

Bell Pensioners' Group Inc.
Financial Statements
For the year ended December 31, 2017

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For the year ended December 31, 2017

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Independent Practitioner's Review Engagement Report

To the members of
Bell Pensioners' Group Inc.

We have reviewed the accompanying financial statements of Bell Pensioners' Group Inc. that comprise the statement of financial position as at December 31, 2017, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Volunteer Treasurers' Responsibility for the Financial Statements

The volunteer treasurers are 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.

Other Matters

The prior year comparative figures were audited with an audit opinion dated March 13, 2017.

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 Bell Pensioners' Group Inc. as at December 31, 2017, 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Alliston, Ontario
April 4, 2018

Bell Pensioners' Group Inc.
Statement of Financial Position
(Unaudited)

December 31	2017	2016
Assets		
Current		
Cash (note 2)	\$ 280,456	\$ 241,308
Investments (note 3)	288,648	289,559
Accounts receivable	-	250
Prepaid expenses	13,187	16,890
	582,291	548,007
Investments (note 3)	47,351	43,125
	\$ 629,642	\$ 591,132
Liabilities and Fund Balances		
Current		
Accounts payable and accrued liabilities	\$ 9,191	\$ 14,500
Deferred membership fees (note 4)	153,370	144,235
	162,561	158,735
Deferred membership fees (note 4)	64,760	46,475
	227,321	205,210
Fund Balances (note 5)		
Internally Restricted Reserve Fund (note 6)	365,000	365,000
General Fund	37,321	20,922
	402,321	385,922
	\$ 629,642	\$ 591,132

On behalf of the Board:

Patti Senton President

La Mackey Treasurer

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

Bell Pensioners' Group Inc.
Statement of Operations
(Unaudited)

For the year ended 2016	2017	2016
Revenue		
Membership fees and other		
Montreal chapter	\$ 72,598	\$ 71,877
Ontario Central chapter	69,355	69,519
Ottawa chapter	25,993	22,951
Quebec chapter	25,400	23,000
South Western Ontario chapter	25,465	23,329
Telebec chapter	10,045	7,273
Interest - corporate	846	738
	229,702	218,687
Expenses		
Corporate	119,400	106,091
Montreal chapter	28,952	30,476
Ontario Central chapter	25,996	26,308
Ottawa chapter	10,494	8,817
Quebec chapter	11,172	7,340
South Western chapter	12,841	10,203
Telebec chapter	4,448	3,868
	213,303	193,103
Excess of revenue over expenses for the year	\$ 16,399	\$ 25,584

Bell Pensioners' Group Inc.
Statement of Changes in Fund Balances
(Unaudited)

For the year ended December 31, 2017	2017	2016
Internally Restricted Reserve Fund		
Balance, beginning of the year	\$ 365,000	\$ 348,000
Transfer from general fund	-	17,000
Balance, end of the year	<u>\$ 365,000</u>	<u>\$ 365,000</u>
General Fund		
Balance, beginning of the year	\$ 20,922	\$ 12,338
Excess of revenue over expenses	16,399	25,584
Transfer to internally restricted reserve fund	-	(17,000)
Balance, end of the year	<u>\$ 37,321</u>	<u>\$ 20,922</u>

Bell Pensioners' Group Inc.
Statement of Cash Flows
(Unaudited)

For the year ended December 31, 2017	2017	2016
Cash provided by (used in)		
Cash flows from (used in) operating activities		
Excess of revenue over expenses	\$ 16,399	\$ 25,584
Changes in non-cash operating working capital		
Accounts receivable	250	(250)
Prepaid expenses	3,703	(1,246)
Accounts payable and accrued liabilities	(5,309)	(10,400)
Deferred membership fees	27,420	12,763
	<u>42,463</u>	<u>26,451</u>
Cash flows from operating activities	42,463	26,451
Cash flows from investing activities		
Investments	<u>(3,315)</u>	<u>(44,656)</u>
Increase (decrease) in cash during the year	39,148	(18,205)
Cash, beginning of year	<u>241,308</u>	<u>259,513</u>
Cash, end of year	<u>\$ 280,456</u>	<u>\$ 241,308</u>

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

Bell Pensioners' Group Inc. Notes to Financial Statements

December 31, 2017

1. Summary of Significant Accounting Policies

Nature of Organization The organization was incorporated under the laws of Canada on November 14, 1995. In November, 2013, the organization applied and was granted a certificate of continuance under the Canada Not-for-Profit Corporations Act (NFP Act).

The primary objective of the organization is to protect the Bell Canada pension and benefits of its members. This is accomplished through negotiations with Bell Canada, government advocacy and by supporting the Pension Information Committee pensioner representatives. It is the organization's goal to educate its members on these issues and where necessary to assist them in addressing problems in these areas. To meet its objectives, the organization is organized in various chapters in the provinces of Ontario and Quebec as well as a virtual head office, referred to as corporate. In the event of dissolution of the organization, residual funds remaining after all its assets are sold and its liabilities are met, will be used in a manner as determined by the organization's Board of Directors.

The organization is exempt from income taxes under paragraph 149(1)(e) of the Income Tax Act.

Basis of Accounting The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations.

Financial Instruments Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, equities traded in an active market are reported at fair value, with any unrealized gains and losses reported in operations. All other financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate the asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items remeasured at fair value at each statement of financial position date and capitalized and amortized over the expected life of the instrument using straight-line method for those measured at cost or amortized cost.

Bell Pensioners' Group Inc. Notes to Financial Statements

December 31, 2017

Financial Instruments (continued)

The organization's financial instruments consists of cash, investments, accounts payables and accrued liabilities. Cash, accounts payable and accrued liabilities are valued at cost which approximates fair value at year-end due to their short-term maturities. Short-term and long-term investments are valued at cost plus accrued interest which would not differ materially from their fair value at year-end due to their relative short-term maturities. It is the voluntary treasurers' opinion that the organization is not exposed to significant interest, currency or credit risks arising from these financial instruments.

Financial Risk Management

The organization's investment plan is based on anticipated liquidity requirements, as indicated in its approved budget, thereby decreasing the risk of incurring a penalty on the principal value of investments. Eligible securities for investments must be convertible to cash within 90 days from request and must be insured by a recognized insurer - federally or provincially, thereby ensuring liquidity and safety.

Eligible securities are defined in the investment plan as a bond, debenture, guaranteed investment certificate, term deposit or similar instrument that is issued or guaranteed by the federal or any provincial government, or that is issued by an institution in Ontario and/or Quebec insured by a recognized insurer federally or provincially.

The organization is not involved in any hedge relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.

In addition, the organization's by-laws require that cash balances be held in financial institutions that are insured by a recognized insurer federally or provincially.

Fund Accounting

The organization maintains two funds, the general fund and the reserve fund.

General Fund

In accordance with the Board of Directors' policy, revenue raised from membership fees is maintained in the general fund. This fund also accounts for program delivery and administrative activities. This fund reports unrestricted resources.

Bell Pensioners' Group Inc.
Notes to Financial Statements

December 31, 2017

Reserve Fund

The reserve fund has been established by the organization's Board of Directors and is therefore internally restricted. The purpose of the fund is to provide a reserve for future year's unexpected costs, legal costs, and specified project costs. The goal of the fund is to receive amounts from chapters at the rate of one percent to five percent of net revenues towards future legal counselling. Annually, the organization's committees present funding requirements for specified projects which the Board of Directors will set aside funds. Transfers to or from the fund are as approved by the organization's Board of Directors.

Revenue Recognition

The organization follows the restricted fund method of accounting for contributions. Restricted contributions (excluding transfers between funds) are recognized as revenue in the corresponding fund in the current period. Restricted contributions for which no corresponding restricted fund is presented are recognized in the general fund in accordance with the deferral method, whereby the contributions are not recognized as revenue until the related expense are incurred. Unrestricted contributions are recognized as revenue in the general fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership revenue is recorded in the period to which the membership relates.

Unrestricted investment income is recognized as revenue in the general fund when earned.

Capital Assets

Capital assets costing less than \$5,000 are charged to expense in the statement of operations in the year of acquisition. Capital assets costing in excess of \$5,000 are recorded at cost in the statement of financial position and amortized to operations based on the useful life of the asset.

Bell Pensioners' Group Inc.
Notes to Financial Statements

December 31, 2017

Inter-Chapter Transfers	All inter-chapter transfers have been eliminated for financial statement purposes.
Donated Services	The work of the organization is dependent on the voluntary services of the many individuals. Since these services are not normally purchased by the organization and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.
Use of Estimates	The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the voluntary treasurers 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 revenues and expenses during the reporting period. The principal estimates used in the preparation of these financial statements include accounts payable and accrued liabilities. Actual results could differ from the voluntary treasurers' best estimates as additional information becomes available in the future.

2. Cash

The organization's bank accounts are held at various financial institutions in accordance with the organization's investment plan and earn nominal interest.

Bell Pensioners' Group Inc. Notes to Financial Statements

December 31, 2017

3. Investments

The organization's investments are held at various financial institutions in accordance with the organization's investment plan and are stated at cost plus accrued interest, which approximates their fair value. Investments consist of the following:

	2017	2016
Bank of Montreal redeemable Guaranteed Investment Certificates, \$20,654, maturing between April 20, 2018 and May 2, 2018, earning interest at prime less 2.1%.	\$ 20,755	\$ -
Caisse D'économie Desjardins des employés en Télécommunication redeemable term savings, \$44,174, maturing between March 29, 2018 and October 17, 2018 earning interest at 0.85% and 0.95%.	44,396	-
Communication Technologies Credit Union ('CTCU') non-redeemable (redeemable with an interest penalty) certificates of deposit, \$46,897, maturing between April 5, 2019 and May 9, 2019 earning interest at 2.1%.	47,132	-
CTCU non-redeemable (redeemable with an interest penalty) certificates of deposit, \$20,387, maturing by February 28, 2018, earning interest at between 2.0% and 2.1%.	21,270	21,050
CTCU non-redeemable (redeemable with an interest penalty) certificate of deposit, \$23,294, maturing October 5, 2018 earning interest at 1.85%.	24,044	-
National Bank of Canada redeemable term deposit, \$27,000, maturing between July 30, 2018 and November 5, 2018, earning interest at 0.7% to 0.8%.	27,303	22,075
Royal Bank of Canada redeemable Guaranteed Investment Certificates, \$150,479, maturing between June 21, 2018 and September 11, 2018, earning interest at between 0.5% and 1.7%.	151,099	-
Royal Bank of Canada matured in 2017.	-	149,688
Caisse D'économie Desjardins matured in 2017.	-	44,395
National Bank of Canada matured in 2017.	-	5,018
Bank of Montreal matured in 2017.	-	20,614
CTCU matured in 2017.	-	69,844
Total investments	335,999	332,684
Less: Amounts maturing within the next year	(288,648)	(289,559)
	\$ 47,351	\$ 43,125

Investments with maturity dates of greater than one year are classified as long-term.

Bell Pensioners' Group Inc. Notes to Financial Statements

December 31, 2017

4. Deferred Membership Fees

Current deferred membership fees of \$153,370 relate to membership fees received before December 31, 2017 with respect to the 2018 calendar year (2016 - \$144,235 relate to membership fees received before December 31, 2016 with respect to the 2017 calendar year).

Non-current deferred membership fees of \$64,760 relate to membership fees received before December 31, 2017 with respect to the 2019 calendar year and thereafter (2016 - \$46,475 related to membership fees received before December 31, 2016 with respect to the 2018 calendar year and thereafter).

5. Financial Instruments

Liquidity Risk

The organization's objective is to have sufficient capital to meet the financial requirements of the organization enabling it to operate efficiently while maintaining a reserve fund that is at an adequate level for continuing operations. The organization's objective when managing its capital are to maintain flexibility between:

- enabling it to operate efficiently;
- providing liquidity for growth opportunities;
- having funds available to internally finance special projects;
- having funds available for unexpected increases in expenditures or decreases in revenue; and
- providing a constant and predictable membership fee structure.

The Board of Directors does not establish quantitative return on capital criteria.

There has been no change to this risk in the year.

Interest Rate Risk

Interest rate risk is the risk that the value of a financial instrument will fluctuate because of changes in market interest rates. The organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-instruments subject the company to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The organization is exposed to changes in interest rates related to its short-term and long-term investments. The organization's primary objective is to ensure the security of principal amounts invested and provide for a high degree of liquidity, while achieving a satisfactory return.

The organization mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There has been no change to this risk in the year.

Bell Pensioners' Group Inc. Notes to Financial Statements

December 31, 2017

6. Internally Restricted Reserve Fund

As part of the organization's financial plan a reserve fund for future expenses has been established by the organization's Board of Directors and is available for the following purposes:

	<u>2017</u>	<u>2016</u>
Contingency for Expenses	\$ 265,000	\$ 265,000
Legal Counsel, Corporate Projects and Member Services	<u>100,000</u>	<u>100,000</u>
	<u>\$ 365,000</u>	<u>\$ 365,000</u>

The Board of Directors has approved a resolution to adjust the required internally restricted reserve to meet the needs of the organization in the future. The internally restricted reserve is intended to be maintained at a level sufficient to meet funding requirements for 1 to 1.5 years of activity of the organization.

7. Indemnification

The organization indemnifies and saves harmless every member of its Board of Directors, its officers, chapter treasurers and their heirs, executors and other legal representatives from the funds of the organization, from and against all costs, charges and expenses that they sustain or incur in any action or proceedings that is brought against them in the execution of their office, except such costs, charges or expenses that are incurred by their own willful neglect or default. Similarly, at the Board of Directors' discretion, other members of the organization who are carrying out organization business may also be so indemnified. The organization has \$2 million of commercial liability insurance and \$2 million of Directors and Officers liability insurance in place at December 31, 2017 (2016 - \$5 commercial liability insurance and \$2 million of Director and Officer liability insurance).

8. Related Party Transactions

During the year, honorariums of \$3,716 (2016 - \$3,500) were paid to members of the Chapter Executive, excluding the Chair and Vice Chair, in recognition of the volunteer time spent by these individuals.
