

TESL Association of Ontario

Financial Statements

For the year ended March 31, 2022

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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, 2022, 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, 2022, 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 17, 2022
Burlington, Ontario

SB Partners LLP

Chartered Professional Accountants
Licensed Public Accountants

TESL Association of Ontario
Statement of Financial Position
March 31, 2022

Assets		
	2022	2021
Current assets		
Cash and cash equivalents	\$ 277,539	\$ 244,897
Short-term investments	751,005	736,108
Prepays and deposits	18,165	13,151
H.S.T. receivable	-	2,510
	1,046,709	996,666
Capital assets (Note 3)	20,153	21,932
Intangible assets (Note 4)	12,182	5,000
	\$ 1,079,044	\$ 1,023,598
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 5)	\$ 73,746	\$ 95,164
Deferred contributions (Note 6)	314,000	308,000
	\$ 387,746	\$ 403,164
Net Assets		
Unrestricted	\$ 691,298	\$ 620,434
	\$ 1,079,044	\$ 1,023,598

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, 2022

	2022	2021
Revenues		
Accreditation fees	\$ 376,373	\$ 381,813
Membership fees	327,120	332,380
Annual conference (Note 8)	147,603	179,802
Interest and other income	46,273	36,966
Projects (Note 7)	9,259	276,369
	<hr/> 906,628	1,207,330
Expenditures		
Office and administration	320,942	258,945
Projects	-	235,054
Accreditation	169,697	165,583
Membership	161,979	148,756
Annual conference (Note 9)	110,505	143,421
Occupancy	33,386	63,286
Affiliate chapters' operations	22,199	15,897
Board and committee meetings	14,777	10,945
TESOL international affiliation	2,279	1,339
	<hr/> 835,764	1,043,226
Net excess of revenues over expenditures for the year	<hr/> 70,864	164,104
Net assets, beginning of year	620,434	456,330
Net assets, end of year	<hr/> \$ 691,298	\$ 620,434

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



TESL Association of Ontario

Statement of Cash Flows

Year Ended March 31, 2022

	2022	2021
Cash flows from operating activities		
Net excess of revenues over expenditures for the year	\$ 70,864	\$ 164,104
Charges not involving cash		
Amortization	9,676	8,730
	80,540	172,834
Net change in accounts receivable	-	14,660
Net change in accounts payable and accrued liabilities	(21,418)	(28,974)
Net change in deferred contributions	6,000	(32,000)
Net change in other operating working capital balances	(2,504)	10,880
	62,618	137,400
Cash flows from investing activities		
Purchase of investments	(14,897)	(208,175)
Purchase of capital assets	(2,897)	(14,024)
Purchase of intangible assets	(12,182)	-
	(29,976)	(222,199)
Net increase (decrease) in cash and cash equivalents	32,642	(84,799)
Cash and cash equivalents, beginning of year	244,897	329,696
Cash and cash equivalents, end of year	\$ 277,539	\$ 244,897



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2022

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, 2022

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, 2022

3. Capital assets

	Cost	Accumulated Amortization	2022	2021
Computer equipment	\$ 45,202	\$ 27,022	\$ 18,180	\$ 19,466
Furniture and fixtures	21,119	19,146	1,973	2,466
	<u>\$ 66,321</u>	<u>\$ 46,168</u>	<u>\$ 20,153</u>	<u>\$ 21,932</u>

4. Intangible assets

	Cost	Accumulated Amortization	2022	2021
Membership management system	\$ 25,000	\$ 25,000	\$ -	\$ 5,000
Website under development	12,182	-	12,182	-
	<u>\$ 37,182</u>	<u>\$ 25,000</u>	<u>\$ 12,182</u>	<u>\$ 5,000</u>

5. Accounts payable and accrued liabilities

	2022	2021
Accounts payable and accrued liabilities	\$ 40,795	\$ 84,054
H.S.T. payable	14,466	-
Payroll deductions payable	18,485	11,110
	<u>\$ 73,746</u>	<u>\$ 95,164</u>

6. Deferred contributions

	2022	2021
Membership and accreditation fees	\$ 314,000	\$ 308,000



TESL Association of Ontario
Notes to Financial Statements
Year Ended March 31, 2022

7. Project revenue		2022	2021
	Ministry of Children, Community and Social Services (MCCSS)		
	Pay Equity Program	\$ 9,259	\$ 9,259
	Ontario's Directory of Best Practices - Moving Forward	-	41,897
	Ministry of Labour, Training and Skills Development (MLTSD)		
	Competency-and-Credit based Prior Learning Assessment and Recognition (PLAR)	-	225,213
		\$ 9,259	\$ 276,369

8. Annual conference revenue		2022	2021
	Conference assistance project - MCCSS	\$ -	\$ 38,468
	Publisher fees	3,588	3,064
	Registration fees	142,015	136,795
	Sponsorship	2,000	1,475
		\$ 147,603	\$ 179,802

9. Annual conference expenditures		2022	2021
	Overhead allocations	42,484	85,842
	Planning costs	62,253	51,663
	Printing, supplies and miscellaneous	5,768	5,804
	Publishers expense	-	112
		\$ 110,505	\$ 143,421

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, 2022

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
2023	\$	29,431	\$	2,000
2024		2,459		2,000
		\$ 31,890		\$ 4,000

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. 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.

