

Audited Financial Statements of

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

Year ended October 31, 2018

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

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**INDEPENDENT AUDITOR'S REPORT**  
To the Members

I 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, 2018, and the statements of project fund, general 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 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*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

*Opinion*

In my 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, 2018, 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.

*Other matters*

The budget figures for 2018 are presented only for the convenience of the members. They have not been audited and no opinion is expressed thereon.

Toronto, Canada  
/date

**BDCA Professional Corporation**  
Authorized to practise public accounting by the  
Chartered Professional Accountants of Ontario

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

STATEMENT OF FINANCIAL POSITION

October 31, 2018, with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 2)	\$ 23,115	\$ 41,484
Investments (note 3)	158,384	155,976
Prepaid expenses	<u>10,268</u>	<u>2,358</u>
	<u>\$ 191,767</u>	<u>\$ 199,818</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 33,757	\$ 12,611
Deferred revenue (note 4)	<u>92,092</u>	<u>36,775</u>
	<u>125,849</u>	<u>49,386</u>
<b>Fund balances</b>		
Project fund	(25,582)	60,801
General fund	<u>91,500</u>	<u>89,631</u>
	<u>65,918</u>	<u>150,432</u>
	<u>\$ 191,767</u>	<u>\$ 199,818</u>

Approved on behalf of the Board of Directors:

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

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STATEMENT OF PROJECT FUND

Year ended October 31, 2018, with comparative figures for 2017

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	<u>2018</u>	<u>2017</u>
<b>Revenue</b>	\$ -	\$ -
<b>Expenses - Open Media Desk Project (note 5)</b>	<u>86,383</u>	<u>93,508</u>
<b>Deficiency of revenue over expenses</b>	(86,383)	(93,508)
Fund balance, beginning of year	60,801	154,309
Transfer from general fund	<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>	<u><u>\$ (25,582)</u></u>	<u><u>\$ 60,801</u></u>

See accompanying notes to financial statements

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STATEMENT OF GENERAL FUND

Year ended October 31, 2018, with comparative figures for 2017

	<u>Budget 2018</u>	<u>Actual 2018</u>	<u>Actual 2017</u>
<b>Revenue</b>			
Membership fees	\$ 225,000	\$ 221,317	\$ 221,158
Other	2,100	500	4,050
Interest	<u>1,600</u>	<u>2,407</u>	<u>1,040</u>
	<u>228,700</u>	<u>224,224</u>	<u>226,248</u>
<b>Expenses</b>			
Payroll and contracted services	124,380	124,557	111,092
Other contract and professional services	21,500	46,497	22,125
General and administrative			
Meetings	17,450	24,709	15,537
Memberships	3,000	5,000	3,565
Telecommunications (note 6)	2,500	3,595	920
Materials and supplies	2,700	2,394	2,598
Bank charges	1,650	1,350	671
Audit and accounting	5,000	6,327	9,322
IT and web services	4,000	3,140	2,778
Insurance	2,600	1,620	1,678
Legal	500	-	250
Marketing and public relations	<u>8,500</u>	<u>3,166</u>	<u>155</u>
	<u>193,780</u>	<u>222,355</u>	<u>170,691</u>
<b>Excess of revenue over expenses</b>	<u>\$ 34,920</u>	1,869	55,557
Fund balance, beginning of year		89,631	34,074
Transfer to project fund		<u>-</u>	<u>-</u>
<b>Fund balance, end of year</b>		<u>\$ 91,500</u>	<u>\$ 89,631</u>

See accompanying notes to financial statements

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STATEMENT OF CASH FLOWS

Year ended October 31, 2018, with comparative figures for 2017

	<u>2018</u>	<u>2017</u>
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Deficiency of revenue over expenses - Project fund	\$ (86,383)	\$ (93,508)
Excess of revenue over expenses - General fund	1,869	55,557
Change in non-cash working capital items		
Decrease in accounts receivable	-	1,500
Increase in prepaid expenses	(7,910)	(305)
Increase in accounts payable and accrued liabilities	21,146	1,174
Increase (decrease) in deferred revenue	55,317	(508)
Decrease in due to CELUPL	-	(951)
	<u>(15,961)</u>	<u>(37,041)</u>
<b>Investing</b>		
Investment Proceeds	153,580	41,606
Investment Purchases	<u>(155,988)</u>	<u>(154,901)</u>
	<u>(2,408)</u>	<u>(113,295)</u>
Decrease in cash	(18,369)	(150,336)
Cash, beginning of year	<u>41,484</u>	<u>191,820</u>
<b>Cash, end of year</b>	<u><u>\$ 23,115</u></u>	<u><u>\$ 41,484</u></u>

See accompanying notes to financial statements

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

## NOTES TO FINANCIAL STATEMENTS

Year ended October 31, 2018

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### PURPOSE OF THE FEDERATION

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

### 1. SIGNIFICANT ACCOUNTING POLICIES

#### **Basis of accounting**

The financial statements were prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO) and include the following significant accounting policies:

#### **Use of estimates**

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the recognition, measurement and disclosure of amounts reported in the financial statements and accompanying notes. The reported amounts and note disclosures are determined using management's best estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Estimates are used in the determination of accrued liabilities. Actual results could differ from such estimates.

#### **Financial instruments**

Financial instruments, including cash, investments, accounts payable and accrued liabilities are recorded at fair value on initial recognition and then subsequently at cost or amortized cost, unless management has elected to carry them at fair value. The Federation has not elected to carry any of its financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred or acquisition and financing costs.

Financial assets are assessed for indicators of impairment annually at the year-end date. If there is an indicator of impairment, the Federation determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized by selling the financial asset or the amount the Federation expects to realize by exercising its right to any collateral held to secure repayment of the asset. If events or circumstances change in a future period, an impairment loss can be reversed to the extent of the improvement, but not exceeding the initial carrying value.

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

## NOTES TO FINANCIAL STATEMENTS - continued

Year ended October 31, 2018

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### 1. SIGNIFICANT ACCOUNTING POLICIES - continued

#### **Tangible capital assets**

The organization's policy is to expense tangible capital assets in the year acquired.

#### **Revenue recognition**

The Federation follows the restricted fund method of accounting for contributions whereby restricted contributions are recognized as revenue of the appropriate restricted fund, or as revenue of the General Fund in the period in which the related expenses are incurred. 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.

Membership fees are recognized as earned over the term of the membership. Membership terms are on a calendar year-basis. The portion of membership revenue relating to the two months beyond the fiscal year-end is recorded as deferred revenue.

#### **Fund balances**

In accounting for its operations, the Federation has established two funds. The purpose of each fund is as follows:

- i) **General fund:**  
The General fund accounts for the ongoing operations and administrative activities of the Federation
- ii) **Project fund:**  
The Project fund accounts for expenditures for specific projects, which are determined and approved by the Board of Directors.

#### **Contributed services**

Individuals volunteer their time to assist in the Federation's activities. These services materially benefit the Federation, however a reasonable estimate of the time spent and its fair market value cannot be made. Accordingly, such contributed services are not recognized in the financial statements. The Federation is also dependent on the Toronto Public Library for office space, equipment, administrative and IT services for which no compensation is paid.

### 2. BANK CREDIT FACILITY

The Company has a \$30,000 overdraft facility, which is secured against the GIC, and bears interest at prime plus 1%. ***This facility was not used during fiscal 2018.***

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NOTES TO FINANCIAL STATEMENTS - continued

Year ended October 31, 2018

**3. INVESTMENTS**

Investments consist of one (2017 – two) chartered bank guaranteed investment certificate(s), which matures on July 29, 2019, earning interest at 2.1% annually.

	<u>2018</u>	<u>2017</u>
Chartered bank guaranteed investment certificate(s)	\$ 155,988	\$ 154,901
Accrued interest	2,396	1,075
	<u>\$ 158,384</u>	<u>\$ 155,976</u>

**4. DEFERRED REVENUE**

	<u>Balance, Nov. 1, 2017</u>	<u>Amount Received</u>	<u>Amount brought into income in 2018</u>	<u>Balance, Oct. 31, 2018</u>
Memberships	\$ 36,775	\$ 276,634	\$ 221,317	\$ 92,092

**5. FEDERATION PROJECTS**

During the year, the Federation approved \$92,000 (before tax) to fund the third year of the Open Media Desk marketing campaign. As of October 31, 2018, \$231,650 of expenses had been incurred in relation to this project.

**6. TANGIBLE CAPITAL ASSET**

Equipment purchases in the amount of \$1,500 (2017 - \$0) were expensed during the year.

**7. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS**

**Interest rate risk**

The Federation is exposed to interest rate risk as the bank credit facility bears interest at variable rates. Cash represents amounts on deposit with financial institutions, earning interest at market rates. The Federation manages its exposure to its interest rate risk by maximizing the interest income earned on temporary excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest do not have a significant impact on the Federation's results of operations.

**Credit risk**

Credit risk arises from the possibility that a member will default on its financial obligations. The Federation minimizes this risk via regular review of unpaid accounts. The Federation does not have a significant concentration of credit risk with any one member.

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**NOTES TO FINANCIAL STATEMENTS - continued**

Year ended October 31, 2018

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**7. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS - continued**

Credit risk associated with cash is minimized substantially by ensuring that it is held in a major financial institution, while investments are maintained in secure instruments such as guaranteed investment certificates.

**Liquidity risk**

Liquidity risk is the risk that the Federation will not be able to meet a demand for cash or fund its obligations as they come due. It also includes the risk of the Federation not being able to liquidate assets in a timely manner at a reasonable price. The Federation meets its liquidity requirements by preparing and monitoring an annual financial budget and maintaining its investments in highly liquid instruments.

**8. RECLASSIFICATIONS**

Certain of the 2017 figures, presented for comparative purposes, have been reclassified to conform with the financial statement presentation adopted in 2018.