

TESL Association of Ontario

Financial Statements

For the year ended March 31, 2020

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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, 2020, 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, 2020, 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, 2020
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2020

Assets		
	2020	2019
Current assets		
Cash and cash equivalents	\$ 329,696	\$ 190,879
Short-term investments	527,933	517,423
Accounts receivable	14,660	-
Prepays and deposits	15,319	9,545
H.S.T. receivable	11,222	-
	898,830	717,847
Capital assets (Note 3)	11,638	13,175
Intangible assets (Note 4)	10,000	25,000
	\$ 920,468	\$ 756,022
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 124,138	\$ 67,166
Deferred contributions (Note 6)	340,000	390,841
	\$ 464,138	\$ 458,007
Net Assets		
Unrestricted	\$ 456,330	\$ 298,015
	\$ 920,468	\$ 756,022

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, 2020

	2020	2019
Revenues		
Membership fees	\$ 328,509	\$ 321,520
Accreditation fees	391,972	389,188
Projects (Note 7)	229,019	263,753
Annual conference (Note 8)	301,786	302,662
Interest and other income	32,658	32,463
	1,283,944	1,309,586
Expenditures		
Membership	120,350	109,452
Accreditation	139,270	143,959
Projects	191,096	221,299
Annual conference (Note 9)	244,345	254,879
Affiliate chapters' operations	35,264	36,539
Office and administration	319,170	284,016
TESOL international affiliation	4,191	9,154
Board and committee meetings	23,096	25,508
Occupancy	48,847	47,408
	1,125,629	1,132,214
Net excess of revenues over expenditures for the year	158,315	177,372
Net assets, beginning of year	298,015	120,643
Net assets, end of year	\$ 456,330	\$ 298,015

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



TESL Association of Ontario**Statement of Cash Flows****Year Ended March 31, 2020**

	2020	2019
Cash flows from operating activities		
Net excess of revenues over expenditures for the year	\$ 158,315	\$ 177,372
Charges not involving cash		
Amortization	17,757	3,113
	176,072	180,485
Net change in accounts receivable	(14,660)	-
Net change in accounts payable and accrued liabilities	56,972	(2,423)
Net change in deferred contributions	(50,841)	(155,671)
Net change in other operating working capital balances	(16,996)	14,784
Cash flows from operating activities	150,547	37,175
Cash flows from investing activities		
Purchase of capital assets	(1,220)	(1,452)
Cash flows used in investing activities	(1,220)	(1,452)
Net increase in cash and cash equivalents	149,327	35,723
Cash and cash equivalents, beginning of year	708,302	672,579
Cash and cash equivalents, end of year	\$ 857,629	\$ 708,302
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 329,696	\$ 190,879
Short-term investments	527,933	517,423
	\$ 857,629	\$ 708,302



TESL Association of Ontario

Notes to Financial Statements

Year Ended March 31, 2020

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, 2020

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, 2020

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	2020	2019
Computer equipment	\$ 28,281	\$ 19,726	\$ 8,555	\$ 9,321
Furniture and fixtures	21,119	18,036	3,083	3,854
	\$ 49,400	\$ 37,762	\$ 11,638	\$ 13,175

4. Intangible assets

	Cost	Accumulated Amortization	2020	2019
Membership management system	\$ 25,000	\$ 15,000	\$ 10,000	\$ 25,000

5. Accounts payable and accrued liabilities

	2020	2019
Accounts payable and accrued liabilities	\$ 124,138	\$ 46,093
H.S.T. payable	-	10,376
Payroll deductions payable	-	10,697
	\$ 124,138	\$ 67,166

6. Deferred contributions

	2020	2019
Project funding	\$ 28,000	\$ 79,841
Membership and accreditation fees	312,000	311,000
	\$ 340,000	\$ 390,841



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2020

7. Project revenue	2020	2019
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
Ontario's Directory of Best Practices - Moving Forward	27,592	19,331
Ministry of Labour, Training and Skills Development (MLTSD)		
Competency-and-Credit based Prior Learning Assessment and Recognition (PLAR)	192,168	180,032
	\$ 229,019	\$ 263,753

8. Annual conference revenue	2020	2019
Conference assistance project - MCCSS	\$ 123,893	\$ 131,606
Publisher fees	33,756	25,311
Registration fees	135,137	133,745
Sponsorship	9,000	12,000
	\$ 301,786	\$ 302,662

9. Annual conference expenditures	2020	2019
Conference room rentals	\$ -	\$ 11,800
Equipment and computer rentals	24,593	24,629
Hospitality	52,898	47,479
Overhead allocations	63,301	58,924
Planning costs	39,486	41,315
Printing, supplies and miscellaneous	14,268	14,095
Publishers expense	3,924	4,055
Registrants' travel and accommodation	45,875	52,582
	\$ 244,345	\$ 254,879

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, 2020

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:

	2021	\$	2,000
	2022		2,000
	2023		2,000
	2024		2,000
			<hr/>
		\$	8,000

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. Other Matters

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on the Association is not known at this time. The current challenging economic climate may lead to adverse changes in cash flows, working capital levels and/or net asset balances. Potential impacts on the business could include decreases in future revenues or the profitability of ongoing operations. Management is carefully monitoring the situation as developments occur and has offered members the option to pay their membership in 3-4 instalments. No adjustments have been made to these financial statements to reflect these potential impacts.

