

Financial Statements of

**ONTARIO LIBRARY
ASSOCIATION**

Year Ended December 31, 2002

AUDITOR'S REPORT

To the Members of:
Ontario Library Association

We have audited the statement of financial position of Ontario Library Association as at December 31, 2002 and the statement of operations and changes in fund balances for the year then ended. These financial statements are the responsibility of the Association's board of directors. 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 Ontario Library Association as at December 31, 2002, as well as its operating results and the changes in its fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

Harris Chong & Crewe LLP

CHARTERED ACCOUNTANTS

Toronto, Ontario
March 26, 2003

Harris Chong & Crewe LLP

Chartered Accountants

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2002

	GENERAL FUND	RESTRICTED FUNDS	2002	TOTALS 2001
	\$	\$	\$	\$
ASSETS				
Current Assets				
Cash and equivalents	653,539	-	653,539	141,762
Investments (Note 2)	100,634	-	100,634	-
Accounts receivable	240,381	-	240,381	883,106
Inventory (Note 2)	90,477	-	90,477	73,871
Prepaid expenses - conference	115,166	-	115,166	108,718
- contract	-	-	-	-
- other	25,060	-	25,060	35,772
	1,225,257	-	1,225,257	1,243,229
Due from general fund (Note 3)	-	406	406	14,015
Capital Assets (Notes 2, 4)	97,149	-	97,149	93,856
Long-term investments	-	51,044	51,044	-
	1,322,406	51,450	1,373,856	1,351,100
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	258,698	-	258,698	471,254
Deferred revenue - grant (Note 5)	8,950	-	8,950	8,950
- contract	348,889	-	348,889	80,595
- conference (Note 5)	293,297	-	293,297	360,530
	909,834	-	909,834	921,329
Due to restricted funds (Note 3)	406	-	406	14,015
	910,240	-	910,240	935,344
FUND BALANCES				
Unrestricted	412,166	-	412,166	401,719
Internally restricted	-	51,450	51,450	14,037
	412,166	51,450	463,616	415,756
	1,322,407	51,450	1,373,857	1,351,100

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

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

ONTARIO LIBRARY ASSOCIATION

**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2002**

	GENERAL FUND		RESTRICTED FUND			
	2002	2001	SCOTT	BULLER	BAKER	TOTAL
	\$	\$	\$	\$	\$	\$
REVENUES						
General (schedule)	1,912,591	1,596,377	-	-	-	-
Contributions	72,022	87,169	213	5,951	50,000	56,164
Interest (Note 3)	642	-	205	-	1,045	1,250
	1,985,255	1,683,546	418	5,951	51,045	57,414
EXPENSES						
General (schedule)	1,974,808	1,523,487	-	20,000	-	20,000
OPERATING SURPLUS (DEFICIT)	10,447	160,059	418	(14,049)	51,045	37,414
Fund balances, beginning of year	401,719	241,660	23,772	(9,735)	-	14,037
	412,166	401,719	24,190	(23,784)	51,045	51,451
Inter-fund Transfers	-	-	-	-	-	-
FUND BALANCES, END OF YEAR	412,166	401,719	24,190	(23,784)	51,045	51,451
						14,037

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

ONTARIO LIBRARY ASSOCIATION

GENERAL FUND - SCHEDULE OF REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2002

	OPERATING ACTIVITIES	CONFERENCE	CONTINUING EDUCATION	SALES MATERIALS	TOTALS 2002	TOTALS 2001
	\$	\$	\$	\$	\$	\$
REVENUES						
Membership fees	248,959	-	-	-	248,959	248,495
Contract administration	241,010	-	-	-	241,010	229,399
Registration fees	-	516,801	130,521	-	647,322	615,825
Publications & materials	-	3,660	-	733,425	737,085	466,058
Government grant (Note 5)	35,800	-	-	-	35,800	35,800
Advertising & fund raising	1,158	1,257	-	-	2,415	800
Contributions (Note 2)	-	59,518	12,504	-	72,022	87,169
	526,927	581,236	143,025	733,425	1,984,613	1,683,546
EXPENSES						
Salaries & benefits	443,206	-	-	-	443,206	313,770
Honoraria & awards	17,681	44,764	41,736	-	104,181	55,436
Catering	12,891	65,300	25,156	-	103,347	113,041
Purchased services & materials	30,678	51,353	19,771	431,774	533,576	278,036
Travel, lodging & meals	85,866	32,158	23,455	-	141,479	105,406
Space rental & maintenance	80,181	58,040	6,562	-	144,783	133,413
Printing	17,240	30,643	36,956	19,208	104,047	80,560
Equipment rental & maintenance	25,766	43,401	4,987	-	74,154	85,218
Delivery	37,951	9,543	21,164	26,262	94,920	70,818
Supplies	23,840	24,093	13,747	-	61,680	81,705
Telephone	17,307	4,608	2,897	-	24,812	24,514
Professional fees	31,592	-	-	-	31,592	37,638
Amortization	26,630	-	-	-	26,630	25,360
Bank charges, interest, foreign exchange	8,221	-	-	-	8,221	9,228
Commission	27,528	30,181	-	20,471	78,180	109,344
	886,578	394,084	196,431	497,715	1,974,808	1,523,487
EXCESS OF REVENUE OVER EXPENSES	(359,651)	187,152	(53,406)	235,710	9,805	160,059

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2002

1. Status and nature of activities

The Ontario Library Association is incorporated without share capital under the laws of the Province of Ontario and qualifies as a non-profit organization 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 general fund accounts for current operations and programs as well as the Association's administrative activities.

The Elizabeth Ann Cummings Memorial Lecture Fund accounts for a lecture event to advance the library profession. Restricted contributions and expenses for this purpose are reported in this fund.

The Margaret Scott Memorial Fund accounts for scholarships awarded to librarians for their attendance at continuing education, networking events and research. Restricted contributions and expenses for this purpose are reported in this fund.

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. Restricted contributions and expenses for this purpose are reported in this fund. Late in 2001, a decision was made to transfer the fund to the Faculty of Information Studies of The University of Toronto, as trustee. Although the fund balance at that time was approximately \$121,000, the decision made was to transfer \$150,000 to take advantage of the matching funds available at the time. Of this amount, \$130,000 was reflected in the 2001 financial statements with the remaining balance of \$20,000 shown in 2002, leaving a deficit balance of \$23,784. As the Association continues to receive contributions to the fund, now named the OLA Grace Buller Indigenous Peoples Scholarship Fund, it is understood that such contributions will offset this amount.

The OLA Janette May Baker Scholarship Fund, founded in 2002, accounts for scholarships awarded to individuals with previous work experience to attend recognized library and information science programs. Restricted contributions and expenses for this purpose are reported in this fund.

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

2. Significant accounting policies (continued)

Revenue recognition

The Association follows the fund accounting method in which externally restricted contributions are recognized when they are received in the fund corresponding to the purpose for which they were donated.

The Ontario operating grant 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.

Investments

Investments are carried at amortized cost plus accrued interest.

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. Contributed capital assets are recorded in the general fund at management's estimate of fair value at the date of contribution. Amortization is provided over the related assets' estimated useful lives, using the following methods and annual rates:

Computer equipment & software	20% declining method
Office furniture & equipment	20% declining method
Leasehold improvements	Straight-line over the term of the lease

ONTARIO LIBRARY ASSOCIATION**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2002

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 of 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 generally accepted accounting principles 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. Inter-fund loans

Inter-fund loans bear interest at the bank prime rate plus 1% and have no specific terms of repayment.

4. Capital assets

	Cost	Accumulated amortization	Net book value 2002	Net book value 2001
	\$	\$	\$	\$
Office furniture & equipment	74,953	60,286	14,667	17,554
Computer equipment & software	233,321	160,210	73,111	62,246
Leasehold improvements	28,112	18,741	9,371	14,056
	<u>336,386</u>	<u>239,237</u>	<u>97,149</u>	<u>93,856</u>

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS
DECEMBER 31, 2002

5. Deferred revenue

The deferred portion of the operating grant which is recorded in the general fund represents funding to cover the operating expenses of the Association for three months subsequent to year end. The following summarizes Ontario grant transactions for the period:

	2002	2001
	\$	\$
Balance, beginning of year	8,950	8,950
Add: operating grant received	35,800	35,800
Less: amount recognized as revenue in the year	<u>(35,800)</u>	<u>(35,800)</u>
Balance, end of year	<u>8,950</u>	<u>8,950</u>

Deferred conference revenue represents registration fees collected during the current fiscal year for the Association's Super Conference held subsequent to year end - \$293,297 (2001 - \$360,530).

6. Lease commitment

The Association leases its office premises and is committed to the following minimum annual rental payments for the years ending December 31:

	\$
2003	31,832
2004	35,420
2005	38,930
2006	<u>24,038</u>
	<u>130,220</u>