

**Ontario Physical and Health  
Education Association  
Financial Statements  
For the year ended March 31, 2019**

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## Independent Auditor's Report

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### To the Board of Directors of Ontario Physical and Health Education Association

#### Opinion

We have audited the financial statements of Ontario Physical and Health Education Association (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of changes in fund balances, operations and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2019, 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 Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

#### Auditor's 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 auditor's 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.

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## Independent Auditor's Report (continued)

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### Auditor's Responsibilities for the Audit of the Financial Statements (continued)

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's 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 auditor's report. However, future events or conditions may cause the Organization 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.

*BDO Canada LLP*

Chartered Professional Accountants, Licensed Public Accountants  
Mississauga, Ontario  
June 20, 2019

**Ontario Physical and Health Education Association**  
**Statement of Financial Position**

**March 31** **2019** **2018**

**Assets**

**Current**

Cash	\$ 648,482	\$ 1,179,731
Short-term investments (Note 2)	530,487	530,487
Accounts receivable	272,312	326,788
Prepaid expenses	35,070	54,865
	1,486,351	2,091,871

Capital assets (Note 3)	4,607	20,328
	<b>\$ 1,490,958</b>	<b>\$ 2,112,199</b>

**Liabilities and Fund Balances**

**Current**

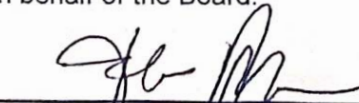
Accounts payable and accrued liabilities	\$ 206,039	\$ 255,166
Deferred revenue (Note 5)	240,195	754,748
Current portion of obligation under capital lease	-	6,691
	446,234	1,016,605

Rental inducement (Note 11)	-	71,739
	<b>446,234</b>	<b>1,088,344</b>

**Fund Balances**

Funds Invested in Capital Assets	4,607	13,637
Special Initiatives Fund	302,315	234,110
Emergency Contingency Fund	526,470	522,880
Employee Development Fund	-	50,426
Legacy Fund	3,114	3,614
General Fund	208,218	199,188
	1,044,724	1,023,855
	<b>\$ 1,490,958</b>	<b>\$ 2,112,199</b>

On behalf of the Board:

  
 \_\_\_\_\_ President

  
 \_\_\_\_\_ Executive Director

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

**Ontario Physical and Health Education Association**  
**Statement of Changes in Fund Balances**

For the year ended March 31

	Funds Invested in Capital Assets	Special Initiatives Fund	Emergency Contingency Fund	Employee Development Fund	Legacy Fund	General Fund	2019 Total	2018 Total
Balance, beginning of year \$	13,637	\$ 234,110	\$ 522,880	\$ 50,426	\$ 3,614	\$ 199,188	\$ 1,023,855	\$ 952,573
Excess of revenue over expenditures	-	-	-	-	-	20,869	20,869	71,282
Interfund transfer	-	-	-	(50,426)	(500)	50,926	-	-
Internally restricted transfers (Note 1)	-	68,205	3,590	-	-	(71,795)	-	-
Amortization of capital assets	(15,026)	-	-	-	-	15,026	-	-
Capital lease obligation payments	6,691	-	-	-	-	(6,691)	-	-
Loss on disposal of capital assets	(695)	-	-	-	-	695	-	-
Balance, end of year	\$ 4,607	\$ 302,315	\$ 526,470	\$ -	\$ 3,114	\$ 208,218	\$ 1,044,724	\$ 1,023,855

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

## Ontario Physical and Health Education Association Statement of Operations

<b>For the year ended March 31</b>	<b>2019</b>	<b>2018</b>
<b>Revenue</b>		
Conference	\$ 149,797	\$ 170,793
Donations	3,434	-
Grants (Note 4)	7,397	91,823
Investment income	17,534	9,608
Merchandise sales and resource licensing revenue	265,147	194,886
Service contracts - government (Note 4)	2,740,727	3,165,491
Service contracts - other	190,049	411,233
Sponsorships	189,632	127,246
	<b>3,563,717</b>	<b>4,171,080</b>
<b>Expenditures</b>		
Amortization	15,026	19,088
Board	7,213	18,102
Committees	4,004	7,474
Conference	135,867	169,914
Cost of sales	169,352	116,417
Marketing and communications	44,468	52,473
Office and general	13,955	12,985
Projects	3,068,321	3,608,739
Staffing	100,606	94,106
Rental inducement recovery (Note 11)	(66,890)	-
	<b>3,491,922</b>	<b>4,099,298</b>
<b>Operating surplus before undernoted items</b>	<b>71,795</b>	<b>71,782</b>
<b>Less: Employee Development Fund expenditures (Note 8)</b>	<b>50,426</b>	<b>-</b>
<b>Less: Legacy Fund expenditures (Note 8)</b>	<b>500</b>	<b>500</b>
<b>Excess of revenue over expenditures for the year</b>	<b>\$ 20,869</b>	<b>\$ 71,282</b>

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

**Ontario Physical and Health Education Association**  
**Statement of Cash Flows**

<b>For the year ended March 31</b>	<b>2019</b>	<b>2018</b>
<b>Cash was provided by (used in)</b>		
<b>Operating activities</b>		
Excess of revenue over expenditures	\$ 20,869	\$ 71,282
Loss on disposal of capital assets	695	-
Adjustments required to reconcile excess of revenue over expenditures to net cash provided by operating activities		
Amortization of capital assets	15,026	19,088
Changes in non-cash operating balances		
Accounts receivable	54,476	(41,589)
Prepaid expenses	19,795	3,242
Accounts payable and accrued liabilities	(49,127)	26,347
Deferred revenue	(514,553)	25,591
Rental inducement	(71,739)	35,108
	<u>(524,558)</u>	<u>139,069</u>
<b>Investing activities</b>		
Purchase of capital assets	-	(14,646)
Purchase of short term investments	-	(263)
	<u>-</u>	<u>(14,909)</u>
<b>Financing activity</b>		
Payment of capital lease obligation	<u>(6,691)</u>	<u>(10,036)</u>
<b>Increase (decrease) in cash during the year</b>	<b>(531,249)</b>	<b>111,124</b>
<b>Cash, beginning of year</b>	<b><u>1,179,731</u></b>	<b><u>1,068,607</u></b>
<b>Cash, end of year</b>	<b>\$ 648,482</b>	<b>\$ 1,179,731</b>

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

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# Ontario Physical and Health Education Association

## Notes to Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies

#### Purpose of Organization

The Ontario Physical and Health Education Association (the "Organization") exists to champion healthy, active living in schools and communities through quality programs and services, partnerships and advocacy so that all children and youth value and enjoy the life long benefits of healthy active living.

The Organization was incorporated on October 15, 1990 under the Corporations Act of Ontario as a not-for-profit organization and is not subject to income taxes.

The Organization was approved by the Canada Revenue Agency as a registered charity on January 29, 2016.

#### Basis of Accounting

The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

#### Revenue Recognition

The Organization follows the deferral method of accounting for contributions.

Conference revenue is recognized in the period in which the related event is held.

Restricted revenue from donations, grants, service contracts and sponsorships are recognized in the period in which the related expenditures are incurred.

Unrestricted donations are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Merchandise sales are recognized when goods are shipped, the sales price is fixed and determinable, collectibility is reasonably assured, and title and risks of ownership have passed to the buyer.

Resource licensing revenue is recognized in the period in which the fees are earned.

Investment income includes interest income which is recognized when earned.

#### Deferred Revenue

Deferred revenue consists of amounts received less amounts expended on various projects, which will be earned or expended on projects in the ensuing fiscal years.

#### Rental Inducement

Rental expenses are recognized on a straight-line basis over the full term of the lease. Rental inducement consists of rent-free periods and other subsidies, and is recognized as the difference between the rent paid and the straight-line expensed value.



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# Ontario Physical and Health Education Association

## Notes to Financial Statements

**March 31, 2019**

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### 1. Significant Accounting Policies (continued)

#### Capital Assets

Capital assets are stated at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is calculated as follows:

Computer equipment	- 33% straight line basis
Furniture and office equipment	- 33% straight line basis
Leasehold improvements	- 20% straight line basis
Equipment under capital lease	- straight-line over the term of the lease

#### Funds Invested in Capital Assets

Funds Invested in Capital Assets represents the balance provided for the acquisition of capital assets. During the year, there were no transfers (2018 - \$14,646).

#### Special Initiatives Fund

The Board of Directors has established a reserve fund to finance certain leasehold improvements, capital assets, special initiatives, research and development, and unanticipated general contingencies incidental to the operation of its programs. During the year, the Board approved a transfer of \$68,205 (2018 - \$68,193).

#### Emergency Contingency Fund

The Board of Directors has established a reserve fund to allow for extraordinary events that may affect the ordinary operations of its programs. During the year, the Board approved a transfer of \$3,590 (2018 - \$3,589).

#### Employee Development Fund

The Board of Directors has established a reserve fund to be used at their discretion for staff development and recognition.

#### Legacy Fund

The Board of Directors has established a reserve fund to be used to compensate the contributions made by leaders in the field of Health and Physical Education.

#### 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 revenue and expenses during the reporting period. Actual results could differ from management's best estimates as additional information becomes available in the future.

# Ontario Physical and Health Education Association

## Notes to Financial Statements

**March 31, 2019**

### 1. Significant Accounting Policies (continued)

#### Allocation of Expenses

The Organization incurs salaries and benefits expenses and general and administrative support expenses that are common to the administration of the Organization and to each project that it operates. Salaries and benefits are allocated proportionately based on the percentage of time spent on that project. Overhead costs including salaries and benefits, and general and administrative support are allocated based on the percentage used on each project.

#### Financial Instruments

All financial instruments are initially recognized at fair value and subsequently at amortized cost. Financial assets are tested for impairment when changes in circumstances indicate that the asset could be impaired. Transaction costs 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.

### 2. Short-term Investments

Short-term investments consist of a one-year cashable Guaranteed Investment Certificate ("GIC") of \$530,000 (2018 - \$530,000). The GIC earns interest at 1.670% (2018 - 1.525%) per annum and has a maturity date of March 7, 2020 (2018 - March 9, 2019). The GIC has been pledged as collateral for the credit facility (Note 6).

### 3. Capital Assets

	2019		2018	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Computer equipment	\$ 78,774	\$ 80,858	\$ 225,262	\$ 211,625
Furniture and office equipment	88,525	88,525	95,882	95,882
Leasehold improvements	-	-	61,995	61,995
Equipment under capital lease	20,073	13,382	20,073	13,382
	<b>\$ 187,372</b>	<b>\$ 182,765</b>	<b>\$ 403,212</b>	<b>\$ 382,884</b>
Net book value		<b>\$ 4,607</b>		<b>\$ 20,328</b>

# Ontario Physical and Health Education Association

## Notes to Financial Statements

**March 31, 2019**

### 4. Government Revenue and Expenditures

Detailed below are the government program revenue and expenditures for the year ended March 31, 2019; totals include committed revenue from 2017/2018 and prior year funding contracts where expenditures were incurred during the year ended March 31, 2019. The expenditures are included in projects on the statement of operations.

Funder	Program	Revenue	Expenditures
<b>Service Contracts - Province of Ontario and Agencies</b>			
Ministry of Education	CSBHSS	\$ 927,426	\$ 927,426
	Daily Physical Activity	95,517	95,517
	Cannabis Discussion Guide	12,250	12,250
	Global Competencies	19,922	19,922
	Healthy Relationships	8,260	8,260
	Healthy Schools Certification	260,538	260,538
	Medical Conditions	41,000	41,000
	Ontario Safety Guidelines	323,259	323,259
	Raise The Bar	111,198	111,198
	Sex Education by Theatre	75,908	75,908
Ministry of Health & Long Term Care	Asthma Education	156,600	156,600
	PARC	171,500	171,500
Ministry of Tourism, Culture & Sport	Raise The Bar	113,111	113,111
Ministry of Status of Women	Sexual Violence Prevention	207,000	207,000
<b>Total</b>		<b>\$ 2,523,489</b>	<b>\$ 2,523,489</b>
<b>Service Contracts - Government of Canada</b>			
Public Health Agency of Canada	Cannabis Education	217,238	217,238
<b>Service Contracts Total</b>		<b>\$ 2,740,727</b>	<b>\$ 2,740,727</b>
<b>Grants - Province of Ontario and Agencies</b>			
Ministry of Citizenship and Immigration	Summer Student	\$ 3,658	\$ 3,658
<b>Grants - Government of Canada</b>			
Ministry of Citizenship and Immigration	Canada Summer Jobs Grant	3,739	3,739
<b>Grants Total</b>		<b>\$ 7,397</b>	<b>\$ 7,397</b>
<b>Government Total</b>		<b>\$ 2,748,124</b>	<b>\$ 2,748,124</b>

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## Ontario Physical and Health Education Association

### Notes to Financial Statements

**March 31, 2019**

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#### 5. Deferred Revenue

	2019	2018
Service contracts - government		
Ministry of Education	\$ 144,332	\$ 567,600
Ministry of Tourism, Culture & Sport	1,903	-
Service contracts - other	93,960	187,148
	\$ 240,195	\$ 754,748

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#### 6. Credit Facility

The Organization has a credit facility of \$550,000 (2018 - \$500,000) of which \$Nil was utilized at March 31, 2019 (2018 - \$Nil). Borrowings under this facility are due on demand and bear interest at the bank's prime rate plus 2% (2018 - bank's prime rate plus 2%). The credit facility is secured against the Organization's short-term investments (Note 2) as well as a general security agreement covering all assets of the Organization.

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#### 7. Commitments

The Organization has lease commitments for office, common occupancy costs and equipment for which future repayments are as follows:

2020	\$	123,163
2021		88,557
2022		88,438
2023		90,148
2024		91,876
Thereafter		101,439
	\$	583,621

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#### 8. Fund Expenditures

Legacy Fund expenditures relate to awards issued for leadership in physical and health education. These expenditures were approved by the Board of Directors.

Employee Development Fund expenditures relate to the organizational staffing restructure. These expenditures were approved by the Board of Directors.

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# Ontario Physical and Health Education Association

## Notes to Financial Statements

**March 31, 2019**

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### 9. Financial Instrument Risks

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization is exposed to credit risk arising from its accounts receivable. Management believes this credit risk is minimized by the credit worthiness of its funders. This risk has not changed since the prior year.

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 Organization is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of short-term investments. This risk has not changed since the prior year.

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### 10. Operating, Overhead and Executive Expense Allocations

During the year, certain operating, overhead and executive expenses are allocated to other expense categories based upon reasonable estimates of staff time or costs incurred.

	2019		2018	
	Office expenses	Salaries and benefits	Office expenses	Salaries and benefits
Office and general	\$ 13,954	\$ -	\$ 12,985	\$ -
Projects	249,511	1,970,997	246,684	1,974,667
Staffing	-	100,606	-	94,106
	<b>\$ 263,465</b>		<b>\$ 2,071,603</b>	
	\$	\$	\$	\$
	259,669	2,068,773		

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### 11. Rental Inducement Recovery

During the year, the Organization entered into a relocation agreement with the landlord to surrender its existing leased premise and move to a new location. The rental inducement for the existing leased premise of \$66,890 was recognized in the statement of operations due to the termination of the lease.