Financial Statements of

NORTH BAY 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 the North Bay Public Library Board

Opinion

We have audited the financial statements of the North Bay 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 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.

- 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

Sudbury, Canada

July 14, 2026

NORTH BAY PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2025, with comparative information for 2024

		2025		2024
Financial assets				
Cash	$	20,500	$	20,500
Accounts receivable (note 2)		14,431		17,505
Due from the Corporation of the City of North Bay		1,158,165		1,188,134
		1,193,096		1,226,139
Financial liabilities				
Accounts payable and accrued liabilities		337,095		328,195
Employee future benefits (note 3)		318,073		303,873
Asset retirement obligation (note 4)		136,176		121,586
Deferred revenue		18,536		13,326
		809,880		766,980
Net financial assets		383,216		459,159
Non-financial assets				
Tangible capital assets (note 5)		3,838,612		3,886,291
Prepaid expenses		64,335		33,178
		3,902,947		3,919,469
Accumulated surplus (note 9)	$	4,286,163	$	4,378,628

The accompanying notes are an integral part of this financial statement.

Approved:

Director

Director

NORTH BAY PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

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

	Budget 2025 (note 8)	Actual 2025	Actual 2024
Revenue:			
Tax levy	$ 2,767,971	$ 2,767,971	$ 2,687,612
Capital contributions	-	128,250	293,840
Reserve transfer	172,772	-	-
Provincial operating grants	108,211	114,661	111,317
Fees, service charges and donations	10,250	15,706	13,263
Facility rentals and other	26,050	24,905	21,798
Fines	16,000	13,732	12,566
Interest	-	3,133	4,742
Total revenue	3,101,254	3,068,358	3,145,138
Expenses:			
Salaries and employee benefits	2,379,732	2,227,286	2,154,670
Library building	116,546	182,268	179,594
Administration	201,390	196,252	173,352
Purchased services	75,586	75,570	74,104
Operating	114,000	119,110	108,867
Minor capital purchases	4,000	5,232	2,704
Amortization	190,000	335,427	318,647
Other	20,000	19,678	18,823
Total expenses	3,101,254	3,160,823	3,030,761
Annual surplus (deficit)	-	(92,465)	114,377
Accumulated surplus, beginning of year	4,378,628	4,378,628	4,264,251
Accumulated surplus, end of year	$ 4,378,628	$ 4,286,163	$ 4,378,628

The accompanying notes are an integral part of this financial statement.

NORTH BAY PUBLIC LIBRARY BOARD

Statement of Change in Net Financial Assets

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

	Budget 2025 (note 8)	Actual 2025	Actual 2024
Annual surplus (deficit)	$ -	$ (92,465)	$ 114,377
Acquisition of tangible capital assets	-	(287,748)	(417,766)
Amortization of tangible capital assets	190,000	335,427	318,647
Prepaid expenses	-	(31,157)	(674)
Change in net financial assets	190,000	(75,943)	14,584
Net financial assets, beginning of year	459,159	459,159	444,575
Net financial assets, end of year	$ 649,159	$ 383,216	$ 459,159

The accompanying notes are an integral part of this financial statement.

NORTH BAY 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)	$ (92,465)	$ 114,377
Items not involving cash:		
Amortization of tangible capital assets	335,427	318,647
Employee future benefits expense	32,900	34,600
	275,862	467,624
Change in non-cash assets and liabilities:		
Accounts receivable	3,074	(4,284)
Due from The Corporation of the City of North Bay	29,969	(64,860)
Prepaid expenses	(31,157)	(674)
Accounts payable and accrued liabilities	8,900	49,260
Deferred revenue	5,210	-
Net change in cash from operating activities	291,858	447,066
Capital activities:		
Acquisition of tangible capital assets	(273,158)	(417,766)
Net change in cash from capital activities	(273,158)	(417,766)
Investing activities		
Employee future benefits paid	(18,700)	(29,300)
Net change in cash from investing activities	(18,700)	(29,300)
Net change in cash	-	-
Cash, beginning of year	20,500	20,500
Cash, end of year	$ 20,500	$ 20,500

The accompanying notes are an integral part of this financial statement.

The North Bay Public Library Board (the "Library") is a Board of the Corporation of the City of North Bay which is incorporated under the Ontario Public Library Act. The Library makes available a wide variety of reading, electronic and audio-visual materials to the citizens of North Bay and its surrounding area.

1. Significant accounting policies:

The financial statements of the Library are prepared by management in accordance with Canadian generally accepted 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:

Sources of financing and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable, expenses are recognized as they are incurred and measurable as a result of receipt of goods and the creation of a legal obligation to pay.

(b) Tangible capital assets:

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction, development 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 commencing once the asset is available for productive use as follows:

Asset	Useful Life - Years
Building	100
Building betterments	Remaining service life building
Equipment	4 - 15
Books, CDs, videos	2 - 10

Construction in progress is not subject to amortization as the assets are not in productive use.

(c) Contributions of tangible capital assets:

Tangible capital assets received as contributions are recorded at their fair value at the date of receipt and are also recorded as revenue.

1. Significant accounting policies (continued):

(d) Post-employment benefits:

The Library sponsors a defined benefit supplementary health plan for certain employees and retirees funded on a pay-as-you-go basis and a defined benefit pension plan. The Library has adopted the following practices:

(i) The cost of the accrued benefit obligation for the post-employment supplementary health plan is actuarially determined using the projected health benefit method pro-rated on service and management's estimate of retirement age and health costs.

(ii) actuarial gains (losses) on the accrued benefit obligation arise from the difference between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. Actuarial gains (losses) are amortized benefit obligation. Actuarial gains *losses) are amortized over the average remaining service period of active employees.

(iii) the Library is an employer member of the Ontario Municipal Employees Retirement Fund (the "Plan") which is a multi-employer, defined benefit pension plan. The Library has adopted defined contribution plan accounting principles for this Plan because insufficient information is available to apply defined benefit plan accounting principles.

(e) Revenue recognition:

The Library receives revenue from a variety of sources and applies the following recognition policies:

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

(ii) Government transfers are recognized in the period in which the events giving rise to the transfer occurred, provided that the transfer is authorized and the amount can be reasonably estimated. Government grants are recognized when approved to the extent the related expenses have been incurred and collection can be reasonably assured.

(iii) Fee and user fee revenue is recognized when the cash is collected.

(iv) Interest and other income is recognized in the period in which it is earned.

(f) Deferred revenue:

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

1. Significant accounting policies (continued):

(g) Financial instruments:

All financial instruments are initially recorded on the statement of financial position at fair value. All investments held in equity instruments that trade in an active market are recorded at fair value. Management has elected to record investments at fair value as they are managed and evaluated on a fair value basis. Freestanding derivative instruments that are not equity instruments that are quoted in an active market are subsequently measured at fair value.

Unrealized changes in fair value are recognized in the statement of remeasurement gains and losses until they are realized, when they are transferred to the statement of operations.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred.

Where a decline in fair value is determined to be other than temporary, the amount of the loss is removed from accumulated remeasurement gains and losses and recognized in the statement of operation. On sale, the amount held in accumulated remeasurement gains and

losses associated with that instrument is removed from accumulated remeasurement gains and recognized in the statement of operations. Financial instruments are classified into fair value hierarchy Levels 1, 2 or 3 for the purposes of describing the basis of the inputs used to determine the fair market value of those amounts recorded a fair value, as described below:

Level 1 - Fair value measurements are those derived from quoted prices (unadjusted) in active markets for identical assets or liabilities.

Level 2 - Fair value measurements are those derived from market-based inputs other than quoted prices that are observable for the asset or liability, either directly or indirectly.

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.

(h) Asset retirement obligation:

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

(i) There is a legal obligation to incur retirement costs in relation to a tangible capital asset;

(ii) The past transaction or event giving rise to the liability has occurred;

(iii) It is expected that the future economic benefits will be given up; and

(iv) A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in the building owned by the Library has also been recognized based on estimated future expenses on closure of the site and post-closure care.

1. Significant accounting policies (continued):

(h) Asset retirement obligation (continued):

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 depreciation accounting policies outlined in note 1(b).

(i) 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 disclosure of contingent assets and liabilities at the dates of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets and valuation allowances for receivables. Actual results could differ from those estimates. These estimates are reviewed periodically, and, as adjustments become necessary, they are reported in earnings in the year in which they become known.

2. Accounts receivable:

	2025	2024
Government of Canada (HST)	$ 7,533	$ 11,390
Other	6,898	6,115
	$ 14,431	$ 17,505

3. Employee future benefits:

	2025	2024
Sick leave plan	$ 196,773	$ 196,973
Supplementary health benefits	121,300	106,900
	$ 318,073	$ 303,873

Reconciliation of accrued benefits obligations to accrued benefit liabilities

	2025	2024
Accrued benefit obligation, end of year	$ 289,973	$ 279,973
Unamortized net actuarial losses	28,100	23,900
	$ 318,073	$ 303,873

3. Employee future benefits (continued):

Prior to August 31, 1987 the Board provided its employees with a sick leave plan whereby employees could accumulate sick leave credits and be entitled to a cash payment with they left the Board's employment. With the introduction of a long-term disability plan on August 31, 1987 this sick leave plan was discontinued and as such no sick leave credits have accumulated since. The outstanding accrued liability is to cover sick leave credits accumulated prior to August 31, 1987.

In addition, the Library has a defined supplementary health benefit plan that provides medical, dental and life insurance to certain eligible Library employees who retire from current employment. The supplementary health benefit liability estimates the expense of each member's benefit under the plan taking into consideration projections of benefit costs to and during retirement up to the age of 65.

The Library measures its accrued benefit obligations for accounting purposes as at December 31 of each year. The most recent actuarial valuation of the plan for funding purposes was December 31, 2024 and the next valuation date will be as at January 1, 2027. Information about the Library's defined supplementary health benefit and sick leave plan is as follows:

	2025	2024
Sick leave benefits:		
Accrued benefit, beginning of year	$ 196,973	$ 197,273
Amortization of unamortized actuarial gains/losses	(2,000)	(2,000)
Service cost of the year	14,400	13,800
Interest expense for the year	6,100	6,000
Benefits paid during the year	(18,700)	(18,100)
Accrued benefit liability, end of year	$ 196,773	$ 196,973

	2025	2024
Supplementary benefits:		
Accrued benefit, beginning of year	$ 106,900	$ 101,300
Amortization of unamortized actuarial gains/losses	2,800	5,700
Service cost of the year	7,200	6,900
Interest expense for the year	4,400	4,200
Benefits paid during the year	-	(11,200)
Accrued benefit liability, end of year	$ 121,300	$ 106,900

3. Employee future benefits (continued):

The accrued benefit obligation for employee future benefits at December 31, 2025 is based on an actuarial valuation for accounting purposes. These actuarial valuations were based on assumptions about future events. The economic assumptions used in these valuations are the Library's best estimates of expected rates of the following:

	2025	2024
Salaries	3.00%	3.00%
Discount on sick leave benefits	4.50%	4.30%
Discount on supplemental health benefits	4.50%	4.30%
Dental premium rates	6.00%	4.00%
Expected average remaining service life - sick leave benefits	11 years	11 years
Expected average remaining service life - supplemental health benefits	11 years	11 years
Health premium care rates	7% in 2025, reducing to 4.00% by 2045	

4. Asset retirement obligation:

The Library owns and operates a building that are known to have asbestos, which represents a health hazard upon demolition of the building and there is a legal obligation to remove or remediate it. The obligation is determined based on the estimated undiscounted cash flows that will be required in the future to remove or remediate the asbestos containing material in accordance with current legislation.

Changes to the asset retirement obligation in the year are as follows:

	2025	2024
Opening balance	$ 121,586	$ 121,586
Inflationary adjustment	14,590	–
Closing balance	$ 136,176	$ 121,586

5. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals / asset transfer	Balance at December 31, 2025
Land	$ 62,776	$ -	$ -	$ 62,776
Buildings	4,155,776	42,239	-	4,198,015
Equipment	902,073	46,284	-	948,357
Books, CD's, videos	3,445,176	199,225	(176,160)	3,468,241
Construction in progress	-	-	-	-
Total	$ 8,565,801	$ 287,748	$ (176,160)	$ 8,677,389

Accumulated Amortization	Balance at December 31, 2024	Disposals and write-downs	Amortization	Balance at December 31, 2025
Land	$ -	$ -	$ -	$ -
Buildings	1,038,923	-	126,561	1,165,484
Equipment	828,509	-	47,509	876,018
Books, CD's, videos	2,812,078	(176,160)	161,357	2,797,275
Construction in progress	-	-	-	-
Total	$ 4,679,510	$ (176,160)	$ 335,427	$ 4,838,777

	Net book value, December 31, 2024	Net book value, December 31, 2025
Land	$ 62,776	$ 62,776
Buildings	3,116,853	3,032,531
Equipment	73,564	72,339
Books, CD's, videos	633,098	670,966
Construction in progress	-	-
Total	$ 3,886,291	$ 3,838,612

5. Tangible capital assets (continued):

Cost	Balance at December 31, 2023	Additions	Disposals / asset transfer	Balance at December 31, 2024
Land	$ 62,776	$ -	$ -	$ 62,776
Buildings	3,496,099	222,400	437,277	4,155,776
Equipment	891,505	10,568	-	902,073
Books, CD's, videos	3,388,510	184,798	(128,132)	3,445,176
Construction in progress	437,277	-	(437,277)	-
Total	$ 8,276,167	$ 417,766	$ (128,132)	$ 8,565,801

Accumulated Amortization	Balance at December 31, 2023	Disposals and write-downs	Amortization	Balance at December 31, 2024
Land	$ -	$ -	$ -	$ -
Buildings	914,109	-	124,814	1,038,923
Equipment	788,888	-	39,621	828,509
Books, CD's, videos	2,785,998	(128,132)	154,212	2,812,078
Construction in progress	-	-	-	-
Total	$ 4,488,995	$ (128,132)	$ 318,647	$ 4,679,510

	Net book value, December 31, 2023	Net book value, December 31, 2024
Land	$ 62,776	$ 62,776
Buildings	2,581,990	3,116,853
Equipment	102,617	73,564
Books, CD's, videos	602,512	633,098
Construction in progress	437,277	-
Total	$ 3,787,172	$ 3,886,291

6. Related party transactions:

The expenditures noted in Schedule 1 for purchased services are paid to the Corporation of the City of North Bay. These expenditures are measured at exchange amounts and consist of financial services, human resources, legal, information technology, telephone and internet.

7. Economic dependence:

The Library is dependent on fund transfers from the Corporation of the City of North Bay. The ability of the Library to continue service delivery in its present form is dependent on this funding.

8. Budget information:

The budgeted information presented for comparative purposes are those approved by the Board of Directors.

9. Accumulated surplus:

The Library's accumulated surplus balance at year end consists of the following:

	2025	2024
Invested in tangible capital assets (note 5)	$ 3,838,612	$ 3,886,289
Reserve funds	901,800	917,797
Amounts to be funded from future revenues	(454,249)	(425,458)
	$ 4,286,163	$ 4,378,628

10. Pension agreements:

OMERS provides pension services to more than 500,000 active retired members of approximately 974 employers. Each year an independent actuary determines the funding status of OMERS primary pension plan (the “Plan”) by comparing actuarial value of invested assets to estimated present value of all pension benefits that members have earned to date. Because OMERS is a multi-employer plan, any pension surpluses or deficits are a joint responsibility of the 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 $129,534 (2024 - $119,690).

NORTH BAY PUBLIC LIBRARY BOARD

Schedule 1 - Detailed Schedule of Expenses

For the year ended December 31, 2025, with comparative information for 2024

	2025 Budget	2025 Actual	2024 Actual
Salaries and benefits:			
Salaries	$ 1,826,892	$ 1,732,759	$ 1,640,244
Overtime	5,500	8,169	3,180
Benefits	547,340	486,358	511,246
	2,379,732	2,227,286	2,154,670
Library building:			
Building maintenance costs	36,600	105,162	105,527
Utility costs	62,446	58,641	56,918
Insurance costs	17,500	18,465	17,149
	116,546	182,268	179,594
Administration:			
Office supplies	10,500	12,076	9,811
Telephone	5,500	6,193	6,086
Postage / courier	5,000	6,103	5,509
Membership fees	1,600	1,216	700
Promotion costs	9,000	5,322	8,165
Professional development	4,900	10,331	5,105
Audit / treasurer fees	11,437	11,498	11,225
Collection agency fees	500	183	257
Photocopy costs	7,500	5,025	5,400
Systems maintenance contract	30,000	37,399	34,253
Other contracts and miscellaneous costs	105,453	91,109	77,339
Employee parking	10,000	9,797	9,502
	201,390	196,252	173,352
Purchased services:			
Purchased services (note 7)	75,586	75,570	74,104
Operating:			
Book repairs and processing	22,000	18,666	19,658
Electronic materials	92,000	100,444	89,209
	114,000	119,110	108,867
Minor capital purchases and other:			
Furniture and equipment	4,000	5,232	2,704
One-time costs	20,000	19,678	18,823
Amortization of tangible capital assets	190,000	335,427	318,647
	214,000	360,337	340,174
Total expenditures	$ 3,101,254	$ 3,160,823	$ 3,030,761