

**CANADIAN ASSOCIATION  
OF RETIRED PERSONS**  
FINANCIAL STATEMENTS

APRIL 30, 2014

# CANADIAN ASSOCIATION OF RETIRED PERSONS

APRIL 30, 2014

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
**Canadian Association of Retired Persons**

We have audited the accompanying financial statements of **Canadian Association of Retired Persons**, which comprise the statement of financial position as at **April 30, 2014**, and the statements of operations and deficit 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 audits 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 **Canadian Association of Retired Persons** as at **April 30, 2014** and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Mississauga, Ontario  
August 8, 2014

  
NAWAZ TAUB & WASSERMAN LLP  
CHARTERED ACCOUNTANTS  
LICENSED PUBLIC ACCOUNTANTS

**CANADIAN ASSOCIATION OF RETIRED PERSONS  
STATEMENT OF FINANCIAL POSITION**

As at,	Note	April 30, 2014 \$	April 30, 2013 \$
<b>ASSETS</b>			
<b>Current</b>			
Cash		160,018	216,648
Accounts receivable		7,298	1,705
Prepaid expenses		22,369	17,646
		<b>189,685</b>	<b>235,999</b>
<b>Property and equipment</b>	<b>3</b>	<b>46,201</b>	<b>54,609</b>
<b>TOTAL ASSETS</b>		<b>235,886</b>	<b>290,608</b>
<b>LIABILITIES</b>			
<b>Current</b>			
Accounts payable and accrued liabilities		451,589	330,345
Due to related party	5	303,443	615,969
Deferred advocacy and grants		78,955	-
Deferred membership fees	4	506,519	481,750
		<b>1,340,506</b>	<b>1,428,064</b>
<b>Non-Current</b>			
Deferred membership fees	4	269,677	236,841
<b>TOTAL LIABILITIES</b>		<b>1,610,183</b>	<b>1,664,905</b>
<b>Deficit</b>		<b>(1,374,297)</b>	<b>(1,374,297)</b>
		<b>235,886</b>	<b>290,608</b>

Commitments 6

Approved on behalf of the Board:




See accompanying notes to financial statements.

**CANADIAN ASSOCIATION OF RETIRED PERSONS  
STATEMENT OF OPERATIONS AND DEFICIT**

For the year ended April 30,	Note	2014 \$	2013 \$
<b>REVENUES</b>			
Membership dues		2,023,093	2,274,416
Other revenue	5	1,561,926	1,301,691
		<b>3,585,019</b>	<b>3,576,107</b>
<b>EXPENSES</b>			
<b>Membership services</b>			
Marketing		779,933	796,929
Fulfilment		511,435	534,836
Postage		406,378	345,509
Consulting and research		92,235	238,435
Printing		112,131	198,915
Chapters and representatives		103,282	104,806
Travel		26,075	38,250
		<b>2,031,469</b>	<b>2,257,680</b>
<b>General and administration</b>			
Salaries and benefits	5	1,146,937	933,751
Annual general meeting and conference		91,358	111,843
Rent	5	101,403	97,437
Office and general	5	92,747	57,160
Computer services	5	36,262	37,347
Insurance		31,063	29,631
Professional fees		34,404	22,657
Telecommunications		8,175	15,197
Amortization		11,201	13,404
		<b>1,553,550</b>	<b>1,318,427</b>
		<b>3,585,019</b>	<b>3,576,107</b>
<b>Excess of Revenue over Expenses</b>		-	-
<b>Deficit, beginning of the year</b>		<b>(1,374,297)</b>	<b>(1,374,297)</b>
<b>Deficit, end of the year</b>		<b>(1,374,297)</b>	<b>(1,374,297)</b>

See accompanying notes to financial statements.

**CANADIAN ASSOCIATION OF RETIRED PERSONS  
STATEMENT OF CASH FLOWS**

For the year ended April 30,	2014 \$	2013 \$
<b>Cash provided by (used in)</b>		
<b>Operating Activities</b>		
Excess of revenue over expenses	-	-
Adjustment for Amortization	11,201	13,404
	<b>11,201</b>	<b>13,404</b>
<b>Net change in non-cash working capital items</b>		
Accounts receivable	(5,593)	1,408
Prepaid expenses	(4,723)	8,169
Accounts payable and accrued liabilities	121,244	(26,508)
Deferred advocacy and grants	78,955	-
Deferred membership fees	57,605	(74,574)
Due to related party	(312,526)	113,777
	<b>(65,038)</b>	<b>22,272</b>
	<b>(53,837)</b>	<b>35,676</b>
<b>Investing Activities</b>		
Property and equipment	(2,793)	(1,986)
<b>Net change in cash, during the year</b>	<b>(56,630)</b>	<b>33,690</b>
Cash, beginning of the year	216,648	182,958
<b>Cash, end of the year</b>	<b>160,018</b>	<b>216,648</b>

See accompanying notes to financial statements.

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**CANADIAN ASSOCIATION OF RETIRED PERSONS  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED APRIL 30, 2014**

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**PURPOSE OF THE ORGANIZATION**

Canadian Association of Retired Persons (the "Organization") was organized in 1976 under letters patent as a not-for-profit organization.

The Organization is a national, non-partisan, non-profit organization committed to a 'New Vision of Aging for Canada' promoting social change that will bring financial security, equitable access to health care and freedom from discrimination. Our mandate is to promote and protect the interests, rights and quality of life for Canadians as we age.

The Organization qualifies as a not-for-profit organization that is exempt from income taxes under the Income Tax Act.

**1. GOING CONCERN**

The accompanying financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Organization will continue operations for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the normal course of business.

The Organization will require additional financing to fund its operations. In addition, the Organization's continuation as a going concern is dependent upon the continuing support of its related party, generating excess revenues over expenses and the ability to generate sufficient cash from operations. These matters are dependent on a number of items beyond the Organization's control.

Management is currently reviewing its options to increase liquidity and believes that with these actions and the support of the related party, it will be able to continue operating as a going concern. There can however be no assurance that the actions and plans such as those described above will be sufficient for the Organization to continue operating as a going concern.

These financial statements do not reflect any adjustments in the carrying values of the assets and liabilities, the reported revenue and expenses and the statement of financial position classifications used that would be necessary if the going concern assumption were not appropriate should the Organization not be able to continue its normal course of business.

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**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below:

**(a) Use of estimates**

The preparation of the 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 year. Significant items subject to such estimates and assumptions include the carrying amount of property and equipment. Actual results could differ from those estimates. These estimates are reviewed periodically, and when adjustments become necessary, they are reflected in earnings in the year in which they become known.

**(b) Revenue recognition**

The Organization follows the deferral method of accounting. Restricted contributions are recognized when the related expenses are incurred. Unrestricted contributions are recognized at the time persuasive evidence of an arrangement exists, there are no significant obligations remaining, the sales price is fixed and determinable, the service is delivered to the external customer, there is a payment arrangement in existence and collectability is reasonably assured.

Members are given the option of paying for a one-year or three-year membership. Membership dues relating to a one-year membership are recognized as revenue in the year of receipt. Membership dues relating to more than one year are deferred upon receipt and prorated yearly over the terms of membership.

Other revenue consists mainly of a subsidy from a related party and is recognized as income in the year received (see Note 5).

The Organization and its members benefit from the efforts of many volunteers. Donations in kind of volunteer time, products or services are not valued in the financial statements as it is not practical to quantify the value of these services. Travel and subsistence costs incurred by numerous volunteers in carrying out their duties are paid for by the Organization.

**(c) Revenue and expenses are disclosed at gross amounts.**



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**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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**(d) Property and equipment**

Property and equipment are stated at cost and amortized at the appropriate rates over the term of estimated useful lives. Amortization is calculated using the following methods and annual rates:

Office equipment	-	20% declining balance basis
Computer hardware	-	20% declining balance basis
Telephone equipment	-	20% declining balance basis
Computer software	-	20% straight-line basis

Assets acquired during the year are amortized at half of the regular rate.

**(e) Impairment of Long-Lived Assets**

Property and equipment are reviewed for impairment whenever events or changes in circumstances indicate that the carrying amount of an asset may not be recoverable. If the carrying amount of an asset exceeds its estimated recoverable amount, an impairment charge is recognized by the amount by which the carrying amount of the asset exceeds the fair value of the asset.

**(f) Foreign currency translation**

Monetary items denominated in foreign currencies are translated to Canadian dollars at exchange rates in effect at the statement of financial position dates and non-monetary items are translated at rates of exchange in effect when the assets were acquired or obligations incurred. Revenue and expenses items denominated in foreign currencies are translated at the exchange rates prevailing at the time of the transactions. Exchange gains or losses on conversion between currencies are included in the statement of operations.

**(g) Financial instruments****Measurement of financial instruments**

The Organization initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. Subsequently all financial assets and liabilities are measured 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 are recognized in net income.

The Organization's financial assets consist of cash and accounts receivable. The Organization's financial liabilities consist of accounts payable and accrued liabilities, and due to related party. The Organization has elected to measure all financial instruments at cost or amortized cost.

Transaction costs for financial instruments that will be subsequently measured at fair value are expensed as incurred. Transaction costs that are directly attributable to the acquisition of financial instruments that will not be measured subsequently at fair market value are capitalized. No transaction costs were incurred during the year.

**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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**Impairment**

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. The previously recognized impairment loss may be reversed to the extent of the improvement provided that it is no 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 income.

- (h) The financial statements of the Organization do not include the operations and accounts of its Chapters, which are organized and operated as separate entities.
  
- (i) Marketing and membership solicitation expenditures are expensed as incurred.

**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**3. PROPERTY AND EQUIPMENT**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value 2014</b>	<b>Net Book Value 2013</b>
	\$	\$	\$	\$
Office equipment	53,679	25,005	<b>28,674</b>	35,843
Computer hardware	67,749	53,141	<b>14,608</b>	15,117
Telephone equipment	3,653	3,427	<b>226</b>	283
Computer software	22,295	19,602	<b>2,693</b>	3,366
	<b>147,376</b>	<b>101,175</b>	<b>46,201</b>	54,609

**4. DEFERRED MEMBERSHIP FEES**

Deferred membership fees represent amounts received in excess of revenue recognized on long-term memberships received.

	<b>2014</b>	<b>2013</b>
	\$	\$
<b>Balance, beginning of year</b>	<b>718,591</b>	793,165
Less: amounts recognized during the year	<b>481,750</b>	573,256
Add: amounts received during the year	<b>539,355</b>	498,682
<b>Balance, end of year</b>	<b>776,196</b>	718,591
Less: Current portion	<b>506,519</b>	481,750
<b>Non-Current portion</b>	<b>269,677</b>	236,841

**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

**5. RELATED PARTY TRANSACTIONS**

The Organization contracts with certain business entities, which are related to the President and Directors of the Organization. These transactions are 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. The nature and extent of these transactions are as follows:

	2014	2013
	\$	\$
<b>REVENUES</b>		
Subsidy (included in Other revenue)	<b>1,537,620</b>	1,295,459
<b>EXPENSES</b>		
Management fees (included in Salaries and benefits)	<b>181,000</b>	150,833
Rent	<b>101,403</b>	97,437
Accounting fees (included in Office and general)	<b>47,460</b>	7,910
IT Services fees (included in Computer services)	<b>34,700</b>	36,375
	<b>364,563</b>	292,555

The related party receivables and payables have been netted on the financial statements.

The amounts due to the related party are non-interest bearing and unsecured. The parties agreed that the amounts will be repaid within the year. The parties were related because they were subject to common control.

	2014	2013
	\$	\$
<b>Due to related party</b>	<b>303,443</b>	615,969

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**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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**6. CONTRACTUAL COMMITMENTS**

The Organization has entered into an agreement with ZoomerMedia Limited (ZML), a related corporation, whereby ZML acts as the Organization's exclusive marketing agent with respect to contracts and most compensation arrangements. In return the Organization receives a subsidy from ZML, which is reflected in other revenue.

The Organization has an obligation under an operating lease for its premises with a related party. The future lease payments to the expiry of the lease in June 2014 are \$16,240.

The Organization has obligations under operating leases for office equipment. The future lease payments to the expiry of the leases in June 2014 are \$4,334.

The Organization has entered into a contract to provide services for its members through a service provider. The future minimum payments to the service provider are as follows:

2014	\$135,600
2015	<u>45,200</u>
	<b><u>\$ 180,800</u></b>

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**CANADIAN ASSOCIATION OF RETIRED PERSONS**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED APRIL 30, 2014**

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## **7. FINANCIAL INSTRUMENTS**

### **Risk management policy**

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at the statement of financial position date, April 30, 2014.

### **Credit Risk**

Credit risk is the risk that one party to a financial instrument will cause financial loss to the other party by failing to discharge an obligation. The Organization minimizes the credit risk of cash by keeping cash with credit worthy financial institutions. The Organization manages credit risk relating to accounts receivable by regular review of receivables.

### **Liquidity Risk**

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization considers that it has sufficient funds from its operations and related party to ensure that funds are available to meet its current and long-term financial needs, at a reasonable cost.

### **Interest Rate Risk**

Interest rate risk is the risk that future cash flows associated with its financial instruments, will fluctuate with the changes in the market rate of interest. The Organization is not exposed to any significant interest rate risks since it does not use interest bearing financial instruments.

### **Currency Risk**

Currency risk is the risk that the future cash flows of a financial instrument will fluctuate as a result of changes in foreign exchange rates. The Organization is not exposed to any significant foreign currency risk.

### **Other Price Risk**

Equity and other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk). The Organization is not subject to significant equity and other price risk.

## **8. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform to the financial statement presentation adopted in the current year.