

## ONTARIO LIBRARY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS  
DECEMBER 31, 2002

---

### 2. Significant accounting policies (continued)

#### *Revenue recognition*

The Association follows the fund accounting method in which externally restricted contributions are recognized when they are received in the fund corresponding to the purpose for which they were donated.

The Ontario operating grant is recognized as revenue of the general fund on the basis of the number of months of the Ontario Government's fiscal year falling within the Association's fiscal period. Other special purpose grants are applied against the related expense when the expenditures to which they relate have been incurred.

Membership fees, registration fees, contract administration fees and the sale of publications and materials are recognized as revenue of the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

#### *Investments*

Investments are carried at amortized cost plus accrued interest.

#### *Inventory*

Inventory is comprised of publications and items for resale and is valued at the lower of cost and net realizable value. Cost is determined using the first-in, first-out basis.

#### *Capital assets*

Purchased capital assets are carried at the lower of cost less accumulated amortization and the estimated net recoverable amount in the general fund. Contributed capital assets are recorded in the general fund at management's estimate of fair value at the date of contribution. Amortization is provided over the related assets' estimated useful lives, using the following methods and annual rates:

Computer equipment & software	20% declining method
Office furniture & equipment	20% declining method
Leasehold improvements	Straight-line over the term of the lease