

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Financial Statements

Year Ended December 31, 2020

HALPERT MONSMA

Chartered Professional 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

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, 2020, 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, 2020, 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.

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, 2020 and 2019, and current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended December 31, 2019 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 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 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 6, 2021



Chartered Professional Accountants

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Operations

Year Ended December 31, 2020

	2020	2019
REVENUES		
Membership fees	\$ 31,401	\$ 31,028
Provincial conference revenue	71,564	118,668
Board and guest conference registration	(150)	(1,950)
Edmonton Mini conference	-	2,348
Provincial conference sponsorships (Note 4)	7,500	6,750
Fellowships (Note 4)	-	500
Grants (Note 4)	39,101	-
Provincial conference publishers	1,879	7,450
Investment income	570	472
	<u>151,865</u>	<u>165,266</u>
EXPENSES		
Administration	34,347	35,896
Affiliate memberships and journal fees	7,619	10,364
Banking and internet service charges	1,147	1,440
Best practices	39,101	-
Board expenses	-	6,988
Bursaries	1,300	2,532
Edmonton Mini conference	-	2,191
Fellowship	-	500
Insurance	1,718	1,225
Local expenses	1,405	3,457
Professional fees	8,480	8,480
Provincial conference	25,493	129,837
Website	5,952	5,149
	<u>126,562</u>	<u>208,059</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ 25,303</u>	<u>\$ (42,793)</u>

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Changes in Net Assets

Year Ended December 31, 2020

	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 111,454	\$ 154,247
Excess (deficiency) of revenues over expenses	<u>25,303</u>	<u>(42,793)</u>
NET ASSETS - END OF YEAR	<u>\$ 136,757</u>	<u>\$ 111,454</u>

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Financial Position

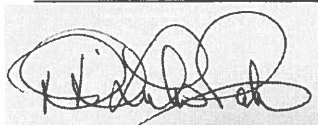
December 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 206,470	\$ 74,718
Term deposit	20,692	20,488
Accounts receivable	5,000	-
Prepaid expenses	7,059	8,441
	239,221	103,647
TERM DEPOSIT (Note 3)	20,656	20,290
	\$ 259,877	\$ 123,937
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued charges	\$ 8,629	\$ 8,565
Wages payable	6,055	990
Employee deductions payable	4,989	1,709
Goods and services tax payable	3,777	719
Deferred contributions (Note 4)	99,670	500
	123,120	12,483
NET ASSETS	136,757	111,454
	\$ 259,877	\$ 123,937

ON BEHALF OF THE BOARD


 _____ Director
 _____ Director

March 8, 2021



March 9, 2021

President ATESL

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 25,303	\$ (42,793)
Item not affecting cash:		
Interest on term deposit reinvested	(366)	(290)
	<u>24,937</u>	<u>(43,083)</u>
Changes in non-cash working capital:		
Accounts receivable	(5,000)	-
Prepaid expenses	1,382	(2,755)
Accounts payable and accrued charges	64	(3,208)
Wages payable	5,065	990
Employee deductions payable	3,280	1,709
Goods and services tax payable	3,058	(1,552)
Deferred contributions	99,170	(500)
	<u>107,019</u>	<u>(5,316)</u>
Cash flow from (used by) operating activities	<u>131,956</u>	<u>(48,399)</u>
INVESTING ACTIVITIES		
Redemption of term deposits	20,488	20,305
Purchase of term deposits	(20,692)	(20,488)
	<u>(204)</u>	<u>(183)</u>
Cash flow used by investing activities	<u>(204)</u>	<u>(183)</u>
INCREASE (DECREASE) IN CASH	131,752	(48,582)
Cash - beginning of year	<u>74,718</u>	<u>123,300</u>
CASH - END OF YEAR	\$ 206,470	\$ 74,718

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2020

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. 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 were 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 paragraph 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.

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2020

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 sponsorships and fellowships from various agencies and government grants 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	\$ -	\$ 7,500	\$ 7,500	\$ -
Fellowships	500	-	-	500
Government of Alberta Labour and Immigration - Best Practices	-	138,271	39,101	99,170
	<u>\$ 500</u>	<u>\$ 145,771</u>	<u>\$ 46,601</u>	<u>\$ 99,670</u>

5. RELATED PARTY TRANSACTIONS

The Association paid \$nil (2019 - \$500) to a director for bursaries. 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 instrument. The following analysis provides information about the Association's risk exposure and concentration as of December 31, 2020.

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.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The Association is exposed to interest rate risk primarily through its fixed rate term deposit.

ASSOCIATION OF ALBERTA TEACHERS OF ENGLISH AS A SECOND LANGUAGE

Notes to Financial Statements

Year Ended December 31, 2020

7. SUBSEQUENT EVENTS

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19). The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

Management is uncertain of the effects of these changes on its financial statements and believes that any disturbance may be temporary; however, there is uncertainty about the length and potential impact of the disturbance.

8. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.
