Okanagan Regional Library District
Financial Statements
December 31, 2025

Okanagan Regional Library District
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For the year ended December 31, 2025

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Management's Responsibility

To the Board of Trustees of Okanagan Regional Library District:

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 Trustees is composed primarily of members who are neither management nor employees of the Okanagan Regional Library District (the "Library District") . 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 Board is also responsible for recommending the appointment of the Library District's external auditors.

MNP LLP is appointed by the Board of Trustees to audit the financial statements and report directly to them; 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.

May 20, 2026

e-Signed by Jeremy Feddersen
2026-05-20 11:48:57:57 PDT
Chief Financial Officer

e-Signed by Tasha Da Silva
2026-05-20 18:11:47:47 PDT
Chairperson

To the Board of Trustees of Okanagan Regional Library District:

Opinion

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

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Library District as at December 31, 2025, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor’s Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Library District 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.

Unaudited Information

We have not audited, reviewed or otherwise attempted to verify the accuracy or completeness of the schedules on pages 15-20 of the Library District's financial statements.

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

Those charged with governance are responsible for overseeing the Library District’s financial reporting process.

MNP LLP

Suite A, 3009 28th Street, Vernon BC, V1T 4Z7 1.877.475.5678 T: 778.475.5678 F: 778.475.5618

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Library District’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 District’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 District 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.

Vernon, British Columbia

MNP LLP

May 20, 2026

Chartered Professional Accountants

MNP

Okanagan Regional Library District
Statement of Financial Position
As at December 31, 2025

	2025	*2024*
Financial assets		
Cash	**5,845,401**	5,966,054
Accounts receivable *(Note 3)*	**391,852**	492,558
MFA debt reserve	**260,000**	235,000
	6,497,253	6,693,612
Liabilities		
Accounts payable and accruals	**923,120**	2,834,509
Deferred revenue	**-**	20,657
Wages payable	**377,047**	300,222
Long-term debt *(Note 4)*	**15,128,441**	13,714,383
	16,428,608	16,869,771
Net debt	**(9,931,355)**	(10,176,159)
Contingencies *(Note 9)*		
Non-financial assets		
Tangible capital assets *(Schedule 1)*	**33,449,331**	34,258,175
Prepaid expenses	**262,289**	186,730
	33,711,620	34,444,905
Accumulated surplus *(Note 6)*	**23,780,265**	24,268,746

Approved on behalf of the Board

e-Signed by Tasha Da Silva
2026-05-20 18:11:56:56 PDT

Chairperson

The accompanying notes are an integral part of these financial statements

Okanagan Regional Library District
Statement of Operations
For the year ended December 31, 2025

	2025 Budget (Note 10)	***2025***	*2024*
Revenue			
Assessments *(Schedule 3)*	**21,995,175**	**21,996,885**	20,774,703
Province of British Columbia grant	**1,038,411**	**1,087,170**	1,086,582
Other revenue *(Schedule 4)*	**657,935**	**776,163**	981,433
Other grant revenue	**55,500**	**54,954**	77,921
	23,747,021	**23,915,172**	22,920,639
Expenses *(Note 5)*			
Direct local branch expenses *(Schedule 5)*	**13,694,026**	**13,143,378**	13,705,439
Headquarters support services *(Schedule 6)*	**5,075,748**	**6,663,655**	5,347,306
Electronic materials	**1,736,176**	**1,949,556**	1,694,322
Delivery/transportation operating	**105,580**	**131,350**	140,491
Children's programs	**56,854**	**60,377**	32,680
Amortization	**-**	**2,455,337**	2,356,411
	20,668,384	**24,403,653**	23,276,649
Annual surplus (deficit) before other items	**3,078,637**	**(488,481)**	(356,010)
Other income			
Gain on disposal of capital assets	**-**	**-**	1,922
Annual surplus (deficit)	**3,078,637**	**(488,481)**	(354,088)
Accumulated surplus, beginning of year	**24,268,746**	**24,268,746**	24,622,834
Accumulated surplus, end of year	**27,347,383**	**23,780,265**	24,268,746

The accompanying notes are an integral part of these financial statements

Okanagan Regional Library District
Statement of Changes in Net Debt
For the year ended December 31, 2025

	2025 Budget (Note 10)	***2025***	*2024*
Annual surplus (deficit)	**3,078,637**	**(488,481)**	(354,088)
Acquisition of tangible capital assets	**-**	**(1,646,185)**	(4,617,885)
Amortization of tangible capital assets	**-**	**2,455,337**	2,356,411
Gain on disposal of tangible capital assets	**-**	**-**	(1,922)
Proceeds on sale of tangible capital assets	**-**	**-**	2,500
Other items	**-**	**(308)**	-
Increase (decrease) in prepaid expenses	**-**	**(75,559)**	192,272
Decrease (increase) in net debt	**3,078,637**	**244,804**	(2,422,712)
Net debt, beginning of year	**(10,176,159)**	**(10,176,159)**	(7,753,447)
Net debt, end of year	**(7,097,522)**	**(9,931,355)**	(10,176,159)

Okanagan Regional Library District
Statement of Cash Flows
For the year ended December 31, 2025

	2025	*2024*
Operating activities		
Annual surplus (deficit)	**(488,481)**	(354,088)
Non-cash items		
Amortization	**2,455,337**	2,356,411
Gain on disposal of capital assets	**(308)**	1,922
Trade-in value of vehicle	**-**	(2,500)
	1,966,548	2,001,745
Changes in working capital accounts		
Accounts receivable	**100,706**	272,576
Prepaid expenses and deposits	**(75,559)**	192,272
Accounts payable and accruals	**(1,834,564)**	294,386
Deferred revenue	**(20,657)**	-
	136,474	2,760,979
Financing activities		
Advances of long-term debt	**2,500,000**	-
Long-term debt repayments	**(1,085,942)**	(1,049,185)
Increase in MFA debt reserve fund	**(25,000)**	-
	1,389,058	(1,049,185)
Capital activities		
Purchases of tangible capital assets	**(1,646,185)**	(4,617,885)
Decrease in cash resources	**(120,653)**	(2,906,091)
Cash resources, beginning of year	**5,966,054**	8,872,145
Cash resources, end of year	**5,845,401**	5,966,054

The accompanying notes are an integral part of these financial statements

1. Incorporation and operations

The Okanagan Regional Library District (the "Library District") was formally established under the authority of the British Columbia Library Act. Incorporated as a regional library system in 1936, the Library District was among the first of its kind in Canada, created to provide coordinated public library service across multiple municipalities and regional districts in the Okanagan Valley.

2. Significant accounting policies

The financial statements of the Library District are prepared by management in accordance with Canadian public sector accounting standards as recommended by the Public Sector Accounting Board (PSAB) of CPA Canada. Significant accounting policies adopted by the Library District are as follows:

Basis of accounting

It is the Library District's policy to follow accounting principles generally accepted for municipalities in the Province of British Columbia. The financial statements include the account of all funds for the Library District. All interfund transfers have been eliminated. Expenses are recognized as they are incurred and measurable based upon receipt of goods or services and/or creation of a legal obligation for pay.

Revenue recognition

The Library District recognizes government transfers, which include legislative grants, as revenue when the transfer is authorized and all eligibility criteria, if any, have been met. A government transfer with stipulations giving rise to an obligation that meets the definition of a liability is recognized as a liability. In such circumstances, the Library District recognizes revenue as the liability is settled. Transfers of non-depreciable assets are recognized in revenue when received or receivable.

Assessment revenue is invoiced quarterly and is recorded when it becomes due on the first day of the last month of each quarter. The schedule of due dates is set by the Library Act. Revenue from grants is recorded when received and when conditions specified in the grant are met. Other revenue is recorded when the service has been provided or when performance has been achieved and the revenue is reasonably collectible.

Cash and cash equivalents

Cash and cash equivalent include balances with banks and short-term investments with maturities of three months or less.

MFA debt reserve

As a condition of borrowing through Regional Districts (Note 4), a portion of the loan proceeds are withheld by the Regional Districts to be used as a debt reserve for the Municipal Finance Authority ("MFA").

Reserve funds

The Library District has established several reserves relating to future capital expenses and operating expenses. Amounts transferred to and from these reserves are per approval of the Board of Trustees for the Library District.

Deferred revenue

Deferred revenue represents funds which have been collected from non-government sources, but for which the performance obligation is yet to be satisfied. These amounts will be recognized as revenues in the fiscal year when all revenue recognition criteria have been met.

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.

Financial instruments

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

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

Financial instruments *(Continued from previous page)*

At initial recognition, the Library District may irrevocably elect to subsequently measure any financial instrument at fair value. The Library District has made such an election during the year.

The Library District 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 Library District 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. 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.

Transaction costs directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in operating deficit. Conversely, transaction costs are added to the carrying amount for those financial instruments subsequently measured at cost or amortized cost.

All financial assets except derivatives are tested annually for impairment. Management considers whether the investee has experienced continued losses for a period of years, recent collection experience for the loan, such as a default or delinquency in interest or principal payments, etc. in determining whether objective evidence of impairment exists. 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.

Measurement uncertainty (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 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.

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

Tangible capital assets

Tangible capital assets are initially recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the asset. The cost, less residual value, of the tangible capital assets, excluding land, are amortized using the methods and rates listed below based over their estimated useful lives as follows:

	Method	***Rate***
Buildings	declining balance	2.5 %
Vehicles	declining balance	20 %
Computer equipment	declining balance	25 %
Shelving	straight-line	40 years
Carts, tables, & chairs	declining balance	5 %
Electronics & miscellaneous	declining balance	15 %
Book inventory	straight-line	2-15 years

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

Asset retirement obligation

A liability for an asset retirement obligation is recognized at the best estimate of the amount required to retire a tangible capital asset (or a component thereof) at the financial statement date when there is a legal obligation for the Library District to incur retirement costs in relation to a tangible capital asset (or component thereof), the past transaction or event giving rise to the liability has occurred, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount can be made. The best estimate of the liability includes all costs directly attributable to asset retirement activities, based on information available at December 31, 2025. The best estimate of an asset retirement obligation incorporates a present value technique, when the cash flows required to settle or otherwise extinguish an asset retirement obligation are expected to occur over extended future periods.

When a liability for an asset retirement obligation is initially recognized, a corresponding asset retirement cost is capitalized to the carrying amount of the related tangible capital asset (or component thereof). The asset retirement cost is amortized over the useful life of the related asset.

At each financial reporting date, the Library District reviews the carrying amount of the liability. The Library District recognizes period-to-period changes to the liability due to the passage of time as accretion expense. Changes to the liability arising from revisions to either the timing, the amount of the original estimate of undiscounted cash flows or the discount rate are recognized as an increase or decrease to the carrying amount of the related tangible capital asset.

The Library District continues to recognize the liability until it is settled or otherwise extinguished. Disbursements made to settle the liability are deducted from the reported liability when they are made.

The Library District has determined that there are no asset retirement obligations in the current year.

Liability for contaminated site

A liability for remediation of a contaminated site is recognized at the best estimate of the amount required to remediate the contaminated site when contamination exceeding an environmental standard exists, the Library District is either directly responsible or accepts responsibility, it is expected that future economic benefits will be given up, and a reasonable estimate of the amount is determinable. The best estimate of the liability includes all costs directly attributable to remediation activities and is reduced by expected net recoveries based on information available at December 31, 2025.

The Library District has determined that there are no contaminated sites in the current year.

3. Accounts receivable

	2025	*2024*
Accounts receivable	**59,310**	143,317
GST receivable	**332,542**	349,241
	391,852	492,558

4. Long-term debt

The Regional District of Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1236, 2008) to borrow $4,500,000 from the Municipal Finance Authority on behalf of the Library District.

The Regional District of North Okanagan was authorized (Regional District of North Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 2436, 2010) to borrow $11,000,000 from the Municipal Finance Authority on behalf of the Library District.

The Regional District of Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1236, 2021) to borrow $6,000,000 from the Municipal Finance Authority on behalf of the Library District.

The Regional District of Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1478, 2023) to borrow $2,000,000 from the Municipal Finance Authority on behalf of the Library District.

The Regional District of Central Okanagan was authorized (Regional District of Central Okanagan, Okanagan Regional Library District Borrowing Loan Authorization Bylaw No. 1572, 2025) to borrow $2,500,000 from the Municipal Finance Authority on behalf of the Library District.

	2025	*2024*
Loan payable to the Municipal Finance Authority of British Columbia, payable in semi-annual interest payments of $96,750 at a fixed interest rate of 4.30% (2024 - 4.30%), and annual principal payments of $151,118. Loan matures on November 2028.	**918,882**	1,201,923
Loan payable to the Municipal Finance Authority of British Columbia, payable in semi-annual interest payments of $80,850 at a fixed interest rate of 1.47% (2024 - 1.47%), and annual principal payments of $404,379. Loan matures on April 2031.	**4,206,248**	4,826,692
Loan payable to the Municipal Finance Authority of British Columbia, payable in semi-annual interest payments of $100,800 at a fixed interest rate of 1.68% (2024 - 1.68%), and annual principal payments of $136,666. Loan matures on April 2052.	**5,579,667**	5,723,252
Loan payable to the Municipal Finance Authority of British Columbia, payable in semi-annual interest payments of $49,700 at a fixed interest rate of 4.97% (2024 - 4.97%), and annual principal payments of $37,485. Loan matures on October 2053.	**1,923,644**	1,962,516
Loan payable to the Municipal Finance Authority of British Columbia, payable in semi-annual interest payments of $46,625 at a fixed interest rate of 3.73%, and annual principal payments of $48,031. Loan matures on October 2055.	**2,500,000**	-
	15,128,441	13,714,383

4. Long-term debt *(Continued from previous page)*

Principal repayments on long-term debt in each of the next five years are estimated as follows:

	Principal
2026	777,678
2027	777,678
2028	777,678
2029	626,560
2030	626,560
Thereafter	5,473,951
	9,060,105
Add: Actuarial additions until maturity	6,068,336
	$ 15,128,441

The Library District has recognized actuarial adjustments of $356,294 (2024 - $319,538).

5. Expenses by object

	2025 Budget	***2025 Actual***	*2024 Actual*
Advertising and marketing	**136,679**	**154,377**	**122,171**
Amortization	**-**	**2,455,337**	**2,356,411**
Association dues and memberships	**21,601**	**24,321**	**15,772**
Board and committee expenses	**21,368**	**12,005**	**10,684**
Board strategic planning	**-**	**5,000**	**8,390**
Book binding and mending	**23,221**	**-**	**2,180**
Collection agency (recovery)	**3,000**	**(1,937)**	**1**
Communications	**83,178**	**86,347**	**92,646**
Computer maintenance and telecommunications	**675,539**	**836,826**	**799,785**
Electronic materials	**1,736,176**	**1,949,556**	**1,694,323**
Insurance	**65,644**	**76,286**	**67,110**
Interest, bank charges and foreign exchange	**11,500**	**17,849**	**13,710**
Long-term debt interest	**717,200**	**656,200**	**511,260**
Maintenance and utilities	**2,044,434**	**2,446,480**	**2,552,258**
Penticton library contract	**49,778**	**45,320**	**44,220**
Postage and freight	**67,097**	**41,065**	**45,824**
Professional fees	**72,306**	**103,387**	**139,347**
Programs	**167,161**	**135,202**	**123,255**
Rent	**1,787,534**	**1,728,274**	**1,744,598**
Staff development	**287,691**	**180,823**	**259,938**
Supplies	**153,801**	**240,793**	**539,741**
Transportation	**147,891**	**182,107**	**178,914**
Wages and benefits	**12,395,585**	**13,028,035**	**11,954,111**
	20,668,384	**24,403,653**	**23,276,649**

Computer maintenance and telecommunications contains $68,885 of IT costs that were completed using funds transferred from reserves for these projects. See Note 10 for further information on budgeted figures.

Maintenance and utilities contains $417,146 of renovation costs that were completed using funds transferred from reserves for various building projects. See Note 10 for further information on budgeted figures.

Supplies contains $98,603 of expenses transferred from reserves. See Note 10 for further information on budgeted figures.

6. Accumulated surplus

Accumulated surplus consists of the following:

	2025	*2024*
General fund (Schedule 2)	**577,650**	(3,115,505)
Equity in tangible capital assets (Note 8)	**18,556,286**	20,779,496
Reserve funds (Schedule 7)	**4,646,329**	6,604,755
	23,780,265	24,268,746

Equity in tangible capital assets reflects the funds that have already been expended on infrastructure and other non-financial assets.

Reserve funds consist of money designated by the Board of Trustees for particular, intended uses.

7. Equity in tangible capital assets

	2025	*2024*
Equity in tangible capital assets, beginning of year	**20,779,496**	17,468,837
Contribution for long-term debt reduction	**1,085,942**	1,049,185
Contribution for tangible capital assets	**1,646,185**	4,617,885
Amortization	**(2,455,337)**	(2,356,411)
Loan advances	**(2,500,000)**	-
Equity in tangible capital assets, end of year	**18,556,286**	20,779,496

8. Credit facility

The Library District has a credit facility agreement with a financial institution which provides a revolving line of credit of $750,000 with an interest rate of prime plus 0.3% (2025 - 5.75%). At December 31, 2025, the Library District had drawn $nil (2024 - $nil) on this agreement.

9. Contingencies

The Library District and its employees contribute to the Municipal Pension Plan (the "Plan"), a jointly trusted pension plan. The Board of Trustees, representing plan members and employers, is responsible for administering the plan, including investment of the assets and administration of benefits. The Plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. As at December 31, 2024, the Plan has about 273,000 active members and approximately 133,000 retired members. Active members include approximately 47,000 contributors from local governments.

Every three years, an actuarial valuation is performed to assess the financial position of the Plan and adequacy of plan funding. The actuary determines an appropriate combined employer and member contribution rate to fund the plan. The actuary's calculated contribution rate is based on the entry-age normal cost method, which produces the long-term rate of member and employer contributions sufficient to provide benefits for average future entrants to the plan. This rate may be adjusted for the amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent valuation as of December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis.

The Library District paid $712,024 (2024 - $682,948) for employer contributions to the Plan in fiscal 2025.

The next valuation will be performed as of December 31, 2027 with results expected to be received in 2028.

Employers participating in the Plan record their pension expense as the amount of the employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate, resulting in no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

10. Budget amounts

The budget data presented in these financial statements is based upon the 2025 operating and capital budgets adopted by Board of Trustees on September 11, 2024. The following table reconciles the approved budget to the budget figures reported in these financial statements.

	Budget Amount
Budget surplus - Statement of operations	**3,078,637**
Adjust for budgeted cash items not included in statement of operations:	**-**
Repayment of long-term debt	**(1,194,942)**
Transfers to reserve funds budgeted for in expenses	**(588,932)**
Transfers to tangible capital assets budgeted for in expenses	**(2,020,770)**
Transfers from reserve funds budgeted for in expenses	**726,007**
Budget surplus per statement of operations and accumulated surplus	**-**

11. Financial Instruments

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

Liquidity Risk

Liquidity risk is the risk that the Library District will encounter difficulty in meeting obligations associated with financial liabilities that are settled by delivery of cash or another financial asset. The Library District enters into transactions to purchase goods and services on credit and borrow funds from financial institutions or other creditors for which repayment is required at various maturity dates. Liquidity risk is measured by reviewing the Library District’s future net cash flows for the possibility of negative net cash flow.

11. Financial Instruments *(Continued from previous page)*

Contractual maturities of long-term debt are disclosed in Note 4.

The Library District manages the liquidity risk resulting from its accounts payable and long-term debt by ensuring cash balances are available to meet short-term cash requirements.

There has been no change in the risk exposure from 2024.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk. In seeking to minimize the risks from interest rate fluctuations, the Library District manages exposure through negotiation of certain long-term debt at fixed rates.

The Library District is exposed to interest rate price risk with respect to long-term debt under fixed rates.

There has been no change in risk exposure from 2024.

Interest rate risk sensitivity analysis

Foreign currency risk

The Library District is exposed to foreign currency risk through transactions denominated in United States Dollars ("USD"). The risk arises primarily from the purchase of supplies and capital items priced in USD.

The Library District manages foreign currency risk by maintaining a USD denominated bank account, which serves as a natural hedge by matching USD inflows and outflows. This practice mitigates most of the risk associated with foreign currency exchange fluctuations.

At year-end, the exposure to foreign currency risk is considered minimal, any unrealized gains or losses arising from the translation of USD balances are not material to the financial statements.

There has been no change in risk exposure from 2024.

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 Library District is exposed to credit risk through the possibility of non-collection of its accounts receivable of which the majority is receivable from government entities which minimizes the risk of non-collection. The Library District's maximum exposure to credit risk at the financial statement date is the carrying value of its accounts receivable as presented on the statement of financial position.

There has been no change in risk exposure from 2024.

Okanagan Regional Library District
Schedule 1 - Tangible Capital Assets
For the year ended December 31, 2025

	Land	*Buildings*	*Vehicles*	*Computers*	*Shelving*	*Carts, tables, & chairs*	*Subtotal*
Cost							
Balance, beginning of year	**983,134**	**33,183,670**	**256,383**	**1,991,419**	**3,078,894**	**2,201,249**	**41,694,749**
Acquisition of tangible capital assets	**-**	**-**	**-**	**310,905**	**6,636**	**110,839**	**428,380**
Disposal of tangible capital assets	**-**	**-**	**-**	**(154,588)**	**(60,306)**	**(41,428)**	**(256,322)**
Balance, end of year	**983,134**	**33,183,670**	**256,383**	**2,147,736**	**3,025,224**	**2,270,660**	**41,866,807**
Accumulated amortization							
Balance, beginning of year	**-**	**6,021,638**	**128,270**	**1,194,989**	**1,606,489**	**1,001,469**	**9,952,855**
Annual amortization	**-**	**679,141**	**25,542**	**238,187**	**75,631**	**59,537**	**1,078,038**
Accumulated amortization on disposals	**-**	**-**	**-**	**(154,896)**	**(60,306)**	**(41,428)**	**(256,630)**
Balance, end of year	**-**	**6,700,779**	**153,812**	**1,278,280**	**1,621,814**	**1,019,578**	**10,774,263**
Net book value of tangible capital assets	**983,134**	**26,482,891**	**102,571**	**869,456**	**1,403,410**	**1,251,082**	**31,092,544**
2024 Net book value of tangible capital assets	983,134	27,162,032	128,113	796,430	1,472,405	1,199,780	31,741,894

Okanagan Regional Library District
Schedule 1 - Tangible Capital Assets
For the year ended December 31, 2025

	Subtotal	*Electronics & miscellaneous*	*Book inventory*	*2025*	*2024*
Cost					
Balance, beginning of year	**41,694,749**	**830,307**	**11,048,358**	**53,573,414**	50,666,671
Acquisition of tangible capital assets	**428,380**	**50,424**	**1,167,381**	**1,646,185**	4,617,885
Disposal of tangible capital assets	**(256,322)**	**(3,228)**	**(1,747,306)**	**(2,006,856)**	(1,711,142)
Balance, end of year	**41,866,807**	**877,503**	**10,468,433**	**53,212,743**	53,573,414
Accumulated amortization					
Balance, beginning of year	**9,952,855**	**626,377**	**8,736,007**	**19,315,239**	18,669,392
Annual amortization	**1,078,038**	**28,241**	**1,349,058**	**2,455,337**	2,356,411
Accumulated amortization on disposals	**(256,630)**	**(3,228)**	**(1,747,306)**	**(2,007,164)**	(1,710,564)
Balance, end of year	**10,774,263**	**651,390**	**8,337,759**	**19,763,412**	19,315,239
Net book value of tangible capital assets	**31,092,544**	**226,113**	**2,130,674**	**33,449,331**	34,258,175
2024 Net book value of tangible capital assets	31,741,894	203,930	2,312,351	34,258,175	

Schedule 2 - Current Fund Operations *(Unaudited)*

For the year ended December 31, 2025

	2025 Budget	**2025 Actual**	2024 Actual
Revenue			
Assessments (Schedule 3)	21,995,175	**21,996,885**	20,774,703
Province of British Columbia	1,038,411	**1,087,170**	1,086,582
Other revenue (Schedule 4)	657,935	**776,163**	981,433
Other grant revenue	55,500	**54,954**	77,921
	23,747,021	**23,915,172**	22,920,639
Expenses			
Children's programs	56,854	**60,377**	32,680
Delivery/transportation operating	105,580	**133,581**	140,491
Direct local branch expenses (Schedule 5)	13,694,026	**13,143,378**	13,705,439
Electronic materials	1,736,176	**1,949,556**	1,694,322
Headquarters supportive services (Schedule 6)			
Salaries and benefits	3,221,819	**4,657,815**	3,419,524
Operating	1,853,929	**2,005,840**	1,927,783
	20,668,384	**21,950,547**	20,920,239
Excess of revenue over expenses	3,078,637	**1,964,625**	2,000,400
Net interfund transfers:			
Net contributions to tangible capital fund			
For long-term debt reduction		**(1,085,942)**	(1,049,185)
For tangible capital assets		**(1,646,185)**	(4,572,597)
Net contributions from tangible capital fund			
For long-term debt advances, net of debt reserve		**2,475,000**	
Contribution from reserve fund			
Branch furnishing	165,000	**135,230**	457,623
Building maintenance (owned)	30,000	**1,667,097**	175,893
Building maintenance (non-owned)	50,000	**17,162**	165,055
Donation	-	**109,574**	162,794
Enhancing digital services	-	**20,657**	-
Provincial enhancement grant	-	**359,682**	226,546
Staff appreciation and development	-	**9,449**	4,599
Strategic planning	100,000	**71,321**	8,390
Technology and software	341,007	**337,404**	226,765
Vehicle replacement	40,000	**7,044**	32,067
Contributions to reserve funds			
Branch furnishings	(45,000)	**(45,000)**	(145,000)
Building maintenance (owned)	(60,000)	**(60,000)**	(60,186)
Building maintenance (non-owned)	(32,000)	**(32,000)**	(57,061)
Capital building project	(114,000)	**(114,000)**	(114,000)
Grants - Golden	-	**(8,502)**	-
Info systems	-	**(220)**	-
Internet - Celista	-	**(28,534)**	-
Donation	-	**(166,331)**	(195,062)
Staff appreciation and development	(1,500)	**(1,550)**	(2,505)
Technology & software	(311,008)	**(311,008)**	(311,008)
Vehicle replacement	(25,425)	**(25,425)**	(25,426)
	137,074	**1,684,923**	(5,072,298)
Change in fund balance	3,215,711	**3,649,548**	(3,071,898)
Deficit, beginning of year	-	**(3,071,898)**	-
Surplus (deficit), end of year	**3,215,711**	577,650	**(3,071,898)**

Okanagan Regional Library District
Schedule 3 - Assessments *(Unaudited)*
For the year ended December 31, 2025

	2025 Budget	**2025 Actual**	2024 Actual
Municipalities			
Armstrong	231,847	**231,847**	220,608
Coldstream	552,493	**552,493**	520,346
Enderby	127,654	**127,654**	121,989
Golden and area	379,673	**379,673**	355,013
Kelowna	8,417,691	**8,417,690**	7,859,246
Keremeos	69,584	**69,584**	66,734
Lake Country	877,395	**877,395**	825,880
Lumby	88,361	**88,361**	81,768
Oliver	243,161	**243,161**	230,364
Osoyoos	314,266	**314,266**	300,153
Peachland	311,694	**311,694**	300,659
Princeton	147,431	**147,431**	142,329
Revelstoke	460,367	**460,367**	421,266
Salmon Arm	891,890	**891,858**	845,344
Sicamous	182,631	**182,631**	172,932
Spallumcheen	254,873	**254,873**	239,921
Summerland	602,854	**602,854**	583,034
Vernon	2,187,049	**2,188,792**	2,071,213
West Kelowna	1,944,593	**1,944,593**	1,858,723
	18,285,507	**18,287,217**	17,217,522
First Nation Members			
Westbank First Nation	551,843	**551,843**	510,141
	18,837,350	**18,839,060**	17,727,663
Regional Districts			
Central Okanagan	352,074	**352,074**	349,098
Columbia - Shuswap	886,995	**886,995**	846,517
North Okanagan	924,215	**924,215**	884,427
Okanagan - Similkameen	994,541	**994,541**	966,998
	3,157,825	**3,157,825**	3,047,040
Total	**21,995,175**	**21,996,885**	**20,774,703**

Okanagan Regional Library District
Schedule 4 - Other Revenue *(Unaudited)*

For the year ended December 31, 2025

	2025 Budget	**2025 Actual**	2024 Actual
Actuarial earnings	356,295	**356,294**	319,538
Bank interest	185,000	**121,077**	338,457
Book bag revenue	1,630	**615**	783
Copying and printing	39,525	**50,536**	41,482
Donation revenue	-	**166,381**	195,881
Fines, damaged and lost books	52,506	**54,140**	43,579
Interdepartment rent	909,650	**909,650**	909,650
Meeting room rental	19,207	**10,924**	14,437
Non resident charges	2,720	**2,925**	2,499
Sundry	1,052	**13,271**	24,777
Total before adjustment	1,567,585	**1,685,813**	1,891,083
Interdepartment rent	(909,650)	**(909,650)**	(909,650)
Total	657,935	**776,163**	981,433

Okanagan Regional Library District
Schedule 5 - Direct Local Branch Expenses *(Unaudited)*

For the year ended December 31, 2025

	2025 Budget	Salaries & Benefits	Building	Other	**2025 Actual**	2024 Actual
Armstrong	253,279	235,978	82,936	2,738	**321,652**	277,353
Book deposit	3,200	-	-	5,500	**5,500**	5,500
Cherryville	48,836	28,661	12,782	2,895	**44,338**	41,153
Enderby	229,021	182,788	129,570	4,063	**316,421**	238,012
Falkland	89,411	62,422	28,202	3,685	**94,309**	88,774
Golden	259,827	161,846	82,253	21,239	**265,338**	265,787
Hedley	24,199	19,669	1,167	4,770	**25,606**	21,773
Kaleden	85,302	69,104	17,036	3,954	**90,094**	87,210
Kelowna						
Downtown	2,559,666	1,477,205	1,058,761	18,273	**2,554,239**	2,439,354
Mission	836,677	597,121	197,469	9,025	**803,615**	759,988
Rutland	902,830	571,809	376,659	6,738	**955,206**	895,681
Keremeos	187,570	142,178	42,460	4,775	**189,413**	160,657
Lake Country						
Central	385,039	366,270	146,494	7,214	**519,978**	415,249
Oyama	50,325	-	-	1,324	**1,324**	(2,934)
Lumby	175,562	146,605	59,820	3,315	**209,740**	316,850
Naramata	84,022	55,574	51,250	3,138	**109,962**	78,029
North Shuswap	111,591	64,720	15,924	2,408	**83,052**	60,978
Okanagan Falls	144,945	83,283	72,662	2,809	**158,754**	139,492
Oliver	308,067	218,128	132,405	5,779	**356,312**	323,873
Osoyoos	249,674	181,887	89,268	5,465	**276,620**	237,676
Peachland	215,798	163,988	94,151	6,069	**264,208**	240,360
Princeton	122,571	91,683	33,838	5,510	**131,031**	125,760
Revelstoke	270,234	216,287	74,497	46,175	**336,959**	408,105
Salmon Arm	887,507	560,507	317,853	6,779	**885,139**	871,613
Sicamous	195,395	117,041	57,862	5,002	**179,905**	170,261
Silver Creek	45,295	31,877	38,549	3,247	**73,673**	46,319
South Shuswap	238,283	155,029	82,987	5,906	**243,922**	233,931
Summerland	502,394	248,732	232,858	4,841	**486,431**	487,541
Vernon	2,173,659	1,427,915	804,304	9,932	**2,242,151**	2,218,221
West Kelowna & Learning Lab	1,262,598	684,812	535,478	18,083	**1,238,373**	1,526,747
Branch Shared Expenses	791,249	9,347	-	113,750	**123,097**	970,821
Total before adjustment	13,694,026	8,372,466	4,869,495	344,401	**13,586,362**	14,150,134
Interdepartment rent net of interest cost			(442,984)		**(442,984)**	(444,695)
Total	**13,694,026**	**8,372,466**	**4,426,511**	**344,401**	**13,143,378**	**13,705,439**

Okanagan Regional Library District
Schedule 6 - Headquarters Support Services *(Unaudited)*

For the year ended December 31, 2025

	2025 Budget	**2025 Actual**	2024 Actual
Advertising and marketing	136,679	**153,785**	121,052
Association dues and membership	21,601	**24,321**	15,772
Binding and mending	23,221	**-**	2,180
Board and committee expenses	21,368	**12,005**	10,684
Board strategic plan	-	**5,000**	8,390
Communications	63,816	**8,674**	40,593
Computer maintenance and telecommunications	732,905	**901,655**	886,197
Insurance	65,644	**76,286**	67,110
Interest, bank charges, and foreign exchange	11,500	**17,849**	13,710
Interest on long-term debt	193,500	**193,500**	48,560
Maintenance and utilities	198,027	**191,263**	255,213
Penticton library contract	49,778	**45,320**	44,220
Postage and freight	24,966	**8,512**	10,606
Professional fees	72,306	**103,387**	139,347
Sundry and collection agencies	3,000	**(1,937)**	1
Supplies	61,119	**66,138**	117,771
Staff development	142,577	**178,569**	128,651
Transportation	31,922	**21,513**	17,725
Total operating expenses	1,853,929	**2,005,840**	1,927,782
Salaries and benefits	3,221,819	**4,657,815**	3,419,524
Total	**5,075,748**	**6,663,655**	**5,347,306**

Okanagan Regional Library District

Schedule 7 - Reserve Fund Continuity *(Unaudited)*

For the year ended December 31, 2025

	2024	Contributions	Expenses	Transfers	**2025**
Branch furnishings	300,307	45,000	(135,228)	-	**210,079**
Building maintenance (owned)	540,990	60,000	(1,667,096)	-	**(1,066,106)**
Building maintenance (non-owned)	205,255	32,000	(17,162)	-	**220,093**
Capital building projects	1,596,422	114,000	-	(1,596,422)	**114,000**
Donation	913,234	166,331	(109,574)	-	**969,991**
Integrated Library Systems (ILS)	170,221	-	-	-	**170,221**
Materials	91,684	-	-	-	**91,684**
Provincial Enhancement Grant	1,188,844	-	(359,682)	-	**829,162**
Rent stabilization	82,729	-	-	-	**82,729**
Staff development	96,320	-	-	-	**96,320**
Staff appreciation	13,455	1,550	(9,449)	-	**5,556**
Strategic planning	555,030	-	(71,321)	-	**483,709**
Technology & software	807,156	311,228	(337,404)	-	**780,980**
Vehicle replacement	43,108	25,425	(7,044)	-	**61,489**
Total	**6,604,755**	**755,534**	**(2,713,960)**	**(1,596,422)**	**3,049,907**