

**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 \$
ASSETS			
Current			
Cash		160,018	216,648
Accounts receivable		7,298	1,705
Prepaid expenses		22,369	17,646
		189,685	235,999
Property and equipment	3	46,201	54,609
TOTAL ASSETS		235,886	290,608
LIABILITIES			
Current			
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
		1,340,506	1,428,064
Non-Current			
Deferred membership fees	4	269,677	236,841
TOTAL LIABILITIES		1,610,183	1,664,905
Deficit		(1,374,297)	(1,374,297)
		235,886	290,608

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 \$
REVENUES			
Membership dues		2,023,093	2,274,416
Other revenue	5	1,561,926	1,301,691
		3,585,019	3,576,107
EXPENSES			
Membership services			
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
		2,031,469	2,257,680
General and administration			
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
		1,553,550	1,318,427
		3,585,019	3,576,107
Excess of Revenue over Expenses		-	-
Deficit, beginning of the year		(1,374,297)	(1,374,297)
Deficit, end of the year		(1,374,297)	(1,374,297)

See accompanying notes to financial statements.

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

For the year ended April 30,	2014 \$	2013 \$
Cash provided by (used in)		
Operating Activities		
Excess of revenue over expenses	-	-
Adjustment for Amortization	11,201	13,404
	11,201	13,404
Net change in non-cash working capital items		
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
	(65,038)	22,272
	(53,837)	35,676
Investing Activities		
Property and equipment	(2,793)	(1,986)
Net change in cash, during the year	(56,630)	33,690
Cash, beginning of the year	216,648	182,958
Cash, end of the year	160,018	216,648

See accompanying notes to financial statements.

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

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.

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

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.

CANADIAN ASSOCIATION OF RETIRED PERSONS
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FOR THE YEAR ENDED APRIL 30, 2014

(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

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

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

4. DEFERRED MEMBERSHIP FEES

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

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

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO FINANCIAL STATEMENTS
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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
	\$	\$
REVENUES		
Subsidy (included in Other revenue)	1,537,620	1,295,459
EXPENSES		
Management fees (included in Salaries and benefits)	181,000	150,833
Rent	101,403	97,437
Accounting fees (included in Office and general)	47,460	7,910
IT Services fees (included in Computer services)	34,700	36,375
	364,563	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
	\$	\$
Due to related party	303,443	615,969

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO FINANCIAL STATEMENTS
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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>
	<u>\$ 180,800</u>

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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.