative (e)	211,830	121,062	332,892
Capital expenditures (c), (e)	447,620	(447,620)	–
Utilities (e)	206,176	(14,269)	191,907
Programming (e)	143,223	(1,372)	141,851
Purchased services (e)	–	72,709	72,709
Other facilities (e)	72,145	(72,145)	–
Grant expenses (e)	–	95,608	95,608
Fundraising expenses (e)	–	9,579	9,579
Other operating expenses (e)	246,332	(246,332)	–
	8,449,021	(189,498)	8,259,523
<b>Other expense (income)</b>			
Contributions to City of Cambridge reserves (e)	–	224,100	224,100
Transfers to operations during the year (e)	(42,575)	42,575	–
	(42,575)	266,675	224,100
<b>Excess of revenue over expenses</b>	<b>\$ 13,141</b>	<b>\$ (779)</b>	<b>\$ 12,362</b>

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

### 3. Federal and provincial support grants:

	Library	Gallery	2019 Total	2018 Total
Canada Council support grant	\$ –	\$ 72,000	\$ 72,000	\$ 72,000
Ontario Arts Council support grant	–	62,660	62,660	58,221
Provincial annual operating grant	161,464	–	161,464	161,464
<b>Total</b>	<b>\$ 161,464</b>	<b>\$ 134,660</b>	<b>\$ 296,124</b>	<b>\$ 291,685</b>

### 4. Gallery acquisitions:

Funding for capital acquisitions for the Gallery is provided through a combination of funds raised by the Gallery Fundraising Committee, special purpose grants received from various government sources and private donations received from Gallery supporters. In 2019, \$nil in art acquisition expenditures were made (2018 - \$nil).

### 5. Idea Exchange Arts Endowment Fund:

The Gallery has established the Idea Exchange Arts Endowment Fund at the Ontario Arts Foundation under the terms of the Arts Endowment Fund (AEF) Program. The AEF is a program of the Government of Ontario through the Ministry of Tourism, Culture and Recreation, administered by the Ontario Arts Foundation. Income from the fund will be used for Gallery operating purposes. During 2019, \$12,677 received from the fund was recognized in donations, fundraising, endowment and interest income (2018 - \$12,738). The investments in the fund are not recorded in these financial statements. Market value of the fund as at December 31, 2019 is \$295,677 (2018 - \$270,020).

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 6. Investments:

Investments consist of amounts held with the Cambridge and North Dumfries Community Foundation and the City of Cambridge are as follows:

	2019 Cost	2019 Market Value	2018 Cost	2018 Market Value
Cash and cash equivalents	\$ 48,694	\$ 48,694	\$ 30,143	\$ 30,143
Fixed income	572,347	588,301	650,714	654,149
Canadian equities	46,000	55,174	46,000	48,025
Global equities	74,000	88,757	76,000	79,346
<b>Total</b>	<b>\$ 741,041</b>	<b>\$ 780,926</b>	<b>\$ 802,857</b>	<b>\$ 811,663</b>

## 7. Capital assets:

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Library collection	\$ 2,340,333	\$ 1,455,580	\$ 884,753	\$ 950,893
Furniture and equipment	704,097	238,661	465,436	396,308
Computer hardware and software	1,184,262	647,549	536,713	536,767
	<b>\$ 4,228,692</b>	<b>\$ 2,341,790</b>	<b>\$ 1,886,902</b>	<b>\$ 1,883,968</b>

## 8. Deferred revenue:

Deferred revenue consists of the following:

	Library	Gallery	2019 Total	2018 Total
Donations	\$ 326,956	\$ 3,155	\$ 330,111	\$ 397,567
Grants	10,810	146,602	157,412	160,248
Contract revenue	12,629	–	12,629	–
Programming revenue	11,047	508	11,555	13,879
<b>Total</b>	<b>\$ 361,442</b>	<b>\$ 150,265</b>	<b>\$ 511,707</b>	<b>\$ 571,694</b>



# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

## 9. Deferred capital contributions:

Deferred contributions represent restricted contributions with which capital assets are to be purchased.

The changes in the deferred capital contributions balance during the year are as follows:

	2019 Total	2018 Total
Balance, beginning of year	\$ 887,060	\$ 588,712
Contributions received during the year	323,941	630,415
Amounts amortized to revenue	(326,450)	(332,067)
Balance, end of year	\$ 884,551	\$ 887,060

## 10. Post-employment benefits:

The Board provides certain employee benefits which will require funding in future periods. An actuarial estimate of future liabilities has been completed as of December 31, 2017 and forms the basis for the estimated liability reported in these financial statements.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations for the post-retirement benefit entitlements at December 31, 2019 are as follows:

	2019	2018
Discount rate	4.00%	4.00%
Future inflation rates	1.75%	1.75%
Future dental premium rates escalation	3.75%	3.75%
Future health care premium rates	6.42%, declining to 3.75% by 2027	6.75%, declining to 3.75% by 2027

Information about the Board's benefit plan is as follows:

	2019	2018
Accrued benefit obligation:		
Balance, beginning of year	\$ 1,649,276	\$ 1,606,701
Current service cost	27,896	26,297
Interest cost	65,361	63,843
Benefit payments	(58,396)	(47,565)
	\$ 1,684,137	\$ 1,649,276

# THE CAMBRIDGE PUBLIC LIBRARY BOARD

(Operating as "Idea Exchange")

Notes to Financial Statements (continued)

Year ended December 31, 2019

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## 11. Pension plan:

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf of its staff. The plan is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employee contributions are matched by the Board. Contributions were required on account of current service in 2019 amounting to \$ 409,626 (2018 - \$369,774).

The latest available report for the OMERS plan was as at December 31, 2019. At that time the plan reported a \$3.4 billion actuarial deficit, based on actuarial liabilities of \$107.7 billion and actuarial assets of \$104.3 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2019, the Board has no obligation under the past service provisions of the OMERS agreement.

## 12. Comparative information:

Certain comparative information has been reclassified to conform to the financial statement presentation adopted in the current year.

## 13. Subsequent event:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Library's business is not known at this time. These impacts could include future decreases in revenue or the profitability of ongoing operations.