

**Bell Pensioners' Group Inc.**  
**Financial Statements**  
**For the year ended December 31, 2015**

**Bell Pensioners' Group Inc.**  
**Financial Statements**  
**For the year ended December 31, 2015**

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## Independent Auditor's Report

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### To the Members of Bell Pensioners' Group Inc.

We have audited the accompanying financial statements of Bell Pensioners' Group Inc., which comprise the statement of financial position as at December 31, 2015 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 the volunteer treasurers determine 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 audit 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 auditors' 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 the volunteer treasurers, 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 Bell Pensioners' Group Inc. as at December 31, 2015, 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.

Chartered Professional Accountants, Licensed Public Accountants

Alliston, Ontario  
March 21, 2016

**Bell Pensioners' Group Inc.  
Statement of Financial Position**

**December 31** **2015** **2014**

**Assets**

**Current**

Cash (note 2)	\$	259,513	\$	201,839
Investments (note 3)		265,254		212,684
Accounts receivable		-		6,073
Prepaid expenses		15,644		18,407
		540,411		439,003

Investments (note 3) 22,774 125,412

**\$ 563,185** **\$ 564,415**

**Liabilities and Fund Balances**

**Current**

Accounts payable and accrued liabilities	\$	24,900	\$	42,854
Deferred membership fees (note 4)		139,417		120,050
		164,317		162,904

Deferred membership fees (note 4) 38,530 17,997

**202,847** **180,901**


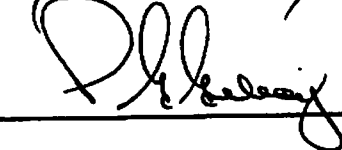
**Fund Balances (note 5)**

Internally Restricted Reserve Fund (note 6)	348,000	373,000
General Fund	12,338	10,514
	360,338	383,514

**360,338** **383,514**

**\$ 563,185** **\$ 564,415**

On behalf of the Board:

 <hr style="border: 0; border-top: 1px solid black;"/>	President
 <hr style="border: 0; border-top: 1px solid black;"/>	Treasurer

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

**Bell Pensioners' Group Inc.  
Statement of Operations**

<b>For the year ended December 31</b>	<b>2015</b>		<b>2014</b>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
<b>Revenue</b>			
Membership fees and other	\$ 215,679	\$ 215,727	\$ 218,576
<b>Expenses</b>			
Corporate	187,330	152,630	172,994
Chapter	83,945	86,273	86,349
	<u>271,275</u>	<u>238,903</u>	<u>259,343</u>
<b>Deficiency of revenue over expenses for the year</b>	<b>\$ (55,596)</b>	<b>\$ (23,176)</b>	<b>\$ (40,767)</b>

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

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**Bell Pensioners' Group Inc.**  
**Statement of Changes in Fund Balances**

For the year ended December 31	2015	2014
<b>Internally Restricted Reserve Fund</b>		
Balance, beginning of the year	\$ 373,000	\$ 357,600
Transfer to (from) general fund	<u>(25,000)</u>	<u>15,400</u>
Balance, end of the year	<u>\$ 348,000</u>	<u>\$ 373,000</u>
 <b>General Fund</b>		
Balance, beginning of the year	\$ 10,514	\$ 66,681
Deficiency of revenue over expenses	(23,176)	(40,767)
Transfer from (to) internally restricted reserve fund	<u>25,000</u>	<u>(15,400)</u>
Balance, end of the year	<u>\$ 12,338</u>	<u>\$ 10,514</u>

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

**Bell Pensioners' Group Inc.  
Statement of Cash Flows**

<b>For the year ended December 31</b>	<b>2015</b>	<b>2014</b>
<b>Cash provided by (used in)</b>		
<b>Cash flows from (used in) operating activities</b>		
Deficiency of revenue over expenses	\$ (23,176)	\$ (40,767)
Changes in non-cash operating working capital		
Accounts receivable	6,073	(6,073)
Prepaid expenses	2,763	(6,687)
Accounts payable and accrued liabilities	(17,954)	27,355
Deferred membership fees	39,900	(12,823)
<b>Cash flows from (used in) operating activities</b>	<b>7,606</b>	<b>(38,995)</b>
<b>Cash flows from investing activities</b>		
Investments	50,068	67,162
<b>Increase in cash during the year</b>	<b>57,674</b>	<b>28,167</b>
<b>Cash, beginning of year</b>	<b>201,839</b>	<b>173,672</b>
<b>Cash, end of year</b>	<b>\$ 259,513</b>	<b>\$ 201,839</b>

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

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# Bell Pensioners' Group Inc.

## Notes to Financial Statements

**December 31, 2015**

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### 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.



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## Bell Pensioners' Group Inc. Notes to Financial Statements

**December 31, 2015**

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**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.

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## Bell Pensioners' Group Inc. Notes to Financial Statements

**December 31, 2015**

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**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.

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## Bell Pensioners' Group Inc. Notes to Financial Statements

**December 31, 2015**

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<b>Inter-Chapter Transfers</b>	All inter-chapter transfers have been eliminated for financial statement purposes.
<b>Donated Services</b>	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.
<b>Use of Estimates</b>	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.

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### **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.

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## Bell Pensioners' Group Inc. Notes to Financial Statements

**December 31, 2015**

### 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:

	2015	2014
Bank of Montreal redeemable Guaranteed Investment Certificates, \$20,383, maturing between April 23, 2016 and May 6, 2016, earning interest at Prime less 2.00%.	\$ 20,484	\$ -
Caisse D'économie Desjardins des employés en Télécommunication redeemable term savings, \$13,635, maturing February 17, 2016, earning interest at 0.90%.	13,742	-
Caisse D'économie Desjardins des employés en Télécommunication redeemable term savings, \$30,538 maturing March 29, 2016, earning interest at 0.85%.	30,736	-
Communication Technologies Credit Union ('CTCU') non-redeemable (redeemable with an interest penalty) certificates of deposit, \$44,465, maturing April 5, 2016, earning interest at 2.25%.	45,465	44,703
Communication Technologies Credit Union non-redeemable (redeemable with an interest penalty) certificates of deposit, \$51,739, maturing between August 5, 2016 and April 5, 2017, earning interest between 1.6% and 2.25%.	52,758	-
National Bank of Canada redeemable term deposit, \$5,000, maturing June 27, 2016, earning interest at 0.75%.	5,045	-
National Bank of Canada redeemable term deposit, \$22,000, maturing July 29, 2016, earning interest at 0.75%.	22,198	22,084

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**Bell Pensioners' Group Inc.**  
**Notes to Financial Statements**

**December 31, 2015**

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**3. Investments (continued)**

	2015	2014
Royal Bank of Canada redeemable Guaranteed Investment Certificate, \$35,898, maturing February 22, 2016, earning interest at 1.65%.	36,491	36,112
Royal Bank of Canada redeemable Guaranteed Investment Certificate, \$60,600, maturing June 24, 2016, earning interest at 0.84%.	61,109	-
Royal Bank of Canada matured June 2015	-	100,521
National Bank of Canada matured April 2015.	-	12,077
Bank of Montreal matured in 2015.	-	20,320
Caisse D'économie Desjardins des employés en Télécommunication matured in 2015.	-	44,397
CTCU matured August 2015.	-	57,882
<b>Total investments</b>	<b>288,028</b>	<b>338,096</b>
<b>Less: Amounts maturing within the next year</b>	<b>(265,254)</b>	<b>(212,684)</b>
	<b>\$ 22,774</b>	<b>\$ 125,412</b>

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

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**4. Deferred Membership Fees**

Current deferred membership fees of \$139,417 relate to membership fees received before December 31, 2015 with respect to the 2016 calendar year (2014 - \$120,050 relate to membership fees received before December 31, 2014 with respect to the 2015 calendar year).

Non-current deferred membership fees of \$38,530 relate to membership fees received before December 31, 2015 with respect to the 2017 calendar year and thereafter (2014 - \$17,997 related to membership fees received before December 31, 2014 with respect to the 2016 calendar year and thereafter).

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## Bell Pensioners' Group Inc. Notes to Financial Statements

December 31, 2015

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### 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.

#### *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.

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## Bell Pensioners' Group Inc. Notes to Financial Statements

**December 31, 2015**

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### 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>2015</u>	<u>2014</u>
Contingency for Expenses	\$ 153,000	\$ 185,000
Legal Counsel Reserve	50,000	50,000
Corporate Projects	120,000	113,000
Upgrade and Improvement of Member Services	<u>25,000</u>	<u>25,000</u>
	<u>\$ 348,000</u>	<u>\$ 373,000</u>

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### 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 \$5 million of commercial liability insurance and \$5 million of Directors and Officers liability insurance in place at December 31, 2015 (2014 - \$2 million each).

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### 8. Related Party Transactions

During the year, honorariums of \$3,100 (2014 - \$3,100) were paid to members of the Chapter Executive, excluding the Chair and Vice Chair, in recognition of the volunteer time spent by these individuals.

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### 9. Comparative Figures

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

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