

**THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB**

**FINANCIAL STATEMENTS**

MARCH 31, 2021

## **Independent Auditor's Report**

To the Members of The Ontario Public Service Quarter Century Club

### **Opinion**

We have audited the financial statements of The Ontario Public Service Quarter Century Club (the "Organization"), which comprise the statement of financial position as at March 31, 2021, 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, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, 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 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 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 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 ability of the Organization 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 financial reporting process of the Organization.

### **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 the financial statements.

## Independent Auditor's Report (continued)

### Auditor's Responsibilities for the Audit of the Financial Statements (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 internal control of the Organization.
- 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 ability of the Organization 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 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario  
July 20, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Statement of Financial Position

March 31	2021 \$	2020 \$
<b>ASSETS</b>		
Current assets		
Cash	308,685	101,242
Accounts receivable (note 8)	29,925	105,424
Prepaid expenses	18,289	22,244
HST receivable	2,714	-
	<b>359,613</b>	228,910
Investments (note 3)	1,818,742	1,630,725
Capital assets (note 4)	9,075	12,385
	<b>2,187,430</b>	1,872,020
<b>LIABILITIES</b>		
Current liabilities		
Accounts payable and accrued liabilities	34,442	39,067
Deferred revenue (note 5)	83,907	-
HST payable	-	41,805
	<b>118,349</b>	80,872
Loan payable (note 6)	40,000	-
	<b>158,349</b>	80,872
<b>NET ASSETS</b>	<b>2,029,081</b>	1,791,148
	<b>2,187,430</b>	1,872,020

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Member

Member

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Statement of Operations

Year ended March 31	2021 \$	2020 \$
Revenues		
Affinity revenue (note 7)	644,513	821,083
Government assistance (note 8)	142,854	-
Long service recognition	142,317	201,079
Investment income (note 10)	84,204	19,699
Other revenue (note 11)	26,661	9,207
Grant revenue	-	45,275
Advertising revenue	-	77,500
	<b>1,040,549</b>	<b>1,173,843</b>
Expenditures		
Office and administration (note 9)	298,227	132,068
Member's programming (note 9)	152,853	145,711
Governance expenses (note 9)	109,921	127,846
Rent	80,759	79,262
Marketing and communication (note 9)	76,721	97,973
IT and data management (note 9)	75,734	124,991
Business development (note 9)	75,428	59,410
OPS long service recognition expenses	49,691	54,075
Professional fees	18,223	60,862
Print communication	13,962	-
Amortization	4,930	7,718
Trillium magazine	-	228,000
	<b>956,449</b>	<b>1,117,916</b>
Excess of revenues over expenditures before the undernoted item	84,100	55,927
Unrealized gains (losses) on investments	153,833	(65,094)
Excess (deficiency) of revenues over expenditures for year	<b>237,933</b>	<b>(9,167)</b>

## Statement of Changes in Net Assets

Year ended March 31	2021 \$	2020 \$
Net Assets, beginning of year	1,791,148	1,800,315
Excess (deficiency) of revenues over expenditures for year	237,933	(9,167)
Net Assets, end of year	<b>2,029,081</b>	<b>1,791,148</b>

The accompanying notes are an integral part of these financial statements

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Statement of Cash Flows

Year ended March 31	2021 \$	2020 \$
Cash flows from operating activities		
Excess (deficiency) of revenues over expenditures for year	237,933	(9,167)
Adjustments to determine net cash provided by (used in) operating activities		
Amortization	4,930	7,718
Unrealized loss (gain) and interest accruals	(208,434)	37,643
	34,429	36,194
Change in non-cash working capital items		
Decrease (increase) in accounts receivable	75,499	(77,640)
Decrease in prepaid expenses	3,955	6,892
Increase in HST receivable	(2,714)	-
Decrease in accounts payable and accrued liabilities	(4,626)	(3,145)
Increase (decrease) in deferred revenue	83,907	(23,375)
Increase (decrease) in HST payable	(41,805)	25,413
	148,645	(35,661)
Cash flows from investing activities		
Purchase of investments	(695,446)	(584,884)
Proceeds on sale of investments	715,864	617,636
Purchase of capital assets	(1,620)	(10,019)
	18,798	22,733
Cash flows from financing activities		
Proceeds from loan payable	40,000	-
Net change in cash during the year	207,443	(12,928)
Cash, beginning of year	101,242	114,170
Cash, end of year	308,685	101,242

The accompanying notes are an integral part of these financial statements

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

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## Notes to Financial Statements

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March 31, 2021

### **Nature of operations**

The Ontario Public Service Quarter Century Club (the "Organization") was incorporated in July, 1993 under the laws of the Province of Ontario as a not-for-profit organization without share capital under the Income Tax Act. As a not-for-profit organization, The Ontario Public Service Quarter Century Club is exempt from income taxes. The Organization is an association for members of the Ontario Public Service and the Broader Public Service and Not For Profit sector.

### **1. Significant accounting policies**

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

#### **(a) Revenue recognition**

The Organization follows the deferral method of accounting for contributions. 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.

Contributions consists primarily of long service recognition government funding received from the Ministry of Government Services.

Affinity and other revenue is recognized as revenue when received or receivable and the amount to be received can be reasonably estimated and its collection is reasonably assured.

Advertising revenue is recognized when the related advertising is distributed.

Grant revenue is recognized as revenue in the year in which the related expenses are incurred.

Government assistance is recognized as income when the related expenses are incurred or when there is reasonable assurance that the Organization has complied or will comply with all of the conditions of the assistance, and collection is reasonably assured.

Investment income consists of interest income, dividends and realized and unrealized gains and losses from investment transactions. Interest income is recorded when earned. Dividends are recorded when declared. Realized gains and losses are recognized as income when the transactions occur. Unrealized gains and losses which reflect the changes in fair value during the period are recognized at each reporting date and are included in current period income.

Other revenue is recognized as revenue when earned.

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

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## Notes to Financial Statements (continued)

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March 31, 2021

### 1. Significant accounting policies (continued)

#### (b) Financial instruments

##### (i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost, except for investments, which are quoted in an active market, and are subsequently measured at fair value. Changes in fair value are recognized in net income.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and loan payable.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets;

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

#### (c) Investments

Investments are recorded at fair value. Fair value is based on quoted market prices for exchange-traded equity and fixed income securities.

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Notes to Financial Statements (continued)

March 31, 2021

### 1. Significant accounting policies (continued)

#### (d) Capital assets

Capital assets are recorded at cost, less accumulated amortization. The Organization provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. The annual amortization rates are as follows:

Equipment	30%
Furniture and fixtures	20%
Computer equipment	55%

Capital assets is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the capital assets to its fair value. Any impairment of capital assets is recognized in income in the year in which the impairment occurs. An impairment loss is not reversed if the fair value of the capital assets subsequently increases.

#### (e) Allocated expenses

The Organization provides services to its members and engages in various activities such as marketing and communication, business development, member programs, data management, governance and general administrative support services. The cost of these activities includes salaries and benefits that are directly related to providing the activities.

The Organization allocates direct salaries and benefits proportionately on the basis of time spent on the activities.

#### (f) Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Notes to Financial Statements (continued)

March 31, 2021

### 2. Financial instrument risk management

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Organization's financial instruments.

The financial instruments of the Organization and the nature of the risks to which it may be subject are as follows:

Financial instrument	Risks				
	Credit	Liquidity	Market risk		
Currency			Interest rate	Other price	
Cash	X				
Accounts receivable	X				
Investments	X			X	X
Accounts payable and accrued liabilities		X			
Loan payable		X		X	

#### (a) Credit risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The maximum exposure of the Organization to credit risk is as follows:

	2021	2020
	\$	\$
Cash	308,685	101,242
Accounts receivable	29,925	105,424
Investments	1,818,722	1,630,725
	<u>2,157,332</u>	<u>1,837,391</u>

The Organization reduces its exposure to the credit risk of cash by ensuring that these assets are held at major financial institutions.

The Organization mitigates credit risk in respect of accounts receivable by closely monitoring its accounts. Accounts receivable is presented net of allowance for doubtful accounts in the amount of \$NIL (\$NIL - 2020).

Concentrations of credit risk with respect to investments are mitigated by ensuring that these assets are invested in financial obligations of governments, major financial institutions and other credit-worthy parties.

#### (b) Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities, holding assets that can be readily converted into cash.

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

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## Notes to Financial Statements (continued)

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March 31, 2021

### 2. Financial instrument risk management (continued)

#### (c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The Organization is not exposed to currency risk.

#### (d) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

The Organization manages the interest rate risk exposure of its investments in guaranteed investment certificates and fixed income investments by having a portfolio with varying terms to maturity. This structure of maturities helps to enhance the average portfolio yield while reducing the sensitivity of the portfolio to the impact of interest rate fluctuations.

#### (e) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices, other than those arising from currency risk or interest rate risk, whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market.

The Organization manages the other price risk of investments by ensuring that these assets are invested in managed funds of: major financial institutions that have been accorded investment grade ratings by a primary rating agency; and/or other credit-worthy parties. A review is performed periodically to evaluate changes in the status and to compare returns to various benchmarks.

#### (f) Changes in risk

The Organization's liquidity and interest rate risk exposure increased from that of the prior year due to the loan payable. The increased risk exposure is not considered significant due to the terms and conditions of the loan payable.

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Notes to Financial Statements (continued)

March 31, 2021

### 3. Investments

Details of the investments are as follows:

	<b>2021</b>	<b>2020</b>
	<b>Fair Value</b>	<b>Fair Value</b>
	<b>\$</b>	<b>\$</b>
Cash	108,000	120,904
Government Bonds:		
Maturing between December 1, 2022 - Dec 1, 2051		
Interest rates between 0.50% - 3.50%	527,438	580,772
Corporate bonds:		
Maturing between Jul 1, 2023 - Feb 28, 2050		
Interest rates between 1.41% - 3.69%	280,768	266,500
Canadian equities	483,256	306,751
Foreign equities	419,280	355,798
	<u>1,818,742</u>	<u>1,630,725</u>

The original cost of investments as of March 31, 2021 is \$1,428,216 (\$1,394,411 - 2020).

### 4. Capital assets

Details of capital assets are as follows:

	<b>2021</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>Amortization</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment	15,030	13,792	1,238
Furniture and fixtures	31,969	26,643	5,326
Computer equipment	65,246	62,735	2,511
	<u>112,245</u>	<u>103,170</u>	<u>9,075</u>
	<b>2020</b>		
	<b>Cost</b>	<b>Accumulated</b>	<b>Net</b>
	<b>\$</b>	<b>Amortization</b>	<b>\$</b>
	<b>\$</b>	<b>\$</b>	<b>\$</b>
Equipment	15,030	13,262	1,768
Furniture and fixtures	31,969	25,311	6,658
Computer equipment	63,625	59,666	3,959
	<u>110,624</u>	<u>98,239</u>	<u>12,385</u>

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Notes to Financial Statements (continued)

March 31, 2021

### 5. Deferred revenue

The deferred revenue balance consists of the following:

	Balance, beginning of year \$	Received \$	Recognized \$	Balance, end of year \$
Affinity revenue marketing fund	-	126,542	56,190	70,352
Long service recognition	-	155,872	142,317	13,555
	-	282,414	198,507	83,907

### 6. Loan payable

The Organization applied for and received \$40,000 through the Canada Emergency Business Account program. The loan was provided by the Government of Canada for the payment of non-deferrable expenses.

The loan is funded by an operating line of credit up until December 31, 2020 and on January 1, 2021 the balance in the amount of \$40,000 was converted into a term loan maturing on December 31, 2025.

During the initial term ending December 31, 2022, the Organization is not required to repay any portion of the loan and no interest shall accrue. If the Organization repays \$30,000 of the term loan by December 31, 2022, the remainder of the loan is eligible to be forgiven if certain terms and conditions are met.

During the extended term, the loan bears interest at 5% per annum payable monthly.

### 7. Affinity revenue

	2021 \$	2020 \$
Insurance - Home and auto	403,046	382,389
Insurance - Out of country medical	152,273	257,470
Marketing fund	56,190	136,261
Hearing Life	19,907	32,050
Other	13,097	12,913
	644,513	821,083

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Notes to Financial Statements (continued)

March 31, 2021

### 8. Government assistance

During the year, as a result of the COVID-19 pandemic, the Organization received government assistance through the following programs:

	<b>2021</b>
	<b>\$</b>
Canadian Emergency Wage Subsidy	112,552
Temporary Wage Subsidy	12,893
Canada Emergency Rent Subsidy	17,409
	<u>142,854</u>

These amounts are not subject to any specific future repayment terms or conditions; however, the Canadian Revenue Agency may require additional reporting in a future period to verify the Organization's eligibility and compliance with the terms and conditions.

Included in accounts receivable is \$12,743 from the Canadian Emergency Wage Subsidy program, and \$3,091 from the Canada Emergency Rent Subsidy program which was claimed and received subsequent to the year end.

### 9. Allocation of expenses

The expenses reported in the Statement of Operations include allocation of salaries and benefits of \$643,455 (\$518,645 - 2020) as follows:

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Office and administration	274,581	108,583
IT and data management	51,127	97,440
Marketing and communication	62,882	55,024
Governance expenses	94,092	96,610
Member's programming	110,425	103,868
Business development	50,348	57,120
	<u>643,455</u>	<u>518,645</u>

### 10. Investment income

	<b>2021</b>	<b>2020</b>
	<b>\$</b>	<b>\$</b>
Interest	12,738	13,916
Dividends	2,831	3,257
Realized gains on sale of investments	68,635	2,526
	<u>84,204</u>	<u>19,699</u>

# THE ONTARIO PUBLIC SERVICE QUARTER CENTURY CLUB

## Notes to Financial Statements (continued)

March 31, 2021

### 11. Other revenue

	2021	2020
	\$	\$
Sponsorships	17,500	4,900
Employment subsidy	8,580	315
Miscellaneous	581	3,992
	<u>26,661</u>	<u>9,207</u>

### 12. Lease commitment

The Organization has entered into a lease for office premises which expires on February 28, 2023. The annual minimum lease payments are as follows:

	\$
2022	<u>29,740</u>
2023	<u>27,624</u>
	<u>57,364</u>

In addition to the minimum lease payments, the Organization is obligated to pay operating costs for its office space. The operating costs were approximately \$51,400 (\$50,420 - 2020).

### 13. Impact of the Global Pandemic

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and closing non-essential businesses. These measures have temporarily reduced certain operations of the Organization.

The Organization offers travel insurance to its members through an affiliation with Johnson Insurance, and as a result of the ban on national and international travel the affinity revenue was impacted. The Organization is continuing to serve members with all staff working remotely.

To aid with cash flows, the Organization applied for the Canada Emergency Business Account Program ("CEBA") as described in note 6. The Organization was also approved for the Canada Emergency Wage Subsidy program, Temporary Wage Subsidy program and the Canada Emergency Rent Subsidy program as described in note 8.

Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to reliably estimate the financial effect on the Organization at this time. As such, no adjustments have been made in the financial statements as a result of this event.

### 14. Comparative figures

Certain comparative figures in the Statement of Operations have been reclassified to conform to the presentation used in the current year. The changes do not affect prior year net assets.

# HILBORN

LISTENERS. THINKERS. DOERS.