

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

**Financial Statements**

**Year Ended December 31, 2015**

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## MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

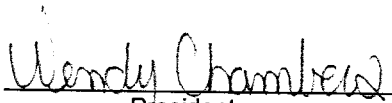
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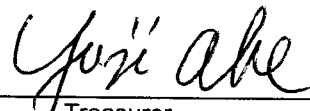
The financial statements of Association of Alberta Teachers of English as a Second Language have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. When alternative accounting methods exist, management has chosen those it deems most appropriate in the circumstances. These statements include certain amounts based on management's estimates and judgments. Management has determined such amounts based on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

The integrity and reliability of Association of Alberta Teachers of English as a Second Language's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide reasonable assurance that the financial information is reliable and accurate.

The Board of Directors is responsible for ensuring that management fulfills its responsibility for financial reporting and is ultimately responsible for reviewing and approving the financial statements. The Board meets periodically with management and the independent auditors to review significant accounting, reporting and internal control matters. The Board also considers, for approval by the members, the engagement or re-appointment of the external auditors.

The financial statements have been audited, on behalf of the members, by Halpert Monsma in accordance with Canadian generally accepted auditing standards.

  
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President

  
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Treasurer

Edmonton, Alberta  
April 14, 2016

**HALPERT MONSMA**  
*Chartered Accountants*

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Edmonton AB T5P 3Z4

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**INDEPENDENT AUDITOR'S REPORT**

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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, 2015 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 to 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, 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.

Edmonton, Alberta  
April 14, 2016

*Halpert Monsma*

Chartered Accountants

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

**Statement of Operations**

**Year Ended December 31, 2015**

	2015	2014
<b>REVENUES</b>		
Membership fees	\$ 28,369	\$ 21,085
Grants (Note 4)	21,882	28,080
Provincial conference revenue	-	130,271
Provincial conference sponsorships and grants	-	17,008
Investment income	615	667
National conference revenue	140,860	-
National conference grant	11,565	-
	<u>203,291</u>	<u>197,111</u>
<b>EXPENSES</b>		
Administration	26,196	22,250
Affiliate memberships and journal fees	9,352	8,646
Banking and internet service charges	1,110	559
Board meetings and retreat	9,767	5,567
Bursaries	3,035	4,195
Conference reimbursements	10,528	14,401
Insurance	1,697	2,041
Intercultural Communicative Competence project	13,830	28,080
Local expenses	5,189	3,058
National conference	128,003	-
Professional fees	12,060	7,780
Provincial conference	-	71,428
Website	5,387	3,512
	<u>226,154</u>	<u>171,517</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<u>\$ (22,863)</u>	<u>\$ 25,594</u>

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

**Statement of Changes in Net Assets**

**Year Ended December 31, 2015**

	<b>2015</b>	<b>2014</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 219,609</b>	<b>\$ 194,015</b>
Excess (deficiency) of revenues over expenses	<u><b>(22,863)</b></u>	<u>25,594</u>
<b>NET ASSETS - END OF YEAR</b>	<u><b>\$ 196,746</b></u>	<u><b>\$ 219,609</b></u>

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

**Statement of Financial Position**

**December 31, 2015**

	2015	2014
<b>ASSETS</b>		
CURRENT		
Cash	\$ 181,103	\$ 194,293
Guaranteed investment certificates	17,712	17,535
Marketable securities (Note 3)	19,210	18,771
Accounts receivable	18,795	16,433
Goods and services tax recoverable	138	-
Prepaid expenses	5,536	4,000
	<u>\$ 242,494</u>	<u>\$ 251,032</u>
<b>LIABILITIES AND NET ASSETS</b>		
CURRENT		
Accounts payable and accrued charges	\$ 45,748	\$ 9,456
Goods and services tax payable	-	1,585
Deferred contributions (Note 4)	-	20,382
	<u>45,748</u>	<u>31,423</u>
 NET ASSETS	 <u>196,746</u>	 <u>219,609</u>
	<u>\$ 242,494</u>	<u>\$ 251,032</u>

**ON BEHALF OF THE BOARD**

Wendy Chambers Director  
Guyi'abe Director

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

**Statement of Cash Flows**

**Year Ended December 31, 2015**

	2015	2014
<b>OPERATING ACTIVITIES</b>		
Excess (deficiency) of revenues over expenses	\$ (22,863)	\$ 25,594
Item not affecting cash:		
Income earned on marketable securities	(439)	(380)
	<u>(23,302)</u>	<u>25,214</u>
Changes in non-cash working capital:		
Accounts receivable	(2,362)	(2,864)
Goods and services tax recoverable	(1,723)	6,030
Prepaid expenses	(1,536)	1,127
Accounts payable and accrued charges	36,292	512
Deferred contributions	(20,382)	20,382
	<u>10,289</u>	<u>25,187</u>
Cash flow from (used by) operating activities	<u>(13,013)</u>	<u>50,401</u>
<b>INVESTING ACTIVITIES</b>		
Redemption of term deposit	17,535	17,361
Purchase of term deposit	(17,712)	(17,535)
Cash flow used by investing activities	<u>(177)</u>	<u>(174)</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(13,190)</b>	<b>50,227</b>
Cash - beginning of year	<u>194,293</u>	<u>144,066</u>
<b>CASH - END OF YEAR</b>	<b>\$ <u>181,103</u></b>	<b>\$ <u>194,293</u></b>

# ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

## Notes to Financial Statements

Year Ended December 31, 2015

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### 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.

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### 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.

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

**Notes to Financial Statements**

**Year Ended December 31, 2015**

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3. MARKETABLE SECURITIES

	<u>2015</u>	<u>2014</u>
Canadian bond fund	\$ 13,054	\$ 12,666
Canadian equity fund	6,156	6,105
	<u>\$ 19,210</u>	<u>\$ 18,771</u>

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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:

	<u>2015</u>	<u>2014</u>
Balance, beginning of year	\$ 20,382	\$ -
Add: amounts received/receivable during the year	1,500	48,462
	21,882	48,462
Less: amounts recognized as revenue	<u>(21,882)</u>	<u>(28,080)</u>
Balance, end of year	<u>\$ -</u>	<u>\$ 20,382</u>

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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.

Liquidity risk

Liquidity risk is the risk of encountering difficulty in meeting obligations associated with financial liabilities. The association is exposed to this risk mainly in respect 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.

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