

Financial Statements of  
**ONTARIO LIBRARY  
ASSOCIATION**

Year Ended December 31, 2012

**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, 2012 and 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 years 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, 2012 and 2011, and its financial performance for the years then ended in accordance with Canadian Accounting Standards for Not-For-Profit Organizations.

### **Comparative Information**

Without modifying our opinion, we draw attention to Note 8 of the financial statements which describes the effect of adopting new Canadian accounting standards for not-for-profit enterprises on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the statement of financial position as at December 31, 2011 and January 1, 2012, and the statements of general operating fund and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report separately on the restated information, and as such, it is unaudited.

*Harris & Chong LLP*

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

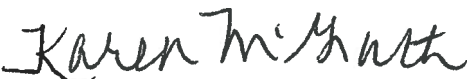
Toronto, Ontario  
May 22, 2013


**ONTARIO LIBRARY ASSOCIATION**

**STATEMENT OF FINANCIAL POSITION  
 AS AT DECEMBER 31, 2012**

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2012 \$	TOTAL 2011 \$ (Notes 7,8)
<b>ASSETS</b>				
<b>Current Assets</b>				
Cash and equivalents	287,140	-	287,140	934,649
Accounts receivable	674,109	-	674,109	677,334
Inventory (Note 2)	77,616	-	77,616	50,555
Prepaid expenses - conference	141,626	-	141,626	46,491
- other	22,302	-	22,302	36,910
	1,202,793	-	1,202,793	1,745,939
Due from general fund	-	3,496	3,496	11,577
Capital assets (Notes 2, 5)	233,344	-	233,344	179,376
Investments (Note 3)	613,554	137,423	750,977	742,160
	2,049,691	140,919	2,190,610	2,679,052

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, 2012

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2012 \$	TOTAL 2011 \$
(Notes 7,8)				
<b>LIABILITIES</b>				
<b>Current Liabilities</b>				
Accounts payable and accruals	198,035	-	198,035	558,949
Government remittances payable	52,280	-	52,280	50,691
Due to Knowledge Ontario	1,773	-	1,773	1,773
Deferred revenue (Note 2)				
- grant	8,950	-	8,950	8,950
- conference	701,271	-	701,271	760,061
	962,309	-	962,309	1,380,424
Due to restricted funds	3,496	-	3,496	11,577
	965,805	-	965,805	1,392,001
<b>FUND BALANCES</b>				
General Fund	1,083,886	-	1,083,886	1,148,711
Restricted Funds	-	140,919	140,919	138,340
	1,083,886	140,919	1,224,805	1,287,051
	2,049,691	140,919	2,190,610	2,679,052

*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, 2012

	2012 \$	2011 \$
		(Notes 7,8)
<b>REVENUES</b> (schedule)	2,624,312	2,841,461
<b>EXPENSES</b> (schedule)	2,689,137	2,749,699
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUE)</b>	(64,825)	91,762
<b>ACCUMULATED SURPLUS</b> Balance, beginning of year	1,148,711	1,056,949
<b>BALANCE, END OF YEAR</b>	1,083,886	1,148,711

*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, 2012

	SCOTT FUND	BULLER FUND	BAKER FUND	SPECIAL FUND	LARRY MOORE FUND	AFRICA PROJECT FUND	FLEMING FUND	TOTAL 2011
	\$	\$	\$	\$	\$	\$	\$	\$
<b>REVENUES</b>								
Contributions	-	-	-	-	-	-	-	681
Interest (adjustment)	1,415	(863)	2,081	46	1,139	530	231	4,259
	1,415	(863)	2,081	46	1,139	530	231	4,940
<b>EXPENSES</b>								
Disbursements	-	-	2,000	-	-	-	-	5,000
<b>EXCESS OF REVENUES OVER EXPENSES</b>	1,415	(863)	81	46	1,139	530	231	(60)
Balance, beginning of year	35,280	863	51,675	1,258	28,471	14,497	6,296	138,400
<b>BALANCE, END OF YEAR</b>	36,695	-	51,756	1,304	29,610	15,027	6,527	138,340

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

## ONTARIO LIBRARY ASSOCIATION

### STATEMENT OF CASH FLOWS FOR THE YEAR ENDED DECEMBER 31, 2012

	2012 \$	2011 \$
<b>CASH PROVIDED BY OPERATING ACTIVITIES</b>		
Excess of revenues over expenses	(64,825)	91,762
Item not requiring an outlay of cash		
Amortization	60,139	46,022
Provision for inventory obsolesce	14,912	-
	10,226	137,784
Changes in non-cash working capital		
Accounts receivable	3,225	281,285
Inventory	(27,061)	23,078
Prepaid expenses	(80,527)	(16,658)
Accounts payable and accrued liabilities	(359,325)	(586,884)
Deferred conference revenue	(58,790)	(86,966)
Due to restricted funds	(8,081)	(1,872)
	(520,333)	(250,233)
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
(Increase) decrease in funds invested	(13,069)	15,224
Purchases of capital assets	(114,107)	(126,454)
	(127,176)	(111,230)
<b>INCREASE (DECREASE) IN CASH POSITION</b>	(647,509)	(361,463)
Balance at beginning of year	934,649	1,296,112
<b>BALANCE AT END OF YEAR</b>	287,140	934,649

*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, 2012**

	Operating Activities \$	Conference \$	Continuing Education \$	Sales Materials \$	Special Projects \$	Total 2012 \$	Total 2011 \$
<b>REVENUES</b>							
Membership	260,541	-	-	-	-	260,541	288,572
Contract administration	-	-	-	-	151,854	151,854	170,435
Registration fees	-	1,057,921	134,984	-	93,828	1,286,733	1,249,764
Publications & materials	-	-	-	428,753	141,725	570,478	713,837
Government grants	35,800	-	-	-	45,000	80,800	36,970
Advertising & fund raising	-	25,497	26,276	-	-	51,773	47,697
Contributions (Note 2)	5,076	59,895	4,150	-	84,675	153,796	201,226
Interest	14,516	-	-	-	-	14,516	18,405
Miscellaneous	53,821	-	-	-	-	53,821	114,555
	<b>369,754</b>	<b>1,143,313</b>	<b>165,410</b>	<b>428,753</b>	<b>517,082</b>	<b>2,624,312</b>	<b>2,841,461</b>
<b>EXPENSES</b>							
Salaries & benefits	913,317	-	-	-	-	913,317	891,808
Honoraria & awards	32,547	40,702	17,615	-	23,783	114,647	131,822
Catering	12,946	108,750	36,823	165	11,366	170,050	173,495
Purchased services & materials	9,571	40,615	25,117	323,411	144,749	543,463	643,817
Travel, lodging & meals	59,649	34,752	7,229	708	35,583	137,921	140,904
Space rental & maintenance	138,715	90,947	5,825	-	9,701	245,188	210,027
Printing	4,242	21,584	34,677	9,306	10,183	79,992	83,956
Equipment rental & maintenance	31,686	58,467	2,803	4,487	1,539	98,982	122,877
Delivery	2,154	7,868	17,127	21,190	5,134	53,473	63,467
Supplies	10,721	11,616	545	2,143	8,765	33,790	30,955
Telephone	8,583	1,305	2,557	-	1,995	14,440	19,667
Professional fees	30,919	-	-	-	-	30,919	20,108
Special projects	15,760	-	-	-	-	15,760	11,937
Amortization	60,139	-	-	-	-	60,139	46,022
Bank charges/credit card fees/foreign exchange	23,059	20,313	1,873	7,615	1,508	54,368	49,767
Commission and contract expenses	3,653	84,220	6,124	-	28,691	122,688	109,070
	<b>1,357,661</b>	<b>521,139</b>	<b>158,315</b>	<b>369,025</b>	<b>282,997</b>	<b>2,689,137</b>	<b>2,749,699</b>
<b>EXCESS OF REVENUES OVER EXPENSES          (EXPENSES OVER REVENUE)</b>	<b>(987,907)</b>	<b>622,174</b>	<b>7,095</b>	<b>59,728</b>	<b>234,085</b>	<b>(64,825)</b>	<b>91,762</b>

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



# ONTARIO LIBRARY ASSOCIATION

## NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

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### **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.

### **1. 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, 2012

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#### 1. 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, 2012

#### 1. 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.

#### 2. Capital assets

	Cost \$	Accumulated Amortization \$	2012 Net Book Value \$	2011 Net Book Value \$
Office furniture & equipment	137,561	120,270	17,291	21,273
Computer equipment & software	604,878	391,605	213,273	152,825
Leasehold improvements	12,569	9,789	2,780	5,278
	755,008	521,664	233,344	179,376

#### 3. 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, 2012**

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#### **4. Contractual commitments**

The Association is committed to a lease for premises occupied until July 31, 2013.

Subsequent to the year-end, the Association entered into a lease agreement for new premises with occupancy to commence August 1, 2013.

Annual costs are estimated at approximately \$128,000 plus HST, and are subject to annual inflationary increases.

The Association has the option to renew for a further five year term after ten years. The landlord has the right to terminate the lease after five years if the building is to be demolished (providing 12 months' notice).

#### **5. 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.

#### **6. 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.

#### **7. Comparative figures**

Certain of the prior year figures have been reclassified to conform with the financial reporting format adopted in the current year.

## ONTARIO LIBRARY ASSOCIATION

### NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2012

#### 8. First time adoption of Canadian Accounting Standards for Not-For-Profit Organizations (ASNPO)

##### Reconciliation of the Fund Balances

As at January 1, 2011

Reconciliation of General Operating Fund	<u>\$</u>
Previously reported, under Generally Accepted Accounting Principles (GAAP)	1,044,949
Accounting Standards for Not-For-Profit Organizations (ASNPO) adjustments	
Reversal of accrued audit fee, set up on December 31, 2010	<u>12,000</u>
General operating fund – as restated	<u>1,056,949</u>

Under Canadian Accounting Standards for Not-For-Profit Organizations, the accrual of the audit fee is not recognized as the audit work did not commence until after December 31, 2010.

##### Reconciliation of the Organization's Statement of General Operating Fund

For the Year Ended December 31, 2011

	Previous GAAP \$	Effect of Transition to ASNPO \$	Balance after Conversion to ASNPO \$
<b>REVENUE</b>			
All operating revenues	<u>2,841,461</u>	-	<u>2,841,461</u>
<b>EXPENSES</b>			
All operating expenses	<u>2,749,699</u>	-	<u>2,749,699</u>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<u>91,762</u>	-	<u>91,762</u>

Under Accounting Standards for Private Enterprises, the accrual of the audit fee is not recognized as the audit work did not commence until after the fiscal year end.