



Memo

Date: April 14, 2025

To: Mayors and Reeves of Chinook Arch Regional Library System Member Municipalities

Re: Chinook Arch Library Board 2024 Impact Report and Audited Financial Statements

Dear Sir/Madam:

Southern Alberta residents in communities both large and small rely on public libraries as a place to connect with ideas and with each other. Alberta's public libraries continue to innovate and expand their service offerings in response to changing community needs.

Chinook Arch Regional Library System is a partnership between your municipality and thirty-nine other municipal members. It supports and enhances the services offered by your local library board or that of a neighbouring community. As a result of your membership in Chinook Arch, residents of your municipality have access to over 900,000 items held in the System's thirty-five member libraries. In addition, library users can download e-books, audiobooks, magazines, newspapers, and more from their library's website. They can also take online courses and access homework help!

Attached to this memo are the Chinook Arch Library Board's 2024 Impact Report and 2024 Audited Financial Statements. Please share them with your council as appropriate. We would be happy to send a delegation to present to your council to provide an update on Chinook Arch and its activities. Please reach out to Chinook Arch CEO Robin Hepher at 403-380-1500 or email rhepher@chinookarch.ca to schedule a presentation.

The Impact Report and Audited Statements are always available on the Chinook Arch website at www.chinookarch.ca.

Thank you for your continuing support of regional library services. The Chinook Arch Library Board continues to strive toward its vision of "Thriving Libraries, Thriving Communities."

A handwritten signature in black ink that reads "Darryl Christensen".

Darryl Christensen, Chair

Chinook Arch Library Board



CHINOOK
ARCH REGIONAL
LIBRARY SYSTEM

2024 IMPACT REPORT

“ Look for quotes from Chinook Arch member libraries in this report. ”

Chinook Arch Snapshot



35 member library locations



40 municipalities served



35,168 library cardholders



29 staff members

Highlights from the Year

“We are a small library and would not be able to function well without the support we receive from Chinook Arch.”

In-Library Programming

Chinook Arch’s Digital Literacy Clinics concluded in March. Funded by a \$170,000 grant from the Government of Alberta Civil Society Fund the program saw much success in 2023/2024.

32 clinics offered with
58 participants



75 Wi-Fi Hotspots
borrowed **3,508** times

7 Foot Traffic Promotions

ran in participating libraries to help boost in-library visits.



Over **2,700** people participated!

A successful Summer Reading Program



5,600 km travelled in 2 short months!

22% more program participants

17% increase in Book BINGO participants (33% more teens and 83% more adults!)

Library Collections

A Teen Rotating Block was created and over 120 items were borrowed from it!



A block is a collection of materials that Chinook Arch loans on request to libraries to supplement their own collections on a temporary basis.

11 new regional programming kits were added to the collection, which now boasts over 50 kits.



Updated Technology

Upgraded **3** servers



2 storage servers

2 storage switches

This new hardware hosts the virtual servers needed to support and operate Chinook Arch and each of the member libraries.

Membership has its benefits

Inter-municipal collaboration greatly increases the quantity and quality of library materials and services for those who call our region home.



Direct Library Support

“Chinook Arch staff is great across the board. They are always available and always helpful.”

1,947

support consultations (in-person and virtual)

84

Library programs in member libraries with

4,140 participants



364

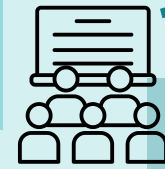
direct patron interactions



Connection and Learning Opportunities

“Chinook Arch does a good job of connecting us with what is happening with the organization and other member libraries.”

In May, a Regional Programming Collection Petting Zoo allowed library staff to learn about the programming kits available and test them out for themselves!



18 training events held

330 attendees



160

people connected at the 15th Annual Southern Alberta Library Conference



Sharing Resources

“I am so amazed that over 90 of our books went out of province last year. Libraries rule!”



11%

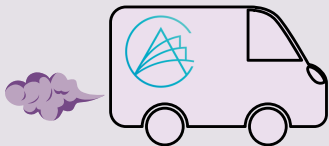
increase in Interlibrary Loan lending

Interlibrary Loans allows library cardholders to borrow materials from other library systems - both in Alberta and beyond!

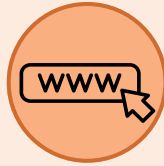
48,567

items added to shared library catalogue

573,200 items moved between libraries

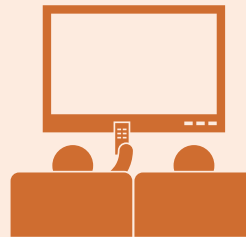


Our vans make 334 delivery stops per month. That's 4,008 stops a year!



Online Services Management

“I have several patrons who love these resources!”



22%

increase of library material checkouts on OverDrive

39%

increase in Kanopy views
Kanopy is a video-streaming platform with 30,000+ shows for all ages.



audiobook borrowing up

23%

CHINOOK ARCH LIBRARY BOARD
Financial Statements
Year Ended December 31, 2024

CHINOOK ARCH LIBRARY BOARD
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Year Ended December 31, 2024

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INDEPENDENT AUDITOR'S REPORT

To the Members of Chinook Arch Library Board

Opinion

We have audited the financial statements of Chinook Arch Library Board (the Board), which comprise the statement of financial position as at December 31, 2024, and the statements of changes in net assets, revenues and expenses and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2024, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Board in accordance with ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with ASNPO, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Board's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Board or to cease operations, or has no realistic alternative but to do so.

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

(continues)

* denotes professional corporation

Independent Auditor's Report to the Members of Chinook Arch Library Board (*continued*)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Board's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Board's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Board to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Lethbridge, AB
April 3, 2025

INSIGHT^{LLP}

Chartered Professional Accountants

CHINOOK ARCH LIBRARY BOARD

Statement of Financial Position

December 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash and cash equivalents	\$ 1,140,600	\$ 1,392,190
Restricted cash (Note 3)	14,740	56,721
Accounts receivable	13,173	15,411
Goods and services tax recoverable	15,150	29,327
Technology purchase employee receivable (Note 4)	3,861	2,569
Prepaid expenses	249,721	240,820
	1,437,245	1,737,038
CAPITAL ASSETS (Note 5)	2,449,949	2,381,613
	\$ 3,887,194	\$ 4,118,651
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 62,904	\$ 59,137
Receiver General payroll liabilities	-	17,263
Employee benefit obligations (Note 6)	169,231	178,500
Deferred revenue (Note 7)	14,740	56,721
	246,875	311,621
DEFERRED CAPITAL CONTRIBUTIONS (Note 8)	1,855,985	1,877,724
	2,102,860	2,189,345
NET ASSETS	1,784,334	1,929,306
	\$ 3,887,194	\$ 4,118,651

ON BEHALF OF THE BOARD

 Director
 Director

CHINOOK ARCH LIBRARY BOARD
Statement of Changes in Net Assets
Year Ended December 31, 2024

	Unrestricted Fund 2024	Internally Restricted Fund 2024 <i>(Note 9)</i>	Capital Fund 2024	Total 2024	Total 2023
BALANCE - BEGINNING OF YEAR	\$ -	\$ 1,425,551	\$ 503,755	\$ 1,929,306	\$ 2,090,622
Deficiency of revenues over expenses	(144,972)	-	-	(144,972)	(160,275)
Capital asset additions	(231,367)	-	231,367	-	-
Capital grants received	75,000	-	(75,000)	-	-
Amortization of capital assets	163,030	-	(163,030)	-	-
Amortization of deferred capital contributions	(96,739)	-	96,739	-	-
Book allotment purchase, net of additions <i>(Note 9)</i>	55,925	(55,925)	-	-	-
Use of Technology Fund reserves <i>(Note 9)</i>	91,732	(91,732)	-	-	-
Use of Vehicle Fund reserves <i>(Note 9)</i>	64,635	(64,635)	-	-	-
Use of Operating Fund reserves <i>(Note 9)</i>	5,446	(5,446)	-	-	-
Transfer from Operating Fund reserves <i>(Note 9)</i>	17,310	(17,310)	-	-	-
Externally restricted funds returned to funder	-	-	-	-	(1,041)
BALANCE - END OF YEAR	\$ -	\$ 1,190,503	\$ 593,831	\$ 1,784,334	\$ 1,929,306

See notes to financial statements

CHINOOK ARCH LIBRARY BOARD
Statement of Revenues and Expenses
Year Ended December 31, 2024

	Budget 2024	Total 2024	Total 2023
REVENUES			
Municipal levies	\$ 1,620,459	\$ 1,620,459	\$ 1,590,280
Provincial operating grant	1,075,006	1,069,220	1,038,499
Library board membership fees	654,731	655,537	642,471
Other income (Schedule 1)	431,500	453,659	416,578
Contract services (Schedule 1)	141,000	207,967	144,613
Provincial rural library services grant	134,125	134,126	134,125
Other grants (Schedule 1)	85,000	87,500	91,740
Municipal rural services fees	62,543	58,848	58,504
Amortization of deferred capital contributions (Note 8)	85,000	96,739	81,072
	4,289,364	4,384,055	4,197,882
EXPENSES			
Salaries and benefits	2,217,500	2,283,595	2,150,956
Library materials and collections	825,600	959,602	879,119
Programs and services (Schedule 2)	456,600	414,980	413,923
Contract and other services (Schedule 2)	140,000	224,795	147,732
Network services (Schedule 2)	160,000	185,753	198,556
Bibliographic services (Schedule 2)	85,500	82,654	89,328
Training and development (Schedule 2)	58,000	66,219	48,835
Shipping and delivery (Schedule 3)	64,000	55,081	59,237
Building and maintenance	53,400	45,159	53,732
Administration (Schedule 3)	39,000	28,250	34,457
Board expenses	9,300	14,463	11,205
Amortization of capital assets	180,000	163,030	105,240
	4,288,900	4,523,581	4,192,320
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	464	(139,526)	5,562
BOARD APPROVED PROJECTS FUNDED BY RESERVES			
Projects funded by Operating Fund reserves (Note 9)	-	5,446	-
Projects funded by Technology Fund reserves	-	-	143,037
Projects funded by Building Fund reserves	-	-	22,800
	-	5,446	165,837
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 464	\$ (144,972)	\$ (160,275)

See notes to financial statements

CHINOOK ARCH LIBRARY BOARD**Revenue Schedule (Schedule 1)****Year Ended December 31, 2024**

	Budget	2024	2023
OTHER INCOME			
Additional funds for library materials	\$ 300,000	\$ 311,779	\$ 294,417
Interest and investment income	90,000	94,645	102,576
Southern Alberta Library Conference	15,000	15,685	14,002
Fundraising and donations	15,000	15,650	-
Employment programs	4,500	8,400	3,735
Gain on disposal of property and equipment	5,000	7,500	1,848
Miscellaneous	2,000	-	-
	\$ 431,500	\$ 453,659	\$ 416,578
CONTRACT SERVICES			
Reimbursement for purchases	\$ 100,000	\$ 165,956	\$ 106,478
Contracts	39,000	41,650	37,244
Staff book purchases	2,000	361	891
	\$ 141,000	\$ 207,967	\$ 144,613
OTHER GRANTS			
Civil Society Fund grant	\$ 85,000	\$ 87,500	\$ 87,500
CFLSA grant	-	-	4,240
	\$ 85,000	\$ 87,500	\$ 91,740

CHINOOK ARCH LIBRARY BOARD

Expense Schedules (Schedule 2)

Year Ended December 31, 2024

	Budget	2024	2023
PROGRAMS AND SERVICES			
Rural library services grant transfer	\$ 171,600	\$ 161,835	\$ 148,115
Support subscriptions	160,000	116,256	143,300
Regional resource sharing	90,000	90,000	90,000
Marketing and communications	20,000	18,240	14,989
Membership programs	9,500	9,905	9,337
Special projects	1,000	9,019	7,107
Library membership cards	3,000	8,739	-
Summer programs	1,500	986	1,075
	\$ 456,600	\$ 414,980	\$ 413,923
NETWORK SERVICES			
Network support and maintenance	\$ 90,000	\$ 117,059	\$ 94,070
Telecommunications	50,000	51,303	51,189
Equipment and software	20,000	17,391	53,297
	\$ 160,000	\$ 185,753	\$ 198,556
CONTRACT AND OTHER SERVICES			
Purchasing services for member libraries	\$ 100,000	\$ 182,799	\$ 109,614
ILS maintenance and service contract	38,000	41,650	37,244
Staff purchases	2,000	346	874
	\$ 140,000	\$ 224,795	\$ 147,732
BIBLIOGRAPHIC SERVICES			
Support services	\$ 70,000	\$ 72,064	\$ 74,313
Supplies for library materials	13,000	5,811	11,136
Cataloguing subscriptions	2,500	4,779	3,879
	\$ 85,500	\$ 82,654	\$ 89,328
TRAINING AND DEVELOPMENT			
Conferences, courses and staff travel	\$ 20,000	\$ 26,932	\$ 14,262
Southern Alberta Library Conference	25,000	26,554	19,578
Librarian meetings and training	12,000	11,687	14,017
Programs and training for libraries	1,000	1,046	978
	\$ 58,000	\$ 66,219	\$ 48,835

See notes to financial statements

CHINOOK ARCH LIBRARY BOARD**Expense Schedules (Schedule 3)****Year Ended December 31, 2024**

	Budget	2024	2023
SHIPPING AND DELIVERY			
Vehicle expense	\$ 50,000	\$ 43,439	\$ 47,672
Postage and shipping	5,500	5,018	5,367
Vehicle insurance	3,500	3,358	2,901
Freight	5,000	3,266	3,297
	\$ 64,000	\$ 55,081	\$ 59,237
ADMINISTRATION			
Professional fees	\$ 10,000	\$ 11,541	\$ 9,499
Office equipment maintenance	7,500	7,823	8,375
Office supplies and equipment	8,000	5,384	7,554
Coffee services	2,500	2,015	2,603
Bank charges	1,800	1,366	1,677
Subscriptions	2,400	940	2,037
Printing	500	357	139
Recruitment	800	241	763
Memberships	500	60	400
Advertising	500	-	298
Miscellaneous	500	-	25
Foreign currency exchange	4,000	(1,477)	1,087
	\$ 39,000	\$ 28,250	\$ 34,457

See notes to financial statements

CHINOOK ARCH LIBRARY BOARD**Statement of Cash Flows****Year Ended December 31, 2024**

	2024	2023
OPERATING ACTIVITIES		
Cash receipts from customers	\$ 4,219,136	\$ 4,064,918
Cash paid to suppliers and employees	(4,383,485)	(4,339,190)
Interest received	94,645	102,576
Cash flow used by operating activities	(69,704)	(171,696)
INVESTING ACTIVITIES		
Purchase of capital assets	(231,367)	-
Proceeds on disposal of capital assets	7,500	-
Cash flow from (used by) investing activities	(223,867)	-
DECREASE IN CASH FLOW	(293,571)	(171,696)
Cash - beginning of year	1,448,911	1,620,607
CASH - END OF YEAR	\$ 1,155,340	\$ 1,448,911
CASH CONSISTS OF:		
Cash and cash equivalents	\$ 1,140,600	\$ 1,392,190
Restricted cash	14,740	56,721
	\$ 1,155,340	\$ 1,448,911

See notes to financial statements

1. PURPOSE OF THE BOARD

Chinook Arch Library Board (the "Board") is an appointed Board established as a Library under the Alberta Libraries Act. As a registered charity the Board is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

The Board operates the Chinook Arch Regional Library System, which assists a network of cooperating libraries in southwest Alberta to provide cost-effective and convenient access to information and library resources.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Fund accounting

For reporting purposes, established funds consist of the capital fund, internally restricted reserve funds, and externally restricted funds. Transfers between funds are recorded as adjustments to the appropriate net asset accounts.

Revenues and expenses related to program delivery and administrative activities are reported in the Unrestricted Fund.

The Capital Fund reports the assets, liabilities, revenues, and expenses related to the Board's capital assets and building improvements campaign. Amortization expense is recorded as an expense in the Statement of Revenues and Expenses.

The Internally Restricted Reserve Funds are established at the discretion of the Board of Directors to fund future operating and capital expenditures. Transfers to and from these funds are reflected as adjustments to the Statement of Changes in Net Assets.

Cash and cash equivalents

Cash includes cash and cash equivalents.

The Board's investment policy requires temporary investments to be guaranteed investment certificates and treasury bills. These investments are valued at cost. The carrying amounts approximate fair value because they have maturities within one year of the date of purchase.

As at December 31, 20,24, the Board held no temporary investments.

Cash that is externally restricted for specific purposes is presented as restricted cash.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Property and equipment is stated at cost or deemed cost less accumulated amortization and is amortized over its estimated useful life at the following rates and methods:

Buildings	4%	declining balance method
Automotive (passenger)	50%	declining balance method
Automotive (delivery vehicles)	33%	straight-line method
Computer equipment	25%	straight-line method
Office furniture and equipment	10%	straight-line method

The Board regularly reviews its property and equipment to eliminate obsolete items. Government grants received for the purchase of property and equipment are treated as deferred capital contributions (Note 8).

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

Revenue recognition

Revenue is recognized when the requirements as to performance for transactions involving the sale of goods and services are met and ultimate collection is reasonably assured at the time of performance.

Government transfers, contributions and other amounts are received from third parties pursuant to legislation, regulation or agreement and may only be used for certain programs, in the completion of specific work, or for the purchase of capital assets. These funds are accounted for as deferred revenue until used for the purpose specified.

Government transfers for operations are recognized in the period when the related expenses are incurred and all eligibility criteria have been met.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

3. RESTRICTED CASH

Restricted cash consists of externally restricted and deferred grant funds received for specific purposes (Note 7).

CHINOOK ARCH LIBRARY BOARD

Notes to Financial Statements

Year Ended December 31, 2024

4. EMPLOYEE TECHNOLOGY PURCHASE PLAN

The Board has established a policy authorizing employee loans for the purchase of computers and software to a maximum of \$2,500 per employee. These loans are payable in monthly blended payments with interest at prime.

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Land	\$ 40,580	\$ -	\$ 40,580	\$ 40,580
Buildings	3,564,009	1,367,706	2,196,303	2,287,894
Equipment	116,136	71,437	44,699	53,113
Automotive	219,021	175,702	43,319	26
Computer equipment	289,861	164,813	125,048	-
	\$ 4,229,607	\$ 1,779,658	\$ 2,449,949	\$ 2,381,613

CHINOOK ARCH LIBRARY BOARD

Notes to Financial Statements

Year Ended December 31, 2024

6. EMPLOYEE BENEFIT OBLIGATIONS

	2024	2023
Vacation accrual	\$ 163,011	\$ 170,685
Health spending account	6,220	7,815
	\$ 169,231	\$ 178,500

The vacation accrual is comprised of unused vacation days that employees have earned.

Health spending benefits arise from unused benefits that are accumulated for two years. Employees have earned these benefits and are entitled to them within the next fiscal year.

7. DEFERRED REVENUE

	2024	2023
<u>Indigenous grant</u>		
Opening balance	\$ 54,956	\$ 18,430
Funds received	-	75,331
Amounts recognized	(43,296)	(38,805)
	11,660	54,956
<u>CFLSA grant</u>		
Opening balance	-	4,240
Funds received	-	-
Amounts recognized	-	(4,240)
	-	-
<u>Other</u>		
Opening balance	1,765	2,541
Funds received	3,080	1,765
Amounts recognized	(1,765)	(2,541)
	3,080	1,765
Total	\$ 14,740	\$ 56,721

8. DEFERRED CAPITAL CONTRIBUTIONS

Government grants received for the purchase of capital assets are amortized at the same rate and method as the underlying asset.

	2024	2023
Opening balance	\$ 1,877,724	\$ 1,958,796
Additions during the year	75,000	-
Amortization	(96,739)	(81,072)
	\$ 1,855,985	\$ 1,877,724

CHINOOK ARCH LIBRARY BOARD

Notes to Financial Statements

Year Ended December 31, 2024

9. INTERNALLY RESTRICTED FUNDS

	2023	Additions	Uses	2024
<u>Internally restricted funds</u>				
Technology Fund	\$ 168,642	\$ 5,595	\$ 91,732	\$ 82,505
Vehicle Fund	246,360	-	64,635	181,725
Building Fund	336,554	-	-	336,554
Operating Fund	454,408	-	22,756	431,652
Book Allotment Fund	219,587	651,562	713,082	158,067
	\$ 1,425,551	\$ 657,157	\$ 892,205	\$ 1,190,503

The internally restricted Book Allotment Fund reports allocations to member libraries for book allotments. These funds are restricted for the purchase of library materials in subsequent years. Unspent allocations are carried forward to the library's allocation in the following year.

During the year, a transfer of \$5,595 from the Book Allotment Fund to the Technology Fund was approved for a member library to purchase technology items.

The Board of Directors approved the use of internally restricted Technology Fund reserves for the datacenter refresh project. The total cost net of GST was \$166,732 (budget - \$175,000). This project was funded in part by a Community Initiatives Program grant of \$75,000. The remaining cost of \$91,732 was funded by the Technology Fund.

The Board of Directors approved the use of internally restricted Vehicle Fund reserves to purchase a new cargo van (budget - \$54,000). This vehicle was approved in the 2022 capital budget but delivery issues delayed the purchase until the 2024 year.

The Board of Directors approved the use of internally restricted Operating Fund reserves for the following:

- The pop-up library kits project had a total cost of \$5,446 (budget - \$7,500).
- \$17,310 was transferred from the Operating Fund to offset the Unrestricted Fund deficit for 2024.

10. SIGNIFICANT REVENUE SOURCES

In 2024, 82% (2023 - 82%) of the Board's total revenue is based on per capita municipal levies, per capita payments from library boards, and per capita grants from Alberta Municipal Affairs.

Revenues from the City of Lethbridge's membership in the Board comprises a significant percentage of this per capita revenue. In 2024, the Lethbridge population represented 50% (2023 - 49%) of the total membership population and generated 41% (2023 - 41%) of the total per capita revenue. Although the Board would continue to operate without the City of Lethbridge's membership, additional sources of revenue would be required.

11. PURCHASE COMMITMENTS

As at December 31, 2024, the Board has entered into various purchase commitments for materials ordered for member libraries in the normal course of business. These commitments, totalling \$125,364, are expected to be fulfilled in the next year. The board anticipates receiving discounts on some materials of up to 40% of the price, to be determined at the time of delivery.

12. LOCAL AUTHORITIES PENSION PLAN

Employees of the Board participate in the Local Authorities Pension Plan (LAPP), which is one of the plans covered by the Alberta Public Sector Pension Plan Act. Per the 2023 Annual Report, the LAPP services 304,451 (2022 - 291,259) members and retirees and 444 (2022 - 437) employer groups. The LAPP is a multi-employer defined benefit plan financed by the employer, employee and Government of Alberta contributions and investment earnings of the LAPP fund.

As at December 31, 2023, the LAPP disclosed an actuarial surplus of \$15.06 billion (2022 - \$12.67 billion). As at the financial statement date, the LAPP's 2024 statement of financial position had not yet been released.

Contributions for current service are recorded as expenditures in the year in which they become due.

The Board is required to make current service contributions to the LAPP at 8.45% (2023 - 8.45%) of pensionable earnings up to the year's maximum pensionable salary under the Canada Pension Plan and 11.65% (2023 - 12.23%) on pensionable salary above this amount. Employees of the Board are required to make current service contributions at 7.45% (2023 - 7.45%) of pensionable salary up to the year's maximum pensionable salary and 10.65% (2023 - 11.23%) on pensionable salary above this amount. The maximum pensionable salary is \$71,300 (2023 - \$66,600).

Total current service contributions by the Board to LAPP in 2024 were \$137,453 (2023 - \$133,378). The current service contributions by the employees of the Board to the LAPP in 2024 were \$122,228 (2023 - \$118,748).

13. FINANCIAL INSTRUMENTS

The Board is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Board's risk exposure and concentration as of December 31, 2024.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. In order to reduce its credit risk from members, the Board conducts regular reviews of its existing members' credit performance. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The Board has a significant number of members which minimizes concentration of credit risk.

Currency risk

Currency risk is the risk to the Board's earnings that arise from fluctuations of foreign exchange rates and the degree of volatility of these rates. The Board is exposed to foreign currency exchange risk on cash, accounts receivable, and accounts payable held in U.S. dollars. The Board does not use derivative instruments to reduce its exposure to foreign currency risk. The risk at December 31, 2024 is minimal.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Board manages exposure through its normal operating and financing activities. The Board is exposed to interest rate risk primarily through its interest rate bearing assets, including amounts on deposit with financial institutions that earn interest at fixed rates. The risk at December 31, 2024 is minimal.

Unless otherwise noted, it is management's opinion that the Board is not exposed to significant other price risks arising from these financial instruments.
