

Financial Statements of

**ONTARIO STUDENT
TRUSTEES' ASSOCIATION**

And Independent Auditors' Report thereon

Year ended August 31, 2019



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INDEPENDENT AUDITORS' REPORT

To the Members of the Ontario Student Trustees' Association

Opinion

We have audited the financial statements of the Ontario Student Trustees' Association (the "Entity"), which comprise:

- the statement of financial position as at August 31, 2019
- the statement of operations and changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at August 31, 2019, and its results of operations, changes in net assets 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 auditors' report.

We are independent of the Entity 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 the 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity'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 auditors' 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 the financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.
- 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.

Other Matter – Comparative Information

The financial statements for the year ended August 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on February 3, 2020.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

November 12, 2020

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Statement of Financial Position

August 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 39,949	\$ 39,456
Accounts receivable	4,925	–
Investments (note 2)	30,000	–
Prepaid expenses	19,279	20,832
	<u>94,153</u>	<u>60,288</u>
Long-term investments (note 2)	–	30,000
Capital assets (note 3)	2,333	2,664
	<u>\$ 96,486</u>	<u>\$ 92,952</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities	\$ 20,631	\$ 12,725
Net assets	75,855	80,227
COVID-19 (note 6)		
	<u>\$ 96,486</u>	<u>\$ 92,952</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Director

 Director

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Statement of Operations and Changes in Net Assets

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Registrations	\$ 281,684	\$ 224,855
Board memberships	102,706	63,912
Sweater sales	2,040	2,790
Other revenue	1,851	459
Interest income	341	223
	<u>388,622</u>	<u>292,239</u>
Expenses:		
Travel	325,223	251,131
Office and general	35,531	18,768
Meals and entertainment	16,904	17,353
Fees and dues	9,365	9,452
Advertising	2,889	2,713
Sweater cost of sales	2,618	2,377
Amortization	331	268
Incorporation	133	—
	<u>392,994</u>	<u>302,062</u>
Deficiency of revenue over expenses	(4,372)	(9,823)
Net assets, beginning of year	80,227	90,050
Net assets, end of year	<u>\$ 75,855</u>	<u>\$ 80,227</u>

See accompanying notes to financial statements.

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operating activities:		
Deficiency of revenue over expenses	\$ (4,372)	\$ (9,823)
Items not involving cash:		
Amortization	331	268
Change in non-cash operating working capital:		
Accounts receivable	(4,925)	158
Prepaid expenses	1,553	(17,646)
Accounts payable and accrued liabilities	7,906	(480)
	493	(27,523)
Investing activities:		
Purchase of capital assets	-	(1,670)
	-	(1,670)
Increase (decrease) in cash	493	(29,193)
Cash, beginning of year	39,456	68,649
Cash, end of year	\$ 39,949	\$ 39,456

See accompanying notes to financial statements.

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2019

Ontario Student Trustees' Association (the "Association") is a not-for-profit organization under the provisions of the Education Act and is exempt from income taxes. The Association is the largest stakeholder in education and is the voice for the student vision.

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Association's significant accounting policies are as follows:

(a) Revenue recognition:

The Association follows the deferral method of accounting for contributions which include board membership fees and registration fees. Externally restricted contributions are recognized as revenue in the year 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. Revenue from fees and memberships is recognized when the service is provided.

(b) Capital assets:

Purchased capital assets are recorded at cost less accumulated amortization. Amortization is provided on a straight-line basis over the estimated useful lives as follows:

Asset	Useful life
Banners and signage	8 to 10 years

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value.

All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. Management has not elected to record these financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Association determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Association expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial impairment charge.

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2019

1. Significant accounting policies (continued):

(d) Financial instruments (continued):

The Standards require an organization to classify fair value measurements using a fair value hierarchy, which includes three levels of information that may be used to measure fair value:

- Level 1 – Unadjusted quoted market prices in active markets for identical assets or liabilities;
- Level 2 – Observable or corroborated inputs, other than level 1, such as quoted prices for similar assets or liabilities in inactive markets or market data for substantially the full term of the assets or liabilities; and
- Level 3 – Unobservable inputs that are supported by little or no market activity and that are significant to the fair value of the assets and liabilities.

(e) Use of estimates:

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Significant items subject to such estimates include impairment of accounts receivable, impairment of investments and estimation of accrued liabilities. Actual results could differ from those estimates.

2. Investments:

The Association has Guaranteed Investment Certificates of \$30,000 maturing in March 2020. Interest is paid annually or at maturity with effective interest rates between 0.25% and 0.95% per annum.

3. Capital assets:

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Banners and signage	\$ 3,307	\$ 974	\$ 2,333	\$ 2,664

4. Capital management:

The Association defines capital as its net assets. The Association is not subject to any externally imposed capital requirements.

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Notes to Financial Statements

Year ended August 31, 2019

5. Financial instruments:

(a) Credit risk:

Credit risk is the risk of financial loss to the Association if a counterparty to a financial instrument fails to meet its contractual obligations. Such risks arise principally from certain financial assets held by the Association consisting of cash, investments and accounts receivable.

The maximum exposure to credit risk of the Association at August 31, 2019 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2018.

(b) Liquidity risk:

Liquidity risk is the risk that the Association will be unable to fulfill its obligations on a timely basis or at a reasonable cost. The Association manages its liquidity risk by monitoring its operating requirements. The Association prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations.

There have been no significant changes to the liquidity risk exposure from 2018.

6. COVID-19:

On March 11, 2020, the World Health Organization declared the Coronavirus COVID-19 ("COVID-19") outbreak a pandemic. This has resulted in governments worldwide, including the Canadian and Ontario 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 Ontario 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. At this time, as with many organizations, these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.

OSTA-AECO Notes to Audited Financial Statements

The Ontario Student Trustees' Association (OSTA-AECO) is one of the largest student educational stakeholders in Canada, representing over two million students province-wide. The organization maintains internal procedures that promote and sustain fiscal management, accountability, risk mitigation, long-term sustainability, and social responsibility. Furthermore, as a publicly funded not-for-profit corporation, OSTA-AECO conducts external financial audits in accordance with the Ontario *Corporations Act*, the Ontario *Not-for-Profit Corporations Act*, and other regulatory requirements.

OSTA-AECO strives to provide financial transparency to its stakeholders. The composition of the organization's consolidated financial accounts and allocation of funds has been provided below.

Travel includes:

- all travel costs to attend internal and external meetings with member school boards, partners in education, and members of government;
- all conference expenditures, including meetings and accommodations, for the OSTA-AECO Fall General Meeting, Board Council Conference, and Annual General Meeting; and
- funding for the OSTA Supports Equity Grants program.

Office and General includes:

- administrative expenses including mailing, storage, delivery, and printing expenses;
- foundational enterprise expenses including financial, legal, and IT expenses; and
- funding for the OSTA-AECO Student Trustee and Student Voice scholarship awards.

Meals and Entertainment includes:

- expenses relating to meal per diem reimbursements for business travel;
- training and professional development expenditures for student trustees; and
- investments in educational partner relationships.

For any questions relating to the audited financial statements, please contact our Finance Department.

Sincerely,



Arjun Dhanjal
Chair, Board of Directors
Arjun.Dhanjal@osta-aeco.org



Alex MacDonald
Treasurer, Board of Directors
Alexander.MacDonald@osta-aeco.org