

TESL Association of Ontario

Financial Statements

For the year ended March 31, 2018

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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, 2018 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, 2018 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 15, 2018
Burlington, Ontario

SB Partners LLP
Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2018

Assets			
	2018		2017
			(Note 12)
Current assets			
Cash and cash equivalents	\$ 311,424	\$	220,789
Short-term investments	361,155		159,956
Prepays and deposits	24,329		27,371
	696,908		408,116
Capital assets (Note 3)	14,836		17,567
Intangible assets (Note 4)	32,000		32,000
	\$ 743,744	\$	457,683
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	\$ 76,589	\$	72,349
Deferred contributions (Note 6)	546,512		390,424
	\$ 623,101	\$	462,773
Net Assets			
Unrestricted	\$ 120,643	\$	(5,090)
	\$ 743,744	\$	457,683

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, 2018

	2018	2017 (Note 12)
Revenues		
Membership fees	\$ 321,758	\$ 337,621
Accreditation fees	382,536	379,672
Projects (Note 7)	141,497	115,862
Annual conference (Note 8)	263,705	269,876
Affiliate chapters' conferences	32,483	35,963
Interest and other income	32,851	29,883
	<hr/> 1,174,830	<hr/> 1,168,877
Expenditures		
Membership	108,843	109,894
Accreditation	145,275	137,990
Projects	114,990	87,160
Annual conference (Note 9)	242,831	238,038
Affiliate chapters' conferences	48,076	59,132
Office and administration	294,953	288,899
TESOL affiliation	6,840	19,342
Board and committee meetings	28,890	21,294
Occupancy	45,833	45,296
Affiliate chapters' other professional development events	12,566	15,269
	<hr/> 1,049,097	<hr/> 1,022,314
Net excess of revenues over expenditures for the year	<hr/> 125,733	<hr/> 146,563
Net assets, beginning of year	(5,090)	(151,653)
Net assets, end of year	<hr/> \$ 120,643	<hr/> \$ (5,090)

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



TESL Association of Ontario

Statement of Cash Flows

Year Ended March 31, 2018

	2018	2017 (Note 12)
Cash flows from operating activities		
Net excess of revenues over expenditures for the year	\$ 125,733	\$ 146,563
Charges not involving cash		
Amortization	3,600	6,544
	129,333	153,107
Net change in accounts receivable	-	7,250
Net change in accounts payable and accrued liabilities	4,240	(5,171)
Net change in deferred contributions	156,088	45,986
Net change in other operating working capital balances	3,042	(8,004)
	292,703	193,168
Cash flows from investing activities		
Purchase of capital assets	(869)	(869)
	(869)	(869)
Net increase in cash and cash equivalents	291,834	192,299
Cash and cash equivalents, beginning of year	380,745	188,446
Cash and cash equivalents, end of year	\$ 672,579	\$ 380,745
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 311,424	\$ 220,789
Short-term investments	361,155	159,956
	\$ 672,579	\$ 380,745



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2018

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 with maturity of less than twelve months from the statement of financial position date, 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, 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

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, 2018

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 recognized 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 on a straight-line basis over the period, 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, 2018

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	2018	2017
Computer equipment	\$ 25,609	\$ 15,591	\$ 10,018	\$ 11,545
Furniture and fixtures	21,119	16,301	4,818	6,022
	<u>\$ 46,728</u>	<u>\$ 31,892</u>	<u>\$ 14,836</u>	<u>\$ 17,567</u>

4. Intangible assets

	Cost	Accumulated Amortization	2018	2017
Membership management system under development	\$ 32,000	\$ -	\$ 32,000	\$ 32,000

5. Accounts payable and accrued liabilities

	2018	2017
Accounts payable and accrued liabilities	\$ 50,912	\$ 52,519
H.S.T. payable	14,449	8,819
Payroll deductions payable	11,228	11,011
	<u>\$ 76,589</u>	<u>\$ 72,349</u>

6. Deferred contributions

	2018	2017
Project funding	\$ 239,512	\$ 77,624
Membership and accreditation fees	307,000	312,800
	<u>\$ 546,512</u>	<u>\$ 390,424</u>



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2018

7. Project revenue

	2018	2017
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	129,369	92,759
Customized PLAR for experienced instructors in Adult Non-Credit ESL programs	-	13,844
Competency-and-Credit based PLAR	2,869	-
	\$ 141,497	\$ 115,862

8. Annual conference revenue

	2018	2017
Conference assistance project - MCI	\$ 116,102	\$ 114,117
Publisher fees	20,375	23,729
Registration fees	115,228	120,780
Sponsorship	12,000	11,250
	\$ 263,705	\$ 269,876

9. Annual conference expenditures

	2018	2017
Conference room rentals	\$ -	\$ 20,053
Equipment and computer rentals	23,136	21,040
Hospitality	54,003	44,415
Overhead allocations	60,118	64,546
Planning costs	44,452	26,164
Printing, supplies and miscellaneous	11,670	12,357
Publishers expense	2,975	3,324
Registrants' travel and accommodation	46,477	46,139
	\$ 242,831	\$ 238,038

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, 2018

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
	2019	\$ 55,440	\$	2,876
	2020	57,120		2,876
	2021	-		719
		<hr/>		<hr/>
		\$ 112,560	\$	6,471

11. Financial instruments

The Organization's financial instruments consist of cash and cash equivalents, short-term investments, 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.

12. Comparative information

The comparative figures for 2017 have been reclassified where necessary to conform with the 2018 financial statement presentation.

