
**CANADIAN ALLIANCE OF BRITISH
PENSIONERS**

FINANCIAL STATEMENTS

DECEMBER 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Alliance of British Pensioners,

Qualified Opinion

We have audited the financial statements of Canadian Alliance of British Pensioners (the organization), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the effects of the matter described in the *Basis of Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Alliance of British Pensioners 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the organization derives revenue from contributions, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the organization, and we were not able to determine whether any adjustments might be necessary to contribution revenue, excess of revenue over expenses for the year, assets and net assets.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing the financial statements, management is responsible for assessing the organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

INDEPENDENT AUDITOR'S REPORT (continued)

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 organization's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Pemylegion Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

April 12, 2020
Toronto, Ontario

CANADIAN ALLIANCE OF BRITISH PENSIONERS

STATEMENT OF FINANCIAL POSITION

AS AT DECEMBER 31, 2019

			2019	2018
	General Fund	Action Fund	Total	Total
ASSETS				
Current assets				
Cash	\$ 60,840	\$ 5,335	\$ 66,175	\$ 49,390
Marketable securities (note 3)	308,010	56,856	364,866	403,686
Interest receivable	3,686	-	3,686	2,298
Prepaid expenses	<u>26,000</u>	<u>-</u>	<u>26,000</u>	<u>3,655</u>
	398,536	62,191	460,727	459,029
Due to (from) funds	<u>(17,407)</u>	<u>17,407</u>	<u>-</u>	<u>-</u>
	<u>\$ 381,129</u>	<u>\$ 79,598</u>	<u>\$ 460,727</u>	<u>\$ 459,029</u>
LIABILITIES AND NET ASSETS				
Current liabilities				
Accounts payable and accrued liabilities	\$ 4,735	\$ -	\$ 4,735	\$ 4,387
Deferred membership fees (note 5)	<u>57,320</u>	<u>-</u>	<u>57,320</u>	<u>60,040</u>
	<u>62,055</u>	<u>-</u>	<u>62,055</u>	<u>64,427</u>
Net assets	<u>319,074</u>	<u>79,598</u>	<u>398,672</u>	<u>394,602</u>
	<u>\$ 381,129</u>	<u>\$ 79,598</u>	<u>\$ 460,727</u>	<u>\$ 459,029</u>

Approved on behalf of the Board:



_____, Director



_____, Director

see accompanying notes

CANADIAN ALLIANCE OF BRITISH PENSIONERS

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED DECEMBER 31, 2019

			2019	2018
	General Fund	Action Fund	Total	Total
Net assets, beginning of year	\$ 309,876	\$ 84,726	\$ 394,602	\$ 371,066
Excess of revenue over expenses for the year	<u>9,198</u>	<u>(5,128)</u>	<u>4,070</u>	<u>23,536</u>
NET ASSETS, END OF YEAR	<u>\$ 319,074</u>	<u>\$ 79,598</u>	<u>\$ 398,672</u>	<u>\$ 394,602</u>

see accompanying notes

CANADIAN ALLIANCE OF BRITISH PENSIONERS

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2019

			2019	2018
	General Fund	Action Fund	Total	Total
REVENUE				
Memberships	\$ 97,865	\$ -	\$ 97,865	\$ 106,152
Contributions	-	39,878	39,878	49,493
Interest	5,822	1,070	6,892	5,165
Other	-	-	-	198
	<u>103,687</u>	<u>40,948</u>	<u>144,635</u>	<u>161,008</u>
EXPENSES				
Contribution to ICBP (note 4)	-	46,000	46,000	45,100
Advertising and promotion	29,608	-	29,608	36,287
Office staff	18,619	-	18,619	17,910
General and administrative	13,659	-	13,659	12,660
Occupancy	10,719	-	10,719	9,879
Professional fees	9,969	-	9,969	4,297
Director travel	5,303	-	5,303	3,776
Insurance	3,448	-	3,448	3,334
Interest and service charges	3,164	76	3,240	4,229
	<u>94,489</u>	<u>46,076</u>	<u>140,565</u>	<u>137,472</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	<u>\$ 9,198</u>	<u>\$ (5,128)</u>	<u>\$ 4,070</u>	<u>\$ 23,536</u>

see accompanying notes

CANADIAN ALLIANCE OF BRITISH PENSIONERS

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 4,070	\$ 23,536
Net change in non-cash working capital items (see below)	<u>(26,105)</u>	<u>5,193</u>
Net cash generated from (used for) operating activities	(22,035)	28,729
INVESTING ACTIVITIES		
Marketable securities redeemed (purchased)	<u>38,820</u>	<u>(30,985)</u>
NET INCREASE (DECREASE) IN CASH FOR THE YEAR	16,785	(2,256)
Cash, beginning of year	<u>49,390</u>	<u>51,646</u>
CASH, END OF YEAR	<u>\$ 66,175</u>	<u>\$ 49,390</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets		
Interest receivable	\$ (1,389)	\$ (225)
Prepaid expenses	(22,345)	(1,102)
Increase (decrease) in current liabilities		
Accounts payable and accrued liabilities	349	177
Deferred membership fees	<u>(2,720)</u>	<u>6,343</u>
	<u>\$ (26,105)</u>	<u>\$ 5,193</u>

see accompanying notes

CANADIAN ALLIANCE OF BRITISH PENSIONERS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

Canadian Alliance of British Pensioners (the organization or CABP) was incorporated on April 12, 1991 by letters patent under the Canada Corporations Act as a Part II corporation without share capital. By agreement dated June 22, 1991, it continued as the British Pensioners Association – Canada. In June 2013, the organization was continued under the Canada Not-for-profit Corporations Act. The organization is exempt from income tax in Canada as a not-for-profit organization Section 149(1)(L) of the Income Tax Act (Canada).

The statement of purpose of CABP as stated in the articles of incorporation is that CABP is a not-for-profit corporation established to obtain pension parity for all recipients of the United Kingdom state pension in Canada.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

Membership fees

Membership fees are recognized as revenue proportionately over the fiscal year to which they relate. Membership fees received related to future periods are deferred.

Contributions

The organization follows the deferral method of revenue recognition for contributions. Externally restricted contributions, including grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Unrestricted contributions, including donations and amounts received from fundraising, is recorded when received.

Contributed materials and services

Contributed materials and services which are normally purchased by the organization are not recorded in the accounts.

Investment income

Income generated from investments is recognized as revenue on an accrual basis and includes interest and income distributions from pooled funds. Interest income is recognized as revenue over the term of the marketable securities.

Fund accounting

The purpose of the General Fund is to recognize membership dues and to pay general operating expenses.

The purpose of the Action Fund is restricted to recognizing contributions from members and to funding CABP contributions to the International Consortium of British Pensioners (ICBP).

CANADIAN ALLIANCE OF BRITISH PENSIONERS

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2019

2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, marketable securities, interest receivable, accounts payable and accrued liabilities. Accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Marketable securities include guaranteed investment certificates and money market mutual funds. Guaranteed investment certificates are recorded at cost, which approximates fair market value. Money market mutual funds are recorded at fair value determined by reference to published price quotations in an active market at year end.

3. MARKETABLE SECURITIES

Marketable securities comprise the following:

	2019	2018
Guaranteed investment certificates	\$ 255,000	\$ 250,000
Money market mutual funds	<u>109,866</u>	<u>153,686</u>
	<u>\$ 364,866</u>	<u>\$ 403,686</u>

Marketable securities are issued and held by a major Canadian chartered bank. Guaranteed investment certificates bear interest at rates ranging from 0.96% to 2.80% and mature between February 2020 and March 2023.

4. RELATED ORGANIZATION

The International Consortium of British Pensioners (ICBP) is an association of two member organizations including CABP. ICBP exists to further the goal of lobbying the government of the United Kingdom to increase British Old Age pension rates to levels received by United Kingdom residents. In addition to contributing funds to ICBP, CABP also provides administrative support and acts as a signatory on the ICBP bank account. Because CABP does not control ICBP, the assets, liabilities, net assets, revenues and expenses of ICBP are not included in these financial statements.

During the year, the organization contributed \$46,000 to ICBP (\$45,100 contributed to ICBP in 2018). These transactions are in the normal course of business and are recorded at the exchange amount. At year end no amounts were due to or from ICBP (no amounts were owed to or from ICBP in 2018)

5. DEFERRED MEMBERSHIP FEES

Continuity of deferred membership fees for the year is as follows:

	2019	2018
Deferred membership fees, beginning of year	\$ 60,040	\$ 53,697
Add cash received from membership fees	95,145	112,495
Less membership fee revenue recognized	<u>(97,865)</u>	<u>(106,152)</u>
	<u>\$ 57,320</u>	<u>\$ 60,040</u>

CANADIAN ALLIANCE OF BRITISH PENSIONERS

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6. SUBSEQUENT EVENT

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.