

The Canadian Bar Association - Alberta Branch
Financial Statements
August 31, 2019

Management's Responsibility

To the Members of The Canadian Bar Association - Alberta Branch:

Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgments and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Executive Committee is composed primarily of Directors who are neither management nor employees of the Association. The Executive Committee is responsible for overseeing management in the performance of its financial reporting responsibilities. The Executive Committee fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management and external auditors. The Executive Committee is also responsible for recommending the appointment of the Association's external auditors.

MNP LLP is appointed by the members to audit the financial statements and report directly to them; their report follows. The external auditors have full and free access to, and meet periodically and separately with, both the Executive Committee and management to discuss their audit findings.

December 13, 2019



Maureen Armitage, Executive Director

Independent Auditor's Report

To the Members of The Canadian Bar Association - Alberta Branch:

Opinion

We have audited the financial statements of The Canadian Bar Association - Alberta Branch (the "Association"), which comprise the statement of financial position as at August 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at August 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 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 Association 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 these 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 Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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.
- 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 Association'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 Association'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 Association 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.

Calgary, Alberta

December 13, 2019

MNP LLP

Chartered Professional Accountants

The Canadian Bar Association - Alberta Branch
Statement of Financial Position
As at August 31, 2019

	<u>2019</u>	<u>2018</u>
Assets		
Current		
Cash and cash equivalents	1,178,745	1,002,477
Marketable securities (Note 3)	677,458	655,034
Marketable securities - restricted (Note 3)	1,127,450	990,550
Accounts receivable	54,131	33,644
Goods and Service Tax receivable	68	3,725
Prepaid expenses and deposits	48,016	74,983
	3,085,868	2,760,413
Property and equipment (Note 4)	61,089	73,915
Long term deposit (Note 5)	26,186	7,648
	3,173,143	2,841,976
Liabilities		
Current		
Accounts payable and accruals	86,097	103,862
Vacation pay accrual	36,019	33,953
Deferred revenue	115,241	80,584
	237,357	218,399
Deferred rental incentive (Note 6)	62,271	76,213
	299,628	294,612
Net Assets		
Unrestricted	1,746,065	1,556,814
Restricted (Note 7)	1,127,450	990,550
	2,873,515	2,547,364
	3,173,143	2,841,976

Approved on behalf of the Executive Committee

Director

Director

The accompanying notes are an integral part of these financial statements

The Canadian Bar Association - Alberta Branch

Statement of Operations

For the year ended August 31, 2019

	2019	2018
Operating revenue		
Memberships	1,309,361	1,271,458
Interest	78,108	56,739
Online advertising	75,141	55,145
Sponsorship	67,652	63,797
Online PD	54,460	30,892
Newsletter	48,524	43,273
Conferences	20,797	29,767
Education credits	-	21,860
	1,654,043	1,572,931
Sections revenue		
Registration - full	277,822	300,851
Administration fee	177,060	194,620
Meals receipts	58,625	58,573
Registration - materials only	27,450	37,655
	540,957	591,699
Total revenue	2,195,000	2,164,630

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The Canadian Bar Association - Alberta Branch

Statement of Operations

For the year ended August 31, 2019

	2019	2018
Expenses		
Personnel - staff		
Salaries, wages and benefits	808,494	752,781
Executive Director	26,553	28,163
	835,047	780,944
Administrative		
Office rent	373,157	359,880
Office	37,770	35,185
CBA 2.0	-	48,732
Computer expenses	21,343	26,741
Professional fees	16,629	24,078
Bank charges	12,192	12,457
Insurance	5,593	4,653
Delivery and postage	4,548	4,140
	471,232	515,866
Committees		
Newsletter	73,695	80,222
Special projects (various)	36,655	-
Committees and special projects	22,062	7,343
ASSIST program	20,000	20,000
Advertising	6,021	1,948
Distinguished service awards	5,190	1,330
Legislative review	1,338	397
ENEWS	635	676
Canadian Corporate Council Association	-	25,305
	165,596	137,221
Personnel - officers		
President	55,759	64,356
Vice-President	17,040	14,463
Executive	14,481	22,785
Past-President	8,498	4,809
Treasurer	7,116	6,355
Secretary	4,095	6,203
	106,989	118,971
Meetings		
Council	27,042	19,553
Conferences	5,718	2,894
National (recovery)	(79)	(232)
	32,681	22,215

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The accompanying notes are an integral part of these financial statements

The Canadian Bar Association - Alberta Branch
Statement of Operations
For the year ended August 31, 2019

	2019	2018
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Sections		
Meetings	232,687	255,180
Office	16,875	11,114
Executive meetings	13,722	7,601
Speakers	9,900	11,759
Bank charges	7,833	8,430
Donations	-	100
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	281,017	294,184
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Total expenses	1,892,562	1,869,401
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Excess of revenue over expenses before other items	302,438	295,229
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Other items		
Recognition of deferred contributions	-	14,973
Gain on disposal of marketable securities	-	10,181
Gain (loss) on change in fair value of marketable securities <i>(Schedule 1)</i>	55,431	(24,166)
Amortization	(31,718)	(78,396)
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	23,713	(77,408)
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Excess of revenue over expenses	326,151	217,821
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The accompanying notes are an integral part of these financial statements

The Canadian Bar Association - Alberta Branch
Statement of Changes in Net Assets

For the year ended August 31, 2019

	<i>Unrestricted</i>	<i>Restricted</i>	2019	2018
Net assets, beginning of year	1,556,814	990,550	2,547,364	2,329,543
Excess of revenue over expenses	326,151	-	326,151	217,821
Inter-fund transfer (Note 7)	(136,900)	136,900	-	-
Net assets, end of year	1,746,065	1,127,450	2,873,515	2,547,364

The accompanying notes are an integral part of these financial statements

The Canadian Bar Association - Alberta Branch

Statement of Cash Flows

For the year ended August 31, 2019

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Cash received from members and customers	2,120,778	2,057,266
Cash paid for program service expenses	(1,093,405)	(1,029,330)
Cash paid to employees	(806,428)	(750,928)
Interest received	44,215	40,197
	265,160	317,205
Investing		
Purchase of marketable securities	(70,000)	(674,324)
Proceeds on disposal of marketable securities	-	615,298
Purchase of property and equipment	(18,892)	(44,976)
	(88,892)	(104,002)
Increase in cash resources	176,268	213,203
Cash resources, beginning of year	1,002,477	789,274
Cash resources, end of year	1,178,745	1,002,477
Cash resources are composed of:		
Cash	1,146,663	928,411
Marketable securities	32,082	74,066
	1,178,745	1,002,477

The accompanying notes are an integral part of these financial statements

The Canadian Bar Association - Alberta Branch

Notes to the Financial Statements

For the year ended August 31, 2019

1. Incorporation and nature of the organization

The purpose of The Canadian Bar Association - Alberta Branch (the "Association") is to be the voice of all members of the legal profession in Alberta. The Association builds public understanding and respect for the legal profession and the law.

The Association is the premier provider of personal and professional development and support to all members of the legal profession in Alberta. The Association is committed to enhancing the professional and commercial interests of the membership in the public and private sectors and to protecting the independence of the Judiciary and the Bar. As well, the Association participates in joint initiatives and brings the view of Canadian legal practitioners to international professional and policy making associations.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian Accounting Standards for not-for-profit organizations, as issued by the Accounting Standards Board in Canada, and include the following significant accounting policies:

Basis of presentation

The Association provides additional activities in various "Sections", which incur expenses and receive contributions from participants. Section's assets, liabilities, net assets, revenue and expenses are included in these financial statements. Certain other programs operated by the Association are excluded from these financial statements and are reported on separately.

Cash and cash equivalents

Cash includes balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value. Changes in fair value are recorded immediately in the excess of revenue over expenses. Marketable securities subject to restrictions that prevent its use for current purposes are included in marketable securities - restricted.

Property and equipment

Purchased property and equipment are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using methods and rates intended to amortize the cost of assets over their estimated useful lives.

Leasehold improvements are amortized over the life of the related lease.

	<i>Method</i>	<i>Rate</i>
Computer equipment	declining balance	45 - 55 %
Furniture and fixtures	declining balance	20 %

Revenue recognition

The Association follows the deferral method of accounting for contributions. Restricted contributions and restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions, and unrestricted investment income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Membership fees 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 advertising is recognized upon publication. Event revenue is recognized when the event is held. Administrative revenue is recognized once services are completed and invoiced.

The Canadian Bar Association - Alberta Branch
Notes to the Financial Statements

For the year ended August 31, 2019

2. Significant accounting policies *(Continued from previous page)*

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 amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenue over expenses in the periods in which they become known.

Financial instruments

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. Any impairment, which is not considered temporary, is included in current year statement of operations.

3. Marketable securities

Marketable securities consists of strip and discount bonds bearing interest at rates ranging from 2.40% to 4.25% (2018 - 2.40% to 4.25%).

	2019	2018
Unrestricted	677,458	655,034
Restricted	1,127,450	990,550
Total marketable securities (Schedule 1)	1,804,908	1,645,584

4. Property and equipment

			2019	2018
	<i>Cost</i>	<i>Accumulated amortization</i>	<i>Net book value</i>	<i>Net book value</i>
Computer equipment	317,026	299,365	17,661	19,696
Furniture and fixtures	169,968	127,106	42,862	53,578
Leasehold improvements	339,209	338,643	566	641
	826,203	765,114	61,089	73,915

The Canadian Bar Association - Alberta Branch
Notes to the Financial Statements
For the year ended August 31, 2019

5. Long term deposit

During the year ended August 31, 2016, a long term deposit of \$7,648 was made in relation to the rental agreement for the Edmonton office lease. The deposit is refundable upon expiry of the lease on January 31, 2027.

During the year ended August 31, 2019, a long term deposit of \$18,538 was made in relation to the rental agreement for the Calgary office lease. The deposit is refundable upon expiry of the lease on June 30, 2024.

6. Deferred rental incentive

The deferred rental incentive is reduced rent provided by the landlord at the inception of the occupancy of the Calgary and Edmonton offices. The amount of \$62,271 (2018 - \$76,213) is deferred and amortized over the life of the leases. \$13,942 (2018 - \$13,942) of this amount will be amortized in the next year.

7. Restricted net assets

These amounts are internally restricted by the Executive Committee:

	2019	2018
Financial reserve fund	1,127,450	990,550

A financial reserve fund is maintained at an amount equal to budgeted expenditures for the next six month period after year end. It is held separate from general revenue and is monitored under the normal financial controls by the Treasurer of the Executive Committee. Any encroachment upon the capital of the financial reserve fund requires prior approval of the Executive Committee. During the year, \$136,900 was transferred to the restricted fund from the unrestricted fund (2018 - \$116,937 was transferred to the restricted fund from the unrestricted fund).

Included in unrestricted net assets is \$61,089 (2018 - \$73,915) invested in property and equipment.

8. Commitments

The Association is committed under the terms of leases for office space in both Calgary and Edmonton until June 30, 2024 and January 31, 2027, respectively. In addition to basic rent, the Association is also committed to pay its share of the operating costs of the properties.

The Association has estimated minimal annual lease payments as follows:

2020	226,745
2021	224,944
2022	224,944
2023	224,044
2024	198,832
Thereafter	426,102
	1,525,611

9. Income taxes

The Association is registered as a non-profit organization under the *Income Tax Act* (the "Act") and, as such, is exempt from income taxes. In order to maintain its status as a non-profit organization under the Act, the Association must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

The Canadian Bar Association - Alberta Branch Notes to the Financial Statements

For the year ended August 31, 2019

10. Financial instruments

The Association, as part of its operations, carries a number of financial instruments. It is management's opinion that the Association is not exposed to significant interest rate, currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Association is exposed to interest rate risk with respect to marketable securities which are subject to floating interest rates ranging from 2.40% to 4.25% (2018 - 2.40% to 4.25%).

The Canadian Bar Association - Alberta Branch
Schedule 1 – Marketable Securities
For the year ended August 31, 2019

	<i>Opening Book Value</i>	<i>Annual yield or interest rate</i>	<i>Annual yield or interest</i>	<i>Ending Book Value</i>	<i>Gain (loss) on change in market value</i>	Market Value 2019	<i>Market Value 2018</i>
RES Fairfax Finhold, maturing December 2027, stated rate 4.15%	347,704	4.18%	14,524	362,228	18,580	373,376	340,160
RES Transalta, maturing November 2020, stated rate 5.00%	142,302	4.17%	5,932	148,234	(204)	150,377	144,649
RES BRP Financial ULC, maturing February 2022, stated rate 5.65%	211,404	2.85%	6,051	217,455	6,684	219,456	206,721
RES Brookfield Asset Management, maturing March 2021, stated rate 5.30%	148,487	3.35%	4,982	153,469	1,952	155,787	148,853
RES Canadian Imperial Bank of Commerce, maturing April 2023, stated rate 3.45%	-	3.51%	2,296	72,291	2,005	74,296	-
Cdn West Bank, maturing December 2019, stated rate 3.463%	194,904	3.46%	1,387	194,904	30	193,584	193,554
Laurentian Bank of Canada, maturing June 2027, stated rate 4.25%	149,279	4.25%	1,212	149,279	2,607	149,973	147,366
Inter Pipeline Ltd, maturing April 18, 2024, stated rate 2.734%	148,628	2.73%	1,145	148,628	6,710	147,201	140,491
Pembina Pipeline, maturing February 2025, stated rate 3.54%	268,195	3.54%	718	268,196	12,266	277,127	264,860
City of Toronto, maturing June 2027, stated rate 2.4%	58,959	2.40%	350	58,959	4,801	63,731	58,930
			38,597		55,431	1,804,908	1,645,584