

Financial Statements of  
**ONTARIO LIBRARY  
ASSOCIATION**

Year Ended December 31, 2011

**FINANCIAL STATEMENT INDEX**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of  
Ontario Library Association

We have audited the accompanying financial statements of Ontario Library Association, which comprise the statement of financial position as at December 31, 2011, and the statements of general fund operations and changes in fund balance and restricted fund operations and changes in fund balance 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, 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.

### **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 control 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 control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management and the directors, 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 audit opinion.

### **Opinion**

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Library Association as at December 31, 2011, and its financial performance for the year then ended in accordance with Canadian Accounting Standards.

*Francis S. Chong LLP*

**HARRIS & CHONG LLP**  
Chartered Accountants  
Licensed Public Accountants


Toronto, Ontario  
May 23, 2012


## ONTARIO LIBRARY ASSOCIATION

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2011 \$	TOTAL 2010 \$ (Note 6)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and equivalents	934,649	-	934,649	1,296,112
Accounts receivable	677,334	-	677,334	958,619
Due from Knowledge Ontario	-	-	-	2,155
Inventory (Note 2)	50,555	-	50,555	73,633
Prepaid expenses - conference	46,491	-	46,491	47,946
- other	36,910	-	36,910	18,797
	1,745,939	-	1,745,939	2,397,262
Due from general fund	-	11,577	11,577	13,449
Capital assets (Notes 2, 3)	179,376	-	179,376	98,944
Investments (Note 4)	615,397	126,763	742,160	755,572
	2,540,712	138,340	2,679,052	3,265,227

APPROVED ON BEHALF OF THE BOARD:

  
 \_\_\_\_\_  
 Director

  
 \_\_\_\_\_  
 Director

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

## ONTARIO LIBRARY ASSOCIATION

### STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2011

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2011 \$	TOTAL 2010 \$
				(Note 6)
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accruals	611,385	-	611,385	730,973
Due to CELPLO	3,235	-	3,235	474,167
Due to OHLA	1,384	-	1,384	1,777
Due to OALT	5,636	-	5,636	5,535
Due to Knowledge Ontario	1,773	-	1,773	-
Deferred revenue (Note 2)				
- grant	8,950	-	8,950	8,950
- conference	760,061	-	760,061	847,027
	1,392,424	-	1,392,424	2,068,429
Due to restricted funds	11,577	-	11,577	13,449
	1,404,001	-	1,404,001	2,081,878
<b>FUND BALANCES</b>				
General Fund	1,136,711	-	1,136,711	1,044,949
Restricted Funds	-	138,340	138,340	138,400
	1,136,711	138,340	1,275,051	1,183,349
	2,540,712	138,340	2,679,052	3,265,227

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

## ONTARIO LIBRARY ASSOCIATION

### STATEMENT OF GENERAL FUND OPERATIONS AND CHANGES IN FUND BALANCE FOR THE YEAR ENDED DECEMBER 31, 2011

	2011 \$	2010 \$
		(Note 6)
<b>REVENUES</b> (schedule)	2,841,461	2,896,721
<b>EXPENSES</b> (schedule)	2,749,699	2,851,526
<b>EXCESS OF REVENUES OVER EXPENSES</b>	91,762	45,195
<b>ACCUMULATED SURPLUS</b>		
Balance, beginning of year		
As previously reported	1,163,767	1,049,728
Prior period adjustments (Note 7)	(118,818)	(49,974)
As restated	1,044,949	999,754
<b>BALANCE, END OF YEAR</b>	1,136,711	1,044,949

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

# ONTARIO LIBRARY ASSOCIATION

## STATEMENT OF RESTRICTED FUND OPERATIONS AND CHANGES IN FUND BALANCES FOR THE YEAR ENDED DECEMBER 31, 2011

	SCOTT FUND	BULLER FUND	BAKER FUND	SPECIAL FUND	LARRY MOORE FUND	AFRICA PROJECT	FLEMING FUND	TOTAL 2011	TOTAL 2010
	\$	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>									
Contributions	100	-	-	-	581	-	-	681	10
Interest	1,064	25	1,618	36	924	412	180	4,259	3,511
	1,164	25	1,618	36	1,505	412	180	4,940	3,521
<b>EXPENSES</b>									
Disbursements	-	-	5,000	-	-	-	-	5,000	2,500
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,164	25	(3,382)	36	1,505	412	180	(60)	1,021
Balance, beginning of year	34,116	838	55,057	1,222	26,966	14,085	6,116	138,400	137,379
<b>BALANCE, END OF YEAR</b>	35,280	863	51,675	1,258	28,471	14,497	6,296	138,340	138,400

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

## ONTARIO LIBRARY ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2011

	2011
	\$
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>	
Excess of revenues over expenses	91,762
Item not requiring an outlay of cash amortization	46,022
	<u>137,784</u>
Changes in non-cash working capital	
Accounts receivable	281,285
Inventory	23,078
Prepaid expenses	(16,658)
Accounts payable and accrued liabilities	(586,884)
Deferred conference revenue	(86,966)
Due to restricted funds	(1,872)
	<u>(250,233)</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>	
(Increase) decrease in funds invested	15,224
Purchases of capital assets	(126,454)
	<u>(111,230)</u>
<b>INCREASE (DECREASE) IN CASH POSITION</b>	<b>(361,463)</b>
Balance at beginning of year	<u>1,296,112</u>
<b>BALANCE AT END OF YEAR</b>	<b><u>934,649</u></b>

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

# ONTARIO LIBRARY ASSOCIATION

## SCHEDULE OF REVENUES AND EXPENSES – GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2011

	Operating Activities \$	Conference \$	Continuing Education \$	Sales Materials \$	Special Projects \$	Total 2011 \$	Total 2010 \$
<b>REVENUES</b>							
Membership	288,572	-	-	-	-	288,572	307,198
Contract administration	-	-	-	-	170,435	170,435	165,117
Registration fees	-	1,064,446	113,378	-	71,940	1,249,764	1,141,721
Publications & materials	-	-	-	614,355	99,482	713,837	780,835
Government grants	35,800	-	-	-	1,170	36,970	109,990
Advertising & fund raising	-	20,977	26,720	-	-	47,697	83,477
Contributions (Note 2)	4,263	85,873	1,000	-	110,090	201,226	184,123
Interest	18,405	-	-	-	-	18,405	18,109
Miscellaneous	112,601	-	1,954	-	-	114,555	106,151
	459,641	1,171,296	143,052	614,355	453,117	2,841,461	2,896,721
<b>EXPENSES</b>							
Salaries & benefits	891,808	-	-	-	-	891,808	791,912
Honoraria & awards	27,029	78,863	11,932	-	13,998	131,822	140,413
Catering	15,050	134,012	20,677	293	3,463	173,495	151,549
Purchased services & materials	3,514	53,997	31,652	436,897	117,757	643,817	645,328
Travel, lodging & meals	61,372	45,144	6,145	2,179	26,064	140,904	172,434
Space rental & maintenance	130,698	71,180	7,141	774	234	210,027	280,275
Printing	4,098	22,326	45,072	7,741	4,719	83,956	126,768
Equipment rental & maintenance	20,670	96,344	3,759	3,546	(1,442)	122,877	156,317
Delivery	5,470	12,554	19,212	24,373	1,858	63,467	69,610
Supplies	10,757	11,609	689	4,171	3,729	30,955	34,601
Telephone	6,792	1,721	8,811	133	2,210	19,667	23,087
Professional fees	20,108	-	-	-	-	20,108	20,672
Special projects	11,937	-	-	-	-	11,937	21,448
Amortization	46,022	-	-	-	-	46,022	25,290
Bank charges/credit card fees/foreign exchange	9,556	24,355	2,754	11,099	2,003	49,767	57,507
Commission and contract expenses	294	72,368	6,662	-	29,746	109,070	134,315
	1,265,175	624,473	164,506	491,206	204,339	2,749,699	2,851,526
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUE)</b>	(805,534)	546,823	(21,454)	123,149	248,778	91,762	45,195

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



# ONTARIO LIBRARY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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### 1. Status and nature of activities

The Ontario Library Association (“OLA”) is incorporated without share capital under the laws of the Province of Ontario and qualifies as a non-profit organization and is registered as a charity under the Income Tax Act (Canada). Its purpose is to defend the democratic right of all individuals to free and equal access to information and to encourage the development and improvement of library services and programs throughout Ontario.

### 2. Significant accounting policies

#### *Fund accounting*

The Association follows the restricted fund method of accounting for contributions.

The General Fund accounts for the Association’s current operations, programs and administrative activities.

The Margaret Scott Memorial Fund accounts for scholarships awarded to librarians for their attendance at continuing education, networking events and research.

The Grace Buller Scholarship Fund accounts for scholarships awarded to Ontario residents that would lead to the improvement of library services to special interest groups.

The OLA Janette May Baker Scholarship Fund accounts for scholarships awarded to individuals with previous work experience to attend recognized library and information science programs.

The Special Fund exists to allow members the opportunity, for a limited time, to support libraries that have suffered misfortune or disaster. The decision to create the Fund is subject to Executive or Board approval.

The Larry Moore Fund was established to honour the former Executive Director of the Ontario Library Association on his twentieth anniversary in the position. The ends to which the funds will be directed are to be determined by a Jury appointed by the OLA board as described in the terms of reference ratified by the OLA Board of Directors in 2008.

The OLA Africa Project Fund was established to provide programs, services and structures that will lead to the improvement of children's lives in Africa.

## ONTARIO LIBRARY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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#### 2. Significant accounting policies (continued)

##### *Fund accounting*

The Marjorie Fleming Fund has been established to honour the mentors who have made OLA members the professionals that they are and to fund mentoring projects in the library community.

##### *Revenue recognition*

The Ontario Ministry of Culture operating grant of \$35,800 is recognized as revenue of the general fund on the basis of the number of months of the Ontario Government's fiscal year falling within the Association's fiscal period. Other special purpose grants are applied against the related expense when the expenditures to which they relate have been incurred.

Membership fees, registration fees, contract administration fees and the sale of publications and materials are recognized as revenue of the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue collected during the fiscal year in advance of the Super Conference held in the following year is deferred.

##### *Investments*

Investments are purchased to be held to maturity, and accordingly are carried at amortized cost plus accrued interest, calculated using the effective interest rate method.

##### *Inventory*

Inventory is comprised of publications and items for resale and is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis.

##### *Capital assets*

Purchased capital assets are carried at the lower of cost less accumulated amortization and the estimated net recoverable amount in the general fund. Amortization is provided over the related assets' estimated useful lives, using the methods and annual rates appearing below.

Computer equipment & software	20% declining method
Office furniture & equipment	20% declining method
Leasehold improvements	20% straight-line method

## ONTARIO LIBRARY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

#### 2. Significant accounting policies (continued)

##### *Contributed services*

The Association would not be able to carry out its activities without the services of the many volunteers who contribute a considerable number of hours. Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

##### *Use of estimates*

The preparation of financial statements in conformity with Canadian Accounting Standards requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results may differ from those estimates.

#### 3. Capital assets

	Cost	Accumulated Amortization	2011 Net Book Value	2010 Net Book Value
	\$	\$	\$	\$
Office furniture & equipment	137,220	115,947	21,273	23,861
Computer equipment & software	491,112	338,287	152,825	67,308
Leasehold improvements	12,569	7,291	5,278	7,776
	640,901	461,525	179,376	98,945

#### 4. Investments

Investments consist of Canadian chartered bank guaranteed investment certificates and government of Canada bonds, maturing in 2012 and 2013. Interest, earned at rates ranging from 1.55% to 3.0%, is generally paid at maturity.

## ONTARIO LIBRARY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2011

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**5. Contractual commitments**

The Association is committed to a lease for premises occupied until July 31, 2013 at varying amounts ranging from approximately \$48,500 to \$79,900 annually. The Association has the option to renew for a further seven year period.

**6. Prior period adjustments**

It has been determined that the customized software used to maintain the membership database, invoicing and accounts receivable sub-ledger functions is flawed and has overstated revenue and accounts receivable, necessitating adjustments to restate prior year figures.

**7. Capital management**

In managing its capital, the Association focuses on liquid resources available to support its operations and objectives, while accumulating operating surpluses to withstand adverse financial events. The need for sufficient liquid resources is considered in the preparation of annual budgets and is monitored by the Board on an ongoing basis.

**8. Financial instruments**

The corporation's financial instruments consist of cash, investments, accounts receivable, accounts payable and accrued liabilities.

Unless otherwise noted, it is the Board's opinion that the corporation is not exposed to material interest or credit risks arising from its financial instruments, and that the fair values of its financial instruments approximate their carrying value.