

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH
FINANCIAL STATEMENTS
DECEMBER 31, 2019**

SUMMARY

	Page
Independent Practitioner's Review Engagement Report	2 - 3
Statement of Operations	4
Changes in Net Assets	5
Balance Sheet	6
Statement of Cash Flow	7
Notes to Financial Statements	8 - 14
Additional Information	15



**Monette
Fortin
Tremblay**

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
National Association of Federal Retirees Outaouais Branch

We have reviewed the accompanying financial statements of National Association of Federal Retirees Outaouais Branch that comprise the balance sheet as at December 31, 2019, and the statements of operations, changes in net assets and cash flow 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of National Association of Federal Retirees Outaouais Branch as at December 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.

Monette Fortin Tremblay .inc

Marc-André Monette, CPA auditor, CA

Gatineau
March 31, 2020

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

STATEMENT OF OPERATIONS

**YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Page 4

	2019	2018
REVENUES		
Membership fees	73 442 \$	77 714 \$
Conferences and activities	26 630	14 500
Interest Income	1 372	1 274
	101 444	93 488
EXPENSES		
Mission (Schedule A)	38 305	28 982
Administrative expenses (Schedule B)	33 641	33 202
Governance (Schedule C)	8 863	10 499
General fees (Schedule D)	10 307	5 491
	91 116	78 174
EXCESS OF REVENUES OVER EXPENSES	10 328 \$	15 314 \$

The accompanying notes and additional information are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

CHANGES IN NET ASSETS

**YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Page 5

			2019	2018
	Internally restricted for special projects	Unrestricted	Total	Total
Balance, beginning of year	60 000 \$	59 092 \$	119 092 \$	103 778 \$
Excess of revenues over expenses	-	10 328	10 328	15 314
Internally imposed restrictions (Note 7)	60 000	(60 000)	-	-
Reallocated (Note 7)	(60 000)	60 000	-	-
Allocated (Note 7)	60 000	(60 000)	-	-
Balance, end of year	120 000 \$	9 420 \$	129 420 \$	119 092 \$

The accompanying notes are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

BALANCE SHEET

**AS AT DECEMBER 31, 2019
(unaudited)**

Page 6

	2019	2018
ASSETS		
Current assets		
Cash	70 153 \$	13 545 \$
Temporary Investments, at cost (Note 3)	29 378	25 500
Accounts receivable	20 787	21 064
Current portion of investments, at cost (Note 4)	23 166	-
	<hr/> 143 484	<hr/> 60 109
Investments, at cost (Note 4)	7 500	75 666
Capital assets (Note 5)	981	1 525
	<hr/> 151 965 \$	<hr/> 137 300 \$
LIABILITIES		
Current liabilities		
Accounts payable and accrued liabilities (Note 6)	9 166 \$	4 846 \$
Deferred revenues	13 379	13 362
	<hr/> 22 545	<hr/> 18 208
NET ASSETS		
Net assets internally restricted for special projects (Note 7)	120 000	60 000
Unrestricted net assets	9 420	59 092
	<hr/> 129 420	<hr/> 119 092
	<hr/> 151 965 \$	<hr/> 137 300 \$

Commitment (Note 9)

_____, Director

_____, Director

The accompanying notes are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

STATEMENT OF CASH FLOW

**YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Page 7

	2019	2018
OPERATING ACTIVITIES		
Excess of revenues over expenses	10 328 \$	15 314 \$
Non-cash item:		
Amortization of capital assets	544	1 045
	10 872	16 359
Net change in non-cash items related to operating activities:		
Temporary Investments, at cost	(3 878)	32 392
Accounts receivable	277	(3 269)
Prepaid expenses	-	362
Accounts payable and accrued liabilities	4 320	(1 387)
Deferred revenues	17	1 150
	11 608	45 607
INVESTING ACTIVITIES		
Investment acquisition	-	(43 166)
Investment proceeds	45 000	-
Acquisition of capital assets	-	(1 271)
	45 000	(44 437)
Increase in cash and cash equivalents	56 608	1 170
Cash and cash equivalents, beginning of year	13 545	12 375
Cash and cash equivalents, end of year	70 153 \$	13 545 \$

Cash and cash equivalents consist of cash.

The accompanying notes are an integral part of these financial statements.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2019
(unaudited)**

Page 8

1. STATUS AND NATURE OF ACTIVITIES

The National Association of Federal Retirees Outaouais Branch is an association without legal personality, constituted under the Code civil du Québec.

The Association's main function is to regroup the federal retirees of the Outaouais region and defend and promote their interests. The Association is a not-for-profit organization under the Income Tax Act, it is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

The association applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook – Accounting.

Revenue Recognition

Revenue is recognized when the goods are shipped or the services are provided in accordance with the sales agreements, the ownership interest or the risk has been transferred, the price has been established or is determinable, and collection is reasonably assured.

The membership fees are recognized as revenues when the association is almost certain that they will be received within a reasonable delay. The membership fees which are received in advance are recognized as deferred revenues in the liabilities according to the membership period of the members.

Use of estimates

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and the reported amounts of revenues and expenses for the periods covered. The main estimates relate to the impairment of financial assets and the useful life of capital assets.

Cash and cash equivalents

The association's policy is to present bank balances, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2019
(unaudited)**

Page 9

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Capital assets

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the declining balance method at the following rates:

	Rates
Office furniture	20%
Computer hardware	55%

Impairment of long-lived assets

Capital assets subject to amortization are tested for recoverability whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of the asset exceeds the sum of the undiscounted cash flows resulting from its use and eventual disposition. The impairment loss is measured as the amount by which the carrying amount of the long-lived asset exceeds its fair value.

Financial instruments

Initial and subsequent measurement

The association initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

The association subsequently measures all its financial assets and liabilities at cost or amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in net earnings in the period incurred.

Financial assets measured at amortized cost on a straight-line basis include cash, term deposits, trade and other accounts receivable.

Financial liabilities measured at amortized cost on a straight-line basis include the bank overdraft, the bank loan, accounts payable, amounts due to directors, long-term debt and redeemable shares reported as financial liabilities.

NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH

NOTES TO FINANCIAL STATEMENTS

DECEMBER 31, 2019
(unaudited)

Page 10

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial instruments (continued)

Impairment

For financial assets measured at cost or amortized cost, the association determines whether there are indications of possible impairment. When there is an indication of impairment, and the association determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net earnings. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net earnings.

Transaction costs

Transaction costs related to financial instruments that will be subsequently measured at fair value are recognized in net earnings in the period incurred. Transaction costs related to financial instruments subsequently measured at amortized cost are included in the original cost of the asset or liability and recognized in net earnings over the life of the instrument using effective interest method.

Contributed Services

ARNF's volunteers contribute many hours per year to help the association and related activities. Contributed services are not recognized in the financial statements because of the difficulty in determining their fair value.

3. TEMPORARY INVESTMENTS, AT COST

	2019	2018
Garanteed investment certificate, 2.30 %, expired October 12, 2019	-	25 500 \$
Garanteed investment certificate, 2.50 %, due March 2, 2020	25 626	-
Garanteed investment certificate, 1.40 %, due December 21, 2020	3 752	-

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2019
(unaudited)**

Page 11

3. TEMPORARY INVESTMENTS, AT COST (continued)

29 378 \$ 25 500 \$

4. INVESTMENTS, AT COST

	2019	2018
Garanteed investment certificate, 2.00 %, expired September 2, 2019	- \$	7 500 \$
Garanteed investment certificate, 2.00 %, expired March 2, 2019	-	25 000
Garanteed investment certificate, 2.75 %, due November 21, 2020	23 166	23 166
Term deposit, 1.05 %, maturing on January 21, 2020	-	20 000
Garanteed investment certificate, 2.15 %, due September 2, 2021	7 500	-
	30 666	75 666
<u>Current portion of investments, at cost</u>	<u>23 166</u>	<u>-</u>
	7 500 \$	75 666 \$

Estimated payments for the next two years are as follows:

2020		23 166 \$
2021		7 500
		30 666 \$

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2019
(unaudited)**

Page 12

5. CAPITAL ASSETS

	2019		2018	
	Cost	Accumulated amortization	Net book value	Net book value
Office furniture	1 450 \$	776 \$	674 \$	843 \$
Computer hardware	2 074	1 767	307	682
	3 524 \$	2 543 \$	981 \$	1 525 \$

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2019	2018
Accounts payable	3 016 \$	753 \$
Accrued liabilities	3 100	2 900
Salaries and vacations payable	1 650	263
Source deductions payable	1 400	930
	9 166 \$	4 846 \$

The amount owed to the state is \$ 1 399 as at December 31, 2019 (\$ 930 as at December 31, 2018).

7. INTERNALLY IMPOSED RESTRICTIONS

In a previous year, the board of directors voted to allocate \$ 25,000 used solely for the defense of the interests of the members. In 2019, the board of directors decided to reallocate these sums for other purposes.

In a previous year, the board of directors voted to allocate \$ 15,000 to renew the computer equipment and furniture for the association. In 2019, the board of directors decided to reallocate these sums for other purposes.

In a previous year, the board of directors voted to allocate \$ 20,000 to support health promotion programs dedicated to members. In 2019, the board of directors decided to reallocate these sums for other purposes.

In 2019, the board of directors voted to allocate \$ 30,000 for the retention and recruitment of members.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2019
(unaudited)**

7. INTERNALLY IMPOSED RESTRICTIONS (continued)

In 2019, the board of directors voted to allocate \$ 30,000 for the training and recognition of volunteers.

8. RELATED PARTY TRANSACTIONS

The following table summarizes the association's related party transactions for the year:

	2019	2018
Expenses		
National Association of Federal Retirees (Parent association)	2 314 \$	5 576 \$

These transactions were concluded in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

9. COMMITMENT

The commitment of the association under a lease agreement aggregates to 2 825 \$. The instalments over the next year are the following:

2020	2 825 \$
------	----------

10. FINANCIAL INSTRUMENTS

Financial risks

The association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The main risks are broken down below.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

NOTES TO FINANCIAL STATEMENTS

**DECEMBER 31, 2019
(unaudited)**

Page 14

10. FINANCIAL INSTRUMENTS (continued)

Credit risk

Credit risk is the risk that one party to a financial asset will cause a financial loss for the association by failing to discharge an obligation. The association's credit risk is mainly related to accounts receivable and notes receivable.

The association provides credit to its clients in the normal course of its operations. Accounts receivable and note receivable are exclusively from membership fees collected by the National Association of Federal Retirees. Therefore, the organization considers the credit risk related to these accounts receivable is minimal.

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The association is exposed to interest rate risk on its fixed-interest rate financial instruments. Fixed interest rate instruments subject the association to a fair value risk, since fair value fluctuates inversely to changes in market interest rates. However, since the maturing date of the investments are less than a year, the risk of loss of potential return on investment is minimal according to the organization.

11. COMPARATIVE FIGURES

Certain figures for 2018 have been reclassified to conform to the presentation adopted in 2019.

**NATIONAL ASSOCIATION OF FEDERAL RETIREES
OUTAOUAIS BRANCH**

ADDITIONAL INFORMATION

**YEAR ENDED DECEMBER 31, 2019
(unaudited)**

Page 15

	2019	2018
SCHEDULE A		
MISSION		
Activities	34 730 \$	28 000 \$
Members services	731	721
Publicity and promotions	2 844	261
	38 305 \$	28 982 \$

SCHEDULE B

ADMINISTRATIVE EXPENSES

Salaries and benefits	20 459 \$	16 689 \$
Rent	6 857	6 465
Secretarial services	-	836
Office expenses	6 325	9 212
	33 641 \$	33 202 \$

SCHEDULE C

GOVERNANCE

Management and administration fees	8 863 \$	10 499 \$
------------------------------------	----------	-----------

SCHEDULE D

GENERAL FEES

Professional fees	8 176 \$	3 312 \$
Service fees and interest	1 587	1 134
Amortization of capital assets	544	1 045
	10 307 \$	5 491 \$
