

***DRAFT #6***  
***May 16, 2025***

Financial Statements of

**TOWN OF NEWMARKET  
PUBLIC LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2024

## INDEPENDENT AUDITOR'S REPORT

To the Members of Council, Inhabitants and Ratepayers of  
The Corporation of the Town of Newmarket

### ***Opinion***

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

- the statement of financial position as at December 31, 2024
- the statement of operations and accumulated surplus for the year then ended
- the statement of changes in net financial assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2024, 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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# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
<b>Financial Assets</b>		
Cash and cash equivalents	\$ 74,095	\$ 72,101
Accounts receivable	14,657	18,579
Due from Town of Newmarket (note 2)	465,297	694,796
	554,049	785,476
<b>Financial Liabilities</b>		
Accounts payable and accrued liabilities (note 4)	173,601	324,413
Deferred revenue (note 3)	10,722	1,112
	184,323	325,525
Net financial assets	369,726	459,951
<b>Non-Financial Assets</b>		
Prepaid expenses	158,884	111,071
Tangible capital assets, net (note 11)	742,288	744,266
	901,172	855,337
Accumulated surplus	\$ 1,270,898	\$ 1,315,288

See accompanying notes to financial statements.

On behalf of the Board:

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Board Chair: Darryl Gray

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Board Secretary / Treasurer: Tracy Munusami, CEO

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Statement of Operations and Accumulated Surplus

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
Revenue:			
Municipal operating grant	\$ 3,781,775	\$ 3,781,775	\$ 3,669,904
Municipal contributions towards tangible capital assets and building repair and maintenance (note 5)	—	110,038	33,750
Provincial grants	64,401	74,494	76,832
Other grants	—	5,000	—
Federal grants	—	2,240	640
Program fees	14,594	1,683	7,486
Development charges flowed from Town of Newmarket (note 7)	—	18,164	18,164
Other fees and miscellaneous	83,665	37,481	37,399
	<u>3,944,435</u>	<u>4,030,875</u>	<u>3,844,175</u>
Expenses:			
Library materials:			
Books	158,864	—	—
Magazines, newspapers and periodicals	10,900	13,534	10,592
Electronic materials and subscriptions	201,466	223,299	206,142
Alternative collections	700	—	—
Audio-visual materials	18,700	—	—
Book binding and processing	33,703	16,282	26,724
Amortization	—	232,877	250,142
	<u>424,333</u>	<u>485,992</u>	<u>493,600</u>
Operations:			
Programs and projects	29,576	36,052	20,937
Other supplies	16,000	30,465	16,638
Building and property maintenance	83,348	168,096	99,563
Utilities	88,565	59,652	64,801
Equipment repairs and maintenance	111,667	124,060	94,741
Minor capital	5,656	7,363	17,128
	<u>334,812</u>	<u>425,688</u>	<u>313,808</u>
Administration:			
Employee salaries	2,366,438	2,172,350	2,172,382
Employee benefits	469,843	433,719	426,895
Education, conferences, consulting and travel	39,805	85,186	74,125
Other sundry	59,380	52,860	48,459
Loss on disposal of tangible capital assets	—	—	11,475
Telephone and internet	5,010	3,658	6,960
	<u>2,940,476</u>	<u>2,747,773</u>	<u>2,740,296</u>
	<u>3,699,621</u>	<u>3,659,453</u>	<u>3,547,704</u>
Excess of revenue over expense before the following	244,814	371,422	296,471
Transfers and other:			
Fund for future capital replacements (note 5)	(223,550)	(223,550)	(223,550)
Transfer to Long-term Disability Town of Newmarket Reserve	(21,264)	(21,240)	(24,279)
Transfer to Library Capital Needs Reserve Fund (note 7)	—	(171,022)	(80,631)
	<u>(244,814)</u>	<u>(415,812)</u>	<u>(328,460)</u>
Annual deficit	—	(44,390)	(31,989)
Accumulated surplus, beginning of year	1,315,288	1,315,288	1,347,277
Accumulated surplus, end of year	<u>\$ 1,315,288</u>	<u>\$ 1,270,898</u>	<u>\$ 1,315,288</u>

See accompanying notes to financial statements.

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## ***DRAFT*** Statement of Changes in Net Financial Assets

Year ended December 31, 2024, with comparative information for 2023

	Budget 2024	Actual 2024	Actual 2023
Annual deficit	\$ —	\$ (44,390)	\$ (31,989)
Acquisition of tangible capital assets	(186,620)	(230,899)	(139,236)
Amortization of tangible capital assets	268,315	232,877	250,142
Loss on disposal of tangible capital assets	—	—	11,475
Change in prepaid expenses	—	(47,813)	(42,054)
Change in net financial assets	81,695	(90,225)	48,338
Net financial assets, beginning of year	459,951	459,951	411,613
Net financial assets, end of year	\$ 541,646	\$ 369,726	\$ 459,951

See accompanying notes to financial statements.

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Statement of Cash Flows

Year ended December 31, 2024, with comparative information for 2023

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (44,390)	\$ (31,989)
Amortization of tangible capital assets	232,877	250,142
Change in non-cash operating items:		
Accounts receivable	3,922	4,452
Due from Town of Newmarket	229,499	(147,003)
Accounts payable and accrued liabilities	(150,812)	78,626
Deferred revenue	9,610	(1,604)
Prepaid expenses	(47,813)	(42,054)
	232,893	110,570
Capital activities:		
Acquisition of tangible capital assets	(230,899)	(139,236)
Loss on disposal of tangible capital assets	—	11,475
	(230,899)	(127,761)
Increase (decrease) in cash and cash equivalents	1,994	(17,191)
Cash and cash equivalents, beginning of year	72,101	89,292
Cash and cash equivalents, end of year	\$ 74,095	\$ 72,101

See accompanying notes to financial statements.



# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements

Year ended December 31, 2024

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The Town of Newmarket Public Library Board (the "Library Board") is a local board of The Corporation of the Town of Newmarket (the "Town") deemed to be a public library established under the Public Libraries Act. The Library Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

### **1. Significant accounting policies:**

The financial statements of the Library Board are the representation of management prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada.

Significant accounting policies adopted by the Library Board are as follows:

#### **(a) Basis of accounting:**

Revenue and expenses are reported on the accrual basis of accounting.

The accrual basis of accounting recognizes revenue as they become available and measurable.

Expenses 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) Tangible capital assets:**

Tangible capital assets are recorded at cost, which includes all amounts that are directly attributable to acquisition, construction, development or betterment of an 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:

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Library collection	7 years
Furniture	15 years
Equipment	8 - 10 years
Shelving	15 - 25 years
Computer hardware	3 - 4 years

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Tangible capital assets are amortized in the month following the purchase or in-service date. One half of the annual amortization is charged in the year of acquisition for pooled assets. The tangible capital asset threshold amount for capitalization is pooled at \$10,000.

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

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### **1. Significant accounting policies (continued):**

#### **(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.

#### **(d) Revenue recognition:**

Government transfers are recognized in the financial statements as revenue when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recorded as deferred revenue when transfer stipulations give rise to a liability. Revenue is recognized in the statement of operations as stipulations related to the transfers are settled.

Fines are recognized when collected.

Fees for programs and services are recognized over the period of service or when related expenses occur.

#### **(e) Deferred revenue:**

Deferred revenue represents amounts which has been collected but, for which the related services has yet to be performed. These amounts will be recognized as revenue in the fiscal year the services are performed.

#### **(f) 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 year. The principle estimates used in the preparation of these financial statements include the useful life and valuation of tangible capital assets. Actual results could differ from these estimates.

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

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### **1. Significant accounting policies (continued):**

#### **(g) Cash and cash equivalents:**

Cash and cash equivalents include cash on hand, balances with the bank, net of overdrafts and cash equivalents such as short-term deposits with maturities of three months or less on acquisition.

#### **(h) Pension plan:**

The Library Board makes contributions to the Ontario Municipal Employees Retirement System ("OMERS"), which is a multi-employer, defined benefit pension plan on behalf of eligible members of its staff. The OMERS Board of Trustees, representing plan members and employers, is responsible for overseeing the management of the pension plan, including investment of assets and administration of the benefits. The Library Board has adopted defined contribution plan accounting principles for OMERS because insufficient information is available to apply defined benefit plan accounting principles. The Library Board records as pension expense the current service cost, amortization of past service costs and interest costs related to the future employer contributions to OMERS for past employee service.

### **2. Due from Town of Newmarket:**

Due from Town of Newmarket is non-interest bearing and has no set terms of repayment.

### **3. Deferred revenue:**

Deferred revenue consists of the following:

	2024	2023
Program fees, printing and room rental fees	\$ 10,722	\$ 1,112

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

### **4. Accounts payable and accrued liabilities:**

Included in accounts payable and accrued liabilities is \$11,574 (2023 - \$59,878) of vacation pay benefits liability to current employees.

### **5. Reserve fund for future capital replacements:**

The reserve fund, held by the Town on behalf of the Library Board, is designated for future Library Board capital expenses and is included in the consolidated financial statements of the Town..

Changes during the year were as follows:

	2024	2023
Balance, beginning of year	\$ 1,779,730	\$ 1,631,580
Interest earned	140,347	93,439
Transfer from the Library Operating Fund	223,550	223,550
Capital expenditures - Library purposes	(110,038)	(33,750)
Capital expenditures - Building related	—	(135,089)
Balance, end of year	\$ 2,033,589	\$ 1,779,730

### **6. Unexpended capital fund:**

The following fund, held by the Town on behalf of the Library Board, have been designated by the Newmarket Town Council ("Town Council") for future Library Board capital expenses and is included in the consolidated financial statements of the Town:

	2024	2023
Balance, beginning of year	\$ 178,086	\$ 448,222
Transferred from other reserves (note 7)	(18,164)	(18,164)
Transferred to the Town of Newmarket	(19,922)	(200,058)
Total capital budget	140,000	230,000
Financing expenditures	(62,271)	(51,914)
Balance, end of year	\$ 77,729	\$ 178,086

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

### 7. Other reserve funds:

The following funds, held by the Town on behalf of the Library Board, have been designated by the Town Council for future Library Board expenses and are included in the consolidated financial statements of the Town:

	2024	2023
<b>Development charges</b>		
Balance, beginning of year	\$ 4,292,084	\$ 4,023,613
Interest earned	319,143	221,046
Developer contributions	9,312	60,883
Other contributions	25,376	4,706
Transfer to capital	(18,164)	(18,164)
Balance, end of year	\$ 4,627,751	\$ 4,292,084
<b>Library Minor Capital Fund</b>		
Balance, beginning of year	\$ 58,974	\$ 55,911
Interest earned	4,378	3,063
Balance, end of year	\$ 63,352	\$ 58,974
<b>Library Capital Needs Reserve Fund</b>		
Balance, beginning of year	\$ 415,701	\$ 327,341
Interest earned	30,886	19,579
Transfer from General Reserve (note 9)	171,022	80,631
Transfer to capital	—	(11,850)
Balance, end of year	\$ 617,609	\$ 415,701

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

### 8. Other reserves:

The following funds, held by the Town on behalf of the Library Board, have been designated by the Town Council for future Library Board expenses and are included in the consolidated financial statements of the Town:

	2024	2023
<b>Library Fundraising</b>		
Balance, beginning of year	\$ 35,143	\$ 34,588
Other contributions	5,737	555
Balance, end of year	\$ 40,880	\$ 35,143
<b>Insurance Reserve</b>		
Balance, beginning and end of year	\$ 10,000	\$ 10,000
<b>Strategic Plan Implementation Reserve</b>		
Balance, beginning and end of year	\$ 180,555	\$ 180,555

### 9. General Reserve:

The Library Board set a target level of \$400,000 for the General Reserve for the Library Board held by the Town and once achieved any surplus is to be returned to the Town after Library Board approval of audited financial statements, per Library Board motion 15.11.69. In 2024, the 2023 operating deficit of \$171,022 (2023 - \$80,631) was transferred to the Library Capital Needs Reserve Fund for capital needs per Town Council motion 9.4.17.

	2024	2023
<b>General Reserve</b>		
Balance, beginning of year	\$ 571,022	\$ 480,631
Transfer from Operating Fund	128,609	171,022
Transfer to Library Capital Needs Reserve Fund (note 7)	(171,022)	(80,631)
Balance, end of year	\$ 528,609	\$ 571,022

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

### 10. Pension agreements:

The Library Board makes contributions to OMERS, which is a multi-employer plan, on behalf of all permanent, full-time members of its staff. OMERS is a defined benefit plan which specifies the amount of the retirement benefit to be received by the employees based on the length of credited service and average earnings. During the year, \$200,603 (2023 - \$181,256) was recorded as an operating expense of the Library Board.

### 11. Tangible capital assets:

2024	Library collection	Furniture	Equipment	Shelving	Computer hardware	Total
<b>Cost</b>						
Balance, beginning of year	\$ 1,376,880	\$ 124,490	\$ 297,055	\$ 144,481	\$ 190,591	\$ 2,133,497
Add additions during the year	165,058	—	36,248	29,593	—	230,899
Less disposals during the year	(201,171)	(14,841)	(1,434)	(4,572)	(458)	(222,476)
Balance, end of year	\$ 1,340,767	\$ 109,649	\$ 331,869	\$ 169,502	\$ 190,133	\$ 2,141,920
<b>Accumulated amortization</b>						
Balance, beginning of year	\$ 819,984	\$ 98,516	\$ 227,550	\$ 137,669	\$ 105,512	\$ 1,389,231
Add amortization during the year	165,906	6,915	20,187	2,503	37,366	232,877
Less amortization on disposals	(201,171)	(14,841)	(1,434)	(4,572)	(458)	(222,476)
Balance, end of year	\$ 784,719	\$ 90,590	\$ 246,303	\$ 135,600	\$ 142,420	\$ 1,399,632
<b>Net book value of tangible capital assets</b>	\$ 556,048	\$ 19,059	\$ 85,566	\$ 33,902	\$ 47,713	\$ 742,288

2023	Library collection	Furniture	Equipment	Shelving	Computer hardware	Total
<b>Cost</b>						
Balance, beginning of year	\$ 1,445,151	\$ 124,490	\$ 345,639	\$ 144,481	\$ 326,042	\$ 2,385,803
Add additions during the year	139,236	—	—	—	—	139,236
Less disposals during the year	(207,507)	—	(45,854)	—	(126,708)	(380,069)
Less loss on disposals	—	—	(2,730)	—	(8,743)	(11,473)
Balance, end of year	\$ 1,376,880	\$ 124,490	\$ 297,055	\$ 144,481	\$ 190,591	\$ 2,133,497
<b>Accumulated amortization</b>						
Balance, beginning of year	\$ 855,106	\$ 90,412	\$ 248,788	\$ 136,152	\$ 188,698	\$ 1,519,156
Add amortization during the year	172,381	8,105	24,616	1,517	43,523	250,142
Less amortization on disposals	(207,507)	—	(45,854)	—	(126,708)	(380,069)
Less rounding adjustment	4	(1)	—	—	(1)	2
Balance, end of year	\$ 819,984	\$ 98,516	\$ 227,550	\$ 137,669	\$ 105,512	\$ 1,389,231
<b>Net book value of tangible capital assets</b>	\$ 556,896	\$ 25,974	\$ 69,505	\$ 6,812	\$ 85,079	\$ 744,266

# TOWN OF NEWMARKET PUBLIC LIBRARY BOARD

## **DRAFT** Notes to Financial Statements (continued)

Year ended December 31, 2024

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### **12. Adoption of new accounting standards:**

- (a) PS 3400, Revenue, establishes a single framework to categorize revenue to enhance the consistency of revenue recognition and its measurement. Specifically, it differentiates between revenue arising from transactions that include performance obligations and those that do not. The Library Board adopted the standard on a prospective basis as at the date of adoption, January 1, 2024.

As at December 31, 2024, the Library Board determined that the adoption of this new standard did not have an impact on the amounts presented in the financial statements.

- (b) Public Sector Guideline 8, Purchased Intangibles, allows public sector entities to recognize intangibles purchased through an exchange transaction. The Library Board adopted the standard on a prospective basis as at the date of adoption, January 1, 2024.

As at December 31, 2024, the Library Board determined that the implementation of this new standard did not result in identification of assets that would meet the definition of purchased intangibles.

- (c) PS 3160, Public Private Partnerships ("P3"), identifies requirements on how to account for and disclose transactions in which public sector entities procure major infrastructure assets and/or services from private sector entities. Recognition of assets arising from P3 arrangements is ultimately dependent on whether public sector entities control the purpose and use of the assets, access to the future economic benefits and exposure to the risks associated with the assets, and significant residual interest in the asset, if any, at the end of the term of P3. Measurement of the asset and related liability will also be dependent on the overall model used to compensate the private sector entity. The Library Board adopted the standard on a prospective basis as at the date of adoption, January 1, 2024.

As at December 31, 2024, the Library Board determined that the implementation of this new standard did not result in identification of transactions that would meet the definition of P3.

### **13. Comparative information:**

Certain 2023 comparative amounts have been regrouped from the financial statements previously presented, to conform with the presentation adopted in 2024.