

**THE ONTARIO FEDERATION OF
HOME AND SCHOOL ASSOCIATIONS, INC.**

FINANCIAL STATEMENTS

For the year ended August 31, 2021

**THE ONTARIO FEDERATION OF
HOME AND SCHOOL ASSOCIATIONS, INC.**

For the year ended August 31, 2021

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INDEPENDENT AUDITORS' REPORT

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

Qualified Opinion

We have audited the accompanying financial statements of The Ontario Federation of Home and School Associations, Inc. ("the Federation"), which comprise the statement of financial position as at August 31, 2021 and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Federation as at August 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 Qualified Opinion

In common with many not-for-profit organizations, the Federation derives revenue from the general public in the form of 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 donation revenue, excess of revenue over expenses, and cash flows from operations for the years ended August 31, 2021 and 2020, current assets as at August 31, 2021 and 2020, and net assets as at September 1 and August 31 for both the 2021 and 2020 years. The predecessor auditor's opinion on the financial statements for the year ended August 31, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 Financial Statements* section of our report. We are independent of the Federation 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 qualified opinion.

Other Matters

The financial statements of the Federation for the year ended August 31, 2020 were audited by another auditor who expressed a qualified opinion, as explained in the *Basis for Qualified Opinion* section of the report, on those financial statements on February 18, 2021.

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 Federation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Federation or to cease operations, or has no realistic alternative but to do so.

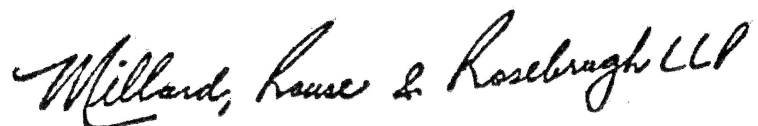
Those charged with governance are responsible for overseeing the Federation's financial reporting process.

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 these 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 Federation'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 Federation'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 Federation 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.



February 16, 2022
Brantford, Ontario

CHARTERED PROFESSIONAL ACCOUNTANTS
Licensed Public Accountants

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

STATEMENT OF FINANCIAL POSITION

As at August 31	2021	2020
ASSETS		
Current Assets		
Cash (Note 3)	19,346	62,757
Accounts receivable (Note 4)	12,166	20,575
Prepaid expenses	4,248	2,563
Short-term investments	40,000	30,000
	75,760	115,895
Restricted Cash (Note 5)	10,132	1,100
Restricted Investments (Note 5)	200,000	200,000
	285,892	316,995
LIABILITIES		
Current Liabilities		
Accounts payable and accrued liabilities	10,062	35,066
Funds held in trust	10,132	1,100
Deferred revenue	-	3,804
	20,194	39,970
NET ASSETS		
A.L.M. Endowment Fund (Note 6)	200,000	200,000
Unrestricted net assets	65,698	77,025
	265,698	277,025
	285,892	316,995

See accompanying notes

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31	2021	2020
Balance - Beginning of Year	77,025	74,928
Excess (Deficiency) of Revenue over Expenses	(11,327)	2,097
Balance - End of Year	65,698	77,025

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

STATEMENT OF OPERATIONS

For the year ended August 31	2021	2020
Revenues		
Association membership fees	8,200	10,600
Canada summer jobs grant	4,602	12,299
Conference fees revenue	(520)	3,739
Donation revenue	45,602	81,902
Donation service fees	456	822
Interest income	2,339	5,409
Membership fees	26,179	34,160
Ministry of Education - annual	21,240	21,240
Miscellaneous income	80	-
Safe Return to Class grant	10,500	-
	118,678	170,171
Expenses		
Bank charges and interest	22	60
Conference and annual meeting	9,268	6,679
Contribution to local associations	45,602	81,902
Council support payments	1,295	920
Equipment rental	1,353	2,080
Executive Committee	438	59
Insurance	13,703	13,503
Meetings	1,740	1,759
Memberships and licenses	-	2,150
Office and general	17,409	5,247
Professional fees	6,433	5,830
Recognition and awards	160	454
Rent	4,383	5,253
Representation	-	1,612
Wages and benefits	28,199	40,566
	130,005	168,074
Excess (Deficiency) of Revenues over Expenses	(11,327)	2,097

See accompanying notes

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

STATEMENT OF CASH FLOWS

For the year ended August 31	2021	2020
Cash Flows From Operating Activities		
Excess of expenses over revenues in the year	(11,327)	2,097
Charges (credits) to income not involving cash		
Accounts receivable	8,408	(8,204)
Prepaid expenses	(1,685)	22
Accounts payable and accrued liabilities and funds held in trust	(15,971)	985
Deferred revenue	(3,804)	-
	(24,379)	(5,100)
Cash Flows From Investing Activities		
Purchase of investment	(10,000)	(30,000)
Net Decrease in Cash and Bank	(34,379)	(35,100)
Opening Cash and Bank	63,857	98,957
Closing Cash and Bank	29,478	63,857
Represented by:		
Cash	19,346	62,757
Restricted cash	10,132	1,100
	29,478	63,857

See accompanying notes

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2021

1. STATUS AND NATURE OF ACTIVITIES

The Ontario Federation of Home and School Associations ("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 brings together parents and educators concerned with the needs of children and youth in Ontario.

The Federation was incorporated without share capital under the laws of Ontario. It is a registered charity under the Income Tax Act, as such, is exempt from income tax and may issue income tax receipts to donors.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant policies:

(a) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Actual results could differ from management's best estimates as additional information becomes available in the future.

(b) Revenue Recognition

The Federation follows the deferral method of accounting for contributions.

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.

Net investment income earned on Endowment assets are recognized as earned in the statement of operations. Endowment contributions are recognized as direct increases in net assets in the year in which they are received.

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.

(c) 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.

(d) Government Assistance

Government assistance towards current expenses, including salaries and rent, is recognized as a reduction of the corresponding expenses at the time they are incurred, provided there is reasonable assurance that the Federation has complied and will continue to comply with all the conditions of the government assistance.

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2021

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

(e) **Financial Instruments**

All financial instruments are initially recorded on the statement of financial position at fair value. In subsequent periods, investments in equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are measured 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.

(f) **Income Taxes**

The Federation operates as a not-for-profit organization and consequently, no provision for income taxes has been made.

(g) **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.

3. CASH

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

4. ACCOUNTS RECEIVABLE	2021	2020
Grants receivable	7,155	12,299
Interest receivable	2,903	5,430
HST rebate	2,108	2,846
Balance, end of the year	12,166	20,575

5. RESTRICTED INVESTMENTS

Restricted investments consist of various guaranteed investments certificates (GICs) with minimum guaranteed interest rates ranging between 0.08% and 1.5% (2020 - 0.50% and 2%). These GICs mature between September 2021 and August 2024.

Restricted cash consists of \$10,132 (2020 - \$1,100) in funds held in trust for local school associations that have dissolved and are required by company bylaws to send any remaining cash to the Federation. Monies held in trust by the Federation will be forwarded to the revived association.

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2021

6. 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 by 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 expenditure.

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:

2022	-	3,945
2023	-	495

8. FINANCIAL INSTRUMENTS

The significant financial risks to which the Federation is exposed are liquidity risk and interest rate risk.

Liquidity Risk

Liquidity risk is the risk that the Federation will encounter difficulty in meeting 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 settle or recover a financial asset. The Federation is exposed to this risk mainly in respect to accounts payable and accrued liabilities.

The Federation's approach to managing liquidity is to ensure, as fast 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 rate instruments subject the Federation to a fair value risk while the floating rate instruments subject the Federation 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.

THE ONTARIO FEDERATION OF HOME AND SCHOOL ASSOCIATIONS, INC.

NOTES TO THE FINANCIAL STATEMENTS

For the year ended August 31, 2021

9. COVID-19 PANDEMIC

In March 2020, the World Health Organization declared COVID-19 to be a global pandemic. It is possible that donations, grants and membership revenue might be impacted negatively in the future. The Federation is closely monitoring its operations, liquidity, and capital resources and is actively working to minimize the current and future impact of this unprecedented situation.

During the year, the Federation received \$5,322 in government assistance in the form of the Canadian Emergency Wage Subsidy (CEWS). In order to receive the wage subsidy, the Federation had to meet certain terms and conditions and in particular had to have experienced an eligible reduction in revenue. The wage subsidy was deducted from the wages presented in the statement of operations.

During the year, the Federation also received \$1,077 in government assistance in the form of the Canadian Emergency Rent Subsidy (CERS). In order to receive the rent subsidy, the Federation had to meet certain terms and conditions and in particular had to have experienced an eligible reduction in revenue. The rent subsidy was deducted from the rent expense presented in the statement of operations.

As of issuance of these financial statements, the full impact of the pandemic to the Federation's financial position is not known.