
ADR INSTITUTE OF ALBERTA

Financial Statements

Year Ended December 31, 2019

ADR INSTITUTE OF ALBERTA
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Year Ended December 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Management of ADR Institute of Alberta

Opinion

We have audited the financial statements of ADR Institute of Alberta (the Society), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, 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.

Basis for Opinion

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 Society 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

The financial statements of ADR Institute of Alberta for the year ended December 31, 2018 were audited by another auditor who expressed an unmodified opinion on those financial statements on May 22, 2019.

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 Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

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:

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Independent Auditor's Report to the Management of ADR Institute of Alberta (continued)

- 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 Society'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 Society'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 Society 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
June 10, 2020



Ho LLP
Chartered Professional Accountants

ADR INSTITUTE OF ALBERTA
Statement of Financial Position
December 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash (Note 6)	\$ 110,787	\$ 75,315
Investments (Note 7)	102,431	100,709
Accounts receivable	5,528	16,564
Interest receivable	926	978
Goods and services tax recoverable	-	763
Prepaid expenses (Note 8)	9,062	7,240
	<u>228,734</u>	201,569
TANGIBLE CAPITAL ASSETS (Note 9)	<u>23,915</u>	20,784
	<u>\$ 252,649</u>	<u>\$ 222,353</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 10)	\$ 20,963	\$ 16,023
Wages payable	880	467
Goods and services tax payable	1,488	-
Deferred revenue (Note 11)	73,274	89,908
Due to related party	10,939	12,599
	<u>107,544</u>	118,997
NET ASSETS		
General fund	<u>145,105</u>	103,356
	<u>\$ 252,649</u>	<u>\$ 222,353</u>

SUBSEQUENT EVENTS (Note 3)

RELATED PARTY TRANSACTIONS (Note 4)

COMMITMENT (Note 5)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ADR INSTITUTE OF ALBERTA
Statement of Revenues and Expenditures
Year Ended December 31, 2019

	2019	2018
REVENUES		
Professional development and education (<i>Schedule 1</i>)	\$ 540,895	\$ 408,637
Member services (<i>Schedule 1</i>)	121,821	114,680
ADR business services (<i>Schedule 1</i>)	90,218	85,783
Grants and other	9,842	809
Investment income	3,788	1,543
	<u>766,564</u>	<u>611,452</u>
EXPENSES		
Professional development and education (<i>Schedule 2</i>)	375,426	309,428
General and administrative (<i>Schedule 2</i>)	144,268	112,093
ADR business services (<i>Schedule 2</i>)	91,626	86,156
Member services (<i>Schedule 2</i>)	63,476	52,095
Governance (<i>Schedule 2</i>)	44,522	39,269
Amortization	5,497	3,796
	<u>724,815</u>	<u>602,837</u>
EXCESS OF REVENUES OVER EXPENSES	\$ 41,749	\$ 8,615

ADR INSTITUTE OF ALBERTA
Statement of Changes in Net Assets
Year Ended December 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 103,356	\$ 94,741
EXCESS OF REVENUES OVER EXPENSES	<u>41,749</u>	<u>8,615</u>
NET ASSETS - END OF YEAR	\$ 145,105	\$ 103,356

ADR INSTITUTE OF ALBERTA
Statement of Cash Flows
Year Ended December 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 41,749	\$ 8,615
Item not affecting cash:		
Amortization of tangible capital assets (Note 9)	5,497	3,796
	<u>47,246</u>	<u>12,411</u>
Changes in non-cash working capital:		
Accounts receivable	11,036	1,387
Interest receivable	52	(886)
Prepaid expenses (Note 8)	(1,822)	(3,068)
Accounts payable and accrued liabilities (Note 10)	4,940	(12,818)
Wages payable	413	(175)
Goods and services tax payable	2,251	134
Deferred revenue (Note 11)	(16,634)	21,458
	<u>236</u>	<u>6,032</u>
Cash flow from operating activities	<u>47,482</u>	<u>18,443</u>
INVESTING ACTIVITIES		
Purchase of capital assets (Note 9)	(8,628)	(16,303)
Net change of investments (Note 7)	(1,722)	(368)
Cash flow used by investing activities	<u>(10,350)</u>	<u>(16,671)</u>
FINANCING ACTIVITY		
Advances from (to) related parties	(1,660)	1,587
INCREASE IN CASH FLOW	35,472	3,359
Cash and cash equivalents - beginning of year	<u>75,315</u>	<u>71,956</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Notes 1, 6)	\$ 110,787	\$ 75,315
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash (Notes 1, 6)	<u>\$ 110,787</u>	<u>\$ 75,315</u>

ADR INSTITUTE OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

PURPOSE OF THE SOCIETY

ADR Institute of Alberta (the "Society") is a non-profit organization incorporated under the Societies Act of Alberta on May 14, 2012. The Society is dedicated to the promotion of alternative dispute resolutions and provides leadership in conflict resolution in the areas of Negotiation, Mediation, and Arbitration, and addressing harm through processes like Restorative Justice.

The Society is a tax-exempt organization for income tax purposes and has therefore made no provision for income taxes in these financial statements.

1. 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).

Cash and cash equivalents

Cash and cash equivalents consist primarily of bank balances and term deposits with an original maturity date of purchase of three months or less. Because of the short term maturity of these investments, their carrying amount approximates fair value.

Donated services and materials

The operations of the Society depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. 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.

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, 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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ADR INSTITUTE OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (*continued*)

Revenue recognition

ADR Institute of Alberta follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from conferences and projects is recorded in the year in which the conference or project takes place.

Fees and services related to the courses and programs are recognized as revenue when such courses and programs are delivered.

Membership fee revenue is recognized in the period in which it is earned.

Tangible capital assets

Tangible capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	30% declining balance method
Classroom furniture and equipment	20% declining balance method
Furniture and fixtures	20% declining balance method

The Society regularly reviews its tangible capital assets to eliminate obsolete items.

Tangible capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

2. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2019.

Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. The Society is exposed to credit risk from customers. Accounts receivable due from customers of educational programs and ADR business services are not considered to be significant, which minimizes concentration of credit risk.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its receipt of funds from its customers and other related sources, and accounts payable.

ADR INSTITUTE OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

3. SUBSEQUENT EVENTS

The following events occurred subsequent to the fiscal year end and prior to the release date of the audit report:

- The Society has accessed the Covid-relief Federal Small Business Account interest-free loan of \$40,000.
 - The Society has reduced its sublease payments to Tetra Tech by 50% due to Covid, and put the difference aside in case of legal action.
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4. RELATED PARTY TRANSACTIONS

During the year, services were rendered by a Board member totalling \$5,250. The account affected was *Instruction fees*. The measurement basis used for recognizing these transactions is the cost method.

5. COMMITMENT

Under the terms of a contract entered in 2018 with BNG Specialized Engineering Services Ltd., the Society is committed to monthly payments of \$2,750, plus taxes, for the use of space and access to services from July 1, 2018 to December 30, 2022.

6. CASH

	<u>2019</u>	<u>2018</u>
Cash - operating	\$ 98,083	\$ 62,628
TD savings account (*)	6,160	6,033
Cash held in trust - symposium	4,895	4,873
Cash held in trust - DRN conference	1,649	1,781
	<u>\$ 110,787</u>	<u>\$ 75,315</u>

(*) TD savings account - held to facilitate two credit cards used for operation purposes.

7. INVESTMENTS

Investments consist of the following:

	<u>2019</u>	<u>2018</u>
TD Canada Trust - guaranteed investment certificate (compound interest at 2.15%; matures May 24, 2020)	\$ 51,399	\$ 50,340
TD Canada Trust - guaranteed investment certificate (simple interest at 1.20%; matures February 26, 2020)	25,568	25,235
TD Canada Trust - guaranteed investment certificate (simple interest at 1.20%; matures February 28, 2020)	25,464	25,134
	<u>\$ 102,431</u>	<u>\$ 100,709</u>

ADR INSTITUTE OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2019

8. PREPAID EXPENSES

	<u>2019</u>	<u>2018</u>
Insurance - commercial, Board of Directors	\$ 3,185	\$ 3,101
Rent deposit	2,750	2,750
IT services	1,657	1,389
Training - deposit	1,470	-
	<u>\$ 9,062</u>	<u>\$ 7,240</u>

9. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Classroom furniture and equipment \$	19,581	\$ 7,434	\$ 12,147	\$ 15,183
Furniture and fixtures	13,594	6,067	7,527	1,723
Computer equipment	21,369	17,128	4,241	3,878
	<u>\$ 54,544</u>	<u>\$ 30,629</u>	<u>\$ 23,915</u>	<u>\$ 20,784</u>

10. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	<u>2019</u>	<u>2018</u>
Accounts payable and accrued liabilities	\$ 10,319	\$ 9,369
Symposium fund payable	4,895	4,873
Conflict management coaching payable	4,100	-
DRN conference fund payable	1,649	1,781
	<u>\$ 20,963</u>	<u>\$ 16,023</u>

11. DEFERRED REVENUE

	<u>2019</u>	<u>2018</u>
Certificate programs	\$ 58,775	\$ 81,700
CAMVAP contract revenue	11,621	4,121
Member services	2,878	4,087
	<u>\$ 73,274</u>	<u>\$ 89,908</u>

12. COMPARATIVE FIGURES

The prior year comparative figures were audited by another firm of chartered professional accountants.

ADR INSTITUTE OF ALBERTA

Revenues

(Schedule 1)

Year Ended December 31, 2019

	2019	2018
Professional development and education		
Certificate programs	\$ 469,645	\$ 354,135
Less: ADRIC license	(26,715)	(26,837)
Contract training	59,635	19,300
Specialty and professional development	26,780	26,675
Designations and accreditation	6,550	7,805
Conference	5,000	27,559
	<u>540,895</u>	<u>408,637</u>
Member services		
Full member	126,156	115,998
Less: ADRIC dues	(43,209)	(36,052)
Associate member	21,606	18,306
Directory	9,913	8,778
Administration fee	6,100	6,750
Retired member	638	750
Networking	617	150
	<u>121,821</u>	<u>114,680</u>
ADR business services		
CAMVAP	71,869	73,712
National rules	14,539	8,071
Organizational member	2,500	4,000
Roster administration	750	-
DRN conference	560	-
	<u>90,218</u>	<u>85,783</u>
	<u>\$ 752,934</u>	<u>\$ 609,100</u>

ADR INSTITUTE OF ALBERTA
Expenses
(Schedule 2)
Year Ended December 31, 2019

	2019	2018
Professional development and education		
Certificate programs (<i>Note 4</i>)	\$ 246,234	\$ 187,332
Contract training	49,465	26,783
Specialty and professional development	36,553	37,751
Conference	24,188	40,744
Designations and accreditation	18,986	16,818
	<u>375,426</u>	<u>309,428</u>
General and administrative		
Office administration	58,043	36,769
Rent	16,500	14,475
Bank charges, interest and merchant fees	15,014	15,553
Office supplies	12,507	5,464
Professional fees	8,000	8,000
IT development, maintenance and software	5,528	3,884
Telephone and internet	5,440	6,214
Conference attendance	4,189	2,503
Equipment rental leasing	3,870	3,870
Travel and meeting expense	3,793	2,033
Office cleaning	3,715	1,820
Vacation expense	3,091	2,448
Insurance	2,980	2,897
Postage and courier	1,023	441
Relocation expense	575	5,351
Open house	-	371
	<u>144,268</u>	<u>112,093</u>
ADR business services		
CAMVAP	56,520	54,600
Staff support	35,106	31,556
	<u>91,626</u>	<u>86,156</u>
Member services		
Staff support	46,426	42,630
Marketing and promotional materials	14,413	8,578
Networking	2,637	887
	<u>63,476</u>	<u>52,095</u>
Governance		
Staff support	28,715	26,486
Board meeting and travel	11,276	5,158
Insurance	2,277	2,262
Annual general meeting	1,264	4,628
Board committees and projects	990	735
	<u>44,522</u>	<u>39,269</u>
	<u>\$ 719,318</u>	<u>\$ 599,041</u>