

ONTARIO LIBRARY ASSOCIATION

FINANCIAL STATEMENTS

AUGUST 31, 2021

HILBORNLLP

Independent Auditor's Report

To the Members and Board of Directors of Ontario Library Association

Opinion

We have audited the financial statements of Ontario Library Association (the "Association"), which comprise the statement of financial position as at August 31, 2021, 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 notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the ability of the Association to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Association.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 internal control of the Association.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the ability of the Association to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
February 9, 2022

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO LIBRARY ASSOCIATION

Statement of Financial Position

August 31	2021 \$	2020 \$
ASSETS		
Current assets		
Cash	936,733	443,703
Short-term investments (note 3)	292,191	447,828
Accounts receivable (note 4)	424,801	306,136
Inventory	89,646	71,791
Prepaid expenses - conference - other	- 28,000	313 102,738
	1,771,371	1,372,509
Long-term assets		
Long-term investments (note 3)	205,181	144,232
Loan receivable	-	3,738
Capital assets (note 5)	15,216	18,599
Intangible assets (note 6)	65,290	81,612
Assets under capital lease (note 7)	4,317	5,816
	290,004	253,997
	2,061,375	1,626,506
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities	161,819	167,231
Capital lease obligation (note 8)	2,504	2,433
Deferred revenue (note 9)	25,991	5,682
	190,314	175,346
Long-term liabilities		
Capital lease obligation (note 8)	1,278	3,782
	191,592	179,128
NET ASSETS		
General fund	1,642,511	1,228,795
Internally restricted funds	61,815	59,512
Externally restricted funds	165,457	159,071
	1,869,783	1,447,378
	2,061,375	1,626,506

The accompanying notes are an integral part of these financial statements

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 August 31	2021 \$	2020 \$
Revenue		
Membership	166,311	270,026
Conference	808,604	1,358,300
Continuing education	96,000	48,979
The Library Marketplace - publications and merchandise	141,745	216,355
Contract administration (Digital Skills for Youth)	-	9,904
Programs and projects (note 10)	265,070	323,792
Government grants (note 11)	40,300	40,300
Contributions	36,861	17,500
Investment income	2,682	8,726
Other income (note 12)	143,576	126,664
	1,701,149	2,420,546
Expenses		
Salaries and benefits	848,306	1,124,462
Conference	143,109	643,943
Continuing education	11,846	17,410
The Library Marketplace - publications and merchandise	108,495	149,498
Programs and projects (note 10)	144,716	182,982
Provision for doubtful accounts	20,564	38,630
Honoraria and awards	4,628	7,429
Catering	-	10,351
Purchased services and materials	173,306	144,786
Travel, lodging and meals	(1,096)	32,158
Occupancy costs	145,957	162,961
Equipment rental and maintenance	18,914	35,360
Supplies, printing, delivery, etc.	5,427	11,309
Telephone	12,449	10,056
Professional fees	33,918	47,274
Amortization of intangible assets	16,322	20,403
Depreciation of capital assets	4,883	6,101
Bank charges and credit card fees	19,017	9,314
Foreign exchange	29,329	17,654
	1,740,090	2,672,081
Excess of expenses over revenues for year before the following:	(38,941)	(251,535)
Government assistance (note 13)	467,460	264,399
Write off of intangible assets	-	(23,883)
	467,460	240,516
Excess of revenues over expenses (expenses over revenues) for year	428,519	(11,019)
Net assets - general fund - at beginning of year	1,228,795	1,258,965
Transfer to internally restricted fund	(2,303)	(19,151)
Transfer to externally restricted fund	(12,500)	-
Net assets - general fund - at the end of year	1,642,511	1,228,795

The accompanying notes are an integral part of these financial statements

ONTARIO LIBRARY ASSOCIATION

Statement of Restricted Fund Revenues and Expenses and Changes in Net Assets

Year ended August 31, 2021

	Internally Restricted					Externally Restricted									
	Special Fund	Larry Moore Fund	OLA Mentoring Fund	I Read Canadian Fund	Total	Research on Libraries Fund	Janette Baker Fund	Haycock Fund	K.H. SC Grant	Sarah Badgley Literacy Fund	Intellectual Freedom Fund	Research and Continuing Education Fund	Children's Book Award	Scholarship Fund	Total
Revenues															
Contributions	-	-	-	-	-	-	200	-	-	1,750	-	-	-	-	1,950
Investment income	-	-	-	-	-	854	461	618	137	69	453	118	138	400	3,248
	-	-	-	-	-	854	661	618	137	1,819	453	118	138	400	5,198
Expenses															
Disbursements	-	-	-	-	-	-	1,812	-	-	2,500	-	2,000	-	5,000	11,312
Excess of (expenses over revenues) revenues over expenses for year	-	-	-	-	-	854	(1,151)	618	137	(681)	453	(1,882)	138	(4,600)	(6,114)
Net assets - at beginning of year	3,502	26,908	11,602	17,500	59,512	41,234	22,700	29,165	6,519	3,631	21,427	6,545	6,427	21,423	159,071
Transfer from general fund	74	572	246	1,411	2,303	-	-	-	-	-	-	-	-	12,500	12,500
Net assets - at end of year	3,576	27,480	11,848	18,911	61,815	42,088	21,549	29,783	6,656	2,950	21,880	4,663	6,565	29,323	165,457

Year ended August 31, 2020

Revenues															
Contributions	-	-	-	-	-	100	-	-	-	1,950	-	-	-	-	2,050
Investment income	-	-	-	-	-	949	566	672	150	78	493	174	148	493	3,723
	-	-	-	-	-	1,049	566	672	150	2,028	493	174	148	493	5,773
Expenses															
Disbursements	-	-	-	-	-	-	3,731	-	-	1,500	-	2,000	-	-	7,231
Excess (deficiency) of (expenses over revenues) revenues over expenses for year	-	-	-	-	-	1,049	(3,165)	672	150	528	493	(1,826)	148	493	(1,458)
Net assets - at beginning of year	2,906	26,288	11,167	-	40,361	40,185	25,865	28,493	6,369	3,103	20,934	8,371	6,279	20,930	160,529
Transfer from general fund	596	620	435	17,500	19,151	-	-	-	-	-	-	-	-	-	-
Net assets - at end of year	3,502	26,908	11,602	17,500	59,512	41,234	22,700	29,165	6,519	3,631	21,427	6,545	6,427	21,423	159,071

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

See note 1 for a description of the restricted funds.

ONTARIO LIBRARY ASSOCIATION

Statement of Cash Flows

Year ended August 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess of revenues over expenses (expenses over revenues) for year - general fund	428,519	(11,019)
Excess of expenses over revenues for the year - restricted fund	(6,114)	(1,458)
Adjustments to determine net cash provided by operating activities		
Depreciation of capital assets	4,883	6,101
Amortization of intangible assets	16,322	20,403
Write off of intangible assets	-	23,883
	443,610	37,910
Change in non-cash working capital items		
Increase in accounts receivable	(118,665)	(127,636)
Decrease (increase) in prepaid expenses	75,051	(7,340)
Increase in inventory	(17,855)	(1,095)
Decrease in accounts payable and accrued liabilities	(5,412)	(169)
Increase (decrease) in deferred revenue	20,309	(61,099)
	397,038	(159,429)
Cash flows from investing activities		
Purchase of investments	(95,411)	(394,625)
Proceeds on redemption of investments	190,100	385,000
Repayment of loan receivable	3,738	6,167
Purchase of capital assets	-	(1,260)
	98,427	(4,718)
Cash flows from financing activities		
Repayment of capital lease obligation	(2,435)	(2,364)
Net change in cash	493,030	(166,511)
Cash, beginning of year	443,703	610,214
Cash, end of year	936,733	443,703

The accompanying notes are an integral part of these financial statements

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements

August 31, 2021

Nature of operations

The Ontario Library Association's (the "Association" or "OLA") vision is to lead and inspire growth and innovation in the library and information services sector. OLA's mandate is to empower its members in the library and information services industry to build informed, participatory and inclusive communities through research, education, advocacy and partnerships.

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. These requirements of the Act have been met at August 31, 2021.

1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below:

(a) 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:

(i) Special Fund

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

(ii) Larry Moore Fund

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 purpose of the Larry Moore Fund is to operate the Larry Moore Challenge, an annual leadership competition to encourage and foster leadership in innovation in librarianship and libraries in Canada.

(iii) OLA Mentoring Fund

The OLA Mentoring 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 Financial Statements (continued)

August 31, 2021

1. Significant accounting policies (continued)

(a) Basis of accounting (continued)

(iv) I Read Canadian Fund

The I Read Canadian Fund is an internally restricted fund that was established to support access to Canadian books for children and young people in Canada. Recipients of funds are prioritized for at-risk rural, remote and indigenous communities.

The Association has externally restricted net assets to be used for specific purposes. These funds are not available for general operating purposes. The details of these restricted funds are as follows:

(i) Research on Libraries Fund

The Research on Libraries Fund (formerly the Margaret Scott Research Fund) is an internally restricted fund for research about and in support of the library sector.

(ii) OLA Dr. Janette Baker Scholarship Fund

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 following externally restricted net assets were transferred from other organizations to be used for specific purposes as set out in the transfer agreements between the organizations.

(i) Haycock Fund

The Haycock Fund was transferred to the Association from the Canadian Library Association (the "CLA") on July 20, 2016. The purpose of the fund was to award candidates who have demonstrated exceptional success in enhancing the public recognition and appreciation of librarianship.

(ii) Ken Haycock Super Conference Grant (K.H. SC Grant) Fund

The Ken Haycock Super Conference Grant Fund was transferred to the Association from the CLA on July 18, 2016. The purpose of the fund was to honour the founding members of the Canadian Association of School Librarians and provide a travel grant to support newly qualified teacher-librarians to attend the Super Conference.

(iii) Sarah Badgley Literacy Fund

The Sarah Badgley Literacy Fund was established by the Rural Learning Association (the "RLA") in 2002 to support children's literacy initiatives of rural public libraries and urban public libraries that serve rural clientele. The Association accepted stewardship of the fund on behalf of RLA.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

1. Significant accounting policies (continued)

(a) Basis of accounting (continued)

(iv) CLA Funds Held in Trust

The CLA Funds Held in Trust were transferred to the Association from the CLA on July 29, 2016 for the following awards and related special purpose funds:

- The Intellectual Freedom Fund - to provide financial assistance in cases involving intellectual freedom;
- The Research and Continuing Education Fund - to support theoretical and applied research in the field of library and information services; encourage and support research undertaken by practitioners in the field of library and information services;
- The Children's Book Award Fund - to honour the spirit of promoting and recognizing Canadian children's authors and illustrators by disbursing these funds as follows:

Allow any Canadian children's author or illustrator who have been nominated in the past three years for a children's book award program to apply to this fund to support a library or community organization visit in a small or rural community anywhere in Canada; and

- The Scholarship Fund - to award a scholarship to all students entering a Masters program but also include students entering a library technician diploma program by submitting a resume, a letter of intent that includes reason for pursuing these studies, and proof of enrolment in the program. Upon the direction of the Board of Directors during the current year, \$12,500 was transferred from the General Fund to the Scholarship Fund.

The Board of Directors had approved the dispersion and closing of these funds over the next two years.

(b) 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. Revenues from attendance or enrolment to these activities 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 as income as the activities take place.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

1. **Significant accounting policies (continued)**

(b) **Revenue recognition (continued)**

Publications

The Library Marketplace publications and merchandise revenue is recognized when the items are shipped.

Contributions and Grants

The Association follows the deferral method of accounting for contributions which include government grants and other unrestricted contributions. Operating grants are recorded as revenue in the period 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.

Restricted contributions related to the externally restricted funds are recognized as revenues in the respective restricted funds in the current year.

Investment Income

Investment income is comprised of interest and mutual fund distributions. Interest income is recorded as revenue when earned. Mutual fund distributions are recorded as revenue when declared.

Other Income

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

Government assistance

Government assistance is recognized as income when there is reasonable assurance that the Association has complied and will continue to comply with all conditions of the subsidy, and the amounts are received or collection is reasonably assured.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

1. Significant accounting policies (continued)

(c) Financial instruments

(i) Measurement of financial instruments

The Association initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

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

Amortized cost is the amount at which a financial asset or financial liability is measured on initial recognition minus principal repayments, plus or minus the cumulative amortization of any difference between the initial amount and the maturity amount, and minus any reduction for impairment.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and capital lease obligation.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

(d) 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.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

1. Significant accounting policies (continued)

(e) Capital assets

The costs of capital assets are capitalized upon meeting the criteria for recognition as capital assets, otherwise, costs are expensed as incurred. The cost of capital assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Capital assets are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates on a declining balance basis are as follows:

Furniture and equipment	20%
Computer equipment	20%

Capital assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is recognized in income in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the capital assets subsequently increases. There were no impairment indicators in 2021.

(f) Intangible assets

The costs of intangible assets are capitalized upon meeting the criteria for recognition as intangible assets, otherwise, costs are expensed as incurred. The cost of intangible assets comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Intangible assets are measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the intangible assets over their estimated useful lives. The annual amortization rate on a declining balance basis is as follows:

Computer software	20%
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Intangible assets are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the intangible assets to its fair value. Any impairment of intangible assets is recognized in income in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the intangible assets subsequently increases. There were no impairment indicators in 2021.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

1. Significant accounting policies (continued)

(g) Assets under capital lease

The Association leases equipment on terms which transfer substantially all of the benefits and risks of ownership to the Association. This lease is accounted for as a capital lease as though an asset has been purchased and a long-term liability incurred.

The costs of assets under capital lease are capitalized upon meeting the criteria for recognition as assets under capital lease, otherwise, costs are expensed as incurred. The cost of assets under capital lease comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Assets under capital lease are measured at cost less accumulated depreciation and accumulated impairment losses.

Depreciation is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the assets under capital lease over their estimated useful lives. The annual depreciation rate on a declining balance basis is as follows:

Assets under capital lease	20%
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Assets under capital lease are tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the assets under capital lease to its fair value. Any impairment of assets under capital lease is recognized in income in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the assets under capital lease subsequently increases. There were no impairment indicators in 2021.

(h) 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.

(i) 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.

(j) 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. Actual results could differ from these estimates, the impact of which would be recorded in future affected periods.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

2. Financial instrument risk management

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.

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Cash	X				
Short-term investments	X			X	
Long-term investments	X			X	
Accounts receivable	X				
Accounts payable and accrued liabilities		X			

Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Association's main credit risk relates to cash, short-term and long-term investments and accounts receivable. The Association reduces its exposure to the credit risk of cash by maintaining balances with a Canadian chartered bank and for short-term and long-term investments by investing in high investment grade investments. The Association mitigates credit risk of accounts receivable by regularly monitoring accounts receivable balances. Management has included adequate provision for doubtful accounts receivable as disclosed in note 4.

Liquidity risk

Liquidity risk is the risk that the Association cannot repay its obligations when they become due to its creditors. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. 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.

i) Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. 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.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

2. Financial instrument risk management (continued)

Market risk (continued)

ii) Other price risk

Other price risk is the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar financial instruments traded in the market. The Association is exposed to other price risk on its investments in bonds.

Changes in risk

There have been no significant changes in the risk profile of the financial instruments of the Association from that of the prior year.

3. Investments

	2021		
	Face value	Amortized	Effective
	\$	cost	yield
		\$	%
Short-term			
Mutual funds			
BNS Investment Savings	292,191	292,191	-
Long-term			
Government bonds with maturity over 1 year	178,703	205,181	2.39
	<u>470,894</u>	<u>497,372</u>	
	2020		
	Face value	Amortized	Effective
	\$	cost	yield
		\$	%
Short-term			
Guaranteed investment certificates with maturity of less than 1 year	100,000	100,150	0.75
Mutual funds			
RBC Investment Savings	56,424	56,424	-
BNS Investment Savings	291,254	291,254	-
	<u>447,678</u>	<u>447,828</u>	
Long-term			
Government bonds with maturity over 1 year	118,042	144,232	2.92
	<u>565,720</u>	<u>592,060</u>	

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

3. Investments (continued)

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 risks. The Association has formal policies and procedures for investment transactions and the majority of investments are made on the advice of the investment advisor.

4. Accounts receivable

As at August 31, 2021, the carrying amount of impaired receivables amounted to \$32,056 (2020 - \$49,121). These accounts receivable are presented net of an allowance for doubtful accounts of the same amount.

5. Capital assets

	2021		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Furniture and fixtures	173,887	166,091	7,796
Computer equipment	273,704	266,284	7,420
	<u>447,591</u>	<u>432,375</u>	<u>15,216</u>
	2020		
	Cost	Accumulated Amortization	Net Book Value
	\$	\$	\$
Furniture and fixtures	173,887	164,563	9,324
Computer equipment	273,704	264,429	9,275
	<u>447,591</u>	<u>428,992</u>	<u>18,599</u>

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

6. Intangible assets

	2021		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
		\$	\$
Computer software	127,301	62,011	65,290

	2020		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
		\$	\$
Computer software	127,301	45,689	81,612

7. Assets under capital lease

	2021		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
		\$	\$
Equipment under capital lease (telephone)	13,108	8,791	4,317

	2020		
	Cost	Accumulated	Net Book
	\$	Amortization	Value
		\$	\$
Equipment under capital lease (telephone)	13,108	7,292	5,816

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

8. Capital lease obligation

	2021 \$	2020 \$
National Leasing, interest at 4.88%, payable in blended monthly instalments of \$215, maturing in February 2023 with an option to purchase for \$10 in February 2023	3,782	6,215
Less: current portion	2,504	2,433
Long-term portion	1,278	3,782

Future minimum lease payments under the capital lease are as follows:

	\$
2022	2,580
2023	1,290
Total future minimum lease payments	3,870
Less: amount representing interest	88
Present value of minimum net lease payments	3,782
Less current portion	2,504
	1,278

9. Deferred revenue

	2021 \$	2020 \$
Libstat revenue	15,221	5,682
Super conference	10,770	-
	25,991	5,682

10. Programs and projects

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

11. Government grants

The Association receives an annual operating grant in the amount of \$40,300, covering the period from April 1 following the end of the previous Funding Year and ending on the following March 31, from the Ministry of Heritage, Sport, Tourism and Culture Industries to help continue delivering valuable programs and services to Ontario's public libraries and support Ontario Public library week.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

12. Other income

	2021 \$	2020 \$
PSB rebate	58,851	88,895
Rental income	800	5,841
Sponsorship	4,120	4,000
Career centre	-	16,022
Broadcast participation fund income	36,070	-
Other	43,735	11,906
	<u>143,576</u>	<u>126,664</u>

13. Government assistance

During the year, the Association recorded \$380,434 (2020 - \$239,399) in government assistance through the Canada Emergency Wage Subsidy program, \$Nil (2020 - \$25,000) through the Canadian Federal Temporary Wage Subsidy program, and \$87,026 (2020 - \$Nil) through the Canada Emergency Rent Subsidy program as a result of the COVID-19 pandemic. The amount is not subject to any specific future repayment terms or conditions; however, the Canada Revenue Agency may require additional reporting in a future period to verify the Association's eligibility and compliance with terms and conditions.

Included in accounts receivable is \$116,332 (2020 - \$88,666) from the Canada Emergency Wage Subsidy program and \$27,052 (2020 - \$nil) from the Canada Emergency Rent Subsidy program, which were received subsequent to the year end.

14. Lease commitments

The Association has commitment under an operating lease for premises, which expires on July 31, 2023, with an option to renew for a further five year term.

During the year, the Association signed a sub-lease for the entire office space for an eighteen months period commencing on December 1, 2021 and ending on July 31, 2023.

The future minimum annual payments under the premises lease and receipts under the sub-lease are as follows:

	Premises Lease \$	Premises Sub-lease \$	Premises Net \$
2022	74,088	(39,690)	34,398
2023	67,914	(48,510)	19,404
	<u>142,002</u>	<u>(88,200)</u>	<u>53,802</u>

In addition, the Association is responsible for its share of annual operating costs and realty taxes for its office premises, which for the year ended August 31, 2021 was approximately \$72,000 (\$89,000 - 2020).

The expected future receipts from the sub-tenant for its share of annual operating costs and realty taxes for the year ended August 31, 2022 and August 31, 2023 are approximately \$62,000 and \$76,000, respectively.

ONTARIO LIBRARY ASSOCIATION

Notes to Financial Statements (continued)

August 31, 2021

15. **Impact of the global pandemic**

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. These measures have temporarily reduced certain operations of the Association. However, the Association continues to provide support remotely through its programs despite the restrictions imposed.

To aid with cash flows, the Association has applied for government assistance through the Canada Emergency Wage Subsidy and Canada Emergency Rent Subsidy programs as described in note 13. The Association also participated in the Work Sharing program resulting in reduced hours for all employees until October 2021.

Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to reliably estimate the financial effect on the Association at this time. As such, no adjustments have been made in the financial statements as a result of these events.

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