

Financial Statements of

**KING TOWNSHIP PUBLIC
LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2025



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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of King Township Public Library Board

Opinion

We have audited the financial statements of King Township Public Library Board (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus (deficit) for the year then ended
- the statement of changes in net financial assets 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, 2025, and its results of operations, its changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting 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 "***Auditor's Responsibilities for the Audit of the Financial Statements***" section of our auditor's 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.



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 Canadian public sector accounting 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.

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 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.



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- 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 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 Entity 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, Licensed Public Accountants

Vaughan, Canada

May 19, 2026

KING TOWNSHIP PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	\$ 835,997	\$ 658,647
Due from the Township of King (note 6)	—	64,994
Accounts receivable	17,284	26,476
	<u>853,281</u>	<u>750,117</u>
Financial Liabilities		
Accounts payable and accrued liabilities	28,984	21,009
Deferred revenue (note 7)	239,360	233,793
Due to the Township of King (note 6)	65,811	—
	<u>334,155</u>	<u>254,802</u>
Net financial assets	519,126	495,315
Non-Financial Assets		
Tangible capital assets (note 2)	668,466	750,663
Accumulated surplus (note 4)	<u>\$ 1,187,592</u>	<u>\$ 1,245,978</u>

Contingencies (note 8)

See accompanying notes to financial statements.

On behalf of the Board:

 Library Board Chair

 Library CEO

KING TOWNSHIP PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus (Deficit)

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 5)	2025	2024
Revenue:			
Municipal grants (note 6)	\$ 2,321,024	\$ 2,342,639	\$ 2,297,778
Provincial grants	30,271	30,274	30,274
Federal grants	–	13,879	13,398
Fines, copying charges and fees	8,800	13,784	11,925
Interest	–	29,849	54,244
Other	5,100	3,842	5,576
Used book sales	–	163	370
Donations	1,100	867	2,367
	<u>2,366,295</u>	<u>2,435,297</u>	<u>2,415,932</u>
Expenses:			
Salaries and benefits	2,033,940	2,025,926	1,917,174
Amortization (note 2)	–	202,448	198,656
Consumables and materials	10,500	65,732	64,692
Administration	31,523	64,975	67,466
Automation	52,458	26,602	30,932
Development charge projects	–	8,104	33,132
Library materials and supplies	170,083	17,808	21,905
Programming	33,824	28,038	35,832
Professional development	13,556	8,994	22,133
Telecommunication	17,911	21,551	21,141
Building maintenance and utilities	2,500	23,505	2,151
	<u>2,366,295</u>	<u>2,493,683</u>	<u>2,415,214</u>
Annual surplus (deficit)	–	(58,386)	718
Accumulated surplus, beginning of year	1,245,978	1,245,978	1,245,260
Accumulated surplus, end of year (note 4)	<u>\$ 1,245,978</u>	<u>\$ 1,187,592</u>	<u>\$ 1,245,978</u>

See accompanying notes to financial statements.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Statement of Changes in Net Financial Assets

Year ended December 31, 2025, with comparative information for 2024

	2025 Budget (note 5)	2025	2024
Annual surplus (deficit)	\$ —	\$ (58,386)	\$ 718
Acquisition of tangible capital assets	—	(120,251)	(195,885)
Amortization of tangible capital assets	—	202,448	198,656
Change in net financial assets	—	23,811	3,489
Net financial assets, beginning of year	495,315	495,315	491,826
Net financial assets, end of year	\$ 495,315	\$ 519,126	\$ 495,315

See accompanying notes to financial statements.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Statement of Cash Flows

Year ended December 31, 2025, with comparative information for 2024

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual surplus (deficit)	\$ (58,386)	\$ 718
Amortization which does not involve cash	202,448	198,656
	144,062	199,374
Change in non-cash operating items:		
Accounts receivable	9,192	6,953
Due from the Township of King	130,805	64,622
Deferred revenue	5,567	(2,701)
Accounts payable and accrued liabilities	7,975	(18,783)
	297,601	249,465
Investing activities:		
Guaranteed investment certificate	—	550,000
Capital activities:		
Acquisition of tangible capital assets	(120,251)	(195,885)
Net change in cash	177,350	603,580
Cash, beginning of year	658,647	55,067
Cash, end of year	\$ 835,997	\$ 658,647

See accompanying notes to financial statements.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2025

The King Township Public Library Board (the "Library Board") provides library and information services to residents of the Township of King and neighbouring municipalities who have reciprocal borrowing understandings with the library for library services. The Library Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada). The Board of Directors of the Library Board is appointed by the Council of the Township of King and works under the authority of the Public Library Act R.S.O. The Library is economically dependent on the Township of King for financial assistance, which is provided through annual appropriations.

1. Significant accounting policies:

The financial statements of the Library Board are prepared by management in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Library Board are as follows:

(a) Basis of accounting:

The Library Board follows the accrual method of accounting for revenue and expenses. Revenue is recognized in the year in which it is earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay, discharge existing liabilities and are held for use in the provision of services.

(b) Tangible capital assets:

Tangible capital assets have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Tangible capital assets are recorded at cost less accumulated amortization which includes all amounts that are directly attributable to acquisition, construction, development or betterment of the asset. Tangible capital assets received as contributions are recorded at their fair value at the date of receipt. Amortization is recorded on a straight-line basis over their estimated useful lives as follows:

Collections	7 years
Computers and equipment	5 years
Furnishings, equipment and shelving	7 years

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

For collections, no amount of amortization is charged in the year of acquisition. For computer equipment and furnishings, one-half of the annual amortization is charged in the year of acquisition and in the year of disposal. Assets under capital lease are amortized based on the lease term.

Assets which are under the threshold established by the Library Board are not capitalized and are expensed as incurred.

(c) Leases:

Leases are classified as capital or operating leases. Leases which transfer substantially all of the benefits and risks incidental to ownership of property are accounted for as capital leases. All other leases are accounted for as operating leases and the related lease payments are charged to expenses as incurred.

(d) Revenue recognition:

Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured. User fees and other revenues are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection. Donations and fundraising revenue are recognized when collected.

(e) Government transfers:

Government transfers are recognized in the financial statements when the transfer is authorized and any eligibility criteria have been met, except to the extent that the transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(f) Use of estimates:

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting year. The principle estimates used in the preparation of these financial statements are allowance for doubtful accounts, estimated useful life of tangible capital assets and valuation of tangible capital assets. Actual results could differ from those estimates.

(g) Pension plan:

The Library Board is an employer member of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of the assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to the Plan for past employee service.

(h) Future accounting pronouncements:

These standards and amendments were not yet effective for the year ended December 31, 2025, and have therefore not been applied in preparing these financial statements. Management is currently assessing the impact of these standards on the future financial statements.

(i) The conceptual framework for financial reporting in the public sector was revised and 2024-2025 Annual Improvements to Public Sector Accounting Standards ("PSAS") were issued. The PSAB approved amendments providing terminology updates to align various sections of the PSAS Handbook with PSAB's Conceptual Framework and Reporting Model. These revisions and amendments are effective for fiscal years beginning on or after April 1, 2026 (Library Board's December 31, 2027 year end).

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

- (ii) PS 1202, Financial Statement Presentation, will replace the current section PS 1201. This guideline is effective for fiscal years beginning on or after April 1, 2026 (Library Board's December 31, 2027 year end).
- (iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently pending final approval, with an expected effective date of April 1, 2029 (Library Board's December 31, 2030 year end).
- (v) PS 3150, Tangible Capital Assets. The PSAB has issued amendments related to PS 3150 in May 2025 as a result of implementing its Government Not-for-Profit Strategy, which incorporates the PS 4200 series into public sector accounting standards with potential customization. The amendments to this section are effective for fiscal periods beginning on or after April 1, 2030 (Library Board's December 31, 2031 year end).
- (vi) PS 3155, Intangible Assets, will replace the current section PSG 8, Purchased Intangibles. The proposed section is currently pending final approval and an effective date for the proposed standard is currently not known.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Tangible capital assets:

	Total 2024	Collections	Computers and equipment	Furnishings, equipment and shelving	Total 2025
Costs					
Balance, beginning of year	\$ 1,324,638	\$ 819,901	\$ 81,789	\$ 484,603	\$ 1,386,293
Add additions during the year	195,885	96,409	2,991	20,851	120,251
Less disposals during the year	(134,230)	(210,960)	(20,565)	–	(231,525)
Balance, end of year	\$ 1,386,293	\$ 705,350	\$ 64,215	\$ 505,454	\$ 1,275,019
Accumulated amortization					
Balance, beginning of year	\$ 571,204	\$ 391,645	\$ 38,221	\$ 205,764	\$ 635,630
Add amortization during the year	198,656	117,129	14,601	70,718	202,448
Less amortization on disposals	(134,230)	(210,960)	(20,565)	–	(231,525)
Balance, end of year	\$ 635,630	\$ 297,814	\$ 32,257	\$ 276,482	\$ 606,553
Net book value of tangible capital assets	\$ 750,663	\$ 407,536	\$ 31,958	\$ 228,972	\$ 668,466

3. Pension agreement:

OMERS provides pension services to almost half a million active and retired members with approximately 1,000 participating employers. Each year an independent actuary determines the funding status of OMERS Primary Pension Plan (the "Plan") by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of the valuation disclosed total actuarial liabilities of \$151,365 million in respect of benefits accrued for service with actuarial assets at that date of \$150,043 million indicating an actuarial funding deficit of \$1,322 million. OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Township of King does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Township of King to OMERS for 2025 were \$158,040 (2024 - \$151,190) on behalf of OMERS eligible Library Board staff.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Accumulated surplus:

	2025	2024
Reserves set aside by the Library Board:		
Administrative projects	\$ 419,058	\$ 395,366
Development charge projects	1,209	1,209
Small capital projects	114,281	114,281
Technology projects	2,311	2,311
	<u>536,859</u>	<u>513,167</u>
Surpluses:		
Invested in tangible capital assets	668,466	750,663
General fund revenue	(17,733)	(17,852)
	<u>650,733</u>	<u>732,811</u>
	<u>\$ 1,187,592</u>	<u>\$ 1,245,978</u>

5. Budget amounts:

The budget adopted by the Library Board was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis (cash) while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenue to nil. In addition, the budget expenses most tangible capital expenditures rather than including amortization expense.

Budget data presented is based on 2025 operating/capital budget approved by the Library Board on October 16, 2024.

The reported operating deficit reflects non-cash amortization and timing differences between accrual reporting and cash budgeting. The year ended with a favourable cash variance of \$29,886. The 2025 operating deficit is related to payroll accrual of \$60,340 at year end due to the integration with Township of King payroll for 2026, bringing the Library Board into alignment with Township of King budget.

Library Board is in the process of integrating non-Library Board specific aspects of its financial, payroll, and information technology to Township of King platforms and related processes, with the objective of reducing duplicated costs and leveraging municipal administrative expertise to enable more focus on Library Board service.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Due to/from the Township of King:

The Township of King supports the King Township Library Board as evidenced by the Council for the Township of King approving a grant based on the Library Board's budget and having representation on the Board of Directors. The following table summarized the transactions with the Corporation of the Township of King for the year:

	2025	2024
Revenue:		
Municipal grant:		
Operating	\$ 2,326,368	\$ 2,222,595
Development charges	16,271	75,183
	\$ 2,342,639	\$ 2,297,778

At the end of the year, the amount due from the Township of King is as follows:

	2025	2024
Due from the Township of King	\$ -	\$ 64,994
Due to the Township of King	65,811	-

The balance is unsecured, with no fixed terms of repayment and has arisen from the transactions listed above less expenses paid on behalf of the Library Board. The transactions are measured at the exchange amount.

The Township of King assumes the costs of building maintenance and insurance for the Library facilities and the audit fees. As these costs are reported by the Township of King, they were not budgeted by the Library Board and are not reported in these financial statements.

The Township of King maintains a Development Charge ("DC") reserve account for the Library Board. The DC reserve account is not reflected in these financial statements. The Library Board's DC account balance as of December 31, 2025 is \$1,823,884 growing since 2021 through the collection of DC funds from developers associated to the 2020-2025 by-law period.

In the event that insufficient building permits are issued to offset eligible growth-related capital costs incurred before the Township of King updates its expiring DC by-law, the deficit balance will be carried forward into the next DC by-law period and covered by developments within the new by-law horizon.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Deferred revenue:

	2025	2024
The Leonard and Gabryela OSIN Foundation	\$ 202,890	\$ 202,890
Other	36,470	30,903
	<u>\$ 239,360</u>	<u>\$ 233,793</u>

8. Contingencies:

In the ordinary course of business, various claims and lawsuits are brought against the Library Board. After reviewing the merits of these actions and claims with counsel and insurers, it is management's opinion that any uninsured liability arising from these claims cannot be reasonably estimated. Accordingly, no provision has been made in the accounts for these claims. Any liability as a result of these claims will be recognized at the time the amount is known or can be reasonably estimated.

9. Risk management:

The Library Board has exposure to the following risks from its use of financial instruments: credit risk, liquidity risk, and market risk (interest rate risk).

(a) Credit risk:

Credit risk is the risk of a financial loss to the Library Board if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Library Board consistent of accounts receivables. The Library Board's exposure to credit risk associated with accounts receivable is assessed as low.

(b) Liquidity risk:

Liquidity risk is the risk that the Library Board will not be able to meet its financial obligations as they become due. The Library Board's objective is to have sufficient liquidity to meet these liabilities when due. The Library Board monitors its cash balance and cash flows generated from operations to meet its liquidity requirements. The liquidity risk arises from the financial liabilities consisting of accounts payable and accrued liabilities. The Library Board's exposure to liquidity risk is assessed as low.

KING TOWNSHIP PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Risk management (continued):

(c) Market risk (interest rate risk):

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in the market interest rates. The Library Board manages its interest rate risk by maintaining fixed income investments that are not subject to fair value fluctuations.