
ADR INSTITUTE OF ALBERTA
Financial Statements
Year Ended December 31, 2022

ADR INSTITUTE OF ALBERTA
Index to Financial Statements
Year Ended December 31, 2022

	Page
INDEPENDENT AUDITOR'S REPORT	1 - 2
FINANCIAL STATEMENTS	
Statement of Financial Position	3
Statement of Revenues and Expenditures	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 11
Revenues (<i>Schedule 1</i>)	12
Expenses (<i>Schedule 2</i>)	13

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, 2022, 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, 2022, 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.

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:

- 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.

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CONTACT

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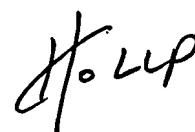
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Independent Auditor's Report to the Management of ADR Institute of Alberta *(continued)*

- 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
May 26, 2023



Ho LLP
Chartered Professional Accountants

ADR INSTITUTE OF ALBERTA
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash (Note 3)	\$ 46,454	\$ 70,494
Investments (Note 4)	50,665	153,600
Accounts receivable	30,728	4,862
Interest receivable	157	140
Prepaid expenses (Note 5)	3,714	6,722
	<u>131,718</u>	235,818
TANGIBLE CAPITAL ASSETS (Note 6)	<u>12,398</u>	15,460
	<u>\$ 144,116</u>	<u>\$ 251,278</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities (Note 7)	\$ 14,094	\$ 13,018
Wages payable	357	8,925
Goods and services tax payable	2,210	3,045
Deferred revenue (Note 8)	69,476	64,135
Due to related party	13,176	13,024
	<u>99,313</u>	102,147
NET ASSETS		
General fund	<u>44,803</u>	149,131
	<u>\$ 144,116</u>	<u>\$ 251,278</u>

COMMITMENTS (Note 9)

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ADR INSTITUTE OF ALBERTA
Statement of Revenues and Expenditures
Year Ended December 31, 2022

	2022	2021
REVENUES		
Professional development and education (<i>Schedule 1</i>)	\$ 324,507	\$ 360,658
Member services (<i>Schedule 1</i>)	105,120	114,560
ADR business services (<i>Schedule 1</i>)	70,935	84,704
Grants and other	6,450	84,928
Investment income	1,276	965
	<u>508,288</u>	<u>645,815</u>
EXPENSES		
Professional development and education (<i>Schedule 2</i>)	316,958	357,853
General and administrative (<i>Schedule 2</i>)	128,128	144,883
ADR business services (<i>Schedule 2</i>)	80,453	89,793
Member services (<i>Schedule 2</i>)	51,182	53,316
Governance (<i>Schedule 2</i>)	32,460	26,226
Amortization	3,435	4,331
	<u>612,616</u>	<u>676,402</u>
DEFICIENCY OF REVENUES OVER EXPENSES	\$ (104,328)	\$ (30,587)

ADR INSTITUTE OF ALBERTA
Statement of Changes in Net Assets
Year Ended December 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	\$ 149,131	\$ 179,718
DEFICIENCY OF REVENUES OVER EXPENSES	<u>(104,328)</u>	<u>(30,587)</u>
NET ASSETS - END OF YEAR	\$ 44,803	\$ 149,131

ADR INSTITUTE OF ALBERTA
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (104,328)	\$ (30,587)
Item not affecting cash:		
Amortization of tangible capital assets (Note 6)	3,435	4,331
	<u>(100,893)</u>	<u>(26,256)</u>
Changes in non-cash working capital:		
Accounts receivable	(25,866)	290
Interest receivable	(17)	247
Prepaid expenses (Note 5)	3,008	1,126
Accounts payable and accrued liabilities (Note 7)	1,076	(31,714)
Wages payable	(8,568)	4,405
Goods and services tax payable	(835)	(1,381)
Deferred revenue (Note 8)	5,341	(44,785)
	<u>(25,861)</u>	<u>(71,812)</u>
Cash flow used by operating activities	<u>(126,754)</u>	<u>(98,068)</u>
INVESTING ACTIVITIES		
Additions to capital assets (Note 6)	(373)	(216)
Net change of investments (Note 4)	102,935	(49,481)
Cash flow from (used by) investing activities	<u>102,562</u>	<u>(49,697)</u>
FINANCING ACTIVITIES		
Advances from (to) related parties	152	(4,560)
Repayment of CEBA loan	-	(40,000)
Cash flow from (used by) financing activities	<u>152</u>	<u>(44,560)</u>
DECREASE IN CASH FLOW	(24,040)	(192,325)
Cash and cash equivalents - beginning of year	<u>70,494</u>	<u>262,819</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Notes 1, 3)	\$ 46,454	\$ 70,494
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash (Notes 1, 3)	<u>\$ 46,454</u>	<u>\$ 70,494</u>

ADR INSTITUTE OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2022

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 exempt from the payment of income tax under Section 149 of the Income Tax Act. It 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, 2022

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, 2022.

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, 2022

3. CASH

	<u>2022</u>	<u>2021</u>
Cash - operating	\$ 35,251	\$ 59,386
TD savings account (*)	6,243	6,190
Cash held in trust - symposium	4,960	4,918
	<u>\$ 46,454</u>	<u>\$ 70,494</u>

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

4. INVESTMENTS

Investments consist of the following:

	<u>2022</u>	<u>2021</u>
TD Canada Trust - guaranteed investment certificate (interest at 3.30%, matures March 8, 2023)	\$ 50,665	\$ -
TD Canada Trust - guaranteed investment certificate (compound interest at 0.45%; matured September 24, 2022)	-	53,434
TD Canada Trust - guaranteed investment certificate (interest at 0.20%; matured February 9, 2022)	-	50,083
TD Canada Trust - guaranteed investment certificate (interest at 0.20%; matured February 9, 2022)	-	50,083
	<u>\$ 50,665</u>	<u>\$ 153,600</u>

5. PREPAID EXPENSES

	<u>2022</u>	<u>2021</u>
Insurance - commercial, Board of Directors	\$ 3,697	\$ 3,305
IT services	17	117
Rent deposit	-	2,750
Web conferencing	-	550
	<u>\$ 3,714</u>	<u>\$ 6,722</u>

ADR INSTITUTE OF ALBERTA
Notes to Financial Statements
Year Ended December 31, 2022

6. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Classroom furniture and equipment	\$ 19,581	\$ 13,362	\$ 6,219	\$ 7,774
Furniture and fixtures	13,594	9,740	3,854	4,817
Computer equipment	22,978	20,653	2,325	2,869
	<u>\$ 56,153</u>	<u>\$ 43,755</u>	<u>\$ 12,398</u>	<u>\$ 15,460</u>

7. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2022	2021
Accounts payable and accrued liabilities	\$ 9,134	\$ 8,100
Symposium fund payable	4,960	4,918
	<u>\$ 14,094</u>	<u>\$ 13,018</u>

8. DEFERRED REVENUE

	2022	2021
Certificate programs	\$ 41,760	\$ 55,505
Contracts	20,500	-
CAMVAP contract revenue	4,416	4,330
Member services	2,405	4,300
Public courses	395	-
	<u>\$ 69,476</u>	<u>\$ 64,135</u>

9. COMMITMENTS

Under the terms of a contract agreement 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.

In 2023, the Society entered into an agreement with Foundation of Administrative Justice for the use of space at \$1,300 per month, plus taxes, from January 1, 2023 to February 29, 2024.

10. CORONAVIRUS ("COVID-19")

In January 2020, the World Health Organization declared the outbreak of a strain of the novel coronavirus ("COVID-19") to be a public health emergency of international concern and, subsequently, a global pandemic was declared in March, 2020. A series of public health and emergency measures have been put in place by the Canadian federal government, followed by the provincial and territorial governments, to combat the spread of the virus.

For the fiscal period then ended December 31, 2022, the Society's financial activities were largely unimpacted by the public health and emergency measures.

Management will continue to monitor provincial and local authorities for ongoing developments that may have an impact on the financial results and condition of the Society in future periods. No reliable estimates can be measured at this time.

11. COMPARATIVE FIGURES

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

ADR INSTITUTE OF ALBERTA

Revenues

(Schedule 1)

Year Ended December 31, 2022

	2022	2021
Professional development and education		
Certificate programs	\$ 225,265	\$ 322,845
Less: ADRIC license	(11,453)	(20,182)
Contract training	88,185	46,375
Specialty and professional development	11,875	4,700
Public training	7,260	2,170
Designations and accreditation	3,375	4,750
	<u>324,507</u>	<u>360,658</u>
Member services		
Full member	109,457	121,680
Less: ADRIC dues	(36,740)	(41,985)
Associate member	18,358	18,960
Directory	8,500	7,780
Administration fee	5,100	5,750
Retired member	375	675
Networking	70	1,700
	<u>105,120</u>	<u>114,560</u>
ADR business services		
CAMVAP	64,758	78,430
Organizational member	3,000	3,800
National rules	1,977	1,274
Roster administration	1,200	1,200
	<u>70,935</u>	<u>84,704</u>
	<u>\$ 500,562</u>	<u>\$ 559,922</u>

ADR INSTITUTE OF ALBERTA
Expenses
(Schedule 2)
Year Ended December 31, 2022

	2022	2021
Professional development and education		
Certificate programs	\$ 182,551	\$ 196,303
Contract training	66,505	56,915
Specialty and professional development	20,539	25,689
Designations and accreditation	18,119	18,998
Public training	16,194	39,229
Conference	13,050	20,719
	<u>316,958</u>	<u>357,853</u>
General and administrative		
Office administration	52,038	63,659
Rent	16,500	16,500
Bank charges, interest and merchant fees	10,082	11,108
Vacation expense	9,863	14,627
Professional fees	8,000	8,000
IT development, maintenance and software	7,262	10,971
Telephone and internet	5,914	5,915
Relocation expense	4,617	-
Equipment rental leasing	3,870	3,870
Insurance	3,442	3,198
Office supplies	2,677	3,768
Office cleaning	2,555	2,425
Conference attendance	630	-
Postage and courier	418	842
Travel and meeting expense	260	-
	<u>128,128</u>	<u>144,883</u>
ADR business services		
CAMVAP	58,320	63,441
Staff support	22,133	26,352
	<u>80,453</u>	<u>89,793</u>
Member services		
Staff support	46,877	46,411
Marketing and promotional materials	4,240	6,324
Networking	65	581
	<u>51,182</u>	<u>53,316</u>
Governance		
Staff support	20,690	22,820
Board meeting and travel	6,493	-
Insurance	2,415	2,306
Board committees and projects	2,234	-
Annual general meeting	628	1,100
	<u>32,460</u>	<u>26,226</u>
	<u>\$ 609,181</u>	<u>\$ 672,071</u>