Financial Statements of

ONTARIO STUDENT TRUSTEES' ASSOCIATION

And Independent Auditors' Report thereon

Year ended August 31, 2020

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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, 2020
- 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, 2020, 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Hamilton, Canada

November 12, 2020

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Statement of Financial Position

August 31, 2020, with comparative information for 2019

		2020		2019
Assets				
Current assets:				
Cash	$	79,584	$	39,949
Investments (note 2)		–		30,000
Accounts receivable		25,458		4,925
Prepaid expenses		35,888		19,279
		140,930		94,153
Capital assets (note 3)		–		2,333
	$	140,930	$	96,486
Liabilities and Net Assets				
Current liabilities:				
Accounts payable and accrued liabilities	$	20,306	$	20,631
Net assets		120,624		75,855
COVID-19 (note 6)				
	$	140,930	$	96,486

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, 2020, with comparative information for 2019

	2020	2019
Revenue:		
Registrations	$ 176,226	$ 281,684
Board memberships	105,320	102,706
Sweater sales	2,565	2,040
Interest income	1,413	341
Other revenue	–	1,851
	285,524	388,622
Expenses:		
Travel	175,366	325,223
Office and general	35,122	35,531
Fees and dues	16,075	9,365
Meals and entertainment	8,072	16,904
Sweater cost of sales	2,681	2,618
Loss on disposal of capital assets	2,002	–
Advertising	1,073	2,889
Amortization	331	331
Incorporation	33	133
	240,755	392,994
Excess (deficiency) of revenue over expenses	44,769	(4,372)
Net assets, beginning of year	75,855	80,227
Net assets, end of year	$ 120,624	$ 75,855

See accompanying notes to financial statements.

ONTARIO STUDENT TRUSTEES' ASSOCIATION

Statement of Cash Flows

Year ended August 31, 2020, with comparative information for 2019

	2020	2019
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenue over expenses	$ 44,769	$ (4,372)
Items not involving cash:		
Amortization	331	331
Loss on disposal of capital assets	2,002	–
Change in non-cash operating working capital:		
Accounts receivable	(20,533)	(4,925)
Prepaid expenses	(16,609)	1,553
Accounts payable and accrued liabilities	(325)	7,906
	9,635	493
Investing activities:		
Proceeds from maturity of investments	30,000	–
	30,000	–
Increase in cash	39,635	493
Cash, beginning of year	39,949	39,456
Cash, end of year	$ 79,584	$ 39,949

See accompanying notes to financial statements.

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.

1. Significant accounting policies (continued):

(c) Financial instruments (continued):

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.

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.

(d) 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.

1. Significant accounting policies (continued):

(e) Changes in accounting policies:

In March 2018, the Accounting Standards Board issued *"Basis for Conclusions- Accounting Standards Improvements for Not-for-Profit Organizations"* resulting in the introduction of three new handbook sections in accounting standards for not-for-profits in Part III of the Handbook as follows:

A. *Section 4433, Tangible capital assets held by not-for-profit organizations*, which directs organizations to apply the accounting guidance of *Section 3061, Property Plant and Equipment* in Part II of the Handbook. In so doing, the new section requires that organizations annually assess for partial impairment of tangible capital assets, to be recorded where applicable, as a non-reversible impairment expense. In addition, where practical, to componentize capital assets when estimates can be made of the useful lives of the separate components.

B. *Section 4434, Intangible assets held by not-for-profit organizations*, which directs organizations to annually assess intangible assets, and where applicable to record an impairment expenses should the net carrying value be higher than the asset's fair value or replacement cost.

C. *Section 4441, Collections held by not-for-profit organizations*, which defines a collection and directs organizations to record such assets on the statement of financial position at either cost or nominal value. It is anticipated that all collections will be accounted for using the same method, with the exception of organizations that opt to account for collections at cost, whereby the cost for certain collections either held or contributed cannot be determined. Such items are to be accounted for at a nominal value. In addition, collections are written down when there is evidence that the net carrying amount exceeds fair value.

Organizations are permitted to retrospectively capitalize collections at their cost or fair value at the date of acquisition, or fair value or replacement cost as at the transition date, based on the most readily determinable value.

The amendments are effective for financial statements for fiscal years beginning on or after January 1, 2019 and are applied on a prospective basis with the exception of the transitional provision to recognize an adjustment to opening net assets for partial impairments that existed on transition at September 1, 2019.

2. Investments:

The Association had Guaranteed Investment Certificates of $30,000 which matured in March 2020. Interest was paid annually or at maturity with effective interest rates between 0.25% and 0.95% per annum.

3. Capital assets:

During the year, capital assets with a net book value of $2,002 were disposed of as they no longer provided a future economic benefit to the Association.

Cost, accumulated amortization and net book value of capital assets at August 31, 2019 amounted to $3,307, $974, and $2,333 respectively.

4. Capital management:

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

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, 2020 is the carrying value of these assets.

There have been no significant changes to the credit risk exposure from 2019.

(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 2019.

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
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Alex MacDonald
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