

**TESL Association of Ontario**  
**Financial Statements**  
For the year ended March 31, 2015

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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, 2015 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.

#### **Emphasis of Matter**

We draw attention to Note 3 to the financial statements which describes the effect of the retroactive restatement of intangible assets in the March 31, 2014 year end figures. Our opinion is not qualified in respect of this manner.

#### **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, 2015 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 19, 2015  
Burlington, Ontario

  
Chartered Professional Accountants  
Licensed Public Accountants

**TESL Association of Ontario**  
**Statement of Financial Position**  
**March 31, 2015**

<b>Assets</b>		
	<b>2015</b>	<b>2014 (Restated Note 3)</b>
<b>Current assets</b>		
Cash and cash equivalents	\$ 150,781	\$ 251,906
Short-term investments	116,741	262,460
Project funding receivable	45,959	79,034
Prepaid expenses and other assets	18,572	40,835
H.S.T. receivable	-	5,930
	<b>332,053</b>	640,165
<b>Capital assets (Note 4)</b>	<b>30,276</b>	32,720
<b>Intangible assets (Note 5)</b>	<b>32,000</b>	25,000
	<b>\$ 394,329</b>	<b>\$ 697,885</b>
<b>Liabilities</b>		
<b>Current liabilities</b>		
Accounts payable and accrued liabilities (Note 6)	\$ 88,660	\$ 52,685
Deferred contributions (Note 7)	343,337	332,416
	<b>\$ 431,997</b>	<b>\$ 385,101</b>
<b>Net Assets</b>		
<b>Unrestricted</b>	<b>\$ (37,668)</b>	<b>\$ 312,784</b>
	<b>\$ 394,329</b>	<b>\$ 697,885</b>

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, 2015**

	2015	2014 (Restated Note 3)
<b>Revenues</b>		
Membership fees	\$ 349,067	\$ 326,191
Accreditation fees	325,709	314,623
Projects (Note 10)	149,943	317,906
Annual conference (Note 8)	270,524	535,390
Affiliate chapters' conferences	42,376	47,382
Interest	1,511	4,318
Other	27,383	24,757
	<b>1,166,513</b>	<b>1,570,567</b>
<b>Expenditures</b>		
Membership	124,577	87,348
Accreditation	202,131	213,708
Projects	128,029	277,324
Annual conference (Note 9)	485,033	696,122
Affiliate chapters' conferences	88,346	89,937
Office and administration	308,755	300,555
TESL Canada and TESOL affiliation	82,706	86,635
Board and committee meetings	58,418	55,451
Occupancy	38,970	39,189
	<b>1,516,965</b>	<b>1,846,269</b>
<b>Deficiency of revenues over expenditures before other items</b>	<b>(350,452)</b>	<b>(275,702)</b>
Repayment of prior year conference assistance	-	(19,396)
<b>Net deficiency of revenues over expenditures for the year</b>	<b>(350,452)</b>	<b>(295,098)</b>
<b>Net assets, beginning of year, as previously stated</b>	<b>287,784</b>	<b>595,882</b>
Prior period adjustment (Note 3)	25,000	12,000
<b>Net assets, beginning of year, as restated</b>	<b>312,784</b>	<b>607,882</b>
<b>Net assets, end of year</b>	<b>\$ (37,668)</b>	<b>\$ 312,784</b>

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

**TESL Association of Ontario****Statement of Cash Flows****Year Ended March 31, 2015**

	<b>2015</b>	<b>2014</b> <b>(Restated</b> <b>Note 3)</b>
<b>Cash flows from operating activities</b>		
Net deficiency of revenues over expenditures for the year	\$ (350,452)	\$ (295,098)
Charges not involving cash		
Amortization	10,627	8,248
Loss on disposal of capital assets	2,984	-
	<b>(336,841)</b>	<b>(286,850)</b>
Net change in project funding receivable	33,075	81,469
Net change in accounts payable and accrued liabilities	35,975	(145,686)
Net change in other operating working capital balances	39,114	40,677
	<b>(228,677)</b>	<b>(310,390)</b>
<b>Cash flows from investing activities</b>		
Purchase of capital assets	(11,167)	(11,695)
Purchase of intangible assets	(7,000)	(13,000)
	<b>(18,167)</b>	<b>(24,695)</b>
<b>Net decrease in cash and cash equivalents</b>	<b>(246,844)</b>	<b>(335,085)</b>
<b>Cash and cash equivalents, beginning of year</b>	<b>514,366</b>	<b>849,451</b>
<b>Cash and cash equivalents, end of year</b>	<b>\$ 267,522</b>	<b>\$ 514,366</b>
<b>Cash and cash equivalents consist of:</b>		
Cash and cash equivalents	\$ 150,781	\$ 251,906
Short-term investments	116,741	262,460
	<b>\$ 267,522</b>	<b>\$ 514,366</b>

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

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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 affiliate chapters: 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, project funding 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.

**Intangible assets**

Intangible assets are recorded at acquisition cost and are amortized over their useful life as determined by management. Intangible assets with an indefinite useful life are not amortized. Intangible assets acquired or constructed during the year but not placed into use during the year are not amortized until placed into use.

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

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**2. Significant accounting policies (cont'd.)**

**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.

**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 and accreditation fee revenue which are 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. Prior period adjustment**

The comparative financial statements for March 31, 2014 have been restated to reflect an error management identified during the year pertaining to the recording of expenses related to the future development of an online membership management system. These costs were previously expensed in the statement of operations. However, under CPA Canada HB section 3064 – Intangible Assets, these costs should have been capitalized as an intangible asset under development. The adjustment has been reported retrospectively and the prior period has been restated. The impact of the error on the March 31, 2014 financial statements is as follows:

	<b>As originally reported</b>	<b>Restated</b>
Intangible assets	\$ -	\$ 25,000
Net deficiency of revenues over expenditures for the year	(308,098)	(295,098)
Net assets, beginning of year	595,882	607,882

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**4. Capital assets**

	Cost	Accumulated Amortization	2015	2014
Computer equipment	\$ 22,591	\$ 7,214	\$ 15,377	\$ 9,641
Furniture and fixtures	21,119	11,709	9,410	11,762
Leasehold improvements	20,651	15,162	5,489	11,317
	<u>\$ 64,361</u>	<u>\$ 34,085</u>	<u>\$ 30,276</u>	<u>\$ 32,720</u>

**5. Intangible assets**

	Cost	Accumulated Amortization	2015	2014
Membership management system under development	\$ 32,000	-	\$ 32,000	\$ 25,000

**6. Accounts payable and accrued liabilities**

	2015	2014
Accounts payable and accrued liabilities	\$ 74,884	\$ 40,952
H.S.T. payable	914	-
Payroll deductions payable	12,862	11,733
	<u>\$ 88,660</u>	<u>\$ 52,685</u>

**7. Deferred contributions**

	2015	2014
Restricted project funding	\$ 28,337	\$ 32,416
Deferred membership and accreditation fees	315,000	300,000
	<u>\$ 343,337</u>	<u>\$ 332,416</u>

**8. Annual conference revenue**

	2015	2014
Conference assistance project - CIC	\$ -	\$ 251,582
Conference assistance project - MCIIT	145,016	133,670
Publisher fees	27,825	36,886
Registration fees	78,933	101,252
Sponsorship	18,750	12,000
	<u>\$ 270,524</u>	<u>\$ 535,390</u>



**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

**9. Annual conference expenditures**

	<b>2015</b>	<b>2014</b>
Conference room rentals	\$ 102,796	\$ 28,202
Equipment and computer rentals	46,674	50,548
Hospitality	77,657	229,448
Overhead allocations	85,297	81,972
Planning costs	47,981	60,415
Printing, supplies and miscellaneous	35,556	36,670
Publishers expense	7,714	6,625
Registrants' travel and accommodation	66,247	142,567
Research symposium	9,423	6,165
Salaries and employee benefits	5,688	29,510
Webcasting	-	24,000
	<b>\$ 485,033</b>	<b>\$ 696,122</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.

**10. Project revenue**

	<b>2015</b>	<b>2014</b>
<b>Ministry of Citizenship, Immigration and International Trade</b>		
Pay Equity Program	\$ 9,259	\$ 9,259
Coordinated Language Assessment and Referral System (CLARS)	-	187,615
<b>Citizenship and Immigration Canada</b>		
Post-TESL Certificate Training (PTCT)	140,684	121,032
	<b>\$ 149,943</b>	<b>\$ 317,906</b>

**11. 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>2016</b>	\$ 63,716
<b>2017</b>	64,811
<b>2018</b>	63,516
<b>2019</b>	2,876
<b>2020</b>	2,876
	<b>\$ 197,795</b>

**TESL Association of Ontario**  
**Notes to Financial Statements**  
**Year Ended March 31, 2015**

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**12. Financial instruments**

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

**Liquidity risk**

The Organization's exposure to liquidity risk is dependent on the collection of project funding 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.