

Financial Statements

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

December 31, 2002

DRAFT

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, 2002 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, 2002 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 28, 2003.

Chartered Accountants

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Trust Funds of the Toronto Public Library Board

STATEMENT OF FINANCIAL POSITION

As at December 31

	2002 \$	2001 \$
ASSETS		
Current		
Cash and short-term investments	1,897,179	1,837,940
Accounts receivable	—	21,161
Total current assets	1,897,179	1,859,101
Investment [note 3]	48,000	48,000
	1,945,179	1,907,101
LIABILITIES AND FUND BALANCES		
Current		
Accounts payable and accrued liabilities	4,056	791
Fund balances		
General Fund	54,466	53,377
Restricted Fund [note 4]	739,125	708,882
Endowment Fund [note 5]	1,147,532	1,144,051
Total fund balances	1,941,123	1,906,310
	1,945,179	1,907,101

See accompanying notes

On behalf of the Board:

Board Chair

City Librarian

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Trust Funds of the Toronto Public Library Board

STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

Year ended December 31

	2002				2001			
	General Fund	Restricted Fund	Endowment Fund	Total	General Fund	Restricted Fund	Endowment Fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUE								
Interest	8,504	50,823	—	59,327	10,685	52,048	—	62,733
Membership and other fees	—	24,033	—	24,033	—	15,446	—	15,446
Sale of publications	—	14,055	—	14,055	—	21,967	—	21,967
Donations, grants and legacies	—	96,805	—	96,805	4,218	78,466	—	82,684
Other	—	—	—	—	—	50	—	50
	8,504	185,716	—	194,220	14,903	167,977	—	182,880
EXPENSES								
Office	45	9,065	—	9,110	2,834	7,235	—	10,069
Charitable activities	27,459	75,744	—	103,203	22,233	91,167	—	113,400
Other	10,316	36,778	—	47,094	5,012	20,873	—	25,885
	37,820	121,587	—	159,407	30,079	119,275	—	149,354
Excess (deficiency) of revenue over expenses for the year								
	(29,316)	64,129	—	34,813	(15,176)	48,702	—	33,526
Fund balances, beginning of year	53,377	708,882	1,144,051	1,906,310	69,077	662,112	1,141,595	1,872,784
Transfers between funds <i>[note 6]</i>	30,405	(33,886)	3,481	—	(524)	(1,932)	2,456	—
Fund balances, end of year	54,466	739,125	1,147,532	1,941,123	53,377	708,882	1,144,051	1,906,310

See accompanying notes

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Trust Funds of the Toronto Public Library Board

Schedule

SCHEDULE OF CONTINUITY OF TRUST FUNDS

Year ended December 31

	Fund balance 2001	Revenue	Expenses	Fund balance 2002	Endowment		Restricted		General
	\$	\$	\$	\$	Externally	Internally	Externally	Internally	\$
Osborne & L.H. Smith Collections									
Osborne royalties	120,657	2,392	34,587	88,462	—	—	—	88,462	—
Friends of Osborne & L.H. Smith	85,081	71,149	57,691	98,539	—	—	98,539	—	—
Helen E. Stubbs bequest	452,337	13,307	9,826	455,818	455,818	—	—	—	—
Osborne & L.H. Smith	245,966	73,747	4,672	315,041	—	—	315,041	—	—
Osborne cataloguing project	126,224	3,518	26,666	103,076	—	—	103,076	—	—
	1,030,265	164,113	133,442	1,060,936	455,818	—	516,656	88,462	—
Senator J.M. Lewis	7,235	444	444	7,235	7,235	—	—	—	—
Dr. C.R. Sanderson	32,825	1,501	1,501	32,825	—	3,369	—	29,456	—
M.G. Bagshaw	23,415	1,906	116	25,205	—	10,500	—	14,705	—
Charles G. Sanderson	67,212	2,507	2,507	67,212	67,212	—	—	—	—
Norman Blaine Gash	17,318	1,082	1,082	17,318	5,000	—	12,318	—	—
Norman J. McLean	16,081	476	476	16,081	—	—	—	—	16,081
General	25,178	1,850	5	27,023	—	—	—	—	27,023
TPL Centennial Grant	36,058	1,048	7	37,099	—	20,000	17,099	—	—
D.J. Hayes	20,514	608	608	20,514	—	—	20,514	—	—
Stanley Tobin	27,157	805	805	27,157	—	—	27,157	—	—
Microsoft donation	7,677	223	1	7,899	—	—	7,899	—	—
M.A. Isaac	80,209	2,376	2,376	80,209	75,350	—	4,859	—	—
Friends of Toronto Public Library	12,118	377	1,133	11,362	—	—	—	—	11,362
Catherine Fine	503,048	14,904	14,904	503,048	—	503,048	—	—	—
	876,045	30,107	25,965	880,187	154,797	536,917	89,846	44,161	54,466
	1,906,310	194,220	159,407	1,941,123	610,615	536,917	606,502	132,623	54,466

See accompanying notes

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Trust Funds of the Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

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

December 31, 2002

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. INVESTMENT

As at December 31, 2002, the investment consists of one bond having a total cost of \$48,000, and a market value of \$49,725 [2001 - \$54,524]. 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, 2002

4. RESTRICTED FUND

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

	2002 \$	2001 \$
Externally restricted		
Promote and expand the Osborne & L.H. Smith Collections	516,656	457,271
Expand collection of library	64,848	64,848
Study and research	17,099	16,058
Community Learning and Information Program	7,899	7,677
	606,502	545,854
Internally restricted	132,623	163,028
Total Restricted Fund	739,125	708,882

5. ENDOWMENT FUND

The Endowment Fund consists of the following:

	2002 \$	2001 \$
Externally restricted with income available for the following purposes:		
Promote and expand the Osborne & L.H. Smith Collections	455,818	452,337
Expand collection of library	154,797	154,797
	610,615	607,134
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	1,147,532	1,144,051

Trust Funds of the Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2002

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 cash flows from operating, investing and financing activities are readily apparent from the other financial statements.

9. COMPARATIVE FINANCIAL STATEMENTS

The comparative financial statements have been reclassified from statements previously presented to conform to the presentation of the 2002 financial statements. Charitable activities formerly reported under other expenditures is reported separately on the statement of operations and changes in fund balances. Expenditures for purchase of books and materials and employee wages and benefits are now included in charitable activities.