

**CANADIAN ASSOCIATION OF RETIRED PERSONS
FINANCIAL STATEMENTS
AUGUST 31, 2019**

**CANADIAN ASSOCIATION OF RETIRED PERSONS
AUGUST 31, 2019**

CONTENTS

	<u>Page</u>
Independent Auditor's Report.....	1 - 3
Statement of Financial Position	4
Statement of Operations and Changes in Net Assets.....	5
Statement of Cash Flows.....	6
Notes to the Financial Statements.....	7 - 12

INDEPENDENT AUDITOR'S REPORT

To the Members of
Canadian Association of Retired Persons,

Opinion

We have audited the accompanying financial statements of Canadian Association of Retired Persons, which comprise the statement of financial position as at August 31, 2019, and the statements of operations and changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our opinion, the accompanying financial statements present fairly, in all material aspects, the financial position of Canadian Association of Retired Persons as at August 31, 2019, 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.

Basis for Opinion

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 Association 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 opinion.

Material Uncertainty Related to Going Concern

We draw attention to Note 2 to the financial statements, which indicates that the Association will require additional financing to fund its operations and is dependent upon the continuing support of its related parties. As stated in Note 2, these events or conditions, along with other matters as set forth in Note 2, indicate that a material uncertainty exists that may cast significant doubt on the Association's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

Emphasis of Matter

We draw attention to Note 9 to the financial statements, which explains that certain comparative information presented for the period ended August 31, 2018 has been restated. Our opinion is not modified in respect of this matter.

INDEPENDENT AUDITOR'S REPORT (continued)

Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association'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.

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.

INDEPENDENT AUDITOR'S REPORT (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (continued)

- 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 Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw 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 Association 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.

January 7, 2020
Toronto, Ontario



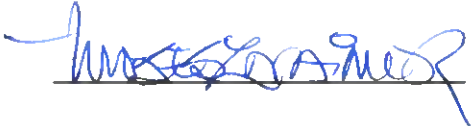
RSSM LLP
Licensed Public Accountants

**CANADIAN ASSOCIATION OF RETIRED PERSONS
STATEMENT OF FINANCIAL POSITION
AUGUST 31, 2019**

	2019	2018 (as restated- Note 9)
	\$	\$
ASSETS		
CURRENT		
Cash	82,655	301,635
Accounts receivable	-	2,300
Prepaid expenses	<u>11,820</u>	<u>14,960</u>
	94,475	318,895
CAPITAL ASSETS (Note 3)	<u>59,185</u>	<u>63,719</u>
	<u>153,660</u>	<u>382,614</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (Note 12)	185,440	188,565
Deferred membership fees (Note 4)	802,085	1,020,717
Deferred sponsorships (Note 5)	267,384	64,667
Due to related parties (Note 6)	<u>658,114</u>	<u>870,571</u>
	1,913,023	2,144,520
DEFERRED MEMBERSHIP FEES - NON-CURRENT (Note 4)	<u>468,857</u>	<u>466,314</u>
	<u>2,381,880</u>	<u>2,610,834</u>
DEFICIT		
DEFICIT	<u>(2,228,220)</u>	<u>(2,228,220)</u>
	<u>153,660</u>	<u>382,614</u>

COMMITMENTS AND CONTINGENCY (Notes 7 & 12)

APPROVED ON BEHALF OF THE BOARD:

 Director

 Director

See accompanying notes to the financial statements

RSSM(C.P.A.)

CANADIAN ASSOCIATION OF RETIRED PERSONS
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2019
(Comparative period May 1, 2017 to August 31, 2018)

	Actual 2019 (12 months)	Actual 2018 (16 months) (as restated- Note 9)
	\$	\$
REVENUE		
Membership fees	1,763,131	2,611,036
Subsidy (Note 6)	747,754	850,625
Sponsorships and other income	<u>304,436</u>	<u>296,010</u>
	<u>2,815,321</u>	<u>3,757,671</u>
EXPENSES		
Marketing	994,446	1,434,158
Salaries and benefits (Note 12)	825,107	1,007,472
Fulfilment (Note 6)	446,686	438,070
Chapters and representatives	124,352	146,172
Printing	100,492	212,062
Postage	78,700	200,376
Rent (Note 6)	72,490	117,390
Travel	56,039	72,193
Insurance	34,172	40,147
Professional fees	23,079	34,062
Office and general	21,810	80,423
Amortization	13,656	23,599
Annual general meeting and conference	11,099	60,628
Telecommunications	6,978	10,053
Computer services	3,915	9,461
Bad debt	<u>2,300</u>	<u>-</u>
	<u>2,815,321</u>	<u>3,886,266</u>
EXCESS OF EXPENSES OVER REVENUE	-	(128,595)
DEFICIT, beginning of year	(2,228,220)	(2,099,625)
DEFICIT, end of year	<u>(2,228,220)</u>	<u>(2,228,220)</u>

See accompanying notes to the financial statements

CANADIAN ASSOCIATION OF RETIRED PERSONS
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED AUGUST 31, 2019
(Comparative period May 1, 2017 to August 31, 2018)

	2019 (12 months)	2018 (16 months) (as restated- Note 9)
	\$	\$
CASH (USED IN) PROVIDED BY OPERATING ACTIVITIES		
Excess of expenses over revenue, for the year	-	(128,595)
Adjust for non-cash items:		
Amortization of capital assets	<u>13,656</u>	<u>23,599</u>
	13,656	(104,996)
Net change in non-cash operating working capital (Note 8)	<u>(223,514)</u>	<u>349,204</u>
	<u>(209,858)</u>	<u>244,208</u>
CASH USED IN INVESTING ACTIVITIES		
Purchase of capital assets	<u>(9,122)</u>	<u>(429)</u>
(DECREASE) INCREASE IN CASH, during the year	(218,980)	243,779
CASH, beginning of year	301,635	57,856
CASH, end of year	<u>82,655</u>	<u>301,635</u>

See accompanying notes to the financial statements

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

PURPOSE OF THE ORGANIZATION

The Canadian Association of Retired Persons (the "Association") was organized in 1976 under letters patent as a not-for-profit organization.

The Association 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. The Association's mandate is to promote and protect the interests, rights and quality of life for Canadians as they age.

The Association qualifies as a not-for-profit organization that is exempt from income taxes under the Income Tax Act.

1 SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

(a) Capital assets

Capital assets are recorded at cost less accumulated amortization. Amortization is recorded on a declining balance basis at the following annual rates:

Office equipment	20%
Computer equipment	20%
Software	20%

In the event that facts and circumstances indicate that the Association's capital assets may be impaired, an evaluation of recoverability would be performed. Such an evaluation entails comparing the estimated future undiscounted cash flows associated with the asset to the asset's carrying amount to determine if a write-down to market value or discounted cash flow value is required. The Association considers that no circumstances exist that would require such an evaluation.

(b) Revenue Recognition

The Association follows the deferred method of accounting. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Membership fees are proportionately recognized as revenue on a monthly basis over the membership period.

Revenue from sponsorships and other income is recognized in the period in which the events take place or the related expenses are incurred.

Subsidy revenue is recognized when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

1 SIGNIFICANT ACCOUNTING POLICIES (continued)

(c) Donations-in-kind

The work of the Association is dependent on the voluntary services of many individuals. Since these services are not normally purchased by the Association and because of the difficulty of determining their fair value, donated services are not recognized in these statements. Other donations-in-kind are recorded at fair market value on receipt.

(d) Use of Estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 revenues and expenses during the year. Significant areas requiring the use of management estimates include the valuation of the allowance for doubtful accounts receivable and amortization rates for capital assets. Actual results could differ from those estimates.

(e) Financial Instruments

The Association initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions. The Association subsequently measures all its financial assets and financial liabilities at amortized cost, unless management has elected to carry the instruments at fair value. The Association has not elected to carry any such financial instruments at fair value.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and due to related parties

Financial instruments that will be subsequently measured at amortized cost are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

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.

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.

**CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019**

2 GOING CONCERN

The accompanying financial statements have been prepared on a going concern basis. The going concern basis of presentation assumes that the Association 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 operations.

The Association will require additional financing to fund its operations. In addition, the Association's continuation as a going concern is dependent upon the continuing support of its related party, generating excess revenue over expenses and the ability to generate sufficient cash from operations. These matters are dependent on a number of items beyond the Association's control.

Management is 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 Association to continue operating as a going concern.

3 CAPITAL ASSETS

	Cost	Accumulated Amortization	2019 Net Book Value	2018 Net Book Value
	\$	\$	\$	\$
Office equipment	59,329	47,733	11,596	14,495
Computer equipment	74,796	66,869	7,927	9,909
Software	96,505	56,843	39,662	39,315
	230,630	171,445	59,185	63,719

4 DEFERRED MEMBERSHIP FEES

The deferred membership fees represent amounts collected in advance and is recognized as revenue over the membership period.

	2019	2018 (as restated)
	\$	\$
Balance, beginning of the year	1,487,031	1,408,410
Add: amounts received	1,547,042	2,689,657
Less: revenue recognized	(1,763,131)	(2,611,036)
Balance, end of the year	1,270,942	1,487,031
Less: current portion	(802,085)	(1,020,717)
Non-current portion	468,857	466,314

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

5 DEFERRED SPONSORSHIPS

The deferred sponsorships represent amounts collected in advance and is recognized as revenue in the period in which the the related events occur or the expenses are incurred.

	2019	2018
	\$	\$
Balance, beginning of the year	64,667	51,350
Add: amounts received	391,250	257,150
Less: revenue recognized	(188,533)	(243,833)
Balance, end of the year	267,384	64,667

6 RELATED PARTY TRANSACTIONS

The Association contracts with ZoomerMedia Limited and its subsidiaries, which are related to the President and Directors of the Association. These transactions are in the normal course of operations 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:

	2019	2018
	(12 months)	(16 months)
	\$	\$
Revenue:		
Subsidy	747,754	850,625
Expenses:		
Rent	72,490	117,390
Fulfilment	406,800	-

The related party receivables and payables have been netted on the financial statements.

The amounts due to the related parties are non-interest bearing, unsecured and have no specified terms of repayment. The amount due to related parties at year end are as follows:

	2019	2018
	\$	\$
ZoomerMedia Limited and subsidiaries	658,114	870,571

7 CONTRACTUAL COMMITMENTS

The Association has an agreement with ZoomerMedia Limited (ZML), a related corporation, whereby ZML acts as the Association's exclusive marketing agent with respect to contracts and most compensation arrangements. In return, the Association receives a subsidy from ZML, which is reflected in revenue as subsidy, to cover the Association's excess of expenses over revenue.

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

8 CHANGES IN NON-CASH OPERATING WORKING CAPITAL

	2019	2018
	\$	(as restated)
	\$	\$
(Increase) decrease in		
Accounts receivable	2,300	243,813
Prepaid expenses	3,140	52,143
Increase (decrease) in		
Accounts payable and accrued liabilities	(3,125)	(279,591)
Deferred sponsorships	202,717	13,317
Deferred membership fees	(216,089)	78,621
Due to related parties	(212,457)	240,901
	(223,514)	349,204

9 RESTATEMENT OF FINANCIAL STATEMENTS

Management of the Association has determined that the methodology used to calculate membership fees revenue and deferred membership fees in prior years was not suitable. In prior years, the Association recognized the full value of the annual membership fees revenue in the year that it was collected, resulting in understatement of deferred membership fees associated with those membership fees. The Association has determined that a change in accounting policy for recognizing membership fees revenue was required, and as such, has retrospectively applied the changes and restated its previously reported amounts for the period ended August 31, 2018. The new methodology calculates membership fees revenue proportionately on a monthly basis over the membership period. The impact of this change on the comparative information is as follows:

	As restated	As previously reported	Restatement
Deferred membership fees - current	1,020,717	280,004	740,713
Deferred membership fees - non-current	466,314	353,104	113,210
Deficit, beginning of year	2,099,625	1,374,297	725,328
Deficit, end of year	2,228,220	1,374,297	853,923
Membership fees	2,611,036	2,739,631	(128,595)
Excess of expenses over revenue	128,595	-	128,595

CANADIAN ASSOCIATION OF RETIRED PERSONS
NOTES TO THE FINANCIAL STATEMENTS
AUGUST 31, 2019

10 FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments, without being exposed to concentrations of risk. The following analysis provides a measure of the enterprise's risk exposure.

The Association's financial instruments consist of cash, accounts receivable, accounts payable and accrued liabilities and due to related parties.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Association is subject to credit risk in respect of its accounts receivable, but has historically suffered very few bad debts.

Liquidity risk

Liquidity risk is the risk that the Association will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to liquidity risk arising primarily from the accounts payable. The Association expects to meet these obligations as they come due by generating sufficient cash flow from operations.

11 COMPARATIVE FIGURES

Certain of the prior year's figures have been reclassified to conform to the current year's presentation.

12 CONTINGENCY

During the year, the Association terminated a senior staff member's employment contract. The former employee filed a lawsuit against the Association due to a disagreement on the severance package that was provided. The Association has accrued and included a provision for the settlement of this matter based on its estimate of the probable outcome.