

ALBERTA GENEALOGICAL SOCIETY
Consolidated Financial Statements
Year Ended December 31, 2015



INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Genealogical Society

Report on the Consolidated Financial Statements

We have audited the accompanying consolidated financial statements of the Alberta Genealogical Society, which comprise the consolidated statement of financial position as at December 31, 2015 and the consolidated statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of these consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these consolidated financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the consolidated financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the consolidated financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the consolidated financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the consolidated financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the consolidated financial statements.

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

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Independent Auditor's Report to the Members of Alberta Genealogical Society *(continued)*

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from memberships, conferences and courses, research, fundraising, donations, and library and publications, the completeness of which is not susceptible to satisfactory audit verification. Further, the nature of the cash receipts recorded in the records of the Society were not always susceptible to satisfactory audit verification for classification purposes. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore we were not able to determine whether any adjustments might be necessary to memberships, conferences and courses, research, donations, library and publication revenue, deferred membership and publication fees, excess of revenues over expenses and cashflows from operations for the year ended December 31, 2015, current assets as at December 31, 2015 and 2014, deferred membership and publication fees as at December 31, 2015 and 2014 and net assets as at December 31, 2015 and 2014.

Qualified Opinion

In our opinion, except for the possible effects of the matters described in the Basis for Qualified Opinion paragraph, these consolidated financial statements present fairly, in all material respects, the financial position of the Alberta Genealogical Society as at December 31, 2015 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.

Edmonton, Alberta
April 16, 2016

KBH
Chartered Accountants

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Financial Position
December 31, 2015

	2015	2014
ASSETS		
CURRENT		
Cash	\$ 214,600	\$ 215,560
Short term investments <i>(Note 4)</i>	31,192	151,840
Accounts receivable	8,625	6,670
Prepaid expenses	6,557	4,860
	260,974	378,930
LONG TERM INVESTMENTS <i>(Note 5)</i>	127,132	-
RESTRICTED FUNDS - CASINO <i>(Note 6)</i>	207,739	179,915
	\$ 595,845	\$ 558,845
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 20,344	\$ 17,339
Deferred membership and publication fees	22,493	15,880
Deferred contributions <i>(Note 7)</i>	540	-
	43,377	33,219
DEFERRED REVENUE - CASINO <i>(Note 8)</i>	207,739	179,915
	251,116	213,134
NET ASSETS		
General fund	344,729	345,711
	\$ 595,845	\$ 558,845
COMMITMENT <i>(Note 9)</i>		

APPROVED BY THE BOARD


 _____ Director

 _____ Director

ALBERTA GENEALOGICAL SOCIETY**Consolidated Statement of Operations****Year Ended December 31, 2015**

	2015	2014
REVENUE		
Casino	\$ 126,722	\$ 88,846
Grants	57,247	57,860
Conferences and courses	36,677	3,221
Memberships	32,790	30,867
Research	14,945	14,493
Donations	8,672	4,396
Rent reimbursement	7,007	-
Fundraising	4,868	1,159
Interest	2,523	2,998
Library	1,564	3,099
Publication and other	1,451	1,094
	<u>294,466</u>	<u>208,033</u>
EXPENSES		
Rent	72,216	54,692
Conferences	39,761	3,305
Meetings and conventions	33,827	30,093
Salaries and wages	24,982	22,322
Professional fees	23,312	18,132
Computer equipment and furniture	18,583	19,323
Advertising and promotion	12,448	13,814
Furniture	12,289	956
Newsletters	10,542	9,762
Utilities	9,966	6,949
Office	9,881	5,268
Library acquisitions and supplies	8,229	10,169
Insurance	7,871	7,501
Research	4,267	3,351
Repairs and maintenance	2,705	3,152
Interest and bank charges	2,431	1,248
Fundraising	2,138	714
	<u>295,448</u>	<u>210,751</u>
DEFICIENCY OF REVENUE OVER EXPENSES	<u>\$ (982)</u>	<u>\$ (2,718)</u>

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2015

	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 345,711	\$ 348,429
Deficiency of revenue over expenses	<u>(982)</u>	<u>(2,718)</u>
NET ASSETS - END OF YEAR	<u>\$ 344,729</u>	<u>\$ 345,711</u>

ALBERTA GENEALOGICAL SOCIETY

Consolidated Statement of Cash Flows

Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Deficiency of revenue over expenses	\$ (982)	\$ (2,718)
Changes in non-cash working capital:		
Accounts receivable	(1,955)	610
Accounts payable and accrued liabilities	3,005	5,430
Deferred membership and publication fees	6,613	560
Prepaid expenses	(1,697)	(251)
Deferred grant	540	-
	<u>6,506</u>	<u>6,349</u>
Cash flow from operating activities	<u>5,524</u>	<u>3,631</u>
INVESTING ACTIVITIES		
Proceeds received in restricted funds - casino	161,888	38,696
Expenditures made from restricted funds - casino	(134,064)	(89,435)
Proceeds from (investment in) long term investments	<u>(127,132)</u>	<u>57,000</u>
Cash flow from (used by) investing activities	<u>(99,308)</u>	<u>6,261</u>
FINANCING ACTIVITIES		
Decrease (increase) in casino funds goods and services tax receivable	(1,881)	351
Decrease (increase) in casino funds rent rebate receivable	<u>(3,764)</u>	<u>3,462</u>
Cash flow from (used by) financing activities	<u>(5,645)</u>	<u>3,813</u>
INCREASE (DECREASE) IN CASH FLOW	(99,429)	13,705
Cash - beginning of year	<u>546,662</u>	<u>532,957</u>
CASH - END OF YEAR	\$ 447,233	\$ 546,662
CASH CONSISTS OF:		
Cash - operating funds	\$ 214,600	\$ 215,560
Short term investments	31,192	151,840
Cash - casino funds	<u>201,441</u>	<u>179,262</u>
	\$ 447,233	\$ 546,662

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

1. PURPOSE OF THE ORGANIZATION

The Alberta Genealogical Society is incorporated under the Societies Act. It is a charitable non-profit organization and is therefore exempt from income taxes under Section 163 of the Income Tax Act. Like many not for profit organizations, the Society depends on fundraising and donations to provide its services. The level of service provided at any given time is contingent on the level of funding available.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Basis of presentation

The consolidated financial statements include the accounts of the Alberta Genealogical Society provincial head office and its branches across the province of Alberta.

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.

Financial instruments

Measurement

The Society initially measures its financial assets and liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, short term deposits, accounts receivable, long term investments and restricted funds - casino. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Transaction costs

The Society recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

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

Cash and short term investments

Cash and cash equivalents consist primarily of cash and highly liquid investments with maturities of one year or less at date of purchase.

Capital assets

Capital assets are recorded as an expenditure in the year of acquisition.

Revenue recognition

The Alberta Genealogical Society 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Membership fee revenues are recognized in fiscal year in which membership services are provided and when collection is reasonably assured. Membership fees that are collected and relate to a period subsequent to the fiscal year of the Society have been recorded as deferred revenue.

Conference and course fees are recognized as revenue when the events are held.

Donations and donations in kind are recorded when received or when reasonable certainty of collection is assured. The donations are recorded at fair value when such value can be reasonably determined.

Other revenues are recognized as revenue when the services are provided. Fees that are collected in advance of the services being provided are recorded as deferred revenue.

Contributed goods and services

The Society records the fair market value of contributed goods and services only in the circumstances when the fair market value is determinable and when the goods and services would otherwise be purchased by the Society.

Volunteers contribute a significant amount of their time each year. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

3. 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, 2015.

Liquidity risk

Liquidity risk is the risk that an Society 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 donors and government grants. The Society mitigates this risk by minimizing its financial obligations and ensuring that funds are in place before committing to new projects.

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 Society's investments are generally of a demand nature which minimizes the impact of fluctuations in market interest rates.

4. SHORT TERM INVESTMENTS

	2015	2014
Savings account	\$ 4,993	\$ -
Guaranteed investment certificates	26,199	151,840
	\$ 31,192	\$ 151,840

Guaranteed investment certificates bear interest at rates between 0.50% to 0.85% and have maturity dates throughout 2016.

5. LONG TERM INVESTMENTS

	2015	2014
Guaranteed investment certificates	\$ 127,132	\$ -

Guaranteed investment certificates bear interest at rates between 0.75% to 1.75% and have maturity dates between July, 2017 and July, 2020.

6. RESTRICTED FUNDS - CASINO

Restricted cash has been obtained via Alberta Gaming and Liquor Commission fundraising programs and as such is restricted to specific allowable expenses. Restricted funds consist of the following:

	2015	2014
Cash	\$ 201,441	\$ 179,262
Goods and services tax receivable	2,534	653
Rent rebate receivable	3,764	-
	\$ 207,739	\$ 179,915

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2015

7. DEFERRED GRANT

The deferred grant is restricted for technology upgrades.

	2015	2014
Community Initiatives Program		
Opening balance	\$ -	\$ -
Funds received	2,282	-
Approved expenditures	(1,742)	-
	\$ 540	\$ -
Total deferred grant	\$ 540	\$ -

8. DEFERRED REVENUE - CASINO

	2015	2014
Balance at beginning of year	\$ 179,915	\$ 230,654
Proceeds from casino	154,478	38,650
Interest on casino funds	68	46
Rent and goods and services tax rebates applied from prior years	-	(589)
	334,461	268,761
Disbursements	(126,722)	(88,846)
	\$ 207,739	\$ 179,915
Balance at end of the year	\$ 207,739	\$ 179,915

Casino funds may only be utilized for specific purposes as approved by the Alberta Gaming and Liquor Commission. Approved expenditures include administrative costs, equipment, insurance, rent, promotional activities, research, travel within Alberta, seminars and training.

9. COMMITMENT

The Society is committed to a premise lease at the provincial office in Edmonton requiring monthly payments of \$3,485 through to November, 2016 and \$3,568 through to November, 2017.

The Society is also committed to a premise lease for the Fort McMurray branch, requiring monthly payments of \$2,255 through to April, 2020.

10. COMPARATIVE FIGURES

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