

HRIA | Human
Resources
Institute of
Alberta

Elevating our profession

2014 Annual Report

MESSAGE FROM THE CHAIR



A look back...

HRIA experienced significant changes in 2014, with two particular accomplishments to highlight. The first was the nation-wide search for HRIA's new CEO that culminated in the successful selection of Chris McNelly in December 2014. The second accomplishment, and key milestone for HRIA, was the submission of the application for self-regulation to the Alberta government. Self-regulation is a critical step in the evolution of the human resources profession and for the profession to be recognized as equal to other leading professions.

In addition, our Board of Directors has continued to evolve within the new governance framework we implemented in 2013. Our Board is comprised of 12 dedicated volunteers who were elected by the membership. The Board provides strategic leadership in shaping the future of HRIA. It ensures accountability of the CEO to the Board, and of the Board to our members.

In 2014, we also saw some significant challenges at the national level, with the Human Resources Professionals Association – Ontario pulling out of the Canadian Council of Human Resources

Associations (CCHRA). Alberta has been a leader in making some necessary changes within CCHRA to help advance our profession nationally, and ensure consistent standards and recognition of the CHRP designation.

A look forward...

The HRIA team has worked tirelessly to develop a new multi-year strategic plan that will advance the human resources profession, benefit our members and protect the public, while demonstrating responsible and efficient use of association resources.

On behalf of our Board of Directors, thank you for your continued support of HRIA and your commitment to the human resources profession.

Sincerely,



Leslie Henkel, CHRP
Chair, HRIA

MESSAGE FROM THE CEO



For over 30 years, HRIA has grown and evolved to act as the leading advocate for the human resources (HR) profession. HRIA establishes standards through the administration of the Certified Human Resource Professional (CHRP) designation; provides professional development and networking opportunities to members and the public; and delivers valuable products and services to our members across Alberta.

Today, we have joined together. We are united under one association with chapters throughout Alberta, representing over 6,000 members with over 3,000 CHRPs. We have outstanding Board members, staff and volunteers committed to ensuring our continued success.

The last half of 2014 was very challenging. With crude oil losing over 50% of its value in just six months, we were reminded of the volatility of the commodity market and the vulnerability of the Alberta economy.

In December 2014, HRIA submitted the application for self-regulation to the Alberta government, which is a critical step for our

profession to be recognized as equal to other leading professions. Self-regulation is about elevating the credibility of the HR profession. It grants the authority for members to regulate members in the best interest of the HR profession and the public.

Over the next three years, we will aim to improve member services, including offering more professional development opportunities, establishing new partnerships with business and growing our membership. We will continue to invest responsibly in our future and achieve organizational excellence by managing the resources and operations of HRIA responsibly and efficiently. By focusing our efforts on these areas, the HR profession will strengthen its role as a value-added strategic business partner that is critical to organizational success. It's an exciting time to be in HR as we embark on a new era for HR professionals.

Thank you,



Chris McNelly, MBA, CHRP
Chief Executive Officer, HRIA

ABOUT US

Building up from a strong foundation

Who we are

The Human Resources Institute of Alberta (HRIA) is a not-for-profit professional association dedicated to strengthening and promoting the profession of human resources.

As Alberta's exclusive granting body for the Certified Human Resources Professional (CHRP) designation, HRIA is the leading professional association for human resources practitioners in Alberta. We play a critical role in establishing professional standards within our industry.

Our responsibility

HRIA exists to advance the human resources profession, benefit our members, and protect the public in a manner that demonstrates responsible and efficient use of association resources.

Our values

Accountability

We meet our commitments and take responsibility for all actions and outcomes.

Growth

We embrace innovative solutions that enhance services and advance our professional knowledge.

Integrity

Honesty, openness and trustworthiness are the hallmarks of our profession. We conduct our business according to the highest ethical principles and professional standards.

Leadership

We lead by example and demonstrate commitment to our stakeholders and to the profession by achieving our vision and mission.

Excellence

We develop, promote and embrace the highest professional standards to drive continuous improvement within the human resources profession.

Our membership

HRIA membership connects over 6,000 human resources practitioners across the province, including over 3,100 CHRPs, through professional development, networking and community initiatives. HRIA supports members across the province with chapters in six cities: Calgary, Edmonton, Fort McMurray, Grande Prairie, Lethbridge and Red Deer.

Our journey

HRIA's roots date back to the creation of personnel associations in Calgary and Edmonton in the 1940s. In 1984, those two associations joined the Lethbridge and Red Deer associations to establish HRIA as a provincial association in 1984. The first associations joined forces to create educational and professional development opportunities for human resources practitioners in Alberta. Today, HRIA has over 6,000 members across the province.

1984
ELDON EMERSON LEADS A JOINT COMMITTEE TO ESTABLISH HRIA

1990
THE FIRST CERTIFIED HUMAN RESOURCES PROFESSIONAL (CHRP) DESIGNATION IS GRANTED TO ELDON EMERSON

1992
HRIA IS A FOUNDING MEMBER OF THE CANADIAN COUNCIL OF HUMAN RESOURCES ASSOCIATIONS (CCHRA)

2004
CODE OF ETHICS IS DRAFTED BY CCHRA AND ADOPTED BY HRIA

2005
HRIA OPENS A NEW HEAD OFFICE IN CALGARY

2006
HRIA HOSTS THE FIRST ANNUAL HR CONFERENCE AT THE CALGARY TELUS CONVENTION CENTRE

2013
THE HR PROFESSION IS UNITED UNDER HRIA

2014
APPLICATION FOR SELF-REGULATION IS SUBMITTED TO THE ALBERTA GOVERNMENT

STEADY MEMBERSHIP GROWTH



2.5%

YEAR-OVER-YEAR INCREASE IN NEW MEMBERS



6,054

HRIA MEMBERS IN ALBERTA AT YEAR-END

	2013	2014	
MEMBERSHIP	5,908	6,054	↑
CHRP's	3,098	3,109	↑
GROWTH	5%	2.5%	↓
MEMBER SATISFACTION	62%	63%	↑

Numbers as of December 31, 2014.

OUR TEAM

Raising our association higher

MEMBER SERVICES

The Member Services team is responsible for enhancing the value of HRIA membership to retain current members and attract new ones. Member Services includes the mentorship program, annual conference, chapter activities, volunteer opportunities and annual awards program. Post-secondary activities are a large part of the Member Services portfolio, including scholarships, student conferences, classroom presentations and the annual HRC West Case Competition.

PROFESSIONAL DEVELOPMENT

The Professional Development team focuses on providing professional development opportunities to members at all stages of their careers. This team structures, plans and evaluates all of the professional development activities for HRIA members, and researches leading-edge best practices.

BUSINESS DEVELOPMENT

The ultimate goal of the Business Development team is to source, build and grow partnerships that support and advance HRIA. Business Development pursues sponsorships, and sources revenue-generating advertising for HRIA's various publications and websites. This team is concerned with enhancing the HRIA brand, and increasing non-dues revenue and membership numbers.

MARKETING & COMMUNICATIONS

The Marketing and Communications team promotes HRIA's activities, events, research and services to members and the public. HRIA produces a quarterly magazine, as well as four regular e-communications. This team coordinates HRIA's social media presence, manages the brand in accordance with the HRIA style guide and sources all HRIA-branded merchandise.

REGULATORY AFFAIRS

The Regulatory Affairs team manages the registration and certification process of new members, and updates current members' profiles in professional development logs. This team also ensures regulatory compliance by overseeing professional complaints and appeals through the enforcement of the Code of Ethics and Standards of Professional Conduct. The team's primary objective is obtaining approval from the Alberta government for self-regulation, with HRIA as the delegated regulator.

RESEARCH

The Research team provides members with human resources research and practical tools. The primary research project is the Alberta HR Trends Report. In the future, it will include an online archive of human resources checklists, guides, manuals, forms and templates for members.

FINANCE & ADMINISTRATION

The Finance and Administration team is responsible for the financial operations of HRIA. Finance and Administration ensures that statutory requirements consistent with established and generally accepted accounting and auditing procedures are met. This team also creates and monitors not only HRIA's overall budget, but all functional and project budgets as well. Another focus is updating and reviewing the association's operational policies, and ensuring HRIA's policies follow best practices for the not-for-profit sector.

OPERATIONAL REVIEW

Achieving next-level performance

CERTIFICATION/REGISTRATION

A new Code of Ethics and Standards of Professional Conduct were developed by the policy advisory group and approved in 2014. It includes new standards that apply to independent practitioners and an attestation of good character component that is consistent with peer professional associations. HRIA also began streamlining the certification process, and strengthening the independence of registration staff and volunteers.



EXPERIENCE VALIDATION OUTCOMES

192 applications 54% pass rate



CONTINUING PROFESSIONAL DEVELOPMENT LOG AUDIT OUTCOMES

29 audits 90% pass rate

EVENTS

HRIA CONFERENCE 2014

FOCUS, CONNECT, RENEW

Attendees: 895

Exhibitors: 295

Keynote speakers: John Maxwell, Merge Gupta, John Izzo and Martin Parnell

HRIA CHALLENGE 2014

HRIA and the University of Alberta hosted the first annual HR Student Case Competition in Alberta on March 7 and 8, 2014. The University of Lethbridge won over five post-secondary teams from across the province.

CONGRATULATIONS TO THE CELEBRATING EXCELLENCE AWARD WINNERS

Award of Excellence	<i>Individual</i> – Doug Dickson, CHRP
Award of Excellence	<i>Team</i> – Coalspur Mines (Operations) Ltd. HR Team
Community Champion	Nancy Bailes, CHRP
Distinguished Career	Dr. Melanie Peacock, CHRP
Leader of the Year	Ray Guidinger
Rising Star	Jessica Coulter, CHRP
Strategic Innovator	BP Canada Energy Group ULC and Towers Watson
FCHRP	Todd de Engelsen, FCHRP Peter Chung, FCHRP

MEMBER CONDUCT

Last year the Complaints, Investigation and Discipline Committee (CIDC) underwent significant restructuring to align with the discipline functions of self-regulated professional associations. Now called the “Discipline Committee,” it includes 10 CHRPs and one member of the public. The Discipline Committee makes decisions regarding complaints against certified and candidate members. The independent Appeals Committee consists of three CHRPs who consider appeals regarding membership revocations, disciplinary matters and decisions of the Registrar.

2014		2013	
New complaints received	1	New complaints received	2
Complaints dismissed	1	Complaints dismissed	1
Resolved by mediation	0	Resolved by mediation	0
Voluntary cancellation of membership	0	Voluntary cancellation of membership	1
Finding of unprofessional conduct	0	Finding of unprofessional conduct	0

RESEARCH

In 2014, the Alberta HR Trends Report and survey became the newest HRIA member service. The report is designed to provide practical labour market information for members along with valuable insight into human resources trends.

\$114,000

IN PR COVERAGE GARNERED BY THE HR TRENDS REPORT

SCHOLARSHIPS AND STUDENT ACTIVITIES

HRIA invested \$27,000 in scholarships, student events and career fairs at the following schools:

University of Alberta

University of Calgary

University of Lethbridge

Mount Royal University

Bow Valley College



SELF-REGULATION

HRIA applied for self-regulation of the human resources profession in 2014. The Alberta government reviewed the application and no further requests for information were received. We are waiting on Lori Sigurdson, Alberta’s new Minister of Jobs, Skills, Training and Labour for a decision that could be made by the end of 2015.

93% of members voted in favour of obtaining self-regulation for the human resources profession

LOOKING AHEAD

Aiming even higher in 2015 and beyond

HRIA's business plan communicates the strategic direction of the association, and details the initiatives and resources needed to achieve target goals within a specific time frame.

HRIA's business plan serves three primary objectives:

- 1 To align operational initiatives and strategies with Board goals.
- 2 To give direction to focus our time, efforts and resources.
- 3 To provide clarity on HRIA's purpose to members and the public.

Over the next three years, HRIA will focus on five strategic initiatives that are linked to our goals:

- 1 Advance the human resources profession through the pursuit of self-regulation and administration of the Code of Ethics and Standards of Professional Conduct.
- 2 Deliver more valued-added products and services, such as research, professional development and networking opportunities.
- 3 Establish new partnerships with business, post-secondary institutions, and professional associations through short- and long-term reciprocal agreements.
- 4 Grow our membership through the promotion of exclusive member benefits, and advocacy of the human resources profession and CHRP designation.
- 5 Drive organizational excellence by managing HRIA's resources and operations responsibly, efficiently and effectively.

Long-term goals

HRIA exists to advance the human resources profession, benefit our members and protect the public in a responsible and efficient manner.

CHRP standards

CHRP provide the highest standard of service and human resources advice to clients and customers.

CHRP designation is valued

The CHRP designation is valued and sought after.

HR information for stakeholders

Stakeholders have credible information on emerging human resources trends and issues.

Professional development

Association members have access to leading-edge professional development and learning opportunities.

Public environment

A public environment that embraces progressive human resources practices.

The profession is recognized

Human resources is a self-regulated profession that is legislated to act in the public interest.

Sustainability of the profession

The CHRP is sustainable.

FINANCIALS

Increasing revenue, while maintaining fund allocations

FISCAL RESPONSIBILITY

COMPARISON OF 2014 VS. 2013

Overall revenue is up as a result of a membership dues increase and more use of paid services, such as professional development and events. Fund allocations are virtually unchanged, although additional resources are being directed to corporate affairs and new staff. Although HRIA planned for a deficit budget in 2014, the year ended with a surplus of \$92,766.

The Board of Directors approved:

Operating reserve of 25% of the annual operating expenses.

Special program reserve in an amount not to exceed \$150,000 to support expenses arising from self-regulation such as legal expenses.

Special program reserve in an amount not to exceed \$250,000 to provide an internal source of funds for legal expenses related to discipline complaints.

Special program reserve in an amount not to exceed \$500,000 to establish a permanent university endowment fund. Subsequent to the year end, this was reduced to \$133,000.

HRIA had \$1.9 million in investments at the end of 2014.

2014 STATEMENT OF OPERATIONS SUMMARY

Revenue	\$3,669,714
Expenditures	\$3,576,948
Excess of revenue over expenditures	\$92,766

2014 STATEMENT OF FINANCIAL POSITION SUMMARY

Assets	\$2,432,221
Liabilities	\$340,200
Net Assets	\$2,092,021

Revenue and expenses

REVENUE MIX - YEAR OVER YEAR



REVENUE

HRIA has a stable revenue mix from five major sources: annual member dues, job board revenue, conference revenues, examinations, and professional development and events. Annual membership dues accounted for approximately 44% of the total revenue.

EXPENSES

Administration represented 48% of HRIA's total expenses in 2014. Under administration expenses, 12% was allocated to rent expenses and 16% to professional fees, office administration fees and bank fees. Salaries and benefits represent less than 35% of total expense.

OUR PEOPLE

Leveraging in-house talent and expertise

EXECUTIVE

Chris McNelly, CHRP
CEO

Kathleen Yetta
Executive Assistant

Janice MacPherson, CHRP
Vice President,
Operations

FINANCE & ADMINISTRATION

Ioana Giurca
Director, Finance
and Administration

Pei Zhang
Accounts Receivable and
Office Administrator

Gomathi Venkataswamy
Accounts Payable and
Payroll Administrator

MARKETING AND COMMUNICATIONS

Kari Whipple
Manager, Marketing
and Communications

Hayley Kiernan
Marketing and
Communications
Coordinator

Natasha Karim
Marketing and
Communications
Assistant

MEMBER SERVICES

Jenny Chapman
Manager, Member
Services

Douglas MacKay
Conference and
Events Coordinator

Hadley Mitchell
Chapter Relations
Coordinator

REGULATORY AFFAIRS AND RESEARCH

Tom Kmiec
Director, Regulatory
Affairs and
Research

Erica Blain
Manager,
Professional
Standards

Susan Chow
Certification
Coordinator

Michelle Stock
Stakeholder
Relations
Coordinator

BUSINESS DEVELOPMENT

Geoffrey Person
Manager, Business
Development

HRIA board members



Leslie Henkel, CHRP
Chair



Dr. Cheryl Oishi, CHRP
Vice Chair



Alykhan Bandali, CHRP
Past Chair



Todd Bassett, CHRP
Director



Adam Czarnecki, CHRP
Director



Lynette M. Grose, CHRP
Director



Alison McMahon, CHRP
Director



Rod Miller, CHRP
Director



Neil Riley, CHRP
Director



Chris Sopal, CHRP
Director



Bob Wiebe, CHRP
Director



Melody Wisoley, CHRP
Director

Board committees

Financial Audit Committee

The Financial Audit Committee adheres to a transparent process of review and disclosure that enhances stakeholder confidence in the organization's financial reporting.

Governance Committee

The Governance Committee monitors and reports on the Board's performance to ensure that the organization's obligations as outlined in the bylaws are fulfilled.

Linkage to Stakeholders Committee

The Linkage to Stakeholders Committee enhances the Board's efficiency and effectiveness in communicating with stakeholders, including educating members about what to expect from the Board.

Executive Total Rewards Committee

The Executive Total Rewards Committee determines the CEO's total rewards package and reviews the HRIA Total Rewards Philosophy periodically.

Financial statements

December 31, 2014



Independent Auditor's Report

To the Members of
Human Resources Institute of Alberta

We have audited the accompanying financial statements of the Human Resources Institute of Alberta, which comprise the statement of financial position as at December 31, 2014, and the 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 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.

Auditor's 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 a basis for our audit opinion.

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Human Resources Institute of Alberta as at December 31, 2014, 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.

Calgary, Canada
March 21, 2014

Grant Thornton LLP
Chartered Accountants

Human Resources Institute of Alberta
Statement of Financial Position
December 31, 2014

December 31, 2014 December 31, 2013

ASSETS**CURRENT**

Cash	\$ 197,322	\$ 173,804
Term deposits (Note 4)	6,102	1,778,337
Accounts receivable	36,892	45,115
Prepaid expenses	246,651	342,778
HRMAM loan	-	15,000
	\$ 486,967	\$ 2,355,034

NON-CURRENT

Restricted cash and term deposits (Note 4 and 5)	1,898,643	-
Property and equipment (Note 6)	46,611	56,258
	\$ 2,432,221	\$ 2,411,292

LIABILITIES**CURRENT**

Accounts payable and accrued liabilities	\$ 145,760	\$ 124,722
Customer deposits	184,415	252,368
Deferred revenue	10,025	34,950
	\$ 340,200	\$ 412,040

NET ASSETS

Investment in capital assets	46,611	56,258
Internally restricted (Note 5)	1,898,643	-
Unrestricted	146,767	1,942,994
	2,092,021	1,999,252
	\$ 2,432,221	\$ 2,411,292

Lease Commitment (Note 7)

L. Henkel
Leslie Henkel,
Chair

Chris McNelly
Chris McNelly,
Chief Executive Officer

Human Resources Institute of Alberta
Statement of Operations
For the year ended December 31, 2014

	2014	2013
REVENUES		
Member dues	\$ 1,556,084	\$ 1,038,415
Annual conference	783,855	787,960
Job postings	436,600	393,000
National examinations	310,025	389,890
Communication and member services	299,042	338,261
Chapters	174,571	80,600
Application processing and transfer fees	75,095	72,427
Interest and other income	32,992	377,966
Recertification fees	1,450	48,150
	3,669,714	3,526,670
EXPENDITURES		
Administration		
Salaries and benefits	1,251,501	1,092,054
Rent	202,066	178,143
Office administration	134,505	105,580
Bank charges	83,678	71,409
Professional fees	36,062	50,033
Amortization	21,247	24,229
Insurance	2,080	1,501
	1,731,139	1,522,948
Annual conference	568,762	597,978
Chapters	249,034	333,054
Corporate affairs	193,282	108,958
Member services	192,320	264,458
National dues and certification	191,967	203,739
Communications	166,419	176,035
Board expenses	104,287	116,764
Member information system	103,349	75,770
National examinations	76,389	93,004
	3,576,948	3,492,708
EXCESS OF REVENUE OVER EXPENDITURES	\$ 92,766	\$ 33,962

Human Resources Institute of Alberta
Statement of Changes in Net Assets
For the year ended December 31, 2014

	Invested in Capital Assets	Unrestricted	Internally Restricted	Total 2014	Total 2013
Balance, beginning of year	\$ 56,258	\$ 1,942,997	\$ -	\$ 1,999,255	\$ 1,965,293
Excess of revenue over expenditures	-	92,766	-	92,766	33,962
Internally imposed restrictions (Note 5)					
Operating reserve	-	(998,643)	998,643	-	-
Special program reserves	-	(900,000)	900,000	-	-
Investment in capital assets	(9,647)	9,647	-	-	-
Balance, end of year	\$ 46,611	\$ 146,767	\$ 1,898,643	\$ 2,092,021	\$ 1,999,255

See accompanying notes to the financial statements.

Human Resources Institute of Alberta
Statement of Cash Flows
For the year ended December 31, 2014

	2014	2013
Operating Activities		
Excess of revenue over expenditures	\$ 92,766	\$ 33,962
Items not affecting cash		
Amortization of capital assets	21,247	25,742
	114,013	59,704
Changes in non-cash working capital items	47,513	46,430
	161,526	106,134
Investing Activities		
Purchase of term deposits - net of redemptions	(126,408)	(57,536)
Purchases of capital assets	(11,600)	(14,803)
	(138,008)	(72,339)
Increase in cash	23,518	33,794
Cash, beginning of year	173,804	140,010
Cash, end of year	\$ 197,322	173,804

Human Resources Institute of Alberta
Notes to the Financial Statements
For the year ended December 31, 2014

1. Purpose of the organization

- To establish the standards and process of obtaining certification as a Certified Human Resources Professional.
- To promote the use of a professional designation and to encourage hiring practices that recognize this certification.
- To develop and maintain a level of knowledge and skills required of human resources practitioners.
- To attain recognition as a spokesperson on human resources issues in the Province of Alberta.
- To represent the membership of the Human Resources Institute of Alberta (the "Institute") issues at the National level.
- HRIA is a not-for-profit organization under the *Income Tax Act* and therefore is not subject to either federal or provincial taxes.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies.

a. Cash and cash equivalents

Cash and cash equivalents include cash on hand and balances with banks and other institutions.

b. Revenue recognition

Human Resources Institute of Alberta follows the deferral method of accounting for contributions.

Member dues, recertification fees, transfer fees, job postings, national examinations, chapters revenue, annual conference and member professional development are recorded as revenue in the year to which they apply. Amounts received for future years are recorded as deferred revenue or customer deposits in the current fiscal year.

c. Investments

Investments consist of Guaranteed Investment Certificates and term deposits issued by major financial institutions and are recorded at their current balance, which approximates their market value. Investments that are subject to internally imposed restrictions as approved by the Board of Directors are shown as restricted cash and term deposits.

2. Summary of significant accounting policies (cont'd)

d. Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period.

Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Items subject to significant management estimates include accruals, allowance for doubtful accounts and estimate for depreciation.

e. Property and equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization is provided on the following basis at the following annual rates:

Equipment and furniture: 20%, declining balance
Computers Hardware: 45%, declining balance
Computer Software: 2 years, straight-line

f. Impairment of long-lived assets

Long-lived assets are reviewed for impairment when events or circumstances indicate that their carrying value exceeds the sum of the undiscounted cash flows expected from their use and eventual disposal. An impairment loss is measured as the amount by which the capital assets' carrying value exceeds the fair value. No impairment of long-lived assets has been recorded in the current year.

2. Summary of significant accounting policies (cont'd)

g. Financial instruments

Initial measurement:

The Institute's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

Subsequent measurement:

At each reporting date, the Institute measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. The Institute has also irrevocably elected to measure its investments in term deposits at fair value. All changes in fair value of the Institute's investments in equities quoted in an active market and in term deposits are recorded in the statement of operations. The Institute uses the effective interest rate method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities. Term deposits are measured at fair value.

For financial assets measured at cost or amortized cost, the Institute regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Institute determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

3. Government remittances

GST receivable included in accounts receivable at year end is \$9,760 (2013 -\$7,820).

4. Term deposits and restricted term deposits

HRIA holds ten Guaranteed Investments Certificates as at December 31, 2014. These term deposits are held by a qualified investment counsellor and are invested in highly rated fixed income investments.

The investments mature between January 2015 and October 2015 (2013 – January 2014 and October 2015) and interest rates range from 1.35% to 1.75% (2013 – 0.46% to 1.85%) annually.

5. Internally restricted net assets

Board Operating Reserve – in May 2014, the Board of Directors approved the establishment of an operating reserve of 25% of the annual operating expenses.

Board Designated Reserve – in May 2014, the Board of Directors approved a Special Program Reserve to support expenses arising from self-regulation such as legal expenses. This reserve should be maintained in an amount not to exceed \$150,000. Funds are to be disbursed by Board approval only.

Board Designated Reserve – in May 2014, the Board of Directors approved a Special Program Reserve that would be used to provide funding to the universities to establish a permanent endowment fund. This reserve should be maintained in an amount not to exceed \$500,000. Funds are to be disbursed by Board approval only.

Subsequent to year end, the board approved a reduction in the Special Program Reserve of \$367,000 and this balance was designated to unrestricted net assets for use for organizational restructuring. The Special Program Reserve to provide funding to universities is then maintained in an amount not to exceed \$133,000.

Board Designated Reserve – in May 2014, the Board of Directors approved a Special Program Reserve that would be intended to provide an internal source of funds to support expenses arising from legal expenses due to discipline complaints. This reserve should be maintained in an amount not to exceed \$250,000. Funds are to be disbursed by Board approval only.

During the year, the board internally restricted \$998,643 (2013 - \$ nil) for operating reserves, and \$900,000 (2013 - \$ nil) for special projects reserves. The board designated reserves are supported in full by restricted cash and term deposits.

6. Property and equipment

	Cost	Accumulated Amortization	2014 Net	2013 Net
Furniture and equipment	\$ 96,247	\$ 64,223	\$ 32,024	\$ 40,031
Computer hardware	60,866	46,279	14,587	16,227
Computer software	3,025	3,025	-	-
	\$ 160,138	\$ 113,527	\$ 46,611	\$ 56,258

7. Lease commitment

HRIA has signed a lease agreement dated February 6, 2012, and expiring February 5, 2017. Total minimum lease payments under the term of the agreement are:

2015	\$ 97,902
2016	\$ 97,902
2017	\$ 9,615

The lease includes an additional rent in form of operating cost recoveries, which approximates \$92,250 annually.

HRIA

Human
Resources
Institute of
Alberta

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