

TESL Association of Ontario

Financial Statements

For the year ended March 31, 2019

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To the Directors of
TESL Association of Ontario

Independent Auditors' Report

Opinion

We have audited the accompanying financial statements of TESL Association of Ontario (the Association), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of TESL Association of Ontario as at March 31, 2019, 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.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian Auditing Standards (CASs), we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.



- We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

September 21, 2019
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2019

Assets			
	2019	2018 (Note 12)	
Current assets			
Cash and cash equivalents	\$ 190,879	\$	311,424
Short-term investments	517,423		361,155
Prepays and deposits	9,545		24,329
	717,847		696,908
Capital assets (Note 3)	13,175		14,836
Intangible assets (Note 4)	25,000		32,000
	\$ 756,022	\$	743,744
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	\$ 67,166	\$	76,589
Deferred contributions (Note 6)	390,841		546,512
	\$ 458,007	\$	623,101
Net Assets			
Unrestricted	\$ 298,015	\$	120,643
	\$ 756,022	\$	743,744

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, 2019

	2019	2018 (Note 12)
Revenues		
Membership fees	\$ 321,520	\$ 321,758
Accreditation fees	389,188	382,536
Projects (Note 7)	263,753	141,497
Annual conference (Note 8)	302,662	263,705
Interest and other income	32,463	27,455
	<hr/> 1,309,586	<hr/> 1,136,951
Expenditures		
Membership	109,452	108,843
Accreditation	143,959	145,275
Projects	221,299	114,990
Annual conference (Note 9)	254,879	242,831
Affiliate chapters' operations	36,539	30,657
Office and administration	284,016	291,619
TESOL affiliation	9,154	6,840
Board and committee meetings	25,508	24,330
Occupancy	47,408	45,833
	<hr/> 1,132,214	<hr/> 1,011,218
Net excess of revenues over expenditures for the year	<hr/> 177,372	<hr/> 125,733
Net assets, beginning of year	120,643	(5,090)
Net assets, end of year	<hr/> \$ 298,015	<hr/> \$ 120,643

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



TESL Association of Ontario

Statement of Cash Flows

Year Ended March 31, 2019

	2019	2018 (Note 12)
Cash flows from operating activities		
Net excess of revenues over expenditures for the year	\$ 177,372	\$ 125,733
Charges not involving cash		
Amortization	3,113	3,600
	180,485	129,333
Net change in accounts payable and accrued liabilities	(2,423)	4,240
Net change in deferred contributions	(155,671)	156,088
Net change in other operating working capital balances	14,784	3,042
	37,175	292,703
Cash flows from investing activities		
Purchase of capital assets	(1,452)	(869)
	(1,452)	(869)
Net increase in cash and cash equivalents	35,723	291,834
Cash and cash equivalents, beginning of year	672,579	380,745
Cash and cash equivalents, end of year	\$ 708,302	\$ 672,579
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 190,879	\$ 311,424
Short-term investments	517,423	361,155
	\$ 708,302	\$ 672,579



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2019

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, 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 Association'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, 2019

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 Association 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 Association 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 Association 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, 2019

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	2019	2018
Computer equipment	\$ 27,061	\$ 17,740	\$ 9,321	\$ 10,018
Furniture and fixtures	21,119	17,265	3,854	4,818
	\$ 48,180	\$ 35,005	\$ 13,175	\$ 14,836

4. Intangible assets

	Cost	Accumulated Amortization	2019	2018
Membership management system under development	\$ 25,000	\$ -	\$ 25,000	\$ 32,000

5. Accounts payable and accrued liabilities

	2019	2018
Accounts payable and accrued liabilities	\$ 46,093	\$ 50,912
H.S.T. payable	10,376	14,449
Payroll deductions payable	10,697	11,228
	\$ 67,166	\$ 76,589

6. Deferred contributions

	2019	2018
Project funding	\$ 79,841	\$ 239,512
Membership and accreditation fees	311,000	307,000
	\$ 390,841	\$ 546,512



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2019

7. Project revenue	2019	2018
Ministry of Children, Community and Social Services (MCCSS)		
Pay Equity Program	\$ 9,259	\$ 9,259
Directory of Best Practices in English / French as a Second Language Training and Webinars	55,131	129,369
Ontario's Directory of Best Practices - Moving Forward	19,331	-
Ministry of Training, Colleges and Universities (MTCU)		
Competency-and-Credit based Prior Learning Assessment and Recognition (PLAR)	180,032	2,869
	\$ 263,753	\$ 141,497
8. Annual conference revenue		
	2019	2018
Conference assistance project - MCCSS	\$ 131,606	\$ 116,102
Publisher fees	25,311	20,375
Registration fees	133,745	115,228
Sponsorship	12,000	12,000
	\$ 302,662	\$ 263,705
9. Annual conference expenditures		
	2019	2018
Conference room rentals	\$ 11,800	\$ -
Equipment and computer rentals	24,629	23,136
Hospitality	47,479	54,003
Overhead allocations	58,924	60,118
Planning costs	41,315	44,452
Printing, supplies and miscellaneous	14,095	11,670
Publishers expense	4,055	2,975
Registrants' travel and accommodation	52,582	46,477
	\$ 254,879	\$ 242,831

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, 2019

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
2020	\$ 57,120	\$ 2,000
2021	-	2,000
2022	-	2,000
2023	-	2,000
2024	-	2,000
	<hr/>	<hr/>
	\$ 57,120	\$ 10,000

11. Financial instruments

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

Liquidity risk

The Association's exposure to liquidity risk is dependent on purchasing commitments and obligations or raising of funds to meet commitments and sustain operations. The Association controls liquidity risk by management of working capital and cash flows.

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

12. Comparative information

The comparative figures for 2018 have been reclassified where necessary to conform with the 2019 financial statement presentation.

