

**Audit Year-End Report – December 31, 2019 – Toronto Public Library Board**

<b>Date:</b>	September 21, 2020
<b>To:</b>	Toronto Public Library Board
<b>From:</b>	City Librarian

**SUMMARY**

---

As part of their audit function, the external auditors, PricewaterhouseCoopers LLP (PwC), is required to produce a year-end report to the Toronto Public Library Board. The attached report from PwC summarizes the results of their audit of the 2019 financial statements for Toronto Public Library (TPL).

**FINANCIAL IMPACT**

---

PwC’s fee for the 2019 audit is \$27,000, inclusive of expenses and exclusive of Harmonized Sales Tax (2018 – \$25,000). In addition to the annual fee of \$25,000, a \$2,000 fee was for additional procedures required to audit the implementation of the new Human Capital Management system. The cost was charged against the 2019 operating budget.

The Director, Finance & Treasurer has reviewed this financial impact statement and agrees with it.

**ISSUE BACKGROUND**

At the Board meeting of November 25, 2019, PwC’s report on the [Audit Plan for the Year Ending December 31, 2019](#), which outlined their approach to the audit, was received for information. This is the final year of a five-year audit contract that the City has negotiated and the fee remained unchanged for the duration of the contract.

As part of the annual audit, PwC is required to provide a year-end report to the Library Board upon completion of the audit.

## **COMMENTS**

Attachment 1 is PwC's report to the Board for the audit of the financial statements for the year ended December 31, 2019. PwC's report includes: status of the audit; significant audit, accounting and financial reporting matters; audit findings (unadjusted and adjusted items); other items for discussion (internal control recommendations, if any), and other required communications including the subsequent potential impact of COVID-19 on the audit.

PwC proposes to issue an unqualified report when three outstanding matters are cleared: update on receipt of a signed management representation letter as of the September 21, 2020 Board meeting date; update legal confirmations; and Board approval of the draft financial statements.

In Section 03 Audit Findings: Summary of unadjusted and adjusted differences, there is one item and the net impact is a \$1,738,088 overstatement of assets and liabilities. TPL offset \$1,738,088 of amounts payable to the City against the amounts receivable from the City for presentation purposes as the amount is relatively minor, while the accounting standards require them to be shown gross.

In Section 04 Other Items for Discussion: Required Communications, it is noted there are no significant internal control recommendations to report.

In Section 05 PwC Canada's Response to Covid-19: Impact of Covid-19 on the audit, it is noted that the event has taken place subsequent to year-end and describes the potential impact on fiscal 2020 revenues and collectability of accounts receivable.

A representative from PwC will be in attendance at the September 21, 2020 Board meeting and as part of their audit procedures, PwC will reconfirm that the Board is not aware of any known, suspected or alleged incidents of fraud or illegal acts, apart from the Internal Investigation reported to the Board at the meeting on September 23, 2019.

## **CONTACT**

Larry Hughsam; Director, Finance & Treasurer; Tel: 416-397-5946;  
Email: [lhughsam@tpl.ca](mailto:lhughsam@tpl.ca)

## **SIGNATURE**

---

Vickery Bowles  
City Librarian

## **ATTACHMENTS**

Attachment 1: Toronto Public Library Board - Audit Results for the Year Ended  
December 31, 2019

A wide-angle photograph of the Toronto skyline at dusk or dawn, viewed from across the water. The CN Tower is the central focus, with its distinctive spherical observation deck. The sky is a mix of blue and orange, with the sun low on the horizon, creating a shimmering reflection on the water's surface. Various skyscrapers and buildings of the city are visible, some with lights on. The overall mood is serene and professional.

# Toronto Public Library Board audit results for the year ended December 31, 2019

For presentation to the Board Members  
September 21, 2020

The PwC logo, consisting of a stylized grid icon above the lowercase letters "pwc".

pwc

## A message from Terri McKinnon

**I am pleased to provide you with the results of our audit of the financial statements of Toronto Public Library Board (the Library Board or the organization) for the year ended December 31, 2019.**

The accompanying report is prepared to assist you in your review of the financial statements. It includes an update on the status of our work, as well as a discussion on the significant audit, accounting and financial reporting matters and insights from our audit that we believe would be of greatest interest to the Board Members.

The scope and proposed focus of our audit work was summarised in our audit plan, which we distributed to Board Members in October 2019. We have subsequently reviewed our audit plan and concluded that our original risk assessment remains appropriate.

We have substantially completed our audit work and expect to be able to issue an unqualified audit opinion on the financial statements, pending resolution of outstanding items noted in this report. Our draft auditor's report is included as Appendix 1.

We look forward to discussing our report with you on September 21, 2020. If you have any questions or concerns prior to the Board meeting, please do not hesitate to contact me in advance.

Yours very truly,

*PricewaterhouseCoopers LLP*

**Terri McKinnon**  
Partner  
Assurance

“

On behalf of our team, I would like to express our sincere gratitude to the management and staff of Toronto Public Library Board for their cooperation and assistance throughout the course of our audit.”



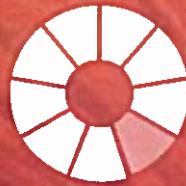
**Terri McKinnon**  
Partner

We are reimagining the possible, investing in our people and our technology to provide you with a digitally amplified and insightful audit.



Enhancing quality.  
Building trust.  
Embracing innovation.

## 01 Status of the audit →



We have substantially completed our audit of the 2019 financial statements.

Outstanding items at the time of mailing are referred to in this report.

## 02 Significant audit, accounting and financial reporting matters →

1. Risk of fraud in management override of controls
2. Risk of fraud in revenue recognition

## 03 Audit findings →

### Misstatements

2 Unadjusted      0 Adjusted

### Control deficiencies

0 Significant deficiencies      0 Material weaknesses

## 04 Other items for discussion →

## 05 PwC Canada's response to COVID-19 →

## 06 Appendices →





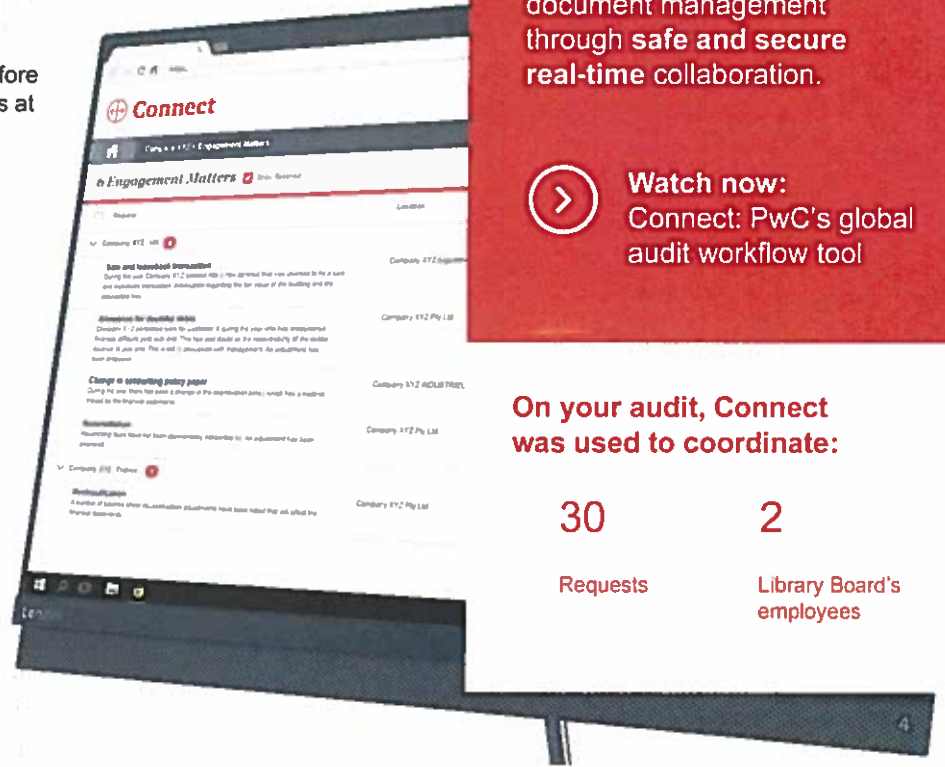
# 01 Status of the audit



We have substantially completed our audit of the 2019 financial statements.

The following items are outstanding at the time of mailing and need to be addressed before we can issue our auditor's report. We will provide an update on the status of these items at our upcoming meeting.

1. Update legal confirmations
2. Receipt of signed management representation letter
3. Board of Directors' approval of the financial statements



**+** Connect  
No late surprises.

Connect enables better information exchange and document management through safe and secure real-time collaboration.

**➔** Watch now:  
Connect: PwC's global audit workflow tool

**On your audit, Connect was used to coordinate:**

30

Requests

2

Library Board's employees

## 02 Significant audit, accounting and financial reporting matters



We are responsible for discussing our views about the significant qualitative aspects of the organization's accounting practices, including accounting policies, accounting estimates and financial statement disclosures.

## Significant audit, accounting and financial reporting matters

# Audit risks and results

### Risk of management override of controls

\* Required significant risk

#### Background information

There is an inherent risk of fraud in all entities of potential management override of controls over financial reporting. This is a required significant risk under auditing standards.

#### PwC's views

- Although there is no history of the override of controls at the Library Board, there is a requirement to consider the override of controls as a significant audit risk.
- To address the risk of management override of controls, and as part of our fraud procedures, we performed the following:
  - Obtained an understanding of the entity's financial reporting processes and the controls over major business processes;
  - Inquired of individuals involved in the financial reporting process about inappropriate or unusual activity relating to the processing of journal entries and other adjustments;
  - Identified risk criteria specific to the entity to scope in journal entries for testing through our data analytics tool Halo; and
  - Incorporated an element of unpredictability into the current year audit procedures (management expenses approval).

**Conclusion:** As a result of the above procedures, we did not note any matters that require your attention.



## Significant audit, accounting and financial reporting matters

# Audit risks and results

### Matter #2 Risk of fraud in revenue recognition

\* Required significant risk

#### Background information

Auditing standards assume a rebuttable presumption, that there is a significant risk of fraud in revenue recognition in all entities.

In 2019, the Library Board recognised \$238 million in revenue, the majority of which was received from the City of Toronto.

#### PwC's views

In order to address this risk, we performed the following procedures:

- Confirmed all revenues received and receivable with the City of Toronto;
- Obtained agreement from the Province of Ontario for significant funding grants; and
- Agreed donations received from the Toronto Public Library Foundation (the Foundation) to the records of the Foundation.

At December 31, 2019, \$2,556,844 of donations from the Foundation have been included in deferred revenue.

**Conclusion:** We did not note any matters to bring to your attention.





# 03

## Audit findings



We are required to communicate any unadjusted and adjusted items, including disclosures and items that relate to prior periods or could impact future periods, and the effect that they may have on our opinion.



## Audit findings

# Summary of unadjusted and adjusted items

Our responsibility is to issue an opinion as to whether the financial statements are free of material misstatement.

Taken as a whole, the financial statements are free of material misstatement. We did identify certain items and have discussed these with management. Management has concluded that the unadjusted items, which are summarized on the right, are immaterial individually and in aggregate.

We're also required to communicate the effects of any unadjusted items that relate to prior periods or those that could impact future periods. These are also included on the right.

## Unadjusted items

The materiality levels previously communicated to you have changed from \$6.4 million to \$6.6 million as a result of actual revenues being higher than the estimate provided. As a result of our audit, we noted the following items with no impact on the annual surplus.

### Unadjusted items for the year ended December 31, 2019 (CA\$)

To reverse offsetting of City of Toronto (COT) payables against COT receivables (amounts should be disclosed on a gross basis) (current year):	
DR Receivables from the City of Toronto	\$1,738,088
CR Payables to the City of Toronto	(\$1,738,088)
<hr/>	
To reverse offsetting of COT payables against COT receivables (prior year):	
DR Receivables from the City of Toronto	\$821,605
CR Payables to the City of Toronto	(\$821,605)

## 04 Other items for discussion

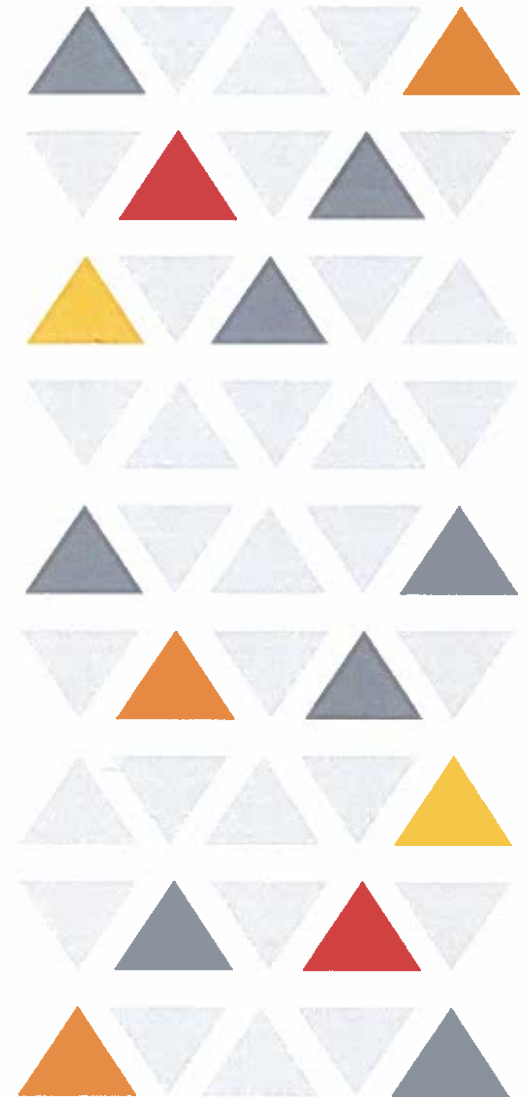


Working in harmony with you, we combine our judgment and experience to communicate matters that may assist you in overseeing both management's financial reporting process and our commitment to an effective audit.

Other items for discussion

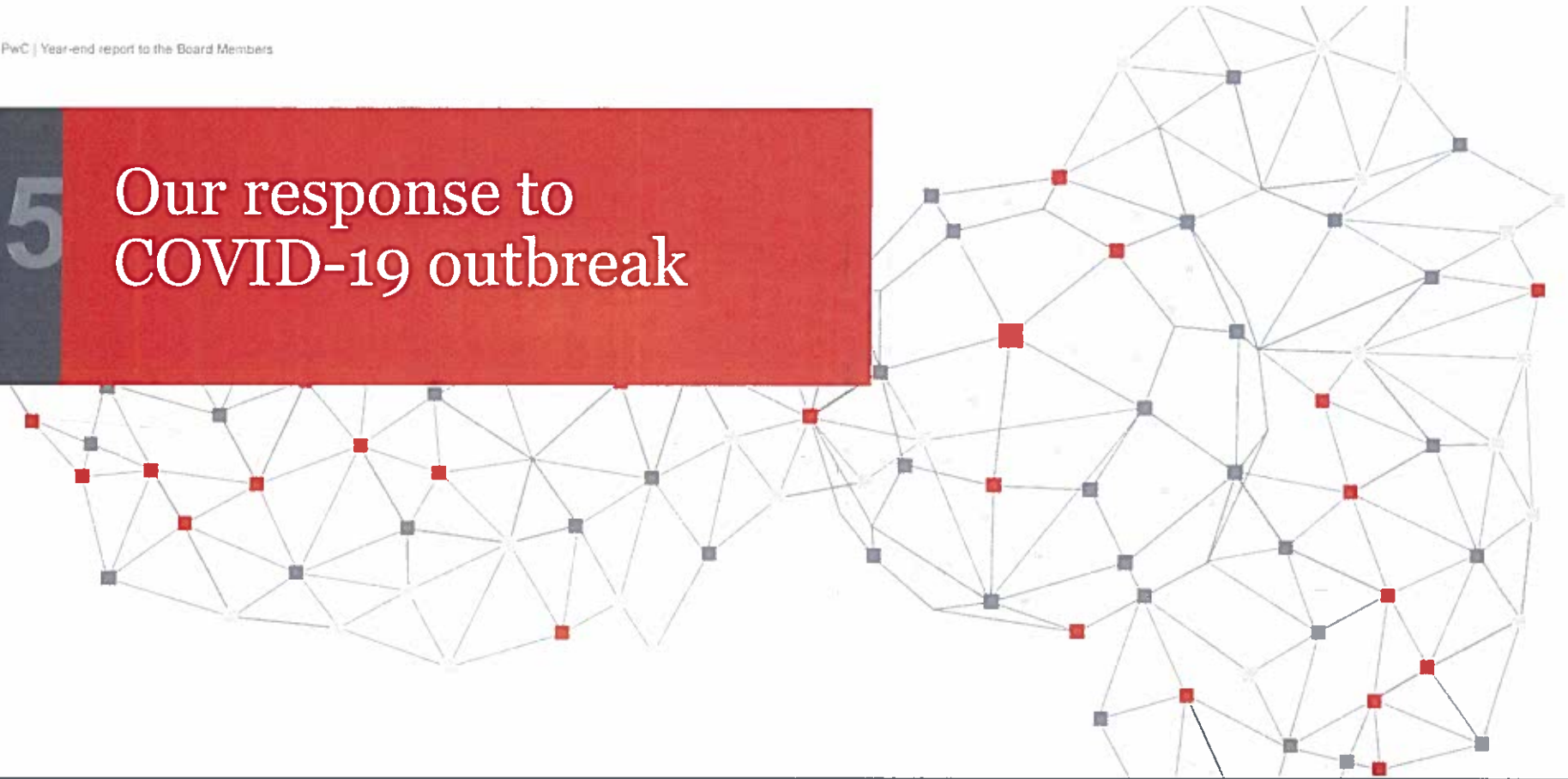
# Required communications

<b>Draft auditor's report</b>	The draft auditor's report is included as Appendix 1.
<b>Management's representations</b>	We are required to inform you of the representations we are requesting from management. A copy of the management representation letter is included in Appendix 2.  We requested our standard representations.
<b>Significant deficiencies in internal control</b>	We have no significant internal control recommendations to report.
<b>Fraud and illegal acts</b>	No fraud involving senior management or employees with a significant role in internal control or that would cause a material misstatement of the financial statements and no illegal acts came to our attention.  We would like to reconfirm that the Board Members are not aware of any such fraud or illegal acts not previously discussed with us.





# 05 Our response to COVID-19 outbreak



We appreciate the potentially significant challenges this may have on your people, your operations and results. We are committed and prepared to support you and ensure continuity of our services during this difficult time.



## PwC Canada's response to COVID-19

One of our core values is care. This means personally caring about each and every person who works for our organization, our clients, and is part of our communities. The health and safety of all these individuals, and their families, is our number one priority. Therefore, a component of our business continuity efforts is around pandemic planning. We believe pandemic planning and response efforts are a continuous cycle of information sharing and teaming with experts to help prevent, contain and recover from infectious diseases and viruses impacting our people and our clients.

While this coronavirus presents new challenges, PwC's approach to managing external risks remains the same — including our commitment to the safety of our people and having an open dialogue with internal and external stakeholders.

PwC has a well established Business Continuity and Disaster Recovery plan which includes pandemic planning to ensure that the firm can respond and operate within a range of scenarios. With regards to COVID-19, PwC has taken the necessary steps including implementing travel restrictions and equipping our staff with the tools they need to work remotely to continue to assist you in this challenging time.

Our technology enabled approach allows us to continue to deliver our services seamlessly:

- Our teams are working remotely and have the technology needed to do so. We also have the ability to conduct essential meetings with management and Board Members via voice/video conferencing and expect no disruption in this regard.
- We will stay connected with local management and be responsive to changes, particularly in terms of your policies and working practices.
- We have digital tools, like Connect, DocuSign and Google Visitor Sharing, to electronically administer the secure sharing of supporting documentation and deliverables between PwC and you.
- Our National office is evaluating the most effective way to address remote work options for procedures ordinarily conducted in person. We will work with management to complete these procedures safely and consistently with the policies instituted by both of our institutions.

We appreciate the potentially significant challenges this may have on your people, your operations and results. We are committed and prepared to support you and ensure continuity of our services during this difficult time.



Use PwC's COVID-19 Navigator tool to assess the potential impact to your business and gauge your readiness to respond.

<https://www.pwc.com/ca/en/covid-19/response-navigator.html>



## Financial reporting and audit impact

# Impact of COVID-19 on the audit

We performed incremental procedures due to the impact of COVID-19, which could impact our risk assessment, materiality levels, and planned controls reliance. We have outlined key areas of focus and our procedures for the Library Board below:

Area of focus	Description	PwC response
<b>Impact on operations</b>	<p>Fines and user charges will decline in fiscal 2020 as a result of the closure of the libraries locations in mid March following the government measures taken to control COVID-19.</p> <p>If there are any accounts receivable remaining to be collected, management will need to assess their collectibility in light of recent events.</p>	<ul style="list-style-type: none"> <li>As the event has taken place subsequent to year-end, a subsequent note has been included in the financial statements to describe the impact on fiscal 2020 revenues and collectibility of accounts receivable.</li> </ul>
<b>Disclosures in financial statements</b>	<p>Additional disclosures may be required regarding the effect of COVID-19 on your operations within financial statements, based on PSAS disclosure standards.</p>	<ul style="list-style-type: none"> <li>The subsequent event note also includes a reference to fiscal 2020 revenues and collectibility of accounts receivable.</li> </ul>
<b>Internal control over financial reporting</b>	<p>When the company's personnel are working remotely, it often means the design and operation of internal controls will either need to change or will no longer be as effective. These changes may occur at any time during the period and may also increase potential risk of fraud.</p> <p>Working remotely may also have necessitated changes to IT General Controls and/or other system changes that may create new IT risks. The increased use of remote access to your systems may have implications related to system capacity and cybersecurity as threat actors are targeting devices used for remote access into work. This could come in the form of ransomware or other malware attacks introduced through phishing campaigns.</p>	<ul style="list-style-type: none"> <li>We have performed walkthroughs to assess the design and implementation of all key controls over F2019 financial reporting.</li> <li>Based on inquiry with management, we understand that, despite working remotely, there were no substantial changes on internal controls, that anyway would not have any impact on the F2019 financial reporting.</li> </ul>



# Appendices

06

- 1 Draft auditor's report
- 2 Management representation letter



## Appendix 1

# Draft auditor's report

See Final Financial Statements –  
December 31, 2019  
Report No. 13 –  
Attachment 1





## *Independent auditor's report*

To the Board of Directors of Toronto Public Library Board

---

### *Our opinion*

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto Public Library Board (the Board) as at December 31, 2019 and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

#### **What we have audited**

The Board's financial statements comprise:

- the statement of financial position as at December 31, 2019;
- the statement of operations and accumulated surplus for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

---

### *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 believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

#### **Independence**

We are independent of the Board in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

---

### *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.

---

*PricewaterhouseCoopers LLP*  
PwC Tower, 18 York Street, Suite 2600, Toronto, Ontario, Canada M5J 0B2  
T: +1 416 863 1133, F: +1 416 365 8215

\*PwC\* refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



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 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 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 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.

(to be signed - PricewaterhouseCoopers LLP/s.r.l./s.e.n.c.r.l.)

**Chartered Professional Accountants, Licensed Public Accountants**

Toronto, Ontario  
September @ (a), 2020



## Appendix 2

# Management representation letter



Client letterhead

September @@, 2020

PricewaterhouseCoopers LLP  
PwC Tower  
18 York Street, Suite 2600  
Toronto ON M5J 0B2

We are providing this letter in connection with your audit of the financial statements of Toronto Public Library Board (the Board) as at December 31, 2019 and for the year then ended for the purpose of expressing an opinion as to whether such financial statements present fairly, in all material respects, the financial position of the Board and results of its operations and its cash flows in accordance with Canadian public sector accounting standards (the financial statements).

We have fulfilled our responsibilities, as set out in the terms of the audit engagement letter dated November 30, 2015.

We confirm the following representations:

- The preparation and fair presentation of the financial statements are in accordance with Canadian public sector accounting standards including disclosures.
- We designed, implemented and maintained an effective system of internal control over financial reporting to enable the preparation and fair presentation of the financial statements that are free from material misstatement, whether due to fraud or error.
- We designed, implemented and maintained an effective system of internal control to prevent and detect fraud.
- We provided you with all relevant information and access, as agreed in the terms of the audit engagement.
- We ensured all transactions have been recorded in the accounting records and are reflected in the financial statements.

#### **Preparation of financial statements**

The financial statements are fairly presented in accordance with Canadian public sector accounting standards and include all disclosures necessary for such fair presentation and disclosures otherwise required to be included therein by the laws and regulations to which the Board is subject. We have prepared the Board's financial statements on the basis that the Board is able to continue as a going concern.

We have appropriately reconciled our books and records (e.g. general ledger accounts) underlying the financial statements to their related supporting information (e.g. subledger or third party data). All related reconciling items considered to be material were identified and included on the reconciliations and were appropriately adjusted in the financial statements. There were no material unreconciled differences or material general ledger suspense account items that should have been adjusted or reclassified to another account balance. There were no material general ledger suspense account items written off to a statement of financial position account, which should have been written off to a profit and loss account and vice versa. All intra-entity accounts have been eliminated or appropriately measured and considered for disclosure in the financial statements.

#### **Other information**

We confirm to you that we are not required by law, regulation or custom and do not intend to issue a document (which would include or accompany the financial statements and our auditor's report thereon) with information on the Board's operations and the Board's financial results and financial position as set out in the financial statements.

**Accounting policies**

We confirm that we have reviewed the Board's accounting policies and, having regard to the possible alternative policies, our selection and application of accounting policies and estimation techniques used for the preparation and presentation of the financial statements is appropriate in the Board's particular circumstances.

We are eligible to and have selected to apply the standards for government not-for-profit organizations in CPA Canada Public Sector Accounting Handbook Sections PS 4200 to PS 4270.

**Internal control over financial reporting**

We have disclosed to you all deficiencies in the design or operation of disclosure controls and procedures and internal control over financial reporting that we are aware of.

**Minutes**

All matters requiring disclosure to or approval of the Board have been brought before them at appropriate meetings and are reflected in the minutes.

**Completeness of transactions**

All contractual arrangements entered into by the Board with third parties have been properly reflected in the accounting records or/and, where material (or potentially material) to the financial statements, have been disclosed to you. The Board has complied with all aspects of contractual agreements that could have a material effect on the financial statements in the event of non-compliance. There are no side agreements or other arrangements (either written or oral) undisclosed to you.

**Fraud**

We have disclosed to you:

- the results of our assessment of the risk that the financial statements may be materially misstated as a result of fraud;
- all information in relation to fraud or suspected fraud of which we are aware affecting the Board involving management, employees who have significant roles in internal control or others where the fraud could have a material effect on the financial statements; and
- all information in relation to any allegations of fraud, or suspected fraud, affecting the Board's financial statements communicated by employees, former employees or others.

**Disclosure of information**

We have provided you with:

- Access to all information of which we are aware that is relevant to the preparation of the financial statements, such as records, documentation and other matters including:
  - contracts and related data;
  - information regarding significant transactions and arrangements that are outside the normal course of business;
  - minutes of the meetings of the Board and its committees. The most recent meetings held were [state by group and date];
  - additional information that you have requested from us for the purpose of the audit; and
  - unrestricted access to persons within the Board from whom you determined it necessary to obtain audit evidence.

**Compliance with laws and regulations**

We have disclosed to you all aspects of laws, regulations and contractual agreements that may affect the financial statements, including any known instances of non-compliance or suspected non-compliance with laws and regulations whose effects should be considered when preparing the financial statements.

There have been no communications from regulatory agencies concerning non-compliance with or deficiencies in financial reporting practices.

#### **Accounting estimates and fair value measurements**

Significant assumptions used by the Board in making accounting estimates, including fair value accounting estimates, are reasonable.

For recorded or disclosed amounts in the financial statements that incorporate fair value measurements, we confirm that:

- the measurement methods are appropriate and consistently applied;
- the significant assumptions used in determining fair value measurements represent our best estimates, are reasonable and have been consistently applied;
- no subsequent event requires adjustment to the accounting estimates and disclosures included in the financial statements; and
- the significant assumptions used in determining fair value measurements are consistent with the Board's planned courses of action. We have no plans or intentions that have not been disclosed to you, which may materially affect the recorded or disclosed fair values of assets or liabilities. Significant estimates and measurement uncertainties known to management that are required to be disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section 2130, *Measurement Uncertainty*, have been appropriately disclosed.

#### **Related parties**

We confirm that we have disclosed to you the identity of the Board's related parties as defined by CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*, and all the related party relationships and transactions.

The identity and relationship of, and balances and transactions with, related parties have been properly recorded and adequately disclosed in the financial statements as required by CPA Canada Public Sector Accounting Handbook Section PS 2200, *Related Party Disclosures*. We provided support for any assertion that a transaction with a related party was conducted on terms equivalent to those prevailing in an arm's length transaction.

The list of related parties attached to this letter as Appendix A accurately and completely describes the Board's related parties and the relationships with such parties.

#### **Going concern**

There are no events or conditions that, individually or collectively, may cast significant doubt on the Board's ability to continue as a going concern.

We have no plans or intentions that may materially alter the carrying value or classification of assets and liabilities reflected in the financial statements (e.g. to dispose of the business or to cease operations).

#### **Assets and liabilities**

We have satisfactory title or control over all assets. All liens or encumbrances on the Board's assets and assets pledged as collateral, to the extent material, have been disclosed in the notes to the financial statements.

We have recorded or disclosed, as appropriate, all liabilities, in accordance with Canadian public sector accounting standards. All liabilities and contingencies, including those associated with guarantees, whether written or oral, under which the Board is contingently liable in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3300, *Contingent Liabilities*, have been disclosed to you and are appropriately reflected in the financial statements.

#### **Litigation and claims**

All known actual or possible litigation and claims, which existed as at December 31, 2019 or exist now, have been disclosed to you and accounted for and disclosed in accordance with Canadian public sector accounting standards, whether or not they have been discussed with legal counsel.

#### **Misstatements**

Certain representations in this letter are described as being limited to those matters that are material. Items are also considered material, regardless of size, if they involve an omission or misstatement of accounting information that, in light of surrounding circumstances, makes it probable that the judgment of a reasonable person relying on the information would have been changed or influenced by the omission or misstatement.

We confirm that the financial statements are free of material misstatements, including omissions.

We confirm there are no uncorrected misstatements in the financial statements.

The effects of the uncorrected misstatements in the financial statements, as summarized in Appendix B, are immaterial, both individually and in the aggregate, to the financial statements taken as a whole. We confirm that we are not aware of any uncorrected misstatements other than those included in Appendix B.

#### **Events after balance sheet date**

We have identified all events that occurred between December 31, 2019 and the date of this letter that may require adjustment of, or disclosure in, the financial statements, and have effected such adjustment or disclosure.

**For the following specific representations, the terms “year-end” and “year” are defined as each year-end and each year respectively, covered by the audit of the financial statements as stated above.**

#### **Cash and banks**

The books and records properly reflect and record all transactions affecting cash funds, bank accounts and bank indebtedness of the Board.

All cash balances are under the control of the Board, free from assignment or other charges, and unrestricted as to use, except as disclosed to you.

The amount shown for cash on hand or in bank accounts excludes trust or other amounts, which are not the property of the Board.

Arrangements with financial institutions involving compensating balances or other arrangements involving restrictions on cash balances, line of credit, or similar arrangements have been properly disclosed.

All cash and bank accounts and all other properties and assets of the Board are included in the financial statements.

#### **Statements of operations and accumulated surplus and change in net debt**

All transactions entered into by the Board have been recorded in the books and records presented to you.

All amounts have been appropriately classified within the statements of operations and accumulated surplus and change in net debt.

Any changes to internal fund restrictions that are reflected in the financial statements, but not yet approved by the Board of Directors will be approved prior to the Board of Directors approving the financial statements.

The accounting principles and policies followed throughout the year were consistent with prior year's practices (except as disclosed in the financial statements).

**Accounts receivable**

All amounts receivable by the Board were recorded in the books and records.

All contributions receivable that are recorded in the balance sheet are reasonably assured of collection and we have made you aware of all relevant facts and circumstances in making this determination. Recognized contributions receivable do not include any bequests.

Receivables recorded in the financial statements, represent bona fide claims against debtors for sales or other charges arising on or before the balance sheet date and are not subject to discount except for normal cash discounts.

Amounts receivable amounted to \$13,360,692 and are considered to be fully collectible.

All receivables were free from hypothecation or assignment as security for advances to the Board, except as hereunder stated.

**Tangible capital assets**

All charges to tangible capital asset accounts represented the actual cost of additions or the fair value at the date of contribution.

All contributed tangible capital assets have been recorded at fair value at the date of the contribution. No significant tangible capital asset additions were charged to repairs and maintenance or other expense accounts.

Book values of tangible capital assets sold, destroyed, abandoned or otherwise disposed of have been eliminated from the accounts.

Capital assets owned by the Board are being depreciated on a systematic basis over their estimated useful lives, and the provision for depreciation was calculated on a basis consistent with that of the previous date. During the year, we reviewed the appropriateness of the depreciation policy and estimate of useful lives for tangible capital assets, taking into account all pertinent factors. Any changes in our assessment from the prior year have been adequately disclosed and reflected in the financial statements.

All lease agreements covering property leased by or from the Board have been disclosed to you and classified in accordance with CPA Canada Public Sector Accounting Handbook Guideline PSG-02, *Leased Tangible Capital Assets*.

There have been no events, conditions or changes in circumstances that indicate that a capital asset no longer contributes to the Board's ability to provide goods and services.

All collections accounted for using the guidance in CPA Canada Public Sector Accounting Handbook Section 4240, *Collections held by Not-For-Profit Organizations*, meet the definition of a collection in PS4240.03. There have been no sales of items in the collection during the year ended December 31, 2019.

**Contributions**

We have recorded all contributions received during the year in the financial statements. We confirm that contributions received in the year have been recognized as revenue in the appropriate fund and reflect restrictions placed on the use of the contributions by the donor. We have disclosed to you the existence and nature of all external restrictions on material contributions received in the year.

All contributions receivable, including government funding receivables, that are recorded in the statement of financial position are reasonably assured of collection and we have made you aware of all relevant facts and circumstances in making this determination. Recognized contributions receivable do not include any bequests.

**Deferred revenue and deferred contributions**

All material amounts of deferred revenue and deferred contributions were appropriately recorded in the books and records.

**Retirement benefits, post-employment benefits, compensated absences and termination benefits**

All arrangements to provide retirement benefits, post-employment benefits, compensated absences and termination benefits have been identified to you and have been included in the actuarial valuation as required.

The details of all pension plan amendments since December 31, 2019, the date of the last actuarial valuation, have been identified to you.

The actuarial valuation dated December 31, 2019 incorporates management's best estimates, detailed as follows:

The actuarial assumptions and methods used to measure liabilities and costs for financial accounting purposes for pension and other post-retirement benefits are appropriate in the circumstances.

All changes to the plan and the employee group and the plan's performance since the last actuarial valuation have been reviewed and considered in determining the plan expense and the estimated actuarial present value of accrued pension benefits and value of plan assets.

The employee future benefit costs and obligations have been determined, accounted for and disclosed in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits* and CPA Canada Public Sector Accounting Handbook Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*. In particular:

- The significant accounting policies that the Board has adopted in applying CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits*, and CPA Canada Public Sector Accounting Handbook Section PS 3255, *Post-employment Benefits, Compensated Absences and Termination Benefits*, are accurately and completely disclosed in the notes to the financial statements. Each of the best estimate assumptions used reflects management's judgment of the most likely outcomes of future events.
- The best estimate assumptions used are, as a whole, internally consistent, and consistent with the asset valuation method adopted.
- The discount rate used to determine the accrued benefit obligation was determined by reference to the Board's borrowing rate using assumptions that are internally consistent with other actuarial assumptions used in the calculation of the accrued benefit obligation and plan assets.
- The assumptions included in the actuarial valuation are those that management instructed Morneau Shepell to use in computing amounts to be used by management in determining pension costs and obligations and in making required disclosures in the above-named financial statements, in accordance with CPA Canada Public Sector Accounting Handbook Section PS 3250, *Retirement Benefits*.

In arriving at these assumptions, management has obtained the advice of Morneau Shepell, but has retained the final responsibility for the assumptions.

The source data and plan provisions provided to the actuary for preparation of the actuarial valuation are accurate and complete.

**Environmental matters**

There are no liabilities or contingencies arising from environmental matters that have not already been disclosed to the auditor.

Liabilities or contingencies related to environmental matters have been recognized, measured and disclosed, as appropriate, in the financial statements.

We have considered the effect of environmental matters and the carrying value of the relevant assets is recognized, measured and disclosed, as appropriate, in the financial statements.

All commitments related to environmental matters have been measured and disclosed, as appropriate in the financial statements.

**Use of a specialist**

We assume responsibility for the findings of specialists in evaluating the accrued benefit obligation and have adequately considered the qualifications of the specialists in determining the amounts and disclosures used in the financial statements and underlying accounting records. We did not give or cause any instructions to be given to specialists with respect to the values or amounts derived in an attempt to bias their work, and we are not otherwise aware of any matters that have had an impact on the independence or objectivity of the specialists.

Yours truly,

**Toronto Public Library Board**

---

Ms. Vickery Bowles  
City Librarian

---

Mr. Larry Hughsam  
Director of Finance and Treasurer

---

Mr. Wayne Lam  
Manager, Accounting & Payroll

## **Appendix A - List of related parties**Toronto Public Library Foundation

American Foundation for Toronto Public Library

### **Board Members\*:**

Sue Graham-Nutter (Chair)

Jonathan Hoss (Vice Chair)

Councillor Paul Ainslie

Sarwar Choudhury

Andrea Geddes Poole

Fenton Jagdeo

Jennifer Liu

Alison Menary

Councillor Gord Perks

Alim Rentulla

### **Senior Management\*:**

Vickery Bowles, City Librarian

Larry Hughsam, Director of Finance and Treasurer

\*Although not explicitly listed, immediate family members are considered included as related parties by this reference.

### **TCHC – subsidiaries and joint ventures**

2001064 Ontario Inc.

Access Housing Connections Inc.

Alexandra Park Condominium Residences Inc.

Alexandra Park Development Corporation

Allenbury Gardens Development Corporation

Allenbury Gardens Revitalization General Partnership

Don Mount Court Development Corporation

Housing Services Inc.

Leslie Nymark Development Corporation

Leslie Nymark Partnership

Parliament and Gerrard Development Corporation

Railway Lands Development Corporation

Regent Park Arts Non-profit Development Corporation

Regent Park Development Corporation

Regent Park Energy Inc.

Toronto Affordable Housing Fund

Toronto Community Housing Enterprises Inc.

Connect Residences

Scala Residences Inc.

Vivo Residences Inc.

South Residences Inc.

Verde Residence Inc.

## **City of Toronto – related parties**

### **Agencies and Corporations:**

Board of Governors of Exhibition Place  
Toronto Board of Health  
Board of Management of the Toronto Zoo  
Toronto Community Housing Corporation ("TCHC")  
Build Toronto Inc. ("BTI")  
Toronto Licensing Commission  
Casa Loma Corporation  
Toronto Pan Am Sports Centre Inc. ("TPASC")  
Heritage Toronto  
Invest Toronto Inc.  
Toronto Police Services Board  
Lakeshore Arena Corporation  
Toronto Public Library Board  
Toronto Transit Commission ("TTC")  
Toronto Waterfront Revitalization Corporation ("TWRC")  
Yonge-Dundas Square  
Toronto Atmospheric Fund ("TAF")  
Civic Theatres Toronto

### **Government Business Enterprises:**

Toronto Parking Authority  
Toronto Hydro Corporation  
City of Toronto Economic Development Corporation  
Toronto Port Lands ("TPLC")

### **Arenas:**

Forest Hill Memorial  
Moss Park  
George Bell  
North Toronto Memorial  
Leaside Memorial Community Gardens  
McCormick Playground  
Ted Reeve Community  
William H. Bolton

**Community Centres**

519 Church Street  
Eastview Neighbourhood  
Applegrove  
Waterfront Neighbourhood  
Cecil Street  
Ralph Thornton  
Central Eglinton  
Scadding Court  
Community Centre 55  
Swansea Town Hall

**Business Improvement Areas ("BLA"):**

Albion Islington Square  
Forest Hill Village  
Riverside District  
Baby Point Gates  
Gerrard India Bazaar  
Roncesvalles Village  
Bayview Leaside  
Greektown on the Danforth  
Rosedale Main Street  
Bloor Annex  
Harbord Street  
Sheppard East Village  
Bloor By The Park  
Hillcrest Village  
shoptheQueensway.com  
Bloor Street  
Historic Queen East  
St. Clair Gardens  
Bloor West Village  
Junction Gardens  
St. Lawrence Market  
Bloor Yorkville  
Kennedy Road Neighbourhood  
Bloorcourt Village  
Kensington Market  
The Beach  
Bloordale Village  
Korea Town  
The Danforth  
Cabbagetown  
Lakeshore Village  
The Eglinton Way

Chinatown  
Leslieville  
The Kingsway  
Church Wellesley Village  
Liberty Village  
The Waterfront  
City Place & Fort York  
Little Italy  
Toronto Entertainment  
College Promenade  
Little Portugal District  
College West

Corso Italia  
Long Branch  
Marketo District  
Trinity Bellwoods  
Upper Village  
Crossroads of the Danforth  
Midtown Yonge  
Uptown Yonge  
Danforth Mosaic  
Mimico by the Lake  
Village of Islington  
Danforth Village  
Mimico Village  
West Queen West  
Dovercourt Village  
Mirvish Village  
Weston Village  
Downtown Yonge  
Mount Dennis  
Wexford Heights  
DuKe Heights  
Mount Pleasant  
Wilson Village  
Dundas West  
Oakwood Village  
Wychwood Heights  
Dupont by the Castle  
Ossington Avenue  
Yonge Lawrence Village  
Eglinton Hill  
Pape Village  
York Eglinton

Emery Village  
Parkdale Village  
Fairbank Village  
Financial District  
Queen Street West  
Regal Heights Village

**Appendix B - Summary of uncorrected misstatements**

Unadjusted items for the year ended December 31, 2019	(CA\$)
<p>To reverse offsetting of City of Toronto (COT) payables against COT receivables (amounts should be disclosed on a gross basis) (current year):</p> <p>DR Receivables from the City of Toronto CR Payables to the City of Toronto</p>	<p>\$1,738,088 (\$1,738,088)</p>
<p>To reverse offsetting of COT payables against COT receivables (prior year):</p> <p>DR Receivables from the City of Toronto CR Payables to the City of Toronto</p>	<p>\$821,605 (\$821,605)</p>

[pwc.com/ca](http://pwc.com/ca)

The matters raised in this and other reports that will flow from the audit are only those that have come to our attention arising from or relevant to our audit that we believe need to be brought to your attention. They are not a comprehensive record of all the matters arising and, in particular, we cannot be held responsible for reporting all risks in your business or all internal control weaknesses. Comments and conclusions should only be taken in context of the financial statements as a whole, as we do not mean to express an opinion on any individual item or accounting estimate. This report has been prepared solely for your use. It was not prepared for, and is not intended for, any other purpose. No other person or entity shall place any reliance upon the accuracy or completeness of statements made herein. PwC does not assume responsibility to any third party, and, in no event, shall PwC have any liability for damages, costs or losses suffered by reason of any reliance upon the contents of this report by any person or entity other than you.

© 2020 PricewaterhouseCoopers LLP, an Ontario limited liability partnership. All rights reserved.

PwC refers to the Canadian firm, and may sometimes refer to the PwC network. Each member firm is a separate legal entity. Please see [www.pwc.com/structure](http://www.pwc.com/structure) for further details.