



STAFF REPORT INFORMATION ONLY

Response to Request for Information on Toronto Public Library Trust

Date:	January 12, 2007
To:	Audit Committee
From:	Treasurer
Wards:	All
Reference Number:	P:\2007\Internal Services\ACC\ac07003acc (AFS#2684)

SUMMARY

The purpose of this report is to explain the history and rationale for the transfer of funds in the amount of \$1,722,000 from the Toronto Public Library to the Toronto Public Library Foundation.

A review was conducted on the Toronto Public Library's Trust Funds which revealed that funds previously designated as Trust Funds by the Library did not meet the Public Sector Accounting definition of a trust fund. The Library's external auditors recommended that these funds be transferred to the Toronto Public Library Foundation, in order to comply with this reporting requirement and to optimize administrative efficiencies and investment opportunities.

Financial Impact

There are no financial implications to the City of Toronto resulting from this report.

DECISION HISTORY

This report has been prepared in response to a request made by the Audit Committee at its September 20, 2006 meeting. The Committee requested staff to report on the history and reasons for the transfer of \$1,722,000 from the Toronto Public Library to the Toronto Public Library Foundation.

ISSUE BACKGROUND

Amounts that had been granted or contributed to the Library for their use as directed by the donors were historically reported as part of the Toronto Public Library Trust Funds. During the audit of the Library's Financial Statements, Ernst & Young (Library's external auditors) noted that "the majority of the funds within the Trust Fund financial statements would appear to indicate that they are not "trusts" under the definition of the word, but rather funds that have been advanced to the Library from bequests and other contributions on a similar basis as to what a typical Foundation would receive". The definition of trust to which this statement referred to is found within the Public Sector Accounting Handbook of the Canadian Institute of Chartered Accountants, Section 1700.

The auditors recommended that, after thorough review of these funds by Library staff and after staff consultation with a solicitor on any legal implications, these funds be transferred to the Toronto Public Library Foundation for future administration. The transfer of these funds to the Foundation would also facilitate greater opportunities for increased rate of return through economies of scale and less legislative restrictions governing the investment of these funds. In addition, accounting and administration efficiencies would be gained by having these funds all under one umbrella.

COMMENTS

In 2004, an extensive review of the Toronto Library Trust Funds was undertaken by Library staff. As a result, three balances were transferred from the Library Trust Funds to the Liabilities Section of the Library Board's Balance Sheet.

Details of these transfers are as follows:

- Friends of Osborne & L.H. Smith fund (\$146,345) for the Osborne collection purchases
- Osborne Cataloguing Project fund (\$34,166) to reimburse project specific salaries
- TPL Centennial Grant (\$38,929) for staff training and development

In 2005, with the approval of the Library Board, the administrative responsibility for the remainder of the funds was transferred to the Toronto Public Library Foundation. This transfer was made for the administration and investment purposes and does not change the ultimate use of the funds. The following trust funds were transferred to the Endowment Fund within the Foundation to be used for the purpose of acquiring library materials:

- Senator J.M. Lewis (\$7,359)
- Dr. C.R. Sanderson (\$33,115)
- M.G. Bagshaw (\$26,061)
- Charles G. Sanderson (\$67,502)
- Norman Blaine Gash (\$17,625)
- Norman J. McLean (\$16,103)
- General (\$29,089)

- D.J. Hayes (\$20,519)
- Stanley Tobin (\$27,163)
- M.A. Isaac (\$80,333)
- Friends of The Toronto Public Library (\$11,238)
- Catherine Fine (\$503,157)

Two additional trust funds were transferred to the Endowment Fund, Osborne & L.H. Smith trust (\$348,860) for the purpose of funding collection purchases and Helen E. Stubbs bequest (\$457,093) to fund lectures on children's literature. The Osborne Royalties trust (\$76,264) was transferred to the Restricted Fund within the Library Foundation for the Osborne collection purchases. The transfers noted above total \$1.72 million resulting in the total funds held by the Toronto Library Foundation increasing to \$3.32 million at December 31, 2005.

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SIGNATURE



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