



Audited Financial Statements of  
**FEDERATION OF ONTARIO  
PUBLIC LIBRARIES /  
FÉDÉRATION DES BIBLIOTHÈQUES  
PUBLIQUES DE L'ONTARIO**

Year Ended October 31, 2012

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of:

Federation of Ontario Public Libraries / Fédération des Bibliothèques Publiques de l'Ontario

We have audited the accompanying financial statements of Federation of Ontario Public Libraries / Fédération des Bibliothèques Publiques de l'Ontario, which comprise the statement of financial position as at October 31, 2012, and the statements of project fund, general operating fund 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, 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 and the directors, 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 Federation of Ontario Public Libraries / Fédération des Bibliothèques Publiques de l'Ontario as at October 31, 2012, and its financial performance for the year then ended in accordance with Canadian Accounting Standards.

**HARRIS & CHONG LLP**  
**Chartered Accountants**  
**Licensed Public Accountants**

Toronto, Ontario  
January 17, 2013



**FEDERATION OF ONTARIO PUBLIC LIBRARIES /  
FÉDÉRATION DES BIBLIOTHÈQUES PUBLIQUES DE L'ONTARIO**

**STATEMENT OF FINANCIAL POSITION  
AS AT OCTOBER 31, 2012**

	2012	2011
	\$	\$
<b>ASSETS</b>		
<b>Current Assets</b>		
Bank	14,354	18,773
Investments (Note 3)	146,594	176,838
	160,948	195,611
<b>LIABILITIES</b>		
<b>Current Liabilities</b>		
Accounts payable and accrued liabilities	7,953	57,024
Deferred revenue (Note 2)	35,375	34,741
Due to CELUPL	4,899	6,883
	48,227	98,648
<b>FUND BALANCES</b>		
Project fund (Note 2)	87,819	60,213
General fund	24,902	36,750
	112,721	96,963
	160,948	195,611

APPROVED ON BEHALF OF THE BOARD:

\_\_\_\_\_  
Director

\_\_\_\_\_  
Director

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

**FEDERATION OF ONTARIO PUBLIC LIBRARIES /  
FÉDÉRATION DES BIBLIOTHÈQUES PUBLIQUES DE L'ONTARIO**

**STATEMENT OF PROJECT FUND  
FOR THE YEAR ENDED OCTOBER 31, 2012**

	2012 \$	2011 \$
<b>REVENUE</b>		
Grant – Ontario Ministry of Culture (Note 5)	24,967	-
<b>EXPENSES</b>		
Literacy project	-	33,593
Capital needs analysis (Note 5)	(2,639)	39,764
Web-site re-design	-	12,430
	(2,639)	85,787
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUE)</b>	27,606	(85,787)
Balance – beginning of year	60,213	146,000
<b>BALANCE – END OF YEAR</b>	87,819	60,213

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**FEDERATION OF ONTARIO PUBLIC LIBRARIES /  
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**STATEMENT OF GENERAL FUND  
FOR THE YEAR ENDED OCTOBER 31, 2012**

	BUDGET 2012 \$	ACTUAL 2012 \$	ACTUAL 2011 \$
	(Note 4)		
<b>REVENUES</b>			
Membership fees	208,500	211,616	208,284
Other	1,300	1,500	1,350
Interest income	3,500	3,304	4,181
Sponsorship	12,000	11,984	12,572
Miscellaneous	-	27	49
	225,300	228,431	226,436
<b>EXPENSES</b>			
Payroll and contracted services	181,320	179,904	175,584
General and administrative expenses			
Meeting costs	22,950	21,102	21,126
Materials and supplies	15,000	12,443	14,843
Furniture and equipment	250	64	750
Telecommunications	4,335	3,075	4,413
Bank charges	270	205	263
Marketing and public relations	8,900	8,695	16,594
Insurance	1,566	1,566	1,566
Audit and accounting	6,200	6,328	6,325
IT and web services	1,600	1,740	5,365
Translation	6,000	1,397	4,139
Other professional services	-	2,842	-
Memberships and subscriptions	838	918	994
	249,229	240,279	251,962
<b>EXCESS OF REVENUES OVER EXPENSES (EXPENSES OVER REVENUE)</b>	<b>(23,929)</b>	<b>(11,848)</b>	<b>(25,526)</b>
Balance - beginning of year		36,750	62,276
<b>BALANCE - END OF YEAR</b>		<b>24,902</b>	<b>36,750</b>

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**FEDERATION OF ONTARIO PUBLIC LIBRARIES /  
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**STATEMENT OF CASH FLOWS  
FOR THE YEAR ENDED OCTOBER 31, 2012**

	2012 \$	2011 \$
<b>CASH FLOWS FROM (USED IN):</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses (excess of expenses over revenue)	(11,848)	(25,526)
Grants received – project fund	24,967	-
Disbursements – project fund	2,639	(85,787)
Changes in other non-cash operating accounts	(50,421)	50,480
	(34,663)	(60,833)
<b>INVESTING ACTIVITIES</b>		
Decrease (increase) in funds invested	30,244	66,468
<b>INCREASE (DECREASE) IN CASH POSITION</b>	(4,419)	5,635
Cash – beginning of year	18,773	13,138
<b>CASH – END OF YEAR</b>	<b>14,354</b>	<b>18,773</b>

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**FEDERATION OF ONTARIO PUBLIC LIBRARIES /  
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**NOTES TO FINANCIAL STATEMENTS**  
OCTOBER 31, 2012

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**1. Status and nature of activities**

The Federation of Ontario Public Libraries / Fédération des Bibliothèques Publiques de l'Ontario (the "Federation") is incorporated without share capital under the laws of the Province of Ontario and qualifies as a non-profit organization under the Income Tax Act (Canada). Its purpose is to support and further Ontario public libraries and the communities they serve by educating the public on the role of public libraries to governments and other public and private sector bodies.

**2. Significant accounting policies**

***Fund accounting***

The Federation follows the restricted fund method of accounting for contributions.

The General Fund accounts for current operations and programs as well as the Federation's administrative activities.

The Project Fund accounts for expenditures for specific projects, which are determined and approved by the Board of Directors.

***Contributed services***

The Federation would not be able to carry out its activities without volunteers who contribute a considerable number of hours.

The Federation is, likewise, dependent on the Toronto Public Library for office space, equipment, administrative and IT services for which no compensation has been paid.

Due to the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

***Revenue recognition***

Restricted contributions related to general operations are recognized as revenue of the General Fund in the period in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

Unrestricted contributions are recognized as revenue of the General Fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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**NOTES TO FINANCIAL STATEMENTS**  
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**2. Significant accounting policies (continued)**

Membership revenue is tied to the calendar year. The portion of membership revenue relating to the two months beyond the fiscal period end is recorded as deferred revenue.

***Investments***

Investments are purchased to be held to maturity, and accordingly are recorded at cost plus accrued interest, calculated using the effective interest rate method.

**3. Investments**

	2012 \$	2011 \$
Chartered bank guaranteed investment certificates	144,142	175,793
Accrued interest	2,452	1,045
	<u>146,594</u>	<u>176,838</u>

Investments consist of two Chartered bank guaranteed investment certificates, which mature in June 2013, and carry interest at rates from 1.35% to 3.75% per annum.

**4. Budget**

The budget figures, which are unaudited and provided for the purpose of comparison, were approved by the Board of Directors.

**5. Federation projects**

***Early Literacy Outcomes***

The Board approved use of the Project Fund to undertake a research investigation conducted by the Ontario Institute for Studies In Education to demonstrate the measureable outcomes of library early literacy program initiatives. Following completion of the research, the Ontario Ministry of Tourism Culture and Sport provided a grant to partially subsidize its cost.



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**NOTES TO FINANCIAL STATEMENTS**  
OCTOBER 31, 2012

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**5. Federation projects (continued)**

*Capital Needs Analysis*

The Board approved the use of the Project Fund to conduct a capital needs analysis of Ontario public libraries to identify the funding deficit to maintain library physical infrastructure in a state of good repair to deliver current library services. The project was completed over 2011 and 2012. An accrual in the prior year in excess of the actual costs incurred has been reversed in the current year.

**6. Financial instruments**

The carrying value of cash, investments, accounts payable and accrued liabilities approximate their fair values due to the relatively short period to maturity of the instruments.

Unless otherwise noted, it is management's opinion that the Federation is not exposed to significant interest rate or credit risks arising from these financial instruments.