

**ALBERTA GENEALOGICAL SOCIETY**

**Consolidated Financial Statements**

**Year Ended December 31, 2012**

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Alberta Genealogical Society

*Report on the 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, 2012 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, 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, 2012, current assets as at December 31, 2012, deferred membership and publication fees as at December 31, 2012 and net assets as at January 1, 2012 and December 31, 2012.

*Qualified Opinion*

In our opinion, except for the possible effects of the matter 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, 2012 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.

*Comparative Information*

Without modifying our opinion, we draw attention to Note 3 to the consolidated financial statements which describes that the Alberta Genealogical Society adopted Canadian accounting standards for not-for-profit organizations on January 1, 2012 with a transition date of January 1, 2011. These standards were applied retrospectively by management to the comparative information in these financial statements, including the consolidated statement of financial position as at December 31, 2011 and January 1, 2011 and the consolidated statements of operations, changes in net assets and cash flows for the year ended December 31, 2011 and related disclosures. We were not engaged to report on the restated comparative information, and as such, it is unaudited.

Edmonton, Alberta  
April 16, 2013

*Keiri Berezan Heinicke*  
Chartered Accountants

**ALBERTA GENEALOGICAL SOCIETY**  
**Consolidated Statement of Financial Position**  
**December 31, 2012**

	<i>December 31, 2012</i>	<i>December 31, 2011 (unaudited)</i>	<i>January 1, 2011 (unaudited)</i>
<b>ASSETS</b>			
<b>CURRENT</b>			
Cash	\$ 233,769	\$ 232,700	\$ 178,247
Short term investments <i>(Note 5)</i>	100,824	109,302	56,499
Accounts receivable	3,502	3,665	10,761
Inventory	231	-	-
Prepaid expenses	6,001	5,161	4,609
	<b>344,327</b>	350,828	250,116
LONG TERM INVESTMENTS <i>(Note 6)</i>	<b>50,000</b>	18,409	66,468
RESTRICTED FUNDS - CASINO <i>(Note 7)</i>	<b>145,955</b>	167,229	131,330
	<b>\$ 540,282</b>	\$ 536,466	\$ 447,914
<b>LIABILITIES</b>			
<b>CURRENT</b>			
Accounts payable and accrued liabilities	\$ 7,247	\$ 7,290	\$ 3,284
Deferred membership and publication fees	17,719	26,073	13,575
	<b>24,966</b>	33,363	16,859
DEFERRED REVENUE - CASINO <i>(Note 8)</i>	<b>145,955</b>	167,229	131,330
	<b>170,921</b>	200,592	148,189
<b>NET ASSETS</b>			
General fund	<b>369,361</b>	335,874	299,725
	<b>\$ 540,282</b>	\$ 536,466	\$ 447,914

COMMITMENTS *(Note 9)*

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**ALBERTA GENEALOGICAL SOCIETY****Consolidated Statement of Operations****Year Ended December 31, 2012**

	<b>2012</b>	2011 <i>(Unaudited)</i>
<b>REVENUE</b>		
Casino	\$ 95,848	\$ 98,772
Memberships	38,162	39,665
Grants	38,565	41,550
Conferences and courses	21,893	32,700
Research	19,962	21,955
Fundraising	8,640	3,467
Donations	8,415	7,979
Interest	3,449	3,572
Library	3,234	3,321
Publication and other	1,774	1,399
	<b>239,942</b>	254,380
<b>EXPENSES</b>		
Rent	53,212	50,599
Conventions	24,369	27,911
Salaries and wages	21,941	22,283
Meetings and conventions	19,673	22,470
Library acquisitions and supplies	15,568	22,462
Office	14,753	11,673
Computer equipment and furniture	12,001	10,565
Newsletters	11,284	13,583
Professional fees	8,641	4,000
Insurance	7,113	6,769
Utilities	5,615	6,143
Repairs and maintenance	3,437	3,768
Research	3,420	5,135
Advertising and promotion	3,213	987
Interest and bank charges	2,215	1,883
Projects	-	1,787
Fundraising	-	6,213
	<b>206,455</b>	218,231
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 33,487</b>	<b>\$ 36,149</b>

**ALBERTA GENEALOGICAL SOCIETY**  
**Consolidated Statement of Changes in Net Assets**  
**Year Ended December 31, 2012**

	<b>2012</b>	2011
		<i>(Unaudited)</i>
<b>NET ASSETS - BEGINNING OF YEAR</b>	<b>\$ 335,874</b>	\$ 299,725
Excess of revenue over expenses	<u>33,487</u>	<u>36,149</u>
<b>NET ASSETS - END OF YEAR</b>	<b><u>\$ 369,361</u></b>	<b>\$ 335,874</b>

**ALBERTA GENEALOGICAL SOCIETY**

**Consolidated Statement of Cash Flows**

**Year Ended December 31, 2012**

	<b>2012</b>	2011 <i>(Unaudited)</i>
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 33,487	\$ 36,149
Changes in non-cash working capital:		
Accounts receivable	163	7,096
Inventory	(231)	-
Accounts payable and accrued liabilities	(43)	4,006
Deferred membership and publication fees	(8,354)	12,498
Prepaid expenses	(840)	(552)
	<u>(9,305)</u>	23,048
Cash flow from operating activities	<u>24,182</u>	59,197
<b>INVESTING ACTIVITIES</b>		
Proceeds received in restricted funds - casino	74,573	134,671
Expenditures made from restricted funds - casino	(95,848)	(98,772)
Cash flow from (used by) investing activities	<u>(21,275)</u>	35,899
<b>FINANCING ACTIVITIES</b>		
Decrease (increase) in long term investments	(31,591)	48,059
Increase (decrease) in deferred revenue - casino	21,275	(35,899)
Cash flow from (used by) financing activities	<u>(10,316)</u>	12,160
<b>INCREASE (DECREASE) IN CASH FLOW</b>	<b>(7,409)</b>	107,256
Cash - beginning of year	<u>342,002</u>	234,746
<b>CASH - END OF YEAR</b>	<b>\$ 334,593</b>	\$ 342,002
<b>CASH CONSISTS OF:</b>		
Cash	\$ 233,769	\$ 232,700
Short term investments	<u>100,824</u>	109,302
	<b>\$ 334,593</b>	\$ 342,002

# ALBERTA GENEALOGICAL SOCIETY

## Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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### 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.

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### 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 of financial instruments

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, 2012**

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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 contributions in kind are recorded when received or when reasonable certainty of collection is assured 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.

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3. **FIRST TIME ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS**

During the year the Society adopted accounting standards for not-for-profit organizations. These financial statements are the first prepared in accordance with these standards. The adoption of these standards did not require restatement of the consolidated statements of financial position, operations or changes in net assets as there were no accounting changes.

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ALBERTA GENEALOGICAL SOCIETY

Notes to Consolidated Financial Statements

Year Ended December 31, 2012

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4. 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, 2012.

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

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5. SHORT TERM INVESTMENTS

	2012	2011 <i>(unaudited)</i>
Cash	\$ -	\$ 1,544
Guaranteed investment certificates	<b>100,824</b>	107,758
	<b>\$ 100,824</b>	\$ 109,302

Guaranteed investment certificates bear interest at rates between 1.60% to 1.80% and have maturity dates ranging from May, 2013 to November, 2013.

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6. LONG TERM INVESTMENTS

	2012	2011 <i>(unaudited)</i>
Guaranteed investment certificates	<b>\$ 50,000</b>	\$ 18,409

Guaranteed investment certificates bear interest at rates between 1.00% to 2.10% and have maturity dates ranging from May, 2014 through September, 2015.

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7. 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 consists of the following:

	2012	2011 <i>(unaudited)</i>
Cash	\$ 144,317	\$ 165,016
Goods and services tax receivable	<b>1,638</b>	2,213
	<b>\$ 145,955</b>	\$ 167,229

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**ALBERTA GENEALOGICAL SOCIETY**

**Notes to Consolidated Financial Statements**

**Year Ended December 31, 2012**

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8. DEFERRED REVENUE - CASINO

	<b>2012</b>	2011 <i>(unaudited)</i>
Balance at beginning of year	\$ 167,229	\$ 131,330
Proceeds from casino	74,516	134,638
Interest on casino funds	58	33
	<hr/>	<hr/>
Subtotal	241,803	266,001
Disbursements	(95,848)	(98,772)
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Balance at end of the year	\$ 145,955	\$ 167,229

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.

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9. COMMITMENTS

The Society is committed to a premise lease at the provincial office in Edmonton requiring monthly payments of \$3,402 through to November 30, 2017.

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