

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Financial Statements

December 31, 2018

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INDEPENDENT AUDITOR'S REPORT

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

Opinion

We have audited the financial statements of Editors' Association of Canada / Association canadienne des réviseurs (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and deficit 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 Organization as at December 31, 2018, 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 Organization 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 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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.

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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 Organization'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 Organization'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 Organization 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.

Hogg, Shain & Scheck PC

Toronto, Ontario
May 13, 2019

Authorized to practise public accounting by the
Chartered Professional Accountants of Ontario

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Statement of Financial Position

As at December 31, 2018

	2018	2017
ASSETS		
CURRENT		
Cash	\$ 30,281	\$ 33,079
Guaranteed investment certificates <i>(Note 3)</i>	20,869	20,589
Accounts receivable	10,140	8,029
Prepaid expenses and other assets	6,852	18,706
	<u>\$ 68,142</u>	<u>\$ 80,403</u>
LIABILITIES		
CURRENT		
Government remittances payable	\$ 11,718	\$ 16,441
Accounts payable and accrued liabilities <i>(Note 4)</i>	97,661	73,750
Deferred revenues <i>(Note 5)</i>	17,121	16,844
Awards and scholarship funds <i>(Note 6)</i>	4,388	4,633
	<u>130,888</u>	<u>111,668</u>
DEFICIT		
UNRESTRICTED	<u>(62,746)</u>	<u>(31,265)</u>
	<u>\$ 68,142</u>	<u>\$ 80,403</u>

COMMITMENTS *(Note 7)*

APPROVED ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See the accompanying notes to these financial statements

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS**Statement of Operations and Deficit****Year Ended December 31, 2018**

	2018	2017
REVENUES		
Membership fees	\$ 275,872	\$ 285,930
Conference fees	81,927	117,175
Webinars	78,322	53,594
Digital product sales	39,740	36,313
Publications	36,648	38,593
Certification	18,662	38,642
Interest and other	4,369	1,658
Awards <i>(Note 6)</i>	2,855	2,571
Donations	2,468	2,467
	<u>540,863</u>	<u>576,943</u>
EXPENSES		
Staffing	195,167	217,563
Travel and event costs	96,572	103,322
Professional fees	94,400	74,136
Administration	73,198	63,804
Regional branches and twigs <i>(Note 4)</i>	54,494	59,252
Printing and design	26,897	26,174
Rent <i>(Note 7)</i>	26,511	25,390
Awards <i>(Note 6)</i>	5,105	4,800
	<u>572,344</u>	<u>574,441</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	(31,481)	2,502
DEFICIT - BEGINNING OF YEAR	(31,265)	(33,767)
DEFICIT - END OF YEAR	\$ (62,746)	\$ (31,265)

See the accompanying notes to these financial statements

EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS**Statement of Cash Flows
Year Ended December 31, 2018**

	2018	2017
OPERATING ACTIVITIES		
Excess (deficiency) of revenues over expenses	\$ (31,481)	\$ 2,502
Changes in non-cash working capital:		
Accounts receivable	(2,111)	(1,354)
Prepaid expenses and other assets	11,854	(13,750)
Government remittances payable	(4,723)	7,246
Accounts payable and accrued liabilities	23,911	39,444
Deferred revenues	277	(7,616)
Awards and scholarship funds	(245)	(1,500)
	<u>28,963</u>	<u>22,470</u>
Cash flow from (used by) operating activities	<u>(2,518)</u>	<u>24,972</u>
INVESTING ACTIVITY		
Purchase of guaranteed investment certificates	<u>(280)</u>	<u>(589)</u>
INCREASE (DECREASE) IN CASH	(2,798)	24,383
CASH - BEGINNING OF YEAR	<u>33,079</u>	<u>8,696</u>
CASH - END OF YEAR	<u>\$ 30,281</u>	<u>\$ 33,079</u>

See the accompanying notes to these financial statements

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 1,240 members (as at December 31, 2018) 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 five 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, webinars 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 accounts receivable. The financial liabilities measured at amortized cost include accounts payable.

Contributed services

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

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

3. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and deposits held with a Canadian financial institution.

Guaranteed investment certificates at December 31, 2018 bear interest at rates of 1.2% (2017 - 1.1% to 1.2%) and have maturity dates ranging from February 27, 2019 to February 25, 2020 (2017 - November 27, 2018 to February 27, 2019).

It is management's opinion that Editors is not exposed to significant credit, liquidity, currency, interest rate, market, or other price risks arising from its financial instruments.

4. REGIONAL BRANCHES AND TWIGS

There are five 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 and webinar revenues of each branch and twig.

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

	<u>2018</u>		<u>2017</u>
Branches			
Toronto	\$ 14,769	\$	15,254
British Columbia	11,052		11,659
Quebec	8,014		7,639
Saskatchewan	7,747		1,390
Ottawa-Gatineau	6,625		11,198
	<u>\$ 48,207</u>	\$	<u>47,140</u>

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EDITORS' ASSOCIATION OF CANADA / ASSOCIATION CANADIENNE DES RÉVISEURS

Notes to Financial Statements

Year Ended December 31, 2018

4. REGIONAL BRANCHES AND TWIGS (continued)

	2018	2017
Twigs		
Edmonton	\$ 1,373	\$ 2,509
Calgary	1,156	1,904
Nova Scotia	940	2,249
Kitchener-Waterloo-Guelph	940	1,959
Hamilton-Halton	843	2,069
Manitoba	361	646
Kingston	313	529
Barrie	217	-
Newfoundland and Labrador	144	247
	\$ 6,287	\$ 12,112

These amounts are included in accounts payable at year end:

	2018	2017
Branches		
British Columbia	\$ 6,213	\$ 3,308
Toronto	5,637	4,930
Quebec	4,553	2,005
Ottawa-Gatineau	2,783	(262)
Saskatchewan	719	491
	\$ 19,905	\$ 10,472

Twigs		
Calgary	\$ 13,127	\$ 11,734
Edmonton	11,383	10,655
Nova Scotia	10,167	9,648
Kitchener-Waterloo-Guelph	6,539	5,521
Kingston	4,600	4,938
Hamilton-Halton	4,022	3,268
Manitoba	3,429	3,343
Barrie	758	-
Newfoundland and Labrador	703	552
	\$ 54,728	\$ 49,659

5. DEFERRED REVENUES

Deferred revenues at December 31 consist of the following:

	2018	2017
Membership revenues for the subsequent fiscal year	\$ 12,787	\$ 8,661
Webinars	2,481	1,949
Online directory of editors	1,853	-
Certification fees for the subsequent fiscal year	-	6,234
	\$ 17,121	\$ 16,844

6. AWARDS 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 \$2,000 (2017 - \$2,000) of the award fund balance would be awarded annually and Editors would contribute \$1,000 for a total annual prize of \$3,000 (2017 - \$3,000). During the year, the Organization paid \$600 as an honorarium to those who assisted with the award.

The continuity of this award fund is as follows:

	<u>2018</u>		<u>2017</u>
Balance, beginning of year	\$ -	\$	-
Contributions received in the year	2,160		771
Annual award	(2,000)		(771)
	<hr/>		<hr/>
Balance, end of year	\$ 160	\$	-

Claudette Upton Scholarship

Established in 2009, the award is named after the Editors' 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.

However, in 2018 there was not a sufficient balance in this fund to cover its \$1,000 portion of the prize, and \$545 was paid from operations.

The continuity of this award fund is as follows:

	<u>2018</u>		<u>2017</u>
Balance, beginning of year	\$ 55	\$	805
Contributions received in the year	400		250
Annual award	(455)		(1,000)
	<hr/>		<hr/>
Balance, end of year	\$ -	\$	55

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. In 2018, the Organization paid \$400 as an award and \$105 an honorarium to those who assisted with the award.

The continuity of this award fund is as follows:

	<u>2018</u>		<u>2017</u>
Balance, beginning of year	\$ 4,578	\$	5,328
Contributions received in the year	50		50
Annual award	(400)		(800)
	<hr/>		<hr/>
Balance, end of year	\$ 4,228	\$	4,578

**Notes to Financial Statements
Year Ended December 31, 2018**

7. COMMITMENTS

Editors leases premises under a long term lease that expires on January 31, 2024. Under the lease, Editors is required to pay a minimum rent and its proportionate share of operating expenses and property taxes for the leased premises.

The organization also has a lease for a postage meter which expires October 2024 and a lease for a photocopier which expires March 2021.

Future minimum lease payments as at year end are as follows:

2019	\$	22,334
2020		24,674
2021		24,046
2022		24,147
2023		24,613
Thereafter		<u>2,565</u>
	\$	<u>122,379</u>

8. COMPARATIVE FIGURES

Certain 2017 comparative figures have been reclassified to conform with 2018 presentation.
