

Newfoundland and Labrador International Student Education Inc.

Financial statements
June 30, 2019



Independent auditor's report

To the Board of Directors of
Newfoundland and Labrador International Student Education Inc.

Opinion

We have audited the financial statements of **Newfoundland and Labrador International Student Education Inc.** [the "Corporation"], which comprise the statement of financial position as at June 30, 2019, and the statement of operations and accumulated surplus, statement of changes in net financial assets and statement of cash flows, and notes to the financial statements, for the year then ended, including a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Corporation as at June 30, 2019, and its results of operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with the Canadian public sector accounting standards.

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 Corporation 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.

Other matter

The financial statements of the Corporation for the year ended June 30, 2018, were audited by another auditor who expressed an unmodified opinion on those statements on November 30, 2018.

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 public sector accounting standards, 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 Corporation'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 Corporation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Corporation'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 Corporation'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 Corporation'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 Corporation 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.

St. John's, Canada
April 23, 2020

Ernst & Young LLP

Chartered Professional Accountants



Newfoundland and Labrador International Student Education Inc.

Statement of financial position

As at June 30

	2019	2018
	\$	\$
Financial assets		
Cash	1,532,794	1,692,141
Total financial assets	<u>1,532,794</u>	<u>1,692,141</u>
Liabilities		
Accounts payable and accrued liabilities	6,696	2,800
Due to related party <i>[note 3]</i>	77,388	172,926
Total liabilities	<u>84,084</u>	<u>175,726</u>
Net financial assets	<u>1,448,710</u>	1,516,415
Accumulated surplus	<u>1,448,710</u>	<u>1,516,415</u>

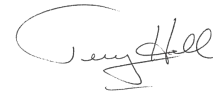
See accompanying notes

Approved by the Board:

Director



Director



Newfoundland and Labrador International Student Education Inc.

Statement of operations and accumulated surplus

Year ended June 30

	2019	2018
	\$	\$
Revenue		
Student fees	1,166,320	1,054,980
Interest income	13,705	6,231
	1,180,025	1,061,211
Expenses [note 3]		
Distribution to schools	758,985	680,765
Information technology initiatives	444,061	250,561
Program licenses	23,643	23,643
Social and emotional learning initiatives	19,201	51,087
Professional fees	1,051	3,597
Literacy initiatives	789	28,709
Numeracy initiatives	—	29,399
	1,247,730	1,067,761
Annual deficit	(67,705)	(6,550)
Accumulated surplus, beginning of year	1,516,415	1,522,965
Accumulated surplus, end of year	1,448,710	1,516,415

See accompanying notes

Newfoundland and Labrador International Student Education Inc.

Statement of changes in net financial assets

Year ended June 30

	2019	2018
	\$	\$
Annual deficit	(67,705)	(6,550)
Decrease in net financial assets	(67,705)	(6,550)
Net financial assets, beginning of year	1,516,415	1,522,965
Net financial assets, end of year	1,448,710	1,516,415

See accompanying notes

Newfoundland and Labrador International Student Education Inc.

Statement of cash flows

Year ended June 30

	2019	2018
	\$	\$
Operating activities		
Annual deficit	(67,705)	(6,550)
Net change in non-cash operating activities	(91,642)	12,779
Cash (used in) provided by operating transactions	(159,347)	6,229
Net change in cash during the year	(159,347)	6,229
Cash, beginning of year	1,692,141	1,685,912
Cash, end of year	1,532,794	1,692,141

Newfoundland and Labrador International Students Education Inc.

Notes to financial statements

June 30, 2019

1. Nature of operations

Newfoundland and Labrador International Student Education Inc. [the "Corporation"] was incorporated in 2003 under the *Corporations Act* of Newfoundland and Labrador. The Corporation is established for educational purposes to recruit, assist, contract with and monitor international students in the Intermediate and Secondary schools that fall under the responsibility of the Newfoundland and Labrador English School District ["NLESD"].

The Corporation is a non-profit organization and is exempt from income taxes in accordance with section 149(1)(d.5) of the *Income Tax Act*.

The Corporation does not prepare an annual operating or capital budget. Canadian Public Sector Accounting Standards ["PSAS"] Section PS 1201, *Financial Statement Presentation*, requires the preparation of an annual budget and a comparison of actual and budgeted financial results of a government entity's management of both its economic and financial resources to provide key accountability information about the government entity's performance in achieving its operational and spending plans. Specifically, PS 1201 requires a comparison of the results for the operating period and the changes in net financial assets with those originally planned. The Corporation has not included this comparison in these financial statements as the Corporation does not prepare an annual operating or capital budget; based on the nature of the Corporation's activities, the Board of Directors has not required a formal budget to be prepared and approved.

2. Significant accounting policies

Basis of accounting

These financial statements have been prepared by management in accordance with Canadian PSAS established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. The significant accounting policies used in the preparation of these financial statements are as follows:

Revenue recognition

Revenues from student fees are recognized when the services are provided, and collection is reasonably assured.

3. Due to related party

NLESD is considered to be a related party of the Corporation as both the Corporation and NLESD are considered to be controlled by the provincial government of Newfoundland and Labrador.

The due to related party amount consists of expenses paid by NLESD on behalf of the Corporation in the amount of \$1,247,730 [2018 – \$1,067,761]. The amount due to the NLESD is non-interest bearing, unsecured, and have no specific terms of repayment.

Transactions between the Corporation and NLESD are measured at their exchange amount, which is the amount of consideration established by both parties.