

ONTARIO LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND BOARD OF DIRECTORS 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, 2015 and the statements of operations and changes in net assets - general fund, restricted fund revenues and expenses and changes in net assets 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 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, 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, 2015 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

Toronto, Ontario
May 31, 2016

CHARTERED ACCOUNTANTS
Licensed Public Accountants



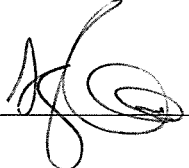
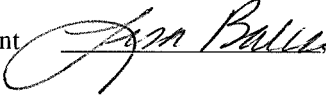
ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2015

	2015	2014
ASSETS		
Current assets		
Cash	\$ 1,665,033	\$ 853,242
Short term investments (note 2)	75,771	101,846
Accounts receivable	69,682	549,253
Inventory	87,224	91,993
Prepaid expenses - conference	16,250	38,275
- other	19,994	11,721
	<u>1,933,954</u>	<u>1,646,330</u>
Long-term assets		
Investments (note 2)	296,127	395,763
Loan receivable (note 3)	15,500	50,000
Capital assets (note 4)	167,705	210,420
	<u>479,332</u>	<u>656,183</u>
	<u>2,413,286</u>	<u>2,302,513</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 5)	801,378	660,815
Deferred revenue (note 6)	691,561	752,373
	<u>1,492,939</u>	<u>1,413,188</u>
NET ASSETS		
General fund	790,999	761,344
Restricted fund	129,348	127,981
	<u>920,347</u>	<u>889,325</u>
	<u>\$ 2,413,286</u>	<u>\$ 2,302,513</u>

Approved on behalf of the Board of Directors:

 , President  Treasurer

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Revenues		
Membership	\$ 314,544	\$ 341,366
Conference	1,136,067	1,144,947
Continuing education	159,301	166,890
The Library Marketplace - publications and merchandise	317,709	393,835
Contract administration (Youth Initiative)	93,164	137,519
Programs and projects (note 7)	375,052	440,618
Government grants (note 8)	40,800	39,175
Contributions	1,322	5,314
Investment income	7,259	10,017
Other income	102,484	64,349
	2,547,702	2,744,030
Expenses		
Salaries and benefits	861,346	888,669
Conference	571,276	605,266
Continuing education	67,381	81,638
Publications	247,626	288,254
Programs and projects (note 3)	367,729	284,939
Provision for doubtful accounts (recovery)	(18,317)	86,514
Honoraria and awards	6,182	17,958
Catering	15,180	22,116
Purchased services and materials	61,172	63,801
Travel, lodging and meals	58,816	57,211
Occupancy costs	119,697	128,796
Equipment rental and maintenance	27,897	38,470
Supplies, printing, delivery, etc.	13,168	20,309
Telephone	9,186	9,791
Professional fees	33,199	75,475
Depreciation	42,714	52,999
Bank charges, credit card fees and foreign exchange	33,795	50,362
	2,518,047	2,772,568
Excess (deficiency) of revenues over expenses for the year	29,655	(28,538)
Net assets - general fund - at beginning of year	761,344	789,882
Net assets - general fund - at end of year	\$ 790,999	\$ 761,344

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF RESTRICTED FUND REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2015

	Scott Fund	Baker Fund	Special Fund	Larry Moore Fund	Fleming Fund	Total	
						2015	2014
Revenues							
Contributions	\$ -	\$ 200	\$ 3,600	\$ -	\$ -	\$ 3,800	\$ 800
Investment income	808	898	65	652	144	2,567	2,650
	808	1,098	3,665	652	144	6,367	3,450
Expenses							
Disbursements	-	5,000	-	-	-	5,000	5,000
Excess (deficiency) of revenues over expenses for the year							
	808	(3,902)	3,665	652	144	1,367	(1,550)
Net assets - at beginning of year							
	40,083	47,000	1,424	32,344	7,130	127,981	129,531
Net assets - at end of year							
	\$ 40,891	\$ 43,098	\$ 5,089	\$ 32,996	\$ 7,274	\$ 129,348	\$ 127,981

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2015

	2015	2014
Cash flows from operating activities		
Excess (deficiency) of revenues over expenses for the year	\$ 29,655	\$ (28,538)
Add back items not affecting cash		
Depreciation	42,714	52,999
Loan forgiveness (<i>note 3</i>)	34,500	-
	106,869	24,461
Change in non-cash working capital balances		
Decrease (increase) in accounts receivable	479,571	(18,120)
Decrease in prepaid expenses	13,752	48,868
Decrease (increase) in inventory	4,769	(16,664)
Increase in accounts payable and accrued liabilities	140,565	155,136
Decrease in deferred revenue	(60,812)	(44,513)
	577,845	124,707
Cash flows from investing and financing activities		
Decrease in short term investments	26,075	101,239
Decrease (increase) in long term investments	99,635	(1,959)
Purchase of property and equipment	-	(5,349)
Increase (decrease) in restricted funds	1,367	(1,548)
	127,077	92,383
Change in cash during the year	811,791	241,551
Cash - at beginning of year	853,242	611,691
Cash - at end of year	\$ 1,665,033	\$ 853,242

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

The Ontario Library Association's (the "Association" or "OLA") vision: All Ontarians are free to imagine, learn and discover, and recognize and celebrate library and information services as an essential resource for realizing individual aspirations and developing communities.

The OLA, through leadership and collaboration, is a centre of excellence for the library and information sector. OLA enables members, through their shared values, dynamic expertise and collective wisdom to:

- advocate the democratic right of all individuals in Ontario to have free and equitable access to information
- research and develop innovative programs and services to meet the challenges of change in the delivery and use of information
- deliver exemplary library and information services throughout Ontario

The Association is a not-for-profit organization incorporated on April 29, 1969 as a corporation without share capital under the laws of the Province of Ontario. It is also a registered charitable organization under the Income Tax Act (the "Act") and, as such, is generally exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management, those requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Accounting

The General Fund accounts for the day-to-day service delivery activities of the Association.

The Board of Directors of the Association has internally restricted net assets to be used for specific purposes. These funds are not available for operating purposes without approval of the Board of Directors. The details of internally restricted funds are as follows:

The Margaret Scott Memorial Fund is an internally restricted fund for scholarships awarded to librarians for their attendance at continuing education, networking events and research.

The OLA Dr. Janette Baker Scholarship Fund is an internally restricted fund for scholarships awarded to individuals with previous work experience to attend recognized library and information science programs.

The Special Fund is an internally restricted fund to support libraries that have suffered misfortune or disaster.

The Larry Moore Fund is an internally restricted fund that was established to honour the former Executive Director of the 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 OLA Board of Directors as described in the terms of reference ratified by the OLA Board of Directors in 2008.

The Majorie Fleming Fund is an internally restricted fund that was established to honour the mentors who have made OLA members the professionals that they are and to fund mentoring projects in the library community.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, short term investments, accounts receivable, long term investments, loan receivable and accounts payable and accrued liabilities.

Inventory

Publications and items held for resale are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is determined by reference to selling price less costs to sell.

Capital Assets

Capital assets are recorded at cost. Depreciation is provided on a declining balance basis over their estimated useful lives at the following annual rates:

Furniture and equipment	- 20% declining balance
Computer equipment and software	- 20% declining balance

Leasehold improvements are amortized on a straight line basis over the term of the lease.

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2015.

Revenue Recognition

Membership

Membership fees cover the twelve month period following the date of receipt and acceptance by the Association.

Activities - Conference and Continuing Education

Revenues and expenses from activities are recorded in the period in which the activity takes place except for certain expenses which are recorded as incurred. Revenues received in the current year, applicable to the subsequent year are recorded as deferred revenue on the statement of financial position and will be accounted as income in the year to which they pertain.

Publications

The Library Marketplace publications and merchandise revenue is recognized when the items are shipped.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions and Grants

The Association follows the deferral method of accounting for contributions which include government grants and other contributions. Operating grants are recorded as revenue in the year in which the related expenses are incurred. Where a portion of grant relates to a future period, it is deferred and recognized in that subsequent period.

Investment Income

Investment income is recognized as revenue when earned.

Other Income

All other sources of revenues are recognized when the event takes place, services are performed, or goods have been delivered or as earned.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the date of the statement of financial position. Revenues and expenses are translated from foreign currencies at the exchange rates prevailing on the transaction date. Any resulting gains or losses are included in income for the year.

Contributed Services

Volunteers contribute significant amounts of time to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, valuation of accounts receivable, useful lives for depreciation of capital assets, deferred revenue and other assets and liabilities valuation. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

2. INVESTMENTS

Details of investments are as follows:

	2015			2014		
	Face Value	Amortized Cost	Effective Yield (%)	Face Value	Amortized Cost	Effective Yield (%)
Short term						
Guaranteed investment certificates with maturity of less than 1 year	\$ 75,000	\$ 75,771	1.56	\$ 100,000	\$ 101,846	2.30
Long term						
Guaranteed investment certificates and government bonds with maturity over 1 year	314,257	296,127	2.82	414,257	395,763	2.71
	<u>\$ 389,257</u>	<u>\$ 371,898</u>		<u>\$ 514,257</u>	<u>\$ 497,609</u>	

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the Association's activities and operations. Investments are primarily exposed to interest rate and price risks. The Association has formal policies and procedures for investment transactions. Investments are made on the advice of an investment advisor.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income investments. The value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise. The Association is exposed to interest rate risk on its fixed income investments.

Price Risk

The Association is exposed to price risk, which is the potential loss that the Association may incur with respect to the changes in the fair value of investments. The fair value of investments will fluctuate because of changes in market price whether those changes are caused by factors specific to the individual investments, or its issuers or factors affecting all investments traded in the market.

3. LOAN RECEIVABLE

In 2013, the Association's Board of Directors approved a loan in the amount of \$50,000 to OurDigitalWorld Organization. On September 18, 2015, the Association's Board of Directors approved a forgiveness of \$34,500 of the loan balance which is included in programs and projects expense. The remaining balance of \$15,500 of the loan is interest bearing, at 6% per annum, due on October 1, 2016. Interest rate will increase to 8% per annum on any outstanding balance thereafter.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

4. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2015</i>	<i>2014</i>
Furniture and equipment	\$ 173,887	\$ 146,438	\$ 27,449	\$ 34,311
Computer equipment and software	658,113	521,009	137,104	171,381
Leasehold improvements	7,879	4,727	3,152	4,728
	\$ 839,879	\$ 672,174	\$ 167,705	\$ 210,420

5. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances totalling \$35,223 at December 31, 2015 (\$33,120 - 2014).

6. DEFERRED REVENUES

Details of deferred revenues are as follows:

	<i>2015</i>	<i>2014</i>
Super Conference	\$ 587,979	\$ 729,227
Operating grant	10,075	10,075
Festival of Trees grant	74,280	-
OSLA grant	14,250	-
CDF grant	-	13,071
Other	4,977	-
	\$ 691,561	\$ 752,373

7. PROGRAMS AND PROJECTS

Programs and projects include the Forest of Reading Program, Festival of Trees and special projects (Ontario Public Library Week and Copyright User Group).

8. GOVERNMENT GRANTS

The OLA received an operating grant in the amount of \$40,300 from Ministry of Tourism, Culture and Sport to help the OLA continue delivering valuable programs and services to Ontario's public libraries and support Ontario Public Library week. \$500 was received for Parents Reaching Out (PRO) Regional Provincial Grant. This grant is to increase parent engagement in your communities.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

9. FINANCIAL INSTRUMENTS AND RISK EXPOSURE

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure at the statement of financial position date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to accounts receivable. The Association mitigates credit risk by performing credit checks and imposing credit limits. Management has included adequate provision for doubtful accounts receivable in these financial statements.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. The Association expects to meet these obligations as they come due by generating sufficient cash flows from operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is not exposed to significant currency risk. Interest rate and price risks are disclosed in note 2.

10. LEASE COMMITMENTS

The Association has commitments under operating leases for premises and equipment. The premise lease expires on July 31, 2023, with an option to renew for a further five year term. The minimum annual payments under the leases are as follows:

			<i>Premises</i>		<i>Equipment</i>
Fiscal year	2016	\$	67,032	\$	5,194
	2017		67,032		6,925
	2018		69,972		6,925
	2019		74,088		6,925
	2020		74,088		6,925
	2021 and thereafter		191,394		1,731
		\$	543,606	\$	34,625

In addition, the Association is responsible for its share of annual operating costs and realty taxes for its office premises, which in 2015 were approximately \$53,000 (\$61,800 - 2014).

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2015

11. GUARANTEES AND INDEMNITIES

The Association has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are such as a result of their involvement with Association, if they acted honestly and in good faith with the best interest of the Association. The Association has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Association has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and sales and purchase contracts. In these agreements, the Association agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Association. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.