

Financial Statements of
**ONTARIO LIBRARY
ASSOCIATION**
Year Ended December 31, 2006

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, 2006 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, 2006, 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

HARRIS CHONG & CREWE LLP
Chartered Accountants
Licensed Public Accountants

Toronto, Ontario
April 13, 2007

ONTARIO LIBRARY ASSOCIATION**STATEMENT OF FINANCIAL POSITION**

AS AT DECEMBER 31, 2006

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2006 \$	TOTAL 2005 \$
ASSETS				
Current Assets				
Cash and equivalents	8,549,517	-	8,549,517	1,869,947
Accounts receivable	832,290	-	832,290	251,317
Inventory (Note 2)	93,622	-	93,622	114,085
Prepaid expenses - conference	88,493	-	88,493	167,096
- contract	106,127	-	106,127	106,127
- other	34,976	-	34,976	25,874
	9,705,025	-	9,705,025	2,534,446
Due from restricted funds	-	-	-	814
Due from general fund	-	4,240	4,240	-
Capital assets (Notes 2, 3)	103,910	-	103,910	71,826
Long-term investments	-	103,036	103,036	98,453
	9,808,935	107,276	9,916,211	2,705,539

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, 2006

	GENERAL FUND \$	RESTRICTED FUNDS \$	TOTAL 2006 \$	TOTAL 2005 \$
LIABILITIES				
Current Liabilities				
Accounts payable and accruals	898,409	-	898,409	1,069,272
Due to Ontario Digital Library / Knowledge Ontario (Note 4)	7,806,769	-	7,806,769	628,495
Deferred revenue (Note 5)				
- grant	8,950	-	8,950	8,950
- conference	517,502	-	517,502	446,901
	9,231,630	-	9,231,630	2,153,618
Due to general fund	-	-	-	814
Due to restricted funds	4,240	-	4,240	-
	9,235,870	-	9,235,870	2,154,432
FUND BALANCES				
General Fund	573,065	-	573,065	453,468
Restricted Funds	-	107,276	107,276	97,639
	573,065	107,276	680,341	551,107
	9,808,935	107,276	9,916,211	2,705,539

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, 2006

	2006 \$	2005 \$
REVENUES (schedule)	2,670,483	2,405,765
EXPENSES (schedule)	2,550,886	2,384,490
OPERATING SURPLUS	119,597	21,275
Balance, beginning of year	453,468	432,193
BALANCE, END OF YEAR	573,065	453,468

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, 2006

	SCOTT	BULLER	BAKER	SPECIAL	LARRY MOORE FUND	AFRICA PROJECT	FLEMING FUND	TOTAL 2006	TOTAL 2005
	\$	\$	\$	\$	\$	\$	\$	\$	\$
REVENUES									
Contributions	125	225	50	910	2,750	39,946	4,265	48,269	26,140
Interest	1,245	26	2,167	46	616	292	191	4,583	4,375
	1,370	251	2,217	956	3,366	40,238	4,456	52,852	30,515
EXPENSES									
Disbursements	-	-	2,000	-	-	41,217	-	43,217	11,869
OPERATING SURPLUS	1,370	251	217	956	3,366	(979)	4,456	9,637	18,646
Balance, beginning of year	27,767	361	50,505	126	11,065	7,815	-	97,639	78,993
BALANCE, END OF YEAR	29,137	612	50,722	1,082	14,431	6,836	4,456	107,276	97,639

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, 2006

	Operating Activities \$	Conference \$	Continuing Education \$	Sales Materials \$	Special Projects \$	Total 2006 \$	Total 2005 \$
REVENUES							
Membership	290,529	-	-	-	-	290,529	330,211
Contract administration	133,763	-	-	-	-	133,763	188,764
Registration fees	-	788,893	222,859	-	129,056	1,140,808	958,716
Publications & materials	-	-	-	968,620	-	968,620	785,400
Government grant (Note 4)	47,161	-	-	-	-	47,161	35,800
Advertising & fund raising	2,455	-	6,100	-	-	8,555	-
Contributions (Note 2)	10	79,527	774	-	736	81,047	106,874
	473,918	868,420	229,733	968,620	129,792	2,670,483	2,405,765
EXPENSES							
Salaries & benefits	632,812	-	-	-	-	632,812	598,969
Honoraria & awards	6,993	47,398	82,908	2,092	6,820	146,211	122,947
Catering	7,617	100,069	10,714	-	8,668	127,068	153,616
Purchased services & materials	2,474	57,508	18,235	560,402	97,251	735,870	592,379
Travel, lodging & meals	42,099	69,483	7,916	2,328	27,874	149,700	127,457
Space rental & maintenance	120,785	80,029	300	-	1,200	202,314	178,537
Printing	34,926	16,357	27,812	7,104	6,955	93,154	114,892
Equipment rental & maintenance	23,175	67,923	-	-	4,934	96,032	104,284
Delivery	47,531	10,276	10,826	35,667	4,947	109,247	103,923
Supplies	5,908	19,150	2,022	-	7,138	34,218	46,664
Telephone	15,221	2,651	43,383	-	12,469	73,724	49,314
Professional fees	38,054	-	-	-	-	38,054	41,861
Amortization	25,979	-	-	-	-	25,979	17,958
Bank charges, interest, foreign exchange	(36,580)	-	-	14,386	-	(22,194)	16,772
Commission and contract expenses	14,942	19,000	-	68,755	6,000	108,697	114,917
	981,936	489,844	204,116	690,734	184,256	2,550,886	2,384,490
EXCESS OF REVENUE OVER EXPENSES (EXPENSES OVER REVENUE)	(508,018)	378,576	25,617	277,886	(54,464)	119,597	21,275

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

ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS DECEMBER 31, 2006

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.

The Marjorie Fleming Fund has been 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 FINANCIAL STATEMENTS

DECEMBER 31, 2006

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.

Computer equipment & software	20% declining method
Office furniture & equipment	20% declining method

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, 2006

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	2006 Net Book Value	2005 Net Book Value
	\$	\$	\$	\$
Office furniture & equipment	115,831	79,588	36,243	12,276
Computer equipment & software	295,265	227,598	67,667	59,550
	411,096	307,186	103,910	71,826

4. Ontario Digital Library / Knowledge Ontario

During 2005, 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. During 2006, an additional grant of \$8,000,000 was received to fund further development of Knowledge Ontario. Of this amount \$893,231 has been spent to date. As long as Knowledge Ontario remains an OLA project, the Association is expected to manage these funds. It is understood that when Knowledge Ontario is incorporated as a separate entity and suitable management processes have been put in place, the funds will be transferred to the new corporation.

ONTARIO LIBRARY ASSOCIATION**NOTES TO FINANCIAL STATEMENTS**DECEMBER 31, 2006

5. 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:

	2006	2005
	\$	\$
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

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 - \$517,502 (2005 - \$446,901).

6. Contractual commitments

The Association is committed to a lease for premises occupied until July 31, 2013 at varying amounts ranging from approximately \$48,500 to \$81,500 annually. The Association has the option to renew for a further seven year period.

7. Changes in financial position

A statement of cash flows has not been prepared, as it would not provide any additional meaningful information.