

Bell Pensioners' Group Inc.
Financial Statements
For the Year Ended December 31, 2019
(Unaudited)

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Financial Statements
For the Year Ended December 31, 2019
(Unaudited)

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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, 2019, 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 Treasurer's Responsibility for the Financial Statements

The volunteer treasurer 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 Bell Pensioners' Group Inc. 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.

BDO Canada LLP

Chartered Professional Accountants, Licensed Public Accountants

Newmarket, Ontario
April 7, 2020


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

| December 31 | 2019 | 2018 |
|----------------------|------------|------------|
| Assets | | |
| Current | | |
| Cash (Note 2) | \$ 394,904 | \$ 375,102 |
| Investments (Note 3) | 277,633 | 242,538 |
| Accounts receivable | 1,800 | 1,050 |
| Prepaid expenses | 10,533 | 15,885 |
| | 684,870 | 634,575 |
| Investments (Note 3) | 20,701 | 51,580 |
| | \$ 705,571 | \$ 686,155 |

Liabilities and Fund Balances

| | | |
|---|------------|------------|
| Current | | |
| Accounts payable and accrued liabilities | \$ 14,196 | \$ 37,852 |
| Deferred membership fees (Note 4) | 155,330 | 160,437 |
| | 169,526 | 198,289 |
| Deferred membership fees (Note 4) | 78,080 | 66,400 |
| | 247,606 | 264,689 |
| Fund Balances | | |
| Internally Restricted Reserve Fund (Note 5) | 415,000 | 415,000 |
| General Fund | 42,965 | 6,466 |
| | 457,965 | 421,466 |
| | \$ 705,571 | \$ 686,155 |

On behalf of the Board:

 President

 Treasurer

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

| For the year ended December 31 | 2019 | 2018 |
|--|-------------------|-------------------|
| Internally Restricted Reserve Fund | | |
| Balance, beginning and end of the year | \$ 415,000 | \$ 365,000 |
| Transfer from the General Fund | - | 50,000 |
| Balance, end of the year | <u>\$ 415,000</u> | <u>\$ 415,000</u> |
| General Fund | | |
| Balance, beginning of the year | \$ 6,466 | \$ 37,321 |
| Excess of revenues over expenses | 36,499 | 19,145 |
| Transfer to the Internally Restricted Reserve Fund | - | (50,000) |
| Balance, end of the year | <u>\$ 42,965</u> | <u>\$ 6,466</u> |

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

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

| For the year ended December 31 | 2019 | 2018 |
|---|------------------|------------------|
| Revenue | | |
| Membership fees and other | | |
| Montreal chapter | \$ 75,597 | \$ 75,254 |
| Ontario Central chapter | 70,896 | 71,793 |
| Ottawa chapter | 26,654 | 24,289 |
| Quebec chapter | 25,807 | 26,456 |
| South Western Ontario chapter | 21,743 | 23,942 |
| Telebec chapter | 9,316 | 10,104 |
| Aliant Atlantic chapter | 10,492 | 8,493 |
| Interest - corporate | 1,253 | 1,018 |
| | <u>241,758</u> | <u>241,349</u> |
| Expenses | | |
| Corporate | 109,075 | 130,635 |
| Montreal chapter | 25,497 | 25,008 |
| Ontario Central chapter | 31,307 | 31,672 |
| Ottawa chapter | 12,649 | 7,762 |
| Quebec chapter | 7,170 | 7,023 |
| South Western Ontario chapter | 10,101 | 12,878 |
| Telebec chapter | 3,439 | 4,152 |
| Aliant Atlantic chapter | 6,021 | 3,074 |
| | <u>205,259</u> | <u>222,204</u> |
| Excess of revenues over expenses | \$ 36,499 | \$ 19,145 |

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

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

| For the year ended December 31 | 2019 | 2018 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses | \$ 36,499 | \$ 19,145 |
| Items not affecting cash: | | |
| Changes in non-cash working capital: | | |
| Accounts receivable | (750) | (1,050) |
| Prepaid expenses | 5,352 | (2,698) |
| Accounts payable and accrued liabilities | (23,656) | 28,660 |
| Deferred membership fees | 6,573 | 8,707 |
| | <u>24,018</u> | <u>52,764</u> |
| Cash flows from (used in) investing activities | | |
| Investments | (4,216) | 41,882 |
| | <u>19,802</u> | <u>94,646</u> |
| Net increase in cash | 19,802 | 94,646 |
| Cash, beginning of the year | <u>375,102</u> | <u>280,456</u> |
| Cash, end of the year | <u>\$ 394,904</u> | <u>\$ 375,102</u> |

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

Bell Pensioners' Group Inc.
Notes to Financial Statements
(Unaudited)

December 31, 2019

1. Significant Accounting Policies

| | |
|---|--|
| Nature and Purpose of Organization | <p>The Bell Pensioners' Group Inc. 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).</p> <p>The primary objective of the Bell Pensioners' Group Inc. 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, Quebec and Eastern Canada 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 Bell Pensioners' Group Inc.'s Board of Directors.</p> <p>The Bell Pensioners' Group Inc. is exempt from income taxes under paragraph 149(1)(e) of the Income Tax Act.</p> |
| Basis of Accounting | The financial statements have been prepared using Canadian accounting standards for not-for-profit organizations. |
| Fund Accounting | The Bell Pensioners' Group Inc. 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. |
| Reserve Fund | The reserve fund has been established by the Bell Pensioners' Group Inc.'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. |

Bell Pensioners' Group Inc.
Notes to Financial Statements
(Unaudited)

December 31, 2019

1. Significant Accounting Policies (continued)

| | |
|------------------------------|---|
| Revenue Recognition | <p>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.</p> <p>Membership revenue is recorded in the period to which the membership relates.</p> <p>Unrestricted investment income is recognized as revenue in the general fund when earned</p> |
| Financial Instruments | <p>Financial instruments are recorded at fair value at initial recognition.</p> <p>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.</p> <p>The Bell Pensioners' Group Inc.'s financial instruments consists of cash, investments, accounts receivable, accounts payables and accrued liabilities. Cash, accounts receivable, 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.</p> |

Bell Pensioners' Group Inc.
Notes to Financial Statements
(Unaudited)

December 31, 2019

1. Significant Accounting Policies (continued)

| | |
|----------------------------------|--|
| Capital Assets | <p>The organization is exempt from the not-for-profit accounting requirements related to capital assets and its Board has determined that any capital asset expenditures are to be charged to operations in the year such expenditures are incurred.</p> <p>During the year, approximately \$7,200 of computers and software was purchased and expensed.</p> |
| Donated Services | <p>The work of the organization is dependent on the voluntary services of the many individuals. Since these services are not normally purchased by the Bell Pensioners' Group Inc. and because of the difficulty in determining their fair value, donated services are not recognized in these financial statements.</p> |
| Financial Risk Management | <p>The Bell Pensioners' Group Inc.'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.</p> <p>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 Bell Pensioners' Group Inc. is not involved in any hedge relationships through its operations and does not hold or use any derivative financial instruments for trading purposes.</p> |
| Inter-Chapter Transfer | <p>All inter-chapter transfers have been eliminated for financial statement purposes.</p> |
| Use of Estimates | <p>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 receivables, accounts payable and accrued liabilities. Actual results could differ from the voluntary treasurers' best estimates as additional information becomes available in the future.</p> |

Bell Pensioners' Group Inc.
Notes to Financial Statements
(Unaudited)

December 31, 2019

2. Cash

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

3. Investments

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

| | 2019 | 2018 |
|--|-----------|-----------|
| Bank of Montreal redeemable Guaranteed Investment Certificates, \$21,111, maturing between April 16, 2020 and April 29, 2020, earning interest at prime less 2.7%. \$ | 21,289 | \$ 20,969 |
| Comtech Fire Credit Union ('CFCU') non-redeemable (redeemable with an interest penalty) certificates of deposit, \$94,005, maturing between April 5, 2020 and February 28, 2021, earning interest at 1.6% to 2.8%. | 95,501 | 93,916 |
| National Bank of Canada redeemable term deposit, \$27,000, maturing between January 10, 2020 and July 30, 2020, earning interest at 0.7% to 0.85%. | 27,306 | 27,084 |
| Royal Bank of Canada redeemable Guaranteed Investment Certificates, \$153,277, maturing between March 14, 2020 and September 11, 2020, earning interest at 0.5% to 2.1%. | 154,237 | 152,149 |
| Total investments | 298,334 | 294,118 |
| Less: Amounts maturing within the next year | (277,633) | (242,538) |
| | \$ 20,701 | \$ 51,580 |

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

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(Unaudited)

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4. Deferred Membership Fees

Current deferred membership fees of \$155,330 relate to membership fees received before December 31, 2019 with respect to the 2020 calendar year (2018 - \$160,437 relate to membership fees received before December 31, 2018 with respect to the 2019 calendar year).

Non-current deferred membership fees of \$78,080 relate to membership fees received before December 31, 2019 with respect to the 2021 calendar year and thereafter (2018 - \$66,400 related to membership fees received before December 31, 2018 with respect to the 2020 calendar year and thereafter).

5. 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>2019</u> | <u>2018</u> |
|---|-------------------|-------------------|
| Contingency for Expenses | \$ 315,000 | \$ 315,000 |
| Legal Counsel, Corporate Projects and Member Services | <u>100,000</u> | <u>100,000</u> |
| | <u>\$ 415,000</u> | <u>\$ 415,000</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 for contingency purposes is intended to be maintained at a level sufficient to meet funding requirements for 1 to 1.5 years of activity of the organization.

6. Indemnification

The Bell Pensioners' Group Inc. 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 Bell Pensioners' Group Inc., 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 Bell Pensioners' Group Inc. who are carrying out organization business may also be so indemnified. The Bell Pensioners' Group Inc. has \$2 million of commercial liability insurance and \$2 million of Directors and Officers liability insurance in place at December 31, 2019 and 2018.

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7. Related Party Transactions

During the year, honorariums of \$2,900 (2018 - \$3,800) were paid to members of the Chapters Executive, excluding the Chair and Vice Chair, in recognition of the volunteer time spent by these individuals.

8. Financial Instruments

Liquidity risk

The Bell Pensioners' Group Inc.'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 fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Bell Pensioners' Group Inc. is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-interest instruments subject the Bell Pensioners' Group Inc. to a fair value risk while the floating rate instruments subject it to a cash flow risk.

The Bell Pensioners' Group Inc. is exposed to changes in interest rates related to its short-term and long-term investments. The Bell Pensioners' Group Inc.'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 Bell Pensioners' Group Inc. mitigates interest rate risk on investments by diversifying the durations of the fixed-income investments that are held at a given time.

There have not been any changes in the risk in the year.
