April 28, 2026

Members of the Vancouver Public Library Board,

At the request of the Board of the Vancouver Public Library (VPL), the City of Vancouver Internal Audit Division has reviewed the VPL's Statement of Financial Information for the year ended December 31, 2025. VPL Management is responsible for the preparation and fair presentation of this information, and for implementing the necessary internal controls to prepare financial statements that are free from material misstatement, whether due to fraud or error.

Work Performed

Internal Audit performed the following procedures with respect to the financial information presented:

- Agreed the financial information to the general ledger of the City of Vancouver (the City);
- Reviewed the financial statement for discrepancies;
- Analyzed the financial information for reasonableness and consistency with City accounting policies;
- Reviewed the working papers prepared by the Library's Director, Corporate Services & CFO for reclassifications;
- Performed variance analysis based on Council approved budgets and obtained explanations from management where appropriate;
- Inquired as to the accounting, budget and other internal controls that provide reasonable assurance that transactions are properly authorized and accurately recorded, and that VPL's assets are properly safeguarded and accounted for, thereby maintaining the integrity of financial records; and
- Inquired and received written representation from the VPL's Director, Corporate Services & CFO to identify any deviations from accounting policies and procedures that would affect the integrity of the financial statement.

These procedures were not designed to detect fraud. Accordingly, there should be no such reliance.

Observations

We summarized notable variances in VPL's revenues and expenditures from 2024 to 2025 in the table below. Explanations for these changes are from management and are reasonable, in our opinion.

Table 1: Notable Variances – Library Revenues & Expenditures

	2025 $	2024 $	Increase (decrease) $	Increase (decrease) %	Explanation for change
Charitable donations and bequests	3,563,275	545,085	3,018,190	554%	Donation revenue from the VPL Foundation was significantly higher in 2025 than 2024. The amount and timing of donations that will be received in a year is difficult to accurately predict.
Other expenditures	2,046,920	1,560,289	486,631	31%	Significantly higher legal fees in 2025 were mainly attributed to HR and Labour Relations advice.
Equipment & Fleet	928,129	579,487	348,642	60%	Equipment and fleet costs are higher primarily due to the industry change to cloud-based subscription contracts for systems-related maintenance and licencing agreements for software, compared to previous one-time purchases.
Salaries and benefits	48,333,617	50,963,575	(2,629,958)	(5%)	In 2024, salaries were overbudget and significant effort was made in 2025 to reduce this overage and remain within budget. This includes adjustments made to staff schedules and branch hours in the first half of 2025. During the latter half of 2025, significant unbudgeted legal costs also began to accumulate. Further adjustments were made, which included overtime usage restrictions, to help offset these unbudgeted costs.

Conclusion

Based on the results of the procedures performed, VPL's financial statement for the year ended December 31, 2025, was prepared, in all material respects, consistent with the City's corporate accounting policies and the amounts reported were consistent with the City's general ledger.

Submitted by:

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Chief of Internal Audit

VANCOUVER PUBLIC LIBRARY BOARD

Financial Statements & Notes (Unaudited)

For the Year Ending December 31, 2025

VANCOUVER PUBLIC LIBRARY BOARD
Statement of Financial Position (Unaudited)
As at December 31, 2025 with comparative figures for 2024

	2025	2024
FINANCIAL ASSETS		
Accounts receivable and accrued interest	$ 101,017	$ 170,853
Due from the City of Vancouver (Note 2)	13,801,433	13,114,660
	13,902,450	13,285,513
LIABILITIES		
Accounts payable and accrued liabilities	$ 2,334,316	$ 2,258,638
Deferred income (Note 3)	77,694	45,683
	2,412,010	2,304,321
NET FINANCIAL ASSETS	11,490,440	10,981,192
NON-FINANCIAL ASSETS		
Inventory	79,490	66,390
Prepaid expenses	270,491	176,468
Tangible capital assets (Note 8)	18,595,321	18,951,581
	18,945,302	19,194,440
NET ASSETS	$ 30,435,742	$ 30,175,631
ACCUMULATED SURPLUS		
Reserves (Note 4)	$ 13,987,421	13,235,050
Investments in tangible capital assets	18,595,321	18,951,581
Deferred liabilities (Note 5)	(2,147,000)	(2,011,000)
	$ 30,435,742	$ 30,175,631

To be read in conjunction with the Notes to the Financial Statements

VANCOUVER PUBLIC LIBRARY BOARD
Statement of Operations (Unaudited)
For the years ended December 31

	2025 Budget (Note 1b)	2025	2024
REVENUES			
City of Vancouver	$ 60,655,882	$ 60,390,209	$ 60,948,572
Other fees and recoveries	2,121,500	1,852,765	2,204,040
Other grants	-	5,500	18,000
Provincial Government (Note 6)	1,316,300	1,374,117	1,396,672
Investment income	-	461,857	578,203
Interlink reciprocal services	140,000	3,901	31,421
Charitable donations and bequests (Note 9)	220,400	3,563,275	545,085
	64,454,082	67,651,624	65,721,992
EXPENDITURES			
Amortization	-	4,135,535	4,069,076
Books and materials	5,511,564	2,938,403	2,665,232
Building occupancy and maintenance	6,659,965	6,583,225	6,527,544
Equipment and fleet	668,389	928,129	579,487
Loss on disposal of tangible capital assets	-	-	-
Other	1,726,621	2,046,920	1,560,289
Supplies and materials	1,040,600	860,733	884,043
Salaries and benefits	48,770,374	48,333,617	50,963,575
	64,377,513	65,826,563	67,249,246
ANNUAL SURPLUS (DEFICIT)	76,569	1,825,061	(1,527,253)
OPENING ACCUMULATED SURPLUS		30,175,631	30,188,467
Transfer to City Equipment Reserve	(72,348)	(97,280)	(85,946)
Transfer to City Insurance Reserve	(10,346)	(10,344)	(55,548)
Transfer from (to) City capital and reserve	6,125	1,042,673	1,655,911
ENDING ACCUMULATED SURPLUS	$ 0	$ 30,435,742	$ 30,175,631

To be read in conjunction with the Notes to the Financial Statements

VANCOUVER PUBLIC LIBRARY BOARD
Statement of Changes in Net Financial Assets (Unaudited)
For the years ended December 31

	2025 Budget	2025	2024
Annual surplus (deficit)	$ 76,569	1,825,061	(1,527,253)
Acquisition of tangible capital assets	-	- 3,779,275	(4,685,961)
Amortization of tangible capital assets	-	4,135,535	4,069,076
Loss on disposal of tangible capital assets	-	-	-
Proceeds on disposal of tangible capital assets	-	-	-
	-	356,260	(616,885)
Change in inventory and prepaids	-	(107,122)	46,870
Transfer to City Equipment Reserve	(72,348)	(97,280)	(85,946)
Transfer to City insurance reserve	(10,346)	(10,344)	(55,548)
Transfer from Capital for tangible capital assets	6,125	1,042,673	1,655,911
Transfer to Capital	-	(2,500,000)	-
	(76,569)	(1,672,073)	1,561,287
Change in net financial assets	0	509,249	(582,851)
Net financial assets at beginning of year	10,981,193	10,981,193	11,564,044
NET FINANCIAL ASSETS AT END OF YEAR	$ 10,981,193	$ 11,490,441	$ 10,981,193

To be read in conjunction with the Notes to the Financial Statements

VANCOUVER PUBLIC LIBRARY BOARD
Statement of Cash Flows (Unaudited)
For the years ended December 31

	2025	2024
CASH PROVIDED BY (USED IN):		
Operating Transactions		
Annual Surplus (deficit)	1,825,061	(1,527,253)
Items not involving cash		
Amortization	4,135,535	4,069,076
Loss on disposal of tangible capital assets	-	-
Net transfer from (to) capital	(1,457,327)	1,655,911
Transfer to City equipment reserve	(97,280)	(85,946)
Transfer to City insurance reserve	(10,344)	(55,548)
Proceeds on disposal of tangible capital assets	-	-
Change in non-cash items		
Decrease (increase) in inventory	(13,099)	67,423
Decrease (increase) in prepaids	(94,023)	(20,553)
Decrease (increase) in accounts receivable	69,835	(25,782)
Decrease (increase) in due from City of Vancouver	(686,773)	36,260
Decrease (increase) in accounts payable	75,678	572,639
	3,747,264	4,686,227
Financing Transactions		
Increase (decrease) in deferred income	32,011	(266)
Capital Transactions		
Increase (decrease) in capital assets	(3,779,275)	(4,685,961)
Investing Transactions		
Sale (purchase) of investments	-	-
NET INCREASE (DECREASE) IN CASH	-	-
Cash at beginning of year	-	-
CASH AT END OF YEAR	$ -	$ -

To be read in conjunction with the Notes to the Financial Statements

The Vancouver Public Library Board (the "Library"), which is funded and supported primarily by the City of Vancouver ("City"), was established in 1898, and is established under the Library Act of British Columbia (Part 2) as a Municipal Public Library. The Library Board, on behalf of the residents and taxpayers of the City, oversees the management and operation of the Library and further serves as a policy making body for the organization. The Library Board is appointed by the City.

The Library is economically dependent on the City to provide certain services on behalf of the Library and to provide sufficient operating grants to cover any expenses incurred directly by the Library. In addition, revenue is received from provincial government grants, library fees, donations and other miscellaneous sources.

The Library is a registered charity under provisions of the Canadian Income Tax Act and is not a taxable entity. Its principal activity is the operation of public libraries in the City of Vancouver (City).

1. SIGNIFICANT ACCOUNTING POLICIES

a) Basis of Accounting

The financial statements of the Library are prepared by management in accordance with Canadian generally accepted accounting principles as prescribed by the Public Sector Accounting Board ("PSAB"). These financial statements are included in the Consolidated Financial Statements of the City of Vancouver.

b) Budget Information

The budget information presented in these financial statements is based on the 2025 operating budget approved by the Vancouver Public Library Board of Trustees (the "Board") on October 30, 2024, and approved by Vancouver City Council on December 10, 2024.

c) Revenue Recognition

(i) Revenues, with the exception of fines and fees, are recorded in the period in which the transaction or event occurs that give rise to the revenues or when the goods or services are delivered. All revenues are recorded on an accrual basis, except when the amounts cannot be determined with a reasonable degree of certainty. Amounts received in advance of services rendered are considered deferred income until the Library discharges the obligations that led to the collection of funds.

(ii) The library recognizes fines and fees as revenue upon receipt as collectability is uncertain until that time.

(iii) Government transfers are recognized as revenue in the financial statements when the transfer is authorized and any stipulations are met.

d) Expense Recognition

Expenses are recognized in the period when the Library receives goods or services.

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 may 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. The cost, less residual value of the tangible capital assets, is amortized on a straight-line basis over their estimated useful lives as follows:

Collections (Library books and materials)	10 years
Furniture and equipment	3 to 25 years
Technology & Computer Systems	5 to 10 years

The cost of electronic resources, including books, magazines, database subscriptions, and other periodicals are expensed when acquired or over the period of benefit. Annual amortization is charged over the asset's useful life commencing when the asset is acquired or available for use. Costs for public art are expensed in the period they are incurred.

The City owns the land, buildings, leasehold improvements, and vehicles used by the Library. These assets are reported in the City's Consolidated Statement of Financial Position. Books and materials and furniture and equipment are owned by the Library and are recorded in these statements.

(ii) Inventory and Prepaids

Inventory and prepaid expenses of supplies and materials held for consumption are recorded at the lower of cost and replacement cost with allowances made for obsolete stock. Cost is determined on a first in, first out basis.

f) Pension Plan and Deferred Employee Benefit Liabilities

The Library and its employees participate in the Municipal Pension Plan. The Municipal Pension Plan is a multi-employer contributory defined benefit pension plan. Payments in the year are expensed.

Employees are entitled to earned benefits related to non-vesting accumulating sick leave, sick leave gratuity and full vacation entitlement at retirement. Employees may also defer current vacation entitlements. The cost of post-employment benefits is actuarially determined based on service provided, a best estimate of retirement ages, and expected future salary and wage increases. The liability under these benefit plans is accrued based on projected benefits as the employees render service necessary to earn the future benefits.

Certain employees are entitled to income continuation benefits under long term disability plans. The Library recognizes a liability and expense for these post-employment benefits in the period when the event occurs that obligates the Library to provide the benefit.

g) Reserves

Reserves are established at the discretion of the Library Board with the approval of City Council for future operating and capital expenditures. The reserves are held by the City.

h) Use of Estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Areas requiring the use of estimates include accounts receivables, the estimated useful lives of tangible capital assets, deferred revenue and the future costs to settle employee benefit obligations.

Estimates are based on the best information available at the time of preparation of the consolidated financial statements and are reviewed annually to reflect new information as it becomes available. Actual results could differ from the estimates. Any adjustments are reflected in the period of settlement or upon change in estimate.

i) Comparative Figures

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year. These changes did not have an impact on the annual surplus.

j) Segment Disclosure

The operations of the Library are comprised of a single function, library operations. As a result, the expenses of the Library are presented by object in the statement of operations.

2. DUE FROM THE CITY OF VANCOUVER

All cash transactions of the Library are handled by the City, including payroll and accounts payable processing. The amount shown as due from City represents the net cash balance held by the City owed to the Library, primarily for Reserves.

During the year, certain employees of the City performed administrative services for the Library, including legal, human resources, risk management, payroll and financial services. The Library was not charged by the City for these services for the year ended December 31, 2025 or 2024.

3. DEFERRED REVENUE

Amounts will be recognized as income in the year the related service is provided.

	2025	2024
Advanced receipts at the beginning of year	$45,683	$45,949
Contributions received in the year	77,694	45,683
Recognized as revenue in the year	(45,683)	(45,949)
Advanced receipts at the end of year	**$77,694**	**$45,683**

4. RESERVES

These amounts are set aside by the Library Board with the approval of City Council for specific purposes, and the library earns interest on these reserves from the City. Interest income for the year ended December 31, 2025 was $461,857 (2024 - $578,203) and is presented as investment income on the Statement of Operations.

	2024	Transfers to	Transfers from	2025
Grants and Donation	$10,154,022	$4,078,354	($3,342,412)	$10,889,964
Other	2,066,475	76,019	(62,791)	2,079,704
Equipment Replacement	1,014,553	11,000	(7,801)	1,017,752
	$13,235,050	**$4,165,373**	**($3,413,004)**	**$13,987,420**

5. DEFERRED LIABILITIES

The liabilities reported in the 2025 financial statements are based on an actuarial valuation as at December 31, 2025 using the following valuation assumptions:

	2025	2024
Discount rate	3.29%	3.23%
Inflation rate	4.00%	4.00%
Rate of compensation increase	0% to 2.20%	0% to 2.20%

Employee benefit liabilities as at December 31 are as follows:

	2025	2024
Sick leave gratuity	$ 462,000	$ 453,000
Deferred Vacation	1,375,000	1,322,000
Non-vested accumulating sick leave	776,000	753,000
Other post-employment benefits	1,253,000	1,202,000
	3,866,000	3,730,000
Unamortized actuarial gain (loss)	(1,719,000)	(1,719,000)
Liabilities to be funded from future revenues	**$2,147,000**	**$2,011,000**

The continuity of the Library's employee benefit liabilities are as follows:

	2025	2024
Balance, beginning of year	$2,011,000	$1,466,000
Current service cost	356,000	943,000
Interest cost	127,000	102,000
Amortization of Actuarial gain (loss)	81,000	(98,000)
Actual benefits paid	(428,000)	(402,000)
Balance, end of year	**$2,147,000**	**$2,011,000**

6. GOVERNMENT TRANSFERS

The Library recognizes the transfer of government funding as expenses or revenues in the period that the events giving rise to the transfer occurred. The Government transfers reported on the Statement of Operations are:

	2025	2024
Per Capita Operating grant	$1,181,731	$1,181,731
Resource Sharing grant	17,340	19,121
BC One Card grant	40,207	40,207
Literacy grant	50,800	50,800
Immigration, Refugees and Citizenship Canada	27,500	49,615
Provincial Enhancement grant	56,539	55,197
	$1,374,117	**$1,396,671**

7. CONTINGENCIES AND COMMITMENTS

(a) Municipal Pension Plan

The Vancouver Public Library and its employees contribute to the Municipal Pension Plan, a jointly trusteed pension plan. The board of trustees, representing plan members and employers, is responsible for administering the plan, including investment of assets and administration of benefits. The plan is a multi-employer defined benefit pension plan. Basic pension benefits are based on a formula. The Municipal Pension Plan had 273,035 active members as at December 31, 2024. The total membership was 472,076.

There are four types of members:

- **Active members:** Active members are those currently contributing to the plan, on an approved leave of absence or receiving benefits from an approved long-term disability group plan. There were 273,035 active plan members as at December 31, 2024.
- **Inactive members:** Members in this group have ended their employment with a plan employer but have chosen to leave their contributions in the plan and are therefore entitled to receive a benefit from the plan in the future. They may return to work for a plan employer, make contributions and accrue additional service. There were 65,651 inactive plan members as at December 31, 2024.
- **Retired members:** Retired members are those receiving a pension, including a survivor pension. Members receiving disability benefits from the plan are also counted in this group. There were 133,390 retired plan members as at December 31, 2024.
- **Limited members:** Former spouses of plan members fall into this category. Limited members are entitled to a portion of the plan member's pension. A person must apply to become a limited member, unlike other membership types, which have automatic enrolment. Limited members are included in the retired members total if they are receiving a pension.

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 amortization of any actuarial funding surplus and will be adjusted for the amortization of any unfunded actuarial liability.

The most recent actuarial valuation for the plan, as at December 31, 2024, indicated a $2,675 million funding surplus for basic pension benefits on a going concern basis. The next valuation will be as at December 31, 2027, with results available in 2028.

Employers participating in the plan record their pension expense as the amount of 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 costs to individual employers participating in the plan.

The Library paid $3,215,200 for employer contributions to the plan in 2025 (2024 - $3,221,400). Employees contributed $2,973,500 in 2025 (2024 - $2,979,200).

(b) Contingent Legal Liabilities

As at December 31, 2025, there were no legal claims pending against the Library.

(c) Operating Leases

The Library is committed to operating leases for buildings and equipment. Minimum future lease payments are as follows:

2026	$883,600
2027	$907,000
2028	$923,800
2029	$941,100
2030	$958,800

8. TANGIBLE CAPITAL ASSETS

Cost	2024	Additions	2025
Furniture and Equipment	$14,272,304	$220,005	$14,492,309
Technology	13,467,632	869,077	14,336,709
Collections	50,110,488	2,690,193	52,800,681
	$77,850,424	$3,779,275	$81,629,699

Accumulated Amortization	2024	Amortization	2025
Furniture and Equipment	$12,040,174	$415,141	$12,455,315
Technology	9,782,847	1,096,857	10,879,704
Collections	37,075,822	2,623,537	39,699,359
	$58,898,843	$4,135,535	$63,034,378

Net Book value	2024	Change	2025
Furniture and Equipment	$2,232,130	($195,136)	$2,036,994
Technology	3,684,785	(227,780)	3,457,005
Collections	13,034,666	66,656	13,101,322
	$18,951,581	($356,260)	$18,595,321

9. DONATIONS

Donations revenue, on the Statement of Operations, is a combination of restricted and unrestricted donations received in the year:

	2025	2024
Vancouver Public Library Foundation	$3,473,168	$461,500
Friends of the VPL	64,050	55,000
VPL Trust	15,000	12,000
Other	11,057	16,585
	$3,563,275	**$545,085**