

TESL Association of Ontario
Financial Statements
For the year ended March 31, 2014

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To the Directors of
TESL Association of Ontario

Independent Auditors' Report

Report on the Financial Statements

We have audited the accompanying financial statements of TESL Association of Ontario, which comprise the statement of financial position as at March 31, 2014 and the statements of operations and changes in net assets 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.

Auditors' 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of TESL Association of Ontario as at March 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.

September 20, 2014
Burlington, Ontario

SB Partners LLP

Chartered Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2014

Assets		
	2014	2013 (Note 11)
Current assets		
Cash and cash equivalents	\$ 251,906	\$ 243,592
Short-term investments	262,460	605,859
Project funding receivable	79,034	160,503
Prepaid expenses and other assets	40,835	38,065
H.S.T. receivable	5,930	15,320
	640,165	1,063,339
Capital assets (Note 3)	32,720	29,273
	\$ 672,885	\$ 1,092,612
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 4)	\$ 52,685	\$ 198,371
Deferred contributions (Note 5)	332,416	298,359
	\$ 385,101	\$ 496,730
Net Assets		
Unrestricted	\$ 287,784	\$ 595,882
	\$ 672,885	\$ 1,092,612

Approved on Behalf of the Board

Directors

Directors

The accompanying notes are an integral part of the financial statements.

TESL Association of Ontario
Statement of Operations and Changes in Net Assets
Year Ended March 31, 2014

	2014	2013 (Note 11)
Revenues		
Membership fees	\$ 326,191	\$ 338,280
Accreditation fees	314,623	330,991
Projects (Note 8)	317,906	316,980
Annual conference (Note 6)	535,390	735,395
Affiliate chapters' conferences	47,382	32,810
Interest	4,318	9,817
Other	24,757	18,616
	1,570,567	1,782,889
Expenditures		
Membership	87,348	94,223
Accreditation	213,708	200,927
Projects	277,324	267,582
Annual conference (Note 7)	696,122	700,820
Affiliate chapters' conferences	89,937	78,432
Office and administration	313,555	225,801
TESL Canada and TESOL affiliation	86,635	87,489
Board and committee meetings	55,451	56,872
Occupancy	39,189	41,550
	1,859,269	1,753,696
Excess (deficiency) of revenues over expenditures before other items	(288,702)	29,193
Repayment of prior year conference assistance (Note 9)	(19,396)	(144,477)
Net (deficiency) of revenues over expenditures for the year	(308,098)	(115,284)
Net assets, beginning of year	595,882	711,166
Net assets, end of year	\$ 287,784	\$ 595,882

The accompanying notes are an integral part of the financial statements.

TESL Association of Ontario**Statement of Cash Flows****Year Ended March 31, 2014**

	2014	2013
		(Note 11)
Cash flows from operating activities		
Net (deficiency) of revenues over expenditures for the year	\$ (308,098)	\$ (115,284)
Charges not involving cash		
Amortization	8,248	7,128
	(299,850)	(108,156)
Net change in project funding receivable	81,469	(99,420)
Net change in accounts payable and accrued liabilities	(145,686)	165,943
Net change in other operating working capital balances	40,677	3,955
	(323,390)	(37,678)
Cash flows from investing activities		
Purchase of capital assets	(11,695)	(10,498)
	(11,695)	(10,498)
Net decrease in cash and cash equivalents	(335,085)	(48,176)
Cash and cash equivalents, beginning of year	849,451	897,627
Cash and cash equivalents, end of year	\$ 514,366	\$ 849,451
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 251,906	\$ 243,592
Short-term investments	262,460	605,859
	\$ 514,366	\$ 849,451

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2014

1. Purpose of organization

TESL Association of Ontario was established in 1972 as a not-for-profit organization servicing the needs of teachers of English as a Second Language. In its commitment to professional development and advocacy, TESL Association of Ontario addresses the range of competencies, experiences and issues which influence the success of immigrants, refugees, visa students and others who learn English.

These financial statements include the revenue and expenses of the following twelve regional affiliates: Durham, Hamilton-Wentworth, Kingston, London, Niagara, North York/York Region, Ottawa, Peel/Halton/Etobicoke, Northern Region, Waterloo-Wellington, Toronto and Windsor.

2. Significant accounting policies

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents consist of cash on hand and balances with bank.

Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities. Short-term investments are initially recognized and subsequently measured at fair value without adjustment for transaction costs that would be incurred on disposal. Changes in fair value are recognized in net excess of revenues over expenditures in the period. All other financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs and financing fees associated with financial instruments carried at amortized cost are recorded as adjustments to the initial fair value recognized and amortized over the life of the financial instrument.

Capital assets

Capital assets are recorded at cost. Amortization is provided as follows:

Computer equipment	20% declining balance
Furniture and fixtures	20% declining balance
Leasehold improvements	3 year straight-line

One-half the normal rate of amortization is provided for in the year of acquisition.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions received are recognized as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue when earned.

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2014

2. Significant accounting policies (cont'd.)

Contributed services

Volunteers contribute many hours each year to assist the Organization in carrying out its activities. Because of the difficulty of determining its fair value, contributed services are not recognized in the financial statements.

Income taxes

The Organization is a not-for-profit organization registered under the Income Tax Act (the "Act") and, as such, is exempt from income taxes for income tax purposes.

Deferred contributions

The balance represents annual membership fee revenue which is recognized when services are provided and designated funding revenue received which has not yet been used for its specified purposes.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expense during the period. Actual results could differ from those estimates.

3. Capital assets

	Cost	Accumulated Amortization	2014	2013
Computer equipment	\$ 20,769	\$ 11,128	\$ 9,641	\$ 9,780
Furniture and fixtures	21,119	9,357	11,762	14,702
Leasehold improvements	20,651	9,334	11,317	4,791
	<u>\$ 62,539</u>	<u>\$ 29,819</u>	<u>\$ 32,720</u>	<u>\$ 29,273</u>

4. Accounts payable and accrued liabilities

	2014	2013
Accounts payable and accrued liabilities	\$ 40,952	\$ 186,477
Payroll deductions payable	11,733	11,894
	<u>\$ 52,685</u>	<u>\$ 198,371</u>

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2014

5. Deferred contributions	2014	2013
Project funding	\$ 32,416	\$ 38,359
Membership and accreditation fees	300,000	260,000
	\$ 332,416	\$ 298,359
6. Annual conference revenue	2014	2013
Conference assistance project - CIC	\$ 251,582	\$ 450,738
Conference assistance project - MCI	133,670	137,126
Publisher fees	36,886	41,220
Registration fees	101,252	101,311
Sponsorship	12,000	5,000
	535,390	735,395
7. Annual conference expenditures	2014	2013
Conference room rentals	28,202	17,700
Equipment and computer rentals	50,548	76,761
Hospitality	229,448	82,749
Overhead allocations	81,972	150,274
Planning costs	60,415	55,772
Printing, supplies and miscellaneous	36,670	34,428
Publishers expense	6,625	6,960
Registrants' travel and accommodation	142,567	241,659
Research symposium	6,165	7,532
Salaries and employee benefits	29,510	-
Webcasting	24,000	26,985
	\$ 696,122	\$ 700,820

Overhead costs are allocated to the Annual TESL Ontario Conference based on a proportionate share of general, administrative and operating expenses that reflect the utilization of these resources for conference related activities.

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2014

8. Project revenue	2014	2013
Ministry of Citizenship and Immigration		
Pay Equity Program	\$ 9,259	\$ 9,259
Coordinated Language Assessment and Referral System (CLARS)	187,615	
Citizenship and Immigration Canada		
Post-TESL Certificate Training (PTCT)	121,032	127,784
Coordinated Language Assessment and Referral System (CLARS)	-	177,637
Ontario Region LINC Advisory Committee (ORLAC)	-	2,300
	\$ 317,906	\$ 316,980

9. Subsequent events

The Organization enters into an annual contract with Citizenship and Immigration Canada for a partial subsidy of the Annual TESL Ontario Conference, based on an approved budget and completion of required monitoring reports by the Ministry. On July 4, 2014, the Organization was notified by Citizenship and Immigration Canada that a portion of the funding received for the 2011 and 2012 Annual TESL Ontario Conferences totaling \$19,396 was being claw-backed by the Department. A provision for this amount has been made in the financial statements.

10. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, short-term investments, accounts receivable, and accounts payable and accrued liabilities.

Liquidity risk

The Organization's exposure to liquidity risk is dependent on the collection of accounts receivable, purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Organization controls liquidity risk by management of working capital, cash flows and the availability of borrowing facilities.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant interest rate, credit, market, or currency risks.

11. Comparative information

The comparative figures for 2013 have been reclassified where necessary to conform with the 2014 financial statement presentation.