

THE CITY OF AIRDRIE LIBRARY BOARD

**Financial Statements
And Independent Auditors' Report Thereon**

December 31, 2021

The City of Airdrie Library Board
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For the Year Ended December 31, 2021

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INDEPENDENT AUDITORS' REPORT

To the Trustees of The City of Airdrie Library Board

Opinion

We have audited the financial statements of the City of Airdrie Library Board (the "Entity"), which comprise:

- the statement of financial position as at December 31, 2021;
- the statement of operations and changes in fund balances for the year then ended;
- the statement of cash flows for the year then ended; and
- notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021, and its results of operations, its remeasurement gains and losses, its changes in fund balances and its cash flows for the year then ended in accordance with Canadian public sector accounting standards, including the 4200 series of standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "Auditors' Responsibilities for the Audit of the Financial Statements" section of our auditors' report.



We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other 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.

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2020 were audited by another auditor who expressed an unmodified opinion on those financial statements on April 26, 2021.

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

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian public sector accounting standards, including the 4200 series of standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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

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

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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



We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Entity's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity's to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants

Calgary, Canada

May 31, 2022

The City of Airdrie Library Board
Statement of Financial Position
As at December 31, 2021, with comparative information for 2020

	Operating Fund	Capital Fund	2021	2020
ASSETS				
Current				
Cash	\$ 616,137	\$ 41,534	\$ 657,671	\$ 658,750
Accounts receivable	10,589	-	10,589	8,627
Due from Airdrie Mainstreet Square (Note 7)	5,937	-	5,937	3,627
Prepaid expenses	22	-	22	22
	632,685	41,534	674,219	671,026
Portfolio Investments (Note 4)	380,003	784,000	1,164,003	852,771
Capital Assets (Note 5)	-	415,831	415,831	467,562
	\$ 1,012,688	\$ 1,241,365	\$ 2,254,053	\$ 1,991,359
LIABILITIES AND FUND BALANCES				
Current Liabilities				
Accounts payable and accrued liabilities	\$ 144,064	\$ -	\$ 144,064	\$ 111,775
Due to the City of Airdrie (Note 7)	207,597	-	207,597	51,956
	351,661	-	351,661	163,731
Fund Balances				
Internally restricted (Note 8)	641,026	515,535	1,156,561	1,085,066
Externally restricted	-	310,000	310,000	255,000
Invested in capital assets	-	415,831	415,831	467,562
Unrestricted	20,000	-	20,000	20,000
	661,026	1,241,366	1,902,392	1,827,628
	\$ 1,012,687	\$ 1,241,366	\$ 2,254,053	\$ 1,991,359
Commitments (Note 7)				
Contingency (Note 6)				

See accompanying notes to the financial statements

The City of Airdrie Library Board
Statement of Operations and Changes in Fund Balances
For the Year Ended December 31, 2021, with comparative information for 2020

	Operating Budget (Note 13)	Operating Fund	Capital Fund	2021	2020
Revenue					
Grants					
City of Airdrie (Note 7)	\$ 2,146,993	\$ 2,146,993	\$ -	\$ 2,146,993	\$ 2,167,180
Alberta Library	343,223	343,223	-	343,223	343,223
Marigold Service	176,410	176,410	-	176,410	176,410
City of Airdrie: in-kind (Note 7)	60,000	60,000	-	60,000	70,000
County	16,944	16,944	-	16,944	16,944
Other	15,749	11,828	-	11,828	19,178
	2,759,319	2,755,398	-	2,755,398	2,792,935
Fund development	108,070	55,145	-	55,145	33,965
Contributions	5,000	-	55,000	55,000	5,000
Fines	50,000	31,098	-	31,098	27,191
Interest and miscellaneous	60,950	30,196	-	30,196	49,683
Donations	17,500	21,965	-	21,965	16,330
Photocopy	18,000	7,785	-	7,785	8,209
Other revenue	3,505	3,215	-	3,215	1,994
Book sales	3,000	3,167	-	3,167	1,772
Gifts-in-kind	4,550	-	-	-	11,615
	3,029,894	2,907,969	55,000	2,962,969	2,948,694
Expenses					
Salaries and employee benefits	2,056,736	1,930,799	-	1,930,799	1,824,913
Marigold service fees	317,538	317,538	-	317,538	317,538
Building maintenance and rent (Note 7)	338,436	314,606	-	314,606	312,042
Amortization	-	-	93,377	93,377	97,634
Professional fees (Note 7)	77,500	83,993	-	83,993	89,166
Utilities	30,725	32,849	-	32,849	27,058
Advertising and promotion	32,720	30,255	-	30,255	36,446
Materials	20,790	24,418	-	24,418	22,924
Office	26,929	23,029	-	23,029	21,265
Program	19,915	11,301	-	11,301	10,825
IT and system support	13,021	8,734	-	8,734	15,977
Bank charges	5,280	5,813	-	5,813	5,210
Fund development	3,450	3,435	-	3,435	1,256
Training and travel	17,646	2,328	-	2,328	3,593
Vehicle	2,248	2,189	-	2,189	2,059
Insurance	1,660	1,817	-	1,817	2,307
Facility expansion	2,300	1,716	-	1,716	-
Loss on sale of capital assets	-	-	8	8	-
	2,966,894	2,794,820	93,385	2,888,205	2,790,213
Excess (deficiency) of revenue over expenses	63,000	113,149	(38,385)	74,764	158,481
Fund balances - beginning of year	1,827,628	624,529	1,203,099	1,827,628	1,669,147
Interfund transfers (Note 8)	-	(76,652)	76,652	-	-
Fund balances - end of year (Schedule 1)	\$ 1,890,628	\$ 661,026	\$ 1,241,366	\$ 1,902,392	\$ 1,827,628

See accompanying notes to the financial statements

The City of Airdrie Library Board
Statement of Cash Flows
For the Year Ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in) the following activities:		
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 74,764	\$ 158,481
Non-cash transactions		
Amortization	93,377	97,634
Loss on sale of capital assets	8	-
Changes in non-cash working capital		
Accounts receivable	(1,962)	2,640
Prepaid expenses	-	34
Accounts payable and accrued liabilities	32,289	(45,621)
	<u>198,476</u>	<u>213,168</u>
CAPITAL ACTIVITIES		
Purchase of capital assets	<u>(41,654)</u>	<u>(41,559)</u>
INVESTING ACTIVITIES		
Net change in portfolio investments	(311,232)	(26,359)
Due from Airdrie Mainstreet Square	(2,310)	(10,508)
	<u>(313,542)</u>	<u>(36,867)</u>
FINANCING ACTIVITIES		
Due to the City of Airdrie	<u>155,641</u>	35,501
(Decrease) increase in cash	(1,079)	170,243
Cash, beginning of the year	<u>658,750</u>	<u>488,507</u>
Cash, end of the year	<u>\$ 657,671</u>	<u>\$ 658,750</u>

See accompanying notes to the financial statements

The City of Airdrie Library Board
Schedule 1 - Changes in Fund Balances
For the Year Ended December 31, 2021, with comparative information for 2020

	Operating Internally Restricted	Operating Unrestricted	Capital Internally Restricted	Capital Externally Restricted	Invested in Capital Assets	2021	2020
Fund balances - beginning of year	\$ 604,529	\$ 20,000	\$ 480,537	\$ 255,000	\$ 467,562	\$ 1,827,628	\$ 1,669,147
Excess (deficiency) of revenue over expenses	-	113,149	-	55,000	(93,385)	74,764	158,481
Interfund transfers (Note 8)	1,500	(43,154)	-	-	41,654	-	-
Board motion to split remaining 50/50 (Note 8)	34,997	(69,995)	34,998	-	-	-	-
Fund balances - end of year	\$ 641,026	\$ 20,000	\$ 515,535	\$ 310,000	\$ 415,831	\$ 1,902,392	\$ 1,827,628

See accompanying notes to the financial statements

The City of Airdrie Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021, with comparative information for 2020

1. NATURE OF THE ORGANIZATION

The City of Airdrie Library Board (the "Library") was established through a bylaw of the City of Airdrie and is constituted under The Libraries Act (2000) of The Province of Alberta (the "Province"). The Library, as a registered charity, is exempt from income tax and may issue receipts to donors for tax-deductible donations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Public Sector Accounting Standards ("PSAS"), including accounting standards that apply to government not-for-profit organizations, and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below:

Financial statement presentation

The Library follows the PSAS Section 1201 "Financial Statement Presentation", which includes a statement of re-measurement gains and losses. This statement reports amounts reclassified to the statement of operations upon de-recognition or settlement and other comprehensive income reported when an entity includes the result of its government business enterprises and government business partnerships in the summary of financial statements. There were no amounts to report on the statement of re-measurement gains and losses, and as a result this statement has not been included.

Fund balances

The Operating Fund reports the Library's operating activities. The Capital Fund reports the assets, liabilities, revenue and expenses related to the funding of capital acquisitions.

Revenue recognition

The Library follows the restricted fund method of accounting for contributions.

Restricted contributions related to capital are reported as revenue of the Capital Fund when received or receivable. Other restricted contributions related to general operations are reported as revenue of the Operating Fund in the year in which the related expenses are incurred.

Unrestricted contributions are recognized as revenue in the Operating Fund when the amount received or receivable can be reasonably estimated and collection is reasonably assured.

Interest is recognized as revenue when earned. Fines, other revenue, donations, fund development, photocopy and book sales revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Donated materials and services

Donated materials and services are not given accounting recognition in these financial statements when fair market value is not easily determined and the goods would not have been otherwise purchased. The Library has numerous volunteers who contribute many hours each year. Contributed volunteer services are not recognized in the financial statements because of the difficulty in determining their value.

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The City of Airdrie Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021, with comparative information for 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (.../Continued)

Use of estimates

The preparation of financial statements in accordance with PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates.

Estimates are used primarily in the determination of the estimated useful lives of capital assets and the collectability of accounts receivable. The provisions against accounts receivable balances are primarily assessed on historical collectability of the accounts with specific provisions for large outstanding balances deemed potentially uncollectible.

Cash

Cash consists of cash in bank and cash on hand.

Portfolio investments

Portfolio investments are recorded at amortized cost. When there has been a loss in value that is other than a temporary decline, the respective investment is written down to recognize the loss.

Capital assets

Capital assets are stated at cost less accumulated amortization, which includes all amounts that are directly attributable to the acquisition, construction, development and betterment of the asset. Amortization is provided for on a straight-line basis at the following rates:

Leasehold improvements	20 years
Furniture and fixtures	10 years
Vehicles	10 years
Computer equipment	3 years

Amortization is charged daily from the date of purchase to the date of disposal.

Capital assets received as contributions are recorded at their fair value at the date of receipt and are recorded as revenue of the Capital Fund.

The Library reviews long-lived assets for impairment whenever events or changes in circumstance indicate that the asset no longer has long-term service potential to the Library. When the carrying amount exceeds the fair value of the capital asset, an impairment loss is recognized in an amount equal to the excess. Such impairments are not reversed.

Materials, program, and Marigold service fees expenses include the costs of books and other materials held by the Library. These amounts are not capitalized and are expensed in the period in which the cost is incurred.

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The City of Airdrie Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021, with comparative information for 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (.../Continued)

Financial instruments

Financial assets and liabilities are recognized when the Library becomes a party to a financial instrument contract. Unrealized gains and losses from changes in the fair value of the financial assets and liabilities are recognized in the statement of re-measurement gains and losses. The Library's financial instruments are not recorded at fair value, and as a result, the statement of re-measurement gains and losses has not been included.

All financial assets are tested annually for impairment. When financial assets are impaired, impairment losses are recorded in the statement of operations.

For financial assets and liabilities measured using amortized cost, the effective interest rate method is used to determine interest revenue or expense. Transaction costs are a component of cost for financial instruments measured using cost or amortized cost. Transaction costs are expensed for financial instruments measured at fair value.

The Library's financial assets and liabilities are all measured at cost or amortized cost and consist of cash, accounts receivable, due from Airdrie Mainstreet Square, portfolio investments, accounts payable and accrued liabilities and due to the City of Airdrie.

The Library is not exposed to significant credit, liquidity, or currency risks.

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Library's interest rate exposure relates to the possibility that changes in interest rates will affect the value of fixed income investments held by the Library.

The Library minimizes these risks by investing in a portfolio comprised of high quality fixed income products that have typically demonstrated a low degree of risk or loss of principal value.

3. FUTURE ACCOUNTING POLICIES

PSAB recently announced the following accounting pronouncements:

PSAB Section 1201, Financial Statement Presentation

This section is effective for fiscal years beginning on or after April 1, 2022, when sections PS 2601 and PS 3450 are adopted and establishes new general reporting principles and standards for the preparation of the statement of cash flows and statement of remeasurement gains and losses in Government Not-for-Profit Organizations. Section PS 4200 continues to apply for the remaining financial statements.

PSAB Section 3280, Asset Retirement Obligations

This section is effective for fiscal years beginning on or after April 1, 2022 and provides guidance on accounting for asset retirement obligations.

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The City of Airdrie Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2021, with comparative information for 2020

3. FUTURE ACCOUNTING POLICIES (.../Continued)

PSAB Section 3400, Revenue

This section is effective for fiscal years beginning on or after April 1, 2023 and provides greater clarity on the difference between exchange and non-exchange transactions.

PSAB Section 3450, Financial Instruments

This accounting pronouncement establishes standards on how to account for and report all types of financial instruments including primary instruments and derivative instruments. It is effective for fiscal years beginning on or after April 1, 2022 for government organizations, with early adoption encouraged. The Library will be required to assess Section 3041, Portfolio Investments and Section 3230, Long-Term Debt.

PSAB Section PSG-8, Purchased Intangibles

This section is effective for fiscal years beginning on or after April 1, 2023 and provides guidance on how to account for non-monetary economic resources without physical substance acquired through an arm's length exchange transactions between knowledgeable, willing parties who are under no compulsion to act.

Management is currently in the process of assessing the impact of the adoption of these standards which is not known or reasonably estimable at this time.

4. PORTFOLIO INVESTMENTS

The composition of portfolio investments is as follows:

	2021		2020	
	Cost	Market Value	Cost	Market Value
Portfolio investments:				
Bonds				
Canadian government and corporate	\$ 1,114,665	\$ 1,106,660	\$ 798,480	\$ 815,076
Other				
Cash and money market funds	49,338	49,338	54,291	54,291
	\$ 1,164,003	\$ 1,155,998	\$ 852,771	\$ 869,367

The Canadian government and corporate bonds have effective interest rates of 1.07% to 4.24% per annum with maturity dates from June 2022 to October 2035. Cash and money market funds have an effective interest rate of 0.90% per annum and no corresponding maturity dates. Included in portfolio investments is a restricted amount of \$310,000 (2020: \$255,000) received and held exclusively for capital infrastructure projects.

The City of Airdrie Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021, with comparative information for 2020

5. CAPITAL ASSETS

Capital assets consist of the following:

	2021		
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 984,885	\$ 694,466	\$ 290,419
Furniture and fixtures	258,285	183,137	75,148
Vehicles	24,050	13,896	10,154
Computer equipment	426,044	385,934	40,110
	\$ 1,693,264	\$ 1,277,433	\$ 415,831

	2020		
	Cost	Accumulated Amortization	Net Book Value
Leasehold improvements	\$ 983,962	\$ 645,230	\$ 338,732
Furniture and fixtures	254,093	170,543	83,550
Vehicles	24,050	11,491	12,559
Computer equipment	392,174	359,453	32,721
	\$ 1,654,279	\$ 1,186,717	\$ 467,562

6. CONTINGENCY

From time to time, the Library is subject to claims and other lawsuits that arise in the ordinary course of operations, some of which may seek damages in substantial amounts. Liability for these claims and lawsuits are recorded to the extent that the probability of a loss is likely and it can be estimated. At the time of the financial statement preparation, there has been no resolution or indication that the settlement of these actions will result in any material liabilities.

7. RELATED PARTY TRANSACTIONS AND BALANCES

Grants

During 2021, the City of Airdrie provided \$2,146,993 (2020: \$2,167,180) in funding to partially cover operating and capital costs of the Library. In addition, grants in-kind of \$60,000 (2020: \$70,000) were recognized for professional services provided to the Library. Seventy-four percent of the Library's operating revenue is received from the City of Airdrie (2020: seventy-six percent).

Due to the City of Airdrie

The balance due to the City of Airdrie of \$207,597 (2020: \$51,956) is non-interest bearing, repayable on demand and unsecured.

(Continued on next page...)

The City of Airdrie Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021, with comparative information for 2020

7. RELATED PARTY TRANSACTIONS AND BALANCES (.../Continued)

Airdrie Mainstreet Square Real Estate Inc.

Both the Library and Airdrie Mainstreet Square Real Estate Inc. ("Mainstreet Square") are controlled by the City of Airdrie and are therefore related parties.

Transactions between the Library and Mainstreet Square are measured and recorded at agreed upon values.

The following summarizes the Library's related party transactions with Mainstreet Square which are included in expense amounts in the statement of operations:

	<u>2021</u>	<u>2020</u>
Payment to Mainstreet Square for the Library's share of common costs	\$ 89,760	\$ 82,763
Rent paid to Mainstreet Square	166,104	166,104
Balance due from Mainstreet Square	5,937	3,627

Commitments

The Library signed a two year lease in 2021 with Mainstreet Square. Rent is payable on a rate per square foot plus a proportionate share of common costs of the complex. Known rent commitments for the remainder of the lease are as follows:

2022	166,104
2023	110,736

8. INTERNALLY RESTRICTED FUND BALANCES

Interfund transfers

During the year, the Board of Directors transferred \$43,154 of the operating fund excess of revenue over expenses to various funds. Of this amount, \$1,500 was internally restricted to cover future expenditures. The remaining \$41,654 was used to fund capital expenditures.

Operating and capital fund

After interfund transfers of \$43,154, \$69,996 remains as unrestricted earnings in the operating fund. A minimum reserve of 50% of these earnings is internally restricted in the operating fund by the Board of Directors as a future operational reserve. The remaining 50% is internally restricted in the capital fund by the Board of Directors as a future capital reserve. In 2021 this amounted to \$34,998 (2020: \$104,528).

The City of Airdrie Library Board
Notes to the Financial Statements
For the Year Ended December 31, 2021, with comparative information for 2020

9. LOCAL AUTHORITIES PENSION PLAN

Employees of the Library are eligible for the Local Authorities Pension Plan ("LAPP"), which is covered by the Public Sector Pensions Plan Act. LAPP serves 275,863 members and 433 employers. It is financed by employer and employee contributions and investment earnings of the LAPP fund.

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

The Library is required to make current service contributions to LAPP of 9.39% of pensionable earnings up to the Canada Pension Plan Year's Maximum Pensionable Earnings and 13.84% on pensionable earnings above this amount.

Total current and past service contributions by the Library to LAPP in 2021 were \$99,664 (2020: \$104,376). Total current and past service contributions by the employees of the Library to LAPP in 2021 were \$90,110 (2020: \$94,548).

At December 31, 2020, which is the most recent actuarial assessment, LAPP disclosed an actuarial surplus of \$4.96 billion (2019: \$7.91 billion).

10. APEX SUPPLEMENTARY PENSION PLAN

The APEX supplementary pension plan, an Alberta Urban Municipality Association (AUMA) sponsored defined benefit pension plan covered under the provisions of the Alberta Employment Pension Plans Act, commenced on January 1, 2003 and provides supplementary pension benefits to a prescribed class of employees. The plan supplements the LAPP.

Contributions are made by the prescribed class of employees and the Library. Employees and the Library are required to make current service contributions to APEX of 2.61% and 3.85% respectively of individual pensionable earnings up to \$162,278 (2020: \$154,611).

Total current service contributions by the Library to APEX were \$22,041 (2020: \$23,606). Total current service contributions by the employees of the Library were \$14,942 (2020: \$16,003).

The cost of post-retirement benefits earned by employees is actuarially determined using the projected benefit method prorated on service and management's best estimate of salary and benefit escalation and retirement age of employees. The costs of post-retirement benefits are fully funded.

11. CONTRACTUAL OBLIGATIONS

The Library is a member of the Marigold Library System ("Marigold"), which provides users of the Library with access to additional online and traditional catalogue resources throughout Marigold's network. The Library is required to remit an annual requisition to Marigold before October 31 of each year, which is anticipated to be \$4.50 per capita for 2022 for a total estimated cost of \$346,622.

The City of Airdrie Library Board

Notes to the Financial Statements

For the Year Ended December 31, 2021, with comparative information for 2020

12. CORONAVIRUS PANDEMIC (COVID-19)

In March 2020, the World Health Organization declared the Novel Coronavirus ("COVID-19") outbreak a worldwide pandemic. The Library is following health advisories and mandatory requirements from local, provincial and national health and government organizations. Market conditions have improved over the course of 2021 as nations began re-opening their economies.

Management has assessed the financial impact of COVID 19 at December 31, 2021, including its impact on the collectability of receivables, valuation of capital assets, valuation of portfolio investments and impact on revenues. The current economic challenges have resulted in reduced revenues related to interest fines and photocopy revenue.

To mitigate any potential operational constraints associated with cash flow, management has laid off staff temporarily during facility closures, and, in some instances, permanently to better align staffing levels to current use. Lower wage costs are helping to address reductions in revenue when the library facility is closed. As at the reporting date, the Library continues to meet its contractual obligations within normal payment terms, use the assets as intended and the Library's exposure to credit and liquidity risk remains largely unchanged.

While the disruption caused by COVID-19 is currently expected to be temporary, there is considerable uncertainty around its duration and magnitude. The Library will continue to monitor the impacts of the pandemic on the community that it serves and its employees and continue to adjust to the volatile situation.

13. BUDGETED AMOUNTS

The 2021 budget was prepared by the Library and approved by the Board of Directors. Budgeted information presented in the Statement of Operations and Changes in Fund Balances has not been audited.

14. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform to the current year's presentation.
