

ALBERTA GENEALOGICAL SOCIETY

Consolidated Financial Statements

Year Ended December 31, 2017



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, 2017 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, 2017, current assets as at December 31, 2017 and 2016, deferred membership and publication fees as at December 31, 2017 and 2016 and net assets as at December 31, 2017 and 2016.

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, 2017 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.

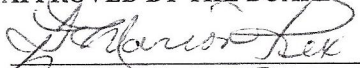
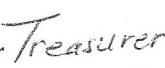
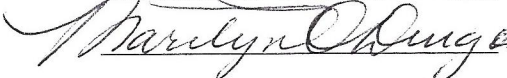

Edmonton, Alberta
April 15, 2018

KBH
Chartered Accountants

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Financial Position
December 31, 2017

	2017	2016
ASSETS		
CURRENT		
Cash	\$ 244,914	\$ 235,004
Short term investments (Note 4)	156,977	140,847
Accounts receivable	3,891	4,683
Prepaid expenses	6,622	11,180
	<u>412,404</u>	<u>391,714</u>
LONG TERM INVESTMENTS (Note 5)	29,869	25,211
RESTRICTED FUNDS - CASINO (Note 6)	182,690	195,987
	<u>\$ 624,963</u>	<u>\$ 612,912</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 20,726	\$ 17,250
Deferred membership and publication fees	18,876	15,780
Deferred grants (Note 7)	3,461	-
	<u>43,063</u>	<u>33,030</u>
DEFERRED REVENUE - CASINO (Note 8)	182,690	195,987
	<u>225,753</u>	<u>229,017</u>
NET ASSETS		
General fund	399,210	383,895
	<u>\$ 624,963</u>	<u>\$ 612,912</u>
COMMITMENT (Note 9)		

APPROVED BY THE BOARD

 Director
  Treasurer
 Director
  President

ALBERTA GENEALOGICAL SOCIETY

Consolidated Statement of Operations

Year Ended December 31, 2017

	2017	2016
REVENUE		
Casino	\$ 104,779	\$ 134,408
Grants	79,567	59,889
Conferences and courses	46,663	2,569
Memberships	31,284	34,072
Donations	12,373	14,559
Research	7,348	8,340
Rent reimbursement	3,009	4,240
Interest	3,127	3,075
Library	1,547	1,109
Publication and other	1,400	1,161
Fundraising	650	909
	<u>291,747</u>	<u>264,331</u>
EXPENSES		
Rent	80,069	73,260
Conferences	44,867	5,938
Meetings and conventions	31,697	25,974
Salaries and wages	28,593	25,486
Professional fees	20,301	20,474
Advertising and promotion	16,199	12,395
Office	10,867	10,666
Insurance	8,580	8,556
Research	8,475	3,321
Library acquisitions and supplies	8,518	9,126
Utilities	6,821	10,001
Computer equipment	3,504	4,575
Newsletters	3,280	6,383
Repairs and maintenance	1,791	3,845
Interest and bank charges	1,744	1,400
Furniture	870	3,665
Fundraising	256	100
	<u>276,432</u>	<u>225,165</u>
EXCESS OF REVENUE OVER EXPENSES	<u>\$ 15,315</u>	<u>\$ 39,166</u>

ALBERTA GENEALOGICAL SOCIETY
Consolidated Statement of Changes in Net Assets
Year Ended December 31, 2017

	2017	2016
NET ASSETS - BEGINNING OF YEAR	\$ 383,895	\$ 344,729
Excess (deficiency) of revenue over expenses	<u>15,315</u>	<u>39,166</u>
NET ASSETS - END OF YEAR	<u>\$ 399,210</u>	<u>\$ 383,895</u>

ALBERTA GENEALOGICAL SOCIETY

Consolidated Statement of Cash Flows

Year Ended December 31, 2017

	2017	2016
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 15,315	\$ 39,166
Changes in non-cash working capital:		
Accounts receivable	792	3,942
Accounts payable and accrued liabilities	3,476	(3,094)
Deferred membership and publication fees	3,096	(6,713)
Prepaid expenses	4,558	(4,623)
Deferred grants	3,461	(540)
	<u>15,383</u>	<u>(11,028)</u>
Cash flow from operating activities	<u>30,698</u>	<u>28,138</u>
INVESTING ACTIVITIES		
Proceeds received in restricted funds - casino	89,788	122,614
Expenditures made from restricted funds - casino	(103,204)	(134,408)
Proceeds from long term investments	(4,658)	101,922
	<u>(18,074)</u>	<u>90,128</u>
Cash flow from (used by) investing activities		
FINANCING ACTIVITIES		
Decrease (increase) in accounts receivable - casino	46,204	(46,204)
Increase in prepaid insurance funded by casino funds	(65)	(8,580)
Decrease (increase) in casino funds goods and services tax receivable	(906)	592
Increase (decrease) in casino funds rent rebate receivable	1,335	(580)
Interest received - casino	118	42
	<u>46,686</u>	<u>(54,730)</u>
Cash flow from (used by) financing activities		
INCREASE IN CASH FLOW	<u>59,310</u>	<u>63,536</u>
Cash - beginning of year	<u>510,769</u>	<u>447,233</u>
CASH - END OF YEAR	<u>\$ 570,079</u>	<u>\$ 510,769</u>
CASH CONSISTS OF:		
Cash - operating funds	\$ 244,914	\$ 235,004
Short term investments	156,977	140,847
Cash - casino funds	168,188	134,918
	<u>\$ 570,079</u>	<u>\$ 510,769</u>

ALBERTA GENEALOGICAL SOCIETY
Notes to Consolidated Financial Statements
Year Ended December 31, 2017

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 investments, 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, 2017

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, 2017

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, 2017.

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

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates	\$ 156,977	\$ 140,847

Guaranteed investment certificates bear interest at rates between 0.90% to 1.35% and have maturity dates throughout 2018.

5. LONG TERM INVESTMENTS

	<u>2017</u>	<u>2016</u>
Guaranteed investment certificates	\$ 29,869	\$ 25,211

Guaranteed investment certificates bear interest at rates between 0.70% to 2.05% and have maturity dates between May 2019 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:

	<u>2017</u>	<u>2016</u>
Cash	\$ 168,188	\$ 134,918
Accounts receivable	-	46,204
Goods and services tax receivable	2,848	1,941
Rent rebate receivable	3,009	4,344
Prepaid insurance funded from casino funds	8,645	8,580
	<u>\$ 182,690</u>	<u>\$ 195,987</u>

ALBERTA GENEALOGICAL SOCIETY

Notes to Consolidated Financial Statements

Year Ended December 31, 2017

7. DEFERRED GRANTS

The Society received a grant from Alberta Culture and Tourism as part of the Alberta Canada 150 Program for a project called Youth Workshops for Canada 150: In Search of My Family's Past. Funds were used for the purpose of developing a team across the province to work with children and youth to research and discover the history of their family, thereby providing them with a personal context for their history in Canada.

	2017	2016
<u>Alberta Canada 150 Program</u>		
Opening balance	\$ -	\$ -
Funds received	15,219	-
Approved expenditures	(11,758)	-
	<u>3,461</u>	<u>-</u>
Deferred grant restricted for technology upgrades.		
<u>Community Initiatives Program</u>		
Opening balance	-	540
Funds received	-	-
Approved expenditures	-	(540)
	<u>-</u>	<u>-</u>
Grand total	<u>\$ 3,461</u>	<u>\$ -</u>

8. DEFERRED REVENUE - CASINO

	2017	2016
Balance at beginning of year	\$ 195,987	\$ 207,739
Proceeds from casino	91,364	122,614
Interest on casino funds	118	42
Subtotal	<u>287,469</u>	<u>330,395</u>
Disbursements	(104,779)	(134,408)
Balance at end of the year	<u>\$ 182,690</u>	<u>\$ 195,987</u>

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 \$2,587 through to November, 2019.

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