Financial Statements of

THE CAMBRIDGE PUBLIC LIBRARY BOARD

And Independent Auditor’s Report thereon

Year ended December 31, 2025

KPMG LLP
120 Victoria Street South
Suite 600
Kitchener, ON N2G 0E1
Canada
Telephone 519 747 8800
Fax 519 747 8811

INDEPENDENT AUDITOR'S REPORT

To the To the Board Members, Members of Council, Inhabitants and Ratepayers of The Corporation of The City of Cambridge

Opinion

We have audited the financial statements of Cambridge Public Library (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 debt 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 remeasurement of gains and losses, its changes in net debt 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

Kitchener, Canada

April 27, 2026

THE CAMBRIDGE PUBLIC LIBRARY BOARD

Statement of Financial Position

December 31, 2025, with comparative information for 2024

		2025		2024
Financial assets				
Cash	$	1,009,143	$	541,306
Accounts receivable		93,780		97,445
Receivable from the City of Cambridge		231,651		141,939
Investments (note 5)		768,788		745,110
Total financial assets		2,103,362		1,525,800
Liabilities				
Accounts payable and accrued liabilities		971,887		626,112
Deferred revenue (note 7)		456,246		377,257
Post-employment benefits (note 8)		1,671,353		1,703,332
Total liabilities		3,099,486		2,706,701
Net debt		(996,124)		(1,180,901)
Non-financial assets				
Tangible capital assets (note 6)		1,577,686		1,614,199
Prepaid expenses		356,397		346,872
		1,934,083		1,961,071
Accumulated surplus (note 10)	$	937,959	$	780,170

The accompanying notes are an integral part of these financial statements.

Signed on behalf of the Board of Directors:

_________________ Director

_________________ Director

THE CAMBRIDGE PUBLIC LIBRARY BOARD

Statement of Operations and Accumulated Surplus

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

	Budget	Library	Gallery	2025 Total	2024 Total
Revenue:					
City of Cambridge operating grant	$ 9,161,000	$ 8,609,100	$ 551,900	$ 9,161,000	$ 8,601,200
Federal and provincial support grants (note 2)	295,200	161,464	133,829	295,293	295,293
Contracts and rental	149,000	129,180	–	129,180	129,286
User fees and other income	42,400	101,547	222	101,769	86,128
Other grants	5,000	57,601	21,037	78,638	45,396
Endowment and investment income	50,000	39,604	26,816	66,420	80,858
Donations and fundraising	10,300	7,409	100	7,509	71,109
Total revenue	9,712,900	9,105,905	733,904	9,839,809	9,309,270
Expenses:					
Personnel	7,516,500	6,893,913	472,358	7,366,271	6,914,313
Amortization of tangible capital assets	–	736,448	4,150	740,598	704,460
Digital services	407,900	394,350	–	394,350	301,449
Building and equipment	445,300	341,364	1,026	342,390	385,641
Collections	789,150	350,544	674	351,218	337,707
Administrative	201,400	199,985	13,642	213,627	184,099
Interdepartmental overhead allocation	–	(110,548)	110,548	–	–
Utilities	250,000	233,416	–	233,416	220,638
Programming	169,750	76,868	108,277	185,145	188,208
Purchased services	282,600	401,645	–	401,645	379,009
Grant expenses	–	10,597	17,029	27,626	1,188
Total expenses	10,062,600	9,528,582	727,704	10,256,286	9,616,712
	(349,700)	(422,677)	6,200	(416,477)	(307,442)
Other income (expense):					
Contribution from City of Cambridge reserves	225,000	225,000	–	225,000	146,000
Contribution to City of Cambridge reserves	(24,300)	(114,502)	(6,200)	(120,702)	(219,028)
City of Cambridge capital contributions	109,000	469,968	–	469,968	335,226
Contribution from internally restricted donations and fundraising	40,000	–	–	–	–
	349,700	580,466	(6,200)	574,266	262,198
Annual surplus (deficit)	–	157,789	–	157,789	(45,244)
Accumulated surplus, beginning of year	780,170	439,295	340,875	780,170	825,414
Accumulated surplus, end of year	$ 780,170	$ 597,084	$ 340,875	$ 937,959	$ 780,170

The accompanying notes are an integral part of these financial statements.

THE CAMBRIDGE PUBLIC LIBRARY BOARD

Statement of Changes in Net Debt

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

	2025	2024
Excess (deficiency) of revenue over expenses	$ 157,789	$ (45,244)
Acquisition of tangible capital assets	(704,085)	(724,304)
Amortization of tangible capital assets	740,598	704,460
	194,302	(65,088)
Change in prepaid expenses	(9,525)	(201,163)
Change in net debt	184,777	(266,251)
Net debt, beginning of year	(1,180,901)	(914,650)
Net debt, end of year	$ (996,124)	$ (1,180,901)

See accompanying notes to financial statements.

THE CAMBRIDGE 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:		
Excess (deficiency) of revenue over expenses	$ 157,789	$ (45,244)
Items not involving cash		
Post-employment benefits expense	(31,979)	(29,423)
Amortization of tangible capital assets	740,598	704,460
Changes in non-cash working capital:		
Accounts receivable	3,665	9,456
Receivable from the City of Cambridge	(89,712)	(156,360)
Accounts payable and accrued liabilities	345,775	39,494
Deferred revenue	78,989	10,516
Prepaid expenses	(9,525)	(201,163)
Cash provided by operating activities	1,195,600	331,736
Investing activities:		
Purchase of investments	(23,678)	(29,261)
Sale of investments	–	89,699
Purchase of capital assets	(704,085)	(724,304)
Cash used in investing activities	(727,763)	(663,866)
Increase (decrease) in cash	467,837	(332,130)
Cash, beginning of year	541,306	873,436
Cash, end of year	$ 1,009,143	$ 541,306

The accompanying notes are an integral part of these financial statements.

The Cambridge Public Library Board (the "Board") was incorporated as a not-for-profit organization, without share capital, under the laws of Ontario. It is a registered charity and a local board of the Corporation of the City of Cambridge (the "City") and is dependent on the City for a significant portion of its operating and capital funding. The Board operates two segments being Library operations ("Library") and Gallery operations ("Gallery").

The Board supports and inspires the community in the exploration of reading, arts, innovation and learning.

1. Significant accounting policies:

The financial statements of the Board are the representation of management and have been prepared in accordance with Canadian generally accepted accounting principles for local governments, as recommended by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. Since precise determination of many assets and liabilities is dependent upon future events, the preparation of periodic financial statements necessarily involves the use of estimates and approximations. These have been made using careful judgments. The following is a summary of the significant accounting policies followed in the preparation of these financial statements.

(a) Accrual basis of accounting:

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Revenue recognition:

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

i) Grants and contributions received are recognized as revenue in the year in which the related expenditures are incurred.

ii) User fee revenue is recognized when the cash is collected.

iii) Revenue from donations without donor specifications and fundraising events is recognized when the cash is collected.

iv) Endowment and investment income are recognized as revenue in the period realized.

1. Significant accounting policies (continued):

(c) 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 asset. The cost, less residual value, of the tangible capital assets are amortized on a straight-line basis over their estimated useful lives as follows:

Asset	Rate
Library collections	3 – 5 years
Furniture and equipment	10 years
Computer hardware and software	5 years

(d) Deferred revenue:

Deferred revenue represents donations, grants and user charges and fees which have been received but for which the related services have yet to be performed or expenditures are not incurred. These amounts will be recognized as revenues in the fiscal year the services are performed and/or expenditures are incurred.

(e) Collections of literary materials and artwork:

The Board's collection of literary materials and artwork are preserved and held for public education and research. The Board's collection of artwork is paid for through funds acquired by fundraising, donations and special purpose grants.

The Board has elected not to record its artwork in the statement of financial position. Gallery acquisitions are recorded as expenses in the period they are incurred.

(f) Pension plan:

The contributions to the Ontario Municipal Employers Retirement System (“OMERS”), a multi-employer defined benefit pension plan, are recorded as expenses when contributions are due.

(g) 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 retirees.

The costs of post-retirement benefits are actuarially determined using the projected benefits method prorated on service and management’s best estimate of retirement ages of employees, expected health care costs and plan investment performance. Liabilities are actuarially determined using discount rates that are consistent with the market rates of high-quality debt instruments. Any gains or losses from changes in assumptions or experience are amortized over the average remaining service period for active employees.

1. Significant accounting policies (continued):

(h) Asset retirement obligations:

An asset retirement obligation is recognized when, as 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
- reasonable estimate of the amount can be made.

As of December 31, 2025, the Board did not identify or record any asset retirement obligation.

(i) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments and equity instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments 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.

The Board's financial instruments include cash, accounts receivable, receivable from the City of Cambridge, investments, and accounts payable and accrued liabilities. The carrying values of cash, accounts receivable, receivable from the City of Cambridge, and accounts payable and accrued liabilities approximate their fair values due to the short-term nature of these financial assets and liabilities.

As all financial instruments are measured at cost or amortized cost, there have been no remeasurement gains or losses. Therefore, the Statement of Remeasurement Gains (Losses) has been excluded.

Transaction costs are incremental costs directly attributable to the acquisition or issue of a financial asset or a financial liability. Transaction costs are added to the carrying value of the instruments when they are initially recognized.

At year end, the Board assesses whether there are any indications that a financial asset measured at cost or amortized cost may be impaired. For purposes of impairment testing, each individually significant asset is assessed individually; the balance of the assets are grouped on the basis of similar credit risk characteristics. When there is an indication of impairment, the Board determines whether a significant adverse change has occurred during the year in the expected timing or amount of future cash flows from the financial asset. When there has been a significant adverse change, the carrying amount of the asset is reduced to the highest of the present value of expected cash flows; and the amount that could be realized by selling the asset.

1. Significant accounting policies (continued):

(j) 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 date of the financial statements and the reported amounts of revenue and expenses during the period. Significant items subject to such estimates and assumptions include the carrying amount of obligations related to employee future benefits. Actual results could differ from those estimates.

2. Federal and provincial support grants:

	Library	Gallery	2025 Total	2024 Total
Canada Council support grant	$ –	$ 77,000	$ 77,000	$ 77,000
Ontario Arts Council support grant	–	56,829	56,829	56,829
Provincial annual operating grant	161,464	–	161,464	161,464
	$ 161,464	$ 133,829	$ 295,293	$ 295,293

3. Gallery acquisitions:

Funding for capital acquisitions for the Gallery is provided through a combination of funds raised through fundraising, special purpose grants and donations received from Gallery supporters. In 2025, $nil in art acquisition expenditures were made (2024 - $5,088).

4. Arts Endowment Fund:

The Gallery has established the Arts Endowment Fund at the Ontario Arts Foundation under the terms of the Arts Endowment Fund (AEF) Program. The AEF is a program of the Government of Ontario through the Ministry of Tourism, Culture and Recreation, administered by the Ontario Arts Foundation. Income from the fund will be used for Gallery operating purposes. During 2025, $16,441 received from the fund was recognized in endowment and investment income (2024 - $15,180). The investments in the fund are not recorded in these financial statements. Market value of the fund as at December 31, 2025 is $331,722 (2024 - $337,835).

5. Investments:

Investments consist of amounts held with the Waterloo Region Community Foundation and the City of Cambridge as follows:

	2025 Cost	2025 Fair Value	2024 Cost	2024 Fair Value
Cash and cash equivalents	$ 26,275	$ 30,021	$ 1,217	$ 1,217
Fixed income	602,513	636,215	611,893	643,765
Canadian equities	2,000	3,248	24,000	35,250
Global equities	138,000	224,126	108,000	158,618
Total	$ 768,788	$ 893,610	$ 745,110	$ 838,850

6. Tangible capital assets:

	Cost	Accumulated amortization	2025 Net book value	2024 Net book value
Library collection	$ 1,861,779	$(1,116,558)	$ 745,221	$ 731,897
Furniture and equipment	783,724	(523,442)	260,282	273,038
Computer hardware and software	1,350,463	(778,280)	572,183	609,264
	$ 3,995,966	$(2,418,280)	$1,577,686	$ 1,614,199

7. Deferred revenue:

Deferred revenue consists of the following:

	Library	Gallery	2025 Total	2024 Total
Donations	$ 277,949	$ –	$ 277,949	$ 276,687
Grants	10,899	154,537	165,436	87,484
Contract revenue	12,629	–	12,629	12,854
Programming revenue	–	232	232	232
Total	$ 301,477	$ 154,769	$ 456,246	$ 377,257

8. Post-employment benefits:

The Board provides certain employee benefits which will require funding in future periods. An actuarial estimate of future liabilities has been completed as of December 31, 2025 and forms the basis for the estimated liability reported in these financial statements.

The significant actuarial assumptions adopted in measuring the accrued benefit obligations for the post-retirement benefit entitlements at December 31, 2025 are as follows:

	2025	2024
Future cost of long term debt	4.25%	4.5%
Future inflation rates	2.0%	2.0%
Future dental premium rates escalation	4.0%	4.0%
Future health care premium rates	5.67% declining to 4.0% by 2032	5.67%, declining to 4.0% by 2030

Information about the Board's benefit plan is as follows:

	2025	2024
Accrued benefit obligation:		
Balance, beginning of year	$ 1,703,332	$ 1,732,755
Current service cost	12,775	11,985
Interest cost	53,243	52,952
Amortization of net actuarial gains	(37,318)	(37,318)
Benefit payments	(60,679)	(57,042)
Balance, end of year	$ 1,671,353	$ 1,703,332

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

	2025	2024
Current service cost	$ 12,775	$ 11,985
Interest cost	53,243	52,952
Amortization of net actuarial gains	(37,318)	(37,318)
	$ 28,700	$ 27,619

The net actuarial gain is amortized on a straight-line basis over 14 years, which represents the expected average remaining service life of the employee group. Amortization is calculated beginning in the year following the year of occurrence of the actuarial gains or losses.

9. Pension plan:

The Board makes contributions to the Ontario Municipal Employees Retirement System (OMERS), which is a multi-employer plan, on behalf 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 service and rates of pay. Employee contributions are matched by the Board. Contributions were required on account of current service in 2025 amounting to $544,756 (2024 - $492,640).

The latest available report for the OMERS plan was as at December 31, 2025. At that time, the plan reported a $1.3 billion actuarial deficit, based on actuarial liabilities of $151.3 billion and actuarial assets of $150 billion. Ongoing adequacy of the current contribution rates will need to be monitored and may lead to increased future funding requirements. As at December 31, 2025, the Board has no obligation under the past service provisions of the OMERS agreement.

10. Accumulated surplus:

The accumulated surplus consists of the following:

	2025	2024
Invested in tangible capital assets	$ 1,577,686	$ 1,614,199
Internally restricted donations and fundraising	498,647	468,548
Unfunded post-employee benefits	(1,671,353)	(1,703,332)
General	532,979	400,755
	$ 937,959	$ 780,170

Invested in tangible capital assets represent the cumulative use of accumulated surplus used to acquire tangible capital assets, net of disposals and amortization.

Unfunded post-employment benefits represent the cumulative expenses recognized for post-employment benefit plans that have not been directly funded by the Board.

11. Commitments

The Board has the following commitments for the next five years:

2026	$ 168,603
2027	174,360
2028	142,110
2029	56,163
2030	22,043
Thereafter	13,802

12. Financial risks and concentration of risk:

(a) Market risk:

Market risk is the risk that changes in market prices, foreign exchange rates or interest rates will affect the Board's surplus or the value of its holdings of financial instruments. The objective of market risk management is to control market risk exposures within acceptable parameters.

(b) Credit risk:

Credit risk is the risk that counterparties fail to perform as contracted, resulting in a financial loss. The Board is exposed to credit risk with respect to its accounts receivable and cash. The Board assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. The maximum exposure to credit risk of the Board at December 31, 2025 is the carrying value of these assets.

The carrying amount of accounts receivable is valued with consideration for an allowance for doubtful accounts. The amount of any related impairment loss is recognized in the statement of operations. Subsequent recoveries of impairment losses related to accounts receivable are credited to the statement of operations. The balance of the allowance for doubtful accounts at December 31, 2025 is $Nil (2024 - $Nil).

(c) Liquidity risk:

Liquidity risk is the risk that the Board will not be able to meet all cash outflow obligations as they come due. The Board mitigates this risk by monitoring cash activities and expected outflows. Accounts payable and accrued liabilities are generally due within 60 days of receipt of an invoice. There have been no other significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

Concentration of risk:

(a) Limited counterparties:

A substantial portion of the Board's revenue is derived from funding by the City of Cambridge. The loss of this relationship would have a significant impact on the Board's revenue.

THE CAMBRIDGE PUBLIC LIBRARY BOARD

Schedule of Gallery assets, liabilities, and net assets

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

	2025	2024
Financial assets	$ 504,473	$ 445,124
Tangible capital assets	18,967	23,117
Other non-financial assets	–	407
Total assets	$ 523,440	$ 468,648
Liabilities	$ 182,566	$ 127,773
Unrestricted net assets (debt)	(27,411)	(21,085)
Invested in tangible capital assets	18,967	23,117
Internally restricted funds	349,318	338,843
Total net assets	340,874	340,875
Total liabilities and accumulated surplus	$ 523,440	$ 468,648