

Financial Statements of
**ONTARIO LIBRARY
ASSOCIATION**

Year Ended December 31, 2004

FINANCIAL STATEMENT INDEX

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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, 2004 and the statements of general fund operations and changes in fund balance and restricted fund 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, 2004, as well as its operating results and changes in its fund balances for the year then ended in accordance with Canadian generally accepted accounting principles.

Harris Chong & Crewe LLP

CHARTERED ACCOUNTANTS

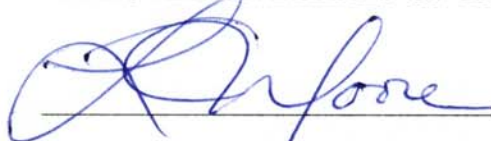
Toronto, Ontario
April 8, 2005

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION AS AT DECEMBER 31, 2004

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2004 \$	TOTAL 2003 \$
ASSETS				
Current Assets				
Cash and equivalents	297,661	-	297,661	281,534
Accounts receivable	365,219	-	365,219	392,002
Inventory (Note 2)	95,613	-	95,613	71,328
Prepaid expenses - conference	122,406	-	122,406	109,626
- contract	249,268	-	249,268	350,224
- other	51,819	-	51,819	38,332
	1,181,986	-	1,181,986	1,243,046
Due from general fund (Note 3)	-	25,992	25,992	-
Capital assets (Notes 2, 4)	79,120	-	79,120	98,401
Long-term investments	-	55,401	55,401	53,611
	1,261,106	81,393	1,342,499	1,395,058
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	330,929	-	330,929	458,074
Deferred revenue - grant (Note 5)	8,950	-	8,950	8,950
- contract	-	-	-	-
- conference (Note 5)	465,442	-	465,442	440,452
	805,321	-	805,321	907,476
Due to restricted funds (Notes 3)	25,992	-	25,992	-
	831,313	-	831,313	907,476
FUND BALANCES				
General Fund	429,793	-	429,793	433,971
Restricted Funds	-	81,393	81,393	53,611
	429,793	81,393	511,186	487,582
	1,261,106	81,393	1,342,499	1,395,058

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

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, 2004**

	2004	2003
	\$	\$
REVENUES (schedule)	2,135,228	2,124,395
EXPENSES (schedule)	2,115,742	2,102,590
OPERATING SURPLUS	19,486	21,805
Balance, beginning of year	433,971	412,166
	453,457	433,971
Transfer to Buller Fund (Note 2)	(23,664)	-
BALANCE, END OF YEAR	429,793	433,971

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, 2004

	SCOTT	BULLER	BAKER	SPECIAL	TOTAL 2004	TOTAL 2003
	\$	\$	\$	\$	\$	\$
REVENUES						
Contributions	125	870	377	5,866	7,238	840
Interest	960	-	1,789	-	2,749	3,766
	1,085	870	2,166	5,866	9,987	4,606
EXPENSES						
Disbursements	3	-	-	5,866	5,869	2,446
OPERATING SURPLUS	1,082	870	2,166	-	4,118	2,160
Balance, beginning of year	24,194	(24,534)	53,951	-	53,611	51,451
	25,276	(23,664)	56,117	-	57,729	53,611
Transfer from General Fund (Note 2)	-	23,664	-	-	23,664	-
BALANCE, END OF YEAR	25,276	-	56,117	-	81,393	53,611

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

ONTARIO LIBRARY ASSOCIATION

SCHEDULE OF EXPENSES – GENERAL FUND FOR THE YEAR ENDED DECEMBER 31, 2004

	Operating Activities \$	Conference \$	Continuing Education \$	Sales Materials \$	Special Projects \$	Total 2004 \$	Total 2003 \$
REVENUES							
Membership	249,377	-	-	-	-	249,377	248,196
Contract administration	149,833	-	-	-	-	149,833	211,828
Registrations fees	-	627,183	130,242	-	91,905	849,330	712,937
Publications & materials	-	-	-	786,519	-	786,519	734,001
Government grant (Note 5)	35,800	-	-	-	-	35,800	88,800
Advertising & fundraising	-	-	-	-	-	-	4,931
Contributions (Note 2)	3,665	60,704	-	-	-	64,369	123,702
	438,675	687,887	130,242	786,519	91,905	2,135,228	2,124,395
EXPENSES							
Salaries & benefits	583,012	-	-	-	-	583,012	521,199
Honoraria & awards	11,062	34,351	23,724	252	12,940	82,329	102,325
Catering	6,992	90,865	20,606	-	6,170	124,633	93,533
Purchased services & materials	11,915	50,867	29,545	400,657	37,399	530,383	623,358
Travel, lodging & meals	39,878	36,204	6,837	7,513	11,302	101,734	98,935
Space rental & maintenance	89,506	54,762	1,647	-	11,090	157,005	160,461
Printing	33,881	26,146	14,494	12,487	13,512	100,520	113,291
Equipment rental & maintenance	25,875	39,277	-	86	1,235	66,473	69,068
Delivery	32,236	22,332	8,832	33,185	6,742	103,327	88,811
Supplies	13,777	19,343	1,668	-	5,170	39,958	32,748
Telephone	13,055	2,006	10,006	-	4,381	29,448	29,810
Professional fees	28,060	-	-	-	-	28,060	36,364
Amortization	28,278	-	-	-	-	28,278	29,487
Bank charges, interest, foreign exchange	11,389	-	-	12,297	-	23,686	3,326
Commission and contract expenses	52,280	15,388	-	49,228	-	116,896	99,874
	981,196	391,541	117,359	515,705	109,941	2,115,742	2,102,590
EXCESS OF REVENUE OVER EXPENSES							
EXPENSES OVER REVENUE	(542,521)	296,346	12,883	270,814	(18,036)	19,486	21,805

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

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

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 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 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 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. In 2004, the Board of Directors passed a resolution to eliminate the deficit by transferring \$23,664 to cover the current balance.

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.

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.

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2004

2. Significant accounting policies (continued)

Revenue recognition

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, which approximates market value.

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. The unamortized balance of leasehold improvements was written off in the current year.

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, 2004

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. Interest charged against the general operating fund amounted to \$960.

4. Capital assets

	Cost	Accumulated Amortization	2004 Net Book Value	2003 Net Book Value
	\$	\$	\$	\$
Office furniture & equipment	81,813	67,456	14,357	14,324
Computer equipment & software	260,555	195,792	64,763	77,562
Leasehold improvements	33,754	33,754	-	6,515
	376,122	297,002	79,120	98,401

ONTARIO LIBRARY ASSOCIATION**NOTES TO FINANCIAL STATEMENTS**

DECEMBER 31, 2004

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:

	2004	2003
	\$	\$
Balance, beginning of year	8,950	8,950
Add: operating grant received	35,800	35,800
Less: amount recognized as revenue in the year	(35,800)	(35,800)
Balance, end of year	8,950	8,950

Deferred conference revenue represents registration fees collected during the current fiscal year for the Association's Super Conference held subsequent to year end - \$465,442 (2003 - \$440,452).

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:

	\$
2005	38,930
2006	24,038
	62,968