

Aurora Public Library Board
Financial Statements
For the year ended December 31, 2025

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INDEPENDENT AUDITOR'S REPORT

To the Members of the Aurora Public Library Board

Qualified Opinion

We have audited the financial statements of the Aurora Public Library Board (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 change 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, 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 change in net financial assets 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 donations, fines and user fees, 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 and accumulated surplus reported in the statements of financial position as at December 31, 2025 and December 31, 2024
- the fines and user fees and other revenue and annual surplus (deficit) reported in the statements of operations and accumulated surplus for the years ended December 31, 2025 and December 31, 2024



- the annual surplus (deficit), net financial assets at the beginning and end of the year, reported in the statements of change in net financial assets for the years ended December 31, 2025 and December 31, 2024
- the annual surplus (deficit) 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, 2025 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 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.



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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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

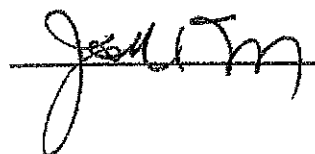
June 17, 2026

Aurora Public Library Board
Statement of Financial Position

December 31	2025	2024
Financial assets		
Cash	\$ 72,825	\$ 80,002
Accounts receivable (note 4)	1,152,963	1,049,428
	<u>1,225,788</u>	<u>1,129,430</u>
Liabilities		
Accounts payable and accrued liabilities	153,227	280,571
Employee benefits liabilities (note 6)	175,036	158,051
	<u>328,263</u>	<u>438,622</u>
Net financial assets	<u>897,525</u>	<u>690,808</u>
Non-financial assets		
Tangible capital assets (note 7)	2,652,324	2,780,611
Prepaid expenses	3,391	-
	<u>2,655,715</u>	<u>2,780,611</u>
Accumulated surplus (note 8)	<u>\$ 3,553,240</u>	<u>\$ 3,471,419</u>

On behalf of the Board

 Aurora Public Library Board Chair

 Chief Executive Officer

Aurora Public Library Board
Statement of Operations and Accumulated Surplus

For the year ended December 31	Budget 2025	2025	2024
	(note 9)		
Revenue			
Town of Aurora Funding	\$ 4,205,000	\$ 4,169,084	\$ 4,121,998
Fines and user fees	18,500	103,670	19,863
Provincial operating grants	45,000	45,422	45,422
Interest and other	6,500	115,353	46,748
	<u>4,275,000</u>	<u>4,433,529</u>	<u>4,234,031</u>
Expenses			
Salaries and employee benefits	3,260,000	3,112,911	3,102,127
Services and rent	362,043	398,297	438,589
Materials and supplies	210,000	388,615	255,782
Amortization	451,885	451,885	462,449
	<u>4,283,928</u>	<u>4,351,708</u>	<u>4,258,947</u>
Annual surplus (deficit)	<u>(8,928)</u>	<u>81,821</u>	<u>(24,916)</u>
Accumulated surplus, beginning of year	<u>3,471,419</u>	<u>3,471,419</u>	<u>3,496,335</u>
Accumulated surplus, end of year	<u>\$ 3,462,491</u>	<u>\$ 3,553,240</u>	<u>\$ 3,471,419</u>

Aurora Public Library Board
Statement of Change in Net Financial Assets

For the year ended December 31	Budget 2025	2025	2024
	(note 9)		
Annual surplus (deficit)	\$ (8,928)	\$ 81,821	\$ (24,916)
Amortization of tangible capital assets	451,885	451,885	462,449
Acquisition of tangible capital assets	(323,598)	(323,598)	(340,821)
Change in prepaid expenses	-	(3,391)	-
Change in net financial assets	119,359	206,717	96,712
Net financial assets, beginning of year	690,808	690,808	594,096
Net financial assets, end of year	\$ 810,167	\$ 897,525	\$ 690,808

December 31, 2025

1. Summary of Significant Accounting Policies

Management's Responsibility

The financial statements of the Aurora Public Library Board (the "Board") are the responsibility of management. They have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Board is a registered charity and as such, is exempt from income tax under the Canadian Income Tax Act, and may issue income tax receipts to donors. Its primary role is to provide library services to the general public.

Basis of Accounting

Revenue and expenses are reported on the accrual basis of accounting whereby revenue is recognized as it is earned and measurable; and expenses are recognized in the period that goods and services are acquired, a liability is incurred, or transfers are due.

Revenue Recognition

Revenues are recognized as follows:

- Grants
 - a. Conditional grant revenue is recognized to the extent the conditions imposed on it have been fulfilled.
 - b. Unconditional grant revenue is recognized when monies are receivable.
- Fine and user fee revenue is recognized in the period in which it is collected.
- Interest and other income is recognized in the period it is earned.

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

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 the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements are the employee benefits liabilities, the estimated useful lives 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.

Government Transfers

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

Tangible Capital Assets

Tangible capital assets are non-financial assets that are not generally available to discharge existing liabilities and are held for use in the provision of services. They 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. Cost includes all costs directly attributable to acquisition, construction, development or betterment of the tangible capital asset including transportation costs, installation costs, design and engineering fees, legal fees and site preparation costs. Amortization is recorded on a straight-line basis over the estimated life of the tangible capital asset using the following rates:

Library collection	7 years
Equipment	4 - 10 years
Furniture	10 - 20 years
Leasehold improvements	18 years

One half of the annual amortization is charged in the year of acquisition and in the year of disposal.

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

Tangible Capital Assets (continued)

Tangible capital assets under construction are not amortized until such time that they are available for productive use.

Tangible capital assets are reviewed for impairment whenever events or changes in circumstances indicate that a tangible capital asset no longer contributes to the Board's ability to provide goods and services or that the value of the future economic benefits associated with the tangible capital assets is below the carrying value. Tangible capital assets to be disposed of would be separately presented in the statement of financial position and reported at the lower of the carrying amount or fair value less costs to sell, and are no longer amortized. The tangible capital assets classified as held-for-sale would be presented separately in the appropriate asset section of the statement of financial position. No impairment was identified during the year.

Non-pension Post-employment Benefits, Compensated Absences & Termination Benefits

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

- a) Actuarial cost method:
Accrued benefit obligations are computed using the projected benefit method prorated on service, as defined in PSAB 3250 and PSAB 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.
- b) Accounting policies:
Actuarial gains and losses are amortized on a linear basis over the expected average remaining service life ("EARSL") (expected remaining payment period in respect of the retiring allowance) 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 member's date of hire and ending on the expected date of termination, death or retirement, depending on the benefit value.

December 31, 2025

1. Summary of Significant Accounting Policies (continued)

Pension Agreements

The Board makes contributions to the Ontario Municipal Employees' Retirement System ("OMERS"), a multi-employer public sector pension fund, based on the principles of a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees on the basis of predefined retirement age, length of eligible service and rates of remuneration over a fixed period of time.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all participating Ontario employers and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Accordingly, contributions made during the year are expensed.

2. 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.

- 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 Board's December 31, 2027 year end).
- 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 Board's December 31, 2027 year end).
- 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 (the Library Board's December 31, 2030 year end).

December 31, 2025

- 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 Board's December 31, 2031 year end).
- 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.

3. Financial Risk Management

It is management's opinion that the Board is not exposed to significant liquidity, interest rate, credit, market, or cash flow risk. There has been no change to the risk exposure from 2024.

4. Receivables from the Corporation of the Town of Aurora

At the end of the year, the amount due from the Corporation of the Town of Aurora ("the Town") is as follows:

	2025	2024
Receivables from The Town	\$ 1,148,686	\$ 1,049,428
Other Receivables	4,277	-
	<u>\$ 1,152,963</u>	<u>\$ 1,049,428</u>

The Town provides the facilities, including utilities and maintenance for the Board's operations for \$NIL (2024 - \$NIL) consideration.

December 31, 2025

5. Pension Agreements

OMERS provides pension services to almost 665,000 active and retired members and approximately 1,000 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, 2022. 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 Board does not recognize any share of the OMERS pension surplus or deficit.

Contributions made by the Board to OMERS in 2025 ranged from 9.0% to 14.6% depending on the level of earnings. As a result, \$250,632 (2024 - \$225,817) was contributed to OMERS for current year services.

December 31, 2025

6. Employee Benefits Liabilities

Post-employment benefits are health and dental benefits that are provided to early retirees and employees currently on long-term disability. The Board recognized these post-employment costs as they are earned during the employee's tenure of service.

	2025	2024
Post-employment Benefits Accrued Obligation	\$ 72,652	\$ 66,965
Accrued Sick Leave	102,384	91,086
	<u>\$ 175,036</u>	<u>\$ 158,051</u>

The accrued benefit obligations for the Board's post-employment benefits liability as at December 31, 2025 are based on actuarial valuations for accounting purposes as at December 31, 2022 with projections to December 31, 2025. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are management's best estimates of expected rates of:

	2025	2024
Post-employment Benefits Accrued Obligation, Beginning of Year	\$145,146	\$137,378
Add:		
Benefit Expense	19,562	18,265
Interest Cost	7,573	7,096
Less:		
Benefits Paid for the Period	<u>(15,361)</u>	<u>(17,593)</u>
Post-employment Benefits Accrued Obligation, End of Year	<u>156,920</u>	<u>145,146</u>
Unamortized Actuarial (Losses) / Gains	<u>18,116</u>	<u>12,905</u>
Post-employment Benefits Accrued Benefit Liability	<u>\$175,036</u>	<u>\$158,051</u>

	2025	2024
Expected Future Inflation Rate	2.00%	2.00%
Discount on Accrued Benefit Obligation	5.00%	5.00%
Drug Costs Escalation	5.00%	5.67%
Other Health Care Cost Escalation	5.00%	5.67%
Dental Costs Escalation	4.00%	4.00%

December 31, 2025

6. Employee Benefits Liabilities (continued)

Amortization of actuarial losses during the year was \$5,211 (2024 - \$6,496). The amount of benefits paid during the year was \$8,350 (2024 - \$8,726).

7. Tangible Capital Assets

2025

	Library Collection	Equipment	Furniture	Leasehold Improvements	Total
Cost					
Balance, Beginning of Year	\$2,129,087	\$ 888,867	\$1,082,079	\$ 2,077,521	\$6,177,554
Add: Additions During the Year	222,957	100,641	-	-	323,598
Less: Disposals During the Year	(412,623)	-	-	-	(412,623)
Balance, End of Year	1,939,421	989,508	1,082,079	2,077,521	6,088,529
Accumulated Amortization					
Balance, Beginning of Year	1,277,825	767,834	831,903	519,381	3,396,943
Add: Amortization During the Year	243,036	45,155	48,276	115,418	451,885
Less: Disposals During the Year	(412,623)	-	-	-	(412,623)
Balance, End of Year	1,108,238	812,989	880,179	634,799	3,436,205
Net Book Value	\$ 831,183	\$ 176,519	\$ 201,900	\$ 1,442,722	\$2,652,324

December 31, 2025

7. Tangible Capital Assets (continued)

2024

	Library Collection	Equipment	Furniture	Leasehold Improvements	Total
Cost					
Balance, Beginning of Year	\$2,280,543	\$ 828,913	\$1,082,079	\$ 2,077,521	\$6,269,056
Add: Additions During the Year	280,867	59,954	-	-	340,821
Less: Disposals During the Year	(432,323)	-	-	-	(432,323)
Balance, End of Year	<u>2,129,087</u>	<u>888,867</u>	<u>1,082,079</u>	<u>2,077,521</u>	<u>6,177,554</u>
Accumulated Amortization					
Balance, Beginning of Year	1,455,527	729,217	778,110	403,963	3,366,817
Add: Amortization During the Year	254,621	38,617	53,793	115,418	462,449
Less: Disposals During the Year	(432,323)	-	-	-	(432,323)
Balance, End of Year	<u>1,277,825</u>	<u>767,834</u>	<u>831,903</u>	<u>519,381</u>	<u>3,396,943</u>
Net Book Value	<u>\$ 851,262</u>	<u>\$ 121,033</u>	<u>\$ 250,176</u>	<u>\$ 1,558,140</u>	<u>\$2,780,611</u>

December 31, 2025

8. Accumulated Surplus

Accumulated surplus is comprised of the following:

	2025	2024
Surpluses		
General Revenue	\$ (204,816)	\$ (168,901)
Invested in Tangible Capital Assets	2,652,324	2,780,611
Employee Benefit Liabilities	(175,036)	(158,051)
Total Surpluses	<u>2,272,472</u>	<u>2,453,659</u>
Reserves		
General Capital Reserve	1,227,887	968,900
Aurora Public Library Board Donation Reserve	52,881	48,860
Total Reserves	<u>1,280,768</u>	<u>1,017,760</u>
Accumulated Surplus	<u>\$ 3,553,240</u>	<u>\$ 3,471,419</u>

Invested in Tangible Capital Assets

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

General Capital Reserve

The Town Council has approved any of the Board's operating surplus in a year to be returned to the Town of Aurora.

Aurora Public Library Board Donation and Bequest Reserve

The Board has approved a reserve named "The Aurora Public Library Board Donation and Bequest Reserve" ("ALB Donation & Bequest") for future specified/significant donations and bequests received to support special programs or initiatives outside of the annual operating budget. Funds are transferred from the reserve for approved expenditures. If such funds are not fully expended in the approval year, they are held as Unexpended Funds.

Library Service Development Charges

The Town levies, collects and holds development charges, a component of which is specifically to fund expansion of library services to accommodate growth. Allocations from these funds are approved by the Library Board as part of the annual budget process. Currently, the Town holds \$352,244 (2024 - \$68,323) of the Library Service related development charges in their segregated development charges accounts. This reserve fund is not reflected in these financial statements.

December 31, 2025

9. Budget Reconciliation

The Budget for 2025 adopted by the Board on October 16, 2024 was prepared on a basis not 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 financial statements to be prepared on a full accrual basis. Accordingly, the budget expensed all tangible capital expenditures rather than including an amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the 2025 budget adopted by the Board with adjustments as follows:

	Revenue	Expense	Net
Approved Net Operating Funding from the Town of Aurora	\$ 4,205,000	\$4,205,000	\$ -
Budgeted Grant, Fines and User Fees	70,000	70,000	-
Total Approved Budget	<u>4,275,000</u>	<u>4,275,000</u>	<u>-</u>
Less: Capitalized to TCA from Operating		(222,957)	222,957
Transfer to/from Other Funds		(220,000)	220,000
Amortization Expense		451,885	(451,885)
Adjusted Budget per Statement of Operations	<u>\$ 4,275,000</u>	<u>\$4,283,928</u>	<u>\$ (8,928)</u>