

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE
Financial Statements
Year Ended December 31, 2018

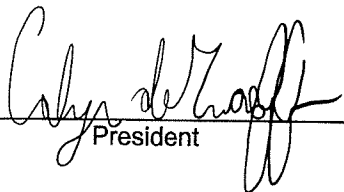
MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

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 on a reasonable basis in order to ensure that the financial statements are presented fairly in all material respects.

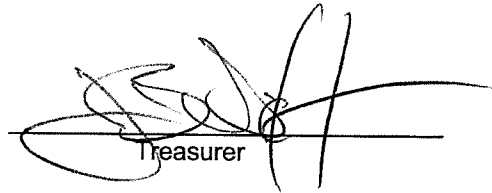
The integrity and reliability of Association of Alberta Teachers of English as a Second Language's reporting systems are achieved through the use of formal policies and procedures, the careful selection of employees and an appropriate division of responsibilities. These systems are designed to provide 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
May 23, 2019

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

Qualified Opinion

We have audited the financial statements of Association of Alberta Teachers of English as a Second Language (the "Association"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations, 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, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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.

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 Association 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 qualified audit 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 Association's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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Independent Auditor's Report to the Members of Association of Alberta Teachers of English as a Second Language (*continued*)

Auditor's Responsibilities for the Audit of the Financial Statements

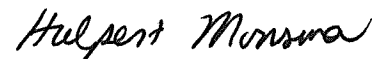
Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee 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 Association'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 Association'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 Association 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.

Edmonton, Alberta
May 23, 2019



Chartered Accountants

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Operations

Year Ended December 31, 2018

	2018	2017
REVENUES		
Membership fees	\$ 27,593	\$ 28,893
Grants	-	67,887
Provincial conference revenue	121,753	105,725
Board and guest conference registration	(4,225)	-
Provincial conference sponsorships and grants (Note 4)	8,200	33,534
Provincial conference publishers	5,525	-
Investment income	76	2,615
Fellowships and sponsorships (Note 4)	500	500
Miscellaneous	-	2,422
	<u>159,422</u>	<u>241,576</u>
EXPENSES		
Administration	31,221	30,440
Affiliate memberships and journal fees	11,232	11,872
Banking and internet service charges	1,074	198
Board expenses	8,807	6,726
Bursaries	3,929	3,310
Conference reimbursements	-	14,891
Donations	-	110
Fellowship	500	500
Insurance	1,724	1,711
Intercultural Communicative Competence project	-	53,533
Local expenses	4,253	4,299
Professional fees	7,980	7,980
Provincial conference	96,300	108,041
Website	5,971	15,278
	<u>172,991</u>	<u>258,889</u>
DEFICIENCY OF REVENUES OVER EXPENSES	<u>\$ (13,569)</u>	<u>\$ (17,313)</u>

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Changes in Net Assets

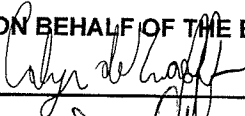
Year Ended December 31, 2018


	<u>2018</u>	<u>2017</u>
NET ASSETS - BEGINNING OF YEAR	\$ 167,816	\$ 185,129
Deficiency of revenues over expenses	<u>(13,569)</u>	<u>(17,313)</u>
NET ASSETS - END OF YEAR	<u>\$ 154,247</u>	<u>\$ 167,816</u>

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE
Statement of Financial Position
December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 123,300	\$ 154,513
Term deposit	20,305	-
Accounts receivable	-	19,782
Goods and services tax recoverable	-	1,275
Prepaid expenses	<u>5,686</u>	<u>6,925</u>
	149,291	182,495
TERM DEPOSIT (Note 3)	<u>20,000</u>	<u>-</u>
	<u>\$ 169,291</u>	<u>\$ 182,495</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 11,773	\$ 13,179
Goods and services tax payable	2,271	-
Deferred contributions (Note 4)	<u>1,000</u>	<u>1,500</u>
	15,044	14,679
NET ASSETS	<u>154,247</u>	<u>167,816</u>
	<u>\$ 169,291</u>	<u>\$ 182,495</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, 2018

	2018	2017
OPERATING ACTIVITIES		
Deficiency of revenues over expenses	\$ (13,569)	\$ (17,313)
Item not affecting cash:		
Income earned on marketable securities	-	(2,420)
	<u>(13,569)</u>	<u>(19,733)</u>
Changes in non-cash working capital:		
Accounts receivable	19,782	12,181
Goods and services tax	3,546	3,244
Prepaid expenses	1,239	(2,200)
Accounts payable and accrued charges	(1,405)	(445)
Deferred contributions	(500)	(63,387)
	<u>22,662</u>	<u>(50,607)</u>
Cash flow from (used by) operating activities	<u>9,093</u>	<u>(70,340)</u>
INVESTING ACTIVITIES		
Redemptions of term deposits	60,305	17,862
Purchases of term deposits	(100,611)	-
Proceeds on disposal of marketable securities	-	22,500
	<u>(40,306)</u>	<u>40,362</u>
Cash flow from (used by) investing activities	<u>(40,306)</u>	<u>40,362</u>
DECREASE IN CASH	(31,213)	(29,978)
Cash - beginning of year	<u>154,513</u>	<u>184,491</u>
CASH - END OF YEAR	\$ 123,300	\$ 154,513

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2018

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)(I) 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 and 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, 2018

3. TERM DEPOSIT

Bank of Montreal 5-year rate-rising term deposit purchased November 23, 2018, accruing interest at 1.45% in the first year.

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
Provincial conference sponsorships and grants	\$ -	\$ 8,200	\$ 8,200	\$ -
Fellowships and sponsorships	1,500	-	500	1,000
	<u>\$ 1,500</u>	<u>\$ 8,200</u>	<u>\$ 8,700</u>	<u>\$ 1,000</u>

5. RELATED PARTY TRANSACTIONS

The Association paid \$5,255 (2017 - \$5,141) to directors for expense reimbursements and \$nil (2017 - \$6,000) to directors for honorariums. 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.

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 term deposit. The Association is exposed to other price risks through its marketable securities which are subject to fluctuations in the equity market.
