



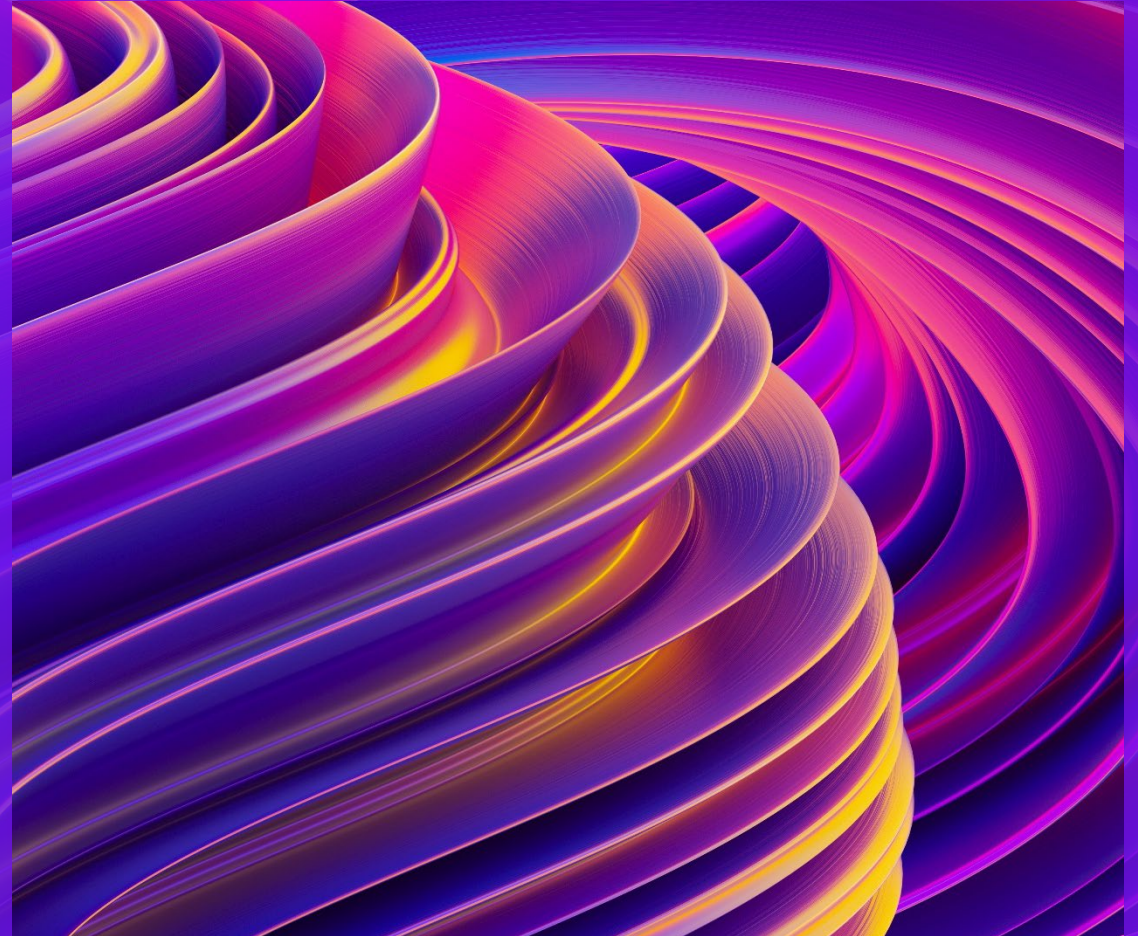
The Corporation of the City of Windsor – Public Library Board

**Audit Findings Report
for the year ended
December 31, 2025**



Prepared as of May 26, 2026 for presentation to the Board of Directors
on June 19, 2026

kpmg.ca/audit



KPMG contacts

Key contacts in connection with this engagement



Cynthia Swift, CPA, CA

Lead Audit Engagement Partner

519-251-3520

caswift@kpmg.ca



Kaitlyn Iannicello

Manager

519-251-3506

kiannicello@kpmg.ca

Table of contents

Digital use information

This Audit Findings Report is also available as a “hyper-linked” PDF document.

If you are reading in electronic form (e.g. In “Adobe Reader” or “Board Books”), clicking on the home symbol on the top right corner will bring you back to this slide.



Click on any item in the table of contents to navigate to that section.

4	Highlights	6	Status	7	Materiality	9	Risks and results
11	Misstatements	13	Control deficiencies	15	Policies and practices	17	Specific topics
18	Audit Quality	20	Independence	23	Appendices		

The purpose of this report is to assist you, as a member of the Board of Directors, in your review of the results of our audit of the financial statements. This report is intended solely for the information and use of Management and the Board of Directors and should not be used for any other purpose or any other party. KPMG shall have no responsibility or liability for loss or damages or claims, if any, to or by any third party as this report has not been prepared for, and is not intended for, and should not be used by, any third party or for any other purpose.



Audit highlights



No matters to report



Matters to report – see link for details

Status

We have completed the audit of the consolidated financial statements of the Corporation of the City of Windsor – Public Library Board (WPLB), with the exception of certain remaining outstanding procedures, which are highlighted on the 'Status' slide of this report.

Materiality

Materiality has been established by considering various metrics that are relevant to the users of the financial statements, including total revenue (excluding investment income). We have determined materiality to be \$290,000.

Risks and results

Significant risks

- Fraud risk from revenue recognition
- Fraud risk from management override of controls

Other risks of material misstatement

- Employee future benefit liability

Going concern matters

Policies and practices & Specific topics

Accounting policies and practices

Other financial reporting matters

Specific topics

Uncorrected and corrected misstatements

Uncorrected misstatements

Corrected misstatements

Control deficiencies

Significant deficiencies

Audit Quality

Learn more about how we deliver audit quality.

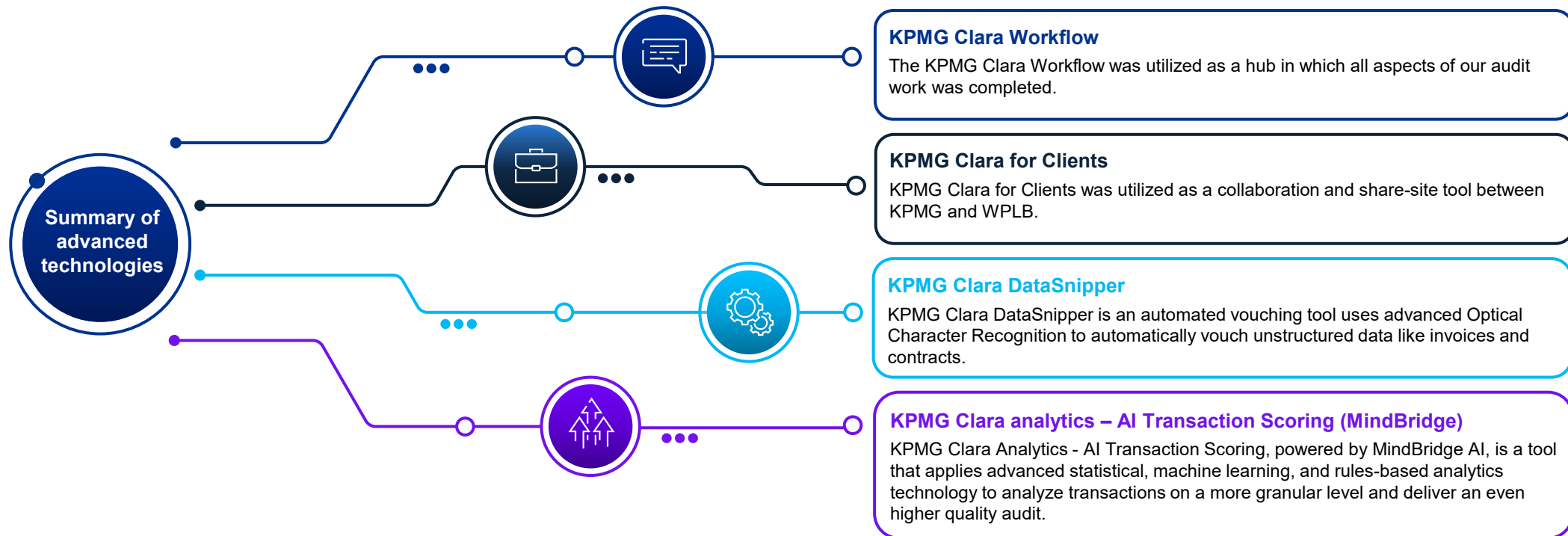
Independence

Annual Statement of Compliance



Technology highlights

We plan to utilize technology to enhance the quality and effectiveness of the audit.





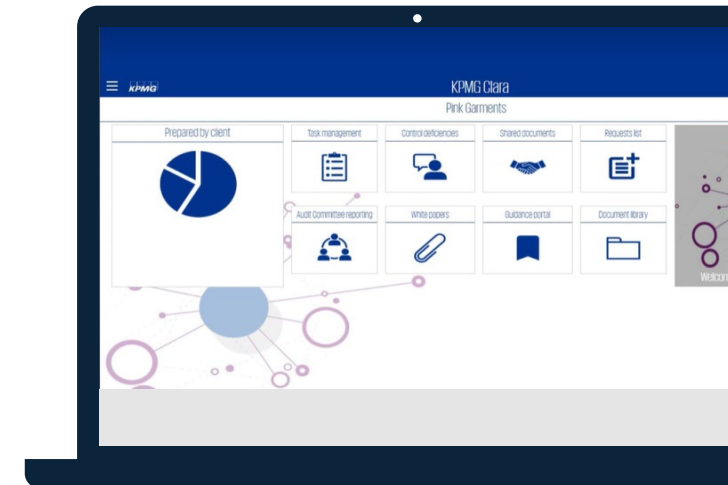
Status

As of May 26, 2026, we have completed the audit of the financial statements, with the exception of certain remaining procedures, which include amongst others:

- Obtaining signed management representation letter
- Completing our discussions with the Board of Directors
- Obtaining evidence of the Board of Director's approval of the financial statements

We will update the Board of Directors, and not solely the Chair, on significant matters, if any, arising from the completion of the audit, including the completion of the above procedures.

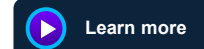
KPMG Clara for Clients (KCfc)



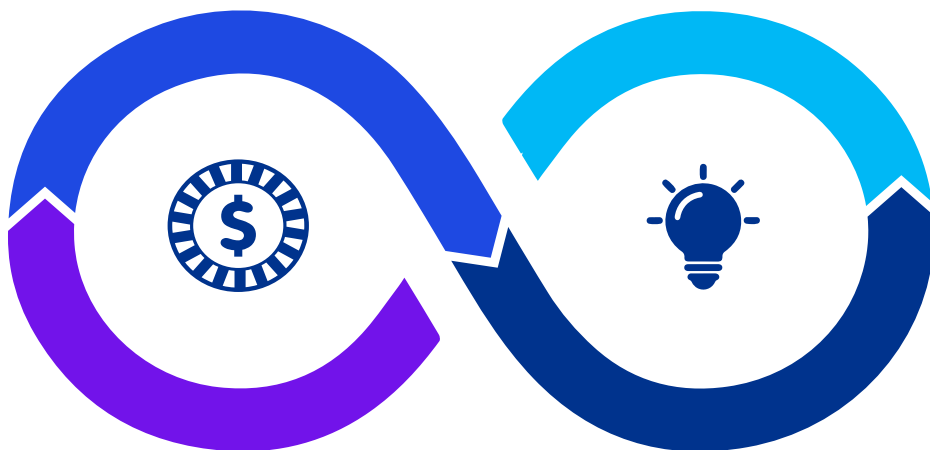
Real-time collaboration and transparency

We leveraged **KCfc** to facilitate real-time collaboration with management and provide visual insights into the status of the audit!

On our audit we used KCfc to coordinate requests from management.



Materiality



We **initially determine materiality** at a level at which we consider that misstatements could reasonably be expected to influence the economic decisions of users. Determining materiality is a matter of **professional judgement**, considering both quantitative and qualitative factors, and is affected by our perception of the common financial information needs of users of the financial statements as a group. We do not consider the possible effect of misstatements on specific individual users, whose needs may vary widely.

We **reassess materiality** throughout the audit and revise materiality if we become aware of information that would have caused us to determine a different materiality level initially.

Plan and perform the audit

We **initially determine materiality** to provide a basis for:

- Determining the nature, timing and extent of risk assessment procedures;
- Identifying and assessing the risks of material misstatement; and
- Determining the nature, timing, and extent of further audit procedures.

We design our procedures to detect misstatements at a level less than materiality in individual accounts and disclosures, to reduce to an appropriately low level the probability that the aggregate of uncorrected and undetected misstatements exceeds materiality for the financial statements as a whole.

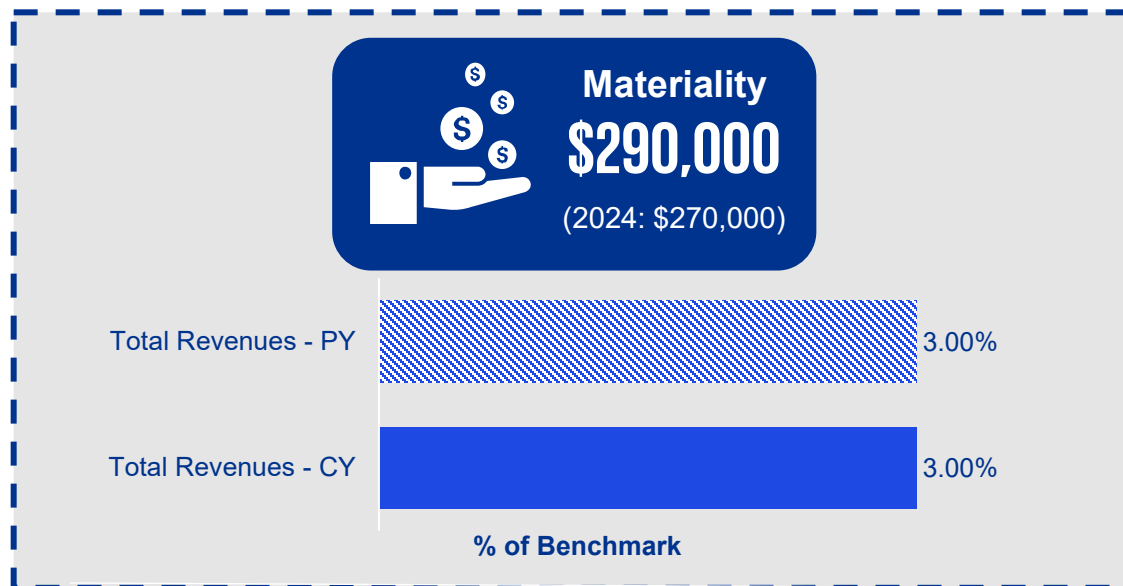
Evaluate the effect of misstatements

We also **use materiality** to evaluate the effect of:

- Identified misstatements on our audit; and
- Uncorrected misstatements, if any, on the financial statements and in forming our opinion.



Initial materiality





Significant risks



Risk of Fraud Within the Financial Statements

Presumption of the risk of fraud resulting from management override of controls

Why is it significant?

Management is in a unique position to perpetrate fraud because of its ability to manipulate accounting records and prepare fraudulent financial statements by overriding controls that otherwise appear to be operating effectively. Although the level of risk of management override of controls will vary from entity to entity, the risk nevertheless is present in all entities.

Our response

As this presumed risk of material misstatement due to fraud is not rebuttable, our audit methodology incorporates the required procedures in professional standards to address this risk. These procedures include:

- testing of journal entries and other adjustments,
- performing a retrospective review of estimates
- evaluating the business rationale of significant unusual transactions.
- No issues were noted.

Presumption of the risk of fraud resulting from fraudulent revenue recognition

Why is it significant?

This is a presumed risk.
There are generally pressures or incentives on management to commit fraudulent financial reporting through inappropriate revenue recognition when performance is measured in terms of year-over-year revenue growth or profit.

Our response

We have rebutted the fraud risk over revenue recognition since there are limited perceived opportunities to commit fraud since revenue transactions do not involve elements of significant judgment. We have also not identified any indicators that management possesses the attitude, character or ethical values that would result in intentional dishonesty. The entity is not a high public profile entity and there are no significant third-party expectations in relation to revenue. As a result, there is no risk of material misstatement of revenue due to fraudulent financial reporting by management.

Advanced technologies

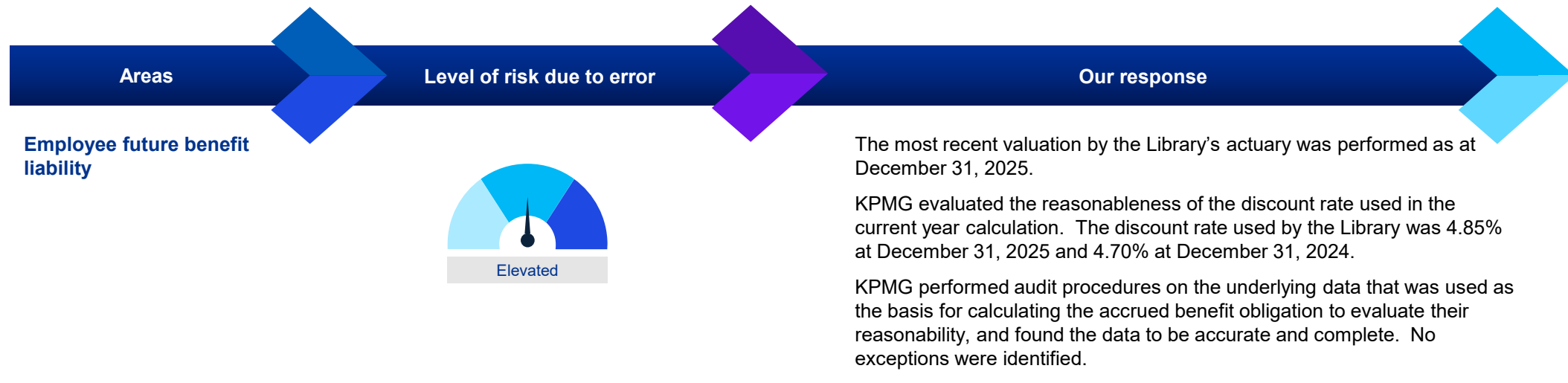
Our KPMG Clara Journal Entry Analysis Tool assists in the performance of detailed journal entry testing based on engagement-specific risk identification and circumstances. Our tool provides auto-generated journal entry population statistics and focusses our audit effort on journal entries that are riskier in nature.



[Click to learn more](#)



Other risks of material misstatement





Corrected misstatements

Corrected misstatements include financial presentation and disclosure misstatements.



Impact of corrected misstatements

- Discuss the effect on the financial reporting process
 - Discussion about the cause of the corrected misstatements (e.g. control deficiencies)
 - Discussion about that the matters underlying the corrected misstatements (e.g. control deficiencies) could potentially cause future-period financial statements to be materially misstated.



Individually significant corrected misstatements

Corrected misstatements greater than AMPT \$14,500, individually:

Description of misstatement	\$ <Millions/Thousands>	
	Debit	Credit
Correction to Prepays		
Trade Payables	\$95,021	
Other Prepaid Expenses		\$85,569
HST Rebates		\$9,452



Control deficiencies

Consideration of internal control over financial reporting (ICFR)

In planning and performing our audit, we considered ICFR relevant to the Entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances for the purpose of expressing an opinion on the financial statements, but not for the purpose of expressing an opinion on ICFR.

Our understanding of internal control over financial reporting was for the limited purpose described above and was not designed to identify all control deficiencies that might be significant deficiencies. The matters being reported are limited to those deficiencies that we have identified during the audit that we have concluded are of sufficient importance to merit being reported to those charged with governance.

Our awareness of control deficiencies varies with each audit and is influenced by the nature, timing, and extent of audit procedures performed, as well as other factors. Had we performed more extensive procedures on internal control over financial reporting, we might have identified more significant deficiencies to be reported or concluded that some of the reported significant deficiencies need not, in fact, have been reported.

A deficiency in internal control over financial reporting

A deficiency exists when the design or operation of a control does not allow management or employees, in the normal course of performing their assigned functions, to prevent or detect misstatements on a timely basis. A deficiency in design exists when (a) a control necessary to meet the control objective is missing or (b) an existing control is not properly designed so that, even if the control operates as designed, the control objective would not be met. A deficiency in operation exists when a properly designed control does not operate as designed, or when the person performing the control does not possess the necessary authority or competence to perform the control effectively.

Significant deficiencies in internal control over financial reporting

A deficiency, or a combination of deficiencies, in internal control over financial reporting that, in our judgment, is important enough to merit the attention of those charged with governance.



Control deficiencies – Significant deficiencies

Significant deficiencies in internal control over financial reporting

Description	Status	Potential effects
1	No significant deficiencies in internal control to report.	



Accounting policies and practices



Initial selection of significant accounting policies and practices

No new material or significant accounting policies and practices were selected and applied during the period.



Description of new or revised significant accounting policies and practices

No new or revised material or significant accounting policies and practices were selected and applied during the period.



Significant qualitative aspects

There are no significant qualitative aspects to note with respect to the accounting policies and practices. The engagement team reviewed the accounting policies and practices as part of the audit work performed and agreed with management's assertion that the accounting policies and practices were appropriate, and applied correctly throughout the period.



Other financial reporting matters

We also highlight the following:



Financial statement presentation - form, arrangement, and content



No matters to report.



Concerns regarding application of new accounting pronouncements



No matters to report.



Significant qualitative aspects of financial statement presentation and disclosure



No matters to report.



Specific topics


We have highlighted the following that we would like to bring to your attention:

Matter	Finding
Illegal acts, including noncompliance with laws and regulations, or fraud	No matters to report.
Other information in documents containing the audited financial statements	No matters to report.
Significant difficulties encountered during the audit	No matters to report.
Difficult or contentious matters for which the auditor consulted	No matters to report.
Management's consultation with other accountants	No matters to report.
Disagreements with management	No matters to report.
Related parties	No matters to report.
Significant issues in connection with our appointment or retention	No matters to report.
Other matters that are relevant matters of governance interest	No matters to report.

Audit quality - How do we deliver audit quality?

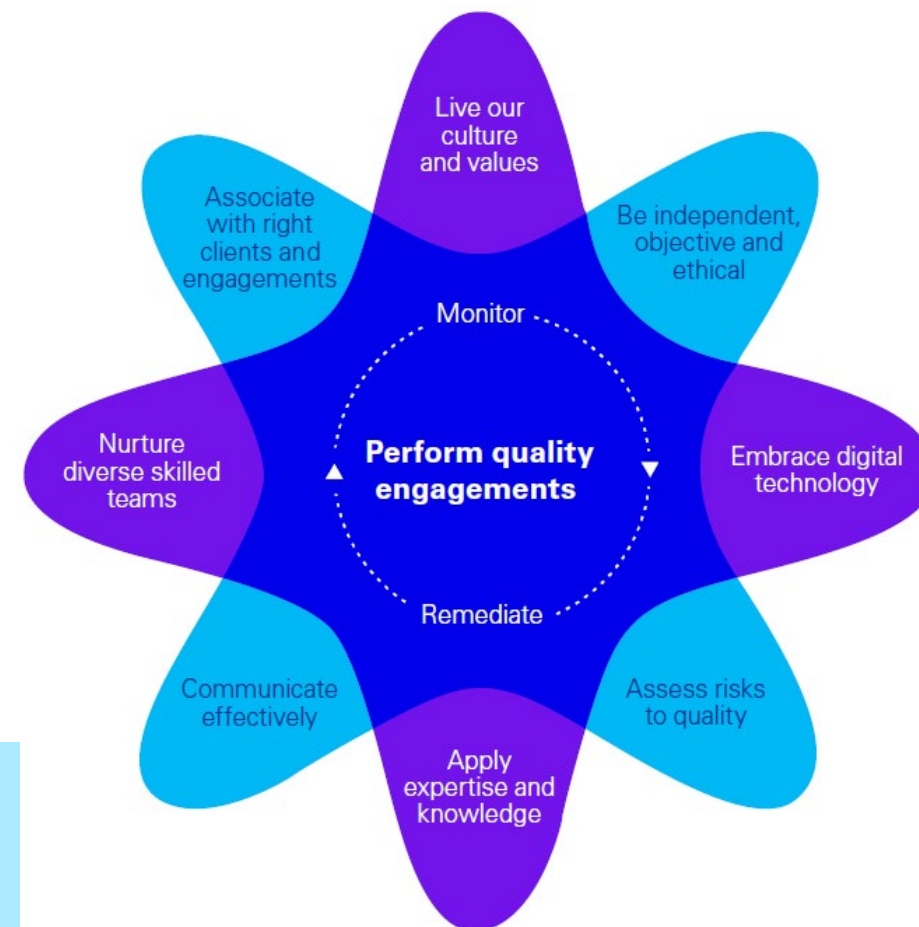
Quality essentially means doing the right thing and remains our highest priority. Our Global Quality Framework outlines how we deliver quality and how every partner and staff member contributes to its delivery.

The drivers outlined in the framework are the ten components of the KPMG System of Quality Management (SoQM). Aligned with ISQM 1/CSQM 1, our SoQM components also meet the requirements of the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (IESBA) and the relevant rules of professional conduct / code of ethics applicable to the practice of public accounting in Canada, which apply to professional services firms that perform audits of financial statements. Learn more about our system of quality management and our firm's statement on the effectiveness of our SoQM:

 [KPMG Canada Transparency Report](#)

We define 'audit quality' as being the outcome when:

- audits are **executed consistently**, in line with the requirements and intent of **applicable professional standards** within a strong **system of quality management**; and
- all of our related activities are undertaken in an environment of the utmost level of **objectivity, independence, ethics and integrity**.



Doing the right thing. Always.

Audit quality - Indicators (AQIs)

The objective of these measures is to provide the Board of Directors and management with more in-depth information about factors that influence audit quality within an audit process. Below you will find the current status of the AQIs that we have agreed with management are relevant for the audit.



Team composition



Experience of the team

- Experience, commitment and knowledge of the broader public sector
- A combination of continuity and fresh perspectives
- Access to specialist resources with public sector experience



Technology in the audit



Implementation of Technology in the Audit

- We have continued to utilize a number of digital technologies in completing the audit and actively collaborating with management and staff at the Library



Independence



- We will not put ourselves in a situation where we would audit our own work
- We apply the most rigorous standards to our professional services in order to ensure our continued independence in our role.



Timing of prepared by client (PBC) items



Timeliness of PBC items

- The Financial records are closed and ready by end of first week of fieldwork
- Client prepared documentation is prepared accurately and is provided on a timely basis
- Participation of all client personnel as required in the audit process, such as IT, HR, Legal, etc



Quality reviews



Results of internal and external reviews

- This file was not selected for external inspections for the 2025 year – end.



Nothing to report



Some matters to report



Specific matters to report



Independence

As a firm, we are committed to being and being seen to be independent. We apply the following ethical requirements, including independence requirements, in:

- the rules of professional conduct / code of ethics applicable to the practice of public accounting issued by various professional accounting bodies in Canada (“CPA code”) that are relevant to audits of financial statements of reporting issuers or listed entities; and
- the International Code of Ethics for Professional Accountants (including International Independence Standards) issued by the International Ethics Standards Board for Accountants (“IESBA independence rules”) that are relevant to audits of financial statements of public interest entities.

The following processes and procedures have been established by the firm to ensure independence is maintained:



Dedicated ethics & independence partners



Process for reporting breaches of professional standards and policy, and documented disciplinary policy



Ethics, independence and integrity training for all staff



International proprietary system used to evaluate and document threats to independence and those arising from conflicts of interest



Operating policies, procedures and guidance contained in our quality & risk management manual



Mandated procedures for evaluating independence of prospective audit clients



Restricted investments and relationships



Annual ethics and independence confirmation for staff

Statement of Compliance

We confirm that, as of the date of this communication, **we are in compliance** with relevant ethical requirements regarding independence in Canada.



Services initiated under Board of Directors pre-approval policies and procedures

We were engaged by the Corporation of the City of Windsor to perform the services listed below. The services were pre-approved by the City Council pursuant to its Policies and Procedures and ratified on August 8, 2022.

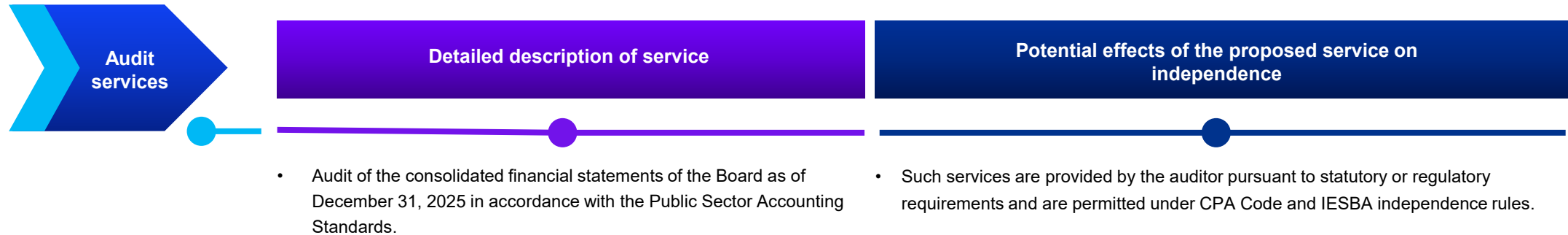
Engagement description	Fee CDN (estimated)
Audit of the financial statements of the Corporation of the City of Windsor – Public Library Board	\$18,300



Note: The Board of Directors were previously provided with a written description of the nature and scope of each service and details of the proposed fee arrangement.



Pre-approval of services – Additional detail





Appendices

A

Required communications

B

Draft Audit Report

C

Management Rep Letter

D

New auditing standards

E

New accounting standards

F

Insights

G

Technology





Appendix A: Other required communications



Engagement terms

A copy of the engagement letter and any subsequent amendments has been provided to the Board of Directors.



CPAB communication protocol

The reports available through the following links were published by the Canadian Public Accountability Board to inform Audit Committees/Board of Directors and other stakeholders about the results of quality inspections conducted over the past year:

- [CPAB Regulatory Oversight Report: 2023 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2024 Interim Inspections Results](#)
- [CPAB Regulatory Oversight Report: 2024 Annual Inspections Results](#)
- [CPAB Audit Quality Insights Report: 2025 Interim Inspections Results](#)



Appendix B: Draft auditor's report

See draft auditor's report attached to the financial statements



Appendix C: Management representation letter

KPMG LLP
618 Greenwood Centre
3200 Deziel Drive
Windsor, Ontario N8W 5K8
Canada

June 19, 2026

We are writing at your request to confirm our understanding that your audit was for the purpose of expressing an opinion on the consolidated financial statements (hereinafter referred to as "financial statements") of **The Corporation of the City of Windsor Public Library Board** ("the Entity") as at and for the period ended December 31, 2025.

GENERAL:

We confirm that the representations we make in this letter are in accordance with the definitions as set out in **Attachment I** to this letter.

We also confirm that, to the best of our knowledge and belief, having made such inquiries as we considered necessary for the purpose of appropriately informing ourselves:

RESPONSIBILITIES:

- 1) We have fulfilled our responsibilities, as set out in the terms of the engagement letter dated December 15, 2025, including for:
 - a) the preparation and fair presentation of the financial statements and believe that these financial statements have been prepared and present fairly in accordance with the relevant financial reporting framework.
 - b) providing you with all information of which we are aware that is relevant to the preparation of the financial statements ("relevant information"), such as financial records, documentation and other matters, including:
 - the names of all related parties and information regarding all relationships and transactions with related parties;
 - the complete minutes of meetings, or summaries of actions of recent meetings for which minutes have not yet been prepared, of shareholders, board of directors and committees of the board of directors that may affect the financial statements. All significant actions are included in such summaries.
 - c) providing you with unrestricted access to such relevant information.

- d) providing you with complete responses to all enquiries made by you during the engagement.
- e) providing you with additional information that you may request from us for the purpose of the engagement.
- f) providing you with unrestricted access to persons within the Entity from whom you determined it necessary to obtain audit evidence.
- g) such internal control as we determined is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error. We also acknowledge and understand that we are responsible for the design, implementation and maintenance of internal control to prevent and detect fraud.
- h) ensuring that all transactions have been recorded in the accounting records and are reflected in the financial statements.
- i) ensuring that internal auditors providing direct assistance to you, if any, were instructed to follow your instructions and that we, and others within the entity, did not intervene in the work the internal auditors performed for you.

INTERNAL CONTROL OVER FINANCIAL REPORTING:

- 2) We have communicated to you all deficiencies in the design and implementation or maintenance of internal control over financial reporting of which we are aware.

FRAUD & NON-COMPLIANCE WITH LAWS AND REGULATIONS:

- 3) We have disclosed to you:
 - a) the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud.
 - b) all information in relation to fraud or suspected fraud that we are aware of that involves:
 - management;
 - employees who have significant roles in internal control over financial reporting; or
 - otherswhere such fraud or suspected fraud could have a material effect on the financial statements.
 - c) all information in relation to allegations of fraud, or suspected fraud, affecting the financial statements, communicated by employees, former employees, analysts, regulators, or others.
 - d) all known instances of non-compliance or suspected non-compliance with laws and regulations, including all aspects of contractual agreements or illegal acts, whose effects should be considered when preparing financial statements.

- e) all known actual or possible litigation and claims whose effects should be considered when preparing the financial statements.

SUBSEQUENT EVENTS:

- 4) All events subsequent to the date of the financial statements and for which the relevant financial reporting framework requires adjustment, or disclosure, in the financial statements have been adjusted or disclosed.

RELATED PARTIES:

- 5) We have disclosed to you the identity of the Entity's related parties.
- 6) We have disclosed to you all the related party relationships and transactions/balances of which we are aware.
- 7) All related party relationships and transactions/balances have been appropriately accounted for, and disclosed, in accordance with the relevant financial reporting framework.

ESTIMATES:

- 8) The methods, the data and the significant assumptions used in making accounting estimates, and their related disclosures are appropriate to achieve recognition, measurement or disclosure that is reasonable in the context of the applicable financial reporting framework.

GOING CONCERN:

- 9) We have provided you with all information relevant to the use of the going concern assumption in the financial statements.
- 10) We confirm that we are not aware of material uncertainties related to events or conditions that may cast significant doubt upon the Entity's ability to continue as a going concern.

MISSTATEMENTS:

- 11) We approve the corrected misstatements identified by you during the audit described in Attachment II.

NON-SEC REGISTRANTS OR NON-REPORTING ISSUERS:

- 12) We confirm that the Entity is not a Canadian reporting issuer (as defined under any applicable Canadian securities act) and is not a United States Securities and Exchange Commission ("SEC") Issuer (as defined by the Sarbanes-Oxley Act of 2002).
- 13) We also confirm that the financial statements of the Entity will not be included in the group financial statements of a Canadian reporting issuer audited by KPMG or an SEC Issuer audited by any member of the KPMG organization.

OTHER

- 14) We confirm that we have provided you with a complete list of service organizations (SO) and

sub-service organizations (SSO) and that the relevant complementary user entity controls (CUECs) related to each SO/SSO have been designed and implemented.

Yours very truly,

By: Ms. Carrie McCrindle, Manager, Financial Accounting (Acting)

By: Mr. Dan Seguin, Treasurer

Attachment I – Definitions

MATERIALITY

Certain representations in this letter are described as being limited to matters that are material.

Information is material if omitting, misstating or obscuring it could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Judgments about materiality are made in light of surrounding circumstances, and are affected by perception of the needs of, or the characteristics of, the users of the financial statements and, the size or nature of a misstatement, or a combination of both while also considering the entity's own circumstances.

Information is obscured if it is communicated in a way that would have a similar effect for users of financial statements to omitting or misstating that information. The following are examples of circumstances that may result in material information being obscured:

- a) information regarding a material item, transaction or other event is disclosed in the financial statements but the language used is vague or unclear;
- b) information regarding a material item, transaction or other event is scattered throughout the financial statements;
- c) dissimilar items, transactions or other events are inappropriately aggregated;
- d) similar items, transactions or other events are inappropriately disaggregated; and
- e) the understandability of the financial statements is reduced as a result of material information being hidden by immaterial information to the extent that a primary user is unable to determine what information is material.

FRAUD & ERROR

Fraudulent financial reporting involves intentional misstatements including omissions of amounts or disclosures in financial statements to deceive financial statement users.

Misappropriation of assets involves the theft of an entity's assets. It is often accompanied by false or misleading records or documents in order to conceal the fact that the assets are missing or have been pledged without proper authorization.

An error is an unintentional misstatement in financial statements, including the omission of an amount or a disclosure.

Attachment II

Summary of corrected misstatements

#	Account #	Account Name	Description/ Identified During	Error Type	Amount	Income Effect DR (CR)	Balance Sheet Effect					Cash Flow Effect			Statement of Comprehen sive Income - Debit (Credit)	
							DR (CR)	Income effect	Equity at period end	Current Assets	Non- Current Assets	Current Liabilities	Non- Current Liabilities	Operating Activities		Investing Activities
					\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	\$	
10	030-0602	Other Prepaid Expenses	Prepays reversal / Final	N/A	(85,569)		-	(85,569)	-	-	-	85,569	-	-	-	
	030-1000	Accounts Payable			95,021		-	-	-	95,021	-	-	(95,021)	-	-	-
	030-0393	HST Rebate			(9,452)		-	-	(9,452)	-	-	-	9,452	-	-	-
Total effect of corrected misstatements						-	-	(95,021)	-	95,021	-	-	-	-	-	



Appendix D: Newly effective and upcoming changes to auditing standards

Effective for periods beginning on or after December 15, 2024

ISA 260/CAS 260

.....

Communications
with those charged
with governance

Summary of Changes:

New requirements for the auditor to communicate:

- about the relevant ethical requirements, including those related to independence, that the auditor applied to the audit of the financial statements; and
- any enhanced independence requirement that the auditor applied specific to the audit of financial statements of certain entities.

ISA 700/CAS 700

.....

Forming an opinion
and reporting on
the financial
statements

Summary of Changes:

New requirements for the auditor to publicly disclose when the auditor applied independence requirements specific to audits of financial statements of certain entities WHEN the ethical requirements require public disclosure.

Appendix E: Current developments

Accounting standards

Conceptual Framework for Financial Reporting in the Public Sector

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The framework provides the core concepts and objectives underlying Canadian public sector accounting standards.
- The ten chapter conceptual framework defines and elaborates on the characteristics of public sector entities and their financial reporting objectives. Additional information is provided about financial statement objectives, qualitative characteristics and elements. General recognition and measurement criteria, and presentation concepts are introduced.

Financial Statement Presentation

Effective for years commencing on or after April 1, 2026 with early adoption permitted.

- The proposed section PS 1202 *Financial statement presentation* will replace the current section PS 1201 *Financial statement presentation*.
- The proposed section includes the following:
 - Relocation of the net debt indicator to its own statement called the statement of net financial assets/liabilities, with the calculation of net debt refined to ensure its original meaning is retained.
 - Separating liabilities into financial liabilities and non-financial liabilities.
 - Restructuring the statement of financial position to present total assets followed by total liabilities.
 - Changes to common terminology used in the financial statements, including re-naming accumulated surplus (deficit) to net assets (liabilities).
 - Removal of the statement of remeasurement gains (losses) with the information instead included on a new statement called the statement of changes in net assets (liabilities). This new statement would present the changes in each component of net assets (liabilities), including a new component called “accumulated other”.
 - A new provision whereby an entity can use an amended budget in certain circumstances.
 - Inclusion of disclosures related to risks and uncertainties that could affect the entity's financial position.

Example of a Typical Implementation Approach

Phase 1

- Understand the existing financial reporting processes.
- Examine chart of accounts and trial balance.
- Review accounting policy.
- Gap assessment and implementation plan.

Phase 2

- Data gathering and financial data analysis.
- Budget and performance reporting.
- System and software impacts.
- Implementation and compliance adjustments



Appendix F: Audit and assurance insights

Our latest thinking on the issues that matter most to Audit Committees, board of directors and management.

KPMG Audit & Assurance Insights

Curated research and insights for audit committees and boards.

Board Leadership Centre

Leading insights to help board members maximize boardroom opportunities

Current Developments

Series of quarterly publications for Canadian businesses including Spotlight on IFRS, Canadian Assurance & Related Services, Canadian Securities Matters, and US Outlook reports.

Accelerate - The key issues driving the Board agenda

Discover the most pressing risks and opportunities that face audit committees, boards and management teams.

Sustainability Reporting

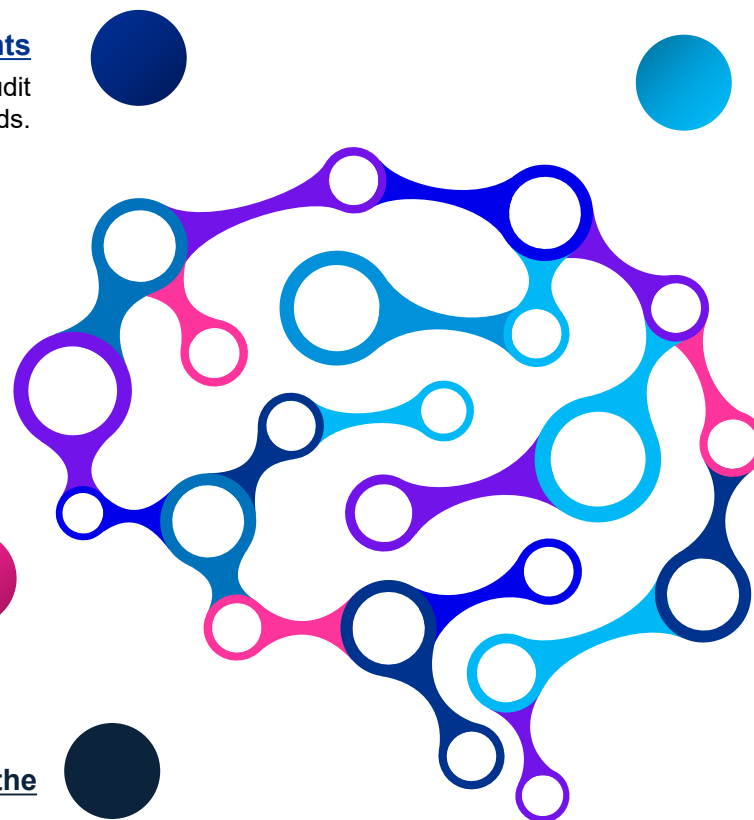
Resource centre on implementing the new Canadian reporting standards

IFRS Breaking News

A monthly Canadian newsletter that provides the latest insights on accounting, financial reporting and sustainability reporting.

Audit Committee/Board of Directors' Guide – Canadian Edition

A practical guide providing insight into current challenges and leading practices shaping audit committee effectiveness in Canada.





Appendix G: Continuous evolution

Our investment:

We are in the midst of a five-year investment to develop our people, digital capabilities, and advanced technology.

Responsive delivery model

Tailored to you to drive impactful outcomes around the quality and effectiveness of our audits.

Result: A better experience

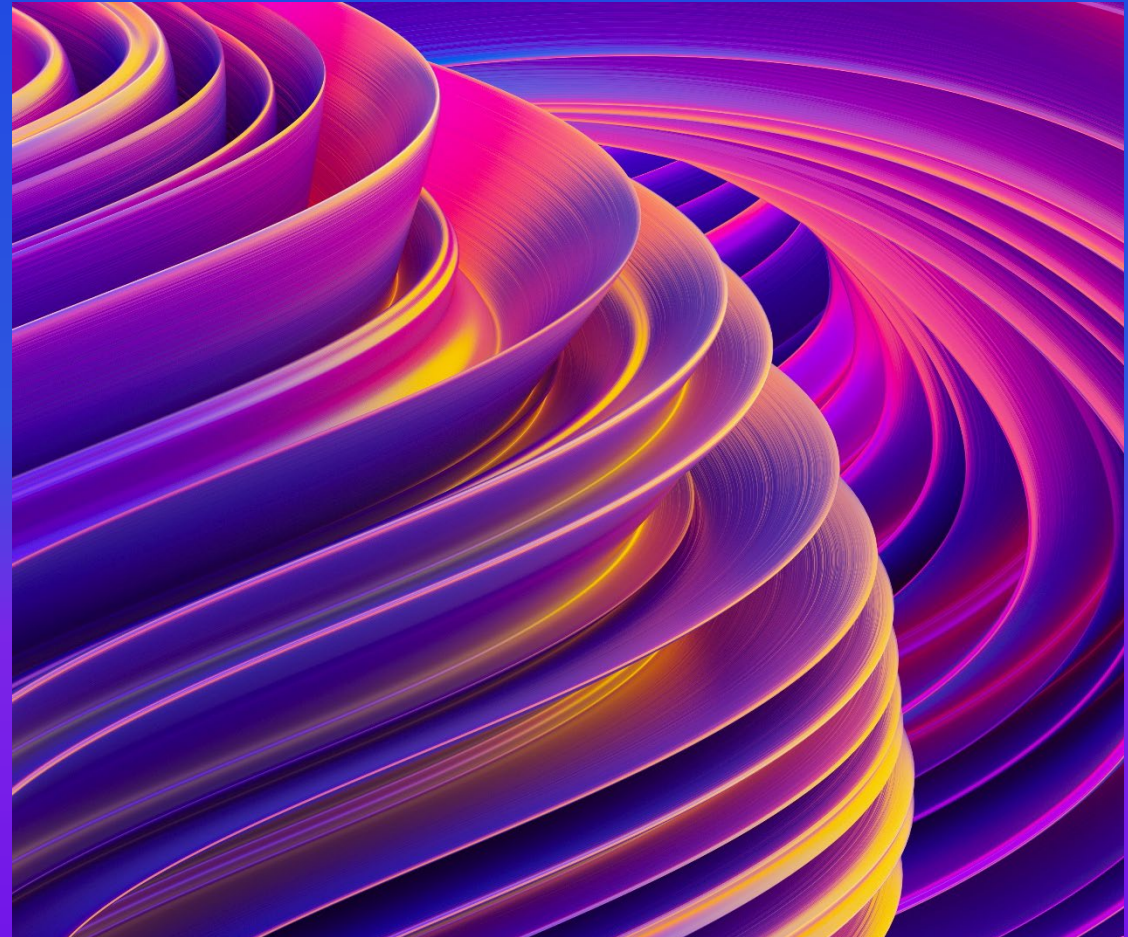
Enhanced quality, reduced disruption, increased focus on areas of higher risk, and deeper insights into your business.





<https://kpmg.com/ca/en/home.html>

© 2023 KPMG LLP, an Ontario limited liability partnership and a member firm of the KPMG global organization of independent member firms affiliated with KPMG International Limited, a private English company limited by guarantee. All rights reserved. The KPMG name and logo are trademarks used under license by the independent member firms of the KPMG global organization.



Consolidated Financial Statements of

**THE CORPORATION OF THE
CITY OF WINDSOR
PUBLIC LIBRARY BOARD**

And Independent Auditor's Report thereon

Year ended December 31, 2025

DRAFT

INDEPENDENT AUDITOR'S REPORT

To the members of the Corporation of the City of Windsor Public Library Board, Members of Council, Inhabitants and Ratepayers of the Corporation of the City of Windsor

Opinion

We have audited the accompanying consolidated financial statements of The Corporation of the City of Windsor Public Library Board (the Board), which comprise:

- the consolidated statement of financial position as at December 31, 2025
- the consolidated statement of operations and accumulated surplus for the year then ended
- the consolidated statement of changes in net financial assets for the year then ended
- the consolidated statement of cash flows for the year then ended
- and notes and schedule 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 Board as at December 31, 2025, and its results of operations and 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 Board 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 for the Financial Statements and Those Charged with Governance

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 Board'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 Board or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Board'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 Board'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 Board'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 Board's to cease to continue as a going concern.

- 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.

Chartered Professional Accountants, Licensed Public Accountants

Windsor, Canada

Date

DRAFT

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Consolidated Statement of Financial Position

December 31, 2025, with comparative information for 2024

	2025	2024
Financial assets		
Cash	\$ 3,511,323	\$ 3,901,930
Accounts receivable	220,372	126,429
Due from the City of Windsor - operations (note 3)	56,269	100,816
	3,787,964	4,129,175
Financial liabilities		
Accounts payable and accrued liabilities	168,320	212,773
Deferred revenue	243,774	274,372
Employee future benefit liability (note 4)	878,559	880,727
Asset retirement obligations (note 5)	200,365	200,366
	1,491,018	1,568,238
Net financial assets	2,296,946	2,560,937
Non-financial assets		
Tangible capital assets (note 2)	10,336,968	10,576,109
Intangible assets	101,760	101,760
Prepaid expenses	367,040	323,784
	10,805,768	11,001,653
Commitments and contingencies (note 7)		
Accumulated surplus (note 6)	\$ 13,102,714	\$ 13,562,590

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director

_____ Director

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Consolidated Statement of Operations and Accumulated Surplus

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

	2025	2024
Revenue:		
Municipal contribution (note 3)	\$ 8,561,036	\$ 8,196,393
Municipal contribution - other (note 3)	499,957	184,188
Province of Ontario grant	390,165	399,306
Special grants	252,067	176,206
Fees revenue and other	75,625	86,212
Investment income, net	74,884	98,843
Donations and bequests	41,545	71,698
Total revenue	9,895,279	9,212,846
Operating expenses:		
Amortization of tangible capital assets	1,082,412	1,117,783
Audio visual materials and periodicals	874,327	782,958
Automation	60,390	118,883
Conferences and education	22,808	12,755
Fringe benefits	1,197,833	1,135,622
Operating supplies	111,931	140,632
Postage and freight	10,155	10,245
Professional fees	134,204	151,608
Programs and projects	28,119	32,330
Rental expenses	233,398	237,522
Repairs and maintenance	188,191	395,429
Salaries and wages	5,787,391	5,048,999
Taxes, security and insurance	182,114	151,206
Utilities	189,815	198,287
	10,103,088	9,534,259
Grant program expenses:		
Literacy & Basic Skills	252,067	176,035
Total expenses	10,355,155	9,710,294
Annual deficit	(459,876)	(497,448)
Accumulated surplus, beginning of the year	13,562,590	14,060,038
Accumulated surplus, end of the year	\$ 13,102,714	\$ 13,562,590

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Consolidated Statement of Change in Net Financial Assets

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

	2025	2024
Annual deficit	\$ (459,876)	\$ (497,448)
Acquisition of tangible capital assets	(843,271)	(492,556)
Acquisition of intangible capital assets	-	-
Amortization of tangible capital assets	1,082,412	1,117,783
Gain on sale of tangible capital assets	-	(10,438)
Proceeds on sale of tangible capital assets	-	10,438
	(220,735)	127,779
Acquisition of prepaid expenses	(367,040)	(323,784)
Use of prepaid expenses	323,784	341,973
	(263,991)	145,968
Change in net financial assets	(263,991)	145,968
Net financial assets, beginning of year	2,560,937	2,414,969
Net financial assets, end of year	\$ 2,296,946	\$ 2,560,937

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Consolidated Statement of Cash Flows

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

	2025	2024
Cash provided by (used in):		
Operating activities:		
Annual deficit	\$ (459,876)	\$ (497,448)
Items not involving cash:		
Amortization of tangible capital assets	1,082,412	1,117,783
Gain on sale of tangible capital assets	-	(10,438)
Decrease in employee future benefit obligations	(2,168)	(45,551)
Changes in non-cash assets and liabilities:		
(Increase) decrease in accounts receivable	(93,943)	296,993
Decrease (increase) in due from City of Windsor	44,547	(84,359)
Increase in accounts payable	(44,453)	(120,877)
(Decrease) increase in deferred revenue	(30,598)	54,413
Decrease in due to City of Windsor	-	(22,200)
(Increase) decrease in prepaid expenses	(43,256)	18,189
	452,665	706,505
Capital activities:		
Purchase of tangible capital assets	(843,271)	(492,556)
Proceeds on sale of tangible capital assets	-	10,438
	(843,271)	(482,118)
Increase (decrease) in cash	(390,606)	224,387
Cash, beginning of year	3,901,930	3,677,543
Cash, end of year	\$ 3,511,324	\$ 3,901,930

See accompanying notes to consolidated financial statements.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Schedule of Continuity of Trust Funds

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

		2025		2024
Balance, beginning of year	\$	4,441	\$	4,322
Receipts:				
Interest earned		24		119
Balance, end of year	\$	4,465	\$	4,441
Represented by cash	\$	4,465	\$	4,441

DRAFT

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements

Year ended December 31, 2025

1. Significant accounting policies:

The consolidated financial statements of The Corporation of the City of Windsor Public Library Board (the "Board") are the representations of management prepared in accordance with accounting standards established by the Public Sector Accounting Board of the Canadian Institute of Chartered Accountants ("PSAB").

The following are the Board's significant accounting policies:

(a) Basis of consolidation:

- i) These consolidated statements reflect the financial assets, liabilities, revenues and expenses of the operating fund, reserve funds and reserves.

All interfund transactions have been eliminated.

- ii) Trust funds and their related operations administered by the Board are not consolidated but are disclosed separately on the Schedule of Continuity of Trust Funds appended to these consolidated financial statements.

(b) Basis of accounting:

The Board follows the accrual method of accounting for revenues and expenses. Revenues are normally recognized in the year in which they are earned and measurable. Expenses are recognized as they are incurred and measurable as a result of receipt of goods and services and/or the creation of a legal obligation to pay.

(c) Employee future benefits:

The cost of future benefits earned by employees is actuarially determined using the projected benefit method prorated on service and assumptions with respect to mortality and termination rates, retirement age and expected inflation rates with respect to employee benefit costs. Past service costs from plan amendments, if any, are deferred and amortized on a straight-line basis over the average remaining service period of employees active at the date of the amendment. Actuarial gains (losses) on the accrued benefit obligation arise from differences between actual and expected experience and from changes in the actuarial assumptions used to determine the accrued benefit obligation. The excess of the net accumulated actuarial gains (losses) over 10 percent of the accrued benefit obligation is amortized over the average remaining service period of active employees.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(d) Asset retirement obligations:

An asset retirement obligation is recognized when, as at the financial reporting date, all of the following criteria are met:

- There is a legal obligation to incur retirement costs in relation to a tangible capital asset;
- The past transaction or event giving rise to the liability has occurred;
- It is expected that future economic benefits will be given up; and
- A reasonable estimate of the amount can be made.

The liability for the removal of asbestos in several of the buildings owned by the Entity has been recognized based on estimated future expenses on closure of the site and post-closure care. Under the modified retroactive method, the assumptions used on initial recognition are those as of the date of adoption of the standard. Assumptions used in the subsequent calculations are revised yearly.

The recognition of a liability resulted in an accompanying increase to the respective tangible capital assets. The buildings tangible capital assets affected by the asbestos liability are being amortized with the building following the amortization accounting policies outlined in note 1(e)(i).

(e) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They generally have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

(i) Tangible capital assets:

Tangible capital assets are recorded at cost, which includes amounts that are directly attributable to acquisition, construction, development or betterment of the assets. Residual values are assumed to be \$nil. Proceeds from the disposition of tangible capital assets in excess of (or less than) net book value are recorded as a gain (or loss) on the sale of tangible capital assets in the consolidated statement of operations and accumulated surplus.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

1. Significant accounting policies (continued):

(e) Non-financial assets (continued):

(i) Tangible capital assets (continued):

Amortization is provided on a straight-line basis over the useful life of the asset, as follows:

Asset classification	Useful life (years)
Buildings and building additions	40
Machinery	25
Parking lots	12
Security systems	10
Printed materials	10
Furniture and equipment	7
Automobiles	5
Digital media resources	5
Computer hardware	3
Computer software	2
Electronic games	2

Annual amortization is charged in the year of acquisition and in the year of disposal. Assets under construction are not amortized until the assets are available for use.

(ii) Contributed tangible capital assets:

Contributed tangible capital assets are recorded at their fair value at the date of contribution.

(iii) Intangible assets:

Intangible assets are recorded at cost and are not amortized.

(f) Use of estimates:

The preparation of consolidated 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 dates of the consolidated financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the carrying amount of tangible capital assets, the valuation allowance for receivables, asset retirement obligations and obligations related to employee future benefits. Actual results could differ from those estimates.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

2. Tangible capital assets:

Cost	Balance at December 31, 2024	Additions	Disposals	Balance at December 31, 2025
Land	\$ 432,783	\$ -	\$ -	\$ 432,783
Buildings	9,234,270	-	-	9,234,270
Building additions	2,661,314	-	-	2,661,314
Asset retirement obligations	200,366	-	-	200,366
Leasehold improvements	2,039,763	-	-	2,039,763
Machinery	285,039	235,849	-	520,888
Parking lots	238,096	-	-	238,096
Security systems	199,753	-	-	199,753
Printed materials	4,016,297	402,542	413,823	4,005,016
Furniture and equipment	969,346	4,183	76,183	897,346
Automobiles	75,543	-	-	75,543
Digital media resources	543,408	60,767	-	604,175
Computer hardware	26,707	1,853	17,494	11,066
Computer software	93,857	124,375	28,397	189,835
Electronic games	62,499	13,702	21,335	54,866
	\$ 21,079,041	\$ 843,273	\$ 557,232	\$ 21,365,080

Accumulated Amortization	Balance at December 31, 2024	Disposals	Amortization Expense	Balance at December 31, 2025
Buildings	\$ 5,167,982	\$ -	\$ 194,976	\$ 5,362,958
Building additions	299,399	-	66,533	365,932
Asset retirement obligations	138,507	-	2,945	141,452
Leasehold improvements	713,916	-	203,976	917,892
Machinery	109,457	-	16,118	125,575
Parking lots	238,096	-	-	238,096
Security systems	174,230	-	17,015	191,245
Printed materials	2,346,906	413,823	332,303	2,265,386
Furniture and equipment	798,511	76,183	86,135	808,463
Automobiles	34,481	-	11,732	46,213
Digital media resources	346,559	-	93,860	440,419
Computer hardware	23,196	17,494	2,373	8,075
Computer software	73,268	28,397	40,730	85,601
Electronic games	38,424	21,335	13,716	30,805
	\$ 10,502,932	\$ 557,232	\$ 1,082,412	\$ 11,028,112

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

2. Tangible capital assets (continued):

Net book value	Balance at December 31, 2025	Balance at December 31, 2024
Land	\$ 432,783	\$ 432,783
Buildings	3,871,312	4,066,288
Building additions	2,295,382	2,361,915
Asset retirement obligations	58,914	61,859
Leasehold improvements	1,121,871	1,325,847
Machinery	395,313	175,582
Parking lots	-	-
Security systems	8,508	25,523
Printed materials	1,739,630	1,669,391
Furniture and equipment	88,883	170,835
Automobiles	29,330	41,062
Digital media resources	163,756	196,849
Computer hardware	2,991	3,511
Computer software	104,234	20,589
Electronic games	24,061	24,075
	\$ 10,336,968	\$ 10,576,109

3. Related party transactions:

The City of Windsor ("City") is the principal source of funding for the Board. During 2025, the Board received \$8,561,036 (2024 - \$8,196,393) from the City as its contribution to normal Library operations. During 2025, the City invoiced the Board for information technology services, certain insurance and utilities costs, a leased vehicle and certain personnel expenses. These charges totaling \$664,499 (2024 - \$919,789) are included in the consolidated statement of operations and accumulated surplus. At year-end the amount due from the City for operations amounted to \$56,269 (2024 - \$100,816) and the amount due to the City for operations amounted to \$nil (2024 - \$nil). Other contributions received during the year from the City amounted to \$499,957 (2024 - \$184,188).

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Employee future benefit obligations:

(a) Pension agreements:

The Board makes contributions to the Ontario Municipal Employees Retirement Fund (OMERS), which is a multi-employer plan, on behalf of 56 (2024 - 64) members of its staff. The plan is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. The multi-employer plan is valued on a current market basis for all plan assets and is currently in a deficit position.

The amount contributed to OMERS for 2025 was \$431,169 (2024 - \$432,893) for current service. This amount has been recorded as part of fringe benefits expense in the statement of operations and accumulated surplus. In 2025, the contribution rates were 9.0% for the employees earning below the year's maximum pensionable earnings and 14.6% thereafter (9.0% and 14.6% respectively in 2024).

(b) Future benefit obligations:

Future benefit obligations are future liabilities of the Board to its employees and retirees for benefits earned but not taken as at December 31, 2025 and consist of the following:

	2025	2024
Post-retirement benefits (i)	\$ 781,000	\$ 779,000
Accrued sick leave (ii)	30,000	32,000
Accrued vacation pay (iii)	67,559	69,727
	\$ 878,559	\$ 880,727

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Employee future benefit obligations (continued):

(b) Future benefit obligations (continued):

(i) Post-retirement benefits:

The post retirement benefits liability represents the Board's best estimate of future benefits to be paid on behalf of existing retirees and current employees. The post retirement benefits liability is based on an extrapolated actuarial valuation performed by the Board's actuaries as at December 31, 2025. The most recent full valuation was performed for Decemebr 31, 2025. Information about the Board's future obligations with respect to these costs is as follows:

	2025	2024
Accrued benefit liability, beginning of year	\$ 779,000	\$ 788,000
Annual expense:		
Cost of benefits	16,000	16,000
Interest	48,000	47,000
Recognized net actuarial losses	11,000	13,000
Benefits paid	(73,000)	(85,000)
Accrued benefit liability, end of year	\$ 781,000	\$ 779,000

(c) Reconciliation of accrued benefit obligation to accrued benefit liability:

	2025	2024
Accrued benefit obligation as at January 1	\$ 1,036,000	\$ 1,075,000
Current service cost	16,000	16,000
Interest cost	48,000	47,000
Benefits paid	(73,000)	(85,000)
Actuarial gains	(437,000)	(17,000)
Accrued benefit obligation as at December 31	590,000	1,036,000
Unamortized net actuarial gain (loss)	(191,000)	257,000
Accrued benefit liability as at December 31	\$ 781,000	\$ 779,000

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

4. Employee future benefit obligations (continued):

The significant actuarial assumptions adopted in estimating the Board's liability are as follows:

- Hospital and drug – 6.5% per annum (2024 - 6.5%)
- Dental and other medical – 4.0% per annum (2024 - 4.0%)
- Discount rate – 4.85% (2024 - 4.70%)
- Estimated remaining service life of employees – 12.0 years (2024 – 13.7 years)

(ii) Accrued sick leave:

Under the sick leave benefit plan, unused sick leave can accumulate and employees may become entitled to a cash payment when they terminate employment. The liability for these accumulated days, to the extent they have vested and could be taken in cash by an employee on termination, amounted to \$30,000 at December 31, 2025 (2024 - \$32,000).

(c) Reconciliation of accrued benefit obligation to accrued benefit liability (continued):

(ii) Accrued vacation pay:

Vacation entitlements accruing to salaried personnel can accumulate and employees would become entitled to a cash payment equal to the value of their unused entitlements if they were to terminate employment. The liability for these accumulated unused benefits amounts to \$67,559 at December 31, 2025 (2024 - \$69,727).

5. Asset retirement obligations:

The Board owns and operates several buildings that are known to have asbestos, which represents a health hazard upon demolition of the building. There is a legal obligation to remove the materials prior to demolition. A liability relating to the removal and post-removal care of the asbestos in these buildings has been recognized in respect of these obligations.

There were no changes to the asset retirement obligations during the year.

THE CORPORATION OF THE CITY OF WINDSOR PUBLIC LIBRARY BOARD

Notes to the Consolidated Financial Statements (continued)

Year ended December 31, 2025

6. Accumulated surplus:

Accumulated surplus consists of individual fund surpluses, reserves and reserve funds and amounts to be recovered in future years as follows:

	2025	2024
Surplus:		
General library purposes	\$ 289,172	\$ 278,669
Invested in tangible capital assets	10,336,968	10,576,109
Invested in intangible assets	101,760	101,760
	<u>10,727,900</u>	<u>10,956,538</u>
Reserves and reserve funds:		
Reserves:		
Operations	3,050,286	3,285,453
Reserve funds:		
Capital Reserve Fund	388,066	386,612
Budimir Fund	15,387	15,080
Total reserve funds	<u>403,453</u>	<u>401,692</u>
Total reserves and reserve funds	<u>3,453,739</u>	<u>3,687,145</u>
Amounts to be recovered in future years:		
Employee future benefit obligations	(878,559)	(880,727)
Asset retirement obligations	(200,366)	(200,366)
	<u>(1,078,925)</u>	<u>(1,081,093)</u>
	<u>\$ 13,102,714</u>	<u>\$ 13,562,590</u>

7. Commitments and contingencies:

In the ordinary course of business, the Board may be subject to various possible pending legal actions. Management believes that the outcome of such matters will not have a material adverse effect on the financial position or future operating results of the Board.