Grant Thornton

Financial Statements

Ontario Council on Articulation and Transfer

March 31, 2022

Contents

Independent Auditor's Report

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To the Members of
Ontario Council on Articulation and Transfer

Opinion

We have audited the financial statements of Ontario Council on Articulation and Transfer (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and changes in net assets 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, 2022, and its 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 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 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. 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.

Grant Thornton LLP

Toronto, Canada
August 11, 2022

Chartered Professional Accountants
Licensed Public Accountants

Ontario Council on Articulation and Transfer
Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash	**$ 2,960,111**	$ 2,819,932
Accounts receivable (Note 3)	**217,038**	127,488
Prepaid expenses	**78,354**	86,799
	3,255,503	3,034,219
Property and equipment (Note 4)	**168,377**	155,350
Intangible assets (Note 5)	**-**	2,583
	$ 3,423,880	$ 3,192,152

Liabilities		
Current		
Accounts payable and accrued liabilities	**$ 1,990,278**	$ 1,386,090
Deferred revenue (Note 7)	**1,433,602**	1,806,062
	$ 3,423,880	$ 3,192,152

Commitments (Note 8)

On behalf of the board

____________________ Member ____________________ Member

Ontario Council on Articulation and Transfer
Statements of Operations and Changes in Net Assets

Year ended March 31	2022	2021
Revenues		
Government grants	**$ 6,224,902**	$ 4,619,592
Investment income	**100**	2,746
	6,225,002	4,622,338
Expenditures		
Project expenses	**3,606,176**	2,398,607
Salaries and benefits	**1,955,510**	1,744,392
Accommodations	**228,875**	214,926
Professional fees	**218,651**	108,572
Computing and financial services	**109,361**	86,479
Amortization	**42,783**	32,871
Office and general	**23,387**	8,674
Communications	**18,737**	25,445
Foreign exchange loss	**14,092**	-
Travel and meetings	**7,430**	2,372
	6,225,002	4,622,338
Excess of revenues over expenses	**$ -**	$ -

	2022	2021
Surplus, beginning of year	**$ -**	$ -
Excess of revenues over expenses	**-**	-
Surplus, end of year	**$ -**	$ -

See accompanying notes to the financial statements.

Ontario Council on Articulation and Transfer
Statement of Cash Flows

Year ended March 31	2022	2021
Increase (decrease) in cash		
Operating		
Excess of revenues over expenses	**$ -**	$ -
Items not affecting cash		
Amortization of property and equipment	**40,200**	30,053
Amortization of intangible assets	**2,583**	2,818
	42,783	32,871
Change in non-cash working capital items		
Accounts receivable	**(89,550)**	(62,269)
Prepaid expenses	**8,445**	12,503
Accounts payable and accrued liabilities	**604,187**	(235,848)
Deferred revenue	**(372,460)**	(1,054,750)
	193,405	(1,307,493)
Investing		
Purchase of property and equipment	**(53,226)**	(66,081)
Increase (decrease) in cash	**140,179**	(1,373,574)
Cash		
Beginning of year	**2,819,932**	4,193,506
End of year	**$ 2,960,111**	$ 2,819,932

See accompanying notes to the financial statements.

1. Nature of organization

Ontario Council on Articulation and Transfer (the "Organization") was incorporated on August 23, 2011 by letters patent under the laws of Canada.

The Organization is responsible for directing and managing the day-to-day activities and operations associated with the Council including Academic Collaboration Fund projects, the ONTransfer web site, including the Ontario Transfer Guide and Course Equivalency Database, and various research activities.

2. Significant accounting policies

The Organization follows accounting principles generally accepted in Canada in preparing its financial statements. The significant accounting policies used are as follows:

Use of estimates

The preparation of the Organization's financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the balance sheet date and the reported amounts of revenues and expenses during the reporting period. Due to the inherent uncertainty involved in making estimates, actual results could differ from those estimates.

Financial instruments

The Organization's financial instruments are comprised of cash, accounts receivable and accounts payable. Financial assets and liabilities are initially recognized at their fair value. The Organization subsequently measures all financial assets and financial liabilities at amortized cost.

Property and equipment

Property and equipment are recorded at cost and are being amortized over their estimated useful lives. The annual amortization rates are as follows:

Furniture	5 years
Leasehold improvements	10 years
Computer equipment	3 years

Intangible assets

Intangible assets are recorded at cost and amortized over their useful lives. Software license costs are amortized over the length of the Transfer Payment Agreement. Website and software costs are amortized on a straight-line basis over 5 years.

Impairment of long-lived assets

The Organization tests long-lived assets for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

2. Significant accounting policies (continued)

Accrual of expenses

Expenses have been recorded using the accrual basis of accounting, and all expenses have been recorded in the period to which the expense relates.

Revenue recognition

Grants are initially recorded as deferred revenue and are recognized as revenue in the year in which the related expenses are incurred.

Investment and other income is recognized when received or receivable and the amount can be reasonably estimated and collection reasonably assured.

3. Accounts receivable

	2022	2021
HST receivable	**$ 217,038**	$ 127,488

4. Property and equipment

			2022	2021
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Furniture	$ 104,779	$ 95,642	**$ 9,137**	$ 18,281
Leasehold improvements	248,252	131,269	**116,983**	102,183
Computer equipment	101,685	59,428	**42,257**	34,886
	$ 454,716	$ 286,339	**$ 168,377**	$ 155,350

The Organization completed leasehold improvements in fiscal 2018. Netted against the cost of the leasehold improvements is a leasehold reimbursement from the landlord of $188,360.

5. Intangible assets

			2022	2021
	Cost	Accumulated Amortization	**Net Book Value**	Net Book Value
Website and software	$ 1,484,317	$ 1,484,317	**$ -**	$ 2,583
Software license cost	399,000	399,000	**-**	-
	$ 1,883,317	$ 1,883,317	**$ -**	$ 2,583

6. Bank indebtedness

The organization has a line of credit in the amount of $500,000 bearing interest at prime plus 1.5%, due on demand and secured with a general security agreement. As at March 31, 2022, the balance was $Nil (2021 - $Nil).

7. Deferred revenue

	2022	2021
Deferred revenue, beginning of period	**$ 1,806,062**	$ 2,860,812
Add: funds received	**5,852,442**	3,564,842
Less: revenue recognized	**(6,224,902)**	(4,619,592)
Deferred revenue, end of period	**$ 1,433,602**	$ 1,806,062

8. Commitments

(a) Premises lease agreement

The Organization is committed under the terms of the operating lease for premises up to fiscal 2028. The annual minimum lease payments over the next five years are as follows:

2023	$ 114,849
2024	117,066
2025	117,066
2026	117,066
2027	117,066
Subsequent years	48,777
	$ 631,890

8. Commitments (continued)

(b) Transfer pathway projects

The Organization entered into agreements with a number of Ontario colleges and universities to prepare components of the various initiatives undertaken by the Organization. Under the terms of the agreements, the colleges and universities have been engaged to complete portions of the pathway development, innovative curriculum development, and research projects up to fiscal 2024. The annual minimum commitment payments over the next three years are as follows:

2023	$ 1,331,976
2024	235,773

9. Financial instruments

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

Credit risk

The Organization’s credit risk is primarily with respect to their accounts receivable. Given the nature of receivables, the Organization does not consider credit risk to be significant.

Liquidity risk

The Organization’s liquidity risk represents the risk that the Organization could encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk mainly in respect of its accounts payable. The Organization manages liquidity risk by maintaining cash balances in excess of outstanding obligations.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to significant currency risk, interest rate risk or other price risk due to the nature of their financial instruments.

10. Ministry spending reconciliation

The reconciliation of the Ministry of Training, Colleges and Universities (formerly Ministry of Advanced Education and Skills Development) funding and expenditures is as follows.

	2022	2021
Funding received during the year		
Funds received from the Ministry (Note 7)	**$ 5,852,442**	$ 3,564,842
Total expenditures		
Expenses per statement of operations	**$ 6,225,002**	$ 4,622,338
Items capitalized for accounting purposes		
Property and equipment	**53,226**	66,080
Less: amortization	**(42,783)**	(32,871)
	$ 6,235,445	$ 4,655,547
(Deficit) surplus	**$ (383,004)**	$ (1,090,705)
Other income	**-**	-
Investment income	**100**	2,746
Total (deficit) surplus	**$ (382,904)**	$ (1,087,959)

11. Economic dependence

The Organization is economically dependent on the Ministry of Colleges and Universities for grant revenue.