



NOTICE OF MEETING

Okanagan Regional Library Board
will meet Wednesday, February 21, 2024

Boardroom
Library Administration Building
1430 KLO Road, Kelowna, BC

REGULAR MEETING

9:30 AM – 10:30 AM

IN-CAMERA MEETING

10:45 AM – 11:45 PM

AGENDA
OKANAGAN REGIONAL LIBRARY DISTRICT
BOARD OF TRUSTEES REGULAR MEETING

Date: Wednesday, February 21, 2024
Time: 9:30 AM – 10:30 AM
Location: Boardroom, Library Administration Building, 1430 K.L.O. Road, Kelowna, BC

1. ROLL CALL / ESTABLISH QUORUM (13+) **9:30 AM**
Quorum: majority of all members of the board [Library Act, Sec. 20(2)]

2. CALL TO ORDER **9:35 AM**
Chair to call the meeting to order.

3. LAND ACKNOWLEDGMENT
The ORL Headquarters is located on the traditional, ancestral, and unceded t̓m̓x̓w̓úlaʔx̓w̓ (land) of the syilx / Okanagan people who have resided here since time immemorial. We recognize, honour, and respect the syilx / Okanagan lands upon which we live, work, and play.

4. ADOPTION OF THE AGENDA
All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C. 26, s.123)

To adopt the February 21, 2024 Board of Trustees meeting agenda.

5. ADOPTION OF PREVIOUS MINUTES (Attached pgs. 4 – 7)
All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C.26, s.123)

To adopt the November 15, 2023, Board of Trustees regular meeting minutes.

6. ANNUAL ELECTIONS AND APPOINTMENTS **9:40 – 9:50 AM**
All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C.26, s.123)

CEO Danielle Hubbard will preside over the election of the Board Chair and Vice Chair.

6.1. Board Nominations Committee Report (Attached pg. 8)

To receive for information the report from the Board Nominations Committee dated February 21, 2024.

6.2. Election of Library Board Chair and Vice Chair
(Library Act Part 3 Section 19 (1))

- a) Elect the Board Chair
- b) Elect the Board Vice Chair

6.3. Election of Library Board Officers – Newly Elected Board Chair
(ORL Board Policy Section II: Board Organization and Structure)

The newly elected Board Chair will preside over the remainder of the meeting.

- a) Elect the Finance Committee Chair
- b) Elect the Personnel Committee Chair
- c) Elect the Policy and Planning Committee Chair

6.4. Appoint Signing Officers

(ORL Board Policy Section II: Board Organization and Structure)

To appoint the following positions as the O.R.L. Signing Officers for 2024:

- a) Board Chair
- b) Board Finance Committee Chair
- c) ORL Chief Executive Officer/Secretary to the Board
- d) ORL Chief Financial Officer
- e) ORL Director of Public Services, North
- f) ORL Director of Public Services, South
- g) ORL Director of Human Resources

7. STAFF REPORTS

9:50 – 10:00 AM

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C.26, s.123)

7.1. CEO REPORT – Danielle Hubbard (Attached pgs. 9 – 25)

To receive for information the report from the CEO dated February 21, 2024.

To approve the 2023 Public Library Grant Report dated February 21, 2024.

7.2. CFO REPORT: Financial Update to November 30, 2023 – J. Feddersen (Attached pgs. 26 – 33)

To receive for information the financial update report from the C.F.O. dated February 21, 2024.

8. STRATEGIC PLANNING REPORT – CEO Danielle Hubbard

10:00 – 10:25 AM

(Attached pgs. 34 – 45)

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C.26, s.123)

To approve the ORL Strategic Plan Framework 2024 – 2029, as set out in the report from the CEO on behalf of the Strategic Planning Committee, dated February 21, 2024.

To approve the ORL Strategic & Operational Plan: Implementation Schedule, as set out in the report dated February 21, 2024.

9. CORRESPONDENCE TO THE BOARD

9.1. BDO Canada: Audit Planning Communication, dated February 7, 2024 (Attached pgs. 46 – 93)

To receive for information.

10. TRUSTEE REPORTS

11. NEW BUSINESS

12. NEXT BOARD MEETING DATES

- a) Wednesday, May 15, 2024
- b) Wednesday, September 11, 2024
- c) Wednesday November 20, 2024

13. MOTION TO ADJOURN

10:30 AM

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

DRAFT MINUTES
BOARD OF TRUSTEES REGULAR MEETING
OF THE OKANAGAN REGIONAL LIBRARY DISTRICT

Date: Wednesday, November 15, 2023

Time: 11:15 AM

Location: Boardroom, Library Administration Building, 1430 K.L.O. Road, Kelowna, BC

Trustees:

(In Person)

Neil Todd, Armstrong
 Pat Cochrane, Coldstream
 David Ramey, Enderby
 Loyal Wooldridge, Kelowna (Board Chair)
 Tracy Henderson, Keremeos
 Cara Reed, Lake Country
 Lori Mindnich, Lumby (Personnel Chair)
 David Mattes, Oliver
 Terry Condon, Peachland
 George Elliott, Princeton
 Tim Palmer, Revelstoke
 Sylvia Lindgren, Salmon Arm (Policy & Planning Committee Chair)
 Kari Gares, Vernon (Finance Chair)
 Tasha Da Silva, West Kelowna

(Electronic)

John Manual, Golden
 Myers Bennett, Osoyoos
 Allysa Hopkins, Regional District North Okanagan
 Subrina Monteith, Regional District Okanagan Similkameen
 Erin Trainer, Summerland

Trustees Absent:

Bob Evans, Sicamous
 Dean Trumbley, Regional District Columbia Shuswap
 Kevin Kraft, Regional District Central Okanagan
 Todd York, Spallumcheen
 Sara Tronson, Westbank First Nation

Staff:

(In Person)

Danielle Hubbard, Chief Executive Officer
 Christine McPhee, Director of Public Services, South
 Mark Reinelt, Director of Public Services, North
 Jeremy Feddersen, Chief Financial Officer
 Leslie Brecht, Director of Human Resources
 Jeff Campbell, Chief Technology Officer
 Michal Utko, Director of Marketing and Communications
 Leah Samson, Administrative Services Manager (Recording Secretary)

Guests:

(In Person)

Ashley Machum, PEA President, ORL Chapter
 Nicole Cabrejos, CUPE President, ORL Chapter

1. CALL TO ORDER / ESTABLISH QUORUM

Chair Wooldridge called the meeting to order at 11:15 AM. Quorum was established with 19 trustees in attendance.

2. LAND ACKNOWLEDGMENT

Chair Wooldridge acknowledged that the ORL Headquarters is located on the traditional, ancestral, and unceded *tr̄nx̄úlaʔx̄w̄* (land) of the syilx / Okanagan people who have resided here since time immemorial. We recognize, honour, and respect the syilx / Okanagan lands upon which we live, work, and play.

3. ADOPTION OF THE AGENDA

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C. 26, s.123)

IT WAS MOVED AND SECONDED

THAT the November 15, 2023 Library Board meeting agenda be adopted.

CARRIED

4. ADOPTION OF PREVIOUS MINUTES

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A /Community Charter C.26, s.123)

IT WAS MOVED AND SECONDED

THAT the September 13, 2023 Library Board meeting minutes be adopted.

CARRIED

5. FINANCE COMMITTEE REPORT – Chair Kari Gares

5.1. 2024 Budget Report and Vote

All Trustees - Weighted Vote - Majority (Library Act Part 3, s.23 & 25, Board Policy Section II.C)

IT WAS MOVED AND SECONDED

THAT the 2024 Budget be approved with a levy funding requirement of \$20,710,282 or 5.29% as set out in the Budget Report from the Finance Committee and the C.F.O. dated November 15, 2023.

OPPOSED: 0

CARRIED UNANIMOUSLY BY WEIGHTED VOTE

5.2. Revised 2024 Library Levy Allocation Spreadsheet – CFO Jeremy Feddersen

All Trustees-Unweighted Vote-Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

IT WAS MOVED AND SECONDED

THAT the revised 2024 Library Levy Allocation Spreadsheet be received for information.

CARRIED

5.3. RISE AND REPORT: APPOINTMENT OF AUDITOR FOR THE 2023 AUDIT

All Trustees-Unweighted Vote-Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

The following decision was made in-camera and brought forward to the regular meeting.

IT WAS MOVED AND SECONDED

THAT the Board rise and report that BDO Canada was appointed as auditor for the ORL’s 2023 audit.

CARRIED

6. STRATEGIC PLANNING COMMITTEE REPORT – CEO Danielle Hubbard

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

The Board will attend two workshops at the end of November and a draft strategic plan will be presented for approval in February 2024.

IT WAS MOVED AND SECONDED

THAT the Report from the Strategic Planning Committee dated November 15, 2023 be received for information.

CARRIED

7. STAFF REPORTS

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

7.1 CEO REPORT – Danielle Hubbard

IT WAS MOVED AND SECONDED

THAT the Report from the CEO dated November 15, 2023 be received for information.

CARRIED

7.2 CFO FINANCIAL UPDATE REPORT - Jeremy Feddersen

IT WAS MOVED AND SECONDED

THAT the Financial Update Report from the CFO dated November 15, 2023 be received for information.

CARRIED

8. BOARD CHAIR REPORT – Loyal Wooldridge

Chair Wooldridge extended his gratitude to the Board members who participated in the recent strategic planning sessions that were held at all ORL locations. He also thanked the Committees for their work throughout the year.

In accordance with Board policy, Chair Wooldridge appointed the following board members to the 2024 Nominations Committee:

- North: Sylvia Lindgren, Salmon Arm
- Central: Tasha Da Silva, West Kelowna
- South: Tracy Henderson, Keremeos

The Nominations Committee will report to the Board in February 2024.

9. LIBRARY TRUSTEES MEETING SCHEDULE YEAR 2024

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

IT WAS MOVED AND SECONDED

THAT the ORL Board of Trustees Meeting Schedule for Year 2024 be approved.

CARRIED

10. CORRESPONDENCE TO THE BOARD

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

10.1. E-Mail from Dena Jones-Short re Fine Free Library, dated Sept. 24, 2023

10.2. E-Mail from Fiona Lehn re Glenmore, dated November 3, 2023

IT WAS MOVED AND SECONDED

THAT the correspondence be received for information.

CARRIED

11. TRUSTEE REPORTS

None.

12. NEW BUSINESS

None.

13. NEXT MEETINGS

Board Strategic Planning Sessions: Monday, November 27, 2023 and Tuesday, November 28, 2023.

Board Meeting: Wednesday, February 21, 2024

14. MOTION TO ADJOURN

All Trustees - Unweighted Vote - Simple Majority (Board Policy Section II.A / Community Charter C.26, s.123)

IT WAS MOVED AND SECONDED

THAT the meeting be adjourned.

CARRIED

Adjourned at 11:35 AM.

**NOMINATIONS COMMITTEE REPORT TO THE BOARD
FOR INFORMATION**

To: ORL Board of Trustees
 From: Board Nominations Committee: Sylvia Lindgren, Tasha Da Silva, Tracy Henderson
 Date: February 21, 2024
 Re: 2024 Nominations

The following board members have put their names forward for 2024:

POSITION	NOMINEE FOR CHAIR	Committee Member Volunteers
Board Chair	Loyal Wooldridge, Kelowna	n/a
Board Vice Chair	Kari Gares, Vernon Lori Mindnich, Lumby Tasha Da Silva	n/a
Personnel Committee	Lori Mindnich, Lumby	Bob Evans, Sicamous Kevin Kraft, CORD
Finance Committee	Kari Gares, Vernon	Cara Reed, Lake Country Pat Cochrane, Coldstream David Mattes, Oliver Tracy Henderson, Keremeos
Policy & Planning Committee	Lori Mindnich, Lumby Sylvia Lindgren, Salmon Arm	Allysa Hopkins, NORD Cara Reed, Lake Country John Manuel, Golden Kevin Kraft, CORD Neil Todd, Armstrong Tasha Da Silva, West Kelowna



CEO Report to the Board

Request for Decision

To: Okanagan Regional Library Board
From: Danielle Hubbard, CEO
Date: February 21, 2024
Subject: CEO Report

Voting Entitlement: *Unweighted vote – Simple majority*

Purpose: For information

Executive Summary:

The CEO Report is a quarterly summary of operational and strategic activities at the ORL.

Recommendation:

THAT the CEO Report be received for information.

THAT the *2023 Provincial Public Library Grant Report* be approved for submission to the province.

Respectfully submitted by: Danielle Hubbard, CEO

Attachment(s): *2023 Provincial Public Library Grant Report*

Considerations:

Leadership & Strategy

- The *2024 – 2029 Strategic Plan* has been completed and awaits Board approval.
- The new strategic plan will be launched to staff at the March 11-12 Public Services Supervisors meeting.
- Danielle represented the ORL at OLA and spoke on a panel about public library leadership.
- The 2023 Provincial Public Library Grant Report has been completed and awaits Board approval.
- Preparations are underway for Danielle to visit each member council over the course of 2024.

Human Resources

- Negotiations with the Professional Employees Association are complete and await Board approval.
- The spring system-wide recruitment of Assistant Community Librarians is underway.
- Recruitment is underway for an additional HR Assistant, and a Facilities Lead, both new positions.
- Staff wide SOGI training is scheduled to occur on May 6th (Vernon); May 12th (Summerland); and May 27th (Kelowna). Board members are invited to attend.
- The onboarding process is underway for introducing UKG, our new payroll and HRIS.

Public Services

- A fatal drug poisoning occurred in the Vernon Branch on January 3. Staff responded with expertise.
- In response to increased incident levels, a staff support workshop was held on January 12.
- Several new Early Learning Centres are underway, including in Princeton, Peachland, and Salmon Arm.
- ORL staff members are contributing several sessions to the upcoming BC Libraries Association conference, including content on incident management and accessibility.
- The Collections Committee is in the process of introducing Collections HQ, a system for more responsively allocating our collections throughout the system.

Information Technology

- 2,099 support tickets resolved in 2023, demonstrating the IT department's commitment to the ORL.
- 399,800 free WIFI connections served in 2023, providing access for our communities.
- IT staff attended the Thomson Rivers University Privacy and Security Conference in January.
- Security Assertion Markup Language (SAML) introduced to enhance cybersecurity.
- The planning phase of the 2024 Security Audit is underway.

Marketing and Communications

- Danielle and Michal will be presenting a session on Crisis Communication strategies at the upcoming BC Libraries Association Conference.
- The ORL continues to receive support from volunteer Friends of the Library groups throughout the system, including in Vernon, South Shuswap/Salmon Arm, Kelowna, and a new group in Hedley.
- Communications surrounding the January 27 Drag Story Time event in Vernon went smoothly.
- 10,266 Activity Guides, 79,000 bookmarks, and over 20,000 brochures were distributed in 2023.

Facilities

- The new West Kelowna branch is anticipated to open in spring 2024.
- Construction of the new Lumby branch is underway.
- The Okanagan Falls branch flooded on January 14. Restoration work is underway with a reopening date yet to be determined.
- New furniture items have been ordered for branches throughout the system.

2023 PROVINCIAL PUBLIC LIBRARY GRANT REPORT (PLGR)

LIBRARY NAME:

Okanagan Regional Library District

CHECKLIST

For the PLGR to be considered complete, please ensure you have provided information for each of the following sections. Text boxes will expand as you type. Click on a title in the list below to jump to that section of the document.

- [1. INTRODUCTION](#)
- [2. FEATURED INITIATIVES](#)
- [3. CHALLENGES](#)
- [4. BOARD APPROVAL](#)

1. INTRODUCTION

Library and Community Profile – provide a brief description of your library and the community it serves (e.g., demographics, local economy, governmental relations, historical context, current issues, etc.).

The Okanagan Regional Library (ORL) is a public library system serving a popular tourist region of the BC interior, renowned for its picturesque landscapes, vineyards, orchards, and beaches. Established in 1936, the ORL has expanded over the decades and now operates 30 branches within a 59,600 square kilometer area that spans four regional districts: the Regional District of North Okanagan (RDNO), the Regional District of Central Okanagan (RDCO), the Regional District of Columbia Shuswap (RDCS), and the Regional District of Okanagan Similkameen (RDOS).

The ORL is governed by a board of 24 elected officials, ensuring that the library's operations and strategies are aligned with each community's needs and aspirations. These elected board members represent a diverse population experiencing rapid population growth, with urban development in areas like Kelowna and rural expanses elsewhere, catering to a mix of permanent residents and seasonal visitors.

The region's dual character as both an urban and rural destination informs the ORL's offerings and services. Makerspaces found in various branches, including the Westside Learning Lab and Downtown Kelowna, provide creative and technological tools such as 3D printers and recording studios to serve the region's burgeoning creative community.

The "Library of Things" reflects a practical response to the communities' diverse needs, lending out items that support local interests in outdoor activities, education, and hobbyist pursuits. Programs such as the active writers' group at the Westbank Branch illustrate ORL's support for local culture and the arts.

ORL's funding sources are as diverse as its services, including municipal tax revenues from the four regional districts it serves and additional provincial funding. The system's strategic collaborations, like the one with the University of British Columbia Okanagan for an on-campus branch, underscore the ORL's commitment to expanding access and supporting educational endeavors. At the time of writing, the ORL is in the process of launching a new 5-year strategic plan.

2023 Year in Review – Highlight activities and accomplishments that the library has focused on this year. Briefly outline how library funding (local, provincial, annual, one-time/targeted) has been used or earmarked for library services and/or special initiatives to meet community needs.

Here's a brief overview of the ORL's 2023 accomplishments and how library funding has been utilized:

- **Digital Accessibility and Community Connection Initiative (New Website):** The ORL is working on building a new website. This project, ongoing, is a major step towards enhancing digital accessibility and convenience for the community. Once launched, the website will simplify the process of obtaining and viewing resources, thereby strengthening community connections and access to information. Funding for this initiative has been allocated towards digital infrastructure, software development, and user experience design, ensuring that the final product is both user-friendly and robust. - Funded by the 2022 COVID-19 Relief & Recovery grant.
- **Summer Reading Club Program:** Summer Reading Club 2023 was a resounding success, drawing in record numbers of children. This annual program plays a crucial role in mitigating learning loss during the summer break by engaging kids in reading and learning activities. The success of this program demonstrates ORL's commitment to educational support and youth engagement. Funding for this initiative was used for acquiring new books and prizes, booking educational performers, organizing events, and providing resources and staff for the program. - Funded by provincial operating grant.
- **Library of Things - Financial Literacy Kits:** The ORL expanded its popular "Library of Things" by introducing several new kits, including one about financial literacy. These kits foster diverse forms of literacy and allow families to take learning resources home. This initiative involved investment in purchasing and maintaining these kits, ensuring they remain relevant and useful for the community. - Funded through a local partnership with the Vantage One Credit Union.
- **Workplace Harmony and Professional Development Program:** The ORL has invested in the professional development of its staff by providing an online course focused on bullying and harassment prevention. This training is essential for empowering staff to effectively manage conflicts and challenges that may arise from interactions with the public or between coworkers. The funding for this initiative has been directed towards developing and accessing training materials and collaborating with professional training organizations. - Funded through the Provincial Enhancement Grant.

In conclusion, the funding received by the ORL, whether local, provincial, or through special grants, has been strategically used to address key areas of community need and library service enhancement. From digital advancements to educational programs and staff development, these initiatives highlight the ORL's commitment to serving and evolving to meet community needs.

2. FEATURED INITIATIVES

Please describe any significant initiatives the library has undertaken in the past year, focusing particularly on use of the 2022 COVID-19 Relief & Recovery (CRR) and Emergency Planning & Preparedness (EPP) Grants, and plans to use the 2023 Enhancement Grant. To report on multiple initiatives, “copy” the blank table below and insert additional tables as needed using the “paste” function. Use one table per initiative.

Initiative Title	
Digital Accessibility and Community Connection Initiative (New Website)	
What is the nature of this initiative? (both may apply)	
<input type="checkbox"/> New targeted initiatives	<input checked="" type="checkbox"/> Supporting/enhancing existing operations
Area of Operations (select as many as apply)	
<input type="checkbox"/> Basic operations <input type="checkbox"/> Salaries & benefits <input type="checkbox"/> Lease & utilities <input type="checkbox"/> Collections	<input checked="" type="checkbox"/> Technology <input type="checkbox"/> In-house patron software/hardware <input type="checkbox"/> Loanable hardware <input type="checkbox"/> Staff software/hardware <input checked="" type="checkbox"/> Connectivity
<input type="checkbox"/> Facility upgrades	<input type="checkbox"/> Library programming
<input type="checkbox"/> Strategic planning and governance	<input type="checkbox"/> Staff development
<input type="checkbox"/> Emergency preparedness	<input type="checkbox"/> Community outreach
<input type="checkbox"/> Other (please specify):	
Social Impact (select as many as apply)	
<input checked="" type="checkbox"/> Accessibility and inclusion	<input type="checkbox"/> Environmental sustainability, climate action
<input type="checkbox"/> Mental health and wellness	<input type="checkbox"/> Reconciliation and Indigenous relations
<input type="checkbox"/> Other (please specify):	
What is the status of this initiative?	
<input type="checkbox"/> Planning/research stage	<input checked="" type="checkbox"/> Implementation in progress
<input type="checkbox"/> Complete	<input type="checkbox"/> Ongoing as part of operations
Is this a multi-year initiative?	

<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
<p>Summary – Provide a brief description of the activities undertaken this year. Please include details such as any partnerships or resources leveraged to accomplish this initiative.</p>	
<p>The ORL has undertaken the significant task of developing a new website to improve digital accessibility and facilitate the community's connection with library resources. This effort involves partnerships with web development firms and leverages contemporary user experience research.</p>	
<p>Progress Report – If you have reported on this initiative in a previous year's PLGR, what has changed since then? What progress has been made, or what obstacles have you encountered?</p>	
<p>N/A (No prior reporting)</p>	
<p>Budgetary Information – please outline whether/how provincial funding (annual or one-time/targeted e.g., CRR, EPP, Enhancement Grants) contributes to the estimated cost of this initiative.</p>	
<p>2022 COVID-19 Relief & Recovery grant</p>	
<p>Rationale – Why was this initiative prioritized? (e.g. fulfilling commitments under strategic plan, responding to emergent community need, availability of funding, etc.)</p>	
<p>This initiative was prioritized to meet the strategic goal of enhancing digital infrastructure and responding to the community's growing need for online resources. The physical isolation of the COVID-19 pandemic served to illustrate the need for remote connection, beyond the walls of traditional library facilities.</p>	
<p>What impacts does/will this initiative have on the library and/or the community? Please include any applicable metrics or quantitative data to demonstrate impact.</p>	
<p>Expected to increase user engagement with online resources, with metrics to be established upon project completion.</p>	

Initiative Title	
Summer Reading Club Program	
What is the nature of this initiative? (both may apply)	
<input type="checkbox"/> New targeted initiatives	<input checked="" type="checkbox"/> Supporting/enhancing existing operations
Area of Operations (select as many as apply)	
<input type="checkbox"/> Basic operations <input type="checkbox"/> Salaries & benefits <input type="checkbox"/> Lease & utilities <input type="checkbox"/> Collections	<input type="checkbox"/> Technology <input type="checkbox"/> In-house patron software/hardware <input type="checkbox"/> Loanable hardware <input type="checkbox"/> Staff software/hardware <input type="checkbox"/> Connectivity
<input type="checkbox"/> Facility upgrades	<input checked="" type="checkbox"/> Library programming
<input type="checkbox"/> Strategic planning and governance	<input type="checkbox"/> Staff development
<input type="checkbox"/> Emergency preparedness	<input type="checkbox"/> Community outreach
<input type="checkbox"/> Other (please specify):	
Social Impact (select as many as apply)	
<input type="checkbox"/> Accessibility and inclusion	<input type="checkbox"/> Environmental sustainability, climate action
<input checked="" type="checkbox"/> Mental health and wellness	<input type="checkbox"/> Reconciliation and Indigenous relations
<input type="checkbox"/> Other (please specify):	
What is the status of this initiative?	
<input type="checkbox"/> Planning/research stage	<input type="checkbox"/> Implementation in progress
<input type="checkbox"/> Complete	<input checked="" type="checkbox"/> Ongoing as part of operations
Is this a multi-year initiative?	
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Summary – Provide a brief description of the activities undertaken this year. Please include details such as any partnerships or resources leveraged to accomplish this initiative.	

The Summer Reading Club program, which occurs annually, is aimed at engaging children in reading throughout the summer to mitigate learning loss. The program achieved unprecedented success in 2023. A total of 7,539 participants, including 526 online and 7,013 in-person, showed a marked preference for physical reading records. The program, involving community volunteers and partnerships with local schools, offered a diverse array of 528 programs, attracting a total attendance of 26,148. These figures represent a 98% increase in attendance compared to the pre-pandemic year of 2019. 2023 has been the highest participation to date at the ORL.

Progress Report – If you have reported on this initiative in a previous year's PLGR, what has changed since then? What progress has been made, or what obstacles have you encountered?

This year marked the highest recorded attendance and engagement levels to date at the ORL.

Budgetary Information – please outline whether/how provincial funding (annual or one-time/targeted e.g., CRR, EPP, Enhancement Grants) contributes to the estimated cost of this initiative.

Provincial Operating grant and Friends of the Library contributions.

Rationale – Why was this initiative prioritized? (e.g. fulfilling commitments under strategic plan, responding to emergent community need, availability of funding, etc.)

The program was in line with ORL's strategic plans to support continuous learning and was in response to the need for summer educational activities for children.

What impacts does/will this initiative have on the library and/or the community? Please include any applicable metrics or quantitative data to demonstrate impact.

The program had a positive impact on preventing summer learning loss, as evidenced by the increased number of books checked out and activities attended.

Initiative Title	
Library of Things - Financial Literacy Kits	
What is the nature of this initiative? (both may apply)	
<input type="checkbox"/> New targeted initiatives	<input checked="" type="checkbox"/> Supporting/enhancing existing operations
Area of Operations (select as many as apply)	
<input type="checkbox"/> Basic operations <input type="checkbox"/> Salaries & benefits <input type="checkbox"/> Lease & utilities <input checked="" type="checkbox"/> Collections	<input type="checkbox"/> Technology <input type="checkbox"/> In-house patron software/hardware <input type="checkbox"/> Loanable hardware <input type="checkbox"/> Staff software/hardware <input type="checkbox"/> Connectivity
<input type="checkbox"/> Facility upgrades	<input type="checkbox"/> Library programming
<input type="checkbox"/> Strategic planning and governance	<input type="checkbox"/> Staff development
<input type="checkbox"/> Emergency preparedness	<input type="checkbox"/> Community outreach
<input type="checkbox"/> Other (please specify):	
Social Impact (select as many as apply)	
<input checked="" type="checkbox"/> Accessibility and inclusion	<input type="checkbox"/> Environmental sustainability, climate action
<input type="checkbox"/> Mental health and wellness	<input type="checkbox"/> Reconciliation and Indigenous relations
<input type="checkbox"/> Other (please specify):	
What is the status of this initiative?	
<input type="checkbox"/> Planning/research stage	<input type="checkbox"/> Implementation in progress
<input type="checkbox"/> Complete	<input checked="" type="checkbox"/> Ongoing as part of operations
Is this a multi-year initiative?	
<input checked="" type="checkbox"/> Yes	<input type="checkbox"/> No
Summary – Provide a brief description of the activities undertaken this year. Please include details such as any partnerships or resources leveraged to accomplish this initiative.	
The Library of Things was expanded to include Financial Literacy kits among other educational resources for families to borrow and learn from at home.	

Progress Report – If you have reported on this initiative in a previous year's PLGR, what has changed since then? What progress has been made, or what obstacles have you encountered?

The initiative has been well-received, with significant usage rates of the new kits.

Budgetary Information – please outline whether/how provincial funding (annual or one-time/targeted e.g., CRR, EPP, Enhancement Grants) contributes to the estimated cost of this initiative.

Funding has come from Vantage One Credit Union and the provincial operating grant.

Rationale – Why was this initiative prioritized? (e.g. fulfilling commitments under strategic plan, responding to emergent community need, availability of funding, etc.)

The initiative reinforces the Okanagan Regional Library's dedication to supporting a variety of literacy forms, encompassing financial literacy and numeracy.

What impacts does/will this initiative have on the library and/or the community? Please include any applicable metrics or quantitative data to demonstrate impact.

The initiative has extended the library's educational reach into the home, contributing to community-wide educational enrichment.

Initiative Title	
Workplace Harmony and Professional Development Program	
What is the nature of this initiative? (both may apply)	
<input checked="" type="checkbox"/> New targeted initiatives	<input type="checkbox"/> Supporting/enhancing existing operations
Area of Operations (select as many as apply)	
<input type="checkbox"/> Basic operations <input type="checkbox"/> Salaries & benefits <input type="checkbox"/> Lease & utilities <input type="checkbox"/> Collections	<input type="checkbox"/> Technology <input type="checkbox"/> In-house patron software/hardware <input type="checkbox"/> Loanable hardware <input type="checkbox"/> Staff software/hardware <input type="checkbox"/> Connectivity
<input type="checkbox"/> Facility upgrades	<input type="checkbox"/> Library programming
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<input type="checkbox"/> Emergency preparedness	<input type="checkbox"/> Community outreach
<input type="checkbox"/> Other (please specify):	
Social Impact (select as many as apply)	
<input type="checkbox"/> Accessibility and inclusion	<input type="checkbox"/> Environmental sustainability, climate action
<input checked="" type="checkbox"/> Mental health and wellness	<input type="checkbox"/> Reconciliation and Indigenous relations
<input type="checkbox"/> Other (please specify):	
What is the status of this initiative?	
<input type="checkbox"/> Planning/research stage	<input type="checkbox"/> Implementation in progress
<input checked="" type="checkbox"/> Complete	<input type="checkbox"/> Ongoing as part of operations
Is this a multi-year initiative?	
<input type="checkbox"/> Yes	<input checked="" type="checkbox"/> No
Summary – Provide a brief description of the activities undertaken this year. Please include details such as any partnerships or resources leveraged to accomplish this initiative.	
The ORL provided comprehensive online training for staff focused on bullying and harassment prevention, aiming to improve workplace culture and public service.	

Progress Report – If you have reported on this initiative in a previous year's PLGR, what has changed since then? What progress has been made, or what obstacles have you encountered?

The training has been completed, with staff reporting increased confidence in handling difficult situations.

Budgetary Information – please outline whether/how provincial funding (annual or one-time/targeted e.g., CRR, EPP, Enhancement Grants) contributes to the estimated cost of this initiative.

This initiative was funded by the Provincial Enhancement grant.

Rationale – Why was this initiative prioritized? (e.g. fulfilling commitments under strategic plan, responding to emergent community need, availability of funding, etc.)

Prioritized due to the commitment to staff welfare and the need to maintain a supportive and safe library environment. The opioid crisis and housing crisis have created more incidents at many of the ORL's branches and have had a negative impact on the mental wellbeing of staff. This initiative recognizes these tensions and challenges.

What impacts does/will this initiative have on the library and/or the community? Please include any applicable metrics or quantitative data to demonstrate impact.

Improved staff morale and customer service, with potential long-term benefits in staff retention and public satisfaction.

3. CHALLENGES

The following topics have been identified as recurrent themes in prior years' PLGRs, along with challenges that have surfaced throughout the current year. Use the 'Other' row at the bottom of the table to include any ongoing or past challenges that are not included in this list. If you have more than one 'Other' item to add, please "copy" the last row and use the "paste" function to insert additional rows as needed.

Please use the check boxes in the 'Rating' column to specify how severely your library has been impacted by each challenge in the past year. If a listed challenge does not affect your library, you may leave that row blank.

Use the 'Response' column to briefly describe how the challenge has affected your library in the past year, and what actions your library has taken to address it, referring to the Featured Initiatives section above where applicable. If no action was taken, explain what the barriers are.

Challenge	Rating	Response
Financial pressure (e.g., rising costs, reduced revenues, forecasting uncertainty, local budget)	<input checked="" type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	Financial pressures, particularly due to rising costs, inflation, population growth and forecasting uncertainties, have required us to re-evaluate budget allocations. Actions taken include working with board/municipal councils to prioritize areas of growth as well as identifying key initiatives such as the Summer Reading Club, which was heavily supported by community partnerships and volunteers to alleviate costs.
Governance (e.g., changes on the library board, relationship/conversations with local government)	<input type="checkbox"/> High concern <input checked="" type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	Changes in the library management and leadership teams have necessitated strategic adjustments. This shift has strengthened communication channels with local governments to ensure alignment with community objectives.

Emergency response (e.g., fires, floods, extreme weather)	<input checked="" type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	While the region is prone to natural events, our library has a robust emergency response plan. We've ensured that our facilities are well-equipped, and staff are trained for emergencies.
Staffing (e.g., recruitment and retention, mental health, and wellness)	<input type="checkbox"/> High concern <input checked="" type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	Recruitment and retention have been challenging, but the introduction of staff-wide training on bullying and harassment has positively impacted mental health and wellness, aiding retention.
Connectivity (e.g., low bandwidth, lack of home internet in the community)	<input checked="" type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	The new website development initiative aims to improve online services, which is critical given the rural geography, distances, and connectivity issues in our communities.
Infrastructure/facilities (e.g., aging/damaged, renovations, new builds/upgrades/expansions)	<input type="checkbox"/> High concern <input checked="" type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	Aging infrastructure is an ongoing challenge. We are actively seeking grants for renovations and exploring cost-effective solutions for necessary upgrades to our 30 branches.
Community access to the library (e.g., geographic isolation, lack of local public transit, building accessibility)	<input type="checkbox"/> High concern <input checked="" type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	Geographic isolation remains a barrier. The Library of Things and the digital expansion via the new website are direct responses to improve access to library resources.

<p>Disappearing services in the community (e.g., government, banking, health)</p>	<p><input type="checkbox"/> High concern <input checked="" type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern</p>	<p>To combat the loss of local services, our library has expanded its role in the community, offering more flexible spaces and programs like the Financial Literacy kits to fill gaps in service.</p>
<p>Public health (e.g., COVID-19, vaccinations, access to Telehealth)</p>	<p><input checked="" type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern</p>	<p>Our library has been proactive in providing information and resources about public health, including COVID-19 and vaccinations.</p>
<p>Regulatory impacts (e.g., accessibility, privacy, employment standards)</p>	<p><input type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input checked="" type="checkbox"/> Least concern</p>	<p>We stay current with all regulatory requirements and have not encountered significant challenges in this area this year.</p>
<p>Vulnerable communities (e.g., people experiencing homelessness, addiction, mental health crisis)</p>	<p><input checked="" type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern</p>	<p>The library has increased its outreach initiatives, including targeted programming and services, to better support vulnerable community members. The ORL has also committed resources to safety & security support for staff to address rising incident rates in our branches.</p>

Sociopolitical tensions (e.g. intellectual freedom, protests, global events, racism, homophobia)	<input checked="" type="checkbox"/> High concern <input type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	The library maintains a stance of neutrality and provides a safe space for all community members. Efforts to foster inclusivity and intellectual freedom are ongoing. Still, challenges to materials and opposition to programs such as Drag Story Time continue.
Other (please specify)	<input type="checkbox"/> High concern <input checked="" type="checkbox"/> Moderate concern <input type="checkbox"/> Least concern	In response to outdated technology, the library has invested in new patron and staff hardware and software, enhancing our service capability.

4. BOARD APPROVAL

Electronic signatures are acceptable where physical signatures are not feasible.

Library Director Signature: _____

Date: February 21, 2024

Board Chair Signature: _____

Date: February 21, 2024

CFO Report to the Board

Information

To: Okanagan Regional Library Board of Directors
From: Jeremy Feddersen, ORL Chief Financial Officer
Date: February 21st, 2024
Subject: Financial Update Report to November 30, 2023 (11 Months)

Purpose

To Receive for information the Financial Update Report Package to November 30, 2023.

Executive Summary:

Please find attached the Financial Update Report Package to November 30, 2023. Results for the period demonstrate that the ORL is operating within its budget and that there haven't been any significant challenges for the organization to this point in the 2023 fiscal year.

RECOMMENDATION

THAT the Board receive the CFO's Financial Update Report to November 30, 2023 for information

BACKGROUND

The attached **Appendix 1** provides the Board with an interim financial report (receipts and disbursements) to November 30th along with the year-to-date (YTD), annual budget and other useful information such as variances. The report has been prepared on a modified cash basis, meaning not all accounting accruals have been made. This report will briefly discuss some of the financial information that staff felt may be of interest to the Board.

DISCUSSION

Receipts – Tax Levy

The variances in this category are due to timing, as municipalities typically pay sometime within the quarter while the budget has the assumption built in that they will be received by end of year. All 2023 levies have been received to date.

Receipts – Government, Grants and Own Resources

This category has seen revenues come in higher than budget, which is attributed largely to the interest being earned on our cash balance that had not been included in the budget. This has exceeded the lost revenue due to the suspension of charging late fees, which are still in this budget.

From Reserves and Internal Rent

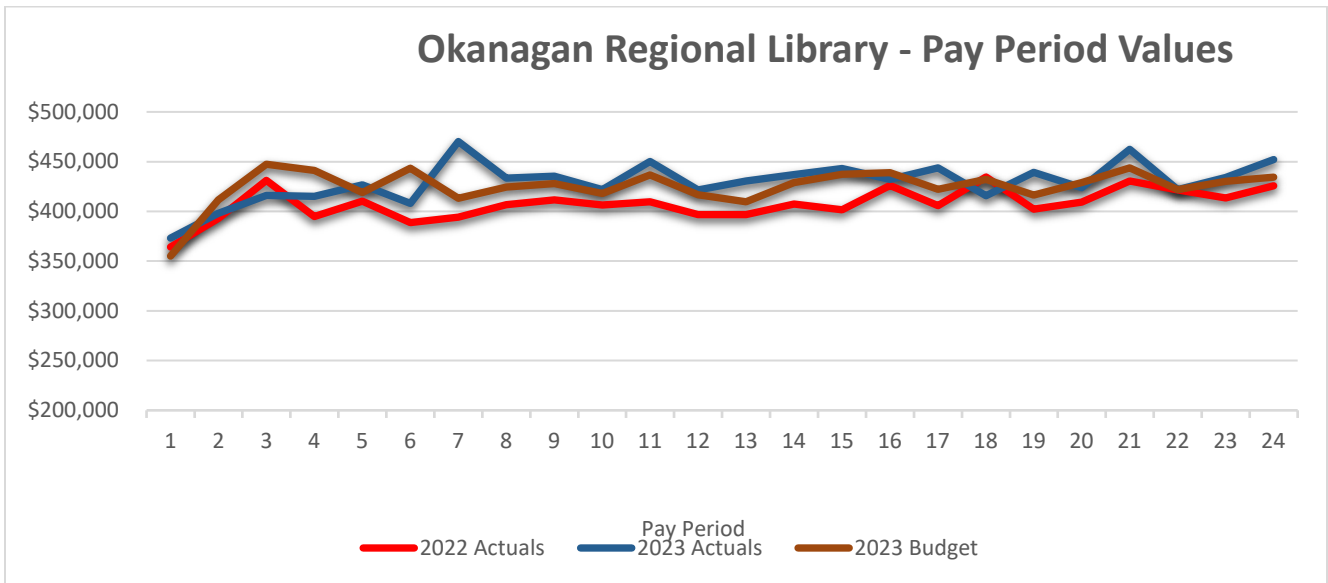
The transfers from reserves are an accounting adjustment that relates to planned amounts drawn out of reserves for technology replacement, furnishings and amounts from the donation reserves for programming and capital expenditures. The internal rent chargeback relates to adjustments for the owned branches.

Total receipts to November 30th are \$19,313,159

Disbursements

Remuneration and benefits are tracking very closely to budget to pay period 24.

Graph: Pay Period Values: 2022 Actual, 2023 Actual, 2023 Budget



Rent and property expenses are largely on course as well. We do not expect a large variance in this line at year end, as we are working to keep property expenses down through the year.

Library (electronic) materials, along with Books and Other Physical Material form the combined Library Collections Budget. We have adjusted the budget figures for the physical and electronic categories in order for them to more closely track to what is expected to be spent for each line.

“Other Expenses” are tracking a little over budget to date. A few of the line items which are most noticeably over budget continue to be marketing, supplies, and technology expenses. The majority of the activity for these lines have occurred, with the exception of supplies, which is expected to land a little over budget due to our strong SRC numbers and programming services. Some adjustments at year end to allocate strategic planning resources will also impact supplies and marketing budget lines.

Total disbursements before capital expenditures and reserve transactions are \$17,951,426.

The Capital Expenditure figures will come up as part of year-end process; these transactions are accounting adjustments related to reserve funded activities. The exception being Books and Other Physical Materials, which was previously discussed with the Library (electronic) materials. The above table (Combined Library Collection Budget) is also a useful reference when considering this expense line.

Total disbursements to November 30th are \$19,408,240.

The net disbursements over receipts to November 30th are \$95,081.

BUDGET AND COST IMPACTS

There are no budget or cost impacts that would derive from this report.

CONCLUSION

The ORL's financial results to November 30th are generally consistent with expectations and the variances explainable. There does not appear to be anything that requires specific Board attention at this time.

Respectfully submitted,



Jeremy Feddersen, CPA, CA
Chief Financial Officer

Okanagan Regional Library

Appendix 1

Interim Financial Report

(Receipts & Disbursements)

January 1, 2023 to November 30, 2023

**OKANAGAN REGIONAL LIBRARY
RECEIPTS & DISBURSEMENTS
To November 30, 2023**

	ACTUAL YR.TO D	BUDGET YR.TO D	VARIANCE YR.TO D	BUDGET -YEAR--	VARIANCE -From Annual--
RECEIPTS					
TAX LEVY ON MUNICIPALITIES AND REGIONAL DISTRICTS					
ARMSTRONG, CITY	\$156,186	\$156,186	\$0	\$208,248	\$52,062
CENTRAL OKANAGAN RD	\$252,025	\$252,025	-\$0	\$336,033	\$84,008
COLDSTREAM, DISTRICT	\$504,202	\$378,152	-\$126,050	\$504,202	\$0
COLUMBIA SHUSWAP RD	\$935,341	\$701,506	-\$233,835	\$935,341	\$0
ENDERBY, CITY	\$86,619	\$86,629	\$9	\$115,505	\$28,886
GOLDEN, CITY	\$335,383	\$251,537	-\$83,846	\$335,383	\$0
KELOWNA, CITY	\$5,493,890	\$5,493,890	-\$0	\$7,325,187	\$1,831,297
KEREMEOS, VILLAGE	\$49,037	\$48,103	-\$934	\$64,137	\$15,100
LAKE COUNTRY, DISTRICT	\$578,065	\$578,065	-\$0	\$770,753	\$192,688
LUMBY, VILLAGE	\$58,133	\$58,133	\$0	\$77,511	\$19,378
NORTH OKANAGAN RD	\$833,395	\$625,046	-\$208,349	\$833,395	\$0
OLIVER, TOWN	\$221,465	\$166,099	-\$55,367	\$221,465	-\$0
OKANAGAN SIMILKAMEEN RD	\$688,117	\$688,117	-\$0	\$917,489	\$229,372
OSOYOOS, TOWN	\$283,309	\$212,482	-\$70,827	\$283,309	\$0
PEACHLAND, DISTRICT	\$288,393	\$216,295	-\$72,099	\$288,393	-\$0
PRINCETON, TOWN	\$102,904	\$102,559	-\$345	\$136,745	\$33,841
REVELSTOKE, CITY	\$303,022	\$303,022	-\$0	\$404,029	\$101,007
SALMON ARM, CITY	\$802,766	\$602,075	-\$200,692	\$802,766	-\$0
SICAMOUS, DISTRICT	\$164,885	\$123,314	-\$41,571	\$164,419	-\$466
SPALLUMCHEEN, TOWNSHIP	\$170,864	\$170,864	\$0	\$227,819	\$56,955
SUMMERLAND, DISTRICT	\$555,685	\$416,764	-\$138,921	\$555,685	\$0
VERNON, CITY	\$1,983,344	\$1,487,105	-\$496,239	\$1,982,807	-\$537
WESTBANK FIRST NATION	\$358,019	\$358,019	\$0	\$477,359	\$119,340
WEST KELOWNA, CITY	\$1,755,374	\$1,316,531	-\$438,843	\$1,755,374	\$0
	\$16,960,423	\$14,792,516	-\$2,167,907	\$19,723,354	\$2,762,931

	ACTUAL YR.TO D	BUDGET YR.TO D	VARIANCE YR.TO D	BUDGET -YEAR--	VARIANCE -From Annual--
FROM GOVERNMENT & OWN RESOURCES					
PROVINCE OF BC - PER CAPITA GRANT	\$1,038,411	\$1,008,000	-\$30,411	\$1,008,000	-\$30,411
GRANTS-PROV.B.C.-BOOKS	\$4,500	\$0	-\$4,500	\$0	-\$4,500
GRANTS - FEDERAL	\$995	\$0	-\$995	\$49,000	\$48,005
GRANTS - OTHER	\$0	\$0	\$0	\$6,500	\$6,500
FINES, FEES AND DAMAGED MATERIALS	\$31,297	\$185,625	\$154,328	\$202,500	\$171,203
SPACE RENTALS	\$9,108	\$17,606	\$8,499	\$19,207	\$10,099
PRINTING REVENUE	\$27,783	\$27,477	-\$306	\$29,975	\$2,192
KEYCARD REVENUE	\$1,878	\$228	-\$1,649	\$249	-\$1,629
INTEREST AND EXCHANGE	\$453,148	\$32,083	-\$421,065	\$35,000	-\$418,148
COPIER REVENUE	\$8,997	\$8,754	-\$243	\$9,550	\$552
SUNDRY INCOME	\$7,069	\$4,583	-\$2,485	\$5,000	-\$2,069
DONATIONS	\$0	\$0	\$0	\$137,280	\$137,280
MFA ACTUARIAL , DEBT REDUCTION	\$284,023	\$284,023	\$284,023	\$309,843	\$309,843
INTER LIBRARY LOANS, NET	-\$3	-\$138	-\$134	-\$150	-\$147
SUBTOTAL GOVERNMENT & OWN RESOURCES	\$1,867,205	\$1,568,243	-\$14,939	\$1,811,954	\$228,772
TRANSFERS FROM RESERVES	-\$4,593	\$0	\$4,593	\$626,007	\$630,600
ORL OWNED BUILDINGS, RENT CHARGEBACK	\$485,532		-\$485,532	\$761,946	\$276,414
TOTAL RECEIPTS	19,313,159	16,360,758	-2,668,378	22,923,261	3,898,717

**OKANAGAN REGIONAL LIBRARY
RECEIPTS & DISBURSEMENTS
To November 30, 2023**

	ACTUAL YR.TO D	BUDGET YR.TO D	VARIANCE YR.TO D	BUDGET -YEAR--	VARIANCE -From Annual--
DISBURSEMENTS					
REMUNERATION AND FRINGE BENEFITS					
REMUNERATION	8,342,853	8,414,086	71,233	9,179,003	836,150
FRINGE BENEFITS	1,629,673	1,691,411	61,737	1,845,175	215,502
WCB	54,367	29,633	-24,734	32,327	-22,040
	10,026,893	10,135,130	108,236	11,056,505	1,029,612
RENT AND PROPERTY EXPENSES					
RENT	2,152,954	2,385,131	232,177	2,601,961	449,007
LTD PRINCIPAL, ACTUARIAL AND INTEREST	1,185,963	1,361,136	175,174	1,484,876	298,913
PROPERTY EXPENSES	1,723,859	1,744,118	20,259	1,902,674	178,815
	5,062,776	5,490,385	427,609	5,989,511	926,735
LIBRARY MATERIALS					
	1,260,581	1,264,206	3,625	1,685,608	425,027
OTHER EXPENSES					
BOARD EXPENSES	13,172	18,463	5,291	20,141	6,969
BOOK DEPOSIT GRANTS	5,250	2,933	-2,317	3,200	-2,050
COLLECTION AGENCY	354	8,769	8,415	9,566	9,212
EQUIPMENT REPAIRS & RENEWALS	16,802	13,032	-3,771	14,216	-2,586
INSURANCE	55,528	53,598	-1,930	58,470	2,942
INTEREST & BANK CHARGES	11,706	10,542	-1,164	11,500	-206
MARKETING & COMMUNICATIONS	108,054	74,738	-33,316	81,533	-26,522
MEMBERSHIPS	14,080	18,664	4,584	20,361	6,281
PENTICTON LIBRARY FEE	42,020	44,300	2,280	48,328	6,308
POSTAGE & FREIGHT	44,185	59,960	15,775	65,411	21,226
PROFESSIONAL FEES	97,213	80,404	-16,809	87,714	-9,499

	ACTUAL YR.TO D	BUDGET YR.TO D	VARIANCE YR.TO D	BUDGET -YEAR--	VARIANCE -From Annual--
PROGRAMS	57,164	136,117	78,953	148,491	91,328
RECRUITMENT, TRAVEL & SUNDRY	7,200	14,806	7,606	16,152	8,952
STAFF DEVELOPMENT & MEETINGS	115,533	108,386	-7,147	118,239	2,706
STRATEGIC PLANNING	39,498	0	-39,498	0	-39,498
SUPPLIES	202,523	137,635	-64,888	150,147	-52,376
TECHNOLOGY EXPENSES	566,562	485,250	-81,312	529,363	-37,199
TELEPHONE & INTERNET	83,130	74,022	-9,108	80,752	-2,379
TRANSPORTATION	114,375	127,785	13,409	139,401	25,026
VIRTUAL BRANCH	6,827	9,167	2,340	10,000	3,173
	1,601,175	1,478,569	-122,606	1,612,984	11,810
DISBURSEMENTS BEFORE CAPITAL EXPENDITURES AND TRANSFERS TO RESERVES	17,951,426	18,368,290	416,864	20,344,608	2,393,183
CAPITAL EXPENDITURES					
BOOKS AND OTHER PHYSICAL MATERIALS	1,109,947	1,188,398	78,451	1,296,434	186,487
TECHNOLOGY ASSETS	0	321,967	321,967	351,237	351,237
FURNITURE, EQUIPMENT & OTHER	0	221,879	221,879	242,050	242,050
	1,109,947	1,732,244	622,297	1,889,721	779,774
TRANSFERS TO RESERVES					
TO BRANCH FURNISHING RESERVE	74,901	132,917	58,016	145,000	70,099
TO CAPITAL PROJECTS RESERVE	57,000	104,500	47,500	114,000	57,000
TO IT REPLACEMENT RESERVE	155,504	285,091	129,587	311,008	155,504
TO NON-OWNED BUILDING MNTC RESERVE	16,000	29,333	13,333	32,000	16,000
TO OWNED BUILDING MNTC RESERVE	30,000	55,000	25,000	60,000	30,000
TO STAFF APPRECIATION OR DEVELOPMENT RESERVE	750	1,375	625	1,500	750
TO VEHICLE REPLACEMENT RESERVE	12,712	23,306	10,594	25,425	12,713
	346,867	631,522	0	688,933	342,066
TOTAL DISBURSEMENTS	19,408,240	20,732,056	1,039,161	22,923,262	3,515,022
NET DISBURSEMENTS OVER RECEIPTS	-95,081	-4,371,297	-3,707,539	-2	-186,713

STRATEGIC PLANNING REPORT TO THE BOARD

For Decision



To: Okanagan Regional Library Board

From: Danielle Hubbard, CEO (on behalf of the ORL Strategic Planning Committee)

Date: February 21, 2024

Subject: **Strategic Planning Committee Report**

Voting Entitlement: *Unweighted vote – Simple majority*

Purpose: To receive Board approval on the ORL's new *Strategic Plan Framework 2024 – 2029* and the *ORL Strategic & Operational Plan: Implementation schedule*.

Executive Summary and Considerations:

Following the November 2023 Board Strategic Planning Workshop, WCS Engagement + Planning completed the development of the ORL's *Strategic Plan Framework 2024 - 2029*, with input and support from ORL Management and the Strategic Planning Committee. This framework, as well as the proposed *Strategic & Operational Plan: Implementation schedule*, are attached. At the February 21 Board meeting, ORL Management will deliver a presentation of both documents and facilitate discussion. Both documents have been vetted and approved by the Strategic Planning Committee.

Recommendation:

THAT the Board approve the *ORL Strategic Plan Framework 2024 – 2029*.

THAT the Board approve the *ORL Strategic & Operational Plan: Implementation schedule*.

Respectfully submitted by: Danielle Hubbard, CEO (on behalf of the ORL Strategic Planning Committee).

Attachment(s):

1. *ORL Strategic Plan Framework 2024 – 2029*
 2. *ORL Strategic & Operational Plan: Implementation schedule*
 3. *ORL Strategic Plan brochure* (example of public-facing/stakeholder publicity document)
-

ORL Strategic Plan Framework

Our Vision

A vital community space for learning, connecting and hanging out.

Our Mission

We foster imagination and creativity, inspire life-long learning and create community connections.

Our Values

Collaboration and Strong Relationships

- We collaborate with community partners and facilitate connections.
- We listen, learn, and build relationships with Indigenous communities.

Equity, Diversity and Inclusion

- We reflect the diversity of our communities and welcome all patrons.
- We provide equitable access to, and support all forms of, literacy.

Exceptional Customer Service

- We go above and beyond to help patrons learn, discover, create and connect.

Intellectual Freedom

- We champion access to information and exposure to diverse points of view.

Organizational Responsibility

- We are responsible with our resources and strive to operate our libraries in a sustainable manner.
- We are honest, transparent and accountable with our public, our staff, and our stakeholders.

Responsiveness

- We strive to understand and reflect the diverse needs of the people we serve.
- We respond to societal changes, natural disasters and emergencies.
- We embrace change, are innovative, and are creative problem-solvers.

Goals	Cultivate learning, literacy, creativity and imagination	Offer a welcoming, inclusive space to gather and connect	Embrace local heritage and culture	Develop and nurture community partnerships	Strive for organizational and service excellence
We commit to:	<ul style="list-style-type: none"> • Foster the joy of reading and life-long learning. • Grow our collections, programs, services and spaces to advance learning and literacy. • Offer hands-on creativity, skills-development, and maker-space opportunities. • Embrace technology and grow digital literacy. • Represent diverse voices and cultures. • Broaden the reach of the library beyond its physical branches. • Engage those who are not regular library users. • Spark imagination. 	<ul style="list-style-type: none"> • Optimize our spaces for flexible uses – quiet activities as well as social connections. • Provide services and supports for disadvantaged / vulnerable community members. • Expand our outreach to different demographic and equity-seeking groups to welcome them to our libraries. 	<ul style="list-style-type: none"> • Represent and highlight Indigenous culture, histories and knowledge. • Showcase local talent including artists, writers, musicians and filmmakers. • Offer and actively celebrate local community events. 	<ul style="list-style-type: none"> • Deepen connections with community organizations and Indigenous groups. • Facilitate connections between our patrons and community organizations. • Engage and communicate with our community members. • Collaborate with partners to offer diverse programs. • Work with our local governments to integrate library planning with municipal planning and budgeting processes. 	<ul style="list-style-type: none"> • Provide opportunities for staff to connect with each other, share knowledge, and build on successes. • Reduce our environmental impact. • Foster a culture of service innovation and adaptability. • Provide ongoing staff training and development. • Empower staff to serve our patrons’ needs. • Ensure all branches best meet access needs of patrons. • Create and revise processes to optimize service efficiency and user experience. • Measure and evaluate performance.

ORL Strategic & Operational Plan: Implementation schedule

Danielle Hubbard, CEO, ORL

February 21, 2024

The following is a high-level overview of ORL Management's proposed timeline and process for introducing, operationalizing, and evaluating the *2024 – 2029 Strategic Plan*. Unless otherwise specified, all dates are 2024.

February 21 – Board meeting. Strategic Plan approved by the Board (Danielle to present).

March 5 – Upper-level Operational Plan development workshop with ORL Management (Danielle to facilitate).

March 11 – All-staff meeting at which both the Strategic Plan and the Upper-level Operational Plan will be launched to staff.

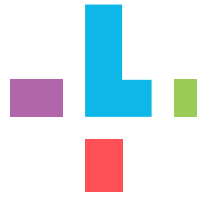
Spring 2024

- Directors of Public Services will visit each branch to develop branch-level operational plans; each Management Team member will conduct the same work with the staff of their department. Due to the work associated with the West Kelowna move, some of this planning work may continue into the summer.
- The Strategic Plan will be publicly communicated via ORL website and news outlets.
- Danielle will begin visiting each member council for a short presentation about the ORL and our strategic objectives. Due to volume, these presentations may continue into the fall.
- ORL Management will create an evaluative metrics spreadsheet to track accountabilities and progress on the Operational Plan.

May 15 – Board meeting. Danielle will share the completed Operational Plan with the Board.

2024 – 2029

- Operational Plan progress will be a standing item in the CEO Report to the Board.
- On an annual basis (ie. Each spring until 2029), Danielle will conduct a strategic assessment meeting with ORL Management to determine the continued relevance and feasibility of operational goals and objectives. Any significant changes will be communicated to the Board.



ORL STRATEGIC PLAN

2024-2029





**A vital
community
space for
learning,
connecting,
& hanging
out.**

M-E-P-15 / V01.01 / 23.06



**We foster
imagination
and creativity,
inspire
life-long
learning,
and build
community
connections.**

Collaboration and Strong Relationships

- We collaborate with community partners, and facilitate connections.
- We listen, learn, and build relationships with Indigenous communities.

Equity, Diversity and Inclusion

- We reflect the diversity of our communities, and welcome all patrons.
- We provide equitable access to, and support all forms of, literacy.

Exceptional Customer Service

- We go above and beyond to help patrons learn, discover, create, and connect.

Intellectual Freedom

- We champion access to information, and exposure to diverse points of view.

Organizational Responsibility

- We are responsible with our resources, and strive to operate our libraries in a sustainable manner.
- We are honest, transparent, and accountable with our public, our staff, and our stakeholders.

Responsiveness

- We strive to understand and reflect the diverse needs of the people we serve.
- We respond to societal changes, natural disasters, and emergencies.
- We embrace change, are innovative, and are creative problem-solvers.



1
Cultivate learning, literacy, creativity, and imagination.



2
Offer a welcoming, inclusive space to gather, and connect.



3
Embrace local heritage, and culture.



4
Develop and nurture community partnerships



5
Strive for organizational and service excellence.



Cultivate learning, literacy, creativity, and imagination.

- Foster the joy of reading and life-long learning.
- Grow our collections, programs, services, and spaces to advance learning and literacy.
- Offer hands-on creativity, skills-development, and maker-space opportunities.
- Embrace technology and grow digital literacy.
- Represent diverse voices and cultures.
- Broaden the reach of the library beyond its physical branches.
- Engage those who are not regular library users.
- Spark imagination.



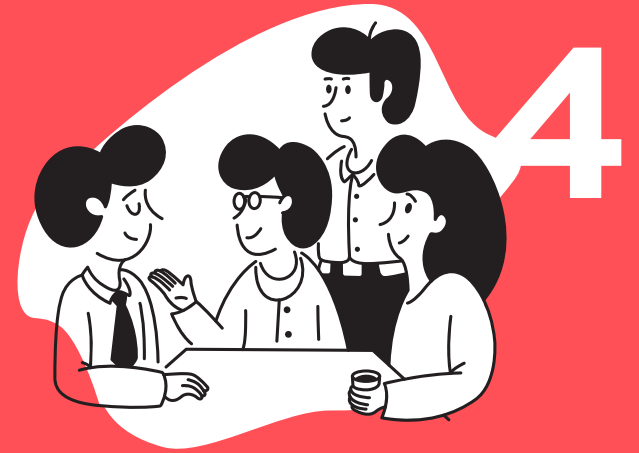
Offer a welcoming, inclusive space to gather, and connect.

- Optimize our spaces for flexible uses – quiet activities, as well as social connections.
- Provide services and supports for disadvantaged/vulnerable community members.
- Expand our outreach to different demographic and equity-seeking groups, to welcome them to our libraries.



Embrace local heritage and culture.

- Represent and highlight Indigenous culture, histories, and knowledge.
- Showcase local talent including artists, writers, musicians, and filmmakers.
- Offer and actively celebrate local community events.



Develop and nurture community partnerships.

- Deepen connections with community organizations, and Indigenous groups.
- Facilitate connections between our patrons, and community organizations.
- Engage and communicate with our community members.
- Collaborate with partners to offer diverse programs.
- Work with our local governments to integrate library planning with municipal planning, and budgeting processes.



Strive for organizational and service excellence.

- Provide opportunities for staff to connect with each other, share knowledge, and build on successes.
- Reduce our environmental impact.
- Foster a culture of service innovation, and adaptability.
- Provide ongoing staff training and development.
- Empower staff to serve our patrons' needs.
- Ensure all branches best meet the access needs of patrons.
- Create and revise processes to optimize service efficiency, and user experience.
- Measure and evaluate performance.




Need Help? Contact Us!

Visit us at your nearest ORL branch,
www.orl.bc.ca/hours-locations or email us at help@orl.bc.ca

ORL LIBRARY BRANCHES

Armstrong	250.546.8311	Osoyoos	250.495.7637
Cherryville	250.547.9776	Peachland	250.767.9111
Enderby	250.838.6488	Princeton	250.295.6495
Falkland	250.379.2705	Revelstoke	250.837.5095
Golden	250.344.6516	Rutland	250.765.8165
Hedley	250.292.8259	Salmon Arm	250.832.6161
Kaleden	250.497.8066	Sicamous	250.836.4845
Kelowna	250.762.2800	Silver Creek	250.832.4719
Keremeos	250.499.2313	South Shuswap	250.675.4818
Lake Country	250.766.3141	Summerland	250.494.5591
Lumby	250.547.9528	UBC-O	N/A
Mission	250.764.2254	Vernon	250.542.7610
Naramata	250.496.5679	Westbank	250.768.4369
North Shuswap	250.955.8198	Westside Learning Lab	778.755.6235
Okanagan Falls	250.497.5886	Administration	250.860.4033
Oliver	250.498.2242		

CONTACT INFORMATION

- @ help@orl.bc.ca
-  www.orl.bc.ca
-  OKRegLib
-  ORLreads

Okanagan Regional Library District

Audit planning communication to the
Board of Trustees for the year ended
December 31, 2023

START



To the Board of Trustees of Okanagan Regional Library District

We are pleased to provide you with this planning communication to highlight and explain key issues which we believe to be relevant to the audit of Okanagan Regional Library District (the “Library”) financial statements for the year ended December 31, 2023.

The enclosed planning communication includes our approach to your audit, the significant risks we have identified and the terms of our engagement. At the year-end meeting, we will provide you with a copy of our draft audit opinion and discuss the nature, extent and results of our audit work. We will also communicate any significant internal control deficiencies identified during our audit and reconfirm our independence.

Our audit and therefore this communication will not necessarily identify all matters that may be of interest to the Board of Trustees in fulfilling its responsibilities. This communication has been prepared solely for the use of the Board of Trustees and should not be distributed without our prior consent. Consequently, we accept no responsibility to a third party that uses this communication.

We look forward to completing our draft audit report opinion and discussing our conclusions with you. In the meantime, please feel free to contact us if you have any questions or concerns.

Yours truly,

BDO Canada LLP
February 7, 2024



Table of Contents

- 1 Your dedicated BDO audit team
- 2 Audit timeline
- 3 Auditor's responsibilities
- 4 Significant risks and planned responses
- 5 Planned scope
- 6 How we audit financial statements
- 7 Our audit approach
- 8 BDO's digital audit suite
- 9 Recommended resources
- 10 Appendices

Audit at a glance

4	LEAD PARTNER ON YOUR AUDIT	Markus Schrott, CPA, CA
5		
6		E: mschrott@bdo.ca
9		
10		T: 250-275-8852
11		
13	START DATE	January 2024
14		
16		
19	END DATE	May 2024

Your dedicated BDO audit team



Markus Schrott, CPA, CA
Engagement Partner

T: 250-275-8852
E: mschrott@bdo.ca



Madison Attwood, CPA
Manager

T: 236-766-3995
E: mattwood@bdo.ca



Riley Bruschinsky, CPA
Audit Senior

T: 236-766-3155
E: rbruschinsky@bdo.ca

Our independence



We have complied with relevant ethical requirements and are not aware of any relationships between Okanagan Regional Library District and our Firm that may reasonably be thought to bear on our independence.



Audit timeline



BDO'S DIGITAL AUDIT SUITE APT Next Gen

We use our APT Next Gen software and documentation tool to save time, streamline processes, and go paperless with your audit.

[LEARN MORE](#)

DISCOVER THE
DIGITAL DIFFERENCE





Auditor's responsibilities: financial statements

We are responsible for forming and expressing an opinion on the financial statements that have been prepared by management, with oversight by those charged with governance. The audit of the financial statements does not relieve management or those charged with governance of their responsibilities. The scope of our work, as confirmed in our engagement letter attached as Appendix A to this letter, is set out below:

Year-End Audit Work

- ▶ Work with management towards the timely issuance of the financial statements.
- ▶ Provide timely and constructive management letters. This will include deficiencies in internal control identified during our audit.
- ▶ Present significant findings to the Board of Trustees including key audit and accounting issues, any significant deficiencies in internal control and any other significant matters arising from our work.



We are required to obtain an understanding of the system of internal control in place in order to consider the adequacy of these controls as a basis for the preparation of the financial statements, to determine whether adequate accounting records have been maintained and to assess the adequacy of these controls and records as a basis upon which to design and undertake our audit testing.

We are required to report to you in writing about any significant deficiencies in internal control that we have identified during the audit.



Auditor's responsibilities: fraud

We are responsible for planning and performing the audit to obtain reasonable assurance that the financial statements are free of material misstatements, whether caused by error or fraud, by:

- ▶ Identifying and assessing the risks of material misstatement due to fraud;
- ▶ Obtaining sufficient and appropriate audit evidence regarding the assessed risks of material misstatement due to fraud, through designing and implementing appropriate responses; and
- ▶ Responding appropriately to fraud or suspected fraud identified during the audit.

The likelihood of not detecting a material misstatement resulting from fraud is higher than the likelihood of not detecting a material misstatement resulting from error because fraud may involve collusion as well as sophisticated and carefully organized schemes designed to conceal it.

Behind the audit report



Learn how we audit your financial statements

[SEE OUR PROCESS](#)



Auditor's responsibilities: fraud

Throughout our planning process, we performed risk assessment procedures and related activities to obtain an understanding of the entity and its environment, including the Library's internal control, to obtain information for use in identifying the risks of material misstatement due to fraud and made inquiries of management regarding:

- ▶ Management's assessment of the risk that the financial statements may be materially misstated due to fraud, including the nature, extent and frequency of such assessments;
- ▶ Management's process for identifying and responding to the risks of fraud in the Library, including any specific risks of fraud that management has identified or that have been brought to its attention, or classes of transactions, account balances, or disclosures for which a risk of fraud is likely to exist;
- ▶ Management's communication, if any, to those charged with governance regarding its processes for identifying and responding to the risks of fraud in Okanagan Regional Library District; and
- ▶ Management's communication, if any, to employees regarding its view on business practices and ethical behavior.

We are not currently aware of any fraud affecting the Library. If you are aware of any instances of actual, suspected, or alleged fraud, please let us know.



Significant risks and planned responses

We have identified the following significant risks that require special audit consideration. These risks were identified based on our knowledge of the Library, our past experience, and input from management and the Board of Trustees. Please review these significant risks and let us know your thoughts on these or any other areas of concern.

Financial statement areas	Risks noted	Audit approach
Management Override of Internal Controls	Per Canadian Audit Standard 240.32, irrespective of our assessment of the risk of management override of controls, audit procedures must be performed to address the risk.	Review of transactions recorded in various ledgers for unusual or non-recurring adjustments not addressed by other audit procedures.
Fraud Risk due to Improper Revenue Recognition	<p>Per Canadian Audit Standard 240, “the auditor’s responsibilities relating to fraud in an audit of financial statements,” the auditor shall always presume that there are risks of fraud in revenue recognition unless the entity does not have revenue or deferred revenue.</p> <p>Per Canadian Audit Standards, fraud risks in regards to revenue recognition is always presumed to exist.</p>	BDO will perform substantive testing over grants. Tests to include the vouching of amounts existing agreements, and deferrals if appropriate. BDO may chose to additionally confirm grants with external funders.

[Back to contents](#)

Materiality

We determined preliminary materiality to be \$600,000, based on 3% of a three-year average of revenue.

Misstatements are considered to be material if they could reasonably be expected to influence the decisions of users based on the financial statements.

Our materiality calculation is based on the Library's preliminary results. If actual results change significantly, we will communicate those changes to the Board of Trustees as part of our year-end communication.

We will communicate all corrected and uncorrected misstatements identified during our audit to the Board of Trustees, other than those which we determine to be "clearly trivial."

We encourage management to correct any misstatements identified throughout the audit process.



How we audit financial statements: Our audit process

IDENTIFY AND ASSESS RISK

Focus on those areas of financial statements that contain potential material misstatements as a consequence of the risks you face

OBTAIN AUDIT EVIDENCE

Perform audit procedures while maintaining appropriate degree of professional skepticism, to conclude whether or not the financial statements are presented fairly

COMMUNICATION

Communicate our opinion and details of matters on which we are required to communicate





How the firm's system of quality management supports the consistent performance of quality audit engagements

The firm's system of quality management complies with the requirements set out in Canadian Standard on Quality Management 1 - Quality Management for Firms that Perform Audits or Reviews of Financial Statements, or Other Assurance or Related Services Engagements (CSQM 1) as issued by the Auditing and Assurance Standards Board (AASB).

In addition to the requirements set out in CSQM 1, we may have identified additional quality objectives and potential quality risks and have designed further policies and procedures to respond to these.

Taken together our system of quality management supports consistent performance of audit engagements by focusing on eight components that operate in an iterative and integrated manner. These include:

- 1 Firm risk assessment process
- 2 Governance and leadership
- 3 Relevant ethical requirements
- 4 Acceptance and continuance
- 5 Engagement performance
- 6 Resources
- 7 Information and communication
- 8 Monitoring and remediation process

Standard for Audit Quality



CSQM 1

The quality of an audit depends not only on the people conducting it—but also on the systems underpinning it. These new rules up the ante for your audit quality.



Our audit approach: Responsiveness in action

Our firm is deliberately structured to allow one partner to every six staff members. This means easy access to senior staff and the lead partner throughout your audit. It also helps our team gain a better understanding of your organization. Our audit process differs from the typical audit in our use of in-field reviews. The benefit of these in-field reviews is that final decision-makers are on site ensuring issues are resolved and files closed quickly. We offer clients the full-service expertise of a national firm. Yet we maintain a local community focus. The comprehensive range of services we deliver is complemented by a deep industry knowledge gained from over 100 years of working within local communities.



Discover how we're accelerating audit quality



Audit Quality Report

We collected our core beliefs around audit quality, the very practical steps we take to sustain it, and the progress we have made to accelerate its quest.

[Follow our progress](#)

BDO's digital audit suite

Our digital audit suite of technologies enables our engagement teams to conduct consistent risk-based audits, both domestically and internationally, with maximum efficiency and minimal disruption to our clients' operations and people.



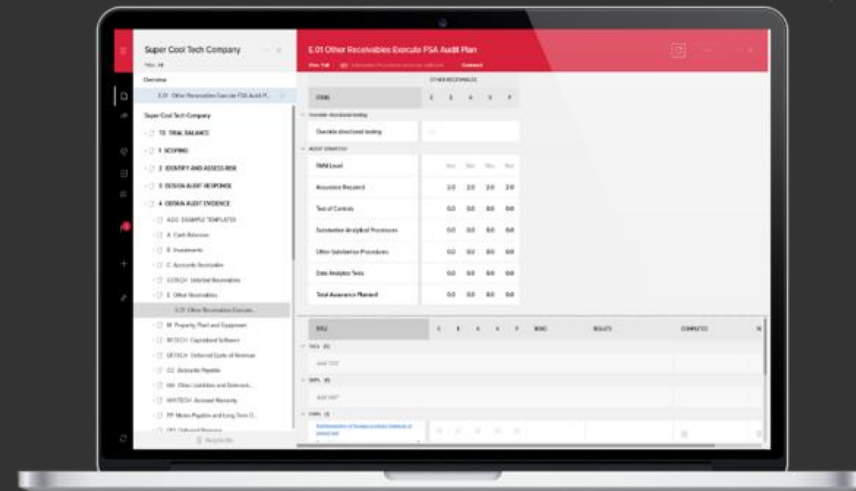
APT Next Gen

Our audit software and documentation tool, APT, is an integral part of our audit methodology. Our professionals engage APT to devise and perform appropriate, risk-based audit procedures and testing based on applicable Canadian Auditing Standards (CASs), as well as to factor in engagement and industry-specific objectives and circumstances.

APT enables us to deliver an audit that fits your organization—whether large or small; complex or basic.

This sophisticated tool also amplifies two key attributes of our audits: consistency and quality. The quality framework that we developed measures our audit performance with hard quality indicators and reflects our indispensable culture for quality. To see our audit quality and consistency in action, look no further than how our teams share best audit practices for continuous improvement.

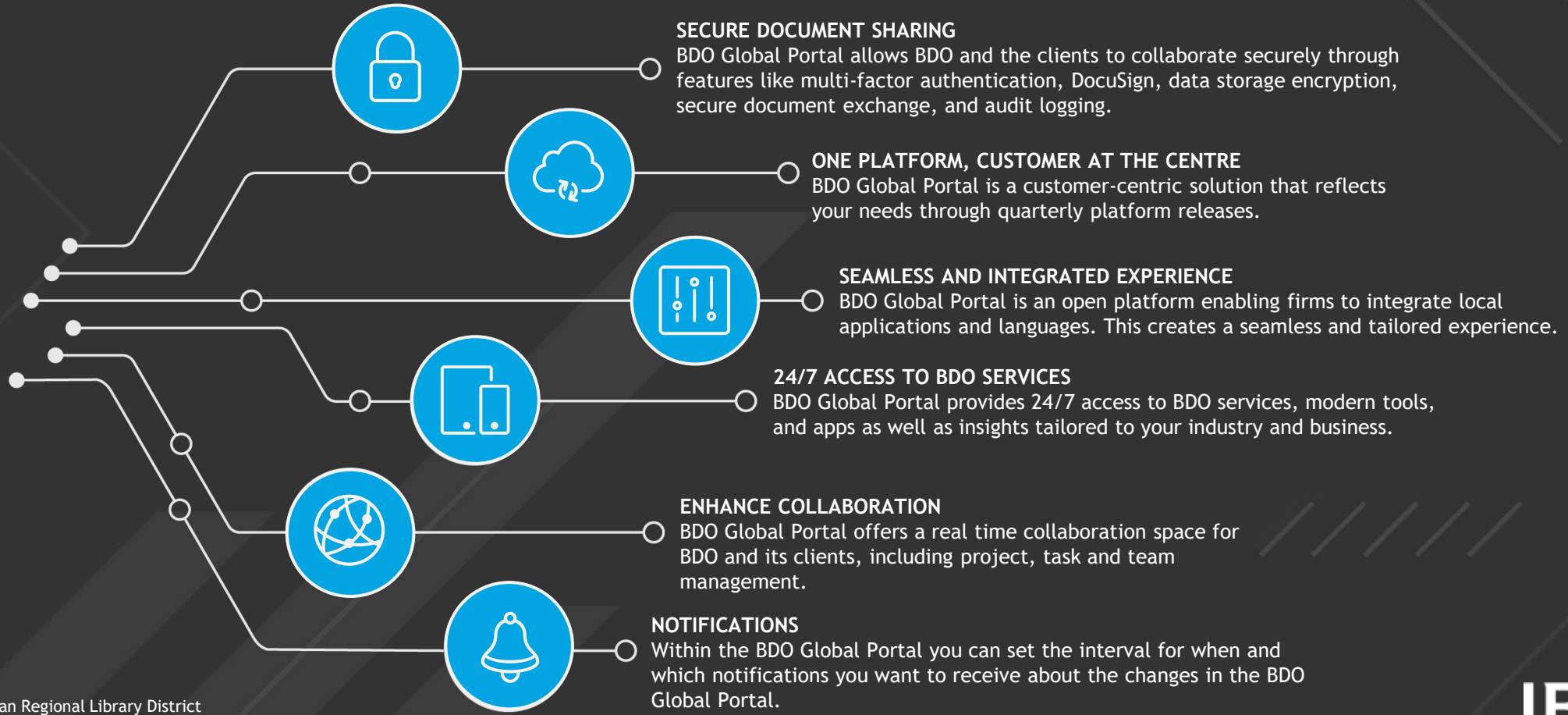
Through a strategic alliance with Microsoft and the introduction of new technology, this global, cloud-based application can now streamline and focus the audit process in even more ways for BDO professionals and their clients.





BDO Global Portal

BDO Global Portal transforms and enhances your digital experience with your BDO advisors. Available at any time, Portal enables you to access all services, tools, apps, and information and to collaborate with your advisors in a seamless way through a flexible, appealing, and secure environment.



Recommended Resource

Staying in the know with knowledge and perspective

Key changes to financial reporting



When the rules of reporting change, you may need to fine-tune how to present financial statements and govern the organization.

[ACCESS OUR KNOWLEDGE CENTRE](#)

The latest tax pointers



Corporate. Commodity. Transfer pricing. International tax. Government programs. Together they add up to immense differences on the organization's bottom line. Our tax collection keeps you current.

[STAY ON TOP OF TAXES](#)

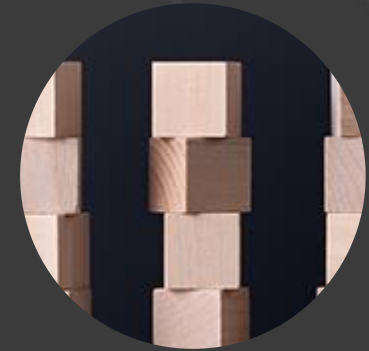
Trending topics



As a community of advisors with the best interests of our clients in mind, we keep our ear to the ground to bring insights and perspectives related to key business trends to you.

[EXPLORE NOW](#)

Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280



This publication will walk through a practical approach to applying Section PS 3280 including: identification, recognition and measurement of an obligation, and the different options available to entities on transition.

[READ ARTICLE](#)

Spotlight on ESG



Transformative world events—an international health crisis, social movements, shareholder and investor values, global supply chains, energy transition, smart cities, and sustainable finance—are transforming Canadian business.

Standards and regulations are rapidly changing to reflect the goals of all of your stakeholders. Organizations, investors, and customers are embracing environmental, social, and governance (ESG) considerations as important measures of success. Non-financial and financial information is becoming more interconnected.

ESG Insights



Sector insights at your convenience

[EXPLORE NOW](#)



Spotlight on public sector



Industry insights to shape your business

At BDO, we help governments create efficient ways of working to achieve better outcomes for their citizens and public servants. From technology-based solutions to program development, advisory and audit, our team can guide you through critical strategic decisions to ensure you deliver on your vision, goals, and accountability expectations.

Public sector Insights



Resources to support your business

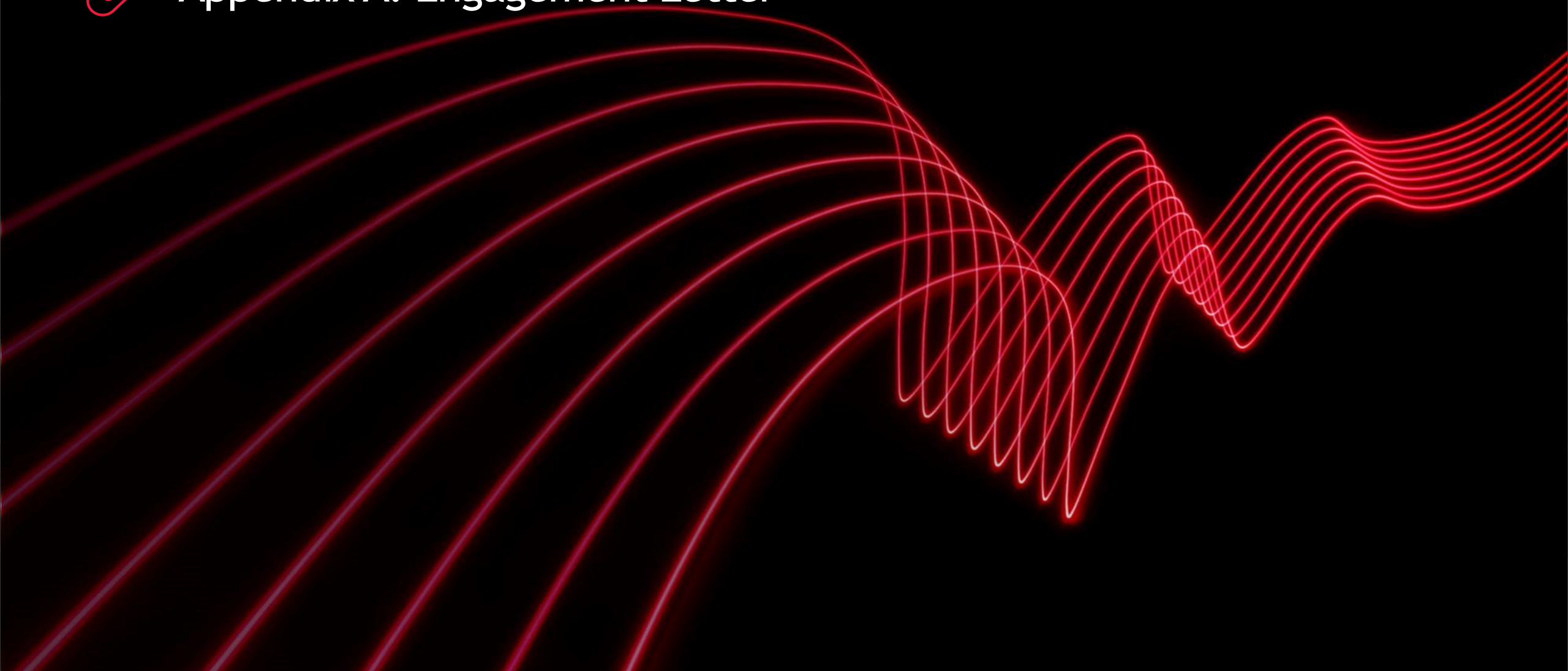
[EXPLORE NOW](#)

Appendices

- ▶ Appendix A: Engagement Letter
- ▶ Appendix B: 2023 PSAS Update



Appendix A: Engagement Letter





Tel: (250) 545-2136
Fax: (250) 545-3364
www.bdo.ca

BDO Canada LLP
2706 30th Avenue
Suite 202
Vernon, British Columbia
V1T 2B6

November 27, 2023

Okanagan Regional Library District
1430 KLO Road
Kelowna, BC
V1W 3P6

Dear Jeremy Feddersen,

We understand that you wish to engage us as the auditors of Okanagan Regional Library District for its fiscal year ended December 31, 2023 and subsequent years.

We are pleased to perform the engagement subject to the terms and conditions of this Agreement, to which the attached Standard Terms and Conditions form an integral part. The definitions set out in the Standard Terms and Conditions are applicable throughout this Agreement. This Agreement will remain in place and fully effective for future years until varied or replaced by another relevant written agreement.

Markus Schrott, CPA, CA will be the Engagement Partner for the audit work we perform for you. The Engagement Partner will call upon other individuals with specialized knowledge to assist in the performance of services.

Our Role as Auditors

We will conduct our audit(s) 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 prepared in accordance with Canadian Public Sector Accounting Standards 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. Our audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by you, as well as evaluating the overall financial statement presentation.

Because of the inherent limitations of an audit, together with the inherent limitations of internal control, there is an unavoidable risk that some material misstatements, whether by fraud or error, may not be detected, even though the audit is properly planned and performed in accordance with Canadian generally accepted auditing standards.

In making our risk assessments, we consider internal control relevant to your 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 your internal controls. However, we will communicate to you concerning any significant deficiencies in internal controls relevant to the audit of the financial statements that we have identified during the audit.

We will also communicate matters required by professional standards, to the extent that such matters come to our attention, to you, those charged with governance and/or the board of directors.



Reporting

Our audit will be conducted on the basis that the financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards.

Our independent auditor's report will be substantially in the form set out in Canadian Auditing Standard (CAS) 700. The form and content of our report may need to be amended in the light of our audit findings. If we are unable to issue or decline to issue an audit report, we will discuss the reasons with you and seek to resolve any differences of view that may exist.

Role of Management and Those Charged with Governance

have responsibility for:

- (a) the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards. The audit of the financial statements does not relieve you of your responsibilities;
- (b) such internal controls as you determine are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error; and
- (c) providing us with:
 - access, in a timely manner, to all information of which you are aware that is relevant to the preparation of the financial statements such as records, documentation and other matters;
 - additional information that we may request for the purpose of the audit;
 - unrestricted access to persons within the entity from whom we determine it is necessary to obtain audit evidence;
 - financial and non-financial information (other information) that will be included in document(s) containing financial statements and our audit report thereon prior to the date of our auditor's report. If it is not possible to provide all the other information prior to the date of our auditor's report, you are responsible for provision of such other information as soon as practicable; and
 - written confirmation concerning representations made to us in connection with the audit. If appropriate and adequate written representations are not provided to us, professional standards require that we disclaim an audit opinion.

Financial Statement Services

We will obtain your approval, if during the course of our engagement we:

- (a) prepare or change a journal entry; or
- (b) prepare or change an account code or a classification for a transaction.

As agreed, we will provide assistance in the preparation of the financial statements.



These services create a threat to our independence. We, therefore, require that the following safeguards be put into place:

- (a) that you create the source data for all accounting entries;
- (b) that you develop any underlying assumptions for the accounting treatment and measurement entries; and
- (c) that you review and approve the draft financial statements, including the notes to the financial statements.

Tax Services

Our audit is conducted primarily to enable us to express an opinion on the financial statements. The audit process is not designed to provide us with a full understanding of your tax situation and in particular, to allow us to determine whether the entity has specific tax compliance issues. We understand that you are not looking to BDO to provide you with any guidance or advice in regard to tax planning or compliance.

Additional Services

We are available to provide a wide range of services beyond those outlined in this Agreement. To the extent that any additional services that we provide to you that are not provided under a separate written engagement agreement, the provisions of this Agreement will apply to the services.

Fee Estimation

The estimated fee for this engagement is as follows:

- Audit services: \$33,800
- PSAS 3280 adoption: up to a maximum of \$7,000

Our estimated fee is based on an assumed level of quality of your accounting records, the agreed upon level of preparation and assistance from your personnel and adherence to the agreed-upon timetable. Our estimated fee also assumes that your financial statements are in accordance with Canadian Public Sector Accounting Standards and that there are no significant new or changed accounting policies or issues or internal control or other reporting issues. We will inform you on a timely basis if these factors are not in place. Should our assumptions with respect to the quality of your accounting records be incorrect or should the conditions of the records, degree of cooperation, results of audit procedures, or other matters beyond our reasonable control require additional commitments by us beyond those upon which our estimated fees are based, we may adjust our fees and planned completion dates.

Our professional fees will be based on our billing rates which depend on the means by which and by whom our Services are provided. Our billing rates may be subject to change from time to time at our discretion with or without notice to you.

Delays in providing the complete list of agreed upon working papers/schedules to BDO will result in additional fees as follows:

- 1 week delay - additional 10% of estimated fees
- 1 month delay - additional 20% of estimated fees



Should a delay occur, we cannot guarantee completion of our work by your deadline.

We will also bill you for our out-of-pocket expenses, our administrative and technology charge, and applicable Goods and Services Sales Tax, Harmonized Sales Tax, Quebec Sales Tax and Provincial Sales Tax. Our administrative and technology charge is calculated as 7% of our professional fee and represents an allocation of estimated costs associated with our technology infrastructure and support staff time costs.

Our fees will be invoiced and payable as follows:

- \$8,500 prior to commencing annual assurance engagement;
- \$20,000 prior to issuance of assurance report; and
- \$5,300 within 10 days after issuance of our final invoice along with any additional required final payments.

Our accounts are due when rendered and invoiced amounts are deemed to be earned when paid. BDO may suspend the performance of Services in the event that you fail to pay an invoice when it is due. Fees that are not paid within 30 days of an invoice or by a specified payment deadline will be considered delinquent. Interest may be charged at the rate of 12% per annum on all accounts outstanding for more than 30 days.

Standard Terms and Conditions

A copy of our Standard Terms and Conditions is attached as Appendix 1. You should ensure that you read and understand them. **The Standard Terms and Conditions include clauses that limit our professional liability.**

Please sign and return the attached copy of this Agreement to indicate your agreement with it. If you have any questions concerning this Agreement, please contact us before signing it.


It is a pleasure for us to be of service and we look forward to many future years of association with you.

Yours truly,

BDO Canada LLP

Chartered Professional Accountants

Agreement of all the terms and conditions in this Agreement is hereby acknowledged by:

DocuSigned by: 2023-11-29 | 08:56:17 PST

 Signature Date

Jeremy Feddersen CFO
 Name (please print) Position

Please carefully review this Agreement, which includes the attached Standard Terms and Conditions, prior to signing it. A complete copy of the signed engagement letter should be returned to us.



Appendix 1 - Standard Terms and Conditions

1 Overview and Interpretation

1.1 This Agreement sets forth the entire agreement between the parties in relation to Services and it supersedes all prior agreements, negotiations or understandings, whether oral or written, with respect to Services, including without limitation any non-disclosure agreements entered into in advance of this Agreement. This Agreement applies to Services whenever performed (including before the date of this Agreement). To the extent that any of the provisions of the accompanying letter conflict with these Standard Terms and Conditions, these Standard Terms and Conditions shall prevail. This Agreement may not be changed, modified or waived in whole or part except by an instrument in writing signed by both parties.

1.2 In this Agreement, the following words and expressions have the meanings set out below:

This Agreement - these Standard Terms and Conditions, the letter to which they are attached, supporting schedules or other appendices to the letter, and any Summary of Services letters issued in future years

Services - the services provided or to be provided under this Agreement, and any other services which we agree to provide to you subsequent to the date of this Agreement that are not covered by a separate engagement letter

We, us, our, BDO - refer to BDO Canada LLP, a Canadian limited liability partnership organized under the laws of the Province of Ontario

You, your - the party or parties contracting with BDO under this Agreement. You and your does not include BDO, its affiliates or BDO Member Firms

BDO Member Firm or Firms - any firm or firms that form part of the international network of independent firms that are members of BDO International Limited

Confidential Information - all non-public proprietary or confidential information and Personal Information, including Client Documents

Personal Information - personal information that is or could be attributed to identifiable individuals

Client Documents - information (including internal financial information and internal records and reports) provided to us by you or on your behalf in connection with the performance of the Services

2 BDO Network and Sole Recourse

2.1 BDO is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international network of independent member firms (i.e. BDO Member Firms), each of which is a separate legal entity.

2.2 We may use other BDO Member Firms or subcontractors to provide Services; however, we remain solely responsible for Services. You agree not to bring any claim or action against another BDO Member Firm (or their partners, members, directors, employees or subcontractors) or our subcontractors in respect of any liability relating to the provision of Services.



- 2.3 You agree that any of our affiliates, subcontractors, and other BDO Member Firms and any subcontractors thereof whom we directly or indirectly involve in providing Services have the right to rely on and enforce Section 2.2 above, as well as all liability protections contained herein, as if they were a party to this Agreement. For greater certainty, you agree that other BDO Member Firms that are subcontractors may enforce any limitations or exclusions of liability available to us under this Agreement.

3 Respective Responsibilities

- 3.1 We will use reasonable efforts to complete, within any agreed-upon time frame, the performance of Services.
- 3.2 You shall be responsible for your personnel's compliance with your obligations under this Agreement. We will not be responsible for any delays or other consequences arising from you not fulfilling your obligations.

4 Working Papers and Deliverables

- 4.1 **Ownership** - All reports (including assurance reports where applicable), written advice, working papers, and internal materials created or developed by us pursuant to this Agreement are owned by us, and we retain all property rights therein. All Client Documents continue to be your property, provided that we retain copies of such documents as necessary for our internal record keeping (including as required to comply with our professional obligations).
- 4.2 **Oral advice and draft deliverables** - You should not rely upon any draft deliverables or oral advice provided by us. Should you wish to rely upon something we have said to you, please let us know and, if possible, we will provide the information that you require in writing.
- 4.3 **Translated documents** - If you engage us to translate any documents, advice, opinions, reports or other work product of BDO from one language to another, you are responsible for the accuracy of the translation work.
- 4.4 **Reliance by Third Parties** - Our Services will not be planned or conducted in contemplation of or for the purpose of reliance by any party other than you, and are intended for the benefit of only you. Items of possible interest to a third party will not be addressed and matters may exist that would be assessed differently by a third party, possibly in connection with a specific transaction. The receipt by any third parties of any advice, opinions, reports or other work product is not intended to create any duty of care, professional relationship or any present or future liability between such third parties and us. For greater certainty, we expressly disclaim any liability of any nature or kind resulting from the disclosure to or unauthorized reliance by any third party on our advice, opinions, reports or other work product.
- 4.5 **Consent to use the Report** - Nothing in this Agreement shall be construed as consent to the use of our report in connection with a continuous disclosure document, a public or private offering document, an annual report or any other document and we expressly do not provide such consent. If you request consent for the use of our report, we will consider, at the relevant time, providing consent and any conditions that we may attach to such consent. Our consent must be in writing.
- 4.6 **Consent requests** - In order to provide consent, professional standards require that we read the other information in the related document and consider whether such information



is materially inconsistent with the related financial statements. Any consent request must be made on a sufficiently timely basis to allow us to consider your identification and resolution of events occurring in the period since the date of our report, and to obtain updated written representation letters. Such procedures will be performed at your cost and will be documented in a separate engagement letter.

5 Confidentiality

- 5.1 We will use Confidential Information provided by you only in relation to the Services or for internal and administrative purposes. You agree, however, that we may use such Confidential Information for predictive analytics to provide you with key performance indicators and other analysis and insights. We will not disclose any Confidential Information, except where required by law, regulation or professional obligation. You agree, however, that we may disclose Confidential Information to other BDO Member Firms or other subcontractors assisting us in providing Services, provided that such parties are bound by reasonable confidentiality obligations no less stringent than in this Agreement.

6 Analytics

- 6.1 You agree that we may use anonymized and aggregated usage metrics, metadata or other tag identifiers, and Confidential Information that will not include any personally identifiable information, related to your use of BDO products and/or services to develop, modify and improve tools, services and offerings and for data analytics and other insight generation. Information developed in connection with these purposes may be used or disclosed to current or prospective clients as part of service offerings, however we will not use or disclose your name or any Confidential Information in a way that would permit you to be identified.

7 Privacy and Consent for Use of Personal Information

- 7.1 In order to provide our Services, we may be required to access and collect Personal Information of individuals that is in your custody. You agree that we may collect, use, store, transfer, disclose and otherwise process Personal Information as required for the purpose of providing the Services. Personal Information may be processed in various jurisdictions in which we or applicable BDO Member Firms and subcontractors providing Services operate and as such Personal Information may be subject to the laws of such jurisdictions. Personal Information will at all times be collected, used, stored, transferred, disclosed or processed in accordance with applicable laws and professional regulations and we will require any service providers and BDO Members that process Personal Information on our behalf to adhere to such requirements. Any collection, use, storage, transfer or disclosure of Personal Information is subject to BDO's Privacy Statement available at <https://www.bdo.ca/en-ca/legal-privacy/legal/privacy-policy/>.
- 7.2 You represent and warrant that:
- (a) you have the authority to provide the Personal Information to us in connection with the performance of our Services, and
 - (b) the Personal Information provided to us has been provided in accordance with applicable law, and you have obtained all required consents of the individuals to whom such Personal Information relates in order to permit BDO to collect, use and disclose the Personal Information in the course of providing the Services.



8 Independence

- 8.1 Professional and certain regulatory standards require us to be independent, in both fact and appearance, with respect to our clients in the performance of our Services. We will communicate to you any relationships between BDO (including its related entities) and you that, in our professional judgment, may reasonably be thought to bear on our independence.

9 Offers of Employment

- 9.1 Any discussions that you, or any party acting on your behalf, have with professional personnel of our Firm regarding employment could pose a threat to our independence. Your recruitment of an engagement team member from the current or prior year's engagement may compromise our independence and our ability to render agreed Services to you. Engagement team members may include current and former partners and staff of BDO, other BDO Member Firms and other firms who work under our direction. Therefore, you agree to inform us prior to any such discussions so that you and we can implement appropriate safeguards to maintain our independence.

10 Professional and Regulatory Oversight and Legal Processes

- 10.1 As required by legal, regulatory, or professional authorities (both in Canada and abroad) and by BDO policy, our client files must periodically be reviewed by practice inspectors to ensure that we are adhering to professional and BDO standards. It is understood that by entering into this Agreement, you provide your consent to us providing our files relating to your engagement to the practice inspectors for the sole purpose of their inspection.
- 10.2 Certain law enforcement, regulatory and other governmental bodies may also have the right under law or regulation to conduct investigations of you, including the Services provided by us. To the extent practicable and permitted by law or regulation, we will advise you of any such document request or production order we receive in connection with any such investigation prior to providing any documents in response to such request or order.
- 10.3 We are sometimes required by law, regulation, subpoena or other legal process, or upon your request, to produce documents or personnel as witnesses in connection with legal or regulatory proceedings. Where BDO is not a party to such proceedings, you shall reimburse us at our current standard billing rates for professional time and expenses, including without limitation, reasonable legal fees, expenses and taxes incurred in responding to such compelled assistance or request by you.

11 Electronic Communications

- 11.1 Both parties recognize and accept the security risks associated with email communications, including but not limited to the lack of security, unreliability of delivery and possible loss of confidentiality and privilege. Unless you request in writing that we do not communicate by internet email, you assume all responsibility and liability in respect of risk associated with its use.

12 Limitation of Liability

- 12.1 In any dispute, action, claim, demand for losses or damages arising out of the Services performed by BDO pursuant to this Agreement, BDO's liability will be several, and not joint and several, and BDO shall only be liable for its proportionate share of the total liability



based on degree of fault as determined by a court of competent jurisdiction or by an independent arbitrator, notwithstanding the provisions of any statute or rule of common law which create, or purport to create, joint and several liability.

- 12.2 In no event shall BDO be liable for indirect, consequential, special, incidental, aggravated, punitive or exemplary damages, losses or expenses, or for any loss of revenues or profits, loss of opportunity, loss of data, or other commercial or economic loss or failure to realize expected savings, including without limitation expected tax savings, whether or not the likelihood of such loss or damage was contemplated.
- 12.3 BDO shall in no event be liable under this Agreement or otherwise in connection with the Services for any actions, damages, claims, fines, penalties, complaints, demands, suits, proceedings, liabilities, costs, expenses, or losses (collectively, "Liabilities") in any way arising out of or relating to the Services performed hereunder for an aggregate amount of more than the higher of:
- (a) three times the fees paid to BDO by you, in a twelve consecutive month period, for the Services provided pursuant to this Agreement giving rise to the claim; and
 - (b) \$25,000.
- 12.4 The limitations of liability in this section apply whether or not the Liabilities asserted by you against BDO are incurred by you directly or as a result of a claim or demand against you by a third party.
- 12.5 No exclusion or limitation on the liability of other responsible persons imposed or agreed at any time shall affect any assessment of our proportionate liability hereunder, nor shall settlement of or difficulty enforcing any claim, or the death, dissolution or insolvency of any such other responsible persons or their ceasing to be liable for the loss or damage or any portion thereof, affect any such assessment.
- 12.6 You agree claims or actions relating to the delivery of Services shall be brought against us alone, and not against any individual. Where our individuals are described as partners, they are acting as one of our members.
- 12.7 For purposes of this Section, the term "BDO" shall include BDO Canada LLP and its subsidiaries, associated and affiliated entities and their respective current and former partners, directors, officers, employees, agents and representatives. The provisions of this Section shall apply to the fullest extent of the law, regardless of the form of the claim, whether in contract, statute, tort (including without limitation, negligence) or otherwise.

13 Indemnity

- 13.1 To the fullest extent permitted by applicable laws, in the event of a claim or demand by a third party against BDO that arises out of or relates to the Services, you agree to indemnify and hold harmless BDO from and against all losses, costs (including solicitors' fees), damages, or expenses resulting from such third party claim or demand, except to the extent that the same is finally determined to have resulted from BDO's negligence or intentional misconduct.

14 Alternative Dispute Resolution

- 14.1 Both parties agree that they will first attempt to settle any dispute arising out of or relating to this Agreement, including any question regarding its existence, interpretation,



validity, breach or termination, or the Services provided hereunder, through good faith negotiations.

- 14.2 In the event that the parties are unable to settle or resolve their dispute through negotiation, such dispute shall be subject to mediation using a mediator chosen by mutual agreement of the parties.
- 14.3 All disputes remaining unsettled for more than 60 days following the parties first mediation session with a mediator, or such longer period as the parties mutually agree upon, shall be referred to and finally resolved by arbitration. The parties agree that one arbitrator shall be appointed within twenty (20) days of receipt of the request for arbitration. If the parties cannot agree on the appointment of an arbitrator in such period then either party may immediately apply for the appointment of an arbitrator to a court of competent jurisdiction in the Province of the governing law as contained herein pursuant to such Province's applicable *Arbitration Act*. The place of arbitration shall be in the capital of the Province of the governing law as contained herein. Unless the arbitrator otherwise determines, the fees of the arbitrator and the costs and expenses of the arbitration will be borne and paid equally by the parties. Such arbitration shall be final, conclusive and binding upon the parties, and the parties shall have no right of appeal or judicial review of the decision whatsoever. The parties hereby waive any such right of appeal or judicial review which may otherwise be provided for in any provincial arbitration statute. Judgement upon the award, including any interim award, rendered by the arbitrator may be entered in any court having jurisdiction. The arbitration shall be kept confidential and the existence of the arbitration proceeding and any element thereof (including but not limited to any pleadings, briefs or other documents submitted and exchanged and testimony and other oral submissions and any awards made) shall not be disclosed beyond the arbitrator(s), the parties, their counsel and any person to whom disclosure is necessary to the conduct of the proceeding except as may be lawfully required in judicial proceedings relating to the arbitration or otherwise.

15 Limitation Period

- 15.1 You shall make any claim relating to Services or otherwise under this Agreement no later than one year after you became aware or ought reasonably to have become aware of the facts giving rise to any such claim.
- 15.2 You shall in no event make any claim relating to the Services or otherwise under this Agreement later than four years after the completion of the Services under this Agreement.
- 15.3 To the extent permitted by law, the parties to this Agreement agree that the limitation periods established in this Agreement replace any limitation periods under any limitations act and/or any other applicable legislation and any limitation periods under any limitations act and/or any other applicable legislation shall not alter the limitation periods specified in this Agreement.

16 Québec Personnel

- 16.1 We may sometimes have individual partners and employees performing Services within the Province of Québec who are members of the Ordre des comptables professionnels agréés du Québec. Any such members performing professional services hereunder assumes full personal civil liability arising from the practice of their profession, regardless of their status within our partnership. They may not invoke the liability of our partnership as



grounds for excluding or limiting their own liability. Any limitation of liability clauses in this Agreement shall therefore not apply to limit the personal civil liability of partners and employees who are members of the Ordre des comptables professionnels agréés du Québec.

17 Termination

17.1 This Agreement applies to Services whenever performed (including before the date of this Agreement).

17.2 You or we may terminate this Agreement at any time upon written notice of such termination to the other party. We will not be liable for any loss, cost or expense arising from such termination. You agree to pay us for all Services performed up to the date of termination, including Services performed, work-in-progress and expenses incurred by us up to and including the effective date of the termination of this Agreement.

18 Governing Laws

18.1 The terms of our engagement shall remain operative until amended, terminated, or superseded in writing. They shall be interpreted according to the laws of British Columbia in which BDO's principal Canadian office performing the engagement is located, without regard to such province/territory's rules on conflicts of law.

19 Survival

19.1 The provisions of this Agreement that give either of us rights or obligations beyond its termination shall continue indefinitely following the termination of this Agreement. Any clause that is meant to continue to apply after termination of this Agreement will do so.

20 Force Majeure

20.1 We will not be liable for any delays or failures in performance or breach of contract due to events or circumstances beyond our reasonable control, including acts of God, war, acts by governments and regulators, acts of terrorism, accident, fire, flood or storm or civil disturbance.

21 Assignment

21.1 No party may assign, transfer or delegate any of the rights or obligations hereunder without the written consent of the other party or parties. BDO may engage independent contractors and BDO Member Firms to assist us in performing the Services in this Agreement without your consent.

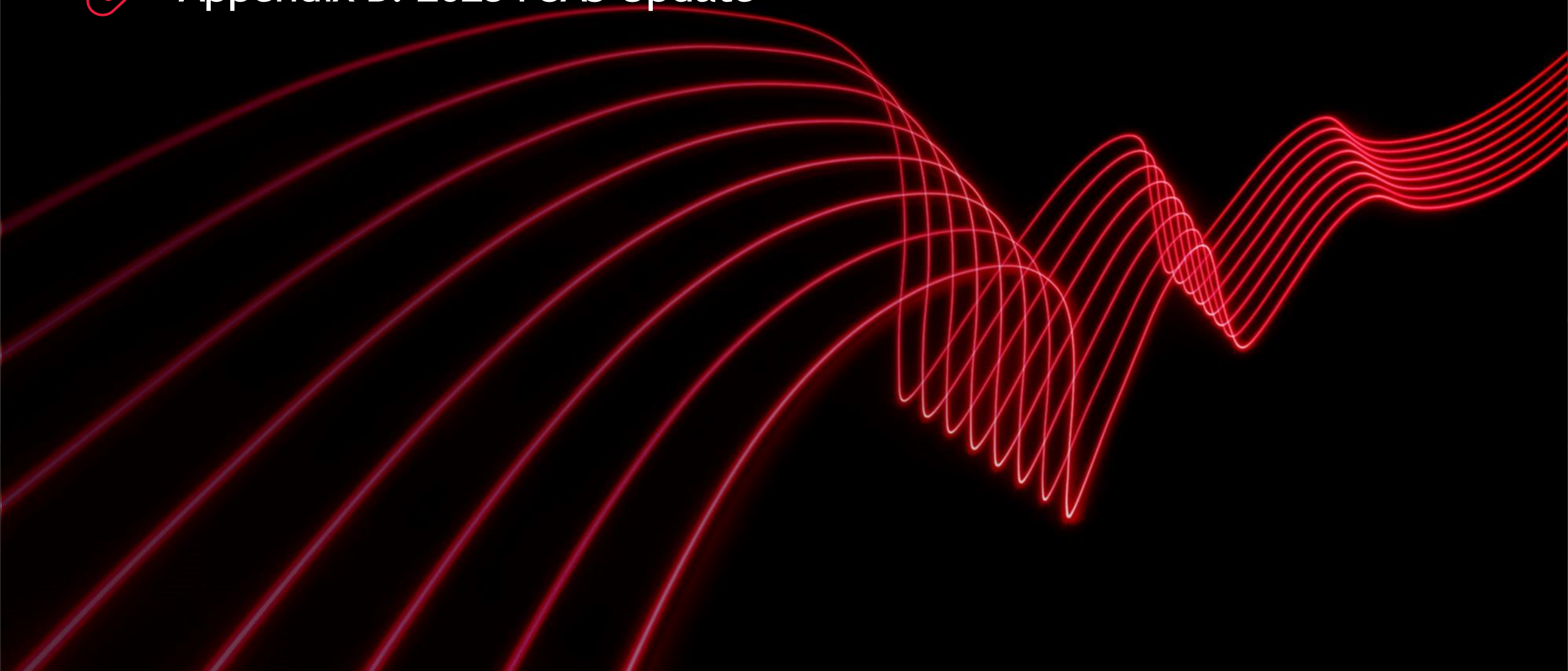
22 Severability

22.1 The provisions of this Agreement shall only apply to the extent that they are not prohibited by a mandatory provision of applicable law, regulation or professional standards. If any of these provisions shall be held to be invalid, void or unenforceable, then the remainder of this Agreement shall not be affected, impaired or invalidated, and each such remaining provision shall be valid and enforceable to the fullest extent permitted by law.

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Appendix B: 2023 PSAS Update



Assurance and Accounting Public Sector Accounting Standards (PSAS) Update 2023

Introduction

It was another active year for the Public Sector Accounting Board (PSAB or the “Board”). The Board was hard at work advancing the progress of a number of projects such as its government not-for-profit strategy, as well as, issuing a revised conceptual framework and approving a new reporting model. This publication will provide a look at these projects, as well as, the impacts of new standards effective over the next few years including Section PS 3280, *Asset Retirement Obligations*, the Financial Instruments suite of standards, Section PS 3160, *Public Private Partnerships*, Section PS 3400, *Revenue*, and PSG-8, *Purchased Intangibles*. Use the table below to navigate to the sections of the publication most relevant for you.

NEW STANDARDS / AMENDMENTS EFFECTIVE FOR FISCAL YEARS BEGINNING ON OR AFTER:	
April 1, 2022	<ul style="list-style-type: none"> • Asset Retirement Obligations • Financial Instruments Suite of Standards
April 1, 2023	<ul style="list-style-type: none"> • Revenue • Purchased Intangibles • Public Private Partnerships
April 1, 2026	<ul style="list-style-type: none"> • Revised Conceptual Framework • New Reporting Model

THE FUTURE OF PSAS	
	<ul style="list-style-type: none"> • Employment Benefits • 2022-2023 Annual Improvements • Government Not-for-Profit Strategy
PUBLIC SECTOR ACCOUNTING DISCUSSION GROUP	
	<ul style="list-style-type: none"> • Summary of issues discussed at November 2022 and June 2023 meetings

Standards Effective April 1, 2022

Public sector entities must consider the impacts the following new and amended standards will have on their December 31, 2023 year ends. Refer to the publications provided in the table at the end of this section for more detailed information on these changes.

Asset Retirement Obligations

In March 2018, the Board issued new Section PS 3280, *Asset Retirement Obligations*. Prior to this, the PSA Handbook did not include specific guidance on accounting for asset retirement obligations. In applying this standard in practice, it is very important that public sector entities take the time to perform a thorough analysis when deciding which asset retirement costs are in the scope of this standard. Once the proper scoping has been completed the remaining guidance in the standard should be used to ensure proper recognition, measurement, presentation and disclosure.

Scope

The standard only applies to legal obligations, including obligations created by promissory estoppel. This standard impacts tangible capital assets controlled by public sector entities, regardless of whether or not they are in productive use or not. Some examples of costs that would potentially fall within the scope of this standard include:

- Costs to remove asbestos and fuel tanks;
- Costs incurred to retire an x-ray or similar machine;
- Solid waste landfill closure and post closure liabilities; and
- Costs to remove customizations/ leasehold improvements from leased premises.

To perform proper scoping for asset retirement obligations, management should ensure employees with the appropriate knowledge are involved to ensure all potential asset retirement obligations are identified.

Recognition and Measurement

Under the new standard, an asset retirement obligation is a legal obligation associated with the retirement of a tangible capital asset controlled by a public sector entity. Asset retirement obligations associated with tangible capital assets include post-retirement operation, maintenance, and monitoring costs. A liability for an asset retirement obligation would be recognized when **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.

Recognition of asset retirement costs is accomplished by increasing the carrying amount of the related tangible capital asset, or a component thereof, and then expensing this amount in a rational and systematic manner. A present value technique may be the best method of estimating the liability. Depending on the nature of a re-measurement and whether the asset remains in productive use, subsequent re-measurement of the liability could result in either a change in the carrying amount of the related tangible capital asset or a component thereof, or an expense. Asset retirement costs associated with an asset that is not recognized on the public sector entity's financial statements and those associated with assets no longer in productive use would be expensed immediately.

Landfills

The new standard includes landfill related asset retirement obligations within its scope so that all asset retirement obligations are accounted for consistently within the public sector. Existing Section PS 3270, *Solid Waste Landfill Closure and Post-closure Liability*, has been withdrawn. This change will result in asset retirement obligations associated with landfills recognized earlier than they are under the current guidance.

Amendments to Section PS 3260

Changes have been made to Section PS 3260, *Liability for Contaminated Sites*, to clarify what will fall within the scope of this standard vs. the scope of the new asset retirement obligation standard. Additionally, under the new standard any expected recoveries associated with the asset retirement obligation would not be netted against the liability. In the past, Section PS 3260 has allowed recoveries to be netted against the liability. To improve consistency between the two standards, Section PS 3260 has been amended to no longer allow netting.

For more details on this new standard and its application please refer to our publication [Asset Retirement Obligations \(ARO\): A Practical Approach to Section PS 3280](#).

Financial Instruments, Foreign Currency, Financial Statement Presentation and Portfolio Investments

Sections PS 3450, *Financial Instruments*, and PS 2601, *Foreign Currency Translation*, are applicable for fiscal years beginning on or after April 1, 2022, for public sector entities that did not previously apply the CPA Canada Handbook - Accounting prior to adopting the PSA Handbook (for example governments). At the same time public sector entities adopt these two Sections, they must also adopt Section PS 1201, *Financial Statement Presentation*, Section PS 3041, *Portfolio Investments*, and the effective interest method outlined in paragraph .25 of Section PS 3050, *Loans Receivable*. For more details on these standards, please refer to our publication [A Guide to Accounting for Financial Instruments in the Public Sector](#).

Over the past few years, the effective date of these Sections was delayed several times due to concerns raised by senior governments in some provinces on the implementation of Sections PS 2601 and PS 3450 related to recognition and measurement of derivatives, the lack of hedge accounting, and the accounting treatment for bond repurchases. The Board investigated various options to address these concerns and issued three further amendments to the above standards. The details of the amendments are described below, and these amendments would be effective in the same periods the above standards are first applied.

Federal Government Narrow-Scope Amendments

The Board issued amendments to Section PS 2601 to address the presentation of the exchange gain or loss component of a financial instruments change in fair value when that financial instrument is associated with the federal government's foreign reserves. Section PS 1201 was amended to clarify, that foreign exchange gains or losses from such instruments are not required to be presented in the statement of remeasurement gains and losses.

Foreign Exchange Narrow-Scope Amendments

The Board issued amendments to Section PS 2601 to allow all public sector entities to make an accounting policy election for financial assets and financial liabilities arising from a foreign currency transaction to, on initial recognition, recognize their exchange gains and losses, including the foreign exchange gain or loss component of changes in fair value, directly in the statement of operations.

Section PS 1201 has been amended as a result of the above, to clarify that the exchange gains and losses subject to the election would not be recognized in the statement of remeasurement gains and losses. Section PS 3450 has been amended to require disclosure of the carrying value of financial assets and liabilities to which the above election is applied in the notes to the financial statements.

Presentation Narrow-Scope Amendments

The Board issued amendments to Section PS 1201 clarify the presentation of derivatives. The amendments include:

- The remeasurement impact of derivatives and other categories of financial instruments may be presented as separate line items on the statement of changes in net debt;
- A new subtotal for the change in net debt excluding the impact of remeasurement gains and losses may be presented on the statement of change in net debt; and
- A footnote on the net debt indicator may be included in the statement of financial position to refer readers to the additional detail provided on the statement of changes in net debt.

The resources listed below provide additional information on the changes discussed in this section of the publication.

AMENDMENT / NEW STANDARD	RESOURCES
New Section PS 3280, <i>Asset Retirement Obligations</i>	<ul style="list-style-type: none"> • Asset Retirement Obligations (ARO): A Practical Approach to Section PS 3280 • PSAB at a Glance: Section PS 3280, Asset Retirement Obligations
New Sections PS 3450, <i>Financial Instruments</i> ; PS 2601, <i>Foreign Currency Translation</i> ; PS 3041, <i>Portfolio Investments</i> ; PS 1201, <i>Financial Statement Presentation</i> ; and amendments to Section PS 3050, <i>Loans Receivable</i> , on accounting for financial instruments	<ul style="list-style-type: none"> • A Guide to Accounting for Financial Instruments in the Public Sector • PSAB at a Glance: Section PS 1201, Financial Statement Presentation • PSAB at a Glance: Section PS 2601, Foreign Currency Translation • PSAB at a Glance: Section PS 3041, Portfolio Investments • PSAB at a Glance: Section PS 3050, Loans Receivable • PSAB at a Glance: Section PS 3450, Financial Instruments

Standards Effective April 1, 2023

Public sector entities must consider the impacts the following new and amended standards will have on their March 31, 2024 and December 31, 2024 year ends. Refer to the publications provided in the table at the end of this section for more detailed information on these changes.

Revenue

In November 2018, the Board issued new Section PS 3400, *Revenue*. Prior to this, the PSA Handbook only contained guidance on specific revenue transactions such as, taxation, government transfers, etc. As a result, many public sector entities consulted other sources of GAAP when accounting for types of revenue for which the PSA Handbook did not provide specific guidance, which resulted in diversity in practice.

The new standard establishes overall guidance on how to account for and report revenue. The standard makes a distinction between transactions that include performance obligations (exchange transactions) and those that do not include a performance obligation (non-exchange transactions). A performance obligation is an enforceable promise to provide specific goods or services to a specific payor. Based on the definition, in order to identify a performance obligation a public sector entity must be able to identify a distinct good or service and a specific payor. Revenue from transactions with performance obligations is recognized when (or as) the public sector entity satisfies a performance obligation by providing the goods or services to a payor. Therefore, once a performance obligation is identified, an assessment is needed to determine whether revenue recognition occurs over a period of time or at a point in time.

Transactions with Performance Obligations Satisfied at a Point in Time

A performance obligation is satisfied, and revenue is recognized when control of the benefits for a good or service have been transferred to the payor. Some indicators that control has been transferred include, but are not limited to:

- When the payor is able to use or direct the use, sell, or exchange and obtain substantially all the remaining benefits from the good or service; or
- When the payor has hold of the good or service and can use it at their discretion.

If a performance obligation is not satisfied over a period of time (as described in the next section below), then it must be recognized at a point in time considering the above criteria. An example of a transaction where a performance obligation would be recognized at a point in time would be when a public sector entity sells a recycling bin, since after the initial sale transaction the payor controls the asset and there are no further performance obligations for the public sector entity to complete.

Transactions with Performance Obligations Satisfied Over Time

When control of the benefits associated with a good or service passes to the payor over time, then the entity recognizes revenue over a period of time if any of the following indicators are met:

- The payor simultaneously receives and consumes the benefit as the public sector entity fulfils the performance obligation;
- The public sector entity's performance creates or enhances an asset that the payor controls or uses as the asset is created or enhanced;
- The public sector entity's performance does not create an asset with an alternative use to the public sector entity, and the public sector entity has an enforceable right to payment for performance completed to date;
- The public sector entity is expected to continually maintain or support the transferred good or service under the terms of an arrangement; or
- The payor is granted access to a specific good or service under the terms of an arrangement.

A portion of the transaction price allocated to each performance obligation is recognized as revenue as the performance obligation is satisfied. An example of a transaction with performance obligations settled over time would be a college providing a certificate course consisting of weekly lectures over an eight-month period to a student who pays \$4,000 up front, since the college must perform multiple performance obligations over a period of time.

Transactions with no Performance Obligations

Some transactions entered into by a public sector entity do not have any performance obligations attached to them. When this is the case, revenue would be recognized when the public sector entity has authority to claim or retain an inflow of economic resources and a past event or transaction that gives rise to an asset has occurred. An example of a transaction without a performance obligation would be a municipality issuing a parking ticket or fine.

Transition

Adoption of the standard will be accounted for as a change in accounting policy and may be applied retroactively with restatement of prior periods or prospectively.

Purchased Intangibles

In November 2020, the Board issued new a new public sector guideline (PSG) on purchased intangibles. Prior to this, the PSA Handbook prohibited the recognition of purchased intangibles in the financial statements of public sector entities following PSAS without the PS 4200 series of standards. The main highlights of this new PSG-8 include:

- Defining purchased intangibles as identifiable non-monetary economic resources without physical substance acquired through an arm's length exchange transaction between knowledgeable, willing parties who are under no compulsion to act.
- Purchased intangibles are recognized as assets when they meet the definition of an asset and the general recognition criteria in Section PS 1000, *Financial Statement Concepts*. Section PS 3210, *Assets*, provides guidance on applying the asset definition.
- PSG-8 does not provide specific in-depth guidance on how to account for purchased intangibles, but directs the reader to consider the following guidance in determining how to account for purchased intangibles:
 - The definition of an asset in Section PS 1000 and the additional guidance on the asset definition in Section PS 3210;
 - The recognition, measurement, and disclosure concepts in Section PS 1000; and
 - The GAAP Hierarchy in Section PS 1150, *Generally Accepted Accounting Principles*.
- Purchased intangibles are classified as non-financial assets.
- PSG-8 is applied retroactively or prospectively in accordance with Section PS 2120, *Accounting Changes*.

The Board also amended Sections PS 1000 and Section PS 1201 to allow for the recognition of purchased intangibles and removed the disclosure requirements for unrecognized purchased intangibles as a result of the issuance of PSG-8.

Public Private Partnerships

An issue that was identified as a priority in PSAB's 2014 Project Priority Survey was accounting for public private partnerships. These types of arrangements are becoming more common across Canada as government entities look for new ways to finance capital projects, and authoritative guidance on how to account for them was needed. After obtaining feedback from stakeholders, in April 2021, the Board issued new Section PS 3160, *Public Private Partnerships*. The main features of the new standard include:

Scope

- This section applies to public private partnerships between a public sector entity and a private sector partner for infrastructure-project delivery with risk allocation that provides for public sector control of the asset at any point during the arrangement and in which the private sector partner satisfies all the obligations required.
- The private sector partner is obligated to:
 - design, build, acquire or better new or existing infrastructure;
 - finance the transaction past the point where the infrastructure is ready for use; and
 - operate and/or maintain the infrastructure.

Examples of P3 arrangements in the scope of this section:

- The public sector contracts with a private corporation to design, finance and construct a facility. Once completed, the ownership is transferred to the public sector. The public sector then leases the facility back to the private sector, which operates the facility.
- The public sector contracts with the private sector for the design, financing, construction and operation of a new project for a specified time (known as the concession period). During the concession period, the private sector owns and operates the facility, earning a return on its investment through a lease arrangement with the public sector or through user charges. At the end of the period, the public sector takes possession of the facility and has the option of running the facility itself, or giving another contract to the private sector partner.

Recognition

- Where infrastructure is acquired or bettered through a public private partnership, it is recognized as an asset of the public sector entity when the public sector entity controls:
 - The purpose and use of the infrastructure;
 - Access to the future economic benefits and exposure to risks of the infrastructure asset; and
 - Significant residual interest in the infrastructure, if any, at the end of the public private partnership's term.
- At the same time that the infrastructure asset is recognized, an offsetting liability is also recognized. The type of consideration provided to the private sector partner determines the type of liability that is recognized. This distinction will impact subsequent measurement of the liability.
 - Where the consideration is cash or another financial asset, the public sector entity recognizes a financial liability (financial liability model).
 - Where the consideration is the granting of rights (such as the right to charge end users). the public sector entity recognizes a performance obligation (user-pay model).

Initial Measurement

- An infrastructure asset is initially recognized at cost. Where the cost of acquiring or constructing the infrastructure is both determinable and verifiable such as from a procurement process or contractual agreement, these amounts would be used to initially measure cost.
- Where the cost information is not readily determinable or verifiable, the cost is then equal to the estimated fair value of the asset at the transaction date.
- The offsetting liability is initially measured at the same value as the infrastructure asset less any amounts already paid to the private sector partner.

Subsequent Measurement

- The infrastructure would be accounted for similar to other assets and would be amortized over its useful life in a rational and systematic manner.
- The subsequent measurement of the liability will depend on the model used for initial measurement.
 - Under the financial liability model, the financial liability would be subsequently measured at amortized cost using the effective interest method.
 - Under the user pay model the liability is subsequently reduced as revenue is recognized by the private sector partner based on the terms of the public private partnership arrangement.

Transition

- This Section may be applied retroactively or prospectively as follows:
 - Prospective application is used for an infrastructure asset and related liability where control of the infrastructure asset arose on or after April 1, 2023.
 - Retroactive application is used with or without prior period restatement, for an infrastructure asset and related liability where control of the asset arose prior to April 1, 2023 and the asset and related liability have not been previously recognized.
 - Retroactive application is also used with or without prior period restatement, for an infrastructure asset and related liability where control of the asset arose prior to April 1, 2023 and where the asset and related liability were previously recognized and now require adjustment upon applying this new Section.

The resources listed below provide additional information on the changes discussed in this section of the publication.

AMENDMENT / NEW STANDARD	RESOURCES
New Section PS 3400, <i>Revenue</i>	<ul style="list-style-type: none"> • PSAB at a Glance: Section PS 3400, Revenue
New Section PSG 8, <i>Purchased Intangibles</i>	<ul style="list-style-type: none"> • PSAB at a Glance: PSG-8, Purchased Intangibles
New Section PS 3160, <i>Public Private Partnerships</i>	<ul style="list-style-type: none"> • P3 Accounting: 1 New Standard, 2 Sectors, and the Public-Private Repercussions • PSAB at a Glance: Section PS 3160, Public Private Partnerships

Standards Effective April 1, 2026

Revised Conceptual Framework

In 2010, the Board decided to undertake a project to review and update the conceptual framework for the PSA Handbook to ensure it is still relevant and that it properly reflects and is grounded in the public sector environment. The conceptual framework guides the Board as it develops new standards or amends existing ones. In developing the revised conceptual framework, the Board sought feedback from stakeholders through three Consultation Papers, a Statement of Concepts and an Exposure Draft. The revised conceptual framework was approved by the Board in June 2022. It will replace the existing conceptual framework, which consists of Section PS 1000, *Financial Statement Concepts*, and Section PS 1100, *Financial Statement Objectives*. The revised conceptual framework includes the following 10 chapters:

- Introduction to the Conceptual Framework - this chapter defines the conceptual framework and outlines the needs and objectives.
- Characteristics of Public Sector Entities - This chapter builds upon and replaces Appendix A - *Unique Characteristics of Government* in existing Section PS 1100. Identifying the characteristics of public sector entities will result in concepts and standards appropriate to the public sector.
- Financial Reporting Objective - This chapter identifies the primary users as the public and its elected or appointed representatives. It also identifies the financial reporting objectives as the need to provide information for accountability purposes and the broad financial reporting accountabilities.
- Role of Financial Statements - This chapter creates a link between financial reporting and financial reporting in financial statements.
- Financial Statement Foundations - This chapter clearly identifies the foundations that currently underlie the existing conceptual framework.
- Financial Statement Objectives - This chapter builds upon and revise the objectives of existing Section PS 1100.

- Financial Statement Information - This chapter establishes the qualitative characteristics of financial information and considerations for including this information in the financial statements.
- Elements of Financial Statements - This chapter defines the four elements in the financial statements: assets, liabilities, revenues, and expenses.
- Recognition and Measurement in Financial Statements - This chapter covers the general recognition and measurement criteria. The concepts here remain unchanged from the existing conceptual framework.
- Presentation Concepts for Financial Statements - This chapter includes some presentation concepts from Section PS 1201, *Financial Statement Presentation*, as well as new presentation concepts to promote the preparation of understandable financial statements.

The revised conceptual framework will be effective for fiscal years beginning on or after April 1, 2026, with earlier adoption permitted. The conceptual framework is to be applied prospectively.

New Reporting Model

Related to PSAB's recent approval of the revised Conceptual Framework discussed above, the Board has also been working on the development of a new reporting model. The Board considered the relative merits of many reporting models, as well as, feedback from stakeholders and has approved the issuance of new Section PS 1202, *Financial Statement Presentation*, which will build upon existing Section PS 1201 of the same name, to better respond to the need for understandable financial statements. The new reporting model will consist of:

- A Statement of Financial Position - The net debt indicator will be relocated to its own statement (see below), and liabilities will be separated into financial and non-financial categories. The statement will also be restructured to present total assets, then total liabilities to arrive at the net assets or net liabilities indicator. A new third component "accumulated other" would also be added to net assets/liabilities.
- A Statement of Net Financial Assets (Net Financial Liabilities) - This new statement will display a revised calculation of net debt. A net financial asset position means there are financial assets available to provide services in the future and to settle future financial liabilities. A net financial liability position means there is a need for additional financial assets to aid in settling past financial liabilities, it reflects the entity's ability to finance activities, provide services or settler financial liabilities in the future. There will also be an option to present the net financial assets/liabilities indicator at the bottom of the statement of financial position.
- A Statement of Operations - There are no changes to this statement from what is currently required under existing Section PS 1201.
- A Statement of Changes in Net Assets (Net Liabilities) - This is a new statement that will show a reconciliation between the opening and closing balances of each component of net assets or net liabilities. This statement will allow the entity to be transparent about which revenues and expenses are recognized in surplus or deficit and those that are recognized directly in a component of net assets or net liabilities.

- A Statement of Cash Flow - Financing activities will be separated from other items on the cash flow statement. This will allow the statement to highlight net cash before financing activities to show whether all of an entity's other activity combined resulted in the need to raise cash through financing activities.
- Accompanying Notes and Schedules.

There will also be new budget requirements including presentation of budget figures using the same basis of accounting, accounting principles, scope of activities and classifications as the actual amounts. As well as, an acknowledgement on the face of the statements where an actual-to-budget comparison could not be completed.

The Board approved new Section PS 1202 in March 2023 and it is expected to be issued in the PSA Handbook in October 2023. The new standard, along with related consequential amendments, will be effective for fiscal years beginning on or after April 1, 2026 with earlier adoption permitted if the entity adopts the revised Conceptual Framework at the same time. PSAB plans to issue plain-language and other non-authoritative guidance in the future to help stakeholders better understand the requirements of this new standard.

The Future of PSAS

The PSAB also has a number of projects on the go which seek to improve public sector standards to better meet stakeholder needs both now and in the future. The following provides a brief overview of these projects.

Exposure Draft – Employment Benefits

A project on employee benefits was identified as a top priority in PSAB's 2014 Project Priority Survey. The project is needed as new types of pension plans have been introduced and there have been changes in the related accounting concepts since existing Sections PS 3250, *Retirement Benefits*, and Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*, were issued many years ago.

The Board issued an Exposure Draft in July 2021 proposing to replace these two existing standards with new Section PS 3251, *Employee Benefits*. The principles in IPSAS 39, *Employee Benefits*, were used as the starting point in developing this guidance. This Exposure Draft is the first phase of PSAB's multi-phase approach to this project. The focus in this phase is on deferral provisions and discount rate guidance. In future phases, the Board will focus on developing guidance for accounting for non-traditional pension plans and other issues.

The main highlights of the Exposure Draft are as follows:

- Deferral Provisions
 - For actuarial gains and losses, the deferral and amortization approach would no longer be used.
 - Revaluations of the net defined benefit liability (asset) which, include actuarial gains and losses, are recognized immediately on the statement of

financial position within the net defined benefit liability (asset) and accumulated other component of net assets.

- These revaluations would not be reclassified to surplus or deficit in a subsequent period.
 - Plan assets would be measured at market value.
- **Discount Rate**
 - The discount rate used would depend on the funding status of the plan.
 - For a fully funded plan where the projected balance of plan assets exceeds projected benefit payment obligations for all project periods, the discount rate used would be the expected market-based return on plan assets.
 - For an unfunded plan where the projected balance of plan assets does not exceed projected benefit payment obligations for any projected period, the discount rate used would be the provincial governments bond rate.
 - Lastly, for partially funded plans where the projected balance of plan assets exceeds projected benefit periods for fewer than all projected periods, the discount rate would be a single discount rate that reflects the fully funded rate for periods where the balance of plan assets is projected to be greater than or equal to projected benefit payments and the unfunded rate for all other periods.
 - **Other Proposed Changes**
 - The net interest on the net defined benefit liability (asset) would be determined by multiplying the net defined benefit liability (asset) by the rate used to discount the post employment benefit obligation.
 - Minor modifications to the guidance for joint defined benefit plans including changing legal terminology to accounting terminology by replacing references to “sponsors” with “participating entities” and directing entities to use multi-employer plan guidance.
 - More detailed disclosure requirements.

The proposed standard would have an effective date of April 1, 2026, and would require retroactive transition. The Board is currently working through significant feedback it received on the above proposals and determining next steps.

Exposure Draft – 2022-2023 Annual Improvements

The PSAB has adopted an annual improvement process to correct errors in the wording or provide clarifications to the PSA Handbook. In August 2022, the Board issued its 2022-2023 Annual Improvements Exposure Draft proposing the following changes:

- Replace the term “summary financial statements” with “financial statements” or “financial reports”.
- Clarify the Introduction to Public Sector Guidelines and remove outdated guidance related to local governments.

- Update the transitional provisions in Section PS 3160, *Public Private Partnerships*, to explicitly state that early adoption is permitted.
- Change some references to the term “power” to “ability” or “authority” as appropriate, given the use of the term “power” to reference sovereign or equivalent powers in Chapter 5 of the revised conceptual framework.
- Update Section PS 3050, *Loans Receivable*, to address grammatical errors in the decision tree.
- Update PSG 8, *Purchased Intangibles*, to clarify its application to inter-entity transactions.
- Update the designation and numbering of existing appendices in the PSA Handbook to align with categories established by IPSAS; and
- Update the terminology in many standards from “government” to “public sector entity” or “entity” as appropriate.

In December 2022, the PSAB approved the majority of the changes (all except for the last two changes listed above as based on feedback received from constituents it was determined these changes were beyond the scope of an annual improvement). The final Handbook amendments will be published in two phases:

- On April 1, 2023, the amendments to allow early adoption of Section PS 3160, *Public Private Partnerships*, and clarify the application of PSG-8, *Purchased Intangibles*, to inter-entity transactions were issued and became effective.
- The remainder of the amendments will be published in late 2023, with an effective date of the first day of the month published.

Government Not-for-Profit Strategy

While developing its 2017-2021 Strategic Plan, the Board signaled its intent to assess the specific needs of government not-for-profit organization (GNFPO) stakeholders and to assess if there is a need for some public sector accounting standards to apply differently to this particular group. The Board issued Consultation Papers in 2019 and 2021 seeking stakeholder feedback on the trends and needs in the GNFPO sector and the potential options as it relates to the future of the PS 4200 series of standards. As a result of the feedback received on these Consultation Papers the Board decided that the best option going forward is to incorporate the PS 4200 series of standards into the PSA Handbook with potential customizations. This will involve the Board undertaking a series of standard-level projects to review the PS 4200 series to determine which standards will be included.

At its December 2022 meeting, the Board approved the first project which encompasses a review of Section PS 4230, *Capital Assets held by Not-for-Profit Organizations*, and Section PS 4240, *Collections held by Not-for-Profit Organizations*, to determine what amendments should be proposed to Section PS 3150, *Tangible Capital Assets*. The Board is currently developing an Exposure Draft on the proposed changes which is expected to be issued for comment in 2024.

We would encourage GNFPs to stay up to date on this project and watch for the capital assets Exposure Draft, which will be available on the [government not-for-profit - capital assets project page](#) of the FRAS Canada website, and provide their feedback on the Board's proposals.

Public Sector Accounting Discussion Group

The Public Sector Accounting Discussion Group (PSADG) is a regular public forum at which issues arising on the application of the PSA Handbook can be discussed. The group meets two times a year and consists of members that include preparers, auditors, and users of government and government organization financial reports. The group's purpose is to assist the Board regarding issues arising on the application of the PSA Handbook and other areas of concern regarding public sector financial reporting, including emerging issues and issues on which the Board seeks advice. While the group does not issue any authoritative guidance or interpretations, as only the Board has the ability to do so, the group's meeting summaries provide meaningful insights on the application of the standards that can be used as a resource. These meeting summaries are available on the FRAS Canada website or by clicking [here](#). During the group's November 2022 and June 2023 meetings, the following topics were discussed:

- **Accounting for Carbon Credits** - Discussion on whether carbon credits meet the definition of an asset in PSAS, what type of asset and what recognition standards apply.
- **Presentation of Certain Items on the Statement of Cash Flows** - Discussion on how public sector entities should present cash flows related to public private partnership arrangements and asset retirement obligations, as well as, whether restricted cash should be included in cash and cash equivalents on the statement of cash flows.
- **Cloud Computing: Accounting for Implementation Costs** - Discussion on whether implementation costs incurred by a public sector entity related to a cloud computing arrangement that is a service arrangement should be capitalized or expensed under PSAS.
- **Cloud Computing: Accounting for Implementation Costs in the Context of a Government Partnership:** - Discussion on how individual partners should account under PSAS for the implementation costs they incur as a result of a cloud computing arrangement that is a service arrangement in the context of a government partnership.
- **Canadian Economic Overview and Potential Impacts to the Public Sector** - Discussion of recent economic trends and consideration of the potential impacts to the Canadian public sector. As well as, discussion of the impacts of rising inflation and the economic environment on financial reporting.

- **Auditors Reporting on Going Concern** - Discussion of the Canadian Auditing and Assurance Standards Board's Exposure Draft on Going Concern¹ and potential public sector implications and the interaction of the proposals with the new guidance on going concern that has recently been added to PSAS's revised Conceptual Framework.

We would encourage public sector entities to keep up to date on topics discussed at these meetings.

Conclusion

As we head closer to the end of the year, now is the time to discuss with your BDO advisor how the changes made, and the proposed changes to the PSA Handbook will affect your organization. Reach out to us today.

¹ The Canadian AASB Exposure Draft on Going Concern is based on the International Auditing and Assurance Standards Board's Exposure Draft "Proposed International Standards on Auditing 570 (Revised 202X) Going Concern and Proposed Conforming and Consequential Amendments to other ISAs". ISAs are adopted in Canada as Canadian Auditing Standards.