



LIBRARYCO INC.
ANNUAL REPORT 2014

2014 was a busy year for LibraryCo Inc., with continuing activity and interaction between and amongst libraries in the system.

NEW LIBRARYCO BOARD OF DIRECTORS

In October 2014, Convocation of The Law Society of Upper Canada, LibraryCo's primary funder and voting shareholder, received an information report outlining the work of the Legal Information and Support Services Working Group and the potential next steps in the evolution of legal information and library services.

The information affirmed the important role of courthouse libraries in the provision of legal information and library services and the maintenance of member competence. All of LibraryCo shareholders — the Law Society, County and District Law Presidents' Association, and the Toronto Lawyers' Association, will be considering the principles set out in that report and using 2015 to determine next steps.

To support that ongoing work, a new LibraryCo Board was put in place in November 2014 to direct the transition and continue to oversee the Ontario courthouse law library system.

New Board members are:

- Janet Whitehead (Chair)
- Mark Crane (Vice-Chair)
- Rebecca Bentham
- Ross F. Earnshaw
- E. Susan Elliott, LSM
- Jaye Hooper
- Jacqueline Horvat
- W. A. Derry Millar, LSM

The Board would like to sincerely thank the Board members who assisted the organization in 2014 — Michael Drake, Brett Harrison, Clarke Melville, James Scarfone and, in particular, Alan Silverstein and Frances Wood as former chairs of the Board, for all of their efforts in guiding LibraryCo.

BUDGET PLANNING FOR 2015

There were significant financial considerations in 2014 that had an impact on budget planning. The annual grant from the Law Foundation of Ontario to help defray the cost of providing electronic products — the Toolkit of Legal Resources and the Desktop Delivery Initiative — was reduced by 25 per cent in 2014, and has not been renewed in 2015. An alternative contract has been signed in 2015, with the provider of electronic resources, continuing the Toolkit of Legal Resources but discontinuing the Desktop Delivery Initiative. Although this represents a significant reduction in financial supports, the move to an alternative contract has meant that most users will experience no change in the service in 2015.

2014 OPERATIONAL COSTS MANAGEMENT

Computer Supports

In 2014, thirteen law associations received funding for new computers. The LibraryCo refresh program for computers continues to assist libraries to maintain member access to these supports. In the three years from 2012 to 2014, the number of law associations receiving grants for computers reached 43, with a total of \$158,000 provided.

Electronic Delivery of Board Materials

The Board moved to electronic delivery of its materials through a directors-only sign-in on the LibraryCo website. This development allows the Board to more efficiently address decision-making.

Conference Bursaries

In 2014, LibraryCo continued its tradition of supporting ongoing education for library staff. Thirteen conference bursaries were granted, including sending three law association library staff to the New Law Librarians' Institute, one to the Special Libraries Association and one to the American Association of Law Libraries conference.

LibraryCo also awarded eight bursaries in 2014 to attend the Canadian Association of Law Libraries/*Association canadienne des bibliothèques de droit* conference in Winnipeg.

Canada's Anti-Spam Legislation (CASL)

The Board complied with its obligations under Canada's Anti-Spam Legislation (CASL), which came into effect on July 1, 2014. To ensure continued strong communications between the Board, law libraries and library stakeholders, the Board sought consent to continue to communicate.

Nearly all LibraryCo contacts gave permission to continue sending email. Those who did not have been removed from the distribution lists. Going forward, LibraryCo will ask all new stakeholders (presidents/library committee chairs/County and District Law Presidents' Association executive members, etc.), for permission to receive email updates from LibraryCo.

Accessibility for Ontarians with Disabilities Act (AODA)

The LibraryCo website was updated to ensure compliance with the *Accessibility for Ontarians with Disabilities Act* (AODA) accessibility guidelines.

All organizations in Ontario are required to comply with the AODA. LibraryCo's principal responsibility is to ensure that the website meets certain standards. The organization will run periodic checks on the site to ensure compliance.



LIBRARYCo INC.

MANAGEMENT DISCUSSION AND ANALYSIS

DECEMBER 31, 2014

RESULTS OF OPERATIONS

Results for the year identify a deficit of \$242,000 compared to a deficit of \$88,000 in 2013 and a budgeted deficit in 2014 of \$278,000. Year on year, revenues declined by \$180,000 to \$8 million and expenses declined by \$28,000 to \$8.3 million.

Most revenues and expenses were in line with projections, but the most significant event during the year was at the start of the fourth quarter, when LibraryCo terminated the employment of all its employees. Administrative duties have been taken up by The Law Society of Upper Canada for no increase in the administration fee.

The deficit for the year has reduced the General Fund balance to \$141,000 and the Reserve Fund balance is unchanged at \$500,000.

STATEMENT OF REVENUES AND EXPENSES — REVENUES

The Law Society grant is the lawyer-based fee that is transferred to LibraryCo totalling \$7.5 million, the same as 2013.

The Law Foundation of Ontario grant of \$542,000 was provided to LibraryCo to subsidize the purchase of electronic resources. The grant declined by 25% in 2014 and has not been renewed in 2015, leading to a renegotiation of the contract for the provision of electronic products in 2015.

STATEMENT OF REVENUES AND EXPENSES — EXPENSES

The salaries and administration expense of \$640,000 declined by \$25,000 in 2014 and comprises staff salaries and the administration fee paid to the Law Society. As noted above, LibraryCo terminated the employment of all its employees in the last quarter of 2014.


Professional fees increased by nearly \$6,000 to \$20,000 due to a strategic planning session and an assessment of the impact of Canada's Anti-Spam Legislation on LibraryCo.

Other head-office expenses increased by \$82,000 to \$143,000 due to severance costs and changes in publication expenses, 1-800 line charges, professional development, web initiatives and miscellaneous expenses.

Electronic product expenses decreased by \$147,000 based on the new contract for 2014.

Group benefits costs have increased by \$16,000 to \$282,000, providing the same level of coverage to staff within the county library system. In recent years, LibraryCo has received premium refunds based on claims experience and the 2014 refund was smaller than in 2013.

Other centralized expenses have decreased by \$13,000 to \$138,000 with savings spread across



publications, Conference for Ontario Law Association's Libraries (COLAL) expenses, continuing education, staff and travel, and courier/postage costs.

County and District law libraries grants increased by \$53,000 to \$6.3 million. As detailed in the notes to the financial statements, grants to individual libraries typically increased by 1% in line with the budget, with capital and special needs grants effecting the totals in both years, such as the \$25,000 paid to Thunder Bay in 2014, to assist with moving costs.

BALANCE SHEET AND STATEMENT OF CHANGES IN FUND BALANCES

Cash and short-term investments have decreased by \$201,000 due to the operating deficit and changes in the other working capital items. The accounts receivable total has increased based on the timing of benefit premium refunds, and accrued liabilities include staffing cost accruals in 2014.

The General Fund accounts for the delivery, management and administration of library services. The General Fund has decreased by \$242,000 to \$141,000 over the last 12 months in line with the budget for the period, which used the General Fund to finance expenses. The 2015 budget includes funding of \$100,000 from the General Fund, almost depleting it.

The Reserve Fund has an unchanged balance of \$500,000. In accordance with Board policy, it comprises a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000.

Independent Auditor's Report

To the Shareholders of LibraryCo Inc.

We have audited the accompanying financial statements of LibraryCo Inc., which comprise the balance sheet as at December 31, 2014, and the statements of revenues and expenses, changes in fund balances 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 opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of LibraryCo as at December 31, 2014, 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.



Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
March 24, 2015



LIBRARYCO INC.

BALANCE SHEET

Stated in dollars

As at December 31

	2014	2013
Current Assets		
Cash and short-term investments	663,373	863,847
Accounts receivable	46,997	18,917
Prepaid expenses	29,574	26,798
Total Assets	739,944	909,562
Liabilities, Share Capital and Fund Balances		
Current Liabilities		
Accounts payable and accrued liabilities (notes 4 and 6)	98,388	26,426
Total Liabilities	98,388	26,426
Share Capital and Fund Balances		
Share capital (note 5)	200	200
General fund (note 2)	141,356	382,936
Reserve fund (note 2)	500,000	500,000
Total Share Capital and Fund Balances	641,556	883,136
Total Liabilities, Share Capital and Fund Balances	739,944	909,562

See accompanying notes

On behalf of the Board of Directors



Chair – Board of Directors



Vice-Chair – Board of Directors



LIBRARYCO INC.

STATEMENT OF REVENUES AND EXPENSES

Stated in dollars

For the year ended December 31

	2014	2013
Revenues		
Law Society of Upper Canada grant	7,498,519	7,498,524
Law Foundation of Ontario grant	542,000	722,500
Interest income	8,269	8,551
Total Revenues	8,048,788	8,229,575
Expenses		
Head Office / Administration		
Salaries and administration	639,657	664,725
Professional fees	20,173	14,614
Other (note 7)	142,547	60,147
Total Head Office / Administration Expenses	802,377	739,486
Law Libraries – centralized purchases		
Electronic products and services	746,220	892,518
Group benefits	281,976	266,253
Other (note 8)	138,170	151,027
Total Law Libraries – centralized purchases	1,166,366	1,309,798
County and District Law Libraries grants (note 9)	6,321,625	6,268,543
Total County and District Law Libraries Expenses	7,487,991	7,578,341
Total Expenses	8,290,368	8,317,827
Deficit	(241,580)	(88,252)

See accompanying notes



LIBRARYCo INC.

STATEMENT OF CHANGES IN FUND BALANCES

Stated in dollars

For the year ended December 31

	2014			2013
	General Fund	Reserve Fund	Total	Total
Balances, beginning of year	382,936	500,000	882,936	971,188
Deficit for the year	(241,580)	–	(241,580)	(88,252)
Balances, end of year	141,356	500,000	641,356	882,936

See accompanying notes



LIBRARYCO INC.

STATEMENT OF CASH FLOWS

Stated in dollars

For the year ended December 31

	2014	2013
Net outflow of cash related to operating activities:		
Deficit for the year	(241,580)	(88,252)
Net change in non-cash operating working capital items:		
Accounts receivable	(28,080)	13
Prepaid expenses	(2,776)	(8,978)
Accounts payable and accrued liabilities	71,962	(681)
Cash used in operating activities	(200,474)	(97,898)
Cash and short-term investments, beginning of year	863,847	961,745
Cash and short-term investments, end of year	663,373	863,847

See accompanying notes

LIBRARYCo INC.

NOTES TO FINANCIAL STATEMENTS

For the year ended December 31, 2014

1. GENERAL

LibraryCo Inc. (“the Organization”) was established to develop policies, procedures, guidelines and standards for the delivery of county and district law library services and legal information across Ontario and to administer funding from The Law Society of Upper Canada (“the Society”).

The Organization has two classes of shares: Common shares and Special shares. The Society holds all of the 100 Common shares outstanding. Of the 100 Special shares outstanding, 25 are held by the Toronto Lawyers’ Association (TLA) and 75 are held by the County and District Law Presidents’ Association (CDLPA). The Society may appoint up to four directors, CDLPA may appoint up to three directors and TLA may appoint one director.

The Organization is not subject to federal or provincial income taxes.

Under an Administrative Services Agreement, the Society provides the administrative functions of the Organization.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with the accounting standards for not-for-profit organizations set out in Part III of the *CPA Canada Handbook — Accounting*.

General and reserve funds

The General Fund accounts for the delivery, management and administration of library

services. The Reserve Fund is maintained to assist the Organization’s cash flows and act as a contingency fund. In accordance with a Board resolution, the Reserve Fund will be maintained at a minimum of \$500,000, comprising a general component of \$200,000, a capital and special needs component of \$150,000, and a staffing and severance component of \$150,000; any expenses of this fund that would reduce the fund balance below \$500,000 should be replenished in the following year.

Cash and short-term investments

Cash and short-term investments are amounts on deposit and invested in short-term (less than one year) investment vehicles according to the Organization’s investment policy.

Revenue recognition

Grants are recorded as revenue in the General Fund in the fiscal year in which they are received. Investment income is recognized when receivable, if the amount can be reasonably estimated.

Grants paid

Grants are recognized in the fiscal year in which they are paid.

3. FINANCIAL INSTRUMENTS

The Organization’s financial assets and financial liabilities are classified and measured as follows:

Asset / Liability	Measurement
Cash and short-term investments	Fair value
Accounts receivable	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

4. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

There are no amounts payable for government remittances.

5. SHARE CAPITAL

Authorized

Unlimited number of Common shares

Unlimited number of Special shares

Issued	2014	2013
100 Common shares	\$100	\$100
100 Special shares	100	100
	<u>\$200</u>	<u>\$200</u>

6. RELATED PARTY TRANSACTIONS

The Society provides administrative services to the Organization (note 1) as well as certain other services and publications. The total amount billed by the Society for 2014 was \$589,092 (2013: \$590,555). Included in accounts payable and accrued liabilities are amounts due to the Society of \$492 (2013: \$8,526).

7. OTHER EXPENSES — HEAD OFFICE/ ADMINISTRATION

Included in these expenses are costs associated with administration by the Society, directors' and officers' insurance, Board of Directors' meetings and other miscellaneous items.

8. OTHER EXPENSES — COUNTY AND DISTRICT LAW LIBRARIES — CENTRALIZED PURCHASES

Included in these expenses are costs associated with staffing and travel, document delivery, publications, committee meetings and miscellaneous items.

9. COUNTY AND DISTRICT LAW LIBRARY GRANTS

These grants represent the quarterly distribution of funds to the 48 County and District law libraries and any capital and special needs grants. The grants are distributed in accordance with policies and procedures established by the Organization's Board of Directors.

The following individual law library grants were distributed by the Organization during 2014 and 2013:

Law Association	2014	2013	Law Association	2014	2013
Algoma County	\$132,937	\$130,972	Middlesex	357,979	351,703
Brant	98,754	100,239	Muskoka	64,561	64,122
Bruce	56,079	54,265	Nipissing	84,918	83,663
Carleton County	608,596	599,602	Norfolk	70,424	69,898
Cochrane	48,805	47,141	Northumberland County	75,747	76,023
Dufferin	46,884	45,890	Oxford	70,071	70,159
Durham	128,161	126,267	Parry Sound	38,791	39,718
Elgin	76,244	75,632	Peel	293,852	288,524
Essex	277,862	272,770	Perth	53,966	54,667
Frontenac	129,263	128,853	Peterborough	130,629	128,699
Grey County	65,220	67,256	Prescott & Russell	13,698	14,993
Haldimand	30,445	30,510	Rainy River	26,566	26,173
Halton County	137,400	139,369	Renfrew County	122,323	120,515
Hamilton	442,317	435,780	Simcoe County	138,304	136,260
Hastings County	84,540	85,607	Stormont, Dundas & Glengarry	79,148	75,275
Huron	74,745	73,640	Sudbury	184,535	184,339
Kenora District	85,951	86,891	Temiskaming	42,563	41,934
Kent	69,402	68,376	Thunder Bay	193,776	165,297
Lambton	73,798	75,707	Toronto	579,321	570,760
Lanark	38,683	41,105	Victoria-Haliburton	87,300	85,025
Leeds & Grenville	70,734	72,535	Waterloo	236,095	267,606
Lennox & Addington	26,196	27,309	Welland County	92,447	94,471
Lincoln	175,778	173,180	Wellington	74,601	74,487
Manitoulin	2,500	0	York	228,716	225,336
				\$6,321,625	\$6,268,543



LIBRARYCO INC.

BOARD OF DIRECTORS

The Board of Directors of LibraryCo Inc. is comprised of eight lawyers from regions of the province. Four are representatives of The Law Society of Upper Canada, three from the County and District Law Presidents' Association (CDLPA) and one from the Toronto Lawyers' Association (TLA).

Janet Whitehead, Chair	CDLPA appointee
Mark Crane, Vice-Chair	TLA appointee
Rebecca Bentham	CDLPA appointee
Ross F. Earnshaw	Law Society appointee
E. Susan Elliott, LSM	Law Society appointee
Jaye Hooper	CDLPA appointee
Jacqueline Horvat	Law Society appointee
W. A. Derry Millar, LSM	Law Society appointee



COUNTY AND DISTRICT LAW LIBRARIES: TOLL-FREE TELEPHONE NUMBERS*

Algoma District Law Association (Sault Ste. Marie)
[1-866-840-2540](tel:1-866-840-2540)

Brant Law Association (Brantford)
[1-866-759-2038](tel:1-866-759-2038)

Bruce Law Association (Walkerton)
[1-866-486-4365](tel:1-866-486-4365)

County of Carleton Law Association (Ottawa)
[1-866-637-3888](tel:1-866-637-3888)

Dufferin County Law Association (Orangeville)
[1-866-862-9931](tel:1-866-862-9931)

Durham Region Law Association (Oshawa)
[1-866-742-4316](tel:1-866-742-4316)

The Elgin Law Association (St. Thomas)
[1-866-545-6335](tel:1-866-545-6335)

The Essex Law Association (Windsor)
[1-866-815-1112](tel:1-866-815-1112)

Frontenac Law Association (Kingston)
[1-866-893-2010](tel:1-866-893-2010)

Grey County Law Association (Owen Sound)
[1-866-578-5841](tel:1-866-578-5841)

The Haldimand Law Association (Cayuga)
[1-866-528-5779](tel:1-866-528-5779)

The Halton County Law Association (Milton)
[1-866-838-5139](tel:1-866-838-5139)

The Hamilton Law Association (Hamilton)
[1-866-213-6867](tel:1-866-213-6867)

Hastings County Law Association (Belleville)
[1-866-544-3310](tel:1-866-544-3310)

Huron Law Association Inc. (Goderich)
[1-866-266-3270](tel:1-866-266-3270)

District of Kenora Law Association (Kenora)
[1-866-684-1164](tel:1-866-684-1164)

The Kent Law Association (Chatham)
[1-866-575-2529](tel:1-866-575-2529)

Lambton Law Association (Sarnia)
[1-866-203-5101](tel:1-866-203-5101)

The County of Lanark Law Association (Perth)
[1-866-593-0236](tel:1-866-593-0236)

The Leeds & Grenville Law Association (Brockville)
[1-866-503-0574](tel:1-866-503-0574)

The Lennox & Addington Law Association (Napanee)
[1-866-603-6383](tel:1-866-603-6383)

The Lincoln County Law Association (St. Catharines)
[1-866-637-6829](tel:1-866-637-6829)

Middlesex Law Association (London)
[1-866-556-5570](tel:1-866-556-5570)

The Muskoka Law Association (Bracebridge)
[1-866-613-9217](tel:1-866-613-9217)

The Nipissing Law Association Library (North Bay)
[1-866-899-6439](tel:1-866-899-6439)

Norfolk Law Association (Simcoe)
[1-866-648-8708](tel:1-866-648-8708)

The Northumberland County Law Association (Cobourg)
[1-866-214-8450](tel:1-866-214-8450)

Oxford County Law Association (Woodstock)
[1-866-750-5169](tel:1-866-750-5169)

The Parry Sound Law Association (Parry Sound)
[1-866-456-6472](tel:1-866-456-6472)

Peel Law Association (Brampton)
[1-866-228-0235](tel:1-866-228-0235)

County of Perth Law Association (Stratford)
[1-866-365-0218](tel:1-866-365-0218)

The Peterborough Law Association (Peterborough)
[1-866-556-8395](tel:1-866-556-8395)

The District of Rainy River Law Library Association
(Fort Frances)
[1-866-684-1184](tel:1-866-684-1184)

The County of Renfrew Law Library Association (Pembroke)
[1-866-705-8538](tel:1-866-705-8538)

Simcoe County Law Association (Barrie)
[1-866-692-6163](tel:1-866-692-6163)

Stormont, Dundas & Glengarry Law Association (Cornwall)
[1-866-830-9118](tel:1-866-830-9118)

Sudbury District Law Association (Sudbury)
[1-866-508-7655](tel:1-866-508-7655)

The Temiskaming Law Association (Haileybury)
[1-877-672-5655](tel:1-877-672-5655)

Thunder Bay Law Association (Thunder Bay)
[1-866-684-1186](tel:1-866-684-1186)

Toronto Lawyers' Association (Toronto)
[1-866-258-8886](tel:1-866-258-8886)

Victoria-Haliburton Law Association (Lindsay)
[1-866-895-6220](tel:1-866-895-6220)

Waterloo Region Law Association (Waterloo)
[1-866-201-0168](tel:1-866-201-0168)

The Welland County Law Association (Welland)
[1-866-455-6489](tel:1-866-455-6489)

Wellington Law Association (Guelph)
[1-866-893-5220](tel:1-866-893-5220)

York Region Law Association (Newmarket)
[1-866-221-8864](tel:1-866-221-8864)

**During regular business hours*



LIBRARYCO INC.

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