

**ONTARIO ASSOCIATION OF SCHOOL
BUSINESS OFFICIALS**

REPORT AND FINANCIAL STATEMENTS

AUGUST 31, 2015

INDEPENDENT AUDITORS' REPORT

To the Board of Directors of Ontario Association of School Business Officials

We have audited the accompanying financial statements of Ontario Association of School Business Officials ("OASBO"), which comprise the statement of financial position as at August 31, 2015, 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.

Auditors' 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 whether the financial statements are free of 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 auditors' 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 auditors consider 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, these financial statements present fairly, in all material respects, the financial position of OASBO as at August 31, 2015 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario
November 5, 2015

Gilmore + Company LLP

Chartered Professional Accountants
Licensed Public Accountants

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

STATEMENT OF FINANCIAL POSITION

As at August 31,

	2015	2014
ASSETS		
Current		
Cash	\$ 962,099	\$ 140,555
Short-term investments	2,420,349	2,558,006
Accounts receivable (Note 3)	36,411	9,074
Government remittances	1,134	-
HST receivable	19,414	17,627
Prepaid expenses and deposits	102,313	26,935
	\$ 3,541,720	\$ 2,752,197
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 110,240	\$ 85,918
Government remittances	-	1,057
Deferred revenue	63,130	4,600
Deferred contributions (Note 4)	1,432,048	713,425
	1,605,418	805,000
NET ASSETS		
Unrestricted	971,364	975,749
Internally restricted (Note 5)	964,938	971,448
	1,936,302	1,947,197
	\$ 3,541,720	\$ 2,752,197

On behalf of the Board

President

Executive Director

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

STATEMENT OF OPERATIONS

For the year ended August 31,

	2015		2014
	Budget (Note 8)	Actual	Actual
Revenues (Note 7)			
Advertising services			
Circulars	\$ 35,000	\$ 48,125	\$ 47,675
Advocate	9,000	10,837	12,051
Annual conference - net (Note 7)	35,000	4,956	70,658
Government funding	-	392,979	82,097
Interest and other income	18,000	17,802	24,630
Membership fees	245,600	246,868	252,514
Workshops and seminars - net (Note 7)	80,000	70,617	76,852
	422,600	792,184	566,477
Expenses			
General (Schedule A)	365,630	358,080	375,671
Committees (Schedule B)	63,000	45,510	43,666
Projects (Schedule C)	-	399,489	83,375
	428,630	803,079	502,712
(Deficiency) excess of revenues over expenses for the year	\$ (6,030)	\$ (10,895)	\$ 63,765

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

STATEMENT OF CHANGES IN NET ASSETS

For the year ended August 31,

	2015			2014
	Unrestricted	Internally Restricted (Note 5)	Total	Total
Net assets, beginning of year	\$ 975,749	\$ 971,448	\$1,947,197	\$1,883,432
(Deficiency) excess of revenues over expenses for the year	(4,385)	(6,510)	(10,895)	63,765
Net assets, end of year	\$ 971,364	\$ 964,938	\$1,936,302	\$1,947,197

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

STATEMENT OF CASH FLOWS

For the year ended August 31,

	2015	2014
Cash provided by (used in):		
Operating activities		
(Deficiency) excess of revenues over expenses for the year	\$ (10,895)	\$ 63,765
Changes in non-cash working capital items:		
Accounts receivable	(27,337)	44,912
HST receivable	(1,787)	668
Prepaid expenses and deposits	(75,378)	8,629
Accounts payable and accrued liabilities	24,321	(16,134)
Government remittances	(2,191)	(221)
Deferred revenue	58,530	(11,200)
Deferred contributions	718,624	334,877
	683,887	425,296
Investing activity		
Redemption (purchase) of short-term investments	137,657	(390,709)
Net increase in cash during the year	821,544	34,587
Cash, beginning of year	140,555	105,968
Cash, end of year	\$ 962,099	\$ 140,555

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

Purpose of the organization

The Ontario Association of School Business Officials ("OASBO") is dedicated to the pursuit and support of quality education for all students. OASBO is an autonomous non-profit, educational organization of professionals that works collaboratively to support learning by developing and promoting excellence in business practices. OASBO was incorporated without share capital on November 6, 1969 by Letters Patent under the Corporation Act (Ontario). OASBO is a not-for-profit organization under the Income Tax Act and, as such, is exempt from income taxes.

1. *Summary of significant accounting policies*

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following policies:

Revenue recognition

OASBO follows the deferral method of accounting for contributions, which include government grants. Restricted contributions are recorded as revenue in the period in which the related expenses are incurred. Unrestricted contributions are recorded as revenue in the period received or receivable.

Revenues from membership fees are recognized as income over the membership period.

Revenues from fees for workshops, conferences, advertising and other services are recognized as revenue when the events or services are rendered.

Revenues relating to membership fees, workshop registrations and advertising revenue received in advance of the year to which they pertain are recorded as deferred revenue and recognized as revenue in the year the events or services occur.

Investment income is recognized when earned.

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

1. Summary of significant accounting policies (continued)

Short-term investments

Short-term investments are stated at cost plus accrued interest, due to their held to maturity nature, and consist of Guaranteed Investment Certificates maturing between September 30, 2015 and April 4, 2016. Interest on these term deposits ranges from 1.35% to 1.55% per annum on date of purchase.

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 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 reported period. Such estimates include allowances for doubtful accounts. Actual results could differ from those estimates. On an ongoing basis, management reviews its estimates, and, as adjustments become necessary, they are reported in earnings in the period in which they become known.

Financial instruments

OASBO initially measures its financial assets and liabilities at fair value. The Association subsequently measures all its financial assets and financial liabilities at amortized cost. OASBO has not designated any financial asset or financial liability to be measured at fair value. Financial assets include cash, short-term investments, and accounts receivable. Financial liabilities include accounts payable and accrued liabilities.

2. Financial instruments

The significant financial risks to which OASBO is exposed are as follows:

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. OASBO is exposed to interest rate risk arising from fluctuations in interest rates on its cash and short-term investments. OASBO does not use derivative financial instruments to alter the effects of this risk.

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

2. Financial instruments (continued)

Credit risk

OASBO is exposed to credit risk in the event of non-performance by members, but does not anticipate such non-performance. OASBO's credit risk is minimized by the broad base of members and by monitoring the credit risk of members on a regular basis. The maximum credit risk is the fair value of the accounts receivable.

3. Accounts receivable

	2015	2014
Accounts receivable	\$ 40,866	\$ 14,610
Allowance for doubt accounts	(4,455)	(5,536)
	\$ 36,411	\$ 9,074

4. Deferred contributions

Deferred contributions consist of unspent resources received or receivable from the Ministry of Education and Ontario School Bus Association. The Ministry of Education contributions are externally restricted for purposes of Community Use of Schools (CUS) programs and projects approved by the Council of Senior Business Officials' (COSBO's) Effectiveness and Efficiency (E&E) Advisory Committee. The Ontario School Bus Association contributions are externally restricted for purposes of funding scholarships and research projects.

Changes in the deferred contributions balance are as follows:

	2015	2014
Balance beginning of year, related to COSBO's E&E Advisory Committee	\$ 645,041	\$ 350,405
Add amount received during the year	1,009,591	371,974
Less amount recognized as revenue in the year	(250,727)	(77,338)
Balance end of year, related to COSBO's E&E Advisory Committee	1,403,905	645,041

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NOTES TO FINANCIAL STATEMENTS

August 31, 2015

4. *Deferred contributions (continued)*

	2015	2014
Balance beginning of year, related to Community Use of Schools program	40,241	-
Add amount received during the year	90,000	45,000
Add amount receivable at year end	12,011	-
Less amount recognized as revenue in the year	(142,252)	(4,759)
Balance end of year, related to Community Use of Schools program	-	40,241
Balance beginning of year and end of year, related to joint projects between OASBO and Ontario School Bus Association	28,143	28,143
Total deferred contributions, end of year	\$ 1,432,048	\$ 713,425

5. *Internally restricted net assets*

The Board of Directors has internally restricted net assets totalling \$964,938 (2014 - \$971,448), of which \$923,532 (2014 - \$923,532) is internally restricted for COSBO's E&E projects and \$41,406 (2014 - \$47,916) is internally restricted for Privacy Information Management (PIM) Taskforce Project.

6. *Commitments*

OASBO has commitments with respect to operating leases for various equipment and the business premises. The minimum annual commitment under these leases is approximately as follows:

2016	-	\$ 17,439
2017	-	17,880
2018	-	5,813
		\$ 41,132

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

7. Revenue

OASBO budgets for the annual conference, workshops and seminars and certain special events on a net basis. Revenues and expenses associated with these activities are as follows:

	2015	2014
Annual conference		
Revenues	\$ 203,712	\$ 216,153
Expenses	198,756	145,495
Net revenue	\$ 4,956	\$ 70,658
Workshops and seminars		
Revenues		
Finance	\$ 35,757	\$ 34,835
Information technology	20,000	49,073
Senior business officials	34,925	37,400
Support staff	52,245	-
Health and safety	6,500	6,750
Operations, maintenance, and construction	216,223	225,654
Supply chain	10,455	6,590
	376,105	360,302
Expenses		
Finance	32,402	22,058
Information technology	-	30,349
Senior business officials	33,151	31,000
Support staff	44,767	-
Health and safety	3,542	4,769
Operations, maintenance, and construction	181,231	188,887
Supply chain	10,395	6,387
	305,488	283,450
Net revenue	\$ 70,617	\$ 76,852

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

NOTES TO FINANCIAL STATEMENTS

August 31, 2015

8. Budget

The budget figures presented are unaudited.

9. Guarantees

In the normal course of business, OASBO enters into agreements that meet the definition of a guarantee. OASBO's primary guarantees are as follows:

- (a) OASBO has provided indemnities under lease agreements for various equipment and the business premises. Under the terms of these agreements OASBO agrees to indemnify the counterparties for various items including, but not limited to, all liabilities, loss, suits, and damages arising during, on or after the term of the agreement. The maximum amount of any potential future payment cannot be reasonably estimated.
- (b) Indemnity has been provided to all directors and or officers of OASBO for various items including, but not limited to, all costs to settle suits or actions due to involvement with OASBO, subject to certain restrictions. The term of the indemnification is not explicitly defined, but is limited to the period over which the indemnified party served as a director or officer of OASBO. The maximum amount of any future payment cannot be reasonably estimated.

The nature of these indemnification agreements prevents OASBO from making a reasonable estimate of the maximum exposure due to the difficulties in assessing the amount of liability, which stems from the unpredictability of future events and the unlimited coverage offered to counterparties. Historically, OASBO has not made any significant payments under such or similar indemnification agreements. At this time, OASBO is not aware of any claims under these guarantees and therefore no amount has been accrued in the financial statements with respect to these guarantees.

10. Staff salaries

There are no employees earning annual salaries greater than \$100,000.

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

SCHEDULE OF GENERAL EXPENSES

SCHEDULE A

For the year ended August 31,

	2015		2014
	Budget (Note 8)	Actual	Actual
General			
Administrative expenses	\$ 8,000	\$ 8,818	\$ 9,905
Board of Directors			
- Meetings	22,000	24,294	24,384
- Other	5,000	2,444	17,877
Credit card processing and bank charges	16,000	15,825	15,742
Equipment leases and services	3,384	5,366	3,291
Fraternal and leadership conference	11,000	17,703	19,089
Insurance	4,200	4,888	4,561
Internet and website	10,748	15,533	5,576
Miscellaneous	1,000	-	-
OASBO scholarship	4,000	6,000	4,000
Office equipment and software	4,100	8,261	9,940
Office rent	24,884	23,548	22,731
Office supplies	4,000	2,592	2,475
Postage and courier	2,000	884	776
Printing	3,500	1,180	1,376
Professional fees	12,500	11,450	11,800
Publications	2,500	-	-
Public relations	2,000	4,512	5,744
Recovery of office administration	-	(13,500)	-
Staff development	2,000	-	-
Staff salaries and benefits	196,814	198,716	198,000
Strategic plan	2,000	-	-
Teleconferencing	15,000	12,958	10,468
Telephone and fax	9,000	6,608	7,936
	\$ 365,630	\$ 358,080	\$ 375,671

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

SCHEDULE OF COMMITTEE EXPENSES

For the year ended August 31,

SCHEDULE B

	2015		2014
	Budget (Note 8)	Actual	Actual
Committees			
Admissions / enrolment	\$ 2,650	\$ 1,845	\$ 2,426
Community use schools	1,500	869	1,350
COSHRO	1,200	834	656
Disability management	2,150	1,926	2,041
Finance	3,900	1,648	1,860
Health and safety	1,500	657	1,091
Human resources	1,700	1,449	1,005
Information and communications technology	2,600	2,323	2,781
Information management / privacy & access	2,500	2,173	1,618
Internal audit	1,000	32	285
OMC energy conservation	-	2,506	926
Operations, maintenance and construction	4,000	5,294	5,056
Payroll and benefits	2,200	1,047	2,362
Planning	3,500	3,938	3,467
Risk management	1,000	981	1,050
Senior business officials	600	100	-
Special projects	25,000	14,836	10,340
Supply chain management	2,200	1,684	1,772
Transportation	3,800	1,368	3,580
	\$ 63,000	\$ 45,510	\$ 43,666

ONTARIO ASSOCIATION OF SCHOOL BUSINESS OFFICIALS

SCHEDULE OF PROJECT EXPENSES

For the year ended August 31,

SCHEDULE C

	2015		2014
	Budget (Note 8)	Actual	Actual
Effectiveness and efficiency projects			
BPS procurement directive	\$ -	\$ -	\$ 60,275
E&E project co-coordinator	-	21,348	15,481
ECNO/OASBO shared tech services pilot project	-	204,701	-
HST district school boards	-	32,371	-
Supply Chain	-	-	1,582
HST rebate	-	(7,693)	-
	-	250,727	77,338
Community use of schools program	-	142,252	4,759
Privacy information management taskforce	-	6,510	1,278
	\$ -	\$ 399,489	\$ 83,375