

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

FINANCIAL STATEMENTS

DECEMBER 31, 2019



MCCAY DUFF LLP

CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITORS' REPORT

To the Members of
Canadian Society for the Study of Education

Qualified Opinion

We have audited the financial statements of the Canadian Society for the Study of Education (the "Society"), which comprise the statement of financial position as at December 31, 2019, the statements of operations, statement of changes in net assets, statement of 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 Society as at December 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 Qualified Opinion

The Society derives revenue from royalties and charitable donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of such revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustments might be necessary to the revenues referred to above, net revenue (expenses) and cash flows from operations for the years ended December 31, 2019 and December 31, 2018 and current assets and net assets as at December 31, 2019 and December 31, 2018. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of these limitations 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 the Financial Statements* section of our report. We are independent of the Society 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.

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INDEPENDENT AUDITORS' REPORT (Cont'd)

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society'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 Society's internal control.



INDEPENDENT AUDITORS' REPORT (Cont'd)

- 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 Society'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 Society 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.

McCay Duff LLP

McCay Duff LLP,
Licensed Public Accountants.

Ottawa, Ontario,
July 6, 2020.

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

	ASSETS		
		2019	2018
CURRENT			
Cash		\$ 33,786	\$ 87,111
Short-term investments		177,851	38,625
Accounts receivable		183,945	65,053
Prepaid expenses		<u>16,726</u>	<u>17,403</u>
		412,308	208,192
LONG-TERM INVESTMENTS		43,304	181,297
CAPITAL ASSETS (note 4)		<u>104</u>	<u>1,047</u>
		<u>\$ 455,716</u>	<u>\$ 390,536</u>
	LIABILITIES		
CURRENT			
Accounts payable and accrued liabilities		\$ 61,671	\$ 69,685
Funds held in trust for members (note 5)		94,786	89,653
Deferred revenue		<u>12,268</u>	<u>12,884</u>
		168,725	172,222
	NET ASSETS		
UNRESTRICTED		286,887	217,267
INVESTED IN CAPITAL ASSETS		<u>104</u>	<u>1,047</u>
		<u>286,991</u>	<u>218,314</u>
		<u>\$ 455,716</u>	<u>\$ 390,536</u>

Commitment (note 6)
Subsequent event (note 7)

Approved on behalf of the Board of Directors:

Director

Director
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CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
UNRESTRICTED		
Balance - beginning of year	\$ 217,267	\$ 260,024
Net revenue (expenses) for the year	68,677	(45,456)
Allocation from Invested in Capital Assets	<u>943</u>	<u>2,699</u>
	<u>69,620</u>	<u>(42,757)</u>
Balance - end of year	<u>\$ 286,887</u>	<u>\$ 217,267</u>
 INVESTED IN CAPITAL ASSETS		
Balance - beginning of year	\$ 1,047	\$ 3,746
Amortization	<u>(943)</u>	<u>(2,699)</u>
Balance - end of year	<u>\$ 104</u>	<u>\$ 1,047</u>

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
GRANTS		
S.S.H.R.C. - Canadian Journal of Education grant (schedule)	\$ 30,000	\$ 30,000
MEMBERSHIPS		
Individual	101,840	100,980
Institutional	<u>19,380</u>	<u>19,118</u>
	121,220	120,098
OTHER REVENUE		
Charitable donations	538	790
Conference	180,120	88,913
Interest	1,753	1,813
Secretariat services	<u>98,099</u>	<u>98,099</u>
	280,510	189,615
PUBLICATIONS		
Canadian Journal of Education (schedule)	<u>21,223</u>	<u>23,064</u>
TOTAL REVENUE - carried forward	\$ 452,953	\$ 362,777

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
TOTAL REVENUE - carried forward	\$ 452,953	\$ 362,777
EXPENSES		
ANNUAL CONFERENCE		
Travel grants	17,953	19,119
Programme	30,343	46,926
Reception	5,114	4,514
Administration	30,032	30,596
Audio visual	9,596	9,936
Miscellaneous	<u>272</u>	<u>-</u>
	93,310	111,091
BOARD AND COMMITTEE		
Board of Directors	22,733	1,928
Standing Committee and Representation	<u>157</u>	<u>809</u>
	22,890	2,737
COMMUNICATION		
Internet	858	1,051
Postage and courier	528	297
Telephone and facsimile	<u>2,803</u>	<u>2,698</u>
	4,189	4,046
FEES AND MEMBERSHIPS		
Canadian Educational Association	380	380
Canadian Federation for the Humanities and Social Sciences	6,946	7,289
Canadian Committee of Graduate Students in Education	2,885	3,260
Other memberships and fees	<u>1,042</u>	<u>973</u>
	11,253	11,902
GENERAL AND ADMINISTRATION		
Amortization	943	2,699
Bank charges	9,326	9,762
Insurance	6,741	6,683
Office equipment maintenance	4,077	6,257
General office	1,614	547
Professional fees	6,688	6,360
Rent	9,522	8,847
Salaries and employee benefits	151,832	160,591
Translation	<u>349</u>	<u>683</u>
	191,092	202,429
PRIZES		
Coutts Award	-	2,092
Audet-Allard Award	145	-
R.W.B. Jackson Award	155	220
Support for short-term Scholarly Events	<u>-</u>	<u>1,000</u>
	300	3,312
PUBLICATIONS		
Canadian Journal of Education (schedule)	57,912	65,608
Web site and informatics	<u>3,330</u>	<u>7,108</u>
	61,242	72,716
	<u>384,276</u>	<u>408,233</u>
NET REVENUE (EXPENSES) FOR THE YEAR	\$ <u>68,677</u>	\$ <u>(45,456)</u>

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
CASH PROVIDED BY (USED FOR)		
OPERATING ACTIVITIES		
Cash from operations		
Net revenue (expenses) for the year	\$ 68,677	\$(45,456)
Item not involving cash		
- amortization	<u>943</u>	<u>2,699</u>
	69,620	(42,757)
Changes in non-cash working capital		
- accounts receivable	(118,892)	39,157
- prepaid expenses	677	2,729
- accounts payable and accrued liabilities	(8,014)	6,869
- funds held in trust for members	5,133	(7,240)
- deferred revenue	<u>(616)</u>	<u>3,394</u>
	(52,092)	2,152
INVESTING ACTIVITIES		
Change in investments	<u>(1,233)</u>	<u>37,782</u>
CHANGE IN CASH POSITION DURING THE YEAR	(53,325)	39,934
Cash position - beginning of year	<u>87,111</u>	<u>47,177</u>
CASH POSITION - END OF YEAR	<u>\$ 33,786</u>	<u>\$ 87,111</u>

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

1. ORGANIZATION

The Canadian Society for the Study of Education (C.S.S.E., the "Society"), a not for profit organization, was founded May 31, 1972 and was incorporated under the Canada Corporations Act in 1984. During the 2014 fiscal year the Society received certification of continuance under the Canada Not-for-Profit Corporations Act. The objective of the Society is to promote the advancement of Canadian research and scholarship in education.

The Society is exempt from income tax and is a registered charity under paragraph 149(1) of the Income Tax Act.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Society's significant accounting policies are as follows:

(a) Revenue Recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred or restrictions met. Unspent amounts are included in deferred revenue. Unrestricted contributions are recognized as revenue when received or receivable, if the amount can be reasonably estimated and collection reasonably assured.

Membership fees are recognized as revenue in the year in which the membership relates. If membership fees are received in advance, for a subsequent year, this membership revenue is deferred.

Secretariat services revenue is recognized during the same period as the service is provided.

Revenue from the conference is recognized in the year during which the related conference is held.

Royalty revenues are recognized when received or receivable, if the amount can be reasonably estimated and collection reasonably assured.

(b) Capital Assets and Amortization

Capital assets are stated at cost, net of accumulated amortization. Amortization is provided on the straight line basis over five years.

(c) Volunteer Services

The Society receives the services of volunteers, the cost of which cannot be reasonably estimated. Therefore, no representation of this expense has been included in these financial statements.

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES (Cont'd.)

(d) 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 amounts of assets, liabilities, revenue and expenses and disclosure of contingent assets and liabilities. These estimates are reviewed periodically and adjustments are made to net revenue (expenses) as appropriate in the year they become known.

(e) Financial Instruments

The Society's financial instruments consist of cash, short-term investments, long-term investments, accounts receivable, accounts payable and accrued liabilities and funds held in trust for members.

Measurement

Financial instruments are recorded at fair value on initial recognition.

The Society subsequently measures its financial instruments as follows:

Cash, accounts receivable, accounts payable and accrued liabilities and funds held in trust for members are subsequently measured at amortized cost.

Short-term and long-term investments are subsequently measured at fair value. Changes in fair value are recognized in net revenue (expenses).

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of any write-down or subsequent recovery is recognized in net revenue (expenses).

3. FINANCIAL RISKS AND CONCENTRATION OF RISKS

It is management's opinion that the Society is not exposed to significant interest rate, liquidity, market or currency risks arising from its financial instruments. There has been no change to the risk exposure from 2018.

Credit Risk

Credit risk arises from the potential that a customer may default on its contractual obligations resulting in a financial loss. The Society is exposed to credit risk through its accounts receivable. The Society performs ongoing credit evaluations of its customers' financial condition and limits the amount of credit extended when considered necessary. There has been no change to the risk exposure from 2018.

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019

4. CAPITAL ASSETS

	2019			2018
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 16,177	\$ 16,177	\$ -	\$ 735
Office equipment	<u>3,309</u>	<u>3,205</u>	<u>104</u>	<u>312</u>
	<u>\$ 19,486</u>	<u>\$ 19,382</u>	<u>\$ 104</u>	<u>\$ 1,047</u>

5. FUNDS HELD IN TRUST FOR MEMBERS

The Society holds funds on behalf of several associations as they do not maintain their own respective bank accounts.

6. COMMITMENT

The Society has leased premises to June 30, 2024. The annual minimum rent including H.S.T. is \$20,340 which is paid evenly by the Society and a related party.

7. SUBSEQUENT EVENT

During the month of January 2020, Chinese authorities announced an outbreak of a coronavirus, later to be named COVID-19. On March 11, 2020, the World Health Organization declared the COVID-19 virus outbreak a pandemic and over 175 countries have since reported cases including Canada. Governments in North America are implementing various measures to reduce the spread of the virus including the closure of non-essential businesses, schools and other functions. Governments in North America have and continue to implement financial easing policies to mitigate the financial impact on the economy in which the Society operates. The financial impact on the Society as a result of COVID-19 is unknown, the potential impact on future operations are not able to be determined. No amounts have been recognized in the audited financial statements relating to the potential financial impact on the Society as a result of COVID-19. Furthermore, the Society's 2020 Conference which was due to be held in London, Ontario, has been cancelled. Management is not expecting to pay any cancellation fees as a result of this event.

8. COMPARATIVE FIGURES

Certain comparative figures have been reclassified to conform with current financial statement presentation.

CANADIAN SOCIETY FOR THE STUDY OF EDUCATION

CANADIAN JOURNAL OF EDUCATION

SCHEDULE OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

	<u>2019</u>	<u>2018</u>
REVENUE		
Royalties and interest	\$ 21,223	\$ 23,064
Social Sciences and Humanities Research Council of Canada Grant	<u>30,000</u>	<u>30,000</u>
	51,223	53,064
EXPENSES		
Administration	450	450
Editorial Board	114	119
Editorial support	18,750	19,050
Journal management	14,263	20,764
Production	23,009	21,806
Translation	529	2,625
Website	<u>797</u>	<u>794</u>
	<u>57,912</u>	<u>65,608</u>
NET REVENUE (EXPENSES) FOR THE YEAR	<u><u>\$ (6,689)</u></u>	<u><u>\$ (12,544)</u></u>