

Financial Statements

**Trust Funds of the Toronto  
Public Library Board**

December 31, 2004

## AUDITORS' REPORT

To the Members of the Toronto Public Library Board as Trustees  
for the **Trust Funds of the Toronto Public Library Board**

We have audited the statement of financial position of the **Trust Funds of the Toronto Public Library Board** as at December 31, 2004 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Library Board's management. Our responsibility is to express an opinion on these financial statements based on our audit.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Trust Funds as at December 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the Canada Corporations Act, we report that, in our opinion, these principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada,  
February 18, 2005.

Chartered Accountants

## Trust Funds of the Toronto Public Library Board

### STATEMENT OF FINANCIAL POSITION

As at December 31

	2004	2003
	\$	\$
<b>ASSETS</b>		
<b>Current</b>		
Cash and cash equivalents	1,925,815	1,988,035
Accounts receivable	78,572	108,808
	<b>2,004,387</b>	<b>2,096,843</b>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current</b>		
Due to the Toronto Public Library Board <i>[note 6]</i>	219,440	—
Accounts payable and accrued liabilities		
Toronto Public Library Foundation	42,794	92,333
Toronto Public Library	14,224	30,801
Other	6,448	3,782
<b>Total current liabilities</b>	<b>282,906</b>	<b>126,916</b>
<b>Fund balances</b>		
General Fund	56,430	55,845
Restricted Fund <i>[note 3]</i>	535,721	765,020
Endowment Fund <i>[note 4]</i>	1,129,330	1,149,062
<b>Total fund balances</b>	<b>1,721,481</b>	<b>1,969,927</b>
	<b>2,004,387</b>	<b>2,096,843</b>

*See accompanying notes*

On behalf of the Board:

Toronto Public Library Board Chair

City Librarian

## Trust Funds of the Toronto Public Library Board

### STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended December 31

	2004				2003			
	General Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	General Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$
<b>REVENUE</b>								
Interest	4,097	36,429	—	40,526	7,220	50,794	—	58,014
Membership and other fees	—	16,228	—	16,228	—	17,247	—	17,247
Sale of publications	—	13,668	—	13,668	—	23,898	—	23,898
Donations, grants and legacies	1,100	117,331	—	118,431	4,233	96,260	—	100,493
Other	—	989	—	989	113	—	—	113
	<b>5,197</b>	<b>184,645</b>	<b>—</b>	<b>189,842</b>	<b>11,566</b>	<b>188,199</b>	<b>—</b>	<b>199,765</b>
<b>EXPENSES</b>								
Purchase of books	—	2,736	—	2,736	—	—	—	—
Employee wages and benefits	—	7,422	—	7,422	—	—	—	—
Office	207	12,585	—	12,792	23	13,569	—	13,592
Charitable activities	12,286	137,991	—	150,277	13,338	94,192	—	107,530
Other	—	45,621	—	45,621	—	49,839	—	49,839
	<b>12,493</b>	<b>206,355</b>	<b>—</b>	<b>218,848</b>	<b>13,361</b>	<b>157,600</b>	<b>—</b>	<b>170,961</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(7,296)</b>	<b>(21,710)</b>	<b>—</b>	<b>(29,006)</b>	<b>(1,795)</b>	<b>30,599</b>	<b>—</b>	<b>28,804</b>
Fund balances, beginning of year	55,845	765,020	1,149,062	1,969,927	54,466	739,125	1,147,532	1,941,123
Transfers between funds [note 5]	7,881	(8,149)	268	—	3,174	(4,704)	1,530	—
Fund balance transfers [note 6]	—	(199,440)	(20,000)	(219,440)	—	—	—	—
<b>Fund balances, end of year</b>	<b>56,430</b>	<b>535,721</b>	<b>1,129,330</b>	<b>1,721,481</b>	<b>55,845</b>	<b>765,020</b>	<b>1,149,062</b>	<b>1,969,927</b>

*See accompanying notes*



## **Trust Funds of the Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2004

#### **1. DESCRIPTION OF THE ORGANIZATION**

The Trust Funds of the Toronto Public Library Board [the "Trust Funds"] represent funds received by the Toronto Public Library Board [the "Library Board"] that are restricted by the donor or by the Library Board for various purposes.

These financial statements reflect the assets, liabilities, revenue and expenses of the Trust Funds. The Trust Funds are administered by the Library Board and are not included in the Library Board's financial statements.

#### **2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles. The significant accounting policies are summarized below:

##### **Basis of presentation**

The Trust Funds follow the restricted fund method of accounting for contributions.

##### **Fund accounting**

The General Fund reports unrestricted resources available for immediate purposes.

The Endowment Fund reports resources where either external or internal restrictions require that the principal must be maintained permanently. Most restrictions are due to the specific nature of bequests and donations. Investment income earned on the Endowment Fund is reported in the General or Restricted Fund, depending on the nature of any restrictions imposed on the income. The investment income generated from assets held for endowment purposes must be used in accordance with the various purposes established by the donors or the Library Board's policy.

The Restricted Fund reports resources that are to be used for specific purposes as specified by the donor or the Board of Trustees. Most restrictions are due to the specific nature of bequests and donations. Many of these restrictions were imposed by the donor and relate to the type or the location of the expenditure.

##### **Cash and cash equivalents**

Cash and cash equivalents consist of cash and short-term investments with original maturities of less than 90 days.

## Trust Funds of the Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2004

#### Revenue recognition

Unrestricted contributions are recognized as revenue of the General Fund in the year received. Donor restricted contributions for specific purposes are recognized as revenue of the Restricted Fund unless the capital is to be maintained permanently, in which case the contributions are recognized as revenue of the Endowment Fund.

#### Contributed goods and services

The value of contributed goods and services is not recognized in these financial statements.

### 3. RESTRICTED FUND

The Restricted Fund consists of funds held for the following purposes:

	2004	2003
	\$	\$
<b>Externally restricted</b>		
Promote and expand the Osborne & L.H. Smith Collections	<b>348,860</b>	552,132
Expand collection of library	<b>65,290</b>	65,290
Study and research	—	18,146
	<b>414,150</b>	635,568
<b>Internally restricted</b>	<b>121,571</b>	129,452
<b>Total Restricted Fund</b>	<b>535,721</b>	765,020

## Trust Funds of the Toronto Public Library Board

### NOTES TO FINANCIAL STATEMENTS

December 31, 2004

#### 4. ENDOWMENT FUND

The Endowment Fund consists of the following:

	2004	2003
	\$	\$
Externally restricted with income available for the following purposes:		
Promote and expand the Osborne & L.H. Smith Collections	457,093	456,825
Expand collection of library	155,211	155,211
	<b>612,304</b>	612,036
Internally endowed restricted funds with income to be used for the following purposes:		
Expand collection of library	517,026	517,026
Study and research	—	20,000
	<b>517,026</b>	537,026
<b>Total Endowment Fund</b>	<b>1,129,330</b>	1,149,062

#### 5. FUND TRANSFERS

Transfers between funds primarily represent unrestricted amounts recorded as revenue in the General Fund that are being transferred to the individual Trust Funds that are internally endowed and internally restricted.

#### 6. FUND BALANCE TRANSFERS

During the year, an extensive review was performed on the nature of the various Trust Funds balances. As a result of the review, it was determined that three of the balances were not trusts and were more in the nature of deferred revenue for library projects/programs: Friends of Osborne & L.H. Smith, Osborne Cataloguing Project and TPL Centennial Grant. Accordingly, the balances of these funds of \$219,440 have been transferred to the Library Board and are included within liabilities on the statements of financial position for December 31, 2004.

Administrative responsibility for the remaining Trust Funds will be transferred to the Toronto Public Library Foundation in 2005.

## **Trust Funds of the Toronto Public Library Board**

### **NOTES TO FINANCIAL STATEMENTS**

December 31, 2004

#### **7. RELATED PARTY TRANSACTIONS**

Administrative staff of the Library Board provides administrative services for the Trust Funds. The Library Board does not charge for these services.

#### **8. STATEMENT OF CASH FLOWS**

A separate statement of cash flows has not been presented since cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

#### **9. FINANCIAL INSTRUMENTS**

The carrying values of the financial instruments approximate their fair values. The Trust Funds are subject to interest rate risk with respect to their investments.