



Peterborough Public Library

To: Peterborough Public Library Board of Trustees

From: Jennifer Jones, Library CEO

Meeting Date: March 10, 2020

Subject: Report PPL20-010
Updates from the Foundation and Friends of the Library

Purpose

A report to inform the Library Board on the status of the Peterborough Public Library Foundation and the Friends of the Peterborough Public Library.

Recommendations

That the Library Board approve the recommendations outlined in Report PPL20-010, dated March 3, 2020, of the Library CEO, as follows:

- a) That the report to inform the Library Board on the status of the Friends of the Peterborough Public Library be received for information;
- b) That the report to inform the Library Board on the status of the Foundation be received for information; and
- c) That the summary of the CEO's information gathering on possible options for the Foundation assets being transferred to the Library be considered for next steps.

Budget and Financial Implications

There is a financial implication associated with the recommendations of this report. The Board will need to decide on their preferred path for dealing with the assets transferred from the Foundation (when it is dissolved), to the Library.

Background

Friends

The Friends of the Library held their Annual General Meeting (AGM) on March 2, 2020. Their next sale is planned for Friday, April 3 and Saturday, April 4, 2020.

Foundation – Information provided by Jayne White

In order to proceed with the dissolution of the Foundation the following steps as advised by our lawyer will need to occur:

1. Pass a resolution pursuant to Subsection 7(4) of the Letters Patent of your letters patent, resolving to distribute all the Corporation's remaining property and assets to the Peterborough Public Library.
2. The distribution of monies can proceed subject to a holdback to cover final legal account and accountant fees.
3. We then mail or fax a letter to the CRA asking for revocation of the Corporation's charitable registration under s.149.1(l)(f) of the Income Tax Act. The letter must be signed by an authorized signatory and dated. The CRA will acknowledge receipt of your request and will provide you with the date the charity's registration will be officially revoked. The CRA will also provide you with a Form T2046 Tax Return which the Corporation must complete and file. The purpose of the tax return is to ensure that all remaining charitable property has been properly applied to charitable use (i.e. spent on the Corporation's charitable programs or donated to eligible donees).
4. Prepare an application for surrender of charter (on Form 9) for filing with the Ontario Public Guardian and Trustees Office (OPGT).
5. Pass minutes or a resolution of the directors and members indicating approval of the application.

6. Submit the following documents to the OPGT, with applicable filing fees:
 - a. duplicate original signed copies of the Application for Surrender of Charter;
 - b. covering letter;
 - c. copy of the Letters Patent and any Supplementary Letters Patent;
 - d. current names and addresses of the directors and officers;
 - e. annual audited financial statements for the last three financial years;
 - f. if charitable property remains to be distributed, the proposed plan of distribution including the names of the proposed charitable beneficiaries (although there shouldn't be any left at this point); and
 - g. confirmation the Corporation does not hold any trust monies and if it does, how it proposes to transfer them to any successor charities.

The OPGT will provide a letter confirming compliance with the **Charities Accounting Act** and consenting to the surrender of charter and will forward same to the Ministry of Government Services. Once the Ministry of Government Services has approved the Surrender of Charter Application, you should forward a copy of the issued order surrendering the charter to the CRA and to the OPGT.

Library

As directed at the February 11, 2020 Board meeting, the Library CEO consulted with a lawyer on the Board's behalf to determine the next steps for the Board once the Foundation has dissolved.

At that time, the Library will be in receipt of both invested and restricted funds whose conditions will still need to be respected. The type of restriction placed on the funds may affect the approach chosen.

The Board will need to decide if it wishes to continue to invest the monies being transferred.

The Board has three options available:

1. Manage the funds in house.

This will require the opening of an additional investment or savings account at the bank, annual check-ins with the bank, and annual decisions from the Board on actions to be taken with the money. Tax receipts will be issued by the Library

CEO on the Board's behalf. The Board would still be responsible for ensuring that the appropriate paperwork and audits were completed annually. There would be fees for these services.

2. Hire an independent investment advisor.

This will also require the opening of an additional investment bank account, annual check-ins with the advisor, and annual decisions from the Board on actions to be taken with the money. Tax receipts will be issued by the Library CEO on the Board's behalf. The Board would still be responsible for ensuring that the appropriate paperwork and audits were completed annually. There would be fees for these services.

3. Utilize the expertise of the Community Foundation of Greater Peterborough (CFGP). <https://cfgp.ca/>

This organization is also a registered charity. They manage investments to balance risk and return, while keeping management and administrative costs to a minimum. There would be fees for their services.

Essentially, they would be running a foundation on the Board's behalf.

The CFGP option was considered by the Foundation as well when talks of dissolution began, and they may be able to provide some additional insight.

It was suggested that the board form an Investment Committee and/or an Endowment Committee consisting of at least one board member and an outside financial expert for options 1 and 2.

The opinion given was also that if the investments and funds totalled less than \$5 million, it may not be worth the time and effort for the Board and staff to manage the monies themselves. There may be more value in joining forces with the CFGP, or another such organization. However, this would all depend on the type of restrictions connected to the funds.

Submitted by,

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