

# **Toronto Public Library Board**

**Financial Statements  
December 31, 2010**

June 7, 2011

## **Independent Auditor's Report**

### **To the Members of the Board of Toronto Public Library Board**

We have audited the accompanying financial statements of Toronto Public Library Board, which comprise the statement of financial position as at December 31, 2010 and the statements of operations and accumulated surplus, change in net debt and cash flows for the year then ended, and the related notes including a summary of significant accounting policies.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, 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.

#### **Auditor's responsibility**

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



**Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Toronto Public Library Board as at December 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

**Other matter**

The financial statements of Toronto Public Library Board for the year ended December 31, 2009, prior to the restatement described in note 9, were audited by another auditor who expressed an unmodified opinion on those financial statements on April 23, 2010.

We have audited the adjustments to the 2009 financial statements and in our opinion, such adjustments, in all material respects, are appropriate and have been properly applied.

*PriceWaterhouseCoopers LLP*

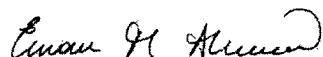
Chartered Accountants, Licensed Public Accountants

**Toronto Public Library Board**  
Statement of Financial Position  
As at December 31, 2010

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	2010 \$	2009 \$ (restated - note 9)
<b>Financial Assets</b>		
Cash	4,320,611	5,525,345
Short-term investments	22,979,851	15,897,099
Accounts receivable	1,934,748	2,392,279
	29,235,210	23,814,723
<b>Financial Liabilities</b>		
Accounts payable		
City of Toronto (note 3)	4,838,686	3,501,112
Other accounts payable and accrued liabilities	20,604,010	19,691,820
Deferred revenue	1,125,442	769,687
Capital lease obligation (note 4)	90,531	170,838
Employee benefits (note 5)	70,146,589	67,216,281
Payable to City of Toronto (note 6)	466,671	533,338
Payable to Canada Life Assurance Company (note 6)	1,193,510	1,300,609
	98,465,439	93,183,685
<b>Net debt</b>	(69,230,229)	(69,368,962)
<b>Non-financial assets</b>		
Tangible capital assets (note 8)	219,251,064	205,348,815
<b>Accumulated Surplus</b>	150,020,835	135,979,853
<b>Commitments and contingencies (notes 7 and 12)</b>		

Approved by the Board of Directors



Toronto Public Library Board Chair



City Librarian

See accompanying notes to the financial statements.

**Toronto Public Library Board**  
Statement of Operations and Accumulated Surplus  
For the year ended December 31, 2010

	<u>2010</u>		<u>2009</u>
	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
	\$	\$	\$
	(Unaudited)		(restated - note 9)
<b>Revenues</b>			
City of Toronto (note 3)	189,332,290	189,334,840	181,690,000
Province of Ontario	5,654,777	6,259,748	5,959,064
Federal government	174,000	1,101,135	710,395
User charges	4,262,881	4,128,602	4,005,441
Investment income	-	229,704	44,438
Donations and other grants (note 11)	4,406,160	5,888,716	1,510,843
Other income	2,830,181	1,728,542	1,465,851
	<u>206,660,289</u>	<u>208,671,287</u>	<u>195,386,032</u>
<b>Expenses</b>			
Staff costs	135,489,581	140,343,990	138,216,948
Purchase of services	22,248,192	22,153,757	22,066,783
Library materials (note 8)	-	356,287	147,328
Building maintenance	323,237	684,897	607,970
Materials and supplies	2,563,216	2,712,239	2,545,383
Transfers to City of Toronto and other (note 3)	733,980	783,005	539,632
Amortization	-	27,596,130	26,064,441
	<u>161,358,206</u>	<u>194,630,305</u>	<u>190,188,485</u>
<b>Annual surplus</b>	45,302,083	14,040,982	5,197,547
<b>Accumulated surplus - Beginning of year</b>	-	135,979,853	130,782,306
<b>Accumulated surplus - End of year</b>	<u>45,302,083</u>	<u>150,020,835</u>	<u>135,979,853</u>

See accompanying notes to the financial statements.

# Toronto Public Library Board

## Statement of Change in Net Debt

For the year ended December 31, 2010

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	2010	2009
	\$	\$ (restated - note 9)
<b>Annual surplus</b>	14,040,982	5,197,547
Acquisition of tangible capital assets	(41,498,379)	(39,555,983)
Amortization of tangible capital assets	27,596,130	26,064,441
	<hr/>	<hr/>
<b>Change in net debt</b>	138,733	(8,293,995)
<b>Net debt - Beginning of year</b>	<hr/> (69,368,962)	<hr/> (61,074,967)
<b>Net debt - End of year</b>	<hr/> (69,230,229)	<hr/> (69,368,962)

See accompanying notes to the financial statements.

# Toronto Public Library Board

## Statement of Cash Flows

For the year ended December 31, 2010

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	2010 \$	2009 \$ (restated - note 9)
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Annual surplus	14,040,982	5,197,547
Items not affecting cash		
Amortization	27,596,130	26,064,441
Employee benefits	2,930,308	6,612,805
	<hr/> 44,567,420	<hr/> 37,874,793
Changes in non-cash assets and liabilities		
Accounts receivable	457,531	113,482
Accounts payable and accrued liabilities	2,249,764	(1,669,681)
Deferred revenue	355,755	167,421
	<hr/> 47,630,470	<hr/> 36,486,015
<b>Capital activities</b>		
Purchase of tangible capital assets	<hr/> (41,498,379)	<hr/> (39,320,590)
<b>Investing activities</b>		
Redemption (purchase) of short-term investments - net	<hr/> (7,082,752)	<hr/> 2,292,012
<b>Financing activities</b>		
Principal repayment of capital lease	(80,307)	(64,555)
Principal repayment on long-term payable with City of Toronto	(66,667)	(66,666)
Principal repayment on long-term payable with Canada Life Assurance Company	<hr/> (107,099)	<hr/> (98,867)
	<hr/> (254,073)	<hr/> (230,088)
<b>Decrease in cash during the year</b>	(1,204,734)	(772,651)
<b>Cash - Beginning of year</b>	<hr/> 5,525,345	<hr/> 6,297,996
<b>Cash - End of year</b>	<hr/> <hr/> 4,320,611	<hr/> <hr/> 5,525,345
<b>Supplemental cash flow information</b>		
Interest paid on long-term payables	117,463	127,091
Interest received on short-term investments	158,359	44,438
<b>Non-cash transaction</b>		
Tangible capital assets financed by capital lease	-	235,395

See accompanying notes to the financial statements.

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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## 1 Operations

The Toronto Public Library Board (the Board or the Library) is a local board of the City of Toronto (the City) deemed to be a public library board established under the Public Libraries Act and is responsible for providing public library service that reflects the community's unique needs. The Public Libraries Act has also designated the Board as a special library service board to provide library resources and services to the Ontario library community.

The Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

These financial statements reflect the assets, liabilities, sources of financing and expenses of the Board.

The Toronto Public Library Foundation (the Foundation) has responsibility for most of the fundraising activities for the Library. Fundraising efforts of the Foundation are to benefit the Library. The Foundation's net assets, revenues and expenses are not included in these financial statements (note 11).

## 2 Summary of significant accounting policies

### Basis of accounting

These financial statements have been prepared in accordance with Canadian generally accepted accounting principles (GAAP) for local governments as defined by the Public Sector Accounting Board (PSAB) of The Canadian Institute of Chartered Accountants (CICA).

Revenues are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available, are measurable and collection is reasonably assured.

### Revenue recognition

Government transfers, which include municipal, provincial and federal grants, are recognized in the period in which events giving rise to the transfer occur, providing the transfers are authorized, any eligibility criteria have been met and reasonable estimates of the amounts can be made.

The Board follows the deferral method of accounting for donations and other grants. Donations and other grants are recognized as revenue when received or receivable if the amount to be received can be reasonably measured and collection is reasonably assured. Revenues from user charges and other related services are recognized at the point of sale or when services have been provided and collection is reasonably assured.

### Expenses

The Board reports its expenses of the period by object, instead of by function or major program. Presentation by object outlines the major types of expenses incurred, and is the basis by which the Board tracks, analyzes and monitors its costs for budgeting and decision-making purposes.



# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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## Measurement uncertainty

The preparation of the financial statements in conformity with Canadian GAAP requires management to make estimates and assumptions. The employee benefits liabilities and related costs charged to the statement of operations depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

## Restricted cash

Included in cash is \$108,683 of restricted amounts held in trust for employees eligible for the sabbatical leave program.

## Short-term investments and investment income

Short-term investments are recorded at cost plus accrued interest and consist of financial instruments such as treasury bills and bankers' acceptances, which are readily cashable on short notice. Due to their short-term nature, the fair value of these investments approximates their carrying values.

Investment income earned on available current funds is reported as revenue in the period earned.

## Materials and supplies

Materials and supplies purchased for consumption in the Library's activities are reported as an expense on the statement of operations in the year of acquisition.

## Tangible capital assets

Tangible capital assets are non-financial assets that are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives extending beyond the current year and are not intended for sale in the ordinary course of operations.

Purchased tangible capital assets are recorded at cost. Contributed tangible capital assets are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over their estimated useful lives as follows:

Buildings	50 years
Leasehold improvements	term of the lease or useful life estimated by management
Furniture, fixtures and equipment	5 to 20 years
Vehicles	8 to 12 years
Library materials	6 years

Assets under construction are not amortized until the date of substantial completion.

Contributed rare books and other collections are expensed in the year received.

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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The cost of normal maintenance and repairs, which does not materially enhance the service potential of tangible capital assets, is not capitalized.

## Deferred revenue

Deferred revenue includes the balance of funds that have been received from the Foundation for specific operating projects, which the Board has not yet expended.

## Employee benefits

The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;
- the costs of termination benefits and compensated absences are recognized: when the event that obligates the Board occurs; costs include projected future income payments, health-care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;
- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health-care costs and plan investment performance;
- past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds;
- net actuarial gains and losses are amortized over the expected average remaining service life of the related employee group which is 13, 12.8 and 16 years; and
- the effects of a gain or loss from settlements or curtailments are expensed in the period they occur.

## Budget figures

The total approved operating and capital budgets for 2010 are reflected in the statement of operations and accumulated surplus. The budget for acquisition of tangible capital assets of \$45,302,083 (2009 - \$38,025,883), which creates the accumulated surplus, is comprised of the approved capital budget of \$26,644,000 and \$18,658,083 from the approved operating budget. The budget figures are unaudited.

### 3 Related party balances and transactions

In the normal course of operations, the Board incurs costs for various expenses payable to the City and earns various revenues from the City. Such transactions between the City and the Board are made at the agreed upon exchange amount.

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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Accounts payable to the City consist of the following:

	2010	2009
	\$	\$
Operating expenses	501,306	463,810
Operating surplus payable	36,601	60,908
Hydro charges	616,289	293,171
Repayment of capital project funding	1,737,000	1,503,000
Unexpended capital advance	1,947,490	1,180,223
	<u>4,838,686</u>	<u>3,501,112</u>

Payments to the City of Toronto that are included in the statement of operations and accumulated surplus consist of the following:

	2010	2009
	\$	\$
Maintenance	615,406	342,334
Rent	1,024,723	988,623
Construction	374,929	929,867
Utilities	3,682,378	2,828,003
Others	994,095	852,146
	<u>6,691,531</u>	<u>5,940,973</u>

Received from the City of Toronto was \$152,978 (2009 - \$269,843), consisting of \$137,651 in rental income and \$15,327 in miscellaneous income.

The Board contributes to a self-funded fund that provides funding for vehicle, property, and liability insurance claim payments and related legal and adjusting expenses. The fund is established for insurance claim costs below deductible levels and for payments that exceed insurance coverage levels. Contributions are paid to the City, which makes insurance premium payments on behalf of the Board. During the year, the Board made \$426,265 (2009 - \$420,030) in contributions.

## Reserve funds

The City maintains a reserve fund on behalf of the Board. The reserve fund was established by the City's Council and is detailed in the City's Municipal Code.

### Vehicle and Equipment Reserve Fund

The purpose of this fund is to provide funding to purchase or acquire any vehicles or equipment for the Library. The funding promotes efficiencies and provides budget stabilization by moderating large fluctuations in the annual replacement of vehicles and equipment. During the year, the Library made \$310,000 (2009 - \$246,950) in contributions based on future replacement of the vehicle fleet, while the City withdrew \$456,374 of the balance to fund the purchase of vehicles. The balance of the Vehicle and Equipment Reserve Fund as at December 31, 2010 was \$286,696 (2009 - \$416,581).

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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## 4 Capital lease obligation

The capital lease obligation consists of the following:

	<b>Total minimum annual payments</b> \$	<b>Amount representing interest at 5.9%</b> \$	<b>Capital lease obligation</b> \$
2011	91,159	6,970	84,189
2012	6,710	368	6,342
	<u>97,869</u>	<u>7,338</u>	<u>90,531</u>

## 5 Employee benefits

The Board sponsors defined benefit plans providing pension and other retirement and post-employment benefits to most of its employees. The plans provide health, dental, life insurance and long-term disability benefits to certain employees.

Information about the Board's employee benefits, other than the multi-employer, defined benefit plan noted below, is as follows:

### Sick leave

The Board's short-term disability plan, for non-unionized employees, provides salary protection at 100% or 75% based on an employee's benefit eligibility date for up to 26 weeks per illness or per calendar year. Absences greater than 26 weeks duration are covered under the Board's long-term disability plan.

Under the sick leave benefit plan for unionized employees, employees are credited with a maximum of 18 days sick time per annum. Unused sick leave could accumulate and employees could become eligible for a cash payment, capped at one-half of unused sick time to a maximum of 130 days when they leave the Board's employment. Effective April 1, 2010, all new permanent employees are enrolled in a short-term disability plan that does not include the accumulation of unused sick leave. Union employees, as of that date, were given the option of remaining on the sick leave plan of 18 days sick time per annum and the accumulation of unused sick time to a maximum of 130 days or moving to the short-term disability plan that does not include the accumulation of unused sick leave. The liability for the accumulated sick leave represents the extent to which sick leave benefits have vested and could then be taken in cash by employees on termination of employment.

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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## Workplace Safety Insurance Board (WSIB)

The Board is a Schedule 2 employer and as such pays the full cost of all medical and all other benefits for its employees that sustain injuries at the workplace plus the administration cost as determined by the WSIB.

## Post-retirement and post-employment benefits

The Board provides health, dental, life insurance and long-term disability benefits to certain employees.

	2010 \$	2009 \$
Accrued benefit obligation	72,232,102	66,446,339
Net unamortized actuarial gain	(2,085,513)	769,942
	<hr/>	<hr/>
Total employee benefit liability	70,146,589	67,216,281

Components of the accrued benefit obligation are as follows:

	2010 \$	2009 \$
Post-retirement benefits	41,377,543	36,248,046
Disabled employees' benefits	5,219,543	4,267,499
Income benefits	7,754,250	5,908,592
Sick leave benefits	17,136,997	19,412,123
WSIB	743,769	610,079
	<hr/>	<hr/>
	72,232,102	66,446,339

The continuity of the accrued benefit obligation is as follows:

	2010 \$	2009 \$
Balance - Beginning of year	66,446,339	71,695,331
Current service cost	4,754,955	5,164,730
Interest cost	3,254,086	3,733,754
Benefits paid	(3,376,171)	(2,895,263)
Actuarial (gain) loss	3,465,040	(11,252,213)
Plan amendment - sick leave curtailment	(2,312,147)	-
	<hr/>	<hr/>
Balance - End of year	72,232,102	66,446,339

# Toronto Public Library Board

## Notes to Financial Statements

December 31, 2010

The total expenses related to employee benefits other than those related to the multi-employer pension plan are included in staff costs in the statement of operations and accumulated surplus and include the following components:

	2010 \$	2009 \$
Current period benefit cost	4,754,955	5,164,730
Amortization of net actuarial loss	609,585	609,585
Plan amendment - sick leave curtailment	(2,312,147)	-
Benefit interest expenditure	3,254,086	3,733,754
	<hr/>	<hr/>
Total expenditures related to retirement benefits	6,306,479	9,508,069

Cash payments made during the year are as follows:

	2010 \$	2009 \$
Post-retirement plans	1,011,802	1,098,467
Disabled employees' benefits	615,633	662,258
Sick leave benefits	974,648	1,184,338
	<hr/>	<hr/>
	2,602,083	2,945,063

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial report was completed as of December 31, 2009. The next actuarial valuation is expected to be completed in 2012.

The significant actuarial assumptions are as follows:

	2010 %	2009 %
Accrued benefit obligation		
Discount rate		
Post-retirement	4.7	5.3
Disabled employees, income benefit	4.0	4.4
Sick leave	4.4	4.4
WSIB	4.0	4.4
Accrued benefit cost		
Discount rate		
Post-retirement	5.3	5.0
Disabled employees, income benefit	4.4	4.7
Sick leave - WSIB	4.4	5.0
Health-care inflation		
Hospital dental care and other medical	4.0 - 8.0	4.5 - 7.0
Drugs	8.0	7.0 - 9.0
Rate of compensation increase	3.0	3.0

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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For measurement purposes, an 8% annual rate of increase in the per capita cost of covered health-care was assumed except for a 4% annual rate of increase for dental benefits. The rates are assumed to decrease gradually to 4% by 2020, except for dental rates that are assumed to decrease gradually to 3% by 2015 and remain at those levels thereafter.

In addition to the above-noted benefits, the Board makes contributions to the Ontario Municipal Employees' Retirement System plan (OMERS) a multi-employer pension plan, on behalf of most of its employees. OMERS is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan. Total employer contributions for the year amounted to \$6,823,183 (2009 - \$6,492,292) and are included in staff costs in the statement of operations and accumulated surplus.

## 6 Long-term payables

During 2001, the Board entered into an Energy Service Agreement with the City and Ameresco Canada (Ameresco), formerly DukeSolutions Canada Inc. Ameresco completed energy efficiency improvements to Library facilities in 2003 for a total net cost of \$3,218,935.

The first \$1,000,000 in improvements was financed by an interest free loan from the Better Building Partnership Program of the City. The Board agreed to repay the City in 30 bi-annual instalments of \$33,333 over a 15-year period. During the year, the Board paid the City amounts totalling \$66,667 (2009 - \$66,666), resulting in an outstanding payable as at December 31, 2010 of \$466,671 (2009 - \$533,338).

The remaining \$2,218,935 was financed through a tri-party agreement among Ameresco, Canada Life Assurance Company (Canada Life) and the Board. Under the terms of the agreement, the Board agrees to pay Canada Life annual payments of \$211,052, which include principal and interest at 8.02%, which is ultimately funded by the energy savings over the matching 15-year period. Details of repayment of the Ameresco loan are as follows:

	\$
2011	116,017
2012	125,422
2013	136,120
2014	147,454
2015	159,732
Thereafter	<u>508,765</u>
	<u>1,193,510</u>

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

## 7 Lease commitments

As at December 31, 2010, the Board is committed to the following annual operating lease payments for equipment and facilities:

	\$
2011	1,717,906
2012	1,216,950
2013	822,764
2014	561,211
2015	504,092
Thereafter	<u>1,668,930</u>
	<u>6,491,853</u>

## 8 Tangible capital assets

Tangible capital assets consist of the following:

	<u>2010</u>		
	Cost \$	Accumulated amortization \$	Net \$
Land	15,376,262	-	15,376,262
Buildings and leasehold improvements	189,041,720	72,648,651	116,393,069
Furniture, fixtures and equipment	41,445,963	19,010,659	22,435,304
Vehicles	2,278,392	1,459,846	818,546
Library materials	106,872,305	52,232,210	54,640,095
Assets under construction	9,587,788	-	9,587,788
	<u>364,602,430</u>	<u>145,351,366</u>	<u>219,251,064</u>
	<u>2009</u>		
	Cost \$	Accumulated amortization \$	Net \$
Land	15,376,262	-	15,376,262
Buildings and leasehold improvements	159,655,455	68,779,664	90,875,791
Furniture, fixtures and equipment	39,245,950	18,142,690	21,103,260
Vehicles	2,258,175	1,273,381	984,794
Library materials	104,852,636	51,822,131	53,030,505
Assets under construction	23,978,203	-	23,978,203
	<u>345,366,681</u>	<u>140,017,866</u>	<u>205,348,815</u>



# Toronto Public Library Board

## Notes to Financial Statements

December 31, 2010

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Library materials, which have been expensed, include special collections of \$356,287 (2009 - \$147,328). Building maintenance includes works of art of \$12,169 (2009 - \$1,200).

### 9 Restatement

In prior years, the Board recognized long-term debt with the City of Toronto in the form of debentures, along with the associated accumulated sinking fund. Subsequent to consultation with the City and review of the documentation relating to the debentures, it was determined that the City was obligated to repay the debt, not the Board. Therefore, the financial statements for December 31, 2009 have been retroactively restated to remove the debt and the associated charges as noted below:

	As reported December 31, 2009 \$	Adjustments \$	As restated December 31, 2009 \$
<b>Statement of financial position</b>			
Long-term debt with the City of Toronto	42,509,789	(42,509,789)	-
Accumulated surplus	93,470,064	42,509,789	135,979,853
<b>Statement of operations and accumulated surplus</b>			
City of Toronto revenue	169,051,515	12,638,485	181,690,000
Investment income	717,836	(673,398)	44,438
Interest on long-term debt	2,170,308	(2,170,308)	-
Annual surplus	(8,937,847)	14,135,394	5,197,547
Accumulated surplus - Beginning of year	102,407,911	28,374,395	130,782,306
Accumulated surplus - End of year	93,470,064	42,509,789	135,979,853
<b>Statement of change in net debt</b>			
Annual surplus	(8,937,847)	14,135,394	5,197,547
Change in net debt	(22,429,389)	14,135,394	(8,293,995)
Net debt - Beginning of year	(89,449,362)	28,374,395	(61,074,967)
Net debt - End of year	(111,878,751)	42,509,789	(69,368,962)
<b>Statement of cash flows</b>			
Annual surplus	(8,937,847)	14,135,394	5,197,547
Net debt from City of Toronto	19,774,000	(19,774,000)	-
Principal repayment on long-term debt with the City of Toronto	(5,638,606)	5,638,606	-

# Toronto Public Library Board

Notes to Financial Statements

December 31, 2010

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## 10 Economic dependence

For the year ended December 31, 2010, approximately 91% (2009 - 93%) of the Board's revenue is from the City of Toronto. There are no receivables outstanding at year-end (2009 - \$nil).

## 11 Toronto Public Library Foundation

The Board benefits from the fundraising efforts of the Foundation. During the year, the Board received contributions of \$5,888,716 (2009 - \$1,510,843) from the Foundation. Included in other accounts payable and accrued liabilities is \$64 (2009 - \$47,522) owing to the Foundation.

## 12 Contingencies

In the normal course of operations, the Board is subject to various arbitrations, litigations and claims. Where a potential liability is determinable, management believes the ultimate disposition of the matters will not materially exceed the amounts recorded in the accounts. In other cases, the ultimate outcome of the claims cannot be determined at this time. Any additional losses related to claims will be recorded in the year when the liability is able to be estimated.

## 13 Comparative figures

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.