

Financial Statements of

**ONTARIO LIBRARY
ASSOCIATION**

Year Ended December 31, 2003

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, 2003 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, 2003, 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
April 17, 2004

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2003

	GENERAL FUND \$	RESTRICTED FUNDS \$	2003 \$	TOTALS 2002 \$
ASSETS				
Current Assets				
Cash and equivalents	278,354	-	278,354	653,539
Investments (Note 2)	3,180	-	3,180	100,634
Accounts receivable	392,002	-	392,002	240,381
Inventory (Note 2)	71,328	-	71,328	90,477
Prepaid expenses - conference	109,626	-	109,626	115,166
- contract	350,224	-	350,224	-
- other	38,332	-	38,332	25,060
	1,243,046	-	1,243,046	1,225,257
Due from general fund (Note 3)	-	-	-	406
Capital Assets (Notes 2, 4)	98,401	-	98,401	97,149
Long-term investments	-	53,611	53,611	51,044
	1,341,447	53,611	1,395,058	1,373,856
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	458,074	-	458,074	258,698
Deferred revenue - grant (Note 5)	8,950	-	8,950	8,950
- contract	-	-	-	293,297
- conference (Note 5)	440,452	-	440,452	348,889
	907,476	-	907,476	909,834
Due to restricted funds (Note 3)	-	-	-	406
	907,476	-	907,476	910,240
FUND BALANCES				
Unrestricted	433,971	-	433,971	412,166
Internally restricted	-	53,611	53,611	51,450
	433,971	53,611	487,582	463,616
	1,341,447	53,611	1,395,058	1,373,856

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, 2003

	GENERAL FUND		RESTRICTED FUNDS				TOTAL 2002 \$
	2003 \$	2002 \$	SCOTT \$	BULLER \$	BAKER \$	TOTAL 2003 \$	
REVENUES							
General (schedule)	2,042,719	1,912,591	-	-	-	-	-
Contributions	78,702	72,022	50	450	340	840	56,164
	2,121,421	1,984,613	50	450	340	840	56,164
Interest (Note 3)	2,974	642	1,200	-	2,566	3,766	1,250
	2,124,395	1,985,255	1,250	450	2,906	4,606	57,414
EXPENSES (schedule)	2,102,590	1,974,808	1,246	1,200	-	2,446	20,000
OPERATING SURPLUS (DEFICIT)	21,805	10,447	4	(750)	2,906	2,160	37,414
Fund balances, beginning of year	412,166	401,719	24,190	(23,784)	51,045	51,451	14,037
FUND BALANCES, END OF YEAR	433,971	412,166	24,194	(24,534)	53,951	53,611	51,451

ONTARIO LIBRARY ASSOCIATION

GENERAL FUND - SCHEDULE OF REVENUES AND EXPENSES FOR THE YEAR ENDED DECEMBER 31, 2003

	OPERATING ACTIVITIES	CONFERENCE	CONTINUING EDUCATION	MATERIALS	ADVOCACY	TOTALS 2003	TOTALS 2002
	\$	\$	\$	\$	\$	\$	\$
REVENUES							
Membership fees	248,196	-	-	-	-	248,196	248,959
Contract administration	211,828	-	-	-	-	211,828	241,010
Registration fees	-	531,002	94,097	-	87,838	712,937	647,322
Publications & materials	-	-	-	734,001	-	734,001	737,085
Government grant (Note 5)	35,800	-	-	-	53,000	88,800	35,800
Advertising & fund raising	4,181	750	-	-	-	4,931	2,415
Contributions (Note 2)	8,172	61,917	-	-	53,613	123,702	72,022
	508,177	593,669	94,097	734,001	194,451	2,124,395	1,984,613
EXPENSES							
Salaries & benefits	521,199	-	-	-	-	521,199	443,206
Honoraria & awards	12,148	39,056	39,373	332	11,416	102,325	104,181
Catering	8,340	75,132	2,774	-	7,287	93,533	103,347
Purchased services & materials	35,322	58,396	6,824	390,018	132,798	623,358	533,576
Travel, lodging & meals	39,869	45,400	5,744	2,280	5,642	98,935	141,479
Space rental & maintenance	90,205	65,567	2,876	-	1,813	160,461	144,783
Printing	34,983	18,583	18,900	20,076	20,749	113,291	104,047
Equipment rental & maintenance	33,902	33,825	-	-	1,341	69,068	74,154
Delivery	35,616	13,144	2,556	31,917	5,578	88,811	94,920
Supplies	14,594	9,613	1,310	-	7,231	32,748	61,680
Telephone	14,320	1,228	9,573	-	4,689	29,810	24,812
Professional fees	36,364	-	-	-	-	36,364	31,592
Amortization	29,487	-	-	-	-	29,487	26,630
Bank charges, interest, foreign exchange	3,326	-	-	-	-	3,326	8,221
Commission and contract expenses	28,921	36,332	-	34,621	-	99,874	78,180
	938,596	396,276	89,930	479,244	198,544	2,102,590	1,974,808
EXCESS OF REVENUE OVER EXPENSES							
(EXPENSES OVER REVENUE)	(430,419)	197,393	4,167	254,757	(4,093)	21,805	9,805

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

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2003

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 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 2002, 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 2002 financial statements with the remaining balance of \$20,000 shown in 2003, 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 2003, 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, 2003

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, 2003

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 2003	Net book value 2002
	\$	\$	\$	\$
Office furniture & equipment	78,191	63,867	14,324	14,667
Computer equipment & software	257,163	179,601	77,562	73,111
Leasehold improvements	31,771	25,256	6,515	9,371
	<u>367,125</u>	<u>268,724</u>	<u>98,401</u>	<u>97,149</u>

ONTARIO LIBRARY ASSOCIATION**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2003

5. Deferred revenue

The deferred portion of the Ontario 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:

	2003	2002
	\$	\$
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 - \$440,452 (2002 - \$348,889).

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:

	<u>\$</u>
2004	35,420
2005	38,930
2006	<u>24,038</u>
	<u>98,388</u>