

# LiRN - Financial Reporting and the Chart of Accounts

Prepared for the FOLA Plenary, November 10, 2022

# Chart of Accounts

- ▶ Chart of Accounts sets out the GL numbers used in the network library system accounting
- ▶ Need for some changes has arisen over the years
- ▶ For now, have simply made some clarifications and will consider more in depth changes in the coming year
- ▶ Libraries provide a trial balance every quarter
- ▶ The template for this includes all of the GL accounts listed in the Chart of Accounts

# Chart of Accounts

- ▶ Confusion can arise about how to use the chart of accounts for various reasons
  - ▶ Out of date missing GL accounts - examples:
    - ▶ ‘Looseleaf services’ where there is an electronic version and a print version of the looseleaf
    - ▶ No GL for bad debt
  - ▶ Inexperienced library staff, compounded by no formal and centralized training

# Chart of Accounts

- ▶ LiRN's 2023 Action Plan includes forming a working group to consider:
  - ▶ Updated COA
  - ▶ Possibility of upgraded accounting software and how to transition from the previously-required Sage system
  - ▶ How to transition to any new systems

# Chart of Accounts - Definitions

## Current Assets

Account Number	Account Description	Definition
1050	Petty Cash	Includes any cash on hand, such as petty cash funds or a postage float.
1060	Chequing Account	<p>Represents cash in library chequing account at a point in time, plus outstanding deposits and less outstanding cheques.</p> <p>Amounts that have been deposited to your account that have not been processed, according to your statements.</p> <p>Cheques (or other payment methods) you have issued that have not cleared your account.</p>

# Chart of Accounts - Definitions

## Current Assets

Account Number	Account Description	Definition
1065	Savings Account	Represents cash in a library bank account, other than a chequing account, on which interest is paid.
1100	Investments	Represents monies invested that are expected to yield income or profit or both (e.g. GICs, Term Deposits)
1200	Accounts Receivable	This account represents amounts due to the library for services/goods you have supplied, but for which the library has not yet received payment. When you invoice someone through the sales journal, Simply Accounting puts the amount in this account until you "receive" the amount using the receipts journal.

# Chart of Accounts - Definitions

## Current Assets

Account Number	Account Description	Definition
1280	Due from LiRN Inc.	Represents amounts due to the library from LIRN but not yet received. This account will only be used in the unusual situation where you have not received the funds that you should have received from LIRN by the end of the year (e.g. if your grant had been withheld for some reason). Do not use this account for the regular grant - use 4200.

# Chart of Accounts - Definitions

## Current Assets

Account Number	Account Description	Definition
1340	Prepaid Expenses	Represents expenses paid in advance of the period they cover (e.g. an equipment lease) or payments for goods or services made by the library in advance of receiving such goods or services. Prepaid expenses are initially recorded as assets, but their value is expensed over time onto the income statement. This account will probably come into play only at the end of the year, if you have paid in advance for something that will not arrive until the following year.



# Chart of Accounts - Definitions

## Capital Assets

Account Number	Account Description	Definition
1710	Computer	Capital assets purchases are recorded on the balance sheet at original cost and are amortized (expensed) over their useful life (e.g. 5645 for computer, 5630 for photocopier). Assets such as computers, furniture and equipment are amortized over a period of 3 to 5 years. For example, photocopiers are generally amortized over 5 years whereas computer equipment and software can be amortized over 3 years. If the cost of the asset is a nominal amount, it may be more practical to expense it fully in the year it is purchased.
1715	Accum AmortComputer	
1730	Office Furn & Equip	
1735	Accum AmortFurn & Equip	

# Chart of Accounts - Definitions

## Current Liabilities

Account Number	Account Description	Definition
2100	Accounts Payable	Represents amounts owed by the library to an outside party for goods or services it has received, and for which the corresponding invoices have been received, but not yet paid. When you enter invoices using the purchases journal, Simply Accounting puts the amounts in this account until you pay them using the payments journal.

# Chart of Accounts - Definitions

## Accrued Liabilities

Account Number	Account Description	Definition
2170	Vacation Payable	Represents vacation pay earned by an employee but not yet been taken or paid out. Simply Accounting records the amounts automatically based on settings in the payroll journal.
2180	EI Payable	Represents employment insurance deducted from an employee pay (along with the employer's portion) but not yet paid to the Receiver General. Simply Accounting records the amounts automatically based on settings in the payroll journal.

# Chart of Accounts - Definitions

## Accrued Liabilities

Account Number	Account Description	Definition
2185	CPP Payable	Represents Canada Pension Plan contributions deducted from an employee's pay (along with the employer's portion) but not yet paid to the Receiver General. Simply Accounting records the amounts automatically based on settings in the payroll journal.
2190	Income Tax Payable	Represents income tax deducted from an employee's pay but not yet paid to the Receiver General. Simply Accounting records the amounts automatically based on settings in the payroll journal.

# Chart of Accounts - Definitions

## Accrued Liabilities

Account Number	Account Description	Definition
2200	WSIB Payable	This account reflects premiums deducted from an employee's pay, if applicable, (along with the employer's portion), but not yet paid to the Workers Safety and Insurance Board for coverage. Simply Accounting records this automatically based on settings in the payroll journal.
2310	GST/HST Charged on Sales	Represents any GST or HST collected on sales/revenue but not yet paid to the Receiver General. Simply Accounting records the amounts automatically based on information entered in the sales journal.

# Chart of Accounts - Definitions

## Accrued Liabilities

Account Number	Account Description	Definition
2315	GST/HST Paid on Purchases	Represents any GST paid on purchases that can be claimed as an Input Tax Credit but has not yet been claimed. Simply Accounting records the amounts automatically based on information entered in the purchases journal.

# Chart of Accounts - Definitions

## Equity Liabilities

Account Number	Account Description	Definition
3560	Accumulated Surplus	Reflects the operating (surplus) at the beginning of the year.

# Chart of Accounts - Definitions

## Revenue

Account Number	Account Description	Definition
4100	Membership Fees	If the Association is still collecting fees locally for library purposes, please enter the amount here.
4200	LSO Members' Contribution (LiRN)	This figure should reflect the quarterly grants as received from LiRN only. These monies are based on LSO members' dues. In the rare occasion that other monies are received from LiRN, see account 4320.
4220	Photocopy Revenue	This account reflects any revenue generated through the use of the photocopier in law library.



# Chart of Accounts - Definitions

## Revenue

Account Number	Account Description	Definition
4230	Fax Revenue	This account reflects any revenue generated through the use of the fax machine in the law library.
4240	Research Revenue	This account reflects any revenue generated through research services offered in the law library.
4260	Print Revenue	This account reflects any revenue generated through the use of printer(s) in the law library. (i.e. if a charge is levied for printing information from CD Rom products, Quicklaw or the Internet, the printing fees collected should be recorded here.)

# Chart of Accounts - Definitions

## Other Revenue

Account Number	Account Description	Definition
4310	Interest Revenue	This account reflects interest earned on your library's savings account or investments.
4320	Miscellaneous Revenue	Record special or extraordinary funding received from LiRN.

# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5110	Textbooks and Annuals	<p>This account reflects the legal texts which are required to practice law. They are often also called monographs or treatises. They are generally bound texts (as opposed to being in updateable looseleaf or electronic format) but may be either paper or hard bound. They may also come in a binder that does not require updating (e.g. Continuing Education Materials from the Law Society or Insight Press). They may be published only once (i.e. Sherrin's , The Criminal Lawyer's Guide to Disclosure and Production) or every few years (e.g. Hogg's Liability of the Crown, 3d ed.) or on an annual basis" (e.g. Macdonald's, The 2006 Annotated Ontario Family Law Act). Also, if you purchase the contents of looseleafs annually, or at some other interval, instead of subscribing to the release service, enter the amount here.</p>

# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5120	Law Reports & Digests	This account reflects the Law Reports that contain the Judge-made law in full or in summary (digest) format. These are referred to as many things: decisions, judgements or case law. Typically, they are issued in paper parts and after a certain number of parts a bound volume is published (e.g. The Reports of Family Law, the Supreme Court Reports, the Ontario Reports etc). Record here subscriptions to those law reports and digests that are held in paper format (as opposed to electronic formats).

# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5130	Periodicals	This refers to journals, magazine, and newspaper subscriptions in your law library. (e.g. Journal of Environmental Law and Protection, or the National or Canadian Lawyer or The Lawyers Weekly or The Globe and Mail).
5140	Looseleaf Services	These are legal texts that are kept up to date by replacement pages issued on a regular or irregular basis. They may be in a single volume format or in multi-volume sets. Typically, the releases are priced separately, but the work might also be set up as an annual subscription.

# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5150	Government Documents	These are documents that are published by government bodies. They are mostly primary materials as in the Statutes of Ontario, Regulations of Ontario, Statutes of Canada, and Canada Gazette, (Parts I, II and III). But they also may be reports published by the Queens Printer or under the auspices of a government department such as the Attorney General or Ontario or the Canada Department of Justice or the Department of Education etc.

# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5160	Binding	Materials issued in parts that are worth retaining should be bound for ease of use and to ensure that the parts do not go missing. Record here the costs of binding runs of periodicals or the costs of rebinding materials that need serious repair.

# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5170	Electronic Subscriptions (Online, CD-ROMs)	Record here the costs for any electronic products that are selected, purchased and paid for locally (e.g. Divorce Mate). Do not include the centralized purchases LiRN makes on behalf of county law libraries. Also record here the costs, if you have any, for additional licenses you may purchase to use various electronic products.



# Chart of Accounts - Definitions

## Collection Expenses

Account Number	Account Description	Definition
5194	Miscellaneous Expenses - Collection	This account reflects any other collection expenses (e.g. charges levied by a library outside the county system for lending a book). This account is not likely to be used very much. For any miscellaneous operating expenses use 5690.

# Chart of Accounts - Definitions

## Personnel Expenses

Account Number	Account Description	Definition
5405	Law Library Salaries	This account reflects the salary/salaries of all library staff whether full time, part time, or contract.
5420	EI Expense	Represents employer amounts of Employment Insurance sent to Receiver General for Canada. Simply Accounting calculates this automatically based on settings in the payroll journal.
5430	CPP Expense	Represents employer amounts of Canada Pension sent to Receiver General for Canada. Simply Accounting calculates this automatically based on settings in the payroll journal.

# Chart of Accounts - Definitions

## Personnel Expenses

Account Number	Account Description	Definition
5435	WSIB Expense	Represents employer amounts of Workplace Safety and Insurance Board premiums sent to the WSIB (if the association is registered for WSIB). Simply Accounting calculates this automatically based on settings in the payroll journal.
5440	Other Wages	Represents any additional wages that are paid to Library Staff. (ie. bonuses, honorariums etc.) Use this account for payments made for occasional casual labour (e.g. student help). If you pay for bookkeeping or accounting services, use 5680.

# Chart of Accounts - Definitions

## Personnel Expenses

Account Number	Account Description	Definition
5470	Pension Contributions	Use for benefits not otherwise accounted for. (This may include such benefits as employee bonuses, RRSP contributions etc.)

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5610	Telephone and Internet	Reflects costs of telephone, internet long distance, leasing equipment etc. Only telephones located in the library should be paid from the library account. If the association also pays for telephones in the Registry Office, for example, they should be paid from the Association's accounts.
5615	Insurance	LiRN pays for standard insurance policy covering books equipment etc. Include here only additional insurance that your library may have, if any.

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5620	Facsimile	Record here all costs related to fax machine(s) including equipment leasing agreement(s), contract(s), maintenance charges, service agreements, toner, etc.
5630	Photocopier	Record here all costs related to photocopier(s) including equipment leasing agreement(s), contract(s), maintenance charges, service agreements, toner, etc.
5640	Printer	Record here all costs related to printer(s) including equipment leasing agreement(s), contract(s), maintenance charges, service agreements, toner etc.

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5645	Computer (Equipment & Tech)	Record here all costs related to computer(s) including equipment leasing agreement(s), contract(s), maintenance charges, service agreement, desktop software etc.
5660	Office supplies	Record here all office supplies. This includes stamps, paper for use in all equipment etc.

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5680	Audit and Accounting Fees	Record here any fees associated with banking and/or auditing library accounts. Any outsourcing of accounting /financial assistance for library accounts should be recorded here. (e.g. if a Bookkeeper is employed to do banking, payroll, paying of library invoices, preparing financial reports etc. their fee for the library-related work should be recorded here.) The work they do on behalf of the Association should be paid out of Association funds.



# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5685	Professional Development	<p>Record here costs related to Professional Development of Library staff (not the professional development of lawyers.) This includes:</p> <ul style="list-style-type: none"><li>&gt; Registration fees for continuing education courses (e.g. Excel courses, Simply Accounting training etc.)</li><li>&gt; Registration fees for conferences and professional meetings, seminars, workshops etc. For other expenses related to the above, see account 5695.</li></ul> <p>Note that this account does not include the Association's membership in the Federation of Ontario Law Associations). This is not a library cost and should be paid out of Association funds not library funds.</p>

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5690	Miscellaneous Operating Expenses	Record expenses not otherwise identified by a specific account.
5695	Travel	Record all other costs associated with attending training courses, conferences, professional meetings, seminars, workshops etc., including travel, hotel and meals.
5700	Fees & Dues	Record fees or dues paid directly by the Library. This would include fees paid on behalf of a staff member for membership in OCLA or the Canadian Association of Law Libraries (CALL). This does not include the Association's membership in the Federation of Ontario Law Associations (FOLA), which is not a library expense.

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5705	Bank Charges	This account reflects and service charges and/or interest.
5710	Repairs & Maintenance	This account reflects any charges incurred for the repair and maintenance to the library or equipment not covered under a maintenance agreement. Only use this account for charges that do not fit into 5620-5645 (for example repairs to a postage meter or similar miscellaneous equipment).

# Chart of Accounts - Definitions

## Operating Expenses

Account Number	Account Description	Definition
5715	Courier & Delivery	This account reflects any charges incurred when using a courier/delivery service.
5720	Equipment Leases	This account reflects any other equipment leases.
5725	Bad Debt	Bad Debt write-offs.