

TESL Association of Ontario

Financial Statements

For the year ended March 31, 2017

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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, 2017 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, 2017 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 16, 2017
Burlington, Ontario

SB Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2017

Assets			
	2017		2016
Current assets			
Cash and cash equivalents	\$ 220,789	\$	129,851
Short-term investments	159,956		58,595
Accounts receivable	-		7,250
Prepays and deposits	27,371		19,367
	408,116		215,063
Capital assets (Note 3)	17,567		23,242
Intangible assets (Note 4)	32,000		32,000
	\$ 457,683	\$	270,305
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	\$ 72,349	\$	77,520
Deferred contributions (Note 6)	390,424		344,438
	\$ 462,773	\$	421,958
Net Assets			
Unrestricted	\$ (5,090)	\$	(151,653)
	\$ 457,683	\$	270,305

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, 2017**

	2017	2016
Revenues		
Membership fees	\$ 337,621	\$ 379,674
Accreditation fees	379,672	374,459
Projects (Note 7)	115,862	36,203
Annual conference (Note 8)	269,876	230,716
Affiliate chapters' conferences	35,963	41,647
Interest	1,360	654
Other	28,523	22,355
	<hr/> 1,168,877	1,085,708
Expenditures		
Membership	109,894	117,394
Accreditation	137,990	216,077
Projects	87,160	15,952
Annual conference (Note 9)	238,038	291,147
Affiliate chapters' conferences	74,401	86,531
Office and administration	288,899	311,391
TESL Canada and TESOL affiliation	19,342	66,537
Board and committee meetings	21,294	45,113
Occupancy	45,296	49,551
	<hr/> 1,022,314	1,199,693
Net excess (deficiency) of revenues over expenditures for the year	<hr/> 146,563	(113,985)
Net assets, beginning of year	(151,653)	(37,668)
Net assets, end of year	<hr/> \$ (5,090)	\$ (151,653)

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



TESL Association of Ontario

Statement of Cash Flows

Year Ended March 31, 2017

	2017	2016
Cash flows from operating activities		
Net excess (deficiency) of revenues over expenditures for the year	\$ 146,563	\$ (113,985)
Charges not involving cash		
Amortization	6,544	8,314
	153,107	(105,671)
Net change in accounts receivable	7,250	38,709
Net change in accounts payable and accrued liabilities	(5,171)	(11,140)
Net change in other operating working capital balances	37,982	306
	193,168	(77,796)
Cash flows from (used in) operating activities	193,168	(77,796)
Cash flows from investing activities		
Purchase of capital assets	(869)	(1,280)
	(869)	(1,280)
Cash flows used in investing activities	(869)	(1,280)
Net increase (decrease) in cash and cash equivalents	192,299	(79,076)
Cash and cash equivalents, beginning of year	188,446	267,522
Cash and cash equivalents, end of year	\$ 380,745	\$ 188,446
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 220,789	\$ 129,851
Short-term investments	159,956	58,595
	\$ 380,745	\$ 188,446



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2017

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, Northern Region, Ottawa, Peel-Halton-Etobicoke, Toronto, Waterloo-Wellington 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 and government bonds that can be redeemed at any point in time.

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 and amortization

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.



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2017

2. Significant accounting policies (cont'd.)

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.

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 fees which are recognized as revenue when services are provided, and designated project funding received which has not yet been used for its specified purposes.



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2017

2. Significant accounting policies (cont'd.)

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.

3. Capital assets

	Cost	Accumulated Amortization	2017	2016
Computer equipment	\$ 24,740	\$ 13,195	\$ 11,545	\$ 13,454
Furniture and fixtures	21,119	15,097	6,022	7,528
Leasehold improvements	20,651	20,651	-	2,260
	<u>\$ 66,510</u>	<u>\$ 48,943</u>	<u>\$ 17,567</u>	<u>\$ 23,242</u>

4. Intangible assets

	Cost	Accumulated Amortization	2017	2016
Membership management system under development	\$ 32,000	\$ -	\$ 32,000	\$ 32,000

5. Accounts payable and accrued liabilities

	2017	2016
Accounts payable and accrued liabilities	\$ 52,519	\$ 58,613
H.S.T. payable	8,819	7,713
Payroll deductions payable	11,011	11,194
	<u>\$ 72,349</u>	<u>\$ 77,520</u>

6. Deferred contributions

	2017	2016
Restricted project funding	\$ 77,624	\$ 24,438
Deferred membership and accreditation fees	312,800	320,000
	<u>\$ 390,424</u>	<u>\$ 344,438</u>



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2017

7. Project revenue

	2017	2016
Ministry of Citizenship and Immigration (MCI)		
Pay Equity Program	\$ 9,259	\$ 9,259
Directory of Best Practices in English / French as a Second Language Training and Webinars	92,759	-
Customized PLAR for experienced instructors in Adult Non-Credit ESL programs	13,844	-
Immigration, Refugees and Citizenship Canada		
Post-TESL Certificate Training (PTCT)	-	17,548
Teaching English to Speakers of Other Languages (TESOL)		
2015 Annual Convention Hosting	-	9,396
	\$ 115,862	\$ 36,203

8. Annual conference revenue

	2017	2016
Conference assistance project - MCI	\$ 114,117	\$ 112,125
Publisher fees	23,729	28,152
Registration fees	120,780	79,689
Sponsorship	11,250	10,750
	\$ 269,876	\$ 230,716

9. Annual conference expenditures

	2017	2016
Conference room rentals	\$ 20,053	\$ 35,087
Equipment and computer rentals	21,040	29,980
Hospitality	44,415	50,180
Overhead allocations	64,546	50,663
Planning costs	26,164	45,551
Printing, supplies and miscellaneous	12,357	22,915
Publishers expense	3,324	3,977
Registrants' travel and accommodation	46,139	43,125
Research symposium	-	9,669
	\$ 238,038	\$ 291,147

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, 2017

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
	2018	\$ 60,640	\$	2,876
	2019	-		2,876
	2020	-		2,876
	2021	-		719
		<hr/>		
		\$ 60,640	\$	<hr/> 9,347

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. The revenue earned from the rental lease is netted in occupancy expense.

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.

