Financial Statements of

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY

And Independent Auditor's Report thereon

Year ended December 31, 2025

KPMG LLP
Vaughan Metropolitan Centre
100 New Park Place, Suite 1400
Vaughan, ON L4K 0J3
Canada
Telephone 905 265 5900
Fax 905 265 6390

INDEPENDENT AUDITOR'S REPORT

To the Board Members of Whitchurch-Stouffville Public Library Board

Qualified Opinion

We have audited the financial statements of Whitchurch-Stouffville Public Library (the Entity), which comprise:

- the statement of financial position as at December 31, 2025
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of remeasurement gains and losses 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, except for the possible effects of the matter described in the ***"Basis for Qualified Opinion"*** section of our auditor's report, 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, its remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Entity derives revenue from fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the financial assets reported in the statements of financial position as at December 31, 2025 and December 31, 2024
- the donations and fundraising revenues and annual surplus reported in the statements of operations and accumulated surplus for the years ended December 31, 2025 and December 31, 2024

- the annual surplus, net financial assets at the beginning and end of the year, reported in the statements of changes in net financial assets for the years ended December 31, 2025 and December 31, 2024
- the annual surplus reported in the statements of cash flows for the years ended December 31, 2025 and December 31, 2024.

Our opinion on the financial statements for the year ended December 31, 2024 was qualified accordingly because of the possible effects of this limitation in scope.

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 qualified 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.

- 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

June 11, 2026

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	$ 1,188,759	$ 1,417,945
Portfolio investments (note 9)	456,058	–
Accounts receivable	105,321	23,589
	1,750,138	1,441,534
Financial Liabilities		
Accounts payable and accrued liabilities	12,390	11,399
Deferred revenue	25,139	35,296
Due to the Town of Whitchurch-Stouffville (note 6)	23,718	66,596
Employee benefits liability (note 2)	107,088	144,853
	168,335	258,144
Net financial assets	1,581,803	1,183,390
Non-Financial Assets		
Prepaid expenses	47,307	56,710
Tangible capital assets (note 7)	1,353,920	1,433,975
	1,401,227	1,490,685
Accumulated surplus, other	2,976,972	2,674,075
Accumulated surplus, remeasurement gains	6,058	–
Accumulated surplus (note 5)	$ 2,983,030	$ 2,674,075

Contingencies (note 8)

See accompanying notes to financial statements.

On behalf of the Board:

_______________ Library Board Chair

M. Wallace _______________ Library CEO/Secretary-Treasurer

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY

Statement of Operations and Accumulated Surplus

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

	2025 Budget (note 4)	2025	2024
Revenue:			
Municipal contribution (note 6)	$ 2,881,590	$ 2,881,590	$ 2,595,780
Development charges and fees (note 6)	223,180	223,180	217,309
Grants:			
Government of Canada	6,000	11,000	21,876
Province of Ontario	53,770	61,188	61,188
Others	–	8,236	12,662
User charges	3,000	6,391	5,142
Fines and penalties	30,000	36,558	35,829
Programs	50,000	46,892	53,623
Donations and fundraising	26,520	32,311	31,168
Other	20,000	42,250	67,979
	3,294,060	3,349,596	3,102,556
Expenses:			
Advertising, promotions and fundraising	22,660	11,280	19,664
Amortization	337,655	337,655	328,101
Computer rental	16,530	16,530	16,160
Conventions, training and travel	32,090	45,282	48,162
eBooks and periodical purchases and processing	150,000	129,361	159,634
Equipment maintenance and rental	188,100	190,804	167,400
Insurance	24,980	24,980	21,350
Office and general	297,370	56,470	65,875
Professional fees	83,150	48,813	171,920
Program expense	47,200	35,039	38,274
Salaries and benefits	2,372,760	2,036,513	1,929,916
Utilities and maintenance	114,220	113,972	111,755
	3,686,715	3,046,699	3,078,211
Annual surplus (deficit)	(392,655)	302,897	24,345
Accumulated surplus, beginning of year	2,674,075	2,674,075	2,649,730
Remeasurement gains, during the year	–	6,058	–
Accumulated surplus, end of year (note 5)	$ 2,281,420	$ 2,983,030	$ 2,674,075

See accompanying notes to financial statements.

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY

Statement of Changes in Net Financial Assets

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

	2025 Budget (note 4)	2025	2024
Annual surplus	$ (392,655)	$ 302,897	$ 24,345
Acquisition of tangible capital assets	(257,599)	(257,600)	(230,409)
Amortization of tangible capital assets	337,655	337,655	328,101
Remeasurement gain on investments (principal protected notes)	–	6,058	–
	80,056	86,113	97,692
Increase in prepaid expenses	–	9,403	4,173
Change in net financial assets	(312,599)	398,413	126,210
Net financial assets, beginning of year	1,183,390	1,183,390	1,057,180
Net financial assets, end of year	$ 870,791	$ 1,581,803	$ 1,183,390

See accompanying notes to financial statements.

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY

Statement of Remeasurement Gains and Losses

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

	2025	2024
Accumulated remeasurement gains, beginning of year	$ –	$ –
Unrealized gain attributable to:		
Investments (principal protected notes)	6,058	–
Accumulated remeasurement gains, end of year	$ 6,058	$ –

See accompanying notes to consolidated financial statements.

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY

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	$ 302,897	$ 24,345
Items not involving cash:		
Amortization	337,655	328,101
Unrealized gain on portfolio investments (note 9)	6,058	–
	646,610	352,446
Change in non-cash operating items:		
Accounts receivable	(81,732)	(21,184)
Accounts payable and accrued liabilities	991	(32,442)
Due to the Town of Whitchurch-Stouffville	(42,878)	(86,002)
Deferred revenue	(10,157)	(21,925)
Employee benefits liability	(37,765)	(36,072)
Prepaid expenses	9,403	4,173
	484,472	158,994
Capital activities:		
Acquisition of tangible capital assets	(257,600)	(230,409)
Investing activities:		
Purchase of portfolio investments (note 9)	(456,058)	–
Net change in cash	(229,186)	(71,415)
Cash, beginning of year	1,417,945	1,489,360
Cash, end of year	$ 1,188,759	$ 1,417,945

See accompanying notes to financial statements.

The Whitchurch-Stouffville Public Library (the "Library") is a library controlled by a board representing the Town of Whitchurch-Stouffville (the "Town"). The Library provides library services to residents of the Town and neighbouring municipalities who have reciprocal borrowing understandings with the Library for library services. The Library is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada). The Board of Trustees of the Library is appointed by the council of the Town and works under the authority of the Public Library Act R.S.O. 1990. c. P.44. The Library is economically dependent on the Town due to reliance on the financial support from the Town on an annual basis in the form of municipal contribution.

1. Significant accounting policies:

The financial statements of the Library are the responsibility of management and are prepared in accordance with accounting principles for local governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. Significant aspects of the accounting policies adopted by the Library are as follows:

(a) Basis of accounting:

Accrual accounting:

The accrual basis of accounting recognizes revenue as it becomes available and measurable, expenditures 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.

(b) Deferred revenue:

Deferred revenue represents amounts which have been collected but, for which the related services have yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

(c) Government transfers:

Government transfers are recognized in the financial statements as revenue in the year in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

1. Significant accounting policies (continued):

(d) Revenue recognition:

(i) Municipal contributions are recognized in the period to which the related expenses are incurred.

(ii) Development charges are recognized over the period of service or when required expenses occur if applicable.

(iii) Grant revenue is recognized in the period to which the related expenses are incurred.

(iv) Fine revenue is recognized when collected.

(v) Fees for programs and services are recognized over the period of service or when the related expenses occur.

(vi) Donations and fundraising revenue are recognized when collected.

(vii) Interest and investment income is recognized as it is earned.

(e) Pension plan:

The Library is an employer member of the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan. The OMERS Board of Trustees, representing plan members and employers, are responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Library has adopted defined contribution plan accounting principles for this plan because insufficient information is available to apply defined benefit plan accounting principles. The Library 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.

1. **Significant accounting policies (continued):**

(f) Non-pension post-retirement benefits and compensated absences:

The Library accrues its obligations under employee benefit plans as the employees render the services necessary to earn employee future benefits. The Library has adopted the following valuation methods and assumptions:

(i) Actuarial cost method:

Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PS 3250 and PS 3255. The objective under this method is to expense each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement. Under this method an equal portion of total estimated future benefit is attributed to each year of service.

(ii) Funding policies:

The non-pension post retirement benefits are funded on a pay-as-you-go basis. The Library funds on a cash basis as benefits are paid. No assets have been formally segregated and restricted to provide the non-pension retirement benefits.

(iii) Accounting policies:

Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life of members expected to receive benefits under the plan, with amortization commencing in the period following the determination of the gain or loss. Obligations are attributed to the period beginning on the members' date of eligibility and ending on the expected date of termination, death or retirement depending on the benefit value. The Library's fiscal year end is December 31 and the measurement date of the Library's obligation is as such.

1. Significant accounting policies (continued):

(g) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost 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 the estimated life of the tangible capital asset commencing in the year following that which the asset is available for productive use.

IT hardware	3 - 5 years
IT software	3 years
Collections (books)	7 years
Equipment	8 years
Furniture and fixtures	20 years

(h) Leases:

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

(i) Use of estimates:

The preparation of financial statements in accordance with Canadian public sector accounting standards 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 date of the financial statements, and the reported amounts of revenue and expenditures during the year. The principal estimates used in the preparation of these financial statements are employee benefits payable, estimated useful life of tangible capital assets and valuation of tangible capital assets. Actual results could differ from management's best estimates as additional information becomes available in the future.

1. Significant accounting policies (continued):

(j) Portfolio Investments:

Portfolio investments are comprised of amounts invested in guaranteed investment certificates and principal protected notes ("PPN"). Portfolio investments are valued at cost, with the exception of PPN which are valued at fair value as per the requirements of PS 3450, Financial Instruments. Portfolio investments are written down where there has been a loss in value that is other than a temporary decline.

(k) Revenue:

PS 3400, Revenue, provides a single framework to categorize revenues to enhance the consistency of revenue recognition and its measurement. It distinguishes between exchange transactions (with performance obligations) and non-exchange transactions (without performance obligations). Revenue from exchange transactions is recognized when performance obligations are satisfied, while revenue from non-exchange transactions is recognized when the public sector entity has the authority to claim or retain the resources and a past event has occurred. The standard also provides guidance on measuring revenue, including considerations for variable consideration and non-cash transactions.

(l) 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 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 (the Library's December 31, 2027 year end).

(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 (the Library's December 31, 2027 year end).

1. Significant accounting policies (continued):

(iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is approved with an effective date of April 1, 2029 (the Library's December 31, 2030 year end).

(iv) 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 (the Library's December 31, 2031 year end).

(v) 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.

2. Employee benefits liability:

	2025	2024
Vacation and overtime payable	$ 40,572	$ 49,382
Accrued payroll	66,516	95,471
	$ 107,088	$ 144,853

The amount of employee benefits paid during the year was nil (2024 - nil) for post-retirement benefits.

The Library budgets for part-time pay, vacation and overtime banks as they are expected to be paid out. The balances above were earned by employees prior to year end but would normally be funded in future years when they are paid out. The Library has chosen to fund these balances as the expenditures are incurred.

2. Employee benefits liability (continued):

Retirement benefits:

As at December 31, 2025, there were no past Library employees within the normal age of retirement. The accrued benefit obligations for the Library's employee future benefit plans as at December 31, 2025 are based on actuarial valuations for accounting purposes as at December 31, 2022. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Board's best estimates of expected rates of:

	2025	2024
Expected future inflation rates	1.75 %	1.75%
Expected wage and salary increases	2.75%	2.75%
Discount on accrued benefit obligations	4.25%	4.25%
Health care cost escalation	3.75% to 6.42%	3.75% to 6.42%
Dental costs escalation	3.75%	3.75%

3. Pension agreement:

OMERS provides pension services to more than 600,000 active, deferred and retired members and 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 this 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 deficit of $1,322 million. 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 Library does not recognize any share of the OMERS pension surplus or deficit. Contributions made by the Library to OMERS for 2025 were $161,338 (2024 - $160,038).

4. Budget amounts:

The budget adopted by the Library on November 29, 2024 for 2025 was not prepared on a basis consistent with that used to report actual results (Canadian public sector accounting standards). The budget was prepared on a modified accrual basis while Canadian public sector accounting standards now require a full accrual basis. The budget figures anticipated the use of surpluses accumulated in previous years to reduce current year expenses in excess of current year revenue to nil. In addition, the budget expensed all tangible capital expenses rather than including amortization expense. As a result, the budget figures presented in the statements of operations and accumulated surplus and changes in net financial assets represent the budget adopted by the Library for 2025 with adjustments as follows:

	2025	2024
Budgeted surplus for the year, as approved	$ –	$ –
Less:		
Transfers from reserve funds	55,000	118,850
Amortization	337,655	328,101
Budgeted deficit for the year, per statement of operations and accumulated surplus	$ (392,655)	$ (446,951)

5. Accumulated surplus:

The Library segregates its accumulated surplus in the following categories:

	2025	2024
Investment in tangible capital assets	$ 1,353,920	$ 1,433,975
General fund	(13,903)	(13,903)
Reserve funds:		
Contingencies	829,095	618,068
Future capital expenditures	733,882	561,338
Donations	73,978	74,597
Add:		
Remeasurement gain on investments (PPN)	6,058	–
Accumulated surplus	$ 2,983,030	$ 2,674,075

The investment in tangible capital assets represents amounts already spent and invested in infrastructure and other non-financial assets.

Reserve funds represent funds set aside by resolution of the Board of Trustees for specific purposes.

6. Due to the Corporation of the Town of Whitchurch-Stouffville:

The Corporation of the Town of Whitchurch-Stouffville supports the Library as evidenced by Council for the Town of Whitchurch-Stouffville approving a grant based on the Library's budget and having representation on the Board of Trustees. The following table summarizes the transactions with the Corporation of the Town of Whitchurch-Stouffville for the year:

	2025	2024
Revenue:		
Grant	$ 2,668,630	$ 2,406,120
Grants in-kind	212,960	189,660
Total municipal grant	$ 2,881,590	$ 2,595,780
Development charges and fees	$ 223,180	$ 217,309

At the end of the year, the amount due to the Corporation of the Town of Whitchurch-Stouffville is as follows:

	2025	2024
Due to the Town of Whitchurch-Stouffville	$ (23,718)	$ (66,596)

The balance is unsecured, with no fixed terms of repayment. The balance has arisen from the transactions listed above plus externally received grants that were mutually agreed to be shared between the Town and Library less expenses paid on behalf of the Library. The transactions are measured at the exchange amount.

WHITCHURCH-STOUFFVILLE PUBLIC LIBRARY
Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Tangible capital assets:

	IT hardware	IT software	Collections	Equipment	Furniture and fixtures	2025
Cost						
Balance, beginning of year	$ 61,637	$ 23,621	$ 1,776,322	$ 314,757	$ 538,826	$ 2,715,163
Additions	25,631	–	216,107	–	15,862	257,600
Disposals	(13,805)	(8,575)	(573,490)	–	–	(595,870)
Balance, end of year	$ 73,463	$ 15,046	$ 1,418,939	$ 314,757	$ 554,688	$ 2,376,893
Accumulated amortization						
Balance, beginning of year	$ 13,201	$ 20,760	$ 908,323	$ 189,346	$ 149,558	$ 1,281,188
Amortization	17,843	2,861	253,759	36,251	26,941	337,655
Amortization on disposals	(13,805)	(8,575)	(573,490)	–	–	(595,870)
Balance, end of year	$ 17,239	$ 15,046	$ 588,592	$ 225,597	$ 176,499	$ 1,022,973
Net book value	$ 56,224	$ –	$ 830,347	$ 89,160	$ 378,189	$ 1,353,920

	IT hardware	IT software	Collections	Equipment	Furniture and fixtures	2024
Cost						
Balance, beginning of year	$ 65,090	$ 23,621	$ 1,704,231	$ 314,757	$ 530,916	$ 2,638,615
Additions	12,091	–	210,408	–	7,910	230,409
Disposals	(15,544)	–	(138,317)	–	–	(153,861)
Balance, end of year	$ 61,637	$ 23,621	$ 1,776,322	$ 314,757	$ 538,826	$ 2,715,163
Accumulated amortization						
Balance, beginning of year	$ 10,045	$ 17,618	$ 803,178	$ 153,095	$ 123,012	$ 1,106,948
Amortization	18,700	3,142	243,462	36,251	26,546	328,101
Amortization on disposals	(15,544)	–	(138,317)	–	–	(153,861)
Balance, end of year	$ 13,201	$ 20,760	$ 908,323	$ 189,346	$ 149,558	$ 1,281,188
Net book value	$ 48,436	$ 2,861	$ 867,999	$ 125,411	$ 389,268	$ 1,433,975

8. Contingencies:

In the ordinary course of business, various claims and lawsuits are brought against the Library. 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. Portfolio investments:

Portfolio investments are classified as Level 1.

	2025		2024	
	Cost	Fair value	Cost	Fair value
Guaranteed interest certificates	$ 400,000	$ 400,000	$ –	$ –
PPN	50,000	50,000	–	–
	$ 450,000	$ 450,000	$ –	$ –

Balances held in guaranteed investment certificates have maturity dates from 2026 to 2030 (2024 - nil) and interest rates from 3.15% to 3.50% (2024 - nil). The market value of the portfolio investments at December 31, 2025 was $456,058 (2024 - nil).

10. Financial instrument and risk management:

(a) Financial instruments classification:

Library's financial instruments are reported at cost or amortized cost, except for principal protected notes which are reported at fair market value and changes in fair market value are reported through the statement of remeasurement gains and losses. For all the other financial instruments, fair market value corresponds closely to cost or amortized cost.

10. Financial risk management (continued):

Fair value measurement hierarchy:

All financial instruments must be classified in accordance with the significance of the inputs used in making fair value measurements. The fair value hierarchy prioritizes the valuation techniques used to determine the fair value of a financial instrument based on whether the inputs to those techniques are observable or unobservable:

- Level 1 - fair value measurements are those derived from quoted prices in active markets for identical assets or liabilities using the last bid price;

- Level 2 - fair value measurements are those derived from inputs other than quoted prices included within Level 1 that are observable for the asset or liability, either directly (i.e. as prices) or indirectly (i.e. derived from prices); and

- Level 3 - fair value measurements are those derived from valuation techniques that include inputs for the asset or liability that are not based on observable market data (unobservable inputs).

All of the Library's financial instruments are classified as Level 1, including the Library's investments in PPN.

(b) Risk management:

The risks associated with the Library's financial instruments and policies in managing the risks are as follow:

(i) Liquidity risk:

Liquidity risk is the risk associated with the Library's inability to meet its financial obligations as they come due. The Library mitigates the risk by monitoring cash flows from operations, the expected outflows and financing activities to ensure it has sufficient funds to meet the current and long-term financial liabilities when due.

10. Financial risk management (continued):

(ii) Market risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Library's investment policy operates within the constraints of the investment guidelines issued in the Ontario Municipal Act. Diversification techniques are utilized to minimize risk. market, or cash flow risks. Management has assessed the new investment portfolio in 2025 and confirms there is no change to the Library's low risk exposure.