

**ASSOCIATION OF ALBERTA TEACHERS OF
ENGLISH AS A SECOND LANGUAGE**

Financial Statements

Year Ended December 31, 2014

HALPERT MONSMA
Chartered Accountants

15604 Stony Plain Road
Edmonton AB T5P 3Z4

Phone (780) 484-1110
Fax (780) 489-4519

INDEPENDENT AUDITOR'S REPORT

To the Members of Association of Alberta Teachers of English as a Second Language

We have audited the accompanying financial statements of Association of Alberta Teachers of English as a Second Language, which comprise the statement of financial position as at December 31, 2014 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.

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 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the association derives certain revenues, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the association and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, current assets and net assets.

The association recognizes membership fees on a cash basis. Canadian accounting standards for not-for-profit organizations require the use of the accrual method.

Qualified Opinion

In our opinion, except for the effects of the matters described in the Basis for Qualified Opinion paragraphs, these financial statements present fairly, in all material respects, the financial position of Association of Alberta Teachers of English as a Second Language as at December 31, 2014 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.

Edmonton, Alberta
June 13, 2015

Halpert Monsma
Chartered Accountants

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Operations

Year Ended December 31, 2014

	2014	2013
REVENUES		
Membership fees	\$ 21,085	\$ 20,874
Grants (Note 4)	28,080	5,227
Provincial conference revenue	130,271	111,708
Provincial conference sponsorships and grants	17,008	17,788
Investment income	667	582
	<u>197,111</u>	<u>156,179</u>
EXPENSES		
Administration	22,250	21,224
Affiliate memberships and journal fees	8,646	8,948
Banking and internet service charges	559	820
Board meetings and retreat	5,567	5,378
Bursaries	4,195	3,340
Conference reimbursements	14,401	12,612
Fellowship	-	1,000
Insurance	2,041	1,877
Intercultural Communicative Competence project	28,080	-
Local expenses	3,058	5,709
Professional fees	7,780	9,880
Provincial conference	71,428	63,194
Resource management	-	5,001
Website	3,512	657
	<u>171,517</u>	<u>139,640</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 25,594</u>	<u>\$ 16,539</u>

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Changes in Net Assets

Year Ended December 31, 2014

	2014	2013
NET ASSETS - BEGINNING OF YEAR	\$ 194,015	\$ 177,476
Excess of revenues over expenses	25,594	16,539
NET ASSETS - END OF YEAR	\$ 219,609	\$ 194,015

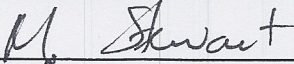
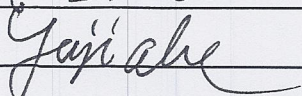
ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Financial Position

December 31, 2014

	2014	2013
ASSETS		
CURRENT		
Cash	\$ 194,293	\$ 144,066
Guaranteed investment certificates	17,535	17,362
Marketable securities (Note 3)	18,771	18,390
Accounts receivable	16,433	13,569
Goods and services tax recoverable	-	4,445
Prepaid expenses	4,000	5,127
	<u>\$ 251,032</u>	<u>\$ 202,959</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 9,456	\$ 8,944
Goods and services tax payable	1,585	-
Deferred contributions (Note 4)	20,382	-
	<u>31,423</u>	<u>8,944</u>
NET ASSETS	<u>219,609</u>	<u>194,015</u>
	<u>\$ 251,032</u>	<u>\$ 202,959</u>

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Cash Flows

Year Ended December 31, 2014

	2014	2013
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 25,594	\$ 16,539
Item not affecting cash:		
Income earned on marketable securities	(380)	(372)
	<u>25,214</u>	<u>16,167</u>
Changes in non-cash working capital:		
Accounts receivable	(2,864)	129,592
Goods and services tax payable	6,030	94
Prepaid expenses	1,127	(5,127)
Accounts payable and accrued charges	512	(72,638)
Deferred contributions	20,382	(500)
	<u>25,187</u>	<u>51,421</u>
Cash flow from operating activities	<u>50,401</u>	<u>67,588</u>
INVESTING ACTIVITY		
Redemption (purchase) of marketable securities <i>(net)</i>	(174)	(198)
INCREASE IN CASH	<u>50,227</u>	<u>67,390</u>
Cash - beginning of year	<u>144,066</u>	<u>76,676</u>
CASH - END OF YEAR	<u>\$ 194,293</u>	<u>\$ 144,066</u>

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2014

1. DESCRIPTION OF OPERATIONS

The Association of Alberta Teachers of English as a Second Language was incorporated under the Societies Act of Alberta. It is a not-for-profit volunteer organization dedicated to the development and training of members who teach English as a second language.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Financial instruments

Marketable securities are initially recognized and subsequently measured at fair value which is approximated by published market prices. Changes in fair value of marketable securities, based on their fair value at the year end date, are recognized immediately as gains or losses in the statement of operations. Transaction costs are expensed when incurred.

All other financial instruments are initially recognized at fair value and subsequently measured at amortized cost. Transaction costs are amortized over the expected life of the instrument.

Revenue recognition

The association follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Membership fees are recognized when received. Other revenues are recognized when earned.

Capital assets

In accordance with Canadian accounting standards for not-for-profit organizations of this size, equipment purchases are expensed in the year of acquisition.

Donated services

The work of the association is dependent on the voluntary services of many members. The value of donated services is not recognized in these statements.

Income taxes

The association is exempt from income taxes under subsection 149(1)(l) of the Income Tax Act.

Measurement uncertainty

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 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 period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2014

3. MARKETABLE SECURITIES

	2014	2013
Canadian bond fund	\$ 12,666	\$ 12,446
Canadian equity fund	6,105	5,944
	<u>\$ 18,771</u>	<u>\$ 18,390</u>

4. DEFERRED CONTRIBUTIONS

Deferred contributions are grants from Government of Alberta and Citizen and Immigration Canada that relate to expenses to be incurred in subsequent years. Changes in deferred contributions are as follows:

	2014	2013
Balance, beginning of year	\$ -	\$ 500
Add: amounts received/receivable during the year	<u>48,462</u>	<u>4,727</u>
	48,462	5,227
Less: amounts recognized as revenue	<u>(28,080)</u>	<u>(5,227)</u>
Balance, end of year	<u>\$ 20,382</u>	<u>\$ -</u>

5. FINANCIAL INSTRUMENTS

The association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The association is exposed to credit risk from its accounts receivable. The carry amount of accounts receivable on the statement of financial position was collected in full by June 13, 2015.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect of its receipt of funds from grants, conferences and membership fees.

Market risk

The association is exposed to interest rate risk primarily through its fixed rate guaranteed investment certificates. The association is exposed to other price risks through its marketable securities which are subject to fluctuations in the equity market.