

**ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE**  
**Financial Statements**  
**Year Ended December 31, 2019**

**HALPERT MONSMA**  
*Chartered Accountants*

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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

*Qualified Opinion*

We have audited the financial statements of Association of Alberta Teachers of English as a Second Language ("Association"), which comprise the statement of financial position as at December 31, 2019, 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, 2019, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Association derives revenue from certain activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows from operations for the years ended December 31, 2019 and 2018, and current assets as at December 31, 2019 and 2018, and net assets as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 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 ASNPO, 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 related 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.

(continues)

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  
March 10, 2020

*Halperst Monson*

Chartered Accountants

# ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

## Statement of Operations

Year Ended December 31, 2019

	2019	2018
<b>REVENUES</b>		
Membership fees	\$ 31,028	\$ 27,593
Provincial conference revenue	118,668	121,753
Board and guest conference registration	(1,950)	(4,225)
Edmonton Mini conference	2,348	-
Provincial conference sponsorships and grants (Note 4)	6,750	8,200
Fellowships and sponsorships (Note 4)	500	500
Provincial conference publishers	7,450	5,525
Investment income	472	76
	<u>165,266</u>	<u>159,422</u>
<b>EXPENSES</b>		
Administration	35,896	31,221
Affiliate memberships and journal fees	10,364	11,232
Banking and internet service charges	1,440	1,074
Board expenses	6,988	8,807
Bursaries	2,532	3,929
Edmonton Mini conference	2,191	-
Fellowship	500	500
Insurance	1,225	1,724
Local expenses	3,457	4,253
Professional fees	8,480	7,980
Provincial conference	129,837	96,300
Website	5,149	5,971
	<u>208,059</u>	<u>172,991</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b>	<u>\$ (42,793)</u>	<u>\$ (13,569)</u>



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

**Statement of Changes in Net Assets**

**Year Ended December 31, 2019**

	<b>2019</b>	<b>2018</b>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 154,247</b>	<b>\$ 167,816</b>
Deficiency of revenues over expenses	<u>(42,793)</u>	<u>(13,569)</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 111,454</u></b>	<b><u>\$ 154,247</u></b>

**ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE**  
**Statement of Financial Position**  
**December 31, 2019**

	2019	2018
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 74,718	\$ 123,300
Term deposit	20,488	20,305
Prepaid expenses	8,441	5,686
	<u>103,647</u>	<u>149,291</u>
<b>TERM DEPOSIT (Note 3)</b>	<u>20,290</u>	<u>20,000</u>
	<u><b>\$ 123,937</b></u>	<u><b>\$ 169,291</b></u>
<b>LIABILITIES AND NET ASSETS</b>		
<b>CURRENT</b>		
Accounts payable and accrued charges	\$ 8,565	\$ 11,773
Goods and services tax payable	719	2,271
Wages payable	990	-
Employee deductions payable	1,709	-
Deferred contributions (Note 4)	500	1,000
	<u>12,483</u>	<u>15,044</u>
<b>NET ASSETS</b>	<u>111,454</u>	<u>154,247</u>
	<u><b>\$ 123,937</b></u>	<u><b>\$ 169,291</b></u>

**ON BEHALF OF THE BOARD**

L. Kennedy Director  
[Signature] Director

# ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

## Statement of Cash Flows Year Ended December 31, 2019

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenues over expenses	\$ (42,793)	\$ (13,569)
Changes in non-cash working capital:		
Accounts receivable	-	19,782
Prepaid expenses	(2,755)	1,239
Accounts payable and accrued charges	(3,208)	(1,405)
Goods and services tax payable	(1,552)	3,546
Wages payable	990	-
Employee deductions payable	1,709	-
Deferred contributions	(500)	(500)
	<u>(5,316)</u>	<u>22,662</u>
Cash flow from (used by) operating activities	<u>(48,109)</u>	<u>9,093</u>
<b>INVESTING ACTIVITIES</b>		
Redemptions of term deposits	40,305	60,305
Purchases of term deposits	(40,778)	(100,611)
Cash flow used by investing activities	<u>(473)</u>	<u>(40,306)</u>
<b>DECREASE IN CASH</b>	<u>(48,582)</u>	<u>(31,213)</u>
Cash - beginning of year	<u>123,300</u>	<u>154,513</u>
<b>CASH - END OF YEAR</b>	<u>\$ 74,718</u>	<u>\$ 123,300</u>

# ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

## Notes to Financial Statements

Year Ended December 31, 2019

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### 1. PURPOSE OF THE ASSOCIATION

Association of Alberta Teachers of English as a Second Language ("Association") is a not-for-profit organization incorporated provincially under the Companies Act of Alberta. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act. 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 were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

#### 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 amount 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.

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# ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

## Notes to Financial Statements

Year Ended December 31, 2019

### 3. TERM DEPOSIT

Bank of Montreal 5-year rate-rising term deposit purchased November 23, 2018, accruing interest at annually increasing rates (1.45%, 1.85%, 2.10%, 2.40% and 2.70%).

### 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	\$ -	\$ 6,750	\$ 6,750	\$ -
Fellowships and sponsorships	1,000	-	500	500
	\$ 1,000	\$ 6,750	\$ 7,250	\$ 500

### 5. RELATED PARTY TRANSACTIONS

The Association paid \$5,483 (2018 - \$5,255) to directors for expense reimbursements, \$500 (2018 - nil) to a director for bursaries and \$1,049 (2018 - nil) to management 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. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2019.

#### 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 its receipt of funds from grants, conferences and membership fees.

#### Interest rate risk

The Association is exposed to interest rate risk primarily through its fixed rate term deposit.