FINANCIAL REPORT

TOWNSHIP OF WAINFLEET PUBLIC LIBRARY BOARD

DECEMBER 31, 2025

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Independent auditor's report

To the Board, Members of Council, Inhabitants and Taxpayers of the Corporation of the Township of Wainfleet

Qualified Opinion

We have audited the financial statements of the Wainfleet Public Library Board ("the Library"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations, changes in net financial assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Wainfleet Public Library Board as at December 31, 2025, and its results of operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

The Library derives revenue from donations and cash sales, 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 Wainfleet Public Library Board. Therefore, we were not able to determine whether any adjustments might be necessary to donations and other revenue and annual surplus for the years ended December 31, 2025 and 2024, net financial assets as at December 31, 2025 and 2024, and accumulated surplus as at January 1 and December 31 for both the 2025 and 2024 years. Our audit opinion on the financial statements for the year ended December 31, 2024 was modified 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 report. We are independent of the Library in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statement

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for public sector organizations, 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 Library'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 Library or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Library'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 these 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 Library'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 Library'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 Library 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.

We 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.

Doane Grant Thornton LLP

Port Colborne, Canada
April 14, 2026

Chartered Professional Accountants
Licensed Public Accountants

TOWNSHIP OF WAINFLEET
PUBLIC LIBRARY BOARD
STATEMENT OF FINANCIAL POSITION

As at December 31, 2025

	2025	2024
Financial Assets		
Cash (Note 3)	$ **25,809**	$ 9,017
Receivables	**-**	6,420
Due from Township of Wainfleet	**260,548**	246,234
	286,357	261,671
Financial Liabilities		
Payables and accruals	**19,530**	17,933
Employee benefit obligations (Note 4 and 9)	**24,191**	22,458
	43,721	40,391
Net Financial Assets	**242,636**	221,280
Non-Financial Assets		
Tangible capital assets (Page 15)	**156,879**	176,939
Prepaids	**2,543**	-
	159,422	176,939
Accumulated Surplus (Note 5)	$ **402,058**	$ 398,219

On behalf of the Board

See accompanying notes and schedule to the financial statements.

TOWNSHIP OF WAINFLEET
PUBLIC LIBRARY BOARD
STATEMENT OF OPERATIONS

For the Year Ended December 31, 2025

	2025 Budget (Note 10)	2025 Actual	2024 Actual
Revenues			
Municipal contributions	$ 490,153	**$ 490,153**	$ 480,153
Government transfers (Note 6)	21,376	**21,376**	21,376
Program fees	8,300	**5,290**	4,854
Other (Note 7)	2,300	**4,292**	3,837
	522,129	**521,111**	510,220
Expenses			
Salaries, wages and benefits (Note 8)	436,090	**412,810**	409,148
Periodicals and newspapers	12,400	**19,770**	15,069
Administration	42,100	**36,575**	34,764
Insurance	3,673	**3,498**	3,231
Supplies	1,050	**966**	766
Amortization	43,653	**43,653**	47,625
	538,966	**517,272**	510,603
Annual surplus (deficit)	(16,837)	**3,839**	(383)
Accumulated Surplus (Note 5)			
Beginning of year	398,219	**398,219**	398,602
End of year	$ 381,382	**$ 402,058**	$ 398,219

See accompanying notes and schedule to the financial statements.

TOWNSHIP OF WAINFLEET
PUBLIC LIBRARY BOARD
STATEMENT OF CHANGES IN NET FINANCIAL ASSETS
For the Year Ended December 31, 2025

	2025 Budget (Note 10)	2025 Actual	2024 Actual
Annual surplus (deficit)	$ (16,837)	**$ 3,839**	$ (383)
Amortization of tangible capital assets	43,653	**43,653**	47,625
Acquisition of tangible capital assets	(35,750)	**(23,593)**	(31,483)
Acquisition of prepaids	-	**(2,543)**	-
Increase in net financial assets	(8,934)	**21,356**	15,759
Net Financial Assets			
Beginning of year	221,280	**221,280**	205,521
End of year	$ 212,346	**$ 242,636**	$ 221,280

See accompanying notes and schedule to the financial statements.

TOWNSHIP OF WAINFLEET PUBLIC LIBRARY BOARD

STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2025

	2025	2024
Increase in cash		
Operating activities		
Annual surplus (deficit)	**$ 3,839**	$ (383)
Non-cash items:		
Amortization of tangible capital assets	**43,653**	47,625
Change in non-cash assets and liabilities:		
Receivables	**6,420**	14,956
Prepaids	**(2,543)**	-
Due from Township of Wainfleet	**(14,314)**	(32,419)
Payables and accruals	**1,597**	(800)
	38,652	28,979
Financing activities		
Increase in employee benefit obligations	**1,733**	3,002
Capital activities		
Acquisition of tangible capital assets	**(23,593)**	(31,483)
Net increase in cash	**16,792**	498
Cash		
Beginning of year	**9,017**	8,519
End of year	**$ 25,809**	$ 9,017

See accompanying notes and schedule to the financial statements.

TOWNSHIP OF WAINFLEET
PUBLIC LIBRARY BOARD
NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2025

1. **Purpose of the Library**

   The Wainfleet Public Library ("the Library") provides informational and literacy-based community programming for all demographics which is supported by a wide range of virtual and physical collections and services. All of this is provided to residents of the Township of Wainfleet and residents of other municipalities who have contracted with the Library for services.

2. **Significant accounting policies:**

Management responsibility

The financial statements of the Library are the responsibility of and prepared by management in accordance with Canadian public sector accounting standards. The preparation of the financial statements necessarily involves the use of the estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The significant accounting policies used are as follows:

a) Reporting entity

The financial statements reflect the financial assets, liabilities, non-financial assets, revenues, expenses and changes in accumulated surplus of the Library

b) Basis of accounting

Sources of revenue and expenses are reported on the accrual basis of accounting. The accrual basis of accounting records revenues in the period they are earned and measurable and expenses in the period the goods and services are acquired and a liability is incurred.

c) Deferred revenue

Revenue which is restricted by legislation of senior governments or by agreement with external parties is deferred and reported as deferred revenue. When qualifying expenses are incurred, deferred revenue is reported as revenue in the Statement of Operations in equal amounts. Revenues received before it is earned is deferred and reported as revenue when earned

2. Significant accounting policies (continued):

d) Employee future benefits

The present value of the cost of providing employees with future benefit programs is expensed as employees earn these entitlements through service. Vacation entitlements are accrued as they are earned.

e) Tangible capital assets

Tangible capital assets are recorded at cost. Costs include all directly attributable costs for acquisition, construction, development and/or betterment of the asset, required to install the asset at the location and in the condition necessary for its intended use. Contributed tangible assets are capitalized at their estimated fair value upon acquisition.

The Library does not capitalize interest as part of the costs of its capital assets.

Amortization is calculated on a straight-line basis to write-off the net cost of each asset over its useful life for all classes except land. Land is considered to have infinite life without amortization. Residual values of assets are assumed to be zero with any net gain or loss arising from the disposal of assets recognized in the Statement of Operations.

Amortization is based on the following classifications and useful lives:

Classification	Useful Life
Land improvements	20 to 30 years
Buildings	8 to 50 years
Library collection	7 years
Furniture and fixtures	4 to 7 years
Machinery and equipment	4 to 15 years

Assets under construction are not amortized until the asset is available for productive use.

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

f) Leases

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

2. Significant accounting policies (continued):

g) Revenue recognition

i) User charges

User charges are recognized when the services are performed or goods are delivered and there is reasonable assurance of collection.

ii) Government transfers

Government transfers received are recognized in the financial statements as revenue when the transfers are authorized and all eligibility criteria have been met except when there is a stipulation that gives rise to an obligation that meets the definition of a liability. In that case, the transfer is recorded as a liability and recognized as a revenue as the stipulations are met.

Government transfers to individuals and other entities are recognized as an expense when the transfers are authorized and all eligibility criteria have been met.

iii) Other

Other revenue is recorded when it is earned and collection is reasonably assured.

h) Reserves for future expenses

Certain amounts, as approved by the Library and recommended to the Township of Wainfleet, are set aside in reserves for future operating and capital expenses.

i) Use of estimates

The preparation of the 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 disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. Areas in which management make estimates are with regards to accrued liabilities, employee future benefits and useful lives of tangible capital assets.

2. Significant accounting policies (continued):

j) Financial instruments

The Library initially measures its financial assets and financial liabilities at fair value. The Library subsequently measures all its financial assets and financial liabilities at amortized cost, except for portfolio investments in active market equity instruments and derivatives, which are recorded at fair value with unrealized gains and losses in the Statement of Remeasurement gains and Losses. Once realized, remeasurement gains and losses are transferred to the Statement of Operations. Changes in fair value on restricted assets are treated as liabilities until restrictions are met, upon which the gain or loss is recognized in the Statement of Operations. Transaction costs for instruments at cost are added to their carrying value, while those for fair value instruments are expensed immediately. Financial liabilities are removed from the Statement of Financial Position upon discharge, cancellation, or expiration.

Financial assets measured at amortized cost include cash, receivables and due from Township of Wainfleet.

Financial liabilities measured at amortized cost include payables and accruals.

3. Cash

	2025	2024
Cash on hand	$ 300	$ 300
Bank balances	25,509	8,717
	$ 25,809	$ 9,017

4. Employee benefit obligations:

	2025	2024
Post-employment benefits	$ 24,191	$ 22,458

Employees eligible to retire under OMERS early retirement provisions are eligible to receive medical and life insurance benefits to the age of sixty-five. The Library pays the total premiums for such benefits.

The post-employment benefits obligation is calculated using the average age and average service life of the applicable employees. The obligation is calculated using an extrapolation of current medical and life insurance premiums and estimated benefits to be paid to current retirees.

The Library's obligation under the post-employment provision of employment agreements will be funded out of future revenue.

5. Accumulated surplus:

	2025	2024
Operating surplus	**$ 54,393**	$ 55,912
Investment in tangible capital assets	**156,879**	176,939
Reserves and reserve funds	**214,977**	187,826
Unfunded employee benefit obligations	**(24,191)**	(22,458)
	$ 402,058	$ 398,219

6. Government transfers

	2025 Budget	2025 Actual	2024 Actual
Operating			
Province of Ontario			
Public library operating grant	$ 14,956	**$ 14,956**	$ 14,956
SOLS connectivity grant	6,420	**6,420**	6,420
	$ 21,376	**$ 21,376**	$ 21,376

7. Other revenue

	2025 Budget	2025 Actual	2024 Actual
Photocopiers and laminator	$ 1,600	**$ 1,366**	$ 2,324
Donations	-	**59**	118
Donations – reserve and reserve funds	-	**1,520**	400
Interest – reserve and reserve funds	-	**316**	498
Other	700	**1,031**	497
	$ 2,300	**$ 4,292**	$ 3,837

8. Salaries, wages and benefits

	2025 Budget	2025 Actual	2024 Actual
Salaries and wages	$ 344,580	**$ 330,476**	$ 329,096
Benefits	91,510	**82,334**	80,052
	$ 436,090	**$ 412,810**	$ 409,148

9. Pension agreements

The Library makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer plan, on behalf of the members of its staff. The plan is a defined benefit plan that specified the amount of retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Since OMERS is a multi-employer pension plan, the Municipality does not recognize any share of the pension plan deficit of $ 6.1 billion (2024 - $ 4.3 billion) based on the fair market value of the plan's assets, as this is a joint responsibility of all Ontario municipal entities and their employees. Contributions were made in 2024 calendar year at rates from 9.0% to 15.8% depending on the member's designated retirement age and level of earnings. Employer contributions for current and past service are included as an expense in the Statement of Operations. Employer contributions to OMERS for 2025 current and past service was $ 26,917 (2024 - $ 25,997) and were matched by employee contributions in a similar amount.

10. Budget

The budget was prepared on a modified accrual basis while Canadian public sector accounting standards require a full accrual basis. As a result, the budget figures presented in the Statement of Operations and Statement of Changes in Net Financial Assets represent the budget adopted by the Board with the following adjustments:

Budgeted annual surplus	$ -
Add:	
Acquisition of tangible capital assets	35,750
Less:	
Transfers (from) to reserves, net	(8,934)
Amortization of tangible capital assets	(43,653)
Budgeted deficit per Statement of Operations	$ (16,837)

11. Financial instruments

The Library is exposed to various risks through its financial instruments. The following analysis provides a measure of the Library's risk exposures as at December 31, 2025:

(a) Credit risk

Credit risk is the risk of financial loss to the Library if a debtor fails to pay the amounts owing to the Library. The Library is exposed to this risk arising from its cash and receivables. The Library holds its cash accounts with a provincially regulated credit union who is insured by the Financial Services Regulatory Authority of Ontario (FRSA). In the event of default, the Library's cash accounts are insured.

Accounts receivable is primarily due from government, corporations and individuals. Credit risk is mitigated by the highly diversified nature of the debtors and other customers. The Library measures its exposure to credit risk based on how long the amounts have been outstanding. There were no changes in exposures to credit risk during the period.

(b) Liquidity risk

Liquidity risk is the risk that the Library will not be able to meet all cash outflow obligations as they come due. The Library mitigates this risk by monitoring cash activities and expected outflows through extensive budgeting and maintaining adequate cash levels. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

(c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Library is only exposed to interest rate risk.

Interest rate risk is the potential for financial loss caused by fluctuations in the fair value or future cash flows of financial instruments because of changes in market interest rates. The Library is exposed to this risk through its interest-bearing bank balance. There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the risk.

12. Comparative figures

Certain comparative figures have been reclassified to conform with the current year's presentation.

TOWNSHIP OF WAINFLEET
PUBLIC LIBRARY BOARD
SCHEDULE OF TANGIBLE CAPITAL ASSETS
For the Year Ended December 31, 2025

	Land Improvements	Building	Library Collection	Machinery and Equipment	**2025**	2024
Cost						
Beginning of year	$ 14,782	$ 385,561	$ 207,384	$ 34,208	**$ 641,935**	$ 652,578
Additions	-	2,042	21,551	-	**23,593**	31,483
Disposals	-	-	(32,803)	(9,234)	**(42,037)**	(42,126)
End of year	14,782	387,603	196,132	24,974	**623,491**	641,935
Accumulated Amortization						
Beginning of year	10,452	308,040	122,490	24,014	**464,996**	459,497
Amortization	271	9,815	28,019	5,548	**43,653**	47,625
Amortization on disposals	-	-	(32,803)	(9,234)	**(42,037)**	(42,126)
End of year	10,723	317,855	117,706	20,328	**466,612**	464,996
Net book value	$ 4,059	$ 69,748	$ 78,426	$ 4,646	**$ 156,879**	$ 176,939