

Consolidated Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD TRUST FUNDS**

Year ended December 31, 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, 2011, 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.



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, 2011, 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 26, 2012

London, Canada

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Consolidated Statement of Financial Position

December 31, 2011, with comparative figures for 2010

	Income Fund	Capital Fund	R.E.A.D. Program	2011 Total	2010 Total
Assets					
Cash	\$ 2,661,627	\$ 69,785	\$ 14,279	\$ 2,745,691	\$ 2,116,877
Investment (note 2)	62,472	-	-	62,472	62,472
Accounts receivable	112,799	60	1,006	113,865	115,023
	\$ 2,836,898	\$ 69,845	\$ 15,285	\$ 2,922,028	\$ 2,294,372

Accounts Payable, Accrued Liabilities and Fund Equity

Accounts payable and accrued liabilities	\$ 62,810	\$ -	\$ 34	\$ 62,844	\$ 20,246
Fund equity	2,774,088	69,845	15,251	2,859,184	2,274,126
	\$ 2,836,898	\$ 69,845	\$ 15,285	\$ 2,922,028	\$ 2,294,372

See accompanying notes to consolidated financial statements.

On behalf of the Board:

_____ Director _____ Director

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Consolidated Statement of Earnings and Fund Equity

Year ended December 31, 2011, with comparative figures for 2010

	Income Fund	Capital Fund	R.E.A.D. Program	2011 Total	2010 Total
Fund equity, beginning of year	\$ 2,189,683	\$ 69,170	\$ 15,273	\$ 2,274,126	\$ 2,088,318
Interest earned	23,169	675	181	24,025	11,677
Donations	655,531	-	1,200	656,731	290,243
Other revenue	87,346	-	-	87,346	87,232
	2,955,729	69,845	16,654	3,042,228	2,477,470
Expenditures	181,641	-	1,403	183,044	203,344
Fund equity, end of year	\$ 2,774,088	\$ 69,845	\$ 15,251	\$ 2,859,184	\$ 2,274,126

See accompanying notes to consolidated financial statements.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Consolidated Financial Statements

Year ended December 31, 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 \$72,554 at December 31, 2011 (2010 - \$77,617).