

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

Financial Statements

Year Ended December 31, 2016

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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.



President



Treasurer

Edmonton, Alberta
March 12, 2017

HALPERT MONSMA

Chartered Accountants

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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, 2016 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, 2016 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
March 12, 2017

Halpert Monsma

Chartered Accountants

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Operations

Year Ended December 31, 2016

| | 2016 | 2015 |
|--|--------------------|--------------------|
| REVENUES | | |
| Membership fees | \$ 33,211 | \$ 28,369 |
| Grants (Note 4) | 46,931 | 21,882 |
| Provincial conference revenue | 135,141 | - |
| Provincial conference sponsorships and grants (Note 4) | 18,321 | - |
| Investment income | 1,020 | 615 |
| Fellowships and sponsorships (Note 4) | 750 | - |
| National conference revenue | - | 140,860 |
| National conference grant | - | 11,565 |
| | <u>235,374</u> | <u>203,291</u> |
| EXPENSES | | |
| Administration | 28,207 | 26,196 |
| Affiliate memberships and journal fees | 11,244 | 9,352 |
| Banking and internet service charges | 1,092 | 1,110 |
| Board meetings and retreat | 8,206 | 9,767 |
| Bursaries | 2,250 | 3,035 |
| Conference reimbursements | 10,567 | 10,528 |
| Donations | 3,250 | - |
| Fellowship | 500 | - |
| Insurance | 1,704 | 1,697 |
| Intercultural Communicative Competence project | 46,931 | 13,830 |
| Local expenses | 4,596 | 5,189 |
| National conference | - | 128,003 |
| Professional fees | 8,580 | 12,060 |
| Provincial conference | 102,144 | - |
| Website | 17,720 | 5,387 |
| | <u>246,991</u> | <u>226,154</u> |
| DEFICIENCY OF REVENUES OVER EXPENSES | <u>\$ (11,617)</u> | <u>\$ (22,863)</u> |

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Changes in Net Assets

Year Ended December 31, 2016

| | 2016 | 2015 |
|---------------------------------------|--------------------------|--------------------------|
| NET ASSETS - BEGINNING OF YEAR | \$ 196,746 | \$ 219,609 |
| Deficiency of revenues over expenses | <u>(11,617)</u> | <u>(22,863)</u> |
| NET ASSETS - END OF YEAR | <u>\$ 185,129</u> | <u>\$ 196,746</u> |


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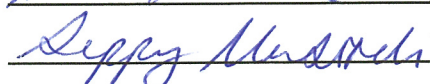
Statement of Financial Position

December 31, 2016

| | 2016 | 2015 |
|--------------------------------------|-------------------|-------------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 184,491 | \$ 181,103 |
| Guaranteed investment certificates | 17,862 | 17,712 |
| Marketable securities (Note 3) | 20,080 | 19,210 |
| Accounts receivable | 31,963 | 18,795 |
| Goods and services tax recoverable | 4,519 | 138 |
| Prepaid expenses | 4,725 | 5,536 |
| | <u>\$ 263,640</u> | <u>\$ 242,494</u> |
| LIABILITIES AND NET ASSETS | | |
| CURRENT | | |
| Accounts payable and accrued charges | \$ 13,624 | \$ 45,748 |
| Deferred contributions (Note 4) | 64,887 | - |
| | <u>78,511</u> | <u>45,748</u> |
| NET ASSETS | <u>185,129</u> | <u>196,746</u> |
| | <u>\$ 263,640</u> | <u>\$ 242,494</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, 2016**

| | 2016 | 2015 |
|---|--------------------|--------------------|
| OPERATING ACTIVITIES | | |
| Deficiency of revenues over expenses | \$ (11,617) | \$ (22,863) |
| Item not affecting cash: | | |
| Income earned on marketable securities | (869) | (439) |
| | (12,486) | (23,302) |
| Changes in non-cash working capital: | | |
| Accounts receivable | (13,168) | (2,362) |
| Goods and services tax recoverable | (4,381) | (1,723) |
| Prepaid expenses | 811 | (1,536) |
| Accounts payable and accrued charges | (32,124) | 36,292 |
| Deferred contributions | 64,887 | (20,382) |
| | 16,025 | 10,289 |
| Cash flow from (used by) operating activities | 3,539 | (13,013) |
| INVESTING ACTIVITIES | | |
| Redemption of term deposit | 17,712 | 17,535 |
| Purchase of term deposit | (17,863) | (17,712) |
| Cash flow used by investing activities | (151) | (177) |
| INCREASE (DECREASE) IN CASH | 3,388 | (13,190) |
| Cash - beginning of year | 181,103 | 194,293 |
| CASH - END OF YEAR | \$ 184,491 | \$ 181,103 |

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2016

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

Financial instruments are recorded at fair value when acquired or issued. Related party transactions in the normal course of operations are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

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, 2016

3. MARKETABLE SECURITIES

| | 2016 | 2015 |
|----------------------|------------------|------------------|
| Canadian bond fund | \$ 13,873 | \$ 13,054 |
| Canadian equity fund | 6,207 | 6,156 |
| | <u>\$ 20,080</u> | <u>\$ 19,210</u> |

4. DEFERRED CONTRIBUTIONS

Deferred contributions are grants from Government of Alberta and Immigration, Refugees, and Citizenship Canada and sponsorships from various agencies that relate to expenses to be incurred in subsequent years. Changes in deferred contributions are as follows:

| | Balance, beginning of year | Funds received | Recognized as revenue | Balance, end of year |
|--|----------------------------------|-------------------|--------------------------|-------------------------|
| Grants | \$ - | \$ 109,818 | \$ 46,931 | \$ 62,887 |
| Provincial conference sponsorships and grants | - | 18,321 | 18,321 | - |
| Fellowships and sponsorships | - | 2,750 | 750 | 2,000 |
| | <u>\$ -</u> | <u>\$ 130,889</u> | <u>\$ 66,002</u> | <u>\$ 64,887</u> |

5. RELATED PARTY TRANSACTIONS

The association paid \$7,010 (2015 - \$6,043) to directors for expense reimbursements. These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

6. 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.