
ALBERTA FAMILY MEDIATION SOCIETY

Financial Statements

Year Ended March 31, 2019

ALBERTA FAMILY MEDIATION SOCIETY

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Year Ended March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Members of Alberta Family Mediation Society

Qualified Opinion

We have audited the financial statements of Alberta Family Mediation Society (the Society), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 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 Qualified Opinion

In common with many not-for-profit organizations, the Society derives revenue from memberships and conferences, which involve some collections of cash, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, 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 revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2019, current assets and net assets as at March 31, 2019.

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 qualified audit opinion.

Other Matter

The financial statements of Alberta Family Mediation Society for the year ended March 31, 2018 were audited by another auditor who expressed an modified opinion on those financial statements on April 17, 2018.

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.

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Independent Auditor's Report to the Members of Alberta Family Mediation Society (continued)

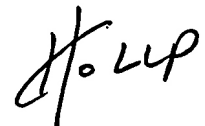
Auditor's Responsibilities for the Audit of the Financial Statements

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.
- 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 24, 2019



Ho LLP
Chartered Professional Accountants

ALBERTA FAMILY MEDIATION SOCIETY**Statement of Operations****Year Ended March 31, 2019**

	2019	2018
REVENUES		
Training fees	\$ 61,500	\$ 8,198
Memberships fees	30,654	30,610
Conference fees	13,799	-
Interest	841	19
Website links	-	3,100
	<u>106,794</u>	<u>41,927</u>
EXPENSES		
Training	45,997	6,980
Conference	20,320	-
Administration expenses	9,410	11,640
Membership expenses	7,601	9,887
Advertising	4,856	4,036
Website	2,813	8,458
Professional fees	2,704	2,704
Sundry and supplies	2,383	1,821
Telecommunications	1,124	1,087
Insurance	889	887
Bank charges	700	2,320
Retreat expenses	487	1,158
Awards and gifts	74	-
	<u>99,358</u>	<u>50,978</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$ 7,436	\$ (9,051)

ALBERTA FAMILY MEDIATION SOCIETY

Statement of Changes in Net Assets

Year Ended March 31, 2019

	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 78,214	\$ 87,265
Excess (deficiency) of revenues over expenses	<u>7,436</u>	<u>(9,051)</u>
NET ASSETS - END OF YEAR (Note 2)	\$ 85,650	\$ 78,214

ALBERTA FAMILY MEDIATION SOCIETY

Statement of Financial Position

March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash	\$ 47,248	\$ 113,090
Investments (Note 5)	35,000	-
Interest receivable	833	-
Prepaid expenses	8,073	4,805
	<u>\$ 91,154</u>	<u>\$ 117,895</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 2,704	\$ 2,704
Deferred revenue (Note 6)	2,800	36,977
	<u>5,504</u>	<u>39,681</u>
NET ASSETS (Note 2)	<u>85,650</u>	<u>78,214</u>
	<u>\$ 91,154</u>	<u>\$ 117,895</u>

ON BEHALF OF THE BOARD

_____ Director

_____ Director

ALBERTA FAMILY MEDIATION SOCIETY**Statement of Cash Flows****Year Ended March 31, 2019**

	2019	2018
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ 7,436	\$ (9,051)
	<u>7,436</u>	<u>(9,051)</u>
Changes in non-cash working capital:		
Interest receivable	(833)	-
Prepaid expenses	(3,268)	221
Deferred revenue (Note 6)	(34,177)	34,557
	<u>(38,278)</u>	<u>34,778</u>
Cash flow from operating activities	<u>(30,842)</u>	<u>25,727</u>
INVESTING ACTIVITY		
Net change of investments (Note 5)	<u>(35,000)</u>	-
Cash flow from (used by) investing activity	<u>(35,000)</u>	-
INCREASE (DECREASE) IN CASH FLOW	(65,842)	25,727
Cash and cash equivalents - beginning of year	<u>113,090</u>	<u>87,363</u>
CASH AND CASH EQUIVALENTS - END OF YEAR (Note 2)	\$ 47,248	\$ 113,090
CASH AND CASH EQUIVALENTS CONSIST OF:		
Cash (Note 2)	<u>\$ 47,248</u>	<u>\$ 113,090</u>

ALBERTA FAMILY MEDIATION SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

1. NATURE OF OPERATIONS

Alberta Family Mediation Society (the "Society") was incorporated under the Societies Act of Alberta on June 27, 1984 and is an affiliate of Family Mediation Canada. The Society operates to provide leadership in the emerging field of family mediation throughout the Province of Alberta. The Society is dedicated to the promotion of mediation and other forms of non-adversarial resolution for family-related conflicts on a not-for-profit basis.

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

2. 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).

Tangible Capital assets

Select capital assets are expensed in the year of acquisition.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents consist primarily of term deposits with a maturity period of three months or less from the date of acquisition. Because of the short term maturity of these deposits, their carrying amount approximates fair value.

Contributed services

Volunteer services contributed on behalf of the Society in carrying out its operating activities are not recognized in these financial statements due to the difficulty of determining their fair value.

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.

Investments

Short term investments, which consist primarily of commercial paper with original maturities at date of purchase beyond three months and less than twelve month, are carried at amortized cost.

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

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ALBERTA FAMILY MEDIATION SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

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

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.

Net assets

The Society's objectives, when managing assets, are to safeguard its ability to continue as a going concern with sufficient operating capital to pay monthly operating costs as they come due as well as to fund services and products provided to the Society.

The Society's net assets are comprised of its unrestricted General Fund.

In managing its assets, the Society prepares an annual budget of operating costs with expected funding sources. This budget is approved by the Society's Board of Directors and is monitored on a monthly basis by comparing budgeted expenses with actual expenses.

Revenue recognition

The Society follows the deferral method in 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 they are received or receivable if the amount can be reasonably estimated and its 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.

Statement of cash flows

The Society uses the indirect method in preparing the Statement of Cash Flows.

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 March 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 members. In order to reduce its credit risk, the Society conducts regular reviews of its existing members' credit performance. The Society has a significant number of members which minimizes concentration of credit risk.

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. In seeking to minimize the risks from interest rate fluctuations, the Society manages exposure through its normal operating activities.

ALBERTA FAMILY MEDIATION SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

4. INCOME TAXES

The Society, formed under Canadian provincial legislation, is a not-for-profit organization and is, therefore, exempt from tax under paragraph 149(1)(l) of the Income Tax Act.

Provided that substantially all of the Society's gross revenue (other than interest) is derived from dealing with its members, Canada Revenue Agency is prepared to regard the excess of revenues over expenses as amounts required for the operations of the organization and not as income of the Society or its members. Accordingly, no provision for income taxes has been made in these financial statements.

5. INVESTMENTS

Investments consist of:

	<u>2019</u>	<u>2018</u>
BMO guaranteed investment certificate (interest rate at 2.60%; matures May 1, 2019)	\$ 15,000	\$ -
BMO guaranteed investment certificate (interest rate at 2.60%; matures May 1, 2019)	10,000	-
BMO guaranteed investment certificate (interest rate at 2.60%; matures May 1, 2019)	<u>10,000</u>	<u>-</u>
	<u>\$ 35,000</u>	<u>\$ -</u>

Any change in value is reflected as accrued interest.

6. DEFERRED REVENUE

Deferred revenue consists of the following:

	<u>2019</u>	<u>2018</u>
Membership fees received in advance	\$ 2,800	\$ 5,241
Training fees received in advance	-	19,800
Conference fees received in advance	<u>-</u>	<u>11,936</u>
	<u>\$ 2,800</u>	<u>\$ 36,977</u>

7. COMPARATIVE FIGURES

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