

Financial Statements of
**ONTARIO LIBRARY
ASSOCIATION**

Year Ended December 31, 2005

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, 2005 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, 2005, 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 14, 2006

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2005

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2005 \$	TOTAL 2004 \$
ASSETS				
Current Assets				
Cash and equivalents	1,869,947	-	1,869,947	297,661
Accounts receivable	251,317	-	251,317	365,219
Inventory (Note 2)	114,085	-	114,085	95,613
Prepaid expenses - conference	167,096	-	167,096	122,406
- contract	106,127	-	106,127	249,268
- other	25,874	-	25,874	51,819
	2,534,446	-	2,534,446	1,181,986
Due from restricted funds	814	-	814	-
Due from general fund	-	-	-	23,592
Capital assets (Notes 2, 3)	71,826	-	71,826	79,120
Long-term investments	-	98,453	98,453	55,401
	2,607,086	98,453	2,705,539	1,340,099

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, 2005

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2005 \$	TOTAL 2004 \$
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	1,069,272	-	1,069,272	330,929
Deferred revenue				
- grant (Note 4)	8,950	-	8,950	8,950
- Ontario Digital Library / Knowledge Ontario (Note 4)	628,495	-	628,495	-
- conference (Note 4)	446,901	-	446,901	465,442
	2,153,618	-	2,153,618	805,321
Due to general fund	-	814	814	-
Due to restricted funds	-	-	-	23,592
	2,153,618	814	2,154,432	828,913
FUND BALANCES				
General Fund	453,468	-	453,468	432,193
Restricted Funds	-	97,639	97,639	78,993
	453,468	97,639	551,107	511,186
	2,607,086	98,453	2,705,539	1,340,099

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, 2005

	2005 \$	2004 \$
REVENUES (schedule)	2,405,765	2,135,228
EXPENSES (schedule)	2,384,490	2,113,342
OPERATING SURPLUS	21,275	21,886
Balance, beginning of year	432,193	433,971
	453,468	455,857
Transfer to Buller Fund	-	(23,664)
BALANCE, END OF YEAR	453,468	432,193

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, 2005**

	SCOTT	BULLER	BAKER	SPECIAL	LARRY MOORE FUND	AFRICA PROJECT	TOTAL 2005	TOTAL 2004
	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES								
Contributions	1,250	345	525	5,986	10,569	7,465	26,140	7,238
Interest	1,244	16	2,263	6	496	350	4,375	2,749
	2,494	361	2,788	5,992	11,065	7,815	30,515	9,987
EXPENSES								
Disbursements	3	-	6,000	5,866	-	-	11,869	8,269
OPERATING SURPLUS	2,491	361	(3,212)	126	11,065	7,815	18,646	1,718
Balance, beginning of year	25,276	-	53,717	-	-	-	78,993	53,611
Transfer from General Fund (Note 2)	27,767	361	50,505	126	11,065	7,815	97,639	55,329
	-	-	-	-	-	-	-	23,664
BALANCE, END OF YEAR	27,767	361	50,505	126	11,065	7,815	97,639	78,993

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, 2005

	Operating Activities	Conference	Continuing Education	Sales Materials	Special Projects	Total 2005	Total 2004
	\$	\$	\$	\$	\$	\$	\$
REVENUES							
Membership	330,211	-	-	-	-	330,211	249,377
Contract administration	188,764	-	-	-	-	188,764	149,833
Registration fees	-	651,363	173,851	-	133,502	958,716	849,330
Publications & materials	-	-	-	785,400	-	785,400	786,519
Government grant (Note 4)	35,800	-	-	-	-	35,800	35,800
Contributions (Note 2)	548	106,326	-	-	-	106,874	64,369
	555,323	757,689	173,851	785,400	133,502	2,405,765	2,135,228
EXPENSES							
Salaries & benefits	598,969	-	-	-	-	598,969	583,012
Honoraria & awards	14,220	37,982	59,229	(148)	11,664	122,947	79,929
Catering	5,217	127,733	11,302	-	9,364	153,616	124,633
Purchased services & materials	21,013	46,786	8,009	439,339	77,232	592,379	530,383
Travel, lodging & meals	45,745	44,444	14,873	4,632	17,763	127,457	101,734
Space rental & maintenance	91,089	79,375	2,623	-	5,450	178,537	157,005
Printing	43,284	32,074	-	21,973	17,561	114,892	100,520
Equipment rental & maintenance	24,421	72,854	-	294	6,715	104,284	66,473
Delivery	33,942	7,394	21,049	37,902	3,636	103,923	103,327
Supplies	12,393	14,948	430	-	18,893	46,664	39,958
Telephone	13,675	2,393	27,713	-	5,533	49,314	29,448
Professional fees	41,861	-	-	-	-	41,861	28,060
Amortization	17,958	-	-	-	-	17,958	28,278
Bank charges, interest, foreign exchange	9,996	-	-	6,776	-	16,772	23,686
Commission and contract expenses	17,980	41,277	-	46,708	8,952	114,917	116,896
	991,763	507,260	145,228	557,476	182,763	2,384,490	2,113,342
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	(436,440)	250,429	28,623	227,924	(49,261)	21,275	21,886

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

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2005

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.

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. 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.

The Larry Moore Fund was established to honour the 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 Larry Moore and a committee of his choice.

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, 2005

2. Significant accounting policies (continued)

Revenue recognition

The Ontario Ministry of Culture 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

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.

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

2. Significant accounting policies (continued)

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. Capital assets

	Cost \$	Accumulated Amortization \$	2005 Net Book Value \$	2004 Net Book Value \$
Office furniture & equipment	82,803	70,527	12,276	14,357
Computer equipment & software	270,229	210,679	59,550	64,763
	353,032	281,206	71,826	79,120

4. Deferred revenue

Ontario operating grant

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 operating grant transactions for the year:

	2005 \$	2004 \$
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

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2005

4. **Deferred revenue (continued)**

Ontario Digital Library / Knowledge Ontario

The Association received a special grant of \$700,000 from the Ontario Ministry of Culture to fund development of the Ontario Digital Library, now re-positioned as Knowledge Ontario. Of this amount, \$71,505 has been spent to-date, and it is anticipated that the balance will be expended by September, 2006.

Conference revenue

Deferred conference revenue represents registration fees collected during the current fiscal year for the Association's Super Conference held subsequent to year end - \$446,901 (2004 - \$465,442).

5. **Subsequent event**

Subsequent to the year end, the Association received a grant of \$8,000,000 from the Ontario Ministry of Culture.