

TESL Association of Ontario
Financial Statements
For the year ended March 31, 2016

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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, 2016 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, 2016 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 17, 2016
Burlington, Ontario


Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2016

Assets			
	2016	2015	
Current assets			
Cash and cash equivalents	\$ 129,851	\$ 150,781	
Short-term investments	58,595	116,741	
Accounts receivable	7,250	45,959	
Prepays and deposits	19,367	18,572	
	215,063	332,053	
Capital assets (Note 3)	23,242	30,276	
Intangible assets (Note 4)	32,000	32,000	
	\$ 270,305	\$ 394,329	
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	\$ 77,520	\$ 88,660	
Deferred contributions (Note 6)	344,438	343,337	
	\$ 421,958	\$ 431,997	
Net Assets			
Unrestricted	\$ (151,653)	\$ (37,668)	
	\$ 270,305	\$ 394,329	

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, 2016

	2016	2015
Revenues		
Membership fees	\$ 379,674	\$ 349,067
Accreditation fees	374,459	325,709
Projects (Note 7)	36,203	149,943
Annual conference (Note 8)	230,716	270,524
Affiliate chapters' conferences	40,897	42,376
Interest	654	1,511
Other	23,105	27,383
	1,085,708	1,166,513
Expenditures		
Membership	117,394	124,577
Accreditation	216,077	202,131
Projects	15,952	128,029
Annual conference (Note 9)	291,147	485,033
Affiliate chapters' conferences	86,531	88,346
Office and administration	311,391	308,755
TESL Canada and TESOL affiliation	66,537	82,706
Board and committee meetings	45,113	58,418
Occupancy	49,551	38,970
	1,199,693	1,516,965
Net deficiency of revenues over expenditures for the year	(113,985)	(350,452)
Net assets, beginning of year	(37,668)	312,784
Net assets, end of year	\$ (151,653)	\$ (37,668)

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

TESL Association of Ontario**Statement of Cash Flows****Year Ended March 31, 2016**

	2016	2015
Cash flows from operating activities		
Net deficiency of revenues over expenditures for the year	\$ (113,985)	\$ (350,452)
Charges not involving cash		
Amortization	8,314	10,627
Loss on disposal of capital assets	-	2,984
	(105,671)	(336,841)
Net change in accounts receivable	38,709	33,075
Net change in accounts payable and accrued liabilities	(11,140)	35,975
Net change in other operating working capital balances	306	39,114
	(77,796)	(228,677)
Cash flows from investing activities		
Purchase of capital assets	(1,280)	(11,167)
Purchase of intangible assets	-	(7,000)
	(1,280)	(18,167)
Net decrease in cash and cash equivalents	(79,076)	(246,844)
Cash and cash equivalents, beginning of year	267,522	514,366
Cash and cash equivalents, end of year	\$ 188,446	\$ 267,522
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 129,851	\$ 150,781
Short-term investments	58,595	116,741
	\$ 188,446	\$ 267,522

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2016

1. Purpose of organization

TESL Association of Ontario (the "Organization") 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 expenditures 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.

Short-term investments

Short-term investments include guaranteed investment certificates with maturity of less than twelve months from the statement of financial position date.

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.

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, 2016

2. Significant accounting policies (cont'd.)

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all the benefits and risks incidental to the ownership of property is classified as a capital lease. All other leases are accounted for as operating leases wherein rental payments are amortized on a straight-line basis over the term of the lease to rental expense. At the inception of a capital lease, an asset and an obligation is recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair value at the beginning of such lease.

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.

Membership and accreditation fees are recognized on a straight-line basis over the period. Project revenues are recorded as they are earned over the length of the project. Revenues from conferences are recognized in the year when the event occurs. Interest and other income are 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 expenditures during the period. Actual results could differ from those estimates.

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2016

3. Capital assets

	Cost	Accumulated Amortization	2016	2015
Computer equipment	\$ 23,871	\$ 10,417	\$ 13,454	\$ 15,377
Furniture and fixtures	21,119	13,591	7,528	9,410
Leasehold improvements	20,651	18,391	2,260	5,489
	<u>\$ 65,641</u>	<u>\$ 42,399</u>	<u>\$ 23,242</u>	<u>\$ 30,276</u>

4. Intangible assets

	Cost	Accumulated Amortization	2016	2015
Membership management system under development	\$ 32,000	\$ -	\$ 32,000	\$ 32,000

5. Accounts payable and accrued liabilities

	2016	2015
Accounts payable and accrued liabilities	\$ 58,613	\$ 74,884
H.S.T. payable	7,713	914
Payroll deductions payable	11,194	12,862
	<u>\$ 77,520</u>	<u>\$ 88,660</u>

6. Deferred contributions

	2016	2015
Restricted project funding	\$ 24,438	\$ 28,337
Deferred membership and accreditation fees	320,000	315,000
	<u>\$ 344,438</u>	<u>\$ 343,337</u>

TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2016

7. Project revenue	2016	2015
Ministry of Citizenship, Immigration and International Trade		
Pay Equity Program	\$ 9,259	\$ 9,259
Immigration, Refugees and Citizenship Canada		
Post-TESL Certificate Training (PTCT)	17,548	140,684
Teaching English to Speakers of Other Languages (TESOL)		
2015 Annual Convention Hosting	9,396	-
	\$ 36,203	\$ 149,943
8. Annual conference revenue	2016	2015
Conference assistance project - MCIIT	\$ 112,125	\$ 145,016
Publisher fees	28,152	27,825
Registration fees	79,689	78,933
Sponsorship	10,750	18,750
	\$ 230,716	\$ 270,524
9. Annual conference expenditures	2016	2015
Conference room rentals	\$ 35,087	\$ 102,796
Equipment and computer rentals	29,980	46,674
Hospitality	50,180	77,657
Overhead allocations	50,663	85,297
Planning costs	45,551	47,981
Printing, supplies and miscellaneous	22,915	35,556
Publishers expense	3,977	7,714
Registrants' travel and accommodation	43,125	66,247
Research symposium	9,669	9,423
Salaries and employee benefits	-	5,688
	\$ 291,147	\$ 485,033

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, 2016

10. 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:

	Premises	Equipment
2017	\$ 58,745	\$ 6,066
2018	60,640	2,876
2019	-	2,876
2020	-	2,876
2021	-	719
	<hr/>	<hr/>
	\$ 119,385	\$ 15,413

On May 5, 2016, the Organization entered into an agreement to sub-lease part of an existing premise. The term of the sub-lease is for 22 months commencing on June 1, 2016, with no option to renew, and will generate rental revenue of \$12,393 over the sub-lease period.

11. 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 purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Organization controls liquidity risk by management of working capital and cash flows.

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