



Grant Thornton

Financial Statements

The Ontario English Catholic Teachers Association
Toronto Secondary Unit

June 30, 2014

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Independent Auditor's Report

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To the Members of
**The Ontario English Catholic Teachers' Association -
Toronto Secondary Unit**

We have audited the accompanying financial statements of **the The Ontario English Catholic Teachers Association - Toronto Secondary Unit**, which comprise the statement of financial position as at June 30, 2014, the statement of revenue and expenditures, the statement of changes in net assets and statement of 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 audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of **The Ontario English Catholic Teachers Association - Toronto Secondary Unit** as at June 30, 2014, 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.

Grant Thornton LLP

Mississauga, Canada
October 29, 2014

Chartered Accountants
Licensed Public Accountants

The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Statement of Financial Position

Year ended June 30 2014 2013

Assets

Current

Cash and cash equivalents	\$	163,732	\$	149,804
Temporary investments		101,730		100,668
Receivables (Note 3)		176,331		164,170
Prepays		<u>13,363</u>		<u>6,303</u>
		<u>455,156</u>		<u>420,945</u>

Investments (guaranteed income certificates)		900,000		900,000
Capital assets (Note 4)		<u>186,188</u>		<u>207,958</u>

\$ 1,541,344 \$ 1,528,903

Liabilities

Current

Payables and accruals	\$	408,586	\$	313,628
Deferred revenue				
- E. I. rebates (Note 5)		58,894		62,791
- Professional development (Note 6)		-		29,156
- Ministry of Education (Note 7)		<u>7,175</u>		<u>24,751</u>
		<u>474,655</u>		<u>430,326</u>

Deferred revenue				
Professional development (Note 6)		<u>633,280</u>		<u>633,280</u>
		<u>1,107,935</u>		<u>1,063,606</u>

Net Assets

Invested in capital assets		186,188		207,958
Unrestricted		<u>247,221</u>		<u>257,339</u>
		<u>433,409</u>		<u>465,297</u>

\$ 1,541,344 \$ 1,528,903

Commitments (Note 8)

Approved by the Executive

_____ Member

_____ Member

See accompanying notes to the financial statements.

**The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Statement of Revenue and Expenditures**

Year Ended June 30	2014	2013
Revenue		
Provincial O.E.C.T.A.		
Fee installments	\$ 447,402	\$ 453,224
Unit President's release time	117,815	117,928
First Vice-President's release time	109,022	109,122
Annual general meeting	23,443	22,442
Audit	8,500	8,500
Negotiator's release time	2,500	2,500
E.I. rebate	151,132	142,613
Investment income	20,351	13,431
Realized gain on securities	-	622
Johnson Insurance management allowance	22,728	22,903
Miscellaneous revenue	10,731	3,024
Professional development	46,732	-
	<u>960,356</u>	<u>896,309</u>
Expenditures		
Administration (Page 6)	313,867	278,902
Elected members' expenses (Page 6)	410,858	395,017
Professional development (Page 6)	55,604	32,540
Teacher welfare (Page 7)	127,668	114,683
Communications and public relations (Page 7)	31,057	27,527
Office condominium (Page 7)	53,190	53,250
	<u>992,244</u>	<u>901,919</u>
Deficiency of revenue over expenditures	\$ (31,888)	\$ (5,610)

**The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Statement of Changes in Net Assets**

Year Ended June 30	Invested in Capital assets	Unrestricted	2014	2013
Beginning of year	\$ 207,958	\$ 257,339	\$ 465,297	\$ 470,908
Deficiency of revenue over expenditures	-	(31,888)	(31,888)	(5,610)
Purchase of capital assets	8,301	(8,301)	-	-
Depreciation	(30,071)	30,071	-	-
End of year	\$ 186,188	\$ 247,221	\$ 433,409	\$ 465,297

See accompanying notes to the financial statements.

**The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Detailed Statement of Expenditures**

Year Ended June 30	2014	2013
Administration		
Annual general meeting	\$ 48,783*	\$ 44,416*
Audit fees and bank charges	8,725*	8,648*
Courtesy	2,458	3,018
Insurance	10,312	9,559
Office expense	64,030	46,099
Secretarial and clerical	105,555	86,982
Retirement gratuity	1,134	988
Staff representative meetings	40,324	37,479
Telephone	9,085	9,279
Unit general meetings	16,578	14,382
Legal fees	-	500
Office equipment depreciation	6,883	7,552
	<u>\$ 313,867</u>	<u>\$ 278,902</u>
Elected members' expenses		
President	\$ 131,356*	\$ 132,721*
- salary and benefits		
- travel expense	1,898	2,146
- other	2,368	2,202
First Vice-President	117,709*	118,921*
- salary and benefits		
- travel expense	4,440	3,025
- other	1,434	-
Executive release time	133,064	117,745
Mileage	3,952	2,788
Miscellaneous	9,466	5,728
Unit executive meetings	5,171	9,740
	<u>\$ 410,858</u>	<u>\$ 395,017</u>
Professional development		
Local workshops and seminars	\$ 22,011	\$ 9,204
Individual assistance	28,266	19,564
PD processor	1,665	1,992
Professional conference	3,662	1,780
	<u>\$ 55,604</u>	<u>\$ 32,540</u>

* Before portion of expenditure reimbursed by O.E.C.T.A. - see Page 4.

See accompanying notes to the financial statements.

**The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Detailed Statement of Expenditures**

Year ended June 30	2014	2013
Teacher welfare		
Political action	\$ 11,637	\$ 16,680
Local negotiation costs	12,604	2,720
Grievance	7,550	10,870
Human rights	3,006	2,818
Health and safety	11,212	6,591
Other committees	50,350	43,327
Membership services	<u>31,309</u>	<u>31,677</u>
	\$ 127,668	\$ 114,683
 Communications and public relations		
Newsletter	\$ 3,122	\$ 2,825
Miscellaneous	18,785	14,801
Solidarity	<u>9,150</u>	<u>9,901</u>
	\$ 31,057	\$ 27,527
 Office condominium		
Condominium fees	\$ 5,540	\$ 5,034
Realty tax	11,497	11,864
Utilities	4,600	3,994
Office maintenance	8,365	9,170
Depreciation	<u>23,188</u>	<u>23,188</u>
	\$ 53,190	\$ 53,250

See accompanying notes to the financial statements.

The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Statement of Cash Flows

Year ended June 30	2014	2013
Increase (decrease) in cash and cash equivalents		
Operating activities		
Deficiency of revenue over expenditures	\$ (31,888)	\$ (5,610)
Adjustment for non-cash item		
Depreciation on condominium	23,188	23,188
Depreciation on other capital assets	<u>6,883</u>	<u>7,552</u>
	(1,817)	25,130
Changes in non-cash operating working capital		
Receivables	(12,161)	(15,953)
Prepays	(7,059)	1,643
Payables	94,958	(1,022)
Deferred revenue	(50,629)	30,233
Deferred revenue - professional development	-	<u>633,280</u>
	<u>23,292</u>	<u>673,311</u>
Investing activity		
Purchase of temporary investments	(1,062)	(31,570)
Purchase of long-term investments	-	(650,000)
Purchase of capital assets	<u>(8,302)</u>	<u>(12,873)</u>
	<u>(9,364)</u>	<u>(694,443)</u>
Net increase (decrease) in cash	13,928	(21,131)
Cash and cash equivalents, beginning of year	<u>149,804</u>	<u>170,935</u>
Cash and cash equivalents, end of year	<u>\$ 163,732</u>	<u>\$ 149,804</u>

See accompanying notes to the financial statements.

The Ontario English Catholic Teachers' Association

Toronto Secondary Unit

Notes to the Financial Statements

June 30, 2014

1. Organization

Toronto Secondary Unit (the "Unit") was formed under the By-laws of The Ontario English Catholic Teachers' Association which was incorporated by Letters Patent dated September 8, 1944. The Unit promotes Catholic values, fosters and promotes the professional and spiritual growth of its members and supports its members in collective bargaining.

2. Summary of significant accounting policies

Basis of Presentation

The Organization has prepared these financial statements in accordance with Canadian Accounting Standards for Not-for-Profit Organizations (ASNPO).

Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks.

Use of estimates

In preparing the Unit's financial statements, management is required to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and reported amounts of revenue and expenditure during the period. Actual results could differ from these estimates.

Revenue and expenditures

All revenue and expenditure items are recorded on the accrual basis at the time revenue is earned or expenditures are incurred.

Capital assets

Capital acquisitions are recorded at cost and depreciated using the straight-line method over the estimated useful life of the asset as follows:

Condominium unit	- 30 years
Furniture and equipment	- 8 years
Computer equipment	- 3 years

Net assets

The financial statements have been prepared in a manner which segregates net asset balances as follows:

- (a) **Invested in capital assets** represents the Unit's net investment in property and equipment purchased with unrestricted funds, less accumulated depreciation thereon since acquisition.

The Ontario English Catholic Teachers' Association
Toronto Secondary Unit
Notes to the Financial Statements

June 30, 2014

2. Significant accounting policies (continued)

Net assets (continued)

(b) **Unrestricted** comprises the remaining accumulated net excess of revenue over expenditures from operations since inception that are available for general use.

Financial instruments

The Organization's financial instruments are comprised of cash, investments (guaranteed investment certificates), receivables and payables.

Financial assets or liabilities obtained in arm's length transactions are initially measured at their fair value and financial assets or liabilities obtained in related party transactions are measured at their exchange amount.

The Organization subsequently measures all of its financial assets and liabilities at amortized cost.

3. Receivables	<u>2014</u>	<u>2013</u>
O.E.C.T.A. Provincial Office	\$ 165,889	\$ 153,728
Interest receivable	<u>10,442</u>	<u>10,442</u>
	<u>\$ 176,331</u>	<u>\$ 164,170</u>

4. Capital assets			<u>2014</u>	<u>2013</u>
	<u>Cost</u>	<u>Accumulated Depreciation</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Building	\$ 678,993	\$ 514,762	\$ 164,231	\$ 187,419
Computer equipment	35,867	23,975	11,892	9,587
Furniture & equipment	<u>15,060</u>	<u>4,995</u>	<u>10,065</u>	<u>10,952</u>
	<u>\$ 729,920</u>	<u>\$ 543,732</u>	<u>\$ 186,188</u>	<u>\$ 207,958</u>

The Ontario English Catholic Teachers' Association

Toronto Secondary Unit

Notes to the Financial Statements

June 30, 2014

5. Deferred revenue - EI rebates

In the June 30, 2014 fiscal year the Unit received \$58,894 (2013 - \$62,791) of Employment Insurance rebates that relate to teachers' salaries from July to December, 2014. This amount has therefore been deferred on the balance sheet and will be recorded as revenue in the Unit's June 30, 2015 financial statements.

6. Deferred revenue - Professional Development

The Unit has a balance of \$nil (2013 - \$29,156) to be used for future professional development of teachers, in the area of improvement of classroom instruction. A report is required on a quarterly basis for payments from these funds. In fiscal 2014 all amounts in this fund were used for professional development of teachers, in the area of improvement of classroom instruction. This amount has been recognized in revenue.

In addition, in 2013, the Unit received \$633,280 from the Toronto Catholic District School Board from a professional development agreement with the Board. These funds are only to be used for self-directed professional development. As the Organization has other amounts set aside for professional development, the grant from the Toronto Catholic District School Board has been classified as long-term and the funds have been invested in laddered guaranteed investment certificates. Accordingly, \$633,280 of the long-term investment in guaranteed investment certificates is restricted for professional development.

7. Deferred Revenue - Ministry of Education

The Unit has a balance of \$7,175 (2013 - \$24,751) to be used for future professional development.

The Ontario English Catholic Teachers' Association

Toronto Secondary Unit

Notes to the Financial Statements

June 30, 2014

8. Commitments

The Organization has committed to the lease of office equipment to August, 2017. Future annual lease payments are as follows:

2015	\$	16,063
2016		16,063
2017		4,016

9. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Market risk

The Organization's financial instruments expose it to market risk, in particular, interest rate risk which results from investing activities. The Organization is exposed to interest rate risk with respect to its guaranteed investment certificates which bear interest at fixed rates, resulting in exposure to the risk of changes in fair value from interest rate fluctuations.

Credit risk

The Organization is subject to credit risk through receivables. Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Organization's management does not expect any financial loss on the receivable balance.

Liquidity risk

Liquidity risk is the risk that the Organization may encounter difficulty in meeting its obligations associated with its financial liabilities as they become due. It is management's opinion that the Organization is not exposed to significant liquidity risks arising from its financial instruments.

10. Comparative figures

Comparative figures have been reclassified to conform to the current year presentation.
