

Financial Statements of

**THE LONDON PUBLIC
LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2025

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THE LONDON PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial Assets		
Cash	\$ 1,670,601	\$ 1,198,975
Accounts receivable:		
The Corporation of the City of London	346,489	937,314
London Public Library Board Trust Funds	516,484	772,529
Other	212,982	251,313
	2,746,556	3,160,131
Financial Liabilities		
Accounts payable and accrued liabilities	1,763,867	1,662,610
Deferred revenue	351,598	168,506
Payable to The Corporation of the City of London	7,905	21,838
Employee future benefits and other liabilities (note 2)	2,909,636	2,120,238
Asset retirement obligation (note 9)	49,540	49,540
	5,082,546	4,022,732
Net debt	(2,335,990)	(862,601)
Non-Financial Assets		
Tangible capital assets (note 6)	23,231,578	21,186,590
Prepaid expenses	454,256	537,166
	23,685,834	21,723,756
Accumulated surplus (note 7)	\$ 21,349,844	\$ 20,861,155

See accompanying notes to financial statements.

On behalf of the Board:

Director

Director

THE LONDON PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

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

	2025 Budget (note 8)	2025 Actual	2024 Actual
Revenue:			
The Corporation of the City of London:			
Current	\$ 24,738,000	\$ 24,737,740	\$ 23,842,271
Capital	3,272,564	3,272,564	1,280,691
User charges:			
Fee, rental, sundry	800,000	1,146,925	788,799
Fines	39,999	37,647	29,485
Grants:			
Ontario	598,829	598,829	598,829
Federal	–	68,087	34,710
Other	–	11,520	20,719
Contribution from Trust Funds (note 3)	–	776,735	380,042
Investment income	150,000	70,856	137,162
	29,599,392	30,720,903	27,112,708
Expenses:			
Personnel	17,450,763	18,440,313	17,630,951
Facility services	6,258,163	3,527,098	3,118,054
Amortization of tangible capital assets	–	3,115,521	2,801,700
Collections and lending services	2,578,000	1,518,530	1,315,881
Utilities	1,100,000	819,897	1,007,439
Trust fund expenditures (note 3)	–	776,735	380,042
Technology	905,277	716,064	280,463
Purchased services	983,710	516,719	948,726
Contribution to self-insurance reserve	–	366,947	94,837
Administrative	321,650	349,267	202,684
Program services	100,000	85,123	133,906
Equipment	75,000	–	32,865
	29,772,563	30,232,214	27,947,548
Annual surplus (deficit)	(173,171)	488,689	(834,840)
Accumulated surplus, beginning of year	20,861,155	20,861,155	21,695,995
Accumulated surplus, end of year	\$ 20,687,984	\$ 21,349,844	\$ 20,861,155

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD

Statement of Changes in Net Debt

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

	2025 Budget (note 8)	2025 Actual	2024 Actual
Annual surplus (deficit)	\$ (173,171)	\$ 488,689	\$ (834,840)
Acquisition of tangible capital assets	–	(5,160,509)	(2,609,210)
Amortization of tangible capital assets	–	3,115,521	2,801,700
	(173,171)	(1,556,299)	(642,350)
Use of prepaid expenses	–	82,910	(131,251)
Change in net debt	(173,171)	(1,473,389)	(773,601)
Net debt, beginning of year	(862,601)	(862,601)	(89,000)
Net debt, end of year	\$ (1,035,772)	\$ (2,335,990)	\$ (862,601)

See accompanying notes to financial statements.

THE LONDON 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)	\$ 488,689	\$ (834,840)
Items not involving cash:		
Amortization of tangible capital assets	3,115,521	2,801,700
Change in employee future benefits and other liabilities	789,398	(72,351)
Changes in non-cash assets and liabilities:		
Receivable from The Corporation of the City of London	590,825	(537,234)
Receivable from London Public Library Board Trust Funds	256,045	128,963
Other accounts receivable	38,331	(92,389)
Accounts payable and accrued liabilities	101,257	(596,763)
Payable to The Corporation of the City of London	(13,933)	21,838
Deferred revenue	183,092	(7,220)
Prepaid expenses	82,910	(131,251)
	5,632,135	680,453
Capital activities:		
Cash used to acquire tangible capital assets	(5,160,509)	(2,609,210)
Increase (decrease) in cash	471,626	(1,928,757)
Cash, beginning of year	1,198,975	3,127,732
Cash, end of year	\$ 1,670,601	\$ 1,198,975

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements

Year ended December 31, 2025

1. Significant accounting policies:

The financial statements of The London Public Library Board (the "Board"), a registered charity and a local board of the Corporation of the City of London (the "City"), are prepared in accordance with Canadian generally accepted accounting principles for governments as recommended by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants Canada. Significant accounting policies adopted by the Board are as follows:

(a) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods or services and/or the creation of a legal obligation to pay.

(b) Municipal funding:

The City provides funding to the Board for both operating and capital expenditures such as refurbishment, replacement and major repairs and maintenance to the Library buildings. Government transfer payments from the City are recognized in the financial statements in the year in which the payment is authorized and the events giving rise to the transfer occur, performance criteria are met, and a reasonable estimate of the amount can be made. Funding that is stipulated to be used for specific purposes is only recognized as revenue in the fiscal year that the related expenses are incurred or services performed. If funding is received for which the related expenses have not yet been incurred or services performed, these amounts are recorded as a liability at year end.

(c) Deferred revenue:

Deferred revenues represent grants and other designated funding which has been received but for which the service has yet to be performed. These amounts will be recognized as revenues in the fiscal year in which the services are performed.

(d) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial instrument	Measurement Method
Cash	Cost
Accounts receivable	Cost
Accounts payable and accrued liabilities	Cost

Amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

Fair value category – The Board has not elected to reflect any financial instruments at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost category – Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category – Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

(e) Employee future benefits:

The Board provides certain employee benefits which will require funding in future periods. These benefits include life insurance, extended health and dental benefits for early retirees.

The costs of life insurance, extended health and dental benefits are actuarially determined using management's best estimate of salary escalation, insurance and health care cost trends, long term inflation rates and discount rates.

(f) Pension contributions:

The Board has a pension agreement with the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer defined contribution benefit plan. The Board's costs are the contributions due to the plan in the period.

(g) Non-financial assets:

Non-financial assets are not 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.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(i) Tangible capital assets:

Tangible capital assets are recorded at cost which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. The cost, less residual value, of the tangible capital assets, excluding land, are amortized on a straight line basis over their estimated useful lives as follows:

Asset	Useful Life - Years
Buildings	15 - 60
Leasehold improvements	40
Collections	7
Shelving	40
Computers	3
Furniture and equipment	7

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the asset is available for productive use.

An asset retirement obligation is recognized when, at the financial reporting date, all of the following criteria are met:

- there is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- the past transaction or event giving rise to the liability has occurred;
- it is expected that future economic benefits will be given up; and
- a reasonable estimate of the amount can be made.

A liability for the removal of asbestos and other hazardous materials in the buildings owned by the Board has been recognized based on estimated future expenses.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The increase to the tangible capital assets is being amortized in accordance with the accounting policies outlined in this note. In addition, the Board's implementation of PS3280 *Asset Retirement Obligations* has resulted in the requirement for management to make estimates regarding the useful lives of affected tangible capital assets and the expected retirement costs, as well as the timing and duration of these retirement costs.

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Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(g) Non-financial assets (continued):

(ii) Works of art and cultural and historic assets:

Works of art and cultural and historic assets are not recorded as assets in these financial statements.

(iii) Leased tangible capital assets:

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

(h) Budget data:

Budget information has been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

(i) Use of estimates:

The preparation of financial statements 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 expenses during the period. Significant estimates include assumptions used in estimating provisions for accrued liabilities and in preparing actuarial valuations for employee future benefits.

In addition, the Board's implementation of the Public Sector Accounting Handbook PS3150 has required management to make estimates of historical cost and useful lives of tangible capital assets.

Actual results could differ from those estimates.

(j) Contaminated sites:

Contaminated sites are defined as the result of contamination being introduced in air, soil, water or sediment of a chemical, organic, or radioactive material or live organism that exceeds an environmental standard. This Standard relates to sites that are not in productive use and sites in productive use where an unexpected event resulted in contamination.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(k) 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 the following accounting standards updates on the future financial statements.

Applicable for fiscal years beginning on or after April 1, 2026 (in effect for the Board for the year ending December 31, 2027). Standards must be implemented at the same time:

i) New Public Sector Accounting Standards (PSAS) Conceptual Framework:

This new model is a comprehensive set of concepts that underlie and support financial reporting. It is the foundation that assists:

- Preparers to account for items, transactions and other events not yet covered by the standards;
- Auditors to form opinions regarding compliance with accounting standards;
- Users in interpreting information in financial statements; and
- PSAB to develop standards grounded in the public sector environment.

The main changes are:

- Additional guidance to improve understanding and clarity
- Non-substantive changes to terminology/definitions
- Financial statement objectives foreshadow changes in the Reporting Model
- Relocation of recognition exclusions to the Reporting Model
- Consequential amendments throughout the Public Sector Accounting Handbook

The framework is expected to be implemented prospectively.

ii) Reporting Model PS1202 Financial Statement Preparation:

This reporting model provides guidance on how information should be presented in the financial statements and will replace PS1201 Financial Statement Presentation. The model is expected to be implemented retrospectively with restatement of prior year amounts.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(k) Future accounting pronouncements (continued):

ii) Reporting Model PS1202 Financial Statement Preparation (continued):

The main changes are:

- Restructured Statement of Financial Position
- Introduction of financial and non-financial liabilities
- Amended non-financial asset definition
- New components of net assets – accumulated other and issued share capital
- Relocated net debt to its own statement
- Renamed the net debt indicator
- Revised the net debt calculation
- Removed the Statement of Changes in Net Financial Assets (Debt)
- New Statement of New Financial Assets/Liabilities
- Net Statement of Changes in Net Assets/Liabilities
- Isolated financing transactions in the Statement of Cash Flows

2. Employee future benefits and other liabilities:

Employee future benefits and other liabilities are comprised of the following:

	2025	2024
Liability for vested sick leave benefits (a)	\$ 14,053	\$ 14,053
Vacation pay liability	182,583	167,185
Liability for non-vested sick leave benefits (b)	870,000	–
Employee future benefits obligation (c)	1,843,000	1,939,000
	<u>\$ 2,909,636</u>	<u>\$ 2,120,238</u>

(a) Liability for vested sick leave benefits:

Under the sick leave benefit plan, employees hired prior to May 1, 1985 can accumulate unused sick leave and may become entitled to a cash payment when they leave the employment of the Board.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Employee future benefits and other liabilities (continued):

(a) Liability for vested sick leave benefits (continued):

The liability of these accumulated days, to the extent that they have vested and could be taken in cash by an employee upon ceasing employment with the Board as at December 31, 2025, amounts to \$14,053 (2024 - \$14,053). This amount is fully funded by a reserve held by the City in the amount of \$35,156 (2024 - \$31,114).

(b) Liability for non-vested sick leave benefits:

Non-vested sick leave refers to the balance of unused sick leave credits which have accumulated and may be drawn upon for an illness or injury-related absence in a future period. These benefits are non-vested as they are not eligible for payment when employees leave the Board's employment. The liability measurement considers the expectation of future utilization of the benefits and would consider the extent to which accumulated sick days are expected to be used by employees. At December 31, 2025, the liability for these accumulated sick days amounted to \$870,000 (2024 - \$nil).

(c) Retiree benefits:

The Board provides certain post-employment and post-retirement employee benefits which will require funding in future periods.

The Board pays certain life insurance benefits on behalf of the retired employees as well as extended health and dental benefits for early retirees to age sixty-five. The Board recognizes these post-retirement costs in the period in which the employees rendered the services. The most recent actuarial valuation was performed as at December 31, 2024.

Detailed information about retiree benefits is as follows:

	2025	2024
Accrued employee future benefit obligation:		
Balance, beginning of year	\$ 1,607,000	\$ 1,921,000
Current year benefit cost	53,000	78,000
Interest cost	56,000	66,000
Benefits paid	(124,000)	(137,000)
Actuarial loss	(88,000)	(321,000)
Balance at the end of the year	1,504,000	1,607,000
Unamortized actuarial gain (loss)	339,000	332,000
Employee future benefits obligation	\$ 1,843,000	\$ 1,939,000

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

2. Employee future benefits and other liabilities (continued):

(c) Retiree benefits (continued):

Post-employment and post-retirement benefit expenses included in total expenditures consist of the following:

	2025	2024
Current year benefit cost	\$ 53,000	\$ 78,000
Interest on accrued benefit obligation	56,000	66,000
Amortization of net actuarial gain	(81,000)	(58,000)
Total expenses	\$ 28,000	\$ 86,000

Significant assumptions used in the actuarial valuation are as follows:

Discount rate	3.50%
Rate of compensation increase	2.00%
Healthcare cost increases	4.00%

The actuarial gain is amortized over the expected average remaining service life of the related employee group of fourteen years.

3. Trust funds:

Trust funds administered by the Board amounting to \$5,448,735 (2024 - \$5,536,657) have not been included in the Statement of Financial Position nor have their operations been included in the Statement of Operations and Accumulated Surplus. They are reported separately on The London Public Library Board Trust Funds ("Trust Funds") Financial Statements.

During the year, the Trust Funds transferred \$776,735 (2024 - \$380,042) to the Board for capital and operating expenses. This amount and the related expenditures have been included in the Statement of Operations and Accumulated Surplus.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

4. Commitments:

The Board is committed under operating leases for the rental of premises and equipment. The minimum annual payments under these leases are as follows:

2026	\$	965,686
2027		873,854
2028		575,857
2029		553,388
2030 and beyond		733,659
	\$	3,702,444

5. Pension agreement:

The Board has a pension agreement with OMERS, which is a multi-employer plan, on behalf of its full and part-time staff. The plan is a contributory defined benefit plan which specifies the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. The amount contributed to OMERS for 2025 is \$1,207,677 (2024 - \$1,272,746) for current service and is included as an expenditure in the Statement of Operations and Accumulated Surplus.

The last available report for the OMERS plan was on December 31, 2025. At that time, the plan reported a \$1.2 billion actuarial deficit (2024 - \$2.9 billion), based on actuarial liabilities for \$151.3 billion (2024 - \$142.4 billion) and actuarial value of net assets for \$150.1 billion (2024 - \$139.5 billion). If actuarial surpluses are not available to offset the existing deficit and subsidize future contributions, increases in contributions will be required in the future.

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

6. Tangible capital assets:

Cost	Balance at December 31, 2024	2025 Additions	2025 Disposals	Balance at December 31, 2025
Land	\$ 3,904,165	\$ –	\$ –	\$ 3,904,165
Buildings	39,969,937	1,509,542	–	41,479,479
Leasehold improvements	4,981,852	1,509,738	–	6,491,590
Collections	8,653,619	1,116,830	(1,325,936)	8,444,513
Shelving	1,094,982	–	(79,927)	1,015,055
Computers	2,013,873	492,337	(319,663)	2,186,547
Furniture and equipment	1,085,141	677,759	(374,175)	1,388,725
Assets under construction	145,697	1,181,651	(1,327,348)	–
Total	\$ 61,849,266	\$ 6,487,857	\$ (3,427,049)	\$ 64,910,074

Accumulated amortization	Balance at December 31, 2024	2025 Additions	2025 Disposals	Balance at December 31, 2025
Land	\$ –	\$ –	\$ –	\$ –
Buildings	32,841,967	700,124	–	33,542,091
Leasehold improvements	1,132,359	290,952	–	1,423,311
Collections	4,473,725	1,221,295	(1,325,936)	4,369,084
Shelving	686,252	26,375	(79,927)	632,700
Computers	937,393	700,069	(319,663)	1,317,799
Furniture and equipment	590,980	176,706	(374,175)	393,511
Assets under construction	–	–	–	–
Total	\$ 40,662,676	\$ 3,115,521	\$ (2,099,701)	\$ 41,678,496

	Net book value 2024	Net book value 2025
Land	\$ 3,904,165	\$ 3,904,165
Buildings	7,127,970	7,937,388
Leasehold improvements	3,849,493	5,068,279
Collections	4,179,894	4,075,429
Shelving	408,730	382,355
Computers	1,076,480	868,748
Furniture and equipment	494,161	995,214
Assets under construction	145,697	–
Total	\$ 21,186,590	\$ 23,231,578

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

7. Accumulated surplus:

Accumulated surplus consists of surplus and reserve funds as follows:

	2025	2024
Surplus:		
Invested in tangible capital assets	\$ 23,231,578	\$ 21,186,590
Unfunded:		
Employee benefits, accrued sick and vacation	(1,066,636)	(181,238)
Employee benefits, future benefit liability	(1,843,000)	(1,939,000)
Total surplus	20,321,942	19,066,352
Reserves set aside by the Board		
Stabilization fund	992,746	1,763,689
Reserve held by the City on behalf of the Board:		
Sick leave reserve	35,156	31,114
	<u>\$ 21,349,844</u>	<u>\$ 20,861,155</u>

8. Budget data:

Budget information has been provided for comparison purposes. Given differences between the budgeting model and generally accepted accounting principles established by PSAB, certain budgeted amounts have been reclassified to reflect the presentation adopted under PSAB.

	Budget amount
Revenues:	
Operating budget	\$ 26,499,999
Expenses:	
Operating budget	26,499,999
Annual surplus (deficit), as per approved budget	\$ —

	Budget amount
Capital funding from the City	\$ 3,272,564
Major repairs and maintenance	(3,272,564)
Drawdown from Stabilization fund	(173,171)
Annual deficit, revised	<u>\$ (173,171)</u>

THE LONDON PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

9. Asset retirement obligation:

The Board has recorded an asset retirement obligation of \$49,540 as of January 1, 2023. As at December 31, 2025, all liabilities for asset retirement obligations are reported at current costs in nominal dollars without discounting.

10. Financial risks and concentration of risk:

The Board is exposed to a variety of financial risks, including credit risks and liquidity risk. The Board's overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Board's financial performance.

(a) Credit risk:

The Board's principal financial assets that are subject to credit risk are accounts receivable. The carrying amounts of financial assets on the Statement of Financial Position represent the Board's maximum credit exposure as at the Statement of Financial Position date.

(b) Liquidity risk:

The Board mitigates liquidity risk by monitoring cash activities and expected outflows through extensive budgeting. There have been no significant changes from the previous year in the Board's exposure to liquidity risk or policies, procedures and methods used to measure the risk. All accounts payable and accrued liabilities will be paid within six months.

The Board's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities. It is the Board's opinion that they are not exposed to significant interest rate or currency risks arising from these financial instruments.

11. Comparative information:

Certain comparative information has been reclassified from those previously presented to conform to the presentation of the 2025 financial statements.