

**EDITORS' ASSOCIATION OF CANADA /
ASSOCIATION CANADIENNE DES RÉVISEURS**

Financial Statements

December 31, 2015

Independent Auditors' Report

To the National Executive Council of **Editors' Association of Canada/Association canadienne des réviseurs**

We have audited the accompanying financial statements of Editors' Association of Canada/Association canadienne des réviseurs, which comprise the balance sheet as at December 31, 2015 and the statements of operations and 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 Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these 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 financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the 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 entity'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 financial statements.

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

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Editors' Association of Canada/Association canadienne des réviseurs as at December 31, 2015 and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Hogg, Shain & Scheck

Toronto Ontario
June 3, 2016

Professional Corporation
Licensed Public Accountants

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS

Balance Sheet as at December 31, 2015

	2015	2014
ASSETS		
Current:		
Cash	\$ -	\$ 18,754
Guaranteed investment certificates	30,295	40,295
Amounts receivable	19,823	5,939
Prepaid expenses	9,509	4,330
Inventory	604	208
	<u>\$ 60,231</u>	<u>\$ 69,526</u>
LIABILITIES		
Current:		
Bank Indebtedness (Note 3)	\$ 19,832	\$ -
Accounts payable and accrued liabilities	28,024	28,450
Government remittances payable	4,487	7,003
Deferred revenues (Note 4)	5,750	5,410
Award and scholarship funds (Note 5)	4,389	3,645
	<u>62,482</u>	<u>44,508</u>
NET ASSETS (DEFICIENCY)		
Unrestricted	<u>(2,251)</u>	<u>25,018</u>
	<u>\$ 60,231</u>	<u>\$ 69,526</u>

Commitments (Note 8)

On behalf of the Board: _____ Director
_____ Director

See accompanying Notes to Financial Statements

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS**Statement of Operations and Changes in Net Assets****For the year ended December 31, 2015**

	2015	2014
REVENUES		
Membership fees	\$ 276,807	\$ 300,392
Conference fees	177,747	104,193
Certification	59,206	32,274
Digital product sales	45,219	46,333
Publications	22,021	18,668
Awards (Note 5)	2,000	2,000
Interest and other	1,816	1,592
Donations	591	962
Grants (Note 6)	<u>-</u>	<u>5,000</u>
	<u>585,407</u>	<u>511,414</u>
EXPENSES		
Staffing	163,525	145,298
Travel and event costs	152,414	110,813
Professional fees	99,998	173,643
Administration	94,532	72,312
Printing and design	47,107	18,893
Regional branches and twigs (Note 7)	29,225	31,948
Rent (Note 8)	21,875	21,875
Awards (Note 5)	<u>4,000</u>	<u>4,000</u>
	<u>612,676</u>	<u>578,782</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(27,269)	(67,368)
NET ASSETS, beginning of year	<u>25,018</u>	<u>92,386</u>
NET ASSETS (DEFICIENCY), end of year	<u>\$ (2,251)</u>	<u>\$ 25,018</u>

See accompanying Notes to Financial Statements

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS

Statement of Cash Flows

For the year ended December 31, 2015

	2015	2014
Cash generated (used in):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (27,269)	\$ (67,368)
Impact on cash of changes in non-cash working capital items:		
Amounts receivable	(13,884)	2,071
Prepaid expenses	(5,179)	(354)
Inventory	(396)	767
Accounts payable and accrued liabilities	(426)	(13,026)
Government remittances payable	(2,516)	(1,331)
Deferred revenues	340	1,680
Award and scholarship funds	<u>744</u>	<u>32</u>
	<u>(48,586)</u>	<u>(77,529)</u>
INVESTING ACTIVITIES		
Proceeds on redemption of guaranteed investment certificates	<u>10,000</u>	<u>35,106</u>
INCREASE (DECREASE) IN CASH	(38,586)	(42,423)
CASH, beginning of year	<u>18,754</u>	<u>61,177</u>
CASH (BANK INDEBTEDNESS), end of year	<u>\$ (19,832)</u>	<u>\$ 18,754</u>

See accompanying Notes to Financial Statements

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS

Notes to Financial Statements

December 31, 2015

1. NATURE AND PURPOSE OF THE ORGANIZATION

Editors' Association of Canada/Association canadienne des réviseurs ("Editors") was incorporated without share capital as a not-for-profit organization under the Canada Corporations Act in March 1982, and was continued under the Canada Not-for-Profit Corporations Act effective August 22, 2014.

Editors represents editors in Canada who work in many forms of print as well as in other media. Editors promotes professional editing as key in producing effective communication. The approximately 1,300 members (as at December 31, 2014) work with individuals in the corporate, technical, government, not-for-profit and publishing sectors. Editors sponsors professional development seminars, promotes and maintains high standards of editing and publishing in Canada, establishes guidelines to help editors secure fair pay and good working conditions, helps both in-house and freelance editors to network, and cooperates with other publishing associations in areas of common concern.

Editors is governed at the national level by an executive council. There are six independent regional branches across the country providing a range of local programming and services to both members and non-members. These financial statements reflect the assets, liabilities, revenues and expenses of the National Office only, and do not include the accounts of the regional branches.

As a not-for-profit organization, Editors is exempt from income taxes under section 149(1)(l) of the Income Tax Act (Canada).

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are the representation of management and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies.

Revenue recognition

Editors follows the deferral method of accounting for contributions, which include donations and grants. Unrestricted contributions are recognized as revenues when received or receivable, provided that contributions receivable can be reasonably estimated and collection is reasonably assured. Restricted contributions are recognized as revenues in the year in which the related activities are carried out and expenses are incurred.

Membership, conference and certification fees received are recognized as revenues in the fiscal year to which they relate.

Revenues from digital product and publication sales are recognized upon completion of performance, provided that the amount of revenue is reasonably determinable and collectible.

Financial instruments

Editors initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash, guaranteed investment certificates and amounts receivable. The financial liabilities measured at amortized cost include accounts payable.

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS

Notes to Financial Statements

December 31, 2015

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Inventory

Inventory of publications for resale is stated at the lower of cost or estimated net realizable value.

Contributed services

Volunteers contribute time to assist the organization in carrying out its programs. Contributed services are not recognized in the financial statements.

Comparative figures

Certain 2014 comparative figures have been reclassified to conform with 2015 presentation.

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 at the date of the financial statements and the reported amounts of revenues and expenses during the period. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

3. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and deposits held with a Canadian financial institution. Cash balances are sufficient to provide for accounts payable as they become due.

Bank indebtedness at December 31, 2015 consists of cheques issued but not yet cleared the bank account.

Guaranteed investment certificates at December 31, 2015 bear interest at rates ranging from 1.2% to 1.5% and have maturity dates ranging from March 2, 2016 to August 31, 2016.

The carrying value of Editors' financial instruments approximates their fair value due to the relatively short term to maturity of those instruments.

It is management's opinion that Editors is not exposed to significant credit or liquidity risk arising from its financial instruments

4. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2015	2014
Certification fees for the subsequent fiscal year	\$ 5,750	\$ 3,150
2015 Conference sponsorship	<u>-</u>	<u>2,260</u>
	<u>\$ 5,750</u>	<u>\$ 5,410</u>

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS

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5. AWARD AND SCHOLARSHIP FUNDS

Fairley Award

The Tom Fairley Award for Editorial Excellence was established in 1983 and is presented annually. Editors received contributions of \$9,500 in 2002 from various sources to be used to recognize excellence in editing. Editors decided to endow the award such that \$1,000 of the award fund balance would be awarded annually and Editors would contribute a matching \$1,000 for a total annual prize of \$2,000. Beginning in 2009, Editors began to request donations to be used to replenish the award fund and continue this tradition.

The continuity of this award fund is as follows:

	2015	2014
Balance, beginning of year	\$ 2,214	\$ 2,365
Contributions received in the year	1,042	849
Annual award	<u>(1,000)</u>	<u>(1,000)</u>
Balance, end of year	<u>\$ 2,256</u>	<u>\$ 2,214</u>

Claudette Upton Scholarship

Established in 2009, the award is named after the organization's honorary life member Claudette Reed Upton-Keeley, a gifted editor who loved the English language and was actively involved in social justice and environmental causes throughout her life.

This is a \$1,000 scholarship to help support continuing professional development in editing and is to be funded by specific contributions from members. The winner is encouraged to use the prize to attend Editors' national conference, purchase its publications or attend its workshops.

The continuity of this award fund is as follows:

	2015	2014
Balance, beginning of year	\$ 1,326	\$ 1,248
Contributions received in the year	1,479	1,078
Annual award	<u>(1,000)</u>	<u>(1,000)</u>
Balance, end of year	<u>\$ 1,805</u>	<u>\$ 1,326</u>

Karen Virag Award

Established in 2014 in memory of long time member Karen Virag, this award will acknowledge an individual or organization's successful efforts to raise the profile of editing in the community.

The continuity of this award fund is as follows:

	2015	2014
Balance, beginning of year	\$ 105	\$ -
Contributions received in the year	223	105
Annual award	<u>-</u>	<u>-</u>
Balance, end of year	<u>\$ 328</u>	<u>\$ 105</u>

EDITORS' ASSOCIATION OF CANADA/ASSOCIATION CANADIENNE DES RÉVISEURS

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December 31, 2015

6. GRANTS

Grants revenues recognized in the year are as follows:

	2015	2014
Canadian Heritage	\$ <u>-</u>	\$ <u>5,000</u>

7. REGIONAL BRANCHES AND TWIGS

There are six regional branches representing different areas of the country. In addition, there are several "twigs" which provide similar services to those of branches, such as opportunities for socializing, networking and professional development, but are located away from the branch cities. The branches and twigs maintain separate records and are partially supported with funds from the National Office. These funds are disbursed in accordance with a formula based on the membership of each branch and twig.

During the year the National Office allocated the following amounts to the branches and twigs:

	2015	2014
Toronto	\$ 9,864	\$ 10,536
British Columbia	5,752	5,886
Quebec/Atlantic Canada	4,619	5,737
National Capital Region	4,370	4,831
Prairie Provinces	1,877	2,939
Saskatoon	682	880
Twigs	<u>2,061</u>	<u>1,139</u>
	<u>\$ 29,225</u>	<u>\$ 31,948</u>

8. LEASE COMMITMENTS

Under a premises lease agreement that expires on March 31, 2018, Editors pays annual basic rent of \$7,475 plus its proportionate share of property taxes and operating costs, which in 2015 was \$14,400 (2014 - \$14,400).

Editors leases a photocopier at a cost of \$2,670 per year until January 2016, and a postage meter at a cost of \$564 per year to October 2019, plus applicable taxes.