

Financial Statements of

GRIMSBY PUBLIC LIBRARY

Year ended December 31, 2024

GRIMSBY PUBLIC LIBRARY

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Year ended December 31, 2024

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GRIMSBY PUBLIC LIBRARY

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL STATEMENTS

The accompanying financial statements of the Grimsby Public Library (the Library) are the responsibility of the Library's management and have been prepared in compliance with legislation, and in accordance with Canadian Public Sector Accounting Standards. A summary of the significant accounting policies is described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgement, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

The Library's management maintains a system of internal controls designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for the preparation of the financial statements. These systems are monitored and evaluated by management.

The Library board meets with management to review the financial statements and discuss any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by KPMG LLP, licensed public accountants, appointed by the Town of Grimsby. The accompanying Independent Auditor's Report outlines the responsibilities of management and the board, the auditors' responsibilities and their opinion on the Library's financial statements.



Ashleigh Whipp
CEO/Chief Librarian
Grimsby Public Library



Tony Del Monaco
Director of Finance/Treasurer
Town of Grimsby

June 12, 2025



KPMG LLP

Commerce Place
21 King Street West, Suite 700
Hamilton, ON L8P 4W7
Canada
Tel 905-523-8200
Fax 905-523-2222

INDEPENDENT AUDITOR'S REPORT

To the To the Board, Members of Council, Inhabitants and Taxpayers of the Corporation of the Town of Grimsby of Grimsby Public Library

Opinion

We have audited the financial statements of Grimsby Public Library (the Library), which comprise:

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

(Hereinafter referred to as the “financial statements”).

In our opinion, 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 Library as at December 31, 2024, 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 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 Grimsby Public Library. 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, 2024 and 2023, net financial assets as at December 31, 2024 and 2023, and accumulated surplus as at January 1 and December 31 for both 2024 and 2023.



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 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.

Other Matter – Comparative Information

The financial statements for the year ended December 31, 2023 were audited by another auditor who expressed a qualified opinion on those financial statements on June 12, 2024.

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 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 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 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.
- 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.

A handwritten signature in black ink that reads 'KPMG LLP' with a horizontal line underneath.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

June 12, 2025

GRIMSBY PUBLIC LIBRARY

Statement of Financial Position

December 31, 2024, with comparative information for 2023

	2024	2023
Financial assets		
Cash and cash equivalents	\$ 82,788	\$ 37,881
Receivables	20,121	5,415
Due from Town of Grimsby	938,477	872,831
Inventories for resale	2,009	2,768
	<u>1,043,395</u>	<u>918,895</u>
Financial liabilities		
Employee benefit obligations (note 4)	39,700	47,000
Long-term debt (note 5)	4,497	6,298
	<u>44,197</u>	<u>53,298</u>
Net financial assets	<u>999,198</u>	<u>865,597</u>
Non-Financial assets		
Tangible capital assets (note 18)	595,664	595,975
Prepaid expenses	5,059	6,230
	<u>600,723</u>	<u>602,205</u>
Accumulated surplus (note 6)	<u>\$ 1,599,921</u>	<u>\$ 1,467,802</u>

See accompanying notes to financial statements.

On behalf of the Board:



Chair, Grimsby Public Library Board

GRIMSBY PUBLIC LIBRARY

Statement of Operations and Accumulated Surplus

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

	Budget (note 16)	2024	2023
Revenue:			
Municipal contributions	\$ 1,060,090	\$ 1,060,090	\$ 1,030,800
Development charges (note 9)	148,600	97,758	90,933
Government transfers (note 10)	43,400	45,030	82,680
Fundraising	24,000	40,970	31,604
Investment income	1,800	1,700	4,581
User charges	12,310	19,382	15,286
Other (note 11)	2,930	12,377	3,539
Total revenue	1,293,130	1,277,307	1,259,423
Expenses:			
Advertising and promotion	5,000	9,599	3,654
Amortization	115,844	115,844	119,602
Conference and training	11,000	9,819	6,203
Contracted services	56,900	49,622	37,477
Fundraising	—	4,590	—
Memberships	1,500	1,433	780
Office	8,540	7,515	7,577
Periodicals and videos	47,500	51,118	47,639
Professional fees	69,500	20,130	6,321
Programs	15,500	20,187	17,780
Repairs and maintenance	12,000	8,734	9,034
Salaries, wages and benefits (notes 12,13 and 14)	847,260	788,461	745,268
Supplies	21,000	17,874	21,793
Travel	750	1,364	794
Utilities	46,420	38,898	41,806
Total expenses	1,258,714	1,145,188	1,065,728
Annual surplus	34,416	132,119	193,695
Accumulated surplus, beginning of year	1,467,802	1,467,802	1,274,107
Accumulated surplus, end of year (note 6)	\$ 1,502,218	\$ 1,599,921	\$ 1,467,802

See accompanying notes to financial statements.

GRIMSBY PUBLIC LIBRARY

Statement of Changes in Net Financial Assets

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

	Budget (note 16)	2024	2023
Annual surplus	\$ 34,416	\$ 132,119	\$ 193,695
Amortization of tangible capital assets	115,844	115,844	119,602
Acquisition of tangible capital assets	(182,100)	(115,533)	(102,317)
	(31,840)	132,430	210,980
Decrease in prepaid assets	—	1,171	1,185
Change in net financial assets	(31,840)	133,601	212,165
Net financial assets, beginning of year	865,597	865,597	653,432
Net financial assets, end of year	\$ 833,757	\$ 999,198	\$ 865,597

See accompanying notes to financial statements.

GRIMSBY PUBLIC LIBRARY

Statement of Cash Flows

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

	2024	2023
Cash provided by (used in):		
Operating activities:		
Annual surplus	\$ 132,119	\$ 193,695
Items not involving cash:		
Amortization of tangible capital assets	115,844	119,602
Change in non-cash assets and liabilities:		
Receivables	(14,706)	29,607
Due from Town of Grimsby	(65,646)	(225,018)
Inventories for resale	759	(670)
Employee benefit obligations	(7,300)	(4,500)
Prepaid expenses	1,171	1,185
Net change in cash from operating activities	162,241	113,901
Capital activities:		
Acquisition of tangible capital assets	(115,533)	(102,317)
Financing activities:		
Repayment from capital lease obligation	(1,801)	(1,801)
Net increase in cash and cash equivalents	44,907	9,783
Cash and cash equivalents, beginning of year	37,881	28,098
Cash and cash equivalents, end of year	\$ 82,788	\$ 37,881

See accompanying notes to financial statements.

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements

Year ended December 31, 2024

1. Purpose of the Library:

The Grimsby 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 Town of Grimsby and residents of other municipalities who have contracted with the Library for services.

2. Significant accounting policies:

The financial statements are the responsibility of and prepared by management in accordance with Canadian Public Sector Accounting Standards. The preparation of financial statements necessarily involves the use of 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) Basis of accounting:

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

(b) Reporting entity:

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

(c) Cash and cash equivalents:

Cash and cash equivalents include cash on hand, balances with the bank and guaranteed investment certificates that mature within three months.

(d) Portfolio investments:

Portfolio investments are valued at the lower cost and market value. Interest income is reported as revenue in the period earned.

(e) Inventories for resale:

Inventories held for resale are recorded at the lower of cost and net realizable value

(f) Deferred revenue:

Resources restricted by agreement with an external party are recognized as revenue in the entity's financial statements in the period in which the resources are used for the purpose or purposes specified. An externally restricted inflow received before this criterion has been met and is recorded as a liability until the resources are used for the purpose or purposes specified.

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements

Year ended December 31, 2024

2. Significant accounting policies (continued):

(g) Employee future benefits:

The Library pays certain benefits on behalf of its retired employees. These retirement costs are recognized in the period in which the employees rendered their services to the Library. The actuarial determination of the accrued benefit obligations for pension benefits earned by employees uses the projected benefit method prorated on service (which incorporates management's best estimate of future salary levels, other cost escalation, retirement ages of employees and other actuarial factors).

(h) Tangible capital assets:

Tangible capital assets are recorded at cost. Cost includes all directly attributable to the 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.

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.

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 and Accumulated Surplus.

Asset	Useful life - years
Library collection	8
Furniture and fixtures	20
Equipment	3-15
Computer software	15
Computer equipment	5

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

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

2. Significant accounting policies (continued):

(i) 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.

(j) Reserves for future expenses:

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

(k) 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. 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 the Town of Grimsby.

Financial liabilities measured at amortized cost include long term debt.

(l) 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.

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

3. Adoption of new guidance:

Effective January 1, 2024, the Library adopted new public sector accounting standards sections retroactively with restatement: PS 3160 Public Private Partnerships, PS 3400 Revenue and adopted PSG-8 Purchased Intangibles prospectively.

PS 3400 Revenue establishes standards on how to account for and report on revenue, specifically differentiating between transactions that include performance obligations (i.e. the payor expects a good or service from the public sector entity), referred to as exchange transactions, and transactions that do not have performance obligations, referred to as non-exchange transactions. For exchange transactions, revenue is recognized when a performance obligation is satisfied. For non-exchange transactions, revenue is recognized when there is authority to retain an inflow of economic resources and a past event that gave rise to an asset has occurred.

PSG-8 Purchased Intangibles provides guidance on the accounting and reporting for purchased intangible assets that are acquired through arm's length exchange transactions between knowledgeable, willing parties that are under no compulsion to act.

PS 3160 Public Private Partnerships (P3s) provides specific guidance on the accounting and reporting for P3s between public and private sector entities where the public sector entity procures infrastructure using a private sector partner.

The adoption of the new standards had no impact on the Library.

4. Employee benefit obligations:

	2024	2023
Post-employment benefits	\$ 39,700	\$ 47,000

The Library pays certain retirement benefits on behalf of its retired employees. The Library recognizes these retirement costs in the period in which the employees rendered the services. The plan is substantially unfunded and requires no contributions from employees.

The accrued benefit obligation at December 31, 2024 of \$39,700 (2023 - \$47,000) was determined by actuarial valuation using a discount rate of 4.3% (2023 - 4.30%). The Library's obligation under the retirement benefits provision of employment agreements will be funded out of current revenue. During the year, benefit payments of \$18,700 (2023 - \$ 17,700) were paid to retirees.

Actuarial valuations for accounting purposes are performed every three years using the projected benefit method, pro-rated on service. Under this method, the projected post-employment benefits are deemed to be earned on a pro-rated basis over the employees' years of service.

The actuarial valuation was prepared as at December 31, 2023. The main actuarial assumptions employed for the valuation are as follows:

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

4. Employee benefit obligations (continued):

Interest (discount) rate – the obligations as at December 31, 2024 of the present value of future liabilities were determined using a discount rate of 4.30%.

Dental costs – dental costs were assumed to be 4.50% per annum.

Drug costs – drug costs were assumed to be 7.65% in 2023 grading down by 0.15% per annum to 4.50% in 2024.

Vision costs – vision costs were assumed to be 2.75% in 2023 grading down by 0.25% per annum to Nil in 2024.

Other health costs – other health costs were assumed to be 4.50% per annum.

	2024	2023
Accrued benefit obligation:		
Balance, beginning of year	\$ 47,000	\$ 51,500
Current service cost	3,000	3,800
Interest cost	3,500	3,200
Benefits paid	(18,700)	(17,700)
Amortization of actuarial loss	4,900	6,200
Balance, end of year	\$ 39,700	\$ 47,000
Funded status:		
Deficit	\$ 74,800	\$ 87,000
Unamortized actuarial loss	(35,100)	(40,000)
	\$ 39,700	\$ 47,000

The net benefit expense for the employee benefit plan is as follows:

Current service cost	\$ 3,000	\$ 3,800
Interest cost	3,500	3,200
Amortization of actuarial loss	4,900	6,200
	\$ 11,400	\$ 13,200

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

5. Long-term debt:

(a) The long-term debt reported on the Statement of Financial Position is made up of the following:

Purpose	Interest Rate	Maturity Date	2024	2023
Photocopier	0%	2027	\$ 4,497	\$ 6,298

(b) Total charges for interest, which are reported on the Statement of Operations and Accumulated Surplus in contracted services amounts to \$Nil (2023 - \$Nil).

(c) Principal payments due over the next four years are as follows:

2025	\$ 1,801
2026	1,801
2027	895

6. Accumulated surplus:

	2024	2023
Operating surplus	\$ 115,158	\$ 115,757
Tangible capital assets	595,664	595,975
Reserves and reserve funds (note 7)	933,296	809,368
Unfunded liabilities (note 8)	(44,197)	(53,298)
	\$ 1,599,921	\$ 1,467,802

7. Reserve and reserve funds:

Reserves set aside by the Board for specific purposes:

	2024	2023
Replacement of equipment	\$ 258,549	\$ 277,738
Maintenance	533,256	426,667
Strategic priorities	141,491	104,963
	\$ 933,296	\$ 809,368

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

8. Unfunded liabilities:

	2024	2023
Employee benefit obligations	\$ 39,700	\$ 47,000
Long-term debt	4,497	6,298
	\$ 44,197	\$ 53,298

9. Development charges:

Development charges are fees collected by the Town of Grimsby from developers at the time a building permit is issued to help pay for municipal services, including Library services, required to meet the needs of community growth. Development charges allocated for Library purposes are collected, administered, and held by the Town of Grimsby are as follows:

	2024	2023
Balance, beginning of year	\$ 1,245,936	\$ 1,248,573
Add: contributions during the year	19,169	27,278
Add: interest income	58,693	61,018
Less: amounts recognized during the year for Library expenses	(97,758)	(90,933)
Balance, end of year	\$ 1,226,040	\$ 1,245,936

10. Government transfers:

	2024 Budget	2024 Actual	2023 Actual
Capital:			
Government of Canada:			
Canada Community Revitalization Fund	\$ –	\$ –	\$ 41,790
Operating:			
Government of Canada:			
Canada Summer Jobs	–	(190)	1,992
YCW summer student grant	12,010	12,059	4,896
Province of Ontario:			
Public library operating grant	31,390	31,391	31,392
Region of Niagara	–	–	750
Other	–	1,770	1,860
	\$ 43,400	\$ 45,030	\$ 82,680

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

11. Other revenue:

	2024 Budget	2024 Actual	2023 Actual
Book bag sales	\$ 50	\$ 30	\$ 42
Merchandise sales	80	159	77
Library book sales	1,800	1,329	1,634
Miscellaneous revenue	1,000	10,859	1,786
	\$ 2,930	\$ 12,377	\$ 3,539

12. Salaries, wages and benefits:

	2024 Budget	2024 Actual	2023 Actual
Salaries and wages	\$ 688,670	\$ 646,338	\$ 610,184
Benefits	158,590	142,123	135,084
	\$ 847,260	\$ 788,461	\$ 745,268

13. Workplace and Insurance Board (WSIB) future benefits:

The Library, as a part of the Town of Grimsby, is a schedule II employer under the Workplace Safety & Insurance Act and follows a policy of self-insurance for all its employees.

An actuarial estimate of the future liabilities has been completed and forms the basis for the estimated liability reported in these financial statements. The liability is based on expected future WSIB costs for individuals with dates of injury/illness on or before the fiscal year-end. There are no individuals with the Library who have WSIB injury/illness dates on or before December 31, 2024 with expected future WSIB claims.

The Town of Grimsby also maintains an insurance policy, which protects against single claims in excess of \$500,000.

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

14. 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 specifies 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 Library does not recognize any share of the pension plan deficit of \$4.3 billion (2023 - \$7.6 billion deficit) 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. Plan deficits may require increases to future contributions. Contributions were made in 2024 calendar year at rates from 9.0% to 14.6% 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 and Accumulated Surplus. Employer contributions to OMERS for 2024 current and past service was \$51,406 (2023 - \$48,774) and were matched by employee contributions in a similar amount.

15. Related party transactions:

	2024	2023
Revenues:		
Municipal contribution	\$ 1,060,090	\$ 1,030,800
Development charges	97,758	90,933
	<u>\$ 1,157,848</u>	<u>\$ 1,121,733</u>
Expenses:		
Utilities	\$ 30,164	\$ 34,572

In 2024, the municipal contribution for water and sewer charges of \$ 947 (2023 - \$703) is included in utilities were with the Town of Grimsby. Electrical charges of \$29,217 (2023 - \$33,869) included in utilities were paid to Grimsby Power Incorporated, a company owned by the Town of Grimsby.

16. Budget information:

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 Accumulated Surplus and Statement of Changes in Net Financial Assets represent the budget adopted by the Board on December 13, 2023. with the following adjustments:

Approved budgeted annual surplus	\$	–
Add: acquisition of tangible capital assets		182,100
Less: transfers to reserves, net		(31,840)
Less: amortization of tangible capital assets		(115,844)
Budgeted surplus per Statement of Operations and Accumulated Surplus	\$	<u>34,416</u>

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. 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, 2024:

(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, investments, grants receivable and accounts receivable. The Library holds its cash accounts with a federally regulated chartered bank who is insured by the Canadian Deposit Insurance Corporation. In the event of default, the Library's cash accounts are insured up to \$82,788 (2023 - \$37,881).

Receivables are 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. An impairment allowance is set up for specific accounts deemed to be possibly uncollectible. In the current and prior year, no impairment allowance was recorded. There were no changes in exposures to credit risk during the period. The amounts outstanding at year-end were as follows:

2024	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	\$ 958,598	–	–	–	–	\$ 958,598

2023	Current	31-60 days	61-90 days	91-120 days	Over 120 days	Total
Government receivables	\$ 878,246	–	–	–	–	\$ 878,246

(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. The following undiscounted cash flows are required to settle the Library's financial liabilities within one year \$1,801 (2023 - \$1,801).

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.

GRIMSBY PUBLIC LIBRARY

Notes to Financial Statements (continued)

Year ended December 31, 2024

17. Financial instruments (continued):

(d) 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.

18. Tangible capital assets:

Cost	Balance at December 31, 2023	Additions	Disposals	Balance at December 31, 2024
Library collection	\$ 598,002	\$ 85,688	\$ (72,955)	\$ 610,735
Furniture and fixtures	392,129	—	—	392,129
Equipment	212,490	10,444	—	222,934
Computer software	22,885	—	—	22,885
Computers	60,685	14,633	(28,513)	46,805
Construction in Progress	—	4,768	—	4,768
	\$ 1,286,191	\$ 115,533	\$ (101,468)	\$ 1,300,256

Accumulated amortization	Balance at December 31, 2023	Amortization expense	Disposals	Balance at December 31, 2024
Library collection	\$ 284,074	\$ 75,546	\$ (72,955)	\$ 286,665
Furniture and fixtures	324,922	16,796	—	341,718
Equipment	26,603	16,544	—	43,147
Computer software	5,340	1,526	—	6,866
Computers	49,277	5,432	(28,513)	26,196
	\$ 690,216	\$ 115,844	\$ (101,468)	\$ 704,592

Net book value	December 31, 2023	December 31, 2024
Library collection	\$ 313,928	\$ 324,070
Furniture and fixtures	67,207	50,411
Equipment	185,887	179,787
Computer software	17,545	16,019
Computers	11,408	20,609
Construction in Progress	—	4,768
	\$ 595,975	\$ 595,664