

ONTARIO LIBRARY ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND BOARD OF DIRECTORS OF ONTARIO LIBRARY ASSOCIATION

Report on the Financial Statements

We have audited the accompanying financial statements of Ontario Library Association, which comprise the statement of financial position as at December 31, 2013 and the statements of operations and changes in net assets - general fund, restricted fund revenues and expenses and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Ontario Library Association as at December 31, 2013 and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

In accordance with the Corporations Act (Ontario), we report that the Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

Clarke Henning LLP

CHARTERED ACCOUNTANTS
Licensed Public Accountants

Toronto, Ontario
May 21, 2014




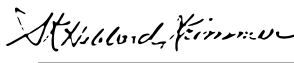
ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2013

	2013	2012
		<i>(note 10)</i>
ASSETS		
Current assets		
Cash	\$ 611,691	\$ 287,140
Short term investments <i>(note 2)</i>	203,085	100,954
Accounts receivable <i>(note 3)</i>	531,133	674,109
Inventory	75,329	77,616
Prepaid expenses - conference	80,177	141,626
- other	18,687	22,302
	<u>1,520,102</u>	<u>1,303,747</u>
Long-term assets		
Investments <i>(note 2)</i>	393,802	650,023
Loan receivable <i>(note 4)</i>	50,000	-
Capital assets <i>(note 5)</i>	258,070	233,344
	<u>701,872</u>	<u>883,367</u>
	<u>2,221,974</u>	<u>2,187,114</u>
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities <i>(note 6)</i>	505,677	252,087
Deferred revenue	796,886	710,221
	<u>1,302,563</u>	<u>962,308</u>
NET ASSETS		
Restricted fund	129,531	140,919
General fund	789,880	1,083,887
	<u>919,411</u>	<u>1,224,806</u>
	<u>\$ 2,221,974</u>	<u>\$ 2,187,114</u>

Approved on behalf of the Board of Directors:

 , Member  , Member

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2013

	2013	2012
		(note 10)
Revenues		
Membership	\$ 329,689	\$ 260,541
Conference	1,178,237	1,143,313
Continuing education	157,891	165,410
Publications	445,612	428,753
Contract administration	146,033	151,854
Programs and projects	353,502	365,228
Government grants	35,800	35,800
Contributions	1,129	5,076
Investment income	13,256	14,516
Other income	65,214	53,821
	<u>2,726,363</u>	<u>2,624,312</u>
Expenses		
Salaries and benefits	945,679	913,317
Conference	633,701	500,828
Continuing education	160,868	156,440
Publications	377,934	361,410
Programs and projects	347,366	297,250
Provision for doubtful accounts	109,932	-
Honoraria and awards	9,261	32,547
Catering	11,746	12,946
Purchased services and materials	17,521	9,571
Travel, lodging and meals	49,957	59,649
Occupancy costs	131,929	138,715
Equipment rental and maintenance	23,686	31,686
Supplies, printing, delivery, etc.	23,762	20,769
Telephone	11,938	8,583
Professional fees	50,243	30,919
Depreciation	67,364	60,139
Bank charges, credit card fees and foreign exchange	47,483	54,367
	<u>3,020,370</u>	<u>2,689,136</u>
Deficiency of revenues over expenses for the year	(294,007)	(64,824)
Net assets - general fund - at beginning of year	1,083,887	1,148,711
Net assets - general fund - at end of year	<u>\$ 789,880</u>	<u>\$ 1,083,887</u>

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF RESTRICTED FUND REVENUES AND EXPENSES AND CHANGES IN NET ASSETS

YEAR ENDED DECEMBER 31, 2013

	Scott Fund	Baker Fund	Special Fund	Larry Moore Fund	Africa Project Fund	Fleming Fund	Total	
							2013	2012
								<i>(note 10)</i>
Revenues								
Investment income	\$ 2,569	\$ 3,449	\$ 91	\$ 2,073	\$ -	\$ 457	\$ 8,639	\$ 4,579
Expenses								
Disbursements	-	5,000	-	-	15,027	-	20,027	2,000
Excess (deficiency) of revenues over expenses for the year	2,569	(1,551)	91	2,073	(15,027)	457	(11,388)	2,579
Net assets - at beginning of year	36,695	51,756	1,304	29,610	15,027	6,527	140,919	138,340
Net assets - at end of year	\$ 39,264	\$ 50,205	\$ 1,395	\$ 31,683	\$ -	\$ 6,984	\$ 129,531	\$ 140,919

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2013

	2013	2012
		(note 10)
Cash flows from operating activities		
Excess of revenues over expenses for the year	\$ (294,007)	\$ (64,825)
Add back items not affecting cash		
Depreciation	67,364	60,139
Provision for doubtful accounts	109,932	-
	(116,711)	(4,686)
Change in non-cash working capital balances		
Decrease in accounts receivable	25,463	3,225
Decrease (increase) in prepaid expenses	65,064	(80,527)
Decrease (increase) in inventory	2,287	(27,061)
Increase (decrease) in accounts payable and accrued liabilities	261,172	(359,325)
Increase (decrease) in deferred revenue	86,665	(58,790)
	440,651	(522,478)
Cash flows from investing and financing activities		
(Increase) decrease in short term investments	(102,132)	203,530
Decrease (increase) in long term investments	256,221	(212,347)
Purchase of property and equipment	(92,090)	(114,107)
(Increase) in loan receivable	(50,000)	-
(Decrease) increase in restricted funds	(11,388)	2,579
	611	(120,345)
Change in cash during the year	324,551	(647,509)
Cash - at beginning of year	287,140	934,649
Cash - at end of year	\$ 611,691	\$ 287,140

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

The Ontario Library Association (the "Association" or "OLA"), through leadership and collaboration, is a centre of excellence for the library and information sector. OLA enables members, through their shared values, dynamic expertise and collective wisdom to:

- advocate the democratic right of all individuals in Ontario to have free and equitable access to information
- research and develop innovative programs and services to meet the challenges of change in the delivery and use of information
- deliver exemplary library and information services throughout Ontario

The Association is a not-for-profit organization incorporated on April 29, 1969 as a corporation without share capital under the laws of the Province of Ontario. It is also a registered charitable organization under the Income Tax Act (the "Act") and, as such, is generally exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Association must meet certain requirements within the Act. In the opinion of management, those requirements have been met.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared using Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Basis of Accounting

The General Fund accounts for the day-to-day service delivery activities of the Association.

The Board of Directors of the Association has internally restricted net assets to be used for specific purposes. These funds are not available for operating purposes without approval of the Board of Directors. The details of internally restricted funds are as follows:

The Margaret Scott Memorial Fund is an internally restricted fund for scholarships awarded to librarians for their attendance at continuing education, networking events and research.

The OLA Dr. Janette Baker Scholarship Fund is an internally restricted fund for scholarships awarded to individuals with previous work experience to attend recognized library and information science programs.

The Special Fund is an internally restricted fund to support libraries that have suffered misfortune or disaster.

The Larry Moore Fund is an internally restricted fund that was established to honour the former Executive Director of the Association on his twentieth anniversary in the position. The ends to which the funds will be directed are to be determined by a Jury appointed by OLA Board of Directors as described in the terms of reference ratified by the OLA Board of Directors in 2008.

The OLA Africa Project Fund is an internally restricted fund that was established to provide programs, services and structures that will lead to the improvement of children's lives in Africa. During the year, the Board of Directors approved to donate the remaining funds and close the fund.

The Majorie Fleming Fund is an internally restricted fund that was 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 THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Assets and Liabilities

The Association initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash, short term investments, accounts receivable, long term investments, loan receivable and accounts payable and accrued liabilities.

Capital Assets

Capital assets are recorded at cost. Depreciation is provided on a declining balance basis over their estimated useful lives at the following annual rates:

Furniture and equipment	- 20% declining balance
Computer equipment and software	- 20% declining balance

Leasehold improvements are amortized on a straight line basis over the term of the lease.

The above rates are reviewed annually to ensure they are appropriate. Any changes are adjusted for on a prospective basis. If there is an indication that the assets may be impaired, an impairment test is performed that compares carrying amount to net recoverable amount. There were no impairment indicators in 2013.

Inventory

Publications and items held for resale are valued at the lower of cost and net realizable value. Cost is determined on a first-in, first-out basis. Net realizable value is determined by reference to selling price less costs to sell.

Revenue Recognition

Membership

Membership fees cover the twelve month period following the date of receipt and acceptance by the Association.

Activities - Conference and Continuing Education

Revenues and expenses from activities are recorded in the period in which the activity takes place except for certain expenses which are recorded as incurred. Revenues received in the current year, applicable to the subsequent year are recorded as deferred revenue on the statement of financial position and will be accounted for income in the year to which they pertain.

Publications

Publications revenue is recognized when the items are shipped.

ONTARIO LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition (continued)

Contributions and Grants

The Association follows the deferral method of accounting for contributions which include government grants and other contributions. Operating grants are recorded as revenue in the year in which the related expenses are incurred. Where a portion of grant relates to a future period, it is deferred and recognized in that subsequent period.

Investment Income

Investment income is recognized as revenue when earned.

Other Income

All other sources of revenues are recognized as revenue when the event takes place, services are performed, or goods have been delivered or as earned.

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the exchange rates prevailing at the balance sheet date. Revenues and expenses are translated from foreign currencies at the exchange rates prevailing on the transaction date. Any resulting gains or losses are included in income for the year.

Contributed Services

Volunteers contribute significant amounts of time to assist the Association in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed goods and services are not recognized in the financial statements.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year.

Key areas where management has made difficult, complex or subjective judgments, often as a result of matters that are uncertain, include, among others, valuation of accounts receivable, useful lives for depreciation of capital assets and other assets and liabilities valuation. Actual results could differ from these and other estimates, the impact of which would be recorded in future periods.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

2. INVESTMENTS

Details of investments are as follows:

	2013		2012	
	Amortized Cost	Effective Yield (%)	Amortized Cost	Effective Yield (%)
Short term				
Guaranteed investment certificates with maturity of less than 1 year	\$ 203,085	2.22	\$ 100,954	2.06
Long term				
Guaranteed investment certificates and government bonds with maturity over 1 year	393,802	2.59	650,023	2.51
	<u>\$ 596,887</u>		<u>\$ 750,977</u>	

Investment Risk Management

Risk management relates to the understanding and active management of risks associated with all areas of the Association's activities and operations. Investments are primarily exposed to interest rate and price risks. The Association has formal policies and procedures for investment transactions. Investments are made on the advice of an investment advisor.

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rate will affect the value of fixed income investments held by the Association. The value of fixed income investments will generally rise if interest rates fall and decrease if interest rates rise. The Association is exposed to interest rate risk on its fixed income investments.

Price Risk

The Association is exposed to price risk, which is the potential loss that the Association may incur with respect to the changes in the fair value of investments. The fair value of investments will fluctuate because of changes in market price whether those changes are caused by factors specific to the individual investments, or its issuers or factors affecting all investments traded in the market.

3. ACCOUNTS RECEIVABLE

As at December 31, 2013, the carrying amount of impaired receivables totalled \$109,932 (2012 - \$NIL). These accounts receivable are presented net of an allowance for doubtful accounts of \$109,932 (2012 - \$NIL).

4. LOAN RECEIVABLE

During the year, the Association's Board of Directors approved a loan in the amount of \$50,000 to OurDigitalWorld Organization. The loan is non-interest bearing and due on January 1, 2017, with an option to renew. The renewal terms or decision to accept repayment will be at the discretion of the Association's future Board of Directors.

ONTARIO LIBRARY ASSOCIATION
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2013

5. *CAPITAL ASSETS*

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2013</i>	<i>2012</i>
Furniture and equipment	\$ 173,887	\$ 130,998	\$ 42,889	\$ 17,291
Computer equipment and software	652,764	443,886	208,878	213,273
Leasehold improvements	7,879	1,576	6,303	2,780
	\$ 834,530	\$ 576,460	\$ 258,070	\$ 233,344

6. *ACCOUNTS PAYABLE AND ACCRUED LIABILITIES*

Accounts payable and accrued liabilities include government remittances totalling \$37,000 at December 31, 2013 (\$52,280 - 2012).

7. *FINANCIAL INSTRUMENTS AND RISK EXPOSURE*

The Association is exposed to various risks through its financial instruments. The following analysis provides a measure of the Association's risk exposure at the statement of financial position date.

Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association's main credit risk relates to accounts receivable. The Association mitigates credit risk by performing credit checks and imposing credit limits. Management has included adequate provision for doubtful accounts receivable in these financial statements.

Liquidity Risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. The Association expects to meet these obligations as they come due by generating sufficient cash flows from operations.

Market Risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Association is not exposed to significant currency risk. Interest rate and price risks are disclosed in note 2.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2013

8. LEASE COMMITMENTS

The Association has commitments under operating leases for premises and equipment. The premise lease expires on July 31, 2023, with an option to renew for a further five year term. The minimum annual payments under the leases are as follows:

		<i>Premises</i>	<i>Equipment</i>
Fiscal year	2014	\$ 67,032	\$ 7,950
	2015	67,032	6,668
	2016	67,032	3,120
	2017	67,032	-
	2018	69,972	-
	2019 and thereafter	339,570	-
		<u>\$ 677,670</u>	<u>\$ 17,738</u>

In addition, the Association is responsible for its share of annual operating costs and realty taxes for its office premises, which in 2013 were approximately \$80,000 (\$85,000 - 2012).

9. GUARANTEES AND INDEMNITIES

The Association has indemnified its past, present and future directors, officers and volunteers against expenses (including legal expenses), judgments and any amount actually or reasonably incurred by them in connection with any action, suit or proceeding, subject to certain restrictions, in which they are such as a result of their involvement with Association, if they acted honestly and in good faith with the best interest of the Association. The Association has purchased directors' and officers' liability insurance to mitigate the cost of any potential future suits and actions, but there is no guarantee that the coverage will be sufficient should any action arise.

In the normal course of business, the Association has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements and sales and purchase contracts. In these agreements, the Association agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Association. The terms of these indemnities are not explicitly defined and the maximum amount of any potential liability cannot be reasonably estimated.

10. COMPARATIVE FIGURES

The comparative figures as at and for the year ended December 31, 2012 were reported upon by another firm of chartered accountants and issued an unmodified audit report dated May 22, 2013. Certain of the comparative figures in the Statement of Financial Position and the Statement of Operations have been reclassified to conform with the financial statement presentation adopted for the current year.