

**TESL Association of Ontario**  
**Financial Statements**  
For the year ended March 31, 2013

Contents	Page
<hr/>	
<b>Independent Auditors' Report</b>	
<b>Financial Statements</b>	
Statement of Financial Position	1
Statement of Operations and Changes in Net Assets	2
Statement of Cash Flows	3
Notes to Financial Statements	4 - 8

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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, 2013, March 31, 2012 and April 1, 2011 and the statements of operations, changes in net assets, and cash flows for the periods ended March 31, 2013 and March 31, 2012, 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, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the periods ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

September 21, 2013

*SB Partners LLP*  
Chartered Accountants  
Licensed Public Accountants

**TESL Association of Ontario**  
**Statement of Financial Position**  
**March 31, 2013**

	<b>Assets</b>		
	<b>March 31, 2013</b>	<b>March 31, 2012 (Note 15)</b>	<b>April 1, 2011</b>
<b>Current assets</b>			
Cash and cash equivalents	\$ 243,592	\$ 303,034	\$ 220,047
Short-term investments	605,859	594,593	345,300
Accounts receivable (Note 4)	160,503	61,083	186,914
Prepaid expenses and other assets	38,065	10,471	4,566
H.S.T. receivable	15,320	-	16,773
	<b>1,063,339</b>	969,181	773,600
<b>Capital assets (Note 5)</b>	<b>29,273</b>	25,903	23,239
	<b>\$ 1,092,612</b>	\$ 995,084	\$ 796,839

<b>Liabilities</b>			
<b>Current liabilities</b>			
Accounts payable and accrued liabilities (Note 6)	\$ 198,371	\$ 32,428	\$ 15,314
H.S.T. payable	-	1,490	-
Deferred contributions (Note 7)	298,359	250,000	240,000
	<b>\$ 496,730</b>	\$ 283,918	\$ 255,314

<b>Net Assets</b>			
<b>Unrestricted</b>	<b>\$ 595,882</b>	\$ 711,166	\$ 541,525
	<b>\$ 1,092,612</b>	\$ 995,084	\$ 796,839

Approved on Behalf of the Board

\_\_\_\_\_  
Directors

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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, 2013**

	2013	2012 (Note 15)
<b>Revenues</b>		
Annual TESL Ontario Conference (Note 8)	\$ 730,395	\$ 748,781
Project revenue (Note 9)	316,980	300,438
Membership fees	338,280	337,821
Accreditation fees	330,991	321,566
Affiliates' conferences	32,810	40,987
Other	23,616	14,446
Interest	9,817	5,055
	<b>1,782,889</b>	<b>1,769,094</b>
<b>Expenditures</b>		
Annual TESL Ontario Conference (Note 10)	700,820	679,002
Affiliates' conferences	78,432	64,970
Other project expenses	267,582	254,047
Accreditation costs	200,927	131,686
Salaries and employee benefits	310,524	291,516
Rent, telephone & utilities	59,358	52,010
Memberships and affiliation expenses	87,489	83,986
Contact newsletter	7,240	7,200
Meeting expenses	49,290	46,993
Professional fees	24,679	10,601
Computer & equipment rental	6,821	9,066
Stationery, supplies, postage & couriers	14,196	16,504
Website costs	36,390	46,089
Office and general	53,094	45,865
Amortization	7,128	6,608
Less overhead allocated to annual conference costs	(150,274)	(146,690)
	<b>1,753,696</b>	<b>1,599,453</b>
<b>Excess of revenues over expenditures before other items</b>	<b>29,193</b>	<b>169,641</b>
Repayment of prior year conference assistance (Note 13)	(144,477)	-
<b>Net excess (deficiency) of revenues over expenditures for the year</b>	<b>(115,284)</b>	<b>169,641</b>
<b>Net assets, beginning of year, as previously stated</b>	<b>961,166</b>	<b>781,525</b>
Prior period adjustment (Note 11)	(250,000)	(240,000)
<b>Net assets, beginning of year, as restated</b>	<b>711,166</b>	<b>541,525</b>
<b>Net assets, end of year</b>	<b>\$ 595,882</b>	<b>\$ 711,166</b>

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

**TESL Association of Ontario****Statement of Cash Flows****Year Ended March 31, 2013**

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	<b>2013</b>	<b>2012</b>
		<b>(Note 15)</b>
<b>Cash flows from operating activities</b>		
Net excess (deficiency) of revenues over expenditures for the year	\$ (115,284)	\$ 169,641
Charges not involving cash		
Amortization	7,128	6,608
	<b>(108,156)</b>	176,249
Net change in accounts receivable	<b>(99,420)</b>	125,831
Net change in accounts payable and accrued liabilities	<b>165,943</b>	17,113
Net change in other operating working capital balances	<b>3,955</b>	22,358
	<b>(37,678)</b>	341,551
Cash flows from (used in) operating activities	<b>(37,678)</b>	341,551
<b>Cash flows from investing activities</b>		
Purchase of capital assets	<b>(10,498)</b>	(9,271)
	<b>(10,498)</b>	(9,271)
Cash flows used in investing activities	<b>(10,498)</b>	(9,271)
<b>Net increase (decrease) in cash and cash equivalents</b>	<b>(48,176)</b>	332,280
<b>Cash and cash equivalents, beginning of year</b>	<b>897,627</b>	565,347
<b>Cash and cash equivalents, end of year</b>	<b>\$ 849,451</b>	<b>\$ 897,627</b>
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents	\$ 243,592	\$ 303,034
Short-term investments	<b>605,859</b>	594,593
	<b>\$ 849,451</b>	<b>\$ 897,627</b>

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**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

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**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, 2013**

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**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. Adoption of accounting standards for not-for-profit organizations**

Effective April 1, 2012, the Organization adopted the requirements of the Canadian Institute of Chartered Accountants (CICA) Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit organizations. These are the Organization's first financial statements prepared in accordance with these accounting standards for not-for-profit organizations (ASNFPO) and the transitional provisions of Section 1501 First-time Adoption have been applied. Section 1501 requires retrospective application of the accounting standards with certain elective exemptions and limited retrospective exceptions. The accounting policies set out in the significant accounting policies note have been applied in preparing the financial statements for the year ended March 31, 2013, the comparative information presented in these financial statements for the year ended March 31, 2012 and in the preparation of an opening ASNFPO balance sheet at April 1, 2011 (the Organization's date of transition).

The Organization issued financial statements for the year ended March 31, 2012 using generally accepted accounting principles prescribed by CICA Handbook - Accounting XFI. The adoption of ASNFPO had no impact on the previously reported assets, liabilities and net assets of the Organization, and accordingly, no adjustments have been recorded in the comparative statement of financial position, statement of operations and changes in net assets and the cash flow statement. Certain of the Organization's disclosures included in these financial statements reflect the new disclosure requirements of ASNFPO.

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

**4. Accounts receivable**

	2013	2012
Project funding	\$ 160,503	\$ 59,449
Membership and accreditation fees	-	1,634
	<b>\$ 160,503</b>	<b>\$ 61,083</b>

**5. Capital assets**

	Cost	Accumulated Amortization	2013 NBV
Computer equipment	\$ 18,761	\$ 8,981	\$ 9,780
Furniture and fixtures	21,119	6,417	14,702
Leasehold improvements	10,964	6,173	4,791
	<b>\$ 50,844</b>	<b>\$ 21,571</b>	<b>\$ 29,273</b>

	Cost	Accumulated Amortization	2012 NBV
Computer equipment	\$ 17,157	\$ 6,736	\$ 10,421
Furniture and fixtures	13,238	3,726	9,512
Leasehold improvements	9,950	3,980	5,970
	<b>\$ 40,345</b>	<b>\$ 14,442</b>	<b>\$ 25,903</b>

**6. Accounts payable and accrued liabilities**

	2013	2012
Accounts payable and accrued liabilities	\$ 186,477	\$ 20,082
Payroll deductions payable	11,894	12,346
	<b>\$ 198,371</b>	<b>\$ 32,428</b>

**7. Deferred contributions**

	2013	2012
Project funding	\$ 38,359	\$ -
Membership and accreditation fees	260,000	250,000
	<b>\$ 298,359</b>	<b>\$ 250,000</b>

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

<b>8. Annual TESL Ontario Conference revenue</b>	<b>2013</b>	<b>2012</b>
Conference assistance project - CIC	\$ 450,738	\$ 477,104
Conference assistance project - MCI	137,126	128,703
Publisher fees	41,220	33,358
Registration fees	101,311	109,616
	<b>\$ 730,395</b>	<b>\$ 748,781</b>

<b>9. Project revenue</b>	<b>2013</b>	<b>2012</b>
Ministry of Citizenship and Immigration Pay Equity Program	\$ 9,259	\$ 9,259
Citizenship and Immigration Canada PTCT - Framework	127,784	288,726
CLARS	177,637	-
ORLAC	2,300	2,453
	<b>\$ 316,980</b>	<b>\$ 300,438</b>

<b>10. Annual TESL Ontario Conference expenditures</b>	<b>2013</b>	<b>2012</b>
Overhead allocations	\$ 150,274	\$ 146,690
Conference room rentals	17,700	17,700
Equipment and computer rentals	76,761	61,773
Hospitality	82,749	87,452
Planning costs	55,772	52,637
Printing, supplies and miscellaneous	34,428	38,167
Publishers expense	6,960	6,993
Registrants' travel and accommodation	241,659	227,619
Research symposium	7,532	10,161
Webcasting	26,985	29,810
	<b>\$ 700,820</b>	<b>\$ 679,002</b>

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.

**11. Prior period adjustment**

The comparative financial statements for March 31, 2012 and April 1, 2011 have been restated to reflect deferred contributions as identified by management. As a result, the opening retained earnings as at April 1, 2011, March 31, 2012 and March 31, 2013 have been decreased by \$230,000, \$240,000 and \$250,000 respectively.

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2013**

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**12. Operating lease commitments**

Future minimum payments for operating leases that have initial or remaining terms of one year or more consist of the following amounts:

		<b>Premises</b>		<b>Equipment</b>
<b>2014</b>	\$	50,762	\$	7,778
<b>2015</b>		50,762		7,778
<b>2016</b>		-		7,207
<b>2017</b>		-		6,408
		<hr/>		
		\$	101,524	\$ 29,171

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**13. 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 25, 2013, the Organization was notified by Citizenship and Immigration Canada that a portion of the funding received for the 2010 Annual TESL Ontario Conference in the amount of \$144,477 was being claw-backed by the Department. A provision for this amount has been made in the financial statements.

**14. 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.

**15. Comparative information**

The comparative 2012 financial statements were prepared by another accounting firm. In addition, the comparative figures for 2012 have been reclassified where necessary to conform with the 2013 financial statement presentation.