

TESL Association of Ontario

Financial Statements

For the year ended March 31, 2021

Contents	Page
Independent Auditors' Report	
Financial Statements	
Statement of Financial Position	1
Statement of Operations and Changes in Net Assets	2
Statement of Cash Flows	3
Notes to Financial Statements	4 - 8

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, 2021, 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, 2021, 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 13, 2021
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2021

Assets		2021	2020
Current assets			
Cash and cash equivalents	A	\$ 244,897	\$ 329,696
Short-term investments	B	736,108	527,933
Accounts receivable	C	-	14,660
Prepays and deposits	L	13,151	15,319
H.S.T. receivable	BB.1	2,510	11,222
		996,666	898,830
Capital assets (Note 3)	U	21,932	11,638
Intangible assets (Note 4)	W	5,000	10,000
		\$ 1,023,598	\$ 920,468
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities (Note 5)	BB	\$ 95,164	\$ 124,138
Deferred contributions (Note 6)	BB.8	308,000	340,000
		\$ 403,164	\$ 464,138
Net Assets			
Unrestricted	TT	\$ 620,434	\$ 456,330
		\$ 1,023,598	\$ 920,468

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, 2021

		2021	2020
Revenues			
Membership fees	202	\$ 332,380	\$ 328,509
Accreditation fees	203	381,813	391,972
Projects (Note 7)	201	276,369	229,019
Annual conference (Note 8)	200	179,802	301,786
Interest and other income	204	36,966	32,658
		1,207,330	1,283,944
Expenditures			
Membership	307	148,756	120,350
Accreditation	304	165,583	139,270
Projects	303	235,054	191,096
Annual conference (Note 9)	301	143,421	244,345
Affiliate chapters' operations	205	15,897	35,264
Office and administration	316	258,945	319,170
TESOL international affiliation	308	1,339	4,191
Board and committee meetings	309	10,945	23,096
Occupancy	306	63,286	48,847
		1,043,226	1,125,629
Net excess of revenues over expenditures for the year		164,104	158,315
Net assets, beginning of year	TT	456,330	298,015
Net assets, end of year		\$ 620,434	\$ 456,330

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



TESL Association of Ontario

Statement of Cash Flows

Year Ended March 31, 2021

		2021	2020
Cash flows from operating activities			
Net excess of revenues over expenditures for the year		\$ 164,104	\$ 158,315
Charges not involving cash			
Amortization	5682	8,730	17,757
		172,834	176,072
Net change in accounts receivable		14,660	(14,660)
Net change in accounts payable and accrued liabilities		(28,974)	56,972
Net change in deferred contributions		(32,000)	(50,841)
Net change in other operating working capital balances	L	10,880	(16,996)
Cash flows from operating activities		137,400	150,547
Cash flows from investing activities			
Purchase of capital assets	U200	(14,024)	(1,220)
Cash flows used in investing activities		(14,024)	(1,220)
Net increase in cash and cash equivalents		123,376	149,327
Cash and cash equivalents, beginning of year		857,629	708,302
Cash and cash equivalents, end of year		\$ 981,005	\$ 857,629
Cash and cash equivalents consist of:			
Cash and cash equivalents	A	\$ 244,897	\$ 329,696
Short-term investments	B	736,108	527,933
		\$ 981,005	\$ 857,629



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2021

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. These 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.

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.

Membership management system	5 year straight-line
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TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2021

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 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.

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, 2021

3. Capital assets

	Cost	Accumulated Amortization	2021	2020
Computer equipment	\$ 42,305	\$ 22,839	\$ 19,466	\$ 8,555
Furniture and fixtures	21,119	18,653	2,466	3,083
	<u>\$ 63,424</u>	<u>\$ 41,492</u>	<u>\$ 21,932</u>	<u>\$ 11,638</u>

4. Intangible assets

	Cost	Accumulated Amortization	2021	2020
Membership management system	\$ 25,000	\$ 20,000	\$ 5,000	\$ 10,000

5. Accounts payable and accrued liabilities

		2021	2020
Accounts payable and accrued liabilities	BB	\$ 84,054	\$ 124,138
Payroll deductions payable	BB.2	11,110	-
		<u>\$ 95,164</u>	<u>\$ 124,138</u>

6. Deferred contributions

		2021	2020
Project funding	BB.8	\$ -	\$ 28,000
Membership and accreditation fees	BB.8	308,000	312,000
		<u>\$ 308,000</u>	<u>\$ 340,000</u>

7. Project revenue

		2021	2020
Ministry of Children, Community and Social Services (MCCSS)			
Pay Equity Program	4475	\$ 9,259	\$ 9,259
Ontario's Directory of Best Practices - Moving Forward	4471	41,897	27,592
Ministry of Labour, Training and Skills Development (MLTSD)			
Competency-and-Credit based Prior Learning Assessment and Recognition (PLAR)	4467	225,213	192,168
		<u>\$ 276,369</u>	<u>\$ 229,019</u>



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2021

8. Annual conference revenue

		2021		2020
Conference assistance project - MCCSS	100	\$ 38,468	\$	123,893
Publisher fees	100	3,064		33,756
Registration fees	100	136,795		135,137
Sponsorship	100	1,475		9,000
		\$ 179,802	\$	301,786

9. Annual conference expenditures

		2021		2020
Equipment and computer rentals	204	-		24,593
Hospitality	203	-		52,898
Overhead allocations	210	85,842		63,301
Planning costs	202	51,663		39,486
Printing, supplies and miscellaneous	207	5,805		14,268
Publishers expense	206	112		3,924
Registrants' travel and accommodation	201	-		45,875
		\$ 143,422	\$	244,345

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.

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
	2022	\$ 31,789	\$	2,000
	2023	29,431		2,000
	2024	2,459		1,500
		\$ 63,679	\$	5,500



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2021

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. Impact of COVID-19 pandemic

In March 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization. This has resulted in governments worldwide, including the Canadian federal and provincial governments, enacting emergency measures to combat the spread of the virus. These measures, which include the implementation of travel bans, self-imposed quarantine periods and social distancing, have caused material disruption to businesses globally and in Canada resulting in an economic slowdown. Governments and central banks have reacted with significant monetary and fiscal interventions designed to stabilize economic conditions, however the success of these interventions is not currently determinable. The current challenging economic climate may lead to adverse changes in cash flows and future operations, which may also have a direct impact on the Association's operating results and financial position in the future. 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. Management is carefully monitoring the situation as developments occur.

