

**Ontario Physical and Health
Education Association
Financial Statements
For the year ended March 31, 2015**

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Independent Auditor's Report

To the Directors of Ontario Physical and Health Education Association

We have audited the accompanying financial statements of Ontario Physical and Health Education Association, which comprise the balance sheet as at March 31, 2015, and the statements of changes in fund balances, financial activities 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.

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 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 Ontario Physical and Health Education Association as at March 31, 2015, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants
Mississauga, Ontario
June 18, 2015


Ontario Physical and Health Education Association
Balance Sheet

| March 31 | 2015 | 2014 |
|--------------------------------|---------------------|---------------------|
| Assets | | |
| Current | | |
| Cash | \$ 944,811 | \$ 1,430,375 |
| Accounts receivable | 350,895 | 375,294 |
| Prepaid expenses | 54,184 | 49,984 |
| Funds held in trust | - | 69,757 |
| | 1,349,890 | 1,925,410 |
| Capital assets (Note 2) | 12,394 | 16,132 |
| | \$ 1,362,284 | \$ 1,941,542 |

Liabilities and Fund Balances

| | | |
|--|---------------------|---------------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 176,608 | \$ 503,762 |
| Deferred revenue (Note 4) | 327,096 | 443,460 |
| Funds held in trust | - | 69,757 |
| | 503,704 | 1,016,979 |
| Fund Balances | | |
| Funds Invested in Capital Assets | 12,394 | 16,132 |
| Special Initiatives Fund | 176,613 | 241,003 |
| Emergency Contingency Fund | 458,297 | 455,863 |
| Employee Development Fund | 50,426 | 50,426 |
| Legacy Fund | 5,232 | 5,521 |
| General Fund | 155,618 | 155,618 |
| | 858,580 | 924,563 |
| | \$ 1,362,284 | \$ 1,941,542 |

On behalf of the Board:

 _____ President

 _____ Executive Director

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 | 2015 Total | 2014 Total |
|---|---|--------------------------------|----------------------------------|---------------------------------|----------------|-----------------|---------------|---------------|
| Balance, beginning of year \$ | 16,132 | \$ 241,003 | \$ 455,863 | \$ 50,426 | \$ 5,521 | \$ 155,618 | \$ 924,563 | \$ 1,041,577 |
| Excess of revenue over expenditures | - | - | - | - | - | 48,685 | 48,685 | 21,446 |
| Internally restricted transfers | - | 45,451 | 2,434 | - | 800 | (48,685) | - | - |
| Fund expenditures (Note 7) | - | (99,086) | - | - | (1,089) | - | (100,175) | (120,851) |
| Amortization | (14,493) | - | - | - | - | - | (14,493) | (17,609) |
| Transfer for the acquisition of capital assets | 10,755 | (10,755) | - | - | - | - | - | - |
| Balance, end of year \$ | \$ 12,394 | \$ 176,613 | \$ 458,297 | \$ 50,426 | \$ 5,232 | \$ 155,618 | \$ 858,580 | \$ 924,563 |

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

Ontario Physical and Health Education Association
Statement of Financial Activities

| For the year ended March 31 | 2015 | 2014 |
|---|------------------|------------------|
| Revenue | | |
| Conference | \$ 174,424 | \$ 160,744 |
| Grants (Note 3) | 5,511 | 76,214 |
| Investment income | 10,088 | 14,616 |
| Merchandise sales and resource licensing revenue | 75,191 | 166,759 |
| Service contracts - government (Note 3) | 2,914,760 | 3,262,725 |
| Service contracts - other | 254,572 | 525,363 |
| Sponsorships | 120,692 | 44,370 |
| | 3,555,238 | 4,250,791 |
| Expenditures | | |
| Board | 21,013 | 13,765 |
| Committees | 10,460 | 9,423 |
| Conference | 173,482 | 163,292 |
| Cost of sales | 29,646 | 58,278 |
| Marketing and communications | 17,853 | 106,503 |
| Office and general | 11,478 | 11,169 |
| Projects | 3,144,687 | 3,756,956 |
| Staffing | 97,934 | 109,959 |
| | 3,506,553 | 4,229,345 |
| Excess of revenue over expenditures for the year | \$ 48,685 | \$ 21,446 |

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

Ontario Physical and Health Education Association

Statement of Cash Flows

| For the year ended March 31 | 2015 | 2014 |
|--|-------------------|---------------------|
| Cash was provided by (used in) | | |
| Operating activities | | |
| Excess of revenue over expenditures | \$ 48,685 | \$ 21,446 |
| Adjustments required to reconcile excess of revenue over expenditures to net cash provided by operating activities | | |
| Changes in non-cash operating balances | | |
| Accounts receivable | 24,399 | (77,155) |
| Prepaid expenses | (4,200) | (6,852) |
| Accounts payable and accrued liabilities | (327,154) | 41,300 |
| Deferred revenue | (116,364) | (116,962) |
| | (374,634) | (138,223) |
| Investing activities | | |
| Purchase of capital assets | (10,755) | (13,229) |
| Fund expenditures | (100,175) | (120,851) |
| | (110,930) | (134,080) |
| Decrease in cash during the year | (485,564) | (272,303) |
| Cash, beginning of year | 1,430,375 | 1,702,678 |
| Cash, end of year | \$ 944,811 | \$ 1,430,375 |

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

Ontario Physical and Health Education Association

Notes to Financial Statements

March 31, 2015

1. Summary of 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.

Basis of Accounting

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

Fund Accounting

The Organization follows the deferral method of accounting. Revenues and expenditures are recorded on the accrual basis, whereby they are reflected in the accounts in the year in which they have been earned and incurred, respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

Funds Held in Trust

Funds held in trust are administered by the Organization but are not available for its general use and are thus classified as an asset and a liability and are not part of the Organization's cash flows from operations.

Funds held in trust represent funds received on behalf of the Ontario Chronic Disease Prevention Alliance (OCDPA) to administer OCDPA's secretariat position. This position includes collecting member and partner dues, paying and recording related expenditures, updating membership and partner lists, and other various administrative responsibilities.

The OCDPA secretariat funds held in trust were transferred to Health Nexus effective June 30, 2014.

Revenue Recognition

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

Revenues from grants, service contracts and sponsorships are recognized on the accrual basis, in the period in which the related expenditures are incurred.

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.

Ontario Physical and Health Education Association

Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

Revenue Recognition (continued)

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

Investment income includes dividend and interest income, and realized and unrealized investment gains and losses. Unrealized gains and losses on financial assets are included in investment income and recognized as revenue in the statement of financial activities.

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.

Capital Assets

Capital assets are recorded at cost less accumulated amortization. Amortization based on the estimated useful life of the asset is charged directly to Funds Invested in Capital Assets on the following basis:

| | |
|--------------------------------|---------------------------|
| Computer equipment | - 33% straight line basis |
| Furniture and office equipment | - 33% straight line basis |
| Leasehold improvements | - 20% straight line basis |

Funds Invested in Capital Assets

Funds Invested in Capital Assets represents the balance provided for the acquisition of capital assets. Amortization of capital assets is charged directly to this fund.

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.

Ontario Physical and Health Education Association

Notes to Financial Statements

March 31, 2015

1. Summary of Significant Accounting Policies (continued)

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.

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.

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. General and administrative support expenses are allocated based on the percentage or dollar amount allowed per the project agreement.

Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, short-term investments are reported at fair value, all other financial instruments are reported at cost or amortized cost less impairment, if applicable. 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 balance sheet date and charged to the financial instrument for those measured at amortized cost.

Ontario Physical and Health Education Association
Notes to Financial Statements

March 31, 2015

2. Capital Assets

| | 2015 | | 2014 | |
|--------------------------------|-------------------|-----------------------------|-------------------|-----------------------------|
| | Cost | Accumulated Amortization | Cost | Accumulated Amortization |
| Computer equipment | \$ 189,898 | \$ 179,332 | \$ 179,143 | \$ 165,449 |
| Furniture and office equipment | 95,882 | 95,882 | 95,882 | 95,882 |
| Leasehold improvements | 61,995 | 60,167 | 61,995 | 59,557 |
| | \$ 347,775 | \$ 335,381 | \$ 337,020 | \$ 320,888 |
| Net book value | | \$ 12,394 | | \$ 16,132 |

3. Government Revenue

Detailed below are the government program revenue and expenditures for the year ended March 31, 2015; totals include committed revenue from 2013/2014 funding contracts where expenditures were incurred during the year ended March 31, 2015.

| Funder | Program | Revenue | Expenditures |
|---|--------------------------------|---------------------|---------------------|
| Service Contracts - Province of Ontario Agencies | | | |
| Ministry of Education | Challenging Topics | \$ 2,548 | \$ 2,548 |
| | Supplement French | | |
| | Healthy School Certification | 81,250 | 81,250 |
| | Medical Conditions | 57,431 | 57,431 |
| | Ontario Safety Guidelines | 145,264 | 145,264 |
| | Parents Reaching Out | 522 | 522 |
| | Playsport | 140,723 | 140,723 |
| | Inclusive Schools | | |
| | Safety Concussion | 77,719 | 77,719 |
| Ministry of Citizenship & Immigration | FLS Collaborative Partnerships | 24,605 | 24,605 |
| | | | |
| Ministry of Children & Youth Services | CSBHRC | 775,000 | 775,000 |
| | | | |
| Subtotal | | \$ 1,305,062 | \$ 1,305,062 |

Ontario Physical and Health Education Association
Notes to Financial Statements

March 31, 2015

3. Government Revenue (continued)

| Funder | Program | Revenue | Expenditures |
|--|---------------------------|---------------------|---------------------|
| Subtotal from previous page | | \$ 1,305,062 | \$ 1,305,062 |
| Ministry of Health & Long Term Care | Asthma Education | 156,600 | 156,600 |
| | FLS Priority Populations | 80,500 | 80,500 |
| | Healthy Choices | 149,900 | 149,900 |
| | PARC | 686,048 | 686,048 |
| | Smoke Free Ontario | 469,000 | 469,000 |
| Ministry of Tourism, Culture & Sport | PlaySport After School | 67,650 | 67,650 |
| Service Contracts Total | | \$ 2,914,760 | \$ 2,914,760 |
| Grants - Province of Ontario and Agencies | | | |
| Ministry of Citizenship & Immigration | Summer Experience Program | \$ 2,959 | \$ - |
| Grants - Government of Canada | | | |
| Human Resources & Skills Development | Summer Student | 2,552 | - |
| Grants Total | | \$ 5,511 | \$ - |

Ontario Physical and Health Education Association

Notes to Financial Statements

March 31, 2015

4. Deferred Revenue

| | <u>2015</u> | <u>2014</u> |
|---------------------------------------|-------------------|-------------------|
| Service contracts - government | | |
| Ministry of Citizenship & Immigration | \$ - | \$ 24,605 |
| Ministry of Education | 82,315 | 278,206 |
| Service contracts - other | <u>244,781</u> | <u>140,649</u> |
| | <u>\$ 327,096</u> | <u>\$ 443,460</u> |

5. Credit Facility

The Organization has a credit facility of \$200,000 (2014 - \$100,000) of which \$Nil was utilized at March 31, 2015 (2014 - \$Nil). Borrowings under this facility are due on demand and bear interest at the bank's prime rate (2014 - prime rate plus 2.7%).

6. Commitments

The Organization is committed to office rental and occupancy costs of approximately \$141,283 to March 2016.

7. Fund Expenditures

Fund expenditures for the year ended March 31, 2015 relate to operating expenses for the Healthy Schools Certification program, as well as operating expenses for year 2 of a 4-year work station replacement plan. These expenditures were approved by the Board of Directors.

8. Financial Instrument Risk

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.