

Audited Financial Statements of

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

Year ended December 31, 2022

DRAFT

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

INDEX

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Project Fund and Changes in Fund Balance	4
Statement of General Fund and Changes in Fund Balance	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11

## INDEPENDENT AUDITOR'S REPORT

To the Members of Federation of Ontario Public Libraries

### *Opinion*

I have audited the accompanying financial statements of Federation of Ontario Public Libraries (the Entity), which comprise the statement of financial position as at December 31, 2022, and the statements of project fund and changes in fund balances, general fund and changes in fund balances, and cash flows for the year then ended and notes to the financial statements including a summary of significant changes in accounting policies.

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2022, 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.

### *Comparative Information*

We draw attention to Note 2 of the financial statements which describes that the Entity changed its year end from October 31 to December 31, effective December 31, 2021. The comparative figures presented including the balance sheet as at December 31, 2021 and the statements of project funds and changes in fund balances, general fund and changes in fund balances and of cash flows for the year (12 months) ended December 31, 2021.

### *Other matters*

The budget figures for 2022 (12 months) are presented only for the convenience of the members. They have not been audited and no opinion is expressed thereon.

### *Basis for Opinion*

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

### *Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Entity's ability 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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Company's financial reporting process.

*Auditor's Responsibility for the Audit of the Financial Statements*

My objective is 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 my 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 these financial statements.

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

- Identify and assess the risk 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 my 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 Entity's internal control.
- 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 Entity's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Entity 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.

I 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 I identify during my audit.

Toronto, Canada  
/Date

**BDCA Chartered Professional  
Accountants 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

As at December 31, 2022

	<u>2022</u> (note 2)	<u>2021</u> (note 2)
<b>ASSETS</b>		
<b>Current assets</b>		
Cash (note 3)	\$ 34,114	\$ 112,364
Cash - restricted - internal (note 1)	83,683	-
Investment (note 4)	-	92,697
Accounts receivable	125	-
Prepaid expenses	<u>1,402</u>	<u>2,188</u>
	<u>\$ 119,324</u>	<u>\$ 207,249</u>
<b>LIABILITIES AND FUND BALANCES</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities	\$ 16,669	\$ 29,368
Deferred revenue (note 5)	<u>150</u>	<u>110,385</u>
	<u>16,819</u>	<u>139,753</u>
<b>Fund balances</b>		
Internal restricted fund	83,682	-
General fund	<u>18,823</u>	<u>67,496</u>
	<u>102,505</u>	<u>67,496</u>
	<u>\$ 119,324</u>	<u>\$ 207,249</u>

Approved on behalf of the Board of Directors:

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director

See accompanying notes to financial statements

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

**STATEMENT OF INTERNAL RESTRICTED FUND AND CHANGES IN FUND BALANCE**

Twelve- months ended December 31, 2022, with Comparative figures for December 31, 2021.

	<u>2022</u> (note 2)	<u>2021</u> (note 2)
Revenue	\$ -	\$ 7,000
Expenses	<u>-</u>	<u>7,000</u>
Excess (deficiency) of revenue over expenses	-	-
Fund balance, beginning of year	-	(106,722)
Transfer from general fund	<u>83,682</u>	<u>106,722</u>
Fund balance, end of year (note 1)	<u>\$ 83,682</u>	<u>\$ -</u>

DRAFT

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

STATEMENT OF GENERAL FUND AND CHANGES IN FUND BALANCE

Twelve- months ended December 31, 2022, with Comparative figures for December 31, 2021.

	<u>Budget 2022</u>	<u>2022</u> (note 2)	<u>2021</u> (note 2)
<b>Revenue</b>			
Membership fees	\$ 239,400	\$ 233,400	\$ 239,083
Other	3,000	2,168	1,816
Interest	-	1,169	309
	<u>242,400</u>	<u>236,737</u>	<u>241,208</u>
<b>Expenses</b>			
Office consultants and staff	130,400	115,978	99,743
Public relations and contract services	39,000	34,190	78,392
Marketing and promotion	20,450	16,177	513
Audit and accounting	6,800	13,736	9,768
Board expenses	4,500	8,525	2,438
Administration	3,700	-	-
Memberships	3,250	3,566	501
Telecommunications	3,000	4,030	4,185
Office equipment and supplies	2,250	3,133	1,429
Insurance	1,700	1,688	1,661
Bank charges and interest	1,000	705	2,023
	<u>216,050</u>	<u>201,728</u>	<u>200,653</u>
<b>Excess of revenue over expenses</b>	<u>\$ 26,350</u>	35,009	40,555
<b>Fund balance, beginning of year</b>		67,496	133,663
Transfer to internal restricted fund (note 1)		<u>(83,682)</u>	<u>(106,722)</u>
<b>Fund balance, end of year</b>		<u>\$ 18,823</u>	<u>\$ 67,496</u>

See accompanying notes to financial statements

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

STATEMENT OF CASH FLOWS

Twelve-months ended December 31, 2022, with Comparative Figures for two-months ended December 31, 2021.

	<u>2022</u> (note 2)	<u>2021</u> (note 2)
<b>Cash provided by (used in)</b>		
<b>Operations</b>		
Excess of revenue over expenses - General fund	\$ 35,009	\$ 40,555
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	(125)	(251)
Decrease (increase) in prepaid expenses	786	(1,554)
Increase (decrease) in accounts payable and accrued liabilities	(12,699)	21,384
Increase (decrease) in deferred revenue	<u>(110,235)</u>	<u>(85,881)</u>
	(87,264)	(25,747)
<b>Investing</b>		
Investment proceeds	92,697	92,137
Investment purchases	<u>-</u>	<u>(92,137)</u>
	92,697	-
Increase (decrease) in cash	5,433	(25,747)
Cash, beginning of year	<u>112,364</u>	<u>138,111</u>
<b>Cash, end of year</b>	<u>\$ 117,797</u>	<u>\$ 112,364</u>
Consists of:		
Unrestricted	34,114	112,364
Restricted	<u>83,683</u>	-
	<u>\$ 117,797</u>	<u>\$ 112,364</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 December 31, 2022

---

### 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 which are in accordance with Canadian generally accepted accounting principles 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 receivable, 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/period 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 December 31, 2022

---

### 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. Memberships paid in advance of the next fiscal year are recorded as deferred revenue.

#### **Fund balances**

Historically, the Federation maintained separate funds. In accounting for its operations, and had established two funds of which the purpose of each fund was as follows:

- i) **General fund:**  
The General fund accounts for the ongoing operations and administrative activities of the Federation. Subsequent to year-end, the Board approved a policy to transfer 50% of the excess of revenue over expenditures of the general fund to the internal restricted fund.
- ii) **Internal restricted fund:**  
The internal restricted fund historically accounted for expenditures for specific projects, which were determined and approved by the Board of Directors. This fund is now invested in a high interest savings account for use at the Board discretion.

#### **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 administrative and IT services for which no compensation is paid.

### 2. CHANGE IN YEAR END AND COMPARATIVE FIGURES

The Federation changed its year end from October 31 to December 31, effective December 31, 2021. The comparative figures were audited. The statements of project fund and changes in fund balances, general fund and changes in fund balances and of cash flows for December 31, 2021 presented includes twelve months, commencing January 1, 2021 and concluding December 31, 2021.

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

**NOTES TO FINANCIAL STATEMENTS - continued**

Year ended December 31, 2022

---

**3. BANK CREDIT FACILITY**

The Federation had a \$48,750 overdraft facility in the prior year which was secured against the GIC (note 4), and beared interest at prime plus 1.9%. This facility was removed during fiscal 2022 and has been replaced with a \$10,000 security against the Federation credit card facility.

**4. INVESTMENT**

The Federation converted its GIC to cash during fiscal 2022. The prior year's GIC consisted of one chartered bank guaranteed investment certificate, which matured on September 10, 2022, earning interest at 0.57% annually. The Federation has put into practice rolling over 50% of end of year cash into this internally restricted balance as opposed to maintaining the investment.

	<u>2022</u>	<u>2021</u>
Chartered bank guaranteed investment certificate ("GIC")	\$ -	\$ 92,506
Accrued interest	-	<u>191</u>
	<u>\$ -</u>	<u>\$ 92,697</u>

**5. DEFERRED REVENUE**

	<u>Balance, Jan 1, 2022</u>	<u>Amount Received</u>	<u>Amount brought into income</u>	<u>Balance, Dec. 31, 2022</u>
Memberships	\$ 110,385	\$ 123,165	\$ 233,400	\$ 150
Ontario Trillium Foundation	-	-	-	-
	<u>\$ 110,385</u>	<u>\$ 123,165</u>	<u>\$ 233,400</u>	<u>\$ 150</u>

**6. TANGIBLE CAPITAL ASSETS**

During the year, the organization purchased \$2,095 of tangible capital assets.

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

## NOTES TO FINANCIAL STATEMENTS - continued

Year ended December 31, 2022

---

### 7. RISKS ASSOCIATED WITH FINANCIAL INSTRUMENTS

#### Interest rate risk

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.

Credit risk associated with cash is minimized substantially by ensuring that it is held in a major financial institution, while excess funds are invested 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 excess cash in investments that are highly liquid instruments.

### 8. CORONAVIRUS - 19

During January 2020, the World Health Organization declared a public health emergency due to the outbreak of a strain of the novel coronavirus ("COVID-19"). As a result, a series of public health and emergency measures have been put in place to combat the spread of the virus and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods.

Since fiscal 2020, the continuation of COVID-19 and related global responses have caused material disruptions to organizations around the world leading to an economic slowdown. Global equity markets have experienced significant volatility and weakness. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions. While governments and central banks have reacted with monetary and fiscal interventions, designed to stabilize economic conditions, the duration and extent of the impact of the COVID-19 outbreak, as well as the effectiveness of government and central bank responses, remains unclear at this time.

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

**NOTES TO FINANCIAL STATEMENTS - continued**

Year ended December 31, 2022

---

**9. RECLASSIFICATIONS**

Certain of the 2021 figures, presented for comparative purposes, have been reclassified to conform with the financial statement presentation adopted in 2022.

DRAFT