Kenora Public Library
Financial Statements
December 31, 2025

Kenora Public Library
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Management's Responsibility

To the Board of Kenora Public Library:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian public sector accounting standards and ensuring that all information in the annual report is consistent with the statements. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial information included in the annual report. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The council of The Corporation of the City of Kenora is also responsible for recommending the appointment of the Organization's external auditors.

MNP LLP, an independent firm of Chartered Professional Accountants, is appointed by the council of The Corporation of the City of Kenora to audit the financial statements and report directly to the members; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Board and management to discuss their audit findings.

C. Alcock

Head Librarian

Independent Auditor's Report

To the Members of Kenora Public Library:

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Kenora Public Library (the "Organization"), which comprise the statement of financial position as at December 31, 2025, and the statements of operations and accumulated surplus, change 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 Organization as at December 31, 2025, and the results of its operations, changes in its net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many charitable organizations, the Kenora Public Library derives revenue from donations and fundraising the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization and we were not able to determine whether any adjustments might be necessary to donations and fundraising revenue, surplus (deficit), and cash flows from operations for the years ended December 31, 2025 and December 31, 2024, current assets as at December 31, 2025 and December 31, 2024, and net assets as at January 1, 2025 and December 31, 2025, and January 1, 2024 and December 31, 2024. The audit opinion on the financial statements for the year ended December 31, 2024 was qualified accordingly because of the possible effects of the 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 Organization 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.

Other information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. We obtained management's annual report prior to the date of this auditor's report. If, based on the work we performed on this other information, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

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 Organization’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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization’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 Organization’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 Organization’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 Organization 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.

MNP LLP

Kenora, Ontario

Chartered Professional Accountants

September 24, 2026

Licensed Public Accountants

Kenora Public Library
Statement of Financial Position
As at December 31, 2025

	2025	2024
Financial assets		
Cash	**1,527**	1,265
Restricted cash *(Note 3)*	**17,423**	16,236
Temporary investments *(Note 4)*	**25,678**	25,021
Accounts receivable	**2,088**	2,539
Due from The Corporation of the City of Kenora *(Note 5)*	**675,017**	620,286
	721,733	665,347
Liabilities		
Accounts payable *(Note 6)*	**108,740**	98,877
Deferred revenue *(Note 7)*	**9,855**	13,580
Employee future benefits payable *(Note 8)*	**218,109**	210,837
	336,704	323,294
Net financial assets	**385,029**	342,053
Commitments *(Note 9)*		
Non-financial assets		
Tangible capital assets *(Note 10)*	**164,787**	156,094
Prepaid expenses	**2,729**	1,597
Total non-financial assets	**167,516**	157,691
Accumulated surplus *(Note 11)*	**552,545**	499,744

Approved on behalf of the Board

Director **Director**

The accompanying notes are an integral part of these financial statements

Kenora Public Library
Statement of Operations and Accumulated Surplus
For the year ended December 31, 2025

	2025 Budget (Note 15)	2025	2024
Revenue			
The Corporation of the City of Kenora *(Note 5)*	**764,283**	**764,283**	752,396
Province of Ontario	**35,583**	**35,583**	35,583
Donations and other income	**2,300**	**37,502**	29,710
Dolly Parton Imagination Library *(Note 7)*	**4,000**	**11,671**	27,192
Room rental	**14,196**	**14,544**	13,848
Memberships	**8,000**	**8,405**	7,485
Industry Canada	**-**	**9,632**	9,268
Fines	**4,000**	**3,240**	3,391
Photocopies	**5,000**	**4,402**	4,598
Proceeds from used and unreturned books	**3,000**	**2,491**	1,491
	840,362	**891,753**	884,962
Expenses			
Advertising	**2,000**	**-**	711
Amortization	**52,869**	**52,869**	54,838
Audit fees	**10,659**	**-**	10,659
Bad debts (recoveries)	**-**	**(10)**	(189)
Bank charges and interest	**1,000**	**1,502**	1,452
Books	**71,500**	**37,290**	11,410
Cleaning	**23,500**	**24,716**	15,989
Contracted services	**6,060**	**14,077**	5,354
Dolly Parton Imagination Library expenses	**1,100**	**11,671**	14,090
Equipment and supplies	**5,750**	**1,541**	321
Equipment rental	**3,200**	**3,789**	3,560
Fundraising	**-**	**101**	-
Insurance	**11,163**	**9,218**	8,751
Materials	**13,350**	**7,903**	11,358
Office and miscellaneous	**600**	**6,849**	6,816
Periodicals	**3,500**	**2,591**	2,745
Repairs and maintenance	**13,800**	**5,992**	5,785
Salaries and benefits	**618,480**	**586,075**	629,346
Technology	**11,000**	**7,408**	3,197
Telephone and utilities	**37,700**	**34,516**	29,737
Travel	**6,000**	**6,360**	5,425
	893,231	**814,458**	821,355
Operating surplus (deficit) before other items	**(52,869)**	**77,295**	63,607
Other items			
Transfer to Kenora and Lake of the Woods Regional Community Foundation *(Note 14)*	**-**	**(24,494)**	(36,910)
Annual operating surplus (deficit)	**(52,869)**	**52,801**	26,697
Accumulated surplus, beginning of year	**499,744**	**499,744**	473,047
Accumulated surplus, end of year	**446,875**	**552,545**	499,744

The accompanying notes are an integral part of these financial statements

Kenora Public Library
Statement of Change in Net Financial Assets
For the year ended December 31, 2025

	2025 Budget (Note 15)	***2025***	*2024*
Annual operating surplus (deficit)	(52,869)	**52,801**	26,697
Acquisition of tangible capital assets	(61,561)	**(61,562)**	(74,912)
Amortization of tangible capital assets	52,869	**52,869**	54,838
Use of prepaid expenses	-	**(1,132)**	(1,180)
Increase (decrease) in net financial assets	(61,561)	**42,976**	5,443
Net financial assets, beginning of year	342,053	**342,053**	336,610
Net financial assets, end of year	280,492	**385,029**	342,053

The accompanying notes are an integral part of these financial statements

Kenora Public Library
Statement of Cash Flows
For the year ended December 31, 2025

	2025	*2024*
Cash provided by (used for) the following activities		
Operating activities		
Annual operating surplus	**52,801**	26,697
Non-cash items		
Amortization	**52,869**	54,838
	105,670	81,535
Changes in working capital accounts		
Accounts receivable	**451**	310
Due from The Corporation of the City of Kenora	**(54,731)**	(26,222)
Accounts payable	**9,863**	35,545
Deferred revenue	**(3,725)**	(15,401)
Employee future benefits payable	**7,272**	4,084
Prepaid expenses	**(1,131)**	(1,180)
	63,669	78,671
Capital activities		
Purchases of tangible capital assets	**(61,562)**	(74,912)
Investing activities		
Purchases of temporary investments	**(658)**	(1,095)
Increase in cash resources	**1,449**	2,664
Cash resources, beginning of year	**17,501**	14,837
Cash resources, end of year	**18,950**	17,501
Cash resources are composed of:		
Cash	**1,527**	1,265
Restricted cash	**17,423**	16,236
	18,950	17,501

The accompanying notes are an integral part of these financial statements

1. Operations

The Kenora Public Library (the "Organization") is a municipal unincorporated Organization controlled by the Corporation of the City of Kenora located in the Province of Ontario, and provides public library services to residents of the municipality. The Organization is a registered charity under the Income Tax Act and accordingly is exempt from income taxes.

2. Significant accounting policies

These financial statements are the representations of management, prepared in accordance with Canadian public sector accounting standards and including the following significant accounting policies:

Basis of accounting

These financial statements have been prepared using the accrual basis of accounting. The accrual basis of accounting recognizes revenue as it is earned and measurable. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or the legal obligation to pay.

Cash

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Temporary investments

Temporary investments consist of investments in money market funds and are valued at the lower of cost and market value. Market value at December 31, 2025 was $25,679 (2024 - $25,021).

Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization. Cost includes all costs directly attributable to acquisition or construction of the tangible capital assets including transportation, installation costs, design and engineering fees, legal fees and site preparation costs. Contributed tangible capital assets are recorded at fair value at the time of the donation, with a corresponding amount recorded as revenue.

Amortization

Tangible capital assets are amortized annually using the straight-line method at rates intended to amortize the cost of the assets over their estimated useful lives. One half of normal amortization is taken in the year of acquisition.

Assets under construction are not amortized until the asset is available to be put into service.

	Rate
Books and movies	5 years
Equipment	3-10 years
Software	10 years

Long-lived assets

Long-lived assets consist of tangible capital assets with finite useful lives. Long-lived assets held for use are measured and amortized as described in the applicable accounting policies.

When the Organization determines that a long-lived asset no longer has any long-term service potential to the Organization, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations. Write-downs are not reversed.

2. Significant accounting policies *(Continued from previous page)*

Pension and other employee future benefits

The Organization accounts for its participation in the Ontario Municipal Employees Retirement System (OMERS), a multi-employer public sector pension fund, as a defined contribution plan. Contributions are expensed as incurred.

The costs of other employee future benefits offered to employees are actuarially determined using the projected benefit method, pro-rated on service and based on management's best estimates and assumptions. Under this method, the projected post-retirement benefit is deemed to be earned on a pro-rata basis over the years of service in the attribution period commencing at the date of hire, and ending at the earliest age the employee could retire and qualify for benefits.

Vested sick leave is accumulated to a maximum of 200 days, which vests and is payable at a rate of 50% to employees upon retirement. In the event an employee resigns, only 25% of the vested sick leave is paid out

Deferred revenue

Funds received for specific purposes which are externally restricted by legislation, regulation or agreement and are not available for general purposes are accounted for as deferred revenue on the statement of financial position. The revenue is recognized in the statement of operations in the year in which it is used for the specified purpose.

Government transfers

Government transfers, which include legislative grants, are recognized in the financial statements in the period in which events giving rise to the transfers occur, providing the transfers are authorized, any eligibility criteria have been met, and reasonable estimates of the amount can be made.

Revenue recognition

Conditional non-government grant revenue is recognized to the extent the conditions imposed on it have been fulfilled. Unconditional non-government grant revenue is recognized when the monies are received.

Membership revenue is recognized when the term of the membership commences and the proceeds have been received.

Fines are recognized for each day that books and magazines are overdue.

General donations and fundraising revenue is recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Sales of service and other revenues are recognized on an accrual basis.

Measurement uncertainty

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 reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of tangible capital assets. Accounts payable and accruals are based on historical charges for unbilled goods and services at year-end. Liabilities for post-employment benefits are determined based on actuarial assessments.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in expenses in the year in which they become known.

Segments

A segment is defined as a distinguishable activity or group of activities of a government for which it is appropriate to separately report financial information to achieve the objectives of the standard. The Organization's activities are in only one segment, recreation and culture, and hence there is no additional financial statement disclosure required.

2. Significant accounting policies *(Continued from previous page)*

Non-financial assets

Assets are classified as either financial or non-financial. Financial assets are assets that could be used to discharge existing liabilities or finance future operations. Non-financial assets are acquired, constructed or developed assets that do not normally provide resources to discharge existing liabilities but are employed to deliver government services, may be consumed in normal operations and are not for resale in the normal course of operations.

Net financial assets

The Organization's financial statements are presented so as to highlight net financial assets as the measurement of financial position. The net financial assets of the Organization is determined by its financial assets less its liabilities. Net financial assets combined with non-financial assets comprise a second indicator of financial position, accumulated annual operating surplus (deficit).

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market and all derivative instruments, except those that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, at fair value. Fair value is determined by published price quotations. Transactions to purchase or sell these items are recorded on the trade date. Net gains and losses arising from changes in fair value are recognized in the statement of remeasurement gains and losses The Organization has not presented a statement of remeasurement gains and losses as it does not have any items giving rise to remeasurement gains (losses). Interest income is recognized in the statement of operations; however, interest income on externally restricted financial assets is recognized as an increase or decrease to the associated liability until the resources are used in accordance with their specified purpose. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost. With the exception of those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost using the effective interest rate method.

All financial assets except derivatives are tested annually for impairment. Any impairment, which is not considered temporary, is recorded in the statement of operations. Write-downs of financial assets measured at cost and/or amortized cost to reflect losses in value are not reversed for subsequent increases in value. Reversals of any net remeasurements of financial assets measured at fair value are reported in the statement of remeasurement gains and losses.

3. Restricted cash

	2025	*2024*
Capital fundraising funds	**8,582**	7,656
Keewatin donation funds	**8,841**	8,580
	17,423	16,236

4. Temporary investments

The temporary investments are part of the capital replacement reserve and consist of investments in money market funds. Market value is equal to book value.

5. Related party transactions

Included in revenue is an operating grant of $764,283 (2024 - $752,396) from The Corporation of the City of Kenora. The balance owing by The Corporation of the City of Kenora to the Organization at December 31, 2025 was $675,017 (2024 - $620,286).

The Corporation of the City of Kenora administers various services on behalf of the Organization for no consideration.

The advances are unsecured and non-interest bearing with no fixed terms of repayment.

6. Accounts payable

	2025	*2024*
Sundry payables	**102,768**	92,930
OMERS	**5,972**	5,947
	108,740	98,877

7. Deferred revenue

	2025	*2024*
Keewatin Donations		
Opening balance	**8,580**	8,174
Externally restricted investment income	**261**	406
Ending balance	**8,841**	8,580
Dolly Parton Imagination Library		
Opening balance	**5,000**	20,807
Contributions received	**7,685**	11,385
Revenue recognized	**(11,671)**	(27,192)
Ending balance	**1,014**	5,000
	9,855	13,580

The Keewatin Donations Fund was established from funds provided in December 2009. The funds are to be used to offset costs associated with the purchase of books and materials, technology upgrades and other initiatives outside of day-to-day operating expenses at the Keewatin Branch Library.

The Dolly Parton Imagination Library deferred contributions represents funds to be used to offset costs associated with the Dolly Parton Imagination Library program.

8. Employee future benefits

The policies of the Kenora Public Library allow for the accumulation of vested sick leave to a maximum of 200 days for certain employees. On retirement, 50% of the vested sick leave is payable to the employee, and on resignation, 25% of the vested sick leave is payable to the employee. The amount reported represents the 50% payable on retirement.

The Kenora Public Library, through The Corporation of the City of Kenora, pays certain health and dental benefits on behalf of its retired employees. The Organization recognizes these post-retirement costs in the period in which the employees rendered the services. As well, the Organization provides for the accumulation of unused sick days to be banked.

Information about the Kenora Public Library's employee future benefits is as follows:

	2025	*2024*
Vested sick leave		
Liability as at December 31	**65,802**	63,658
Post-retirement and sick leave benefits		
Accrued benefit liability at January 1	**147,179**	139,959
Actuarial adjustment to opening balance	**(2,006)**	-
Expense for the year as determined by actuarial valuation using a 4.20% (2024 - 4.00%) discount rate	**7,134**	7,220
	152,307	147,179
	218,109	210,837

The accrued benefit liability for employee future benefits as at December 31, 2025 is based on an actuarial valuation prepared as at January 1, 2025 and extrapolated to December 31, 2025. The main actuarial assumptions employed for the valuation of employee future benefits are as follows:

a) Interest (discount) rate:
The obligations as at December 31, 2025 of the present value of future liabilities and the expense for the 12 months ended December 31, 2025 were determined using a discount rate of 4.20%.

b) Medical costs:
Medical costs were assumed to increase 6.30% per year to 2029 and between 3.57% and 5.83% per year thereafter.

c) Dental costs:
Dental costs were assumed to increase 2.00% for 2025, 4.00% per year to 2029 and between 3.57% and 3.99% per year thereafter.

d) Salary and wage rates:
Salary and wage rates were assumed to increase at 2.50% per year.

9. Commitments

The Organization has entered into the following long-term commitments:

- Office equipment lease with annual payments of $2,326 to September 2026.
- Lease agreement with Firefly where the Organization is committed to providing a designated space for operations and access to the building in exchange for monthly payments plus HST starting January 1, 2024 until December 31, 2029. The annual payments under the agreement in each of the next four years are as follows:

2026	14,829
2027	15,126
2028	15,428
2029	15,737

10. Tangible capital assets

	Opening Cost	**Additions**	**Disposals**	**Ending Cost**	**Opening Accumulated Amortization**	**Amortization**	**Adjustment on Disposal**	**Ending Accumulated Amortization**	**2025 Net book value**
Books & movies	**265,074**	**37,701**	**47,709**	**255,066**	**150,240**	**43,548**	**47,709**	**146,079**	**108,987**
Equipment	**76,184**	**23,861**	**18,033**	**82,012**	**53,554**	**6,837**	**18,033**	**42,358**	**39,654**
Software	**24,840**	**-**	**-**	**24,840**	**6,210**	**2,484**	**-**	**8,694**	**16,146**
	366,098	**61,562**	**65,742**	**361,918**	**210,004**	**52,869**	**65,742**	**197,131**	**164,787**

	Opening Cost	Additions	Disposals	Ending Cost	Opening Accumulated Amortization	Amortization	Adjustment on Disposal	Ending Accumulated Amortization	2024 Net book value
Books & movies	254,530	53,558	43,014	265,074	150,505	42,749	43,014	150,240	114,834
Equipment	58,916	21,354	4,086	76,184	48,035	9,605	4,086	53,554	22,630
Software	24,840	-	-	24,840	3,726	2,484	-	6,210	18,630
	338,286	74,912	47,100	366,098	202,266	54,838	47,100	210,004	156,094

11. Accumulated surplus

The investment in tangible capital assets represents amounts already spent and invested in collections and other non-financial assets.

The General Fund reports the Organization’s day-to-day operating activities and unrestricted funds.

Restricted funds represent funds set aside by Board resolution for specific purposes. The following is a description of the Organization's restricted funds:

The capital replacement fund was established specifically for the purchase of tangible capital assets. The use of its surplus is restricted to expenditures of this nature and is subject to Board approval.

Activities in these funds during the year were as follows:

	2025	*2024*
Invested in tangible capital assets		
Fund balance, beginning of year	**156,094**	136,020
Tangible capital (net)	**8,693**	20,074
Fund balance, end of year	**164,787**	156,094
General		
Fund balance, beginning of year	**310,977**	306,512
Excess of revenue	**75,712**	61,449
Change in tangible capital assets	**(8,693)**	(20,074)
Transfer to Kenora & Lake of the Woods Regional Community Foundation (Note 14)	**(24,494)**	(36,910)
Fund balance, end of year	**353,502**	310,977
Capital Replacement		
Fund balance, beginning of year	**32,673**	30,515
Excess of revenue	**1,583**	2,158
Fund balance, end of year	**34,256**	32,673
Accumulated surplus	**552,545**	499,744

12. Pension plan

The Organization makes, through the City of Kenora, contributions to the Ontario Municipal Employees Retirement System ("OMERS"), a jointly trusted pension plan. The board of Trustees, representing plan members and employers, is jointly responsible for overseeing the management of the pension plan, including investment of the assets and administration of benefits. The pension plan is a multi-employer contributory pension plan. Basic pension benefits provided are defined. The plan has almost 665,000 active, deferred and retired members.

Each year, an independent actuary determines the plan's funded status by comparing the actuarial value of invested assets to the estimated present value of all pension benefits that members have earned to date. The most recent actuarial valuation of the Plan was conducted at December 31, 2025. The results of the actuarial valuation disclosed total actuarial liabilities of $151.4 billion ($142.5 billion in 2024) in respect of benefits accrued for service with actuarial assets at that date of $150.0 billion ($139.6 billion in 2024) indicating an actuarial deficit of $1.3 billion ($2.9 billion in 2024). Because OMERS is a multi-employer plan, any pension plan surpluses or deficits are a joint responsibility of Ontario municipal organizations and their employees. As a result, the Organization does not recognize any share of the OMERS pension surplus or deficit. The Organization paid $39,903 for employer contributions to the plan in 2025 (2024 - $40,561).

13. Economic dependence

Approximately 86% (2024 - 86%) of revenue was received from The Corporation of the City of Kenora. The continuance of operations is dependent upon this funding.

14. Kenora and Lake of the Woods Regional Community Foundation

The Organization has established a charitable agency endowment fund from donation funds with the Kenora & Lake of the Woods Regional Community Foundation, which allows the Organization to set up a fund without the responsibility of investment management. In 2009, a bequest of $25,000 was matched by an anonymous donor to create the $50,000 fund. Income from this endowment fund will continue in perpetuity and will be used by the Organization as an annualized source of program funding. The fund is not controlled by the Kenora Public Library and has not been included in the statement of financial position nor have the operations been included in the statement of operations. The market value of the fund on December 31, 2025 was $139,322, (2024 - $136,953), including donations of $510 (2024 - $12,537) deposited to the fund during the year plus fund gain of $7,159 (2024 - $7,478), grants disbursed of $6,180 (2024 - $6,840), and fees of $1,715 (2024 - $1,555). During the year the Organization committed to a contribution of $24,494 (2024 - $36,910), which was received by the Community Foundation subsequent to year end.

15. Budget information

The budget approved by the board of directors was not prepared on a basis consistent with that used to report actual results (Public Sector Accounting Standards). The budget was prepared on a modified accrual basis while Public Sector Accounting Standards now require a full accrual basis. The budget figures anticipated use of surpluses accumulated in previous years to reduce current year expenditures in excess of current year revenues to $nil. In addition, the budget expensed all tangible capital expenditures rather than including amortization expense. As a result, the budget figures presented in the statements of operations and change in net financial assets represent the budgets approved by the board with adjustments as follows:

	2025	*2024*
Budget surplus (deficit) approved by the Board	**-**	-
Add: Capital expenditures	**61,562**	74,912
Less: Amortization	**(52,869)**	(54,838)
	8,693	20,074

16. Future accounting pronouncements

The revised Conceptual Framework is effective for fiscal years beginning on or after April 1, 2026. The revised Conceptual Framework will replace the existing Conceptual Framework, which consists of PS 1000 Financial Statement Concepts, and PS 1100 Financial Statement Objectives. The Organization has not yet adopted the standard or determined the effect on the financial statements.

Financial Statement Presentation PS 1202 is effective for fiscal years beginning on or after April 1, 2026. PS 1202 revises and replaces PS 1201 Financial Statement Presentation and is adopted at the same time as the revised Conceptual Framework. The Organization has not yet adopted this standard or determined the effect on the financial statements.

17. Financial Instruments

As part of its operations, the Organization carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant interest, currency or credit risks arising from these financial instruments except as otherwise disclosed.

Credit Risk

Credit risk is the risk of financial loss because a counter party to a financial instrument fails to discharge its contractual obligations.

The carrying amount of the Organization’s financial instruments best represents the maximum exposure to credit risk.

Risk management

The Organization manages its credit risk by monitoring and evaluating receivables and investments. If the evaluations indicate the other party may be unable to meet their obligations, the Organization will recognize an allowance for doubtful accounts. The Organization has determined that there are no significant concentrations of credit risk.

Liquidity Risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Organization is exposed to liquidity risk on its accounts payable and accrued liabilities. The Organization manages the exposure to liquidity risk through budgeting, cashflow monitoring and forecasting to ensure sufficient funds required for normal operating requirements on an on-going basis.

There have not been any changes from the prior year in the Organization's exposure to risks or the policies, procedures or methods it uses to manage and measure risks.

Fair Value of Financial Instruments

Financial instruments are classified into three categories: fair value, amortized cost or cost.

Fair value category
Fair value is defined as the price that would be received to sell an asset in an orderly transaction between market participants at the measurement date. The Organization classifies fair value measurements using a fair value hierarchy in accordance with Canadian public sector accounting standards. The hierarchy prioritizes inputs used in measuring fair value and is classified into the following three levels:

Level 1 - quoted prices (unadjusted) in active markets for identical assets
Level 2 - inputs other than quoted prices included in Level 1 that are observable, either directly or indirectly
Level 3 - inputs that are unobservable

The Organization's cash and temporary investments are measured at fair value and classified as Level 1. There were no transfers between levels of the fair value hierarchy during the year.

Amortized cost category
Financial assets and liabilities that are not measured at fair value are reported at amortized cost, which reflects the amount at which the instrument is initially recognized, adjusted for principal repayments, amortization and any impairment.

Accounts receivable and accounts payable are measured at amortized cost.

The carrying amounts shown on the statement of financial position represent the Organization's maximum exposure to credit risk.