Financial Statements

Toronto Public Library Board

December 31, 2003

AUDITORS' REPORT

To the Members of the
Toronto Public Library Board

We have audited the statement of financial position of the **Toronto Public Library Board** as at December 31, 2003 and the statements of financial activities and changes in financial position for the year then ended. These financial statements are the responsibility of the Board's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In our opinion, these financial statements present fairly, in all material respects, the financial position of the Board as at December 31, 2003 and the results of its financial activities and the changes in its financial position for the year then ended in accordance with Canadian generally accepted accounting principles.

Toronto, Canada,
March 10, 2004. Chartered Accountants

Toronto Public Library Board

STATEMENT OF FINANCIAL POSITION

As at December 31

	2003 $	2002 $
ASSETS		
Financial assets		
Cash and short-term investments	**16,833,933**	20,041,865
Accounts receivable		
City of Toronto *[note 3]*	**—**	84,269
Other	**3,139,209**	1,982,220
Total financial assets	**19,973,142**	22,108,354
LIABILITIES		
Accounts payable		
City of Toronto *[note 3]*	**1,226,268**	—
Other accounts payable and accrued liabilities *[note7]*	**11,914,696**	13,389,086
Employee benefits *[note 4]*	**39,894,497**	37,272,319
Interest on long-term liabilities	**279,278**	323,160
Long-term payable with City of Toronto *[note 5]*	**933,333**	1,000,000
Long-term payable with Canada Life *[note 5]*	**2,010,145**	2,078,728
Long-term debt with City of Toronto *[note 6]*	**8,479,980**	10,004,460
Total liabilities	**64,738,197**	64,067,753
Net liabilities	**(44,765,055)**	(41,959,399)
LIBRARY POSITION		
Operating fund *[schedule 1]*	**—**	—
Capital fund *[schedule 2]*	**7,960,844**	9,305,148
Reserve funds *[schedule 3]*	**79,536**	823,690
Total fund balances	**8,040,380**	10,128,838
Amounts to be recovered *[note 7]*	**(52,805,435)**	(52,088,237)
Total library position	**(44,765,055)**	(41,959,399)

See accompanying notes

On behalf of the Board:

Board Chair City Librarian

Toronto Public Library Board

STATEMENT OF FINANCIAL ACTIVITIES

Year ended December 31

	2003		2002
	Budget	**Actual**	**Actual**
	$	$	$
	[note 13]		
REVENUES			
Grants			
Municipal	**135,766,895**	**134,591,069**	123,669,248
Province of Ontario	**5,919,410**	**5,875,805**	6,136,908
Federal government	**—**	**15,905**	28,576
User charges *[note 8]*	**3,888,327**	**3,820,851**	3,733,654
Investment income *[note 6]*	**400,129**	**722,709**	1,106,714
Donations and other grants *[note 9]*	**496,780**	**1,655,353**	2,285,333
Other income	**981,240**	**1,152,042**	1,107,214
	147,452,781	**147,833,734**	138,067,647
EXPENDITURES			
Staff costs *[notes 4 and 7]*	**97,721,202**	**101,270,336**	96,223,952
Purchase of services	**19,647,603**	**20,033,140**	18,945,143
Library materials	**14,982,031**	**14,369,736**	14,587,098
Buildings	**8,571,194**	**9,269,745**	9,258,066
Equipment and furnishings *[note 5]*	**1,494,000**	**2,288,661**	4,945,996
Materials and supplies	**2,321,866**	**2,273,936**	2,388,387
Taxes and other	**238,657**	**317,338**	273,218
Interest on long-term debt	**816,498**	**816,498**	813,160
	145,793,051	**150,639,390**	147,435,020
Net revenues (expenditures) and (increase) decrease in net liabilities	**1,659,730**	**(2,805,656)**	(9,367,373)
FINANCING			
Long-term payable with Canada Life	**—**	**—**	2,218,935
New debt from City of Toronto	**—**	**—**	5,600,000
Principal repayment of debt and long-term payables including interest earned on sinking fund *[notes 5 and 6]*	**(1,659,730)**	**(1,659,730)**	(1,400,017)
Employee benefits and vacation pay *[notes 4 and 7]*	**—**	**2,376,928**	2,198,239
Net increase (decrease) in amounts to be recovered	**(1,659,730)**	**717,198**	8,617,157
Net decrease in fund balances during the year	**—**	**(2,088,458)**	(750,216)
Total fund balances, beginning of year	**—**	**10,128,838**	10,879,054
Total fund balances, end of year	**—**	**8,040,380**	10,128,838

See accompanying notes

Toronto Public Library Board

STATEMENT OF CHANGES IN FINANCIAL POSITION

Year ended December 31

	2003 $	2002 $
OPERATING ACTIVITIES		
Net change in library position	**(2,805,656)**	(9,367,373)
Sources (uses) of cash		
Decrease (increase) in accounts receivable	**(1,072,720)**	4,044,982
Increase (decrease) in accounts payable and accrued liabilities	**(248,122)**	889,308
Increase in employee benefits	**2,622,178**	2,251,830
Increase (decrease) in interest on long-term liabilities	**(43,882)**	2,114
Net decrease in cash from operating activities	**(1,548,202)**	(2,179,139)
FINANCING ACTIVITIES		
Long-term payable with Canada Life	**—**	2,218,935
New debt from City of Toronto	**—**	5,600,000
Principal repayment of debt and long-term payables including interest earned on sinking fund	**(1,659,730)**	(1,400,017)
Net increase (decrease) in cash from financing activities	**(1,659,730)**	6,418,918
Net increase (decrease) in cash and short-term investments during the year	**(3,207,932)**	4,239,779
Cash and short-term investments, beginning of year	**20,041,865**	15,802,086
Cash and short-term investments, end of year	**16,833,933**	20,041,865

See accompanying notes

SCHEDULE OF CURRENT OPERATIONS

Year ended December 31

	2003		2002
	Budget	**Actual**	**Actual**
	$	$	$
	[note 13]		
REVENUES			
Grants			
Municipal *[note 10]*	**125,407,895**	**125,401,069**	119,074,248
Province of Ontario	**5,919,410**	**5,875,805**	5,641,908
Federal government	—	**15,905**	28,576
User charges *[note 8]*	**3,888,327**	**3,820,851**	3,733,654
Investment income *[note 6]*	**400,129**	**394,506**	705,472
Donations and other grants	**496,780**	**1,242,274**	1,059,735
Other income	**981,240**	**879,675**	891,979
Total revenues	**137,093,781**	**137,630,085**	131,135,572
EXPENDITURES			
Staff costs *[notes 4 and 7]*	**97,721,202**	**101,270,336**	96,223,952
Purchase of services	**19,647,603**	**20,033,140**	18,945,143
Materials and supplies	**2,321,866**	**2,273,936**	2,388,387
Library materials	**4,680**	**31,875**	27,348
Equipment and furnishings	**10,000**	**16,955**	23,734
Taxes and other	**238,657**	**317,338**	273,218
Interest on long-term debt	**816,498**	**816,498**	813,160
Total expenditures	**120,760,506**	**124,760,078**	118,694,942
Net revenues	**16,333,275**	**12,870,007**	12,440,630
FINANCING AND TRANSFERS			
Principal repayment of debt and long-term payables including interest earned on sinking fund *[notes 5 and 6]*	**(1,659,730)**	**(1,659,730)**	(1,400,017)
Transfer from reserve funds	—	**776,340**	793,499
Transfer (to) from capital fund			
Library materials	**(14,977,351)**	**(14,697,351)**	(13,821,351)
Buildings	**286,806**	**286,806**	(184,000)
Equipment and furnishings	**17,000**	**47,000**	(27,000)
Employee benefits and vacation pay *[notes 4 and 7]*	—	**2,376,928**	2,198,239
Net financing and transfers	**(16,333,275)**	**(12,870,007)**	(12,440,630)
Change in operating fund balance *[note 10]*	—	—	—
Operating fund balance, beginning of year	—	—	—
Operating fund balance, end of year	—	—	—

See accompanying notes

SCHEDULE OF CAPITAL OPERATIONS

Year ended December 31

	2003		2002
	Budget	**Actual**	**Actual**
	$	$	$
	[note 13]		
REVENUES			
Grants			
Municipal	**10,359,000**	**9,190,000**	4,595,000
Province of Ontario	**—**	**—**	495,000
Investment income	**—**	**282,815**	340,536
Donations and other grants	**—**	**413,079**	1,225,598
Other income	**—**	**272,367**	215,235
Total revenues	**10,359,000**	**10,158,261**	6,871,369
EXPENDITURES			
Library materials	**14,977,351**	**14,337,861**	14,559,750
Buildings	**8,571,194**	**9,269,745**	9,258,066
Equipment and furnishings *[note 5]*	**1,484,000**	**2,271,706**	4,922,262
Total expenditures	**25,032,545**	**25,879,312**	28,740,078
Net expenditures	**(14,673,545)**	**(15,721,051)**	(21,868,709)
FINANCING AND TRANSFERS			
Long-term payable with Canada Life	**—**	**—**	2,218,935
New debt from City of Toronto	**—**	**—**	5,600,000
Transfer (to) from current fund			
Library materials	**14,977,351**	**14,697,351**	13,821,351
Buildings	**(286,806)**	**(286,806)**	184,000
Equipment and furnishings	**(17,000)**	**(47,000)**	27,000
Transfer from reserve funds	**—**	**13,202**	—
Net financing and transfers	**14,673,545**	**14,376,747**	21,851,286
Change in capital fund balance	**—**	**(1,344,304)**	(17,423)
Capital fund balance, beginning of year	**—**	**9,305,148**	9,322,571
Capital fund balance, end of year	**—**	**7,960,844**	9,305,148

See accompanying notes

SCHEDULE OF RESERVE FUNDS

Year ended December 31

	2003		2002
	Budget	**Actual**	**Actual**
	$	$	$
	[note 13]		
REVENUES			
Investment income	**—**	**45,388**	60,706
TRANSFERS			
Transfer to current fund	**—**	**(776,340)**	(793,499)
Transfer to capital fund	**—**	**(13,202)**	—
Total transfers	**—**	**(789,542)**	(793,499)
Change in reserve funds balance		**(744,154)**	(732,793)
Reserve funds balance, beginning of year	**—**	**823,690**	1,556,483
Reserve funds balance, end of year	**—**	**79,536**	823,690
RESERVE FUNDS ANALYZED AS FOLLOWS			
Sick leave *[note 4]*		**79,536**	650,162
Employee benefits		—	160,326
Building and legal fees		—	13,202
Total reserve funds		**79,536**	823,690

See accompanying notes

Toronto Public Library Board

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

1. OPERATIONS AND RELATIONSHIP WITH THE CITY OF TORONTO, TRUSTS AND FOUNDATIONS

The Toronto Public Library Board [the "Board"] is a local board of the City of Toronto [the "City"] deemed to be a public library board established under the Public Libraries Act and is responsible for providing public library service that reflects the community's unique needs. The Public Libraries Act has also designated the Board as a special library service board to provide library resources and services to the Ontario library community.

The Board is not subject to income taxes under Section 149(1) of the Income Tax Act (Canada).

These financial statements reflect the assets, liabilities, sources of financing and expenditures of the operating fund, reserve funds and the capital fund of the Board. Trust funds administered by the Board are not included in these financial statements *[note 12]*.

The Toronto Public Library Foundation [the "Foundation"] has responsibility for most of the fundraising activities for the Toronto Public Library [the "Library"]. Fundraising efforts of the Foundation are to benefit the Library. The Foundation's net assets are not included in these financial statements *[note 12]*.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with generally accepted accounting principles for local governments as recommended by the Public Sector Accounting Board of The Canadian Institute of Chartered Accountants. Significant accounting policies adopted are as follows:

Basis of accounting

Revenues and expenditures are presented on the accrual basis of accounting. The accrual basis of accounting recognizes revenues as they become available and measurable; expenditures are recognized as incurred and measurable as a result of receipt of goods or services and the creation of a legal obligation to pay.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

Measurement uncertainty

The preparation of the financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions. The employee benefits liabilities and related costs charged to the statement of financial activities depend on certain actuarial and economic assumptions. These estimates and assumptions are based on the Board's best information and judgment and may differ significantly based on actual results.

Short-term investments

Short-term investments are recorded at cost and consist of financial instruments, such as treasury bills and bankers' acceptances, which are readily cashable on short notice. The market value of these investments approximates cost.

Inventories

Expenditures on books and supplies are reported as an expenditure on the statement of financial activities in the year of acquisition.

Capital assets

The historical cost and accumulated amortization of capital assets are not reported. Purchases of capital assets are recorded on the statement of financial activities as expenditures in the year of acquisition.

Employee benefit plans

The Board has adopted the following policies with respect to employee benefit plans:

- the Board's contributions to a multi-employer, defined benefit pension plan are expensed when contributions are due;

- the costs of termination benefits and compensated absences are recognized when the event that obligates the Board occurs; costs include projected future income payments, health care continuation costs and fees paid to independent administrators of these plans, calculated on a present value basis;

- the costs of other employee benefits are actuarially determined using the projected benefits method prorated on service and management's best estimate of retirement ages of employees, salary escalation, expected health care costs and plan investment performance; accrued obligations and related costs of funded benefits are net of plan assets;

- past service costs from plan amendments related to prior period employee services are accounted for in the period of the plan amendment;
- employee future benefit liabilities are discounted using current interest rates on long-term bonds;
- net actuarial gains and losses related to compensated absences are amortized over the expected average remaining service life of the related employee group;
- the costs of the workplace safety and insurance obligations are actuarially determined and are expensed.

3. ACCOUNTS RECEIVABLE (PAYABLE) TO CITY OF TORONTO

Accounts receivable (payable) to the City consist of the following:

	2003 $	**2002** $
Operating receivable	**86,890**	860,997
Accrued interest on long-term liabilities	**279,278**	323,160
Reserve funds deposited with the City of Toronto	**79,536**	810,488
	445,704	1,994,645
Less		
Payable for hydro charges	**(502,972)**	(1,690,569)
Payable for contribution to vehicle reserve	**—**	(219,807)
Unexpended capital advance	**(1,169,000)**	—
	(1,226,268)	84,269

4. EMPLOYEE BENEFITS

The Board sponsors defined benefit plans providing pension and other retirement and post-employment benefits to most of its employees. The plans provide health, dental life insurance and long-term disability benefits to certain employees.

Information about the Board's employee benefits, other than the multi-employer, defined benefit plan noted below, is as follows:

	2003 $	**2002** $
Accrued benefit obligation	**39,894,497**	37,272,319
Unamortized actuarial loss	**9,784,200**	—
Total employee benefit liability	**49,678,697**	37,272,319

	2003 $	**2002** $
Components of employee benefits		
Post-retirement benefits	**19,339,582**	16,044,000
Disabled employees' benefits	**4,329,495**	4,491,000
Income benefits	**1,905,706**	1,596,000
Sick leave benefits	**13,915,105**	14,736,710
Workplace Safety and Insurance	**404,609**	404,609
	39,894,497	37,272,319

The continuity of the accrued benefit obligation is as follows:

	2003 $	**2002** $
Accrued benefit obligations		
Balance, beginning of year	**37,272,319**	35,020,489
Current year adjustment	**815,350**	(38,290)
Current service cost	**2,496,435**	2,043,587
Interest cost	**2,855,046**	2,302,031
Expected benefits paid	**(3,544,653)**	(2,055,498)
Balance, end of year	**39,894,497**	37,272,319

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

The Board is a Schedule 2 employer under the Workplace Safety and Insurance Act and assumes responsibility for financing its workplace safety insurance costs. The obligation of $404,609 represents the estimate of future benefit costs under Schedule 2.

The total expenditures related to the employee benefits other than pensions are included within staff costs on the statement of financial activities and include the following components:

	2003 $	**2002** $
Current period benefit cost	**2,496,435**	2,043,587
Amortization of actuarial loss	**815,350**	—
Benefit interest expenditure	**2,855,046**	2,302,031
Total expenditures related to retirement benefits	**6,166,831**	4,345,618

The benefit plans as noted above are all unfunded; however, the Board has established certain reserve funds in order to mitigate the future impact of these obligations as detailed on the schedule of reserve funds. The balance of the sick leave reserve fund is $79,536 [2002 - $650,162] and the employee benefits reserve fund is nil [2002 - $160,326].

Due to the complexities in valuing the plans, actuarial valuations are conducted on a periodic basis. The most recent actuarial report was prepared at December 31, 2002. The accrued obligation shown for 2003 is based on an extrapolation of the 2002 valuation. There is a net actuarial loss to be amortized on a straight-line basis over the expected remaining service of the related employee groups, which is 13 years.

The significant actuarial assumptions adopted in measuring the Board's accrued benefit obligations are as follows:

	2003 %	**2002** %
Discount rate - post-retirement	**6.0**	6.0 - 6.5
Discount rate - post-employment	**5.5**	—
Health care inflation - hospital, dental care and other medical	**4.5**	5.0
Health care inflation - drugs	**12.0**	5.0
Rate of compensation increase	**3.0**	3.0

The health care rate for drugs will reduce to 5.5% over 10 years.

In addition to the above noted benefits, the Board makes contributions to the Ontario Municipal Employees' Retirement System plan ["OMERS"], a multi-employer pension plan, on behalf of most of its employees. OMERS is a defined benefit plan, which specifies the amount of the retirement benefit to be received by the employees based on the length of service and rates of pay. Employees and employers contribute jointly to the plan.

Because OMERS is a multi-employer pension plan, any pension plan surpluses or deficits are a joint responsibility of all Ontario municipalities and their employees. As a result, the Board does not recognize any share of the OMERS pension surplus or deficit. Due to past significant surpluses, OMERS declared a temporary contribution holiday for all active employees and participating employers, effective August 1, 1998 through to December 31, 2002. As a result of this contribution holiday, no contributions were required on account of current service in 2002. Contributions to the OMERS pension plan recommenced in January 2003 with total employer contributions for the year ended December 31, 2003 in the amount of $1,510,725. This amount is included within staff costs on the statement of financial activities.

5. LONG-TERM PAYABLE

During 2001, the Board entered into an Energy Service Agreement with the City and Ameresco Canada ["Ameresco"], formerly DukeSolutions Canada Inc. Ameresco will complete energy efficiency improvements to Library facilities in 2004 for a total net cost of $3,218,935.

The first $1,000,000 in improvements was financed by an interest free loan from the Better Building Partnership Program of the City. The Board agreed to repay the City in 30 installments of $33,333 over a 15-year period. During the year, the Library paid the City of Toronto amounts totaling $66,667 [2002 - nil], resulting in an outstanding long-term payable as at December 31, 2003 of $933,333 [2002 - $1,000,000].

The remaining $2,218,935 is being financed through a tri-party agreement among Ameresco, Canada Life Assurance Company ["Canada Life"] and the Library. Under the terms of the agreement, the Board agrees to pay Canada Life in accordance with the payment schedule from the Energy Service Agreement which will be ultimately funded by the energy savings over the matching 15-year period.

During the year, the Library paid Canada Life amounts totalling $237,336 [2002 - $332,506]. The principal portion of this amount was $68,583 [2002 - $140,207], resulting in an outstanding long-term payable as at December 31, 2003 of $2,010,145 [2002 - $2,078,728].

The amount of $179,900 was spent in 2003 [2002 - $2,157,806] and is included within equipment and furnishings on the statement of financial activities. The project was scheduled to be completed by March 1, 2003 but deficiencies have extended the completion date to June 2004.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

6. LONG-TERM DEBT WITH CITY OF TORONTO

The long-term debt with the City consists of the following:

	2003 $	**2002** $
Debenture debt		
Principal amount	**12,848,438**	14,483,428
Accumulated sinking fund	**(4,368,458)**	(4,478,968)
	8,479,980	10,004,460

The debenture debt has a weighted average interest rate of 4.6% and maturity dates ranging from 2003 through 2012.

Repayments of the long-term debt are due as follows:

	$
2004	1,485,575
2005	1,180,283
2006	1,095,782
2007	1,106,958
2008	841,674
Thereafter	2,769,708
	8,479,980

During the year, interest earned of $428,271 [2002 - $466,977] on the accumulated sinking fund held by the City was recorded as investment income offset by including this amount as part of the debt principal repayment within the financing section on the statement of financial activities.

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

7. AMOUNTS TO BE RECOVERED

Amounts to be recovered include the gross amount of the following liabilities at year end:

	2003 $	2002 $
Employee benefits *[note 4]*	**39,894,497**	37,272,319
Employee vacation pay [included in accounts payable and accrued liabilities]	**1,487,480**	1,732,730
	41,381,977	39,005,049
Capital outlay financed by long-term payable and to be recovered in future years *[note 5]*	**2,943,478**	3,078,728
Capital outlay financed by long-term liabilities and to be recovered in future years *[note 6]*	**8,479,980**	10,004,460
	52,805,435	52,088,237

Since the City funds the net requirements of the current operations of the Board, the amounts shown above for employee benefits will ultimately be received from the City, net of amounts which have been funded through reserve funds *[schedule 3]*.

8. REVENUES FROM USER CHARGES

Revenues from user charges consist of the following:

	2003 $	2002 $
Fines	**2,666,136**	2,553,373
Photocopier receipts	**576,234**	596,518
Equipment and facility rentals	**473,624**	473,925
Online search	**65,255**	71,811
Interlibrary loan	**11,618**	12,254
Photography	**10,940**	11,266
Non-resident user fees	**7,794**	6,283
Other charges	**5,010**	4,300
Program registration fees	**4,240**	3,924
	3,820,851	3,733,654

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

9. REVENUES FROM DONATIONS AND OTHER GRANTS

Revenues from donations and other grants consist of the following:

	2003 $	**2002** $
Toronto Public Library Foundation *[note 12]*		
Donations	**995,612**	1,237,570
Grants	**551,912**	773,880
Associated Designers of Canada	**—**	76,797
National Theatre School	**—**	97,699
Ecentricarts, Inc.	**—**	15,750
University of Guelph	**—**	6,933
Trust Funds of the Toronto Public Library Board	**107,529**	76,567
Other	**300**	137
	1,655,353	2,285,333

10. ACCUMULATED NET REVENUE

The City funds the net requirements of the current operations of the Board. Consequently, the Board does not identify accumulated funds within the schedule of current operations. The municipal grant approved through the budgetary process was reduced to reflect the effect of the current year's operating surplus of $6,826 [2002 - $6,032].

11. LEASE COMMITMENTS

As at December 31, 2003, the Board is committed to the following annual operating lease payments for equipment and facilities:

	$
2004	4,356,932
2005	3,253,787
2006	2,792,696
2007	1,633,005
2008	1,107,552
Thereafter	3,634,742
	16,778,714

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

12. TRUST FUNDS OF THE TORONTO PUBLIC LIBRARY BOARD AND THE TORONTO PUBLIC LIBRARY FOUNDATION

Certain trust funds are administered by the Board but are maintained separately within the books and records of the Trust Funds of the Board. At the year end, Trust Funds totalled $1,969,927 [2002 - $1,941,123] and consist of the following:

	2003 $	**2002** $
Osborne & L.H. Smith Collections	**1,093,102**	1,060,936
Catherine Fine	**503,157**	503,048
M.A. Isaac	**80,333**	80,209
Charles G. Sanderson	**67,502**	67,212
Toronto Public Library Centennial Grant	**38,146**	37,099
Dr. C.R. Sanderson	**33,115**	32,825
Other	**28,504**	27,023
Stanley Tobin	**27,163**	27,157
M.G. Bagshaw	**26,061**	25,205
D.J. Hayes	**20,519**	20,514
Norman Blaine Gash	**17,625**	17,318
Norman J. McLean	**16,103**	16,081
Friends of Toronto Public Library	**11,238**	11,362
Senator J.M. Lewis	**7,359**	7,235
Microsoft	**—**	7,899
	1,969,927	1,941,123

In addition, the Board benefits from the fundraising efforts of the Foundation.

During the year, the Board received donations of $995,612 [2002 - $1,237,570] and grants of $551,912 [2002 - $773,880] from the Foundation. The Foundation has net assets of $50,344 [2002 - $120,310] which consist of the following:

	2003 $	**2002** $
General Fund	**(468,156)**	(148,363)
Restricted Fund [externally restricted]	**480,795**	236,866
Endowment Fund [externally endowed]	**37,705**	31,807
	50,344	120,310

NOTES TO FINANCIAL STATEMENTS

December 31, 2003

13. BUDGET FIGURES

The approved operating and capital budgets for 2003 are reflected on the schedule of current operations, schedule of capital operations and the statement of financial activities. The budgets established for the capital fund operations are on a project-oriented basis, the costs of which may be carried out over one or more years and, therefore, may not be comparable with the current year's actual amounts. The Board did not budget for the reserve funds in 2003 and, therefore, no figures are shown on that schedule.

14. PUBLIC SECTOR SALARY DISCLOSURE

The Public Sector Salary Disclosure Act, 1996, requires the disclosure in the annual report or statement on the activities or financial affairs, the salary and benefits of employees in the public sector who are paid a salary of $100,000 or more in a year. The following is a list of those employees for the year 2003:

Name	Position	Salary paid $	Taxable benefits $
Bailey, Anne	Director	133,085	871
Barnett, Bruce	Senior Manager	101,369	547
Birchwood, Suzanna	Director	128,725	695
Bowles, Vickery	Director	120,440	649
Bryant, Josephine	City Librarian	164,292	8,371
Chavner, Nancy	Director	115,133	620
Dyck, Ronald	Director	115,133	620
Hughsam, Larry	Director	121,809	655
Kandasamy, Sivananda	System Analyst	105,617	316
Keon, Daniel	Director	108,288	574
Levin, George	Senior Manager	101,655	282
MacKenzie, Linda	Director	128,725	695
Pyper, Jane	Director	120,758	639

15. WAGE HARMONIZATION

Wage rate and job classification harmonization for members of Local 416, the Canadian Union of Public Employees, is currently before a Board of Arbitration. The cost and structure of the award cannot be estimated. The City of Toronto will be requested to fund the cost of the award when the total liability is determined.