

USE OF E-HLBC FUNDS

This policy provides an operating framework for the Electronic Health Library of BC (e-HLbc) to facilitate effective stewardship of funds for which it has fiduciary responsibility.

FINANCIAL BACKGROUND

e-HLbc's operating budget is comprised of administrative and data licensing fees from full and affiliate members.

e-HLbc Member Fees are sufficient to recoup the total operational costs of the consortium, including licensing and administration, and are comprised of two fees:

1. **Data Licensing Fees**
e-HLbc vendors, Ovid and EBSCO, invoice the consortium in US dollars. e-HLbc invoices its members annually in CAD based on the fee detailed in the 2008 Business Case for Renewal, using the exchange rate of the date of invoice and guaranteed for 14 days.
2. **Administrative Fees**
e-HLbc will invoice its members annually as outlined in the 2008 Business Case for Renewal. Administrative expenses cover staffing costs for librarian, technical and clerical support, as well as basic administrative overhead including the quarterly newsletter, meeting and telecommunication costs, etc.

e-HLbc Affiliate Member Fees are a less dependable revenue stream for the consortium. Comprising approximately 1% of e-HLbc's total revenue,¹ affiliate member fees are too unreliable to be factored in to the cost sharing formula detailed in the 2008 Business Case for Renewal. Consequently, affiliate member fees will be used to support member and affiliate member needs (as outlined in the section entitled "Appropriate Use of Funds").

Similar to member fees, affiliate member fees are also comprised of two costs:

1. **Data Licensing Fees**
From April 1, 2009 through March 31, 2012, health sector affiliate members will be invoiced a data licensing fee of \$6 per FTE or \$500, whichever is greater, annually. e-HLbc will employ a tier structure to allocate data licensing fees for post-secondary affiliate members joining the consortium.
2. **Administrative Fees**

¹ Affiliate membership revenue as a percent of total revenue for the three year period beginning April 1, 2009 is calculated using the following data - the total e-HLbc revenue including the projected affiliate member fees of \$60,000, total administrative fees of \$296,600, and total licensing fees of \$5,001,800 (\$4,705,200 USD with a modest 1.2 exchange rate).

Affiliate Member administrative fee will be determined by the level of support needed from the Administrative Centre.

- a. Tier 1- Minimal Support \$500 - Prospective member can fulfill all requirements outlined in the Affiliate Membership Guidelines (AMG).
- b. Tier 2 – Medium Support \$1000 - Prospective member requires some assistance on 2 or more AMG requirements.
- c. Tier 3 - Maximum \$1500 - Prospective member requires some assistance on 4 or more AMG requirements.

In addition to member and affiliate member fees, the consortium also has an accrued fund balance from which it can draw in order to supplement member contributions in order to protect the organization and support consortial administration and projects.²

The following section provides a list of appropriate ways to use monies from the accrued fund balance.

APPROPRIATE USE OF FUNDS

1. Infrastructure Development & Additional Administrative Overhead

An organization responsive to member's changing needs, e-*HLbc* recognizes that additional administrative funds will be needed to further develop and improve e-*HLbc* infrastructure to better serve members. Possible infrastructure improvements include, but are not limited to, e-*HLbc* website migration, website enhancements, and additional project staffing to support training and other developing member needs.

2. Strategic Planning Development & Communication Strategy Update

Strategic planning is the process of an organization identifying goals it would like to achieve and making decisions on allocating its resources – both in terms of capital and staff – to achieve those goals. Having received 100% commitment to the consortium for the next three years, e-*HLbc* will engage in a strategic planning process to identify the organization's long-term objectives and plan a framework for their achievement.

Communicating e-*HLbc*'s priorities, activities, and successes to stakeholders is essential to the consortium. Refreshing e-*HLbc*'s communication strategy will ensure that the organization's message reaches stakeholders.

² From 2006 through 2009, a fixed exchange rate of 1.2 was applied to the licensing fee (invoiced in USD by vendors). That total was combined with the administrative fee and the aggregated costs were shared among consortium member institutions as detailed in the 2006 Business Case. Due to smart financial planning and beneficial exchange rates, during the first three years of operations, e-*HLbc* has an accrued fund balance. Beginning April 1, 2009, e-*HLbc* will invoice its member libraries on the exchange rate at the date of invoice. Consequently, the contingency fund will no longer grow through taking advantage of fluctuations in the rate of exchange.

3. Travel Reimbursement

e-*HLbc* Management Committee members generously contribute their time and expertise to the management of the consortium. In order to encourage and facilitate their active participation, no matter the distance of their home institution, e-*HLbc* supports Management Committee members' travel, necessary to the conduct of e-*HLbc* business. See e-*HLbc* Travel Policy for further details.

4. Subcommittee Operation Funding

e-*HLbc* subcommittees are the primary instruments for collegial governance and project management in the consortium. In the course of operations, subcommittees may request funds to support projects.

5. Conferences & Marketing

In order to grow the consortium's membership roster to include additional health professional organizations and post-secondary institutions and to increase use of e-*HLbc* resources among existing members, e-*HLbc* will develop marketing materials and attend conferences to communicate e-*HLbc*'s value. Conference participation will be limited to Canadian conference, and those in attendance will be required to report back on conference activities and outcomes.

6. Annual Report & Business Case

Detailing e-*HLbc*'s performance and showcasing its successes to stakeholders, partners, government, and the community is important. Producing and disseminating an annual report and business case (every third year) will allow e-*HLbc* to

- Report on the stewardship of the consortium;
- Educate and inform stakeholders on consortium activities;
- Highlight the continuing need and benefit of the consortium through statistics;
- Outline financial responsibilities of partner institutions; and
- Detail the future direction of the consortium.

7. Contingency Fund

e-*HLbc* will maintain a reserve fund sufficient to meet the consortium's fiduciary obligations in the event of unforeseen expenses. This contingency fund protects the consortium and its partners from responsibility for unexpected debts.

ASSUMPTIONS

1. e-*HLbc* business for which funds are needed must be submitted to the Management Committee for approval.

2. Costs incurred performing e-*HLbc* business, covered under the “Appropriate Use of Funds” section, and approved by the e-*HLbc* Management Committee, will be supported by affiliate member data licensing and administrative fees and the contingency fund.

3. e-*HLbc* estimates a base contingency fund of \$623,700.00 is sufficient to meet the consortium’s fiduciary obligations should an unforeseen emergency arise. This sum is based on the licensing fee obligations of the largest member in each sector and the three year administrative costs detailed in the 2008 Business Case for Renewal.

4. In the event that (a.) the contingency fund has been maintained and that (b.) all e-*HLbc* business requiring funds (as detailed in the “Appropriate Use of Funds” section) has been accomplished, then the e-*HLbc* Management Committee, prior to March 31, may approve disbursement of surplus funds to consortium members, per the cost sharing formula set forth in the 2008 Business Case for Renewal, in the form of rebates on their April 1 invoices.