

Financial Statements of

**CITY OF MARKHAM PUBLIC  
LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2025

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of the City of Markham

### ***Opinion***

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

- the statement of financial position as at December 31, 2025
- the statement of operations 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.

***DRAFT***

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

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# CITY OF MARKHAM PUBLIC LIBRARY BOARD

## Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
<b>Financial Assets</b>		
Cash	\$ 9,995	\$ 2,770
Due from the City of Markham (note 6)	7,317,092	7,567,244
Other receivables	85,445	72,680
	<u>7,412,532</u>	<u>7,642,694</u>
<b>Financial Liabilities</b>		
Accounts payable	39,223	24,209
Accrued salaries and wages	706,134	633,267
Accrued vacation pay (note 4)	197,019	186,572
Deferred revenue	118,910	115,643
	<u>1,061,286</u>	<u>959,691</u>
Net financial assets	6,351,246	6,683,003
<b>Non-Financial Assets</b>		
Tangible capital assets (note 3)	6,458,776	6,158,665
Prepaid expenses	80,656	97,561
	<u>6,539,432</u>	<u>6,256,226</u>
Accumulated surplus	<u>\$ 12,890,678</u>	<u>\$ 12,939,229</u>

See accompanying notes to financial statements.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

## Statement of Operations

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

	2025 Budget (note 7)	2025 Actual	2024 Actual
<b>Revenue:</b>			
City of Markham grants	\$ 19,339,325	\$ 19,339,325	\$ 18,060,382
Province of Ontario:			
Per household grant	228,778	228,778	228,778
Seniors grant	—	—	12,659
Federal grant: summer employment	—	19,264	—
Program fees	509,819	529,968	500,491
Fines and fees	—	43,312	47,039
Rentals	30,148	29,846	28,131
Photocopying	45,250	59,138	49,828
Sales	86,186	102,469	90,668
Miscellaneous	18,791	30,582	28,296
	20,258,297	20,382,682	19,046,272
<b>Expenses:</b>			
Salaries, wages and benefits	14,857,986	14,918,560	13,624,100
Depreciation (note 3)	1,658,136	1,764,126	1,898,630
Library materials and supplies	1,485,000	1,565,667	1,528,567
Property rental/leased equipment	926,870	930,775	927,551
Contracts and service agreements	281,389	276,428	264,322
Maintenance and repairs	216,292	215,664	193,913
Communication	169,290	96,671	153,815
Utilities	175,810	171,359	152,203
Professional services	94,713	185,392	122,694
Program expenses	111,115	122,645	107,944
Training and travel	115,166	108,709	107,396
Printing and office supplies	36,078	35,479	29,866
Promotion	35,588	37,516	22,237
Office furniture and equipment	3,000	2,242	3,706
	20,166,433	20,431,233	19,136,944
Annual surplus (deficit)	91,864	(48,551)	(90,672)
Accumulated surplus, beginning of year	12,939,229	12,939,229	13,029,901
Accumulated surplus, end of year	\$ 13,031,093	\$ 12,890,678	\$ 12,939,229

See accompanying notes to financial statements.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

## Statement of Changes in Net Financial Assets

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

	2025	2024
Annual deficit	\$ (48,551)	\$ (90,672)
Acquisition of tangible capital assets	(2,064,237)	(2,015,534)
Depreciation of tangible capital assets	1,764,126	1,898,630
Change in non-financial assets and liabilities	16,905	119,635
	(283,206)	2,731
Decrease in net financial assets	(331,757)	(87,941)
Net financial assets, beginning of year	6,683,003	6,770,944
Net financial assets, end of year	\$ 6,351,246	\$ 6,683,003

See accompanying notes to financial statements.

# CITY OF MARKHAM 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 deficit	\$ (48,551)	\$ (90,672)
Depreciation of tangible capital assets (note 3)	1,764,126	1,898,630
Change in non-cash item balances:		
Other receivables	(12,765)	31,147
Accounts payable	15,014	(28,909)
Accrued salaries and wages	72,867	104,399
Accrued vacation pay	10,447	5,883
Deferred revenue	3,267	(19,925)
Prepaid expenses	16,905	119,635
	1,821,310	2,020,188
Capital activities:		
Acquisition of tangible capital assets (note 3)	(2,064,237)	(2,015,534)
Financing activities:		
Due from the City of Markham	250,152	(5,394)
Increase (decrease) in cash	7,225	(740)
Cash, beginning of year	2,770	3,510
Cash, end of year	\$ 9,995	\$ 2,770

See accompanying notes to financial statements.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements Year ended

December 31, 2025

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## 1. Description of business:

The City of Markham Public Library Board (the "Library Board") is a local board of the City of Markham (the "City") deemed to be a public library board established under the Public Libraries Act (Ontario) and is responsible for providing public library services that reflect the community's unique needs. The Public Libraries Act (Ontario) has also designated the Board as a special library service board to provide library resources and services to the Ontario library community.

The financial statements of the Library Board have been prepared by management in accordance with Canadian generally accepted accounting principles established by the Public Sector Accounting Board ("PSAB") of the Chartered Professional Accountants of Canada. The Library Board is economically dependent on the City of Markham for financial support through grants.

## 2. Significant accounting policies:

### (a) Basis of accounting:

Revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it becomes available and measurable; expenditures are the cost of goods or services acquired in the year whether or not payment has been made or invoices received.

### (b) Government transfers:

Government transfers are recognized in the financial statements in the year 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. The Corporation of the City of Markham's contribution consists of the current year's requisition as approved by City Council.

### (c) 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.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Significant accounting policies (continued):

(i) Tangible capital assets:

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

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Furniture and fixtures	10
Media collection	7

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The financial information recorded includes the actual or estimated historical cost of the tangible capital assets. When historical cost records were not available, other methods were used to estimate the costs and accumulated amortization of the assets. The City of Markham Public Library Board ("Markham Public Library") applied a consistent method of estimating the replacement or reproduction cost of the tangible capital assets for which it did not have historical cost records, except in circumstances where it could be demonstrated that a different method would provide a more accurate estimate of the cost of a particular type of tangible capital asset. After defining replacement or reproduction cost, CPI was used to deflate the replacement or reproduction cost to an estimated historical cost at the year of acquisition.

Library media collections include all non-electronic publications with a useful life extending beyond one year. Electronic products are expensed in the year of acquisition as library materials and supplies within the statement of operations. Amortization is pro-rated to six months in the year of acquisition and in the year of disposal.

(ii) Works of art, culture and historic assets:

Works of art, culture and historic assets are not recorded as assets in these financial assets.

(d) 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.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Significant accounting policies (continued):

### (e) Pension agreement:

The Library Board contributes to the Ontario Municipal Employees Retirement System on behalf of its staff. The plan is a defined benefit plan and specifies the amount the retirement benefit to be received by the employees based upon length of credited service and average earnings. As the plan is a multi-employer plan, the Library Board accounts for the plan as if it were a defined contribution plan.

### (f) Use of estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the year. Actual results could differ from those estimates.

### (g) Vacation pay:

Vacation entitlements are accrued for as earned by the employee. Values are derived by the employees current wage rate and vacation entitlement, unless specified otherwise in employment contracts or union agreements.

### (h) Related party transactions:

A related party exists when one party has the ability to exercise control or shared control over the other. Related parties also include key management personnel, such as City Councillors, as well as their close family members.

PS 2200, Related Party Disclosure, requires the City to disclose circumstances in which the entity enters into transactions with its related parties at a value different from that which would have been arrived at if the parties were unrelated (i.e. not at arm's length) and these transactions are considered to have a significant financial impact on the City's financial statements. In the event qualifying transactions are identified, the City would disclose the nature of relationships with all involved parties, type of related party transaction, and amounts recognized in the financial statements.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 2. Significant accounting policies (continued):

(i) Adoption of new accounting standards:

The Library Board did not adopt any new public sector accounting standards ("PS"), as no new accounting standard or amendment is effective for the year ended December 31, 2025.

(j) 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 Board'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 Board's December 31, 2027 year end).

(iii) PS 3251, Employee Benefits, will replace the current sections PS 3250 and PS 3255. The proposed section is currently pending final approval, with an expected effective date of April 1, 2029 (the Library Board'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 Board'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.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

### 3. Tangible capital assets:

	Furniture and fixtures	Media collection	Total
<b>Cost</b>			
Balance, December 31, 2024	\$ 2,324,618	\$ 14,345,313	\$ 16,669,931
Additions	78,455	1,985,782	2,064,237
Disposals*	(141,906)	(3,293,240)	(3,435,146)
<b>Balance, December 31, 2025</b>	<b>\$ 2,261,167</b>	<b>\$ 13,037,855</b>	<b>\$ 15,299,022</b>
<b>Accumulated depreciation</b>			
Balance, December 31, 2024	\$ 1,364,553	\$ 9,146,713	\$ 10,511,266
Additions	212,668	1,551,458	1,764,126
Disposals*	(141,906)	(3,293,240)	(3,435,146)
<b>Balance, December 31, 2025</b>	<b>\$ 1,435,315</b>	<b>\$ 7,404,931</b>	<b>\$ 8,840,246</b>
<b>Net book value</b>			
As at December 31, 2024	\$ 960,065	\$ 5,198,600	\$ 6,158,665
As at December 31, 2025	825,852	5,632,924	6,458,776

\*The disposals pertain to fully depreciated pooled assets; as the assets pool have been completely depreciated, these have been removed. Consequently, no cash proceeds were received.

### 4. Accrued vacation pay:

Full-time staff is entitled to carry forward up to 50 percent of the earned vacation, to be used no later than June of the following year.

At year end, the number of unused vacation days for full-time staff totaled 544.88 days (2024 - 525.02 days).

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

## 5. Pension agreements:

The Library Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer public sector pension plan, on behalf of 227 members (2024 - 184) of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of services and rates of pay.

The amount contributed to OMERS for current services for 2025 was \$981,182 (2024 - \$892,129).

## 6. Due from the City of Markham:

The amount due from the City is not subject to any specific terms of repayment and does not bear any interest. The amount arises primarily as the result of net current year operations and capital expenditure incurred by the City on behalf of the Markham Public Library Board and is consolidated with the City's financial statements.

	2025	2024
Balance, beginning of year	\$ 7,567,244	\$ 7,561,850
Annual deficit	(48,551)	(90,672)
Depreciation	1,764,126	1,898,630
Acquisition of fixed assets	(2,064,237)	(2,015,534)
Change in cash and working capital	98,510	212,970
Balance, end of year	\$ 7,317,092	\$ 7,567,244

## 7. Budget:

The 2025 operating budget was approved by the Council on September 9, 2025, and subsequently approved by the Library Board on May 26, 2025.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 8. Financial instruments:

### (a) 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 - when valuation can be based on quoted prices in active markets for identical assets and liabilities;
- Level 2 - when they are valued using quoted prices for similar assets and liabilities, quoted prices in markets that are not active, or models using inputs that are observable; and
- Level 3 - when their values are determined using pricing models, discounted cash flow methodologies or similar techniques and at least one significant model assumption or input is unobservable.

Fair value inputs are taken from observable markets where possible, but if they are unavailable, judgement is required in establishing fair value. The Library Boards' fair value hierarchy is classified as Level 1 for all financial assets and liabilities.

### (b) Credit risk:

Credit risk is the risk of a financial loss to the Library Board if a customer or counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the City consisting of other receivables.

As at December 31, 2025, there were no significant balances of other receivable due except for the City of Markham as per note 6.

# CITY OF MARKHAM PUBLIC LIBRARY BOARD

Notes to Financial Statements (continued)

Year ended December 31, 2025

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## 8. Financial instruments (continued):

### (c) Liquidity risk:

Liquidity risk is the risk that the Library Board will not be able to meet its obligations as they become due. The Library Board's objective is to have sufficient liquidity to meet these liabilities when due. The Library Board monitors its cash balance and cash flows generated from operations to meet its liquidity requirements. There has been no change to the risk exposure from 2024.

### (d) Market risk:

Market risk is the risk that changes in market price, such as foreign exchange rates, interest rates and other price risks, will affect an entity's net results of operations or the fair value of its holdings of financial instruments. The Library Board does not have any market risk.