

**The Ontario Federation of Home
and School Associations, Inc.
Financial Statements
For the Year Ended August 31, 2018**

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Financial Statements
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Independent Auditor's Report

**To the Directors of
The Ontario Federation of Home and School Associations, Inc.**

We have audited the accompanying financial statements of The Ontario Federation of Home and School Associations, Inc., which comprise the statement of financial position as at August 31, 2018, 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.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

**Basis for Qualified Opinion**

In common with many not-for-profit organizations, the Federation derives revenue from donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Federation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2018 and 2017, current assets as at August 31, 2018 and 2017, and net assets as at September 1 and August 31 for both the 2018 and 2017 years.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of The Ontario Federation of Home and School Associations, Inc. as at August 31, 2018, 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.

Other Matters

The financial statements of The Ontario Federation of Home and School Associations, Inc. for the year ended August 31, 2017 were audited by another auditor who expressed an unmodified opinion on the financial statements on February 10, 2018.

Chartered Professional Accountants, Licensed Public Accountants

Brantford, Ontario
February 2, 2019

The Ontario Federation of Home and School Associations, Inc.
Statement of Financial Position

August 31	2018	2017
Assets		
Current		
Cash (Note 2)	\$ 47,607	\$ 52,698
Accounts receivable (Note 3)	13,814	10,956
Prepaid expenses	1,869	1,869
	63,290	65,523
Restricted investments (Note 4)	200,000	200,000
	\$ 263,290	\$ 265,523
 Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities (Note 7)	\$ 8,237	\$ 10,187
Deferred revenue (Note 6)	3,804	-
	12,041	10,187
 Net Assets		
Endowment fund (Note 5)	200,000	200,000
Unrestricted net assets	51,249	55,336
	251,249	255,336
	\$ 263,290	\$ 265,523

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

The Ontario Federation of Home and School Associations, Inc.
Statement of Changes in Net Assets

For the year ended August 31	2018	2017
	Total	Total
Balance, beginning of the year	\$ 55,336	\$ 52,046
Excess (deficiency) of revenues over expenses	(4,087)	3,290
Balance, end of the year	\$ 51,249	\$ 55,336

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

The Ontario Federation of Home and School Associations, Inc. Statement of Operations

For the year ended August 31	2018	2017
Revenue		
Conference fees revenue	\$ 5,261	\$ 10,240
Donation revenue	86,591	91,353
Donation service fees	875	891
Interest income	4,351	4,257
Membership fees	28,421	31,205
Ministry of Education - PRO Grant	24,626	22,500
Ministry of Education - annual	21,240	21,240
Other revenue	412	709
	171,777	182,395
Expenses		
Bad debt expense	278	-
Bank charges and interest	75	100
Bulletin	-	1,090
Conference and annual meeting	3,418	8,196
Contributions to local associations	86,591	91,353
Council support payments	980	990
Equipment rental	3,280	3,866
Executive committee	-	299
Insurance	11,039	11,162
Meetings	956	3,428
Memberships and licences	2,150	2,150
Office and general	4,403	3,527
Parent Reaching Out	24,626	22,190
Professional fees	4,750	5,304
Recognition and awards	500	875
Rent	10,188	10,086
Representation	273	289
Representation to CHSF	2,973	521
Wages and benefits	19,384	13,323
Workgroups	-	356
	175,864	179,105
Excess (deficiency) of revenues over expenses	\$ (4,087)	\$ 3,290

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

The Ontario Federation of Home and School Associations, Inc. Statement of Cash Flows

For the year ended August 31	2018	2017
Cash flows from (used in) operating activities		
Excess of revenues over expenses	\$ (4,087)	\$ 3,290
Items not affecting cash:		
Loss on disposition of capital asset	-	684
	(4,087)	3,974
Changes in non-cash working capital:		
Accounts receivable	(2,857)	3,802
Prepaid expenses	-	157
Accounts payable and accrued liabilities	(1,951)	1,900
Deferred revenue	3,804	-
	(5,091)	9,833
Net (decrease) increase in cash	(5,091)	9,833
Cash, beginning of the year	52,698	42,865
Cash, end of the year	\$ 47,607	\$ 52,698

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

The Ontario Federation of Home and School Associations, Inc.

Notes to Financial Statements

August 31, 2018

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>The Federation is incorporated without share capital under the laws of Ontario. The Federation acts as a direct link between the home and the school, actively promoting Home and School objectives, along with the educational, social, and environmental well-being of children and youth. It is involved in researching, studying, evaluating, formulating and promoting proposals for the care and protection of children. The Federation serves to bring together parents and educators concerned with the needs of children and youth in Ontario.</p> <p>The Federation is registered charity under the Income Tax Act and, as such, is exempt from income tax and may issue income tax receipts to donors.</p>
Basis of Accounting	<p>The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.</p>
Revenue Recognition	<p>The Federation follows the deferral method of accounting for contributions.</p> <p>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.</p> <p>Net investment income earned on Endowment assets are recognized as in the statement of operations.</p>
Financial Instruments	<p>Membership fee revenue represents annual membership fees paid by the Federation's members. The Federation recognizes the portion of the membership fees earned during the fiscal year. Any amounts received in advance of the expiry of the membership period is treated as deferred revenue.</p> <p>Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and charged to the financial instrument for those measured at amortized cost.</p>

The Ontario Federation of Home and School Associations, Inc.

Notes to Financial Statements

August 31, 2018

1. Significant Accounting Policies (continued)

Contributed Services	Volunteers contribute many hours per year to assist the Federation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.
Use of Estimates	The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.
Capital Assets	Capital assets are recorded as expenses in the year they are acquired. Capital assets charged to the statement of operations in the year were \$nil (2017 - \$nil).

2. Cash

The Federation's bank accounts are held at one chartered bank and earn no interest on these accounts.

3. Accounts receivable

	<u>2018</u>	<u>2017</u>
Grants receivable	\$ 4,626	\$ 2,700
Interest receivable	4,920	4,371
HST rebate	4,268	3,885
	<u>\$ 13,814</u>	<u>\$ 10,956</u>

4. Restricted Investments

Restricted investments consist of various guaranteed investment certificates (GICs) with minimum guaranteed interest rates ranging between 0.3753% and 5% (2017 - 0.66% to 5%) and maximum interest rates ranging between 5.5% and 20% (2017 20%). These GIC's mature between December 11, 2018 and December 18, 2022.

The Ontario Federation of Home and School Associations, Inc.

Notes to Financial Statements

August 31, 2018

5. The Adelaide Louise McLaughlin Endowment Fund

The Adelaide Louise McLaughlin Endowment Fund was established on September 30, 1967 as a result of a gift received from Col. R. S. McLaughlin in memory of his wife who served as President of the Federation from 1930 to 1936. The \$200,000 gift is to be held permanently by the Federation for the purpose of gaining and producing income to be used in promoting its objectives. The Federation can only use the interest earned on the funds for general expenditures.

6. Deferred Revenue

Deferred revenue represents membership fees received in the current year that relates to the subsequent year totaling \$3,804.

7. Commitments

The Federation has commitments under operating lease agreements for the rental of its premises and photocopier. The estimated future minimum annual payment requirements are as follows:

2019	-	8,339
2020	-	1,082

The Ontario Federation of Home and School Associations, Inc.

Notes to Financial Statements

August 31, 2018

8. Financial Instruments

Liquidity risk

Liquidity risk is the risk that the Federation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Federation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Federation is exposed to this risk mainly in respect of its accounts payable.

The Federation's approach to managing liquidity is to ensure, as far as possible, that it will always have sufficient cash flows to fund its operations and to meet its liabilities when due, under both normal and stressed conditions.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Federation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Federation to a fair value risk while the floating rate instruments subject it to a cash flow risk.

A portion of the Federation's investments bear interest at floating rates. Fluctuations in these rates will impact the investment income received in the future.

The Federation mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

9. Comparative figures

The comparative figures have been updated to reflect the current year presentation.