

**PETERBOROUGH PUBLIC LIBRARY FOUNDATION**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2016**

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**Collins Barrow Kawarthas LLP**  
272 Charlotte Street  
Peterborough, Ontario K9J 2V4  
T: 705.742.3418  
F: 705.742.9775  
[www.collinsbarrow.com](http://www.collinsbarrow.com)

## **INDEPENDENT AUDITOR'S REPORT**

### **To the Directors of the Peterborough Public Library Foundation**

#### *Report on the Financial Statements*

We have audited the accompanying financial statements of the Peterborough Public Library Foundation, which comprise the statement of financial position as at December 31, 2016, the statements of operations and changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, and for such internal controls as management determines are necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

#### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. 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 financial statements are free from material misstatement.

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

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

#### *Basis for Qualified Opinion*

In common with many charitable organizations, the organization 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenue over expenditure, assets and fund balances.

#### *Qualified Opinion*

In our opinion, except for the effects of the matter described above in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Peterborough Public Library Foundation as at December 31, 2016 and the results of its operations and cash flows for the year then ended in accordance with Canadian Accounting Standards for Not-for-Profit Organizations.

### ***Collins Barrow Kawarthas LLP***

Chartered Professional Accountants  
Licensed Public Accountants

Peterborough, Ontario  
May 25, 2017

# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## STATEMENT OF FINANCIAL POSITION

As at December 31, 2016

	Operating Fund 2016 \$	Restricted Fund 2016 \$	Endowment Fund 2016 \$	Total 2016 \$	Total 2015 \$
<b>ASSETS</b>					
<b>Current assets</b>					
Cash	2,464	-	1,902	4,366	4,949
Accounts receivable	-	-	-	-	495
Prepaid expenses	855	-	-	855	835
Accrued interest	2,433	-	34,072	36,505	25,988
Short term investments (note 3)	52,534	-	347,669	400,203	210,889
Interfund balance	58,825	650	(59,475)	-	-
	117,111	650	324,168	441,929	243,156
<b>Long term investments (note 3)</b>	127,254	-	534,847	662,101	835,851
	244,365	650	859,015	1,104,030	1,079,007
<b>LIABILITIES AND FUND BALANCES</b>					
<b>Current liabilities</b>					
Accounts payable	2,708	-	-	2,708	2,464
<b>Fund balances</b>					
Unrestricted	241,657	-	-	241,657	240,157
Externally restricted	-	-	859,015	859,015	835,636
Internally restricted	-	650	-	650	750
	241,657	650	859,015	1,101,322	1,076,543
	244,365	650	859,015	1,104,030	1,079,007

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES

For the Year Ended December 31, 2016

	Operating Fund 2016 \$	Restricted Fund 2016 \$	Endowment Fund 2016 \$	Total 2016 \$	Total 2015 \$
<b>Revenue</b>					
Donations	3,950	1,570	850	6,370	6,053
Investment income	3,262	-	23,324	26,586	16,852
Realized gains (losses) on disposal of investments	-	-	(2,021)	(2,021)	7,797
Unrealized gains on investments	1,424	-	1,226	2,650	4,508
	8,636	1,570	23,379	33,585	35,210
<b>Expenses</b>					
Insurance	2,824	-	-	2,824	1,942
Professional fees	2,495	-	-	2,495	2,391
Contract position	1,392	-	-	1,392	831
Postage and office	425	-	-	425	371
Transfer to Peterborough Public Library	-	1,670	-	1,670	2,600
	7,136	1,670	-	8,806	8,135
<b>Excess (Deficiency) of Revenue over Expenses for the Year</b>	1,500	(100)	23,379	24,779	27,075
<b>Fund balances - beginning of year</b>	240,157	750	835,636	1,076,543	1,049,468
<b>Fund balances - end of year</b>	241,657	650	859,015	1,101,322	1,076,543

The accompanying notes are an integral part of these financial statements

# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## STATEMENT OF CASH FLOWS

For the Year Ended December 31, 2016

	2016	2015
	\$	\$
<b>CASH PROVIDED FROM (USED FOR):</b>		
<b>Operating activities</b>		
Excess of revenue over expenses for the year	24,779	27,075
Non-cash charges to operations		
Unrealized gains on investments	(2,650)	(4,508)
Realized (gains)/losses on investments	2,021	(7,797)
	<u>24,150</u>	<u>14,770</u>
Changes in non-cash working capital items		
Decrease in accounts receivable	495	148
Increase in accrued interest	(10,517)	(2,110)
Increase in prepaid expenses	(20)	(835)
Increase in accounts payable and accrued liabilities	244	-
	<u>14,352</u>	<u>11,973</u>
<b>Investing activities</b>		
Proceeds on investment redemption	211,391	294,196
Purchase of investments	(226,326)	(304,669)
	<u>(14,935)</u>	<u>(10,473)</u>
<b>Increase (decrease) in cash</b>	<b>(583)</b>	<b>1,500</b>
<b>Cash - beginning of year</b>	<b>4,949</b>	<b>3,449</b>
<b>Cash - end of year</b>	<b>4,366</b>	<b>4,949</b>

*The accompanying notes are an integral part of these financial statements*

# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS

For the Year Ended December 31, 2016

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### 1. NATURE OF OPERATIONS

Peterborough Public Library Foundation is a non-profit organization incorporated without share capital on August 17, 1995, established to help in the maintenance and operation of the Peterborough Public Library and the promotion of the educational work of the Peterborough Public Library without limiting the generality of the foregoing, the funding of equipment, staff, research and programs by raising funds and liaising with charitable, non-profit, community and government agencies.

### 2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations. Significant aspects of the accounting policies are as follows:

#### (a) *Recognition of revenues and expenses*

Peterborough Public Library Foundation uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue of the operating fund in the year in which the related expenses are incurred. Contributions for the restricted fund and endowment fund are recognized in the appropriate fund when received. Unrestricted contributions are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned in the appropriate fund.

Expenses are reported on the accrual basis of accounting. The accrual basis of accounting recognizes expenditures in the period the goods or services are acquired and a legal liability is incurred.

#### (b) *Fund accounting*

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Foundation, the accounts are maintained in accordance with the principles of fund accounting. Under these principles, resources are classified for accounting purposes into funds that are in accordance with particular activities or objectives specified. These funds are classified as follows:

- (i) Operating fund - includes results of day-to-day operating transactions and all unrestricted contributions;
- (ii) Restricted fund - includes contributions for specified purposes; and
- (iii) Endowment fund - records endowment contributions and related investment income. Principal is protected and investment income is transferred as determined by the Board.

#### (c) *Capital assets*

Since the annual revenues for the preceding two years were less than \$500,000 the Foundation is not required to record capital assets and amortize the cost over the estimated useful life. Capital assets are reported as expenses on the statement of operations and changes in fund balances. The Foundation does not have any significant capital assets.

# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

(d) *Income taxes*

The Peterborough Public Library Foundation is registered as a charitable organization under the Income Tax Act (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a registered charity under the Act, the Peterborough Public Library Foundation must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

(e) *Contributed services and materials*

Because of the difficulties determining their fair value, contributed services and materials are not recognized in these financial statements.

(f) *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards for Not-for-Profit Organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

(g) *Financial instruments*

(i) *Measurement*

The Foundation initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Foundation subsequently measures its financial assets and financial liabilities at amortized cost, except for those quoted in an active market which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, accounts receivable, and accrued interest.

Financial liabilities measured at amortized cost include accounts payable.

Financial assets measured at fair value include investments.

(ii) *Transaction costs*

The Foundation's transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in the statement of operations in the period incurred. The carrying amount of the financial instruments that will not be subsequently measured at fair value is adjusted for transaction costs directly attributable to the origination, issuance or assumption of these instruments.



# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

### 2. SIGNIFICANT ACCOUNTING POLICIES, continued

#### (iii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations.

### 3. INVESTMENTS

Investments are recorded at fair value and are comprised of the following:

	2016	2015
	\$	\$
Short term investments		
Fixed income certificates with chartered banks and other financial institutions, due within one year, with interest rates ranging from 1.66% to 5.75%	400,203	158,006
Corporate bonds due 2016 with interest at 5.10%	-	52,883
	400,203	210,889
Long term investments		
Fixed income certificates with chartered banks and other financial institutions, due 2018 to 2021, with interest rates ranging from 1.95% to 2.6%	599,195	770,971
Bonds and investments in Provincial Government and governmental agencies, due 2019, with interest rate of 4.30%	57,562	59,131
Mutual funds	5,344	5,749
	662,101	835,851
	1,062,304	1,046,740

### 4. RELATED ORGANIZATION

Peterborough Public Library Foundation raises funds to benefit all functions of the Peterborough Public Library. During the year funds transferred to the Library totalled \$1,670 (2015 - \$2,600).

# PETERBOROUGH PUBLIC LIBRARY FOUNDATION

## NOTES TO THE FINANCIAL STATEMENTS For the Year Ended December 31, 2016

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### 5. FINANCIAL INSTRUMENTS

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments. The Foundation has no significant foreign currency, credit, liquidity or price risk.

#### (a) Interest rate risk

Interest rate risk is the risk that the value of financial instruments will fluctuate due to changes in market interest rates. The value of fixed income securities will generally rise if interest rates fall and conversely fall when rates rise. The value of mutual fund investments changes with stock market conditions, which are affected by market conditions and a general economic outlook.

This risk is generally outside the control of the Foundation but is mitigated by the Foundation's investment policies, which prescribe the asset mix of investments including the credit ratings of bond issuers.

### 6. COMMITMENT

The Foundation has committed \$250,000 towards the renovations of the Peterborough Public Library.