

Financial Statements of

**THE LONDON PUBLIC LIBRARY
BOARD TRUST FUNDS**

And Independent Auditor's Report thereon

Year ended December 31, 2023



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INDEPENDENT AUDITOR'S 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, 2023;
- the statement of earnings and fund balances for the year then ended;
- and notes 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, 2023, its results of operations and its changes in fund balances for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Qualified Opinion

In common with many charitable organizations, the Funds derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Funds.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- assets reported in the statements of financial position as at December 31, 2023 and December 31, 2022; and
- the donations revenue and fund equity reported on the statement of earnings and fund balances for the years ended December 31, 2023 and December 31, 2022.

Our opinion on the financial statements for the year ended December 31, 2022 was qualified accordingly because of the possible effects of this limitation in scope.

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



Page 2

We are independent of the 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 ethical responsibilities in accordance with these requirements.

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

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 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 Funds or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Funds' financial reporting process.

Auditor's 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 auditor's 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.



Page 3

- 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 Funds' 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 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 auditor's 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

May 28, 2024

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Cash	\$ 1,525,016	\$ 1,242,428
Investments (note 4)	3,000,000	2,800,000
Accounts receivable	51,813	28,768
Prepaid expenses	–	144
	\$ 4,576,829	\$ 4,071,340
Liabilities and Fund Equity		
Due to The London Public Library Board	\$ 901,492	\$ 465,906
Fund equity	3,675,337	3,605,434
	\$ 4,576,829	\$ 4,071,340

See accompanying notes to financial statements.

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Statement of Earnings and Fund Balances

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Balance, beginning of year	\$ 3,605,434	\$ 3,628,110
Interest earned	196,818	59,024
Donations	314,467	323,509
Other revenue	—	2,104
	4,116,719	4,012,747
Expenditures	441,382	407,313
	\$ 3,675,337	\$ 3,605,434

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, 2023

The balances and transactions recorded in these financial statements represent the financial position and results from operations of the London Public Library Board Trust Fund.

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) Financial instruments:

Financial Instruments are classified into three categories: fair value, amortized cost or cost. The following chart shows the measurement method for each type of financial instrument.

Financial instrument	Measurement method
Cash	Cost
Investments	Amortized cost
Accounts receivable	Cost

THE LONDON PUBLIC LIBRARY BOARD TRUST FUNDS

Notes to Financial Statements (continued)

Year ended December 31, 2023

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

Upon standard implementation, amortized cost will be measured using the effective interest rate method, as opposed to the straight-line method.

Fair value category: The Funds have not elected to reflect any financial instruments at fair value as at the reporting date. Sales and purchases of investments are recorded on the trade date. Transaction costs related to the acquisition of investments are recorded as an expense. Unrealized gains and losses on financial assets are recognized in the Statement of Remeasurement Gains and Losses until such time that the financial asset is derecognized due to disposal or impairment. At the time of derecognition, the related realized gains and losses are recognized in the Statement of Operations and Accumulated Surplus and related balances reversed from the Statement of Remeasurement Gains and Losses. A Statement of Remeasurement Gains and Losses has not been included as there are no matters to report therein.

Amortized cost: Amounts are measured using the effective interest rate method. The effective interest method is a method of calculating the amortized cost of a financial asset or financial liability (or a group of financial assets or financial liabilities) and of allocating the interest income or interest expense over the relevant period, based on the effective interest rate. It is applied to financial assets or financial liabilities that are not in the fair value category.

Cost category: Amounts are measured at cost less any amount for valuation allowance. Valuation allowances are made when collection is in doubt.

2. Investments:

Investments consist of term deposits with short-term maturities and interest rates ranging from 2.5% to 5.65% (2022 - 2.5% to 4.8%).

3. Financial risks and concentration of risk:

The Funds are exposed to a variety of financial risks, including credit risks and liquidity risk. The Funds' overall risk management program focuses on the unpredictability of financial markets and seeks to minimize potential adverse effects on the Fund's financial performance. The Funds are subject to interest rate risk in their investments that have variable interest rates. It is the Funds' opinion that they are not subject to significant currency or other risks.