

Financial Statements

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

December 31, 2001

AUDITORS' REPORT

To the Members of 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, 2001 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, 2001 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.

Ernst & Young LLP

Toronto, Canada,
March 11, 2002.

Chartered Accountants

Trust Funds of the Toronto Public Library Board

STATEMENT OF FINANCIAL POSITION

As at December 31

	2001	2000
	\$	\$
ASSETS		
Current		
Cash and short-term investments	1,837,940	2,217,057
Accounts receivable	21,161	12,053
Total current assets	1,859,101	2,229,110
Other investment <i>[note 3]</i>	48,000	48,000
	1,907,101	2,277,110
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	791	404,326
Fund balances		
General Fund	53,377	69,077
Restricted Fund <i>[note 4]</i>	708,882	662,112
Endowment Fund <i>[note 5]</i>	1,144,051	1,141,595
Total fund balances	1,906,310	1,872,784
	1,907,101	2,277,110

See accompanying notes

On behalf of the Board:

Board Chair

City Librarian

Trust Funds of the Toronto Public Library Board

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended December 31

	2001				2000			
	General Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	General Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$
REVENUE								
Interest	10,685	52,048	—	62,733	21,170	77,869	—	99,039
Membership and other fees	—	15,446	—	15,446	1,695	8,810	—	10,505
Sale of publications	—	21,967	—	21,967	13,426	23,872	—	37,298
Donations, grants and legacies	4,218	78,466	—	82,684	50,733	44,795	—	95,528
Other	—	50	—	50	3,747	555	—	4,302
	14,903	167,977	—	182,880	90,771	155,901	—	246,672
EXPENSES								
Purchase of books and materials	6,633	38,893	—	45,526	4,275	66,279	—	70,554
Employee wages and benefits	—	52,274	—	52,274	—	7,648	—	7,648
Office	2,834	7,235	—	10,069	2,466	6,797	—	9,263
Meeting and conferences	—	130	—	130	68	1,161	—	1,229
Other	20,612	20,743	—	41,355	9,272	18,664	—	27,936
	30,079	119,275	—	149,354	16,081	100,549	—	116,630
Excess (deficiency) of revenue over expenses for the year	(15,176)	48,702	—	33,526	74,690	55,352	—	130,042
Fund balances, beginning of year	69,077	662,112	1,141,595	1,872,784	52,917	548,719	1,141,106	1,742,742
Transfers between funds [note 6]	(524)	(1,932)	2,456	—	(58,530)	58,041	489	—
Fund balances, end of year	53,377	708,882	1,144,051	1,906,310	69,077	662,112	1,141,595	1,872,784

See accompanying notes

SCHEDULE OF CONTINUITY OF TRUST FUNDS

Year ended December 31

	Fund balance 2000	Revenue	Expenses	Fund balance transfer	Fund balance 2001	Endowment		Restricted		General
	\$	\$	\$	\$	\$	Externally	Internally	Externally	Internally	\$
						\$	\$	\$	\$	
Osborne & L.H. Smith Collections										
Osborne Royalties	120,133	9,562	9,038	—	120,657	—	—	—	120,657	—
Friends of Osborne & L.H. Smith	71,770	39,479	26,168	—	85,081	—	—	85,081	—	—
Helen E. Stubbs bequest	449,881	14,745	12,289	—	452,337	452,337	—	—	—	—
Osborne & L.H. Smith	165,464	84,626	4,124	—	245,966	—	—	245,966	—	—
Osborne Cataloguing Project	175,136	3,362	52,274	—	126,224	—	—	126,224	—	—
	982,384	151,774	103,893	—	1,030,265	452,337	—	457,271	120,657	—
Senator J.M. Lewis	7,235	357	357	—	7,235	7,235	—	—	—	—
Dr. C.R. Sanderson	32,825	1,346	1,346	—	32,825	—	3,369	—	29,456	—
M.G. Bagshaw	23,415	1,376	1,376	—	23,415	—	10,500	—	12,915	—
Charles G. Sanderson	67,212	2,453	2,453	—	67,212	67,212	—	—	—	—
Norman Blaine Gash	17,318	864	864	—	17,318	5,000	—	12,318	—	—
Norman J. McLean	16,081	521	521	—	16,081	—	—	—	—	16,081
General	23,878	1,339	39	—	25,178	—	—	—	—	25,178
TPL Centennial Grant	34,949	1,109	—	—	36,058	—	20,000	16,058	—	—
D.J. Hayes	20,514	665	665	—	20,514	—	—	20,514	—	—
Stanley Tobin	27,157	880	880	—	27,157	—	—	27,157	—	—
Microsoft donation	7,441	236	—	—	7,677	—	—	7,677	—	—
M.A. Isaac	80,209	2,600	2,600	—	80,209	75,350	—	4,859	—	—
Friends of Toronto Public Library	29,118	760	17,760	—	12,118	—	—	—	—	12,118
Catherine Fine	503,048	16,600	16,600	—	503,048	—	503,048	—	—	—
	890,400	31,106	45,461	—	876,045	154,797	536,917	88,583	42,371	53,377
	1,872,784	182,880	149,354	—	1,906,310	607,134	536,917	545,854	163,028	53,377

See accompanying notes

Trust Funds of the Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

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 Toronto Public Library'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 Funds, 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.

Trust Funds of the Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

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Investments

Investments are recorded at the lower of cost and market value. Income from investments is determined on an accrual basis and allocated pro rata each year to those funds participating, based on an average asset basis. The full amount of realized gains or losses on investments is included in revenue and is allocated to fund balances on an average asset basis.

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. OTHER INVESTMENT

As at December 31, 2001, other investment consists of one bond having a total cost of \$48,000, market value \$54,524 [2000 - \$55,969]. The bond will mature in 2010 and pay interest semi-annually at 13.25%. The investment has been maintained in accordance with the terms of each specific trust.

Trust Funds of the Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

4. RESTRICTED FUND

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

	2001	2000
	\$	\$
Externally restricted		
Promote and expand the Osborne & L.H. Smith Collections	457,271	412,370
Expand collection of library	64,848	64,848
Study and research	16,058	14,949
Community Learning and Information Program	7,677	7,441
	545,854	499,608
Internally restricted	163,028	162,504
Total Restricted Fund	708,882	662,112

5. ENDOWMENT FUND

The Endowment Fund consists of the following:

	2001	2000
	\$	\$
Externally restricted with income available for the following purposes:		
Promote and expand the Osborne & L.H. Smith Collections	452,337	449,881
Expand collection of library	154,797	154,797
	607,134	604,678
Internally endowed restricted funds with income to be used for the following purposes:		
Expand collection of library	516,917	516,917
Study and research	20,000	20,000
	536,917	536,917
Total Endowment Fund	1,144,051	1,141,595

Trust Funds of the Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2001

6. 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.

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, in the opinion of management, it would not provide any additional meaningful information.