

ONTARIO LIBRARY ASSOCIATION
FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2014

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INDEPENDENT AUDITOR'S REPORT

TO THE MEMBERS AND BOARD OF DIRECTORS OF ONTARIO LIBRARY ASSOCIATION

We have audited the accompanying financial statements of Ontario Library Association, which comprise the statement of financial position as at December 31, 2014 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, 2014 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

Toronto, Ontario
May 29, 2015

CHARTERED ACCOUNTANTS
Licensed Public Accountants

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

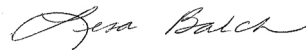
AS AT DECEMBER 31, 2014

	2014	2013
ASSETS		
Current assets		
Cash	\$ 853,242	\$ 611,691
Short term investments (note 2)	101,846	203,085
Accounts receivable (note 3)	549,253	531,133
Inventory	91,993	75,329
Prepaid expenses - conference	38,275	80,177
- other	11,721	18,687
	1,646,330	1,520,102
Long-term assets		
Investments (note 2)	395,762	393,802
Loan receivable (note 4)	50,000	50,000
Capital assets (note 5)	210,420	258,070
	656,182	701,872
	2,302,512	2,221,974
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (note 6)	660,814	505,675
Deferred revenue	752,373	796,886
	1,413,187	1,302,561
NET ASSETS		
General fund	761,344	789,882
Restricted fund	127,981	129,531
	889,325	919,413
	\$ 2,302,512	\$ 2,221,974

Approved on behalf of the Board of Directors:



_____, President



_____, Treasurer

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS - GENERAL FUND

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Revenues		
Membership	\$ 341,366	\$ 329,689
Conference	1,144,947	1,175,672
Continuing education	166,890	157,891
OLA store - publications and merchandise	393,835	445,612
Contract administration	137,519	146,033
Programs and projects (<i>note 7</i>)	440,618	353,502
Government grants	39,175	35,800
Contributions	5,314	1,129
Investment income	10,017	13,256
Other income	64,349	67,780
	2,744,030	2,726,364
Expenses		
Salaries and benefits	888,669	945,679
Conference	605,266	633,701
Continuing education	81,638	161,151
Publications	288,254	377,934
Programs and projects	284,939	347,013
Provision for doubtful accounts	86,514	109,932
Honoraria and awards	17,958	9,261
Catering	22,116	12,099
Purchased services and materials	63,801	17,521
Travel, lodging and meals	57,211	49,673
Occupancy costs	128,796	131,929
Equipment rental and maintenance	38,470	23,686
Supplies, printing, delivery, etc.	20,309	23,762
Telephone	9,791	11,938
Professional fees	75,475	50,243
Depreciation	52,999	67,364
Bank charges, credit card fees and foreign exchange	50,362	47,483
	2,772,568	3,020,369
Deficiency of revenues over expenses for the year	(28,538)	(294,005)
Net assets - general fund - at beginning of year	789,882	1,083,887
Net assets - general fund - at end of year	\$ 761,344	\$ 789,882

ONTARIO LIBRARY ASSOCIATION

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

YEAR ENDED DECEMBER 31, 2014

	Scott Fund	Baker Fund	Special Fund	Larry Moore Fund	Fleming Fund	Total	
						2014	2013
Revenues							
Contributions	\$ -	\$ 800	\$ -	\$ -	\$ -	\$ 800	\$ -
Investment income	819	995	29	661	146	2,650	8,639
	819	1,795	29	661	146	3,450	8,639
Expenses							
Disbursements	-	5,000	-	-	-	5,000	20,027
Excess (deficiency) of revenues over expenses for the year	819	(3,205)	29	661	146	(1,550)	(11,388)
Net assets - at beginning of year	39,264	50,205	1,395	31,683	6,984	129,531	140,919
Net assets - at end of year	\$ 40,083	\$ 47,000	\$ 1,424	\$ 32,344	\$ 7,130	\$ 127,981	\$ 129,531

ONTARIO LIBRARY ASSOCIATION

STATEMENT OF CASH FLOWS

YEAR ENDED DECEMBER 31, 2014

	2014	2013
Cash flows from operating activities		
Deficiency of revenues over expenses for the year	\$ (28,538)	\$ (294,007)
Add back items not affecting cash		
Depreciation	52,999	67,364
Provision for doubtful accounts	-	109,932
	24,461	(116,711)
Change in non-cash working capital balances		
(Increase) decrease in accounts receivable	(18,120)	25,463
(Increase) decrease in prepaid expenses	48,868	65,064
(Increase) decrease in inventory	(16,664)	2,287
Increase in accounts payable and accrued liabilities	155,136	261,172
(Decrease) Increase in deferred revenue	(44,513)	86,665
	124,707	440,651
Cash flows from investing and financing activities		
Decrease (increase) in short term investments	101,239	(102,132)
(Increase) decrease in long term investments	(1,959)	256,221
Purchase of property and equipment	(5,349)	(92,090)
(Increase) in loan receivable	-	(50,000)
(Decrease) in restricted funds	(1,548)	(11,388)
	92,383	611
Change in cash during the year	241,551	324,551
Cash - at beginning of year	611,691	287,140
Cash - at end of year	\$ 853,242	\$ 611,691

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

The Ontario Library Association's (the "Association" or "OLA") vision: All Ontarians are free to imagine, learn and discover, and recognize and celebrate library and information services as an essential resource for realizing individual aspirations and developing communities.

The 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 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, 2014

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.

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.

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 2014.

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

OLA store publications and merchandise revenue is recognized when the items are shipped.

ONTARIO LIBRARY ASSOCIATION

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED DECEMBER 31, 2014

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 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 date of the statement of financial position. 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, deferred revenue 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, 2014

2. INVESTMENTS

Details of investments are as follows:

	2014		2013	
	Amortized Cost	Effective Yield (%)	Amortized Cost	Effective Yield (%)
Short term				
Guaranteed investment certificates with maturity of less than 1 year	\$ 101,846	2.30	\$ 203,085	2.22
Long term				
Guaranteed investment certificates and government bonds with maturity over 1 year	395,763	2.71	393,802	2.59
	\$ 497,609		\$ 596,887	

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. 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, 2014, the carrying amount of impaired receivables totalled \$NIL (2013 - \$109,932). These accounts receivable are presented net of an allowance for doubtful accounts of \$NIL (2013 - \$109,932).

4. LOAN RECEIVABLE

In 2013, 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, 2014

5. CAPITAL ASSETS

Details of capital assets are as follows:

	<i>Cost</i>	<i>Accumulated Depreciation</i>	<i>Net Book Value</i>	
			<i>2014</i>	<i>2013</i>
Furniture and equipment	\$ 173,887	\$ 139,576	\$ 34,311	\$ 42,889
Computer equipment and software	658,113	486,732	171,381	208,878
Leasehold improvements	7,879	3,151	4,728	6,303
	\$ 839,879	\$ 629,459	\$ 210,420	\$ 258,070

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

Accounts payable and accrued liabilities include government remittances totalling \$33,120 at December 31, 2014 (\$37,000 - 2013).

7. PROGRAMS AND PROJECTS

Programs and projects include the Forest of Reading Program, Festival of Trees and other special projects.

8. 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, 2014

9. 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	2015	\$ 67,032	\$ 6,668
	2016	67,032	3,120
	2017	67,032	-
	2018	69,972	-
	2019	74,088	-
	2020 and thereafter	265,482	-
		<u>\$ 610,638</u>	<u>\$ 9,788</u>

In addition, the Association is responsible for its share of annual operating costs and realty taxes for its office premises, which in 2014 were approximately \$61,800 (\$80,000 - 2013).

10. 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.