

Consolidated Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD TRUST FUNDS**

Years ended December 31, 2012 and 2011



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INDEPENDENT AUDITORS' REPORT

To the Chair and Members of The London Public Library Board Trust Funds

We have audited the accompanying consolidated financial statements of The London Public Library Board Trust Funds, which comprise the consolidated financial position as at December 31, 2012, the consolidated statements of earnings and fund equity for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditors' Responsibility

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 consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the consolidated 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 consolidated financial statements.

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

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Basis for Qualified Opinion

In common with many charitable organizations, The London Public Library Board Trust Funds derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the entity and we were not able to determine whether any adjustments might be necessary to donation revenues, excess of revenues over expenses, assets and fund equity.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the consolidated financial statements present fairly, in all material respects, the financial position of The London Public Library Board Trust Funds as at December 31, 2012, and its consolidated results of operations and its consolidated cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

KPMG LLP

Chartered Accountants, Licensed Public Accountants

April 22, 2013

London, Canada

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Consolidated Statements of Financial Position

December 31, 2012 and December 31, 2011

	2012	2011
Assets		
Cash	\$ 2,960,986	\$ 2,745,691
Investment (note 2)	62,472	62,472
Accounts receivable	114,751	113,865
Prepaid expenses	610	-
	<u>\$ 3,138,819</u>	<u>\$ 2,922,028</u>

Accounts Payable, Accrued Liabilities and Fund Equity

Accounts payable and accrued liabilities	\$ 42,666	\$ 62,844
Fund equity	3,096,153	2,859,184
	<u>\$ 3,138,819</u>	<u>\$ 2,922,028</u>

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director _____ Director

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Consolidated Statements of Earnings and Fund Equity

Years ended December 31, 2012 and 2011

	2012	2011
Fund equity, beginning of year	\$ 2,859,184	\$ 2,274,126
Interest earned	29,039	24,025
Donations	381,927	656,731
Other revenue	1,976	87,346
	3,272,126	3,042,228
Expenditures	175,973	183,044
Fund equity, end of year	\$ 3,096,153	\$ 2,859,184

See accompanying notes to consolidated financial statements.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Consolidated Financial Statements

Years ended December 31, 2012 and 2011

1. Significant accounting policies:

The financial statements of The London Public Library Board Trust Funds (the "Funds") are prepared in accordance with accounting principles as defined in the Canadian Institute of Chartered Accountants Public Sector Accounting Handbook.

(a) Accrual accounting:

The accrual basis of accounting is used in the preparation of these consolidated financial statements, with the exception of donations, which are recorded as revenue when received.

The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as they are incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

(b) Investment:

Investment is carried at cost. A write-down of the carrying value is charged to expenditures when evidence indicates a permanent decline in the underlying value and earning power of an individual investment.

(c) Contributions:

Contributions received with direction by the donor that the capital of the gift is to be held for a period of not less than ten years are included in the capital portion of each Fund.

Contributions received for library use and investment income are included in the income portion of each Fund.

2. Investment:

The investment is comprised of shares held at year end in the Income Fund. The market value of the investment is \$83,139 at December 31, 2012 (2011 - \$72,554).

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Balance Sheet - Trust Fund

Year ended December 31, 2012

December 31, 2012	Income Fund	Capital Fund	R.E.A.D . Program	Total
Assets:				
Cash and short-term deposits	\$ 2,876,774	\$ 70,488	\$ 13,724	\$ 2,960,986
Investments	62,472	-	-	62,472
Accounts receivable	112,979	60	1,712	114,751
Prepaid expenses	610	-	-	610
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	\$ 3,052,835	\$ 70,548	\$ 15,436	\$ 3,138,819
Liabilities:				
Accounts payable and accrued liabilities	\$ 42,666	\$ -	\$ -	\$ 42,666
Fund equity	3,010,169	70,548	15,436	3,096,153
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	\$ 3,052,835	\$ 70,548	\$ 15,436	\$ 3,138,819

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Year ended December 31, 2012

December 31, 2012	Income Fund	Capital Fund	R.E.A.D . Program	Total
Balance, beginning of year	\$ 2,774,088	\$ 69,845	\$ 15,251	\$ 2,859,184
Interest earned	28,188	703	148	29,039
Donations	380,727	-	1,200	381,927
Other revenue	1,976	-	-	1,976
	3,184,979	70,548	16,599	3,272,126
Expenditures	174,810	-	1,163	175,973
Balance, end of year	\$ 3,010,169	\$ 70,548	\$ 15,436	\$ 3,096,153