

Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD TRUST FUNDS**

Year ended December 31, 2018



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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the financial statements of The London Public Library Board Trust Funds, which comprise:

- the statement of financial position as at December 31, 2018
- the statement of earnings and fund equity for the year then ended
- and notes and schedules to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of The London Public Library Board Trust Funds (the "Funds") as at December 31, 2018, its results of operations and its changes in fund equity for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of The London Public Library Board Trust Funds in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other responsibilities in accordance with these requirements.

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, verification of this revenue was limited to the amounts recorded in the records of the Funds.



Therefore, we were not able to determine whether, as at December 31, 2018 and for the year then ended, any adjustments might be necessary to donations and fund equity reported in the statement of earnings and assets and fund equity reported on the statement of financial position.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, 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.

In preparing the financial statements, management is responsible for assessing The London Public Library Board Trust Funds' ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate The London Public Library Board Trust Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the London Public Library Board Trust Funds' financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion.

Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists.

Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



- Obtain an understanding of internal control relevant to the audit 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.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on The London Public Library Board Trust Funds' ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Funds to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

London, Canada

April 25, 2019

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Cash (Schedule)	\$ 1,026,935	\$ 515,016
Investments (Schedule, note 2)	2,800,000	2,800,000
Accounts receivable (Schedule)	31,682	19,202
Prepaid expenses (Schedule)	204	5,149
Due from The London Public Library Board (Schedule)	-	40,380
	\$ 3,858,821	\$ 3,379,747
Liabilities and Fund Equity		
Due to The London Public Library Board (Schedule)	\$ 557,303	\$ -
Fund equity (Schedule)	3,301,518	3,379,747
	\$ 3,858,821	\$ 3,379,747

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Statement of Earnings and Fund Equity

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Fund equity, beginning of year	\$ 3,379,747	\$ 3,510,114
Donations (Schedule)	564,806	698,885
Interest (Schedule)	60,047	35,881
Other revenue (Schedule)	69,813	2,139
Dividends (Schedule)	131	101
	4,074,544	4,247,120
Expenditures (Schedule)	773,026	867,373
Fund equity, end of year	\$ 3,301,518	\$ 3,379,747

Note: No statement of cash flows has been provided as it is not considered to provide additional useful information to the users of the financial statements

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Financial Statements

Year ended December 31, 2018

1. Significant accounting policies:

The financial statements of The London Public Library Board Trust Funds (the "Funds") are prepared in accordance with Canadian Public Sector Accounting Standards, including the 4200 standards for government not-for-profit organizations.

(a) Accrual accounting:

The accrual basis of accounting is used in the preparation of these 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) 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.

(c) Adoption of new accounting policies:

(i) Related Party Disclosures:

The Funds adopted Public Sector Accounting Board Standard PS 2200 Related Party Transactions effective for fiscal periods beginning on or after April 1, 2017. The standard defines related party and provides disclosure requirements. Disclosure is only required when the transactions or events between related parties occur at a value different from what would have been recorded if they were not related and the transactions could have a material financial impact on the financial statements. The standard also requires disclosure of related party transactions that have occurred where no amounts have been recognized. The Funds adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2018 and 2011

1. Significant accounting policies (continued):

(c) Adoption of new accounting policies (continued):

(ii) Inter-entity Transactions:

The Funds adopted Public Sector Accounting Board Standard PS 3420 Inter-entity Transactions effective for fiscal periods beginning on or after April 1, 2017. The standard specifies how to account for transactions between public sector entities within the government reporting entity.

Transactions undertaken on similar terms and conditions to those adopted if the entities were dealing at arm's length are recorded at the exchange amount. Transfers of an asset or liability at nominal or no consideration is recorded by the provider at the carrying amount and the recipient has the choice of using either the carrying amount or fair value. Cost allocations are reported using the exchange amount and revenues and expenses are reported on a gross basis. Unallocated costs for the provision of goods or services may be recorded by the recipient at the carrying amount or fair value unless otherwise dictated by policy, accountability structure or budget practice

All other transactions are measured at the carrying amount.

The Funds adopted this standard on a prospective basis and there were no adjustments as a result of the adoption of this standard.

2. Investments:

Investments consist of term deposits with short-term maturities and interest rates ranging from 1.75% to 2.40%.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Schedule - Statement of Financial Position - Trust Funds

Year ended December 31, 2018

	Income Fund	Capital Fund	R.E.A.D . Program	Total
Assets:				
Cash	\$ 1,026,935	\$ -	\$ -	\$ 1,026,935
Investments	2,800,000	-	-	2,800,000
Accounts receivable	31,682	-	-	31,682
Prepaid expenses	204	-	-	204
	<hr/>	<hr/>	<hr/>	<hr/>
	\$ 3,858,821	\$ -	\$ -	\$ 3,858,821
Liabilities:				
Due to The London Public Library Board	\$ 557,303	\$ -	\$ -	\$ 557,303
Fund equity	3,301,518	-	-	3,301,518
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	\$ 3,858,821	\$ -	\$ -	\$ 3,858,821

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Schedule - Statement of Earnings and Fund Equity - Trust Funds

Year ended December 31, 2018

	Income Fund	Capital Fund	R.E.A.D . Program	Total
Fund equity, beginning of year	\$ 3,301,701	\$ 62,859	\$ 15,187	\$ 3,379,747
Donations	564,806	-	-	564,806
Interest	60,047	-	-	60,047
Other revenue	69,813	-	-	69,813
Dividends	131	-	-	131
	3,996,498	62,859	15,187	4,074,544
Expenditures	694,980	62,859	15,187	773,026
Fund equity, end of year	\$ 3,301,518	\$ -	\$ -	\$ 3,301,518