

## MANAGEMENT REPORT

Date: May 16, 2024  
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VanDocs #: DOC/2024/117900  
Meeting Date: May 22, 2024

TO: Library Board  
FROM: Tim Bottomer, Chair, SFHR Committee  
**SUBJECT: 2023 YE Summary - Reserve for Library Gifts and Grants**

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### **SUMMARY**

This report is to provide the Board with information on library reserves, including transfers from reserves in 2023 and requests for approval for transfers for 2024 to support VPL's strategic priorities and operations.

### **PURPOSE**

This report is for decision.

### **RECOMMENDATION**

- A. THAT the Board receive this report for information, and
- B. THAT the Board approves transfers of up to \$875,000 from the general reserve, as outlined in Table 1 below.

### **COMMITTEE DISCUSSION**

The committee sought clarification on the one-time staffing support request, and inquired whether in the future this funding would be part of the operating budget. Staff responded that we could submit a funding request during the City's budget process, and that staff would consider alternative staffing solutions. The committee also asked for clarity on the Multicultural Capacity Building initiative to understand if additional funds would be required to implement the recommendations. Staff shared that the need for additional funding would be dependant on the consultant's findings.

## **POLICY**

### Library [Financial Reserves Policy](#):

- The Library retains reserves both for specified purposes and as insurance against unbudgeted significant expenditures
- The library will transfer unspent grants and donations, received in the year, and its share of net new revenues to reserves
- The library will maintain an equipment replacement reserve fund
- The Library will maintain an undesignated reserve fund of not less than 5% of the Library's annual operating expenditures. 90% of the interest from this undesignated reserve fund will be expended annually on one time projects in support of the Library Board's strategic priorities.
- Library Management is authorized to expend designated reserves for the purpose they were accumulated and required expenditures from the equipment replacement without Board approval
- Library Management is authorized to expend undesignated library reserves up to \$50,000 on one-time projects which support Library objectives without Library Board approval. Expenditures from undesignated reserves, over \$50,000, require Library Board approval. Staff will provide the Board with an annual summary of disbursements from reserves.

## **INDIGENOUS CONSIDERATIONS**

The Library's decisions about how to fund projects and initiatives related to Reconciliation and implementation of the United Nations Declaration on the Rights of Indigenous Peoples (UNDRIP) can affect how our commitments to these activities are understood. For example, after several years of funding the Indigenous Storyteller in Residence program with one-time sources, many years ago the Library Board and staff identified that this program was a priority that should be funded through the regular operating budget to indicate the Library's ongoing commitment.

Funding one-time projects and initiatives related to Reconciliation and UNDRIP through the Library's Reserve funds, rather than through philanthropic donations, can have the benefit that recognition of the donor is not expected.

It is also important for the Library Board and staff to consider how using reserve funds can help to initiate work, and to identify when work should be incorporated into ongoing operational funding. In the current report, the expanded funding for an Equity consultant and training will include activities that consult with Indigenous staff and consider the diversity, equity and inclusion of Indigenous staff in the Library. Ultimately, the Board will need to consider ongoing funding to continue this work as part of the annual budget process, after the specific needs are understood and goals are established.

## **BACKGROUND**

In this report, the following terms have the following meanings:

**Reserves:** Funds set aside to be used at a future date. A portion of the reserves accrue interest which is added to the reserve balance.

**Designated Reserves:** Reserves which were accumulated for a specific purpose which dictate how they can be spent.

**Undesignated Reserves:** Reserves which can be spent at the discretion of the Library.

Reserve Fund Categories:

### **Library Gifts and Grants:**

- Donations and Grants: donations and grants to VPL
- Endowment Fund: prior undesignated gifts and grants
- Provincial Grants: carry forward of Provincial grants unexpended in the year received, where the program was delivered as expected
- General: VPL's share of net InfoAction, room rentals and other "new" revenues
- Community Amenity Contributions: VPL's share of development related funding from the Bayshore and Coal Harbour developments

**Equipment Reserve:** transfer from the Operating budget

## **DISCUSSION**

The table below provides a summary of reserves balances as at December 31, 2023:

	<b>Designated</b>	<b>Undesignated / General</b>	<b>2023 Total</b>	<b>2022 Total</b>	<b>Change from 2022 to 2023</b>
Gifts and grants	2,327,395	2,551,764	4,879,159	3,822,125	1,057,034
Provincial grants	1,864,162	772,977	2,637,139	761,787	1,875,352
General/Future expenditures	-	1,673,742	1,673,742	1,583,746	89,995
Endowment Fund	-	2,640,442	2,640,442	2,524,233	116,210
Community Amenity Contributions	266,687	-	266,687	266,687	-
<b>Total Gifts and Grants Reserve</b>	<b>\$ 4,458,244</b>	<b>\$ 7,638,925</b>	<b>\$ 12,097,168</b>	<b>\$8,958,577</b>	<b>\$ 3,138,591</b>
Equipment Reserve	1,222,603		1,222,603	1,111,603	111,000
<b>TOTAL RESERVES BALANCE</b>	<b>\$5,680,847</b>	<b>\$7,638,925</b>	<b>\$13,319,771</b>	<b>\$10,070,180</b>	<b>\$ 3,249,591</b>

In 2023, there was one transfer from reserves:

	<b>Transfer from</b>	<b>Amount (\$)</b>
Collections	Gifts and Grants: designated funds	75,000
<b>TOTAL 2023 TRANSFERS</b>		<b>\$75,000</b>

An internal annual funding request process was established in 2019 to support one-time needs for funding. This includes requests from staff for funding from reserves, requests for funding from the Friends of the VPL, and requests for funding from the VPL Foundation.

A call for funding requests is sent out to staff in January/February, and the submissions are reviewed by managers. Following the managers review, directors receive the list of funding requests and identify areas where further information is needed. The list of requests is brought to the Directors Group to discuss potential sources of funds and approve projects and funding sources. This decision supports requesting Board approval for reserve funding in this report, and the annual VPL Foundation Fundraising Priorities report that the Board approved in March 2024.

The Directors Group recommends that VPL fund the following items from VPL general reserves and staff request that the Board approve these items (Table 1):

Item	Amount	General Reserve Request
Refresh of Teen and Children’s furniture at Central Library (Goal 2.2)	\$75,000*	Up to \$75K from general reserves
Accessibility Upgrades to Central Library meeting and program rooms (Goal 2.2)	\$100,000*	Up to \$100K from general reserves
Early literacy materials and inspiration lab equipment for Oakridge branch (Goal 1.1/1.2)	\$100,000*	Up to \$100K from general reserves
Indigenous Art Commission (Goal 2.1)	\$100,000*	Up to \$100K from general reserves
Branch Early Literacy Space (Goal 1.1)	\$250,000*	Up to \$250K from general reserves
Multicultural Capacity Building (Goal 3.3)	\$50,000	Up to \$50K from general reserves
2024 Staffing Support (VPL Operations)	\$200,000	Up to \$200K from general reserves
<b>TOTAL REQUEST RECOMMENDATION</b>	<b>\$875,000</b>	<b>Up to \$875K from general reserves</b>

\*Approved in 2023 and not disbursed

The new items are briefly described below:

- Multicultural Capacity Building: supports goal 3.3 of the Strategic Plan “Engage and celebrate the diverse cultures and languages in Vancouver” by developing a strategy that identifies neighbourhoods of distinct languages and demographics across the city, recommends ways to reflect diverse languages in our services, and strengthens our approach to English language learning. This funding is for a consultant to lead a needs assessment for multicultural communities, identified from demographic statistics as

priority groups in this project. The consultant may also support development and validation of service strategy with these priority groups.

- 2024 Staffing support: Departments across VPL are struggling to fill vacancies. This is due to a variety of reasons including accommodations and retirements, and changes in the recruitment landscape. The pandemic changed the use of sick time, and the implementation of provincially legislated sick days for part-time and on-call staff has contributed to this shift. In addition, patron use of our services have evolved (for example the increased use of holds as an “online shopping” tool) which has impacted staff workflows. This funding request will allow VPL to manage these changes in the short-term while maintaining excellent public service, while we evaluate sustainable staffing solutions and seek ongoing funding to respond to this changed human resources environment.

In addition to the above, we may make additional transfers from general reserves that are not required to be approved by the Board, as they are not over \$50,000. There may be other transfers from designated funds for children’s programming, collections and digital support.

Any further requests for undesignated library reserve funding, over \$50,000, will come forward for Board approval throughout the year, as required.

### **FINANCIAL IMPLICATIONS**

The 2024 operating budget includes transfers from reserves totalling \$117,125.

There is sufficient funding to support the \$875,000 general reserve request that is being recommended in this report, from prior year gifts and grants.

If Recommendation B is approved, funding will be transferred from VPL reserves to the VPL operating budget in 2024, if and as required. As the year progresses, some of these items may be able to be funded from within the approved VPL operating budget, and a transfer from reserves will not be required. Board approval is being requested now, however, to ensure that full funding is in place prior to the commencement of any work.

### **FINAL REMARKS**

To continue to deliver responsive and innovative library service, it is important to have the flexibility that reserves provide.

Reserves are used by staff to cover relatively modest project funding shortfalls e.g. topping up Children’s programs (such as Man in the Moon or Book camp) if there is a fundraising shortfall.

Reserve funds have also been used to support one-time Board strategic priorities.