



National Association
of Federal Retirees

Association nationale
des retraités fédéraux

ANNUAL REPORT | 2015





Konrad von Finckenstein
Chairman of the board

From the chairman of the board

Rising to challenges



The year 2015 has been a momentous one for Federal Retirees. There was a change in our board leadership and we began the process of hiring a new executive director.

We've taken the government to court over changes to the Public Service Health Care Plan that we intend to demonstrate were illegal. The then-government's decision to boost retirees' share of the plan's cost — from 50 per cent to 75 per cent — was wrong. A deal is a deal. It isn't fair to unilaterally change the rules after retirement. It's not only wrong, it's illegal. The court challenge continues, and we look forward to updating you appropriately.

We launched the Honour Your Promise campaign, which continues

to mobilize our members and exert pressure on the government to stand by its commitments. We also actively participated in the election campaign and succeeded in gaining all parties' support for the current federal retiree pension scheme, securing their commitments not to change it. We achieved this in partnership with our volunteers and they deserve our great thanks for their efforts. At the end of the campaign, all the major parties had expressed support for leaving federal pensions untouched.

We are pleased with the positive tone and general openness that the new federal government conveyed in the early days of its mandate. That commitment to more open and transparent government was

demonstrated initially through the public mandate letters. While short on specifics, they did identify a number of areas that relate to our members.

The letter for the minister of Veterans Affairs, for example, put considerable focus on re-opening nine closed service offices and re-establishing lifelong pensions as an option for injured veterans. The minister of Families, Children and Social Development has been directed to improve income security for lower-income seniors living alone, addressing such things as indexing Old Age Security and GIS payments to a new Senior's Price Index, and working with provinces to ensure adequate and co-ordinated support programs to address seniors' poverty.

We consider these promising initiatives a step in the right direction. We must, however, remain vigilant and ensure the government lives up to its promises.

Pensions, as ever, remain our key priority. Pensions all over North America are under threat — particularly defined-benefit pension plans. We have to rise to the challenge and fight this dangerous trend. That means we have to:

- Leverage the strength of our numbers and experience of our volunteers and members to speak with a unified voice and persuade politicians and the public of the importance of retirement security;
- Build a solid research foundation to help ensure the promises made to retirees and employees are kept —

that their retirement pensions and benefits are secure;

- Increase our membership drastically, because more members mean more clout; and,
- Make strong alliances with kindred organizations to more broadly spread our message.

I am confident we have the capacity to do the above, given the proven dedication of our membership and the conviction with which they will implement any adopted plan and strategy. Let's look forward to a successful future.

We must remain vigilant, however, and ensure the government lives up to its promises.

Achieving our vision together

2015 Highlights

Stronger together

It has been a remarkable 2015 for your National Association of Federal Retirees. Through it all we've been growing — and growing stronger.

The launch of our new website in late 2015 greatly improved our online store operations. And we're not neglecting the human element — our members are always free to phone the National Office or any of the branch offices to speak to a staff member in person. For instance, we can answer questions and complete the online membership process.

Recruitment

We added 5,688 new memberships over the year, adding up to 8,649 new members in 2015 — an 8 per cent increase over our recruitment performance in 2014.

Our online store capabilities expanded at the end of 2015 with the launch of the new website. We processed almost 8,000 sales — both new memberships and renewals — online.

Launched on Nov. 17, our new website is taking full advantage of integration with our customer relationship management (CRM) system; our membership database is being updated

instantly, through sales and renewals sold through the website.

Thanks to another solid recruitment year, our membership stood at 183,163 at the end of 2015.

Standing up for your rights in an election year

The National Association of Federal Retirees' election advocacy effort — approved by the board of directors in November and December 2014 — had one key goal: getting the major federal parties and leaders to commit to honouring existing pension commitments made to federal pensioners and current employees.

Ultimately, the campaign sought to make it undesirable for any government (or indeed, for any public or private sector employer) to cut retirees' benefits, now or in the future. It's the reason we exist — to protect member pensions and benefits.

The campaign's message was simple: Honour your promises. A pension is a promise, a commitment — and it's unfair to cut pensions for retired employees. Employees provide their services and employers compensate them; pensions are part of that compensation. Pensioners expect their employers to uphold their side of the agreement.

The advocacy campaign was a non-partisan effort that involved members, volunteers, our stakeholders and partners, and Association staff.

Our all-candidate meetings, meanwhile, had two objectives: to keep our members informed and to influence potential decision-makers.

The National Association of Federal Retirees' Honour Your Promise strategy targeted 12 key ridings where all-candidates meetings would

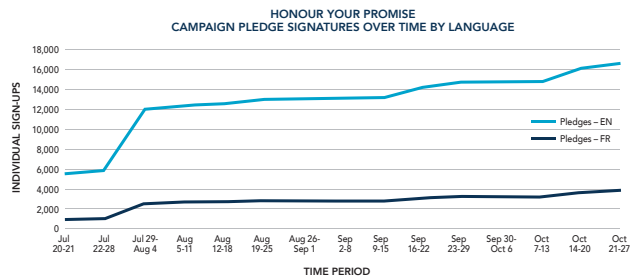
be held. The target ridings included ones where the Association has a significant number of members — along with some 'swing' ridings chosen because they presented a natural opportunity to be seen and heard where candidates were considered receptive and responsive to our priorities.

We also aimed to have 60 per cent of branches (outside of those noted above) host all-candidate meetings in support of the Association's campaign.

All-candidate events were held in eight of the 12 target ridings, and nearly 24 per cent of our 'non-target' branches held all-candidate meetings — a result which fell short of our goals. Still, our members were kept informed and we engaged with many candidates who promised to respect retirees' pensions and benefits.



From left: Bloc Quebecois Leader Gilles Duceppe, Conservative Leader and Prime Minister Stephen Harper, New Democratic Party leader Thomas Mulcair, Green Party Leader Elizabeth May and Liberal Leader Justin Trudeau shake hands before the start of the French-language leaders' debate in Montreal last September. THE CANADIAN PRESS/POOL/Christine Muschi





A full house attended last October's all-candidates meeting in Kelowna, BC.

What the candidates said

In the lead-up to, and during, the election campaign, the main national parties and their leaders made comments and promises in response to our advocacy platform. So the overall campaign — which sought to obtain policy commitments from the top national parties — was a success.

Liberal Leader (and now Prime Minister) Justin Trudeau sent a letter to our Association's president in Spring 2015 that stated: "I continue to believe that while (target benefit plans) may make sense in certain circumstances, any changes to existing

Defined Benefit Pensions (DBP) should be made on a going-forward basis. DBPs, which have already (been) paid for by employees and pensioners, should not be retroactively changed into TBP's."

At an Economic Club luncheon, NDP Leader Thomas Mulcair stated that "a deal is a deal ... Nobody should be ever allowed retroactively to change your pension deal. That's what you bought, that's what (was) paid for and that should be respected."

Finally, Stephen Harper announced in an open letter that his Conservatives would "not be moving away from

the current defined benefit plan to a defined contribution plan, target benefit plan, or any other shared-risk model ... The public service pension plan is solid and fully-funded, and there is no need to make any such changes. These are the facts."

Ultimately, these were only promises — easy to make, sometimes harder to keep. Nevertheless, each of the three main federal parties made campaign trail statements in support of the Association's position: that earned pensions must be protected, that employers must honour their promises.

The Association's advocacy efforts picked up a lot of momentum in 2015, both externally and internally. Our volunteers and members are now ready for the next steps, the second phase of Honour Your Promise: ensuring that these election promises are kept, and that our members' retirements remain secure.

Building a stronger community

The new website is widely seen to be a vast improvement — providing an effective, user-friendly platform for us to better communicate with our members, and to respond to their

interests. It gave us a new channel to keep our members up-to-date on our latest advocacy efforts and Preferred Partner services. It also helped us prove once again — through the Honour Your Promise campaign — how strong we are when we speak with a unified voice. We want our online visitors to see themselves reflected in our web pages and in the organization itself.

In 2015, the Association began making greater and more strategic use of social media tools. Platforms such as Facebook were used extensively in the Honour Your Promise campaign during the 2015 federal election. Our online outreach efforts have intensified in 2016, as our social media following continued to grow with the addition of a Twitter account.

More reasons to be glad you're an Association member

We added several new companies to our list of preferred partners in 2015: Alamo Rent A Car, National Car Rental, Arbor Memorial and Pets Plus Us pet insurance. They were a wonderful complement to our other affinity partners: Medoc,

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Johnson Home & Auto, Via Rail Canada, AlarmCare, Canadian MoneySaver, Choice Hotels, Collette, Relocation Services Group, Nexus Holidays, Chartwell and Shoppers Drug Mart, all of which provide exceptional benefits of membership. We also negotiated with our current partners to extend the benefits to those subscribing to our new Family Program, where possible.

Family program

To better serve our members and make their memberships even more valuable, we launched the Family Program in March. The program is designed to allow our members to extend many of their benefits to family members who might not otherwise be eligible.

The new Family Program also introduced our members to the YouRNurse program, giving them a year of free access to highly-qualified medical professionals offering advice and support for members dealing with health issues — their own and those of family members. The program was suspended in summer to accommodate changes to our Preferred Partners lineup, and re-launched in the fall.

Sales for the program have not been as extensive as we would have hoped, but we are confident that it offers significant value to both our members and their families and we're looking forward to more success in 2016.

The right people, with the right skills, in the right place

In 2015, the National Office refined its organizational structure to better focus and support our advocacy work by splitting off the communications function from the advocacy department. Our new communications department is structured to fully capitalize on the potential of digital and social media communication streams and the power of our new web content management system.

Our membership department increased its capacity to support our focus on service excellence and member recruitment, resulting in excellent customer satisfaction indicators and steady growth. The department also enhanced its ability to train and support our branches in capitalizing on our powerful new CRM system.



From left, Association president Gary Oberg joins Ken Davis and his wife, Vera, for a photo at last year's volunteer recognition awards. Davis was honored for his 45 years of service to the Association.

The National Association of Federal Retirees worked hard on employee development in 2015, as staff members attended conferences, workshops and courses carefully selected to enhance individual skills and grow our corporate knowledge base. Many of these activities also provided excellent opportunities for advocacy work and the cultivation of potential partners and stakeholders.

Perhaps our most significant human resources project of the past year was the search for a new chief executive officer to replace Sylvia Ceacero, following her departure in July. A selection committee, led by chairman of the board Konrad von Finckenstein, took special care to clearly define the type of leader best suited to manage the Association in future years.

Their expectations were high; they wanted a strategy-focused senior

executive leader, with experience in working with boards and not-for-profit associations, and in managing high-performance staff. And to reflect the background and culture of our members, the candidate needed to be fluently bilingual and have an in-depth understanding of the federal government.

The committee engaged the respected executive search firm Odgers Berndtson to launch a national search; by the new year, the campaign was underway. Pending the arrival of a new CEO, the board appointed National Office director of finance and administration Debbie Bernhardt as acting CEO.

In the spring, the National Office conducted its first employee engagement survey. It told us we have a highly-engaged team, solidly aligned with the organization's

strategic priorities and committed to its leadership, despite the challenges associated with workload and staffing levels.

The National Office team, under the leadership of a new CEO and with the focus provided by our strategic plan, is well-positioned to deliver the effective operational support the Association needs to thrive and grow.

Supporting and honouring our volunteers

The Association relies heavily on more than 1,000 volunteers — most of whom work at our 82 branches, delivering front-line member services and engaging in local advocacy. In 2015, volunteer support took on a higher profile as the staff developed volunteer-focused tools and programs to enhance communications and support recruiting.

Like many not-for-profit organizations, the Association is finding volunteer recruitment increasingly challenging, particularly in our smaller branches. Sadly, two branches had to cease operations in 2015 because they were unable to recruit key volunteer leaders. The National Office has responded by reaching out to branches deemed to be at risk of shutting down, offering support to reduce the demand on limited branch volunteer resources and strategies for effective volunteer engagement and succession planning.

Despite the challenges, Association volunteers and staff are committed to

engaging newer members as volunteers, and to finding creative ways to deliver core services to our members.

The launch of our CRM gave us an opportunity to better capture and manage volunteer information. Throughout the year, staff worked with the branches to populate the CRM with accurate and complete records of all our volunteers. Now, the Association can retrieve volunteer service histories for development, succession planning and recognition purposes. CRM also allows us to capture the interests and skills of new members, helping us facilitate volunteer recruitment and placement.

In 2015, we established board/staff committees to determine the impact of our new governance district model on two key types of volunteer: regional services

officers and provincial/territorial advocacy officers. Following extensive consultation, research and analysis, the committees tabled recommendations to the board that adjusted roles and activities to better support the new environment, and clarified reporting and accountability relationships.

The Volunteer Recognition Program, launched in 2014, expanded in 2015 to include five branch award categories, along with individual awards for leadership, innovation and volunteerism. These awards were presented at our annual recognition dinner in June. One of the highlights of the dinner was a special presentation to Ken Davis to celebrate his incredible contributions as an Association volunteer for more than 45 years.



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82 branches
100s of volunteers

Report of the Independent Auditor on the Summary Financial Statements

At the heart of the Association's branches are 1,000 active volunteers who selflessly devote their time to members in their communities. Many volunteers play an active role as executive members of their branches. Others engage in a wide variety of activities, providing support and assistance to fellow members.

To the Members of National Association of Federal Retirees

Members are assigned to a branch that is closest to their local address. The main role of a branch is to keep members informed, provide assistance to them and to ensure there is a link between individual members and the national Association.

Each of our 82 Canadian branches varies in size and geography and each has its own methods of accomplishing its role. In more detail, the role of a branch is to:

- Communicate with its members through periodic meetings, branch reports, special information meetings and training sessions
- Participate in the management of the Association through the active recruitment and retention of members

- Submit resolutions to be considered at the annual meeting and administer the affairs of the branch
- Participate in local/provincial advocacy, deal with issues of importance to federal retirees and seniors within their communities and ensure that local politicians and MPs know about the Association and its policies
- Fulfill its responsibilities under the Association's by-laws such as submitting to the National Office its financial statements and minutes of its annual general meetings
- Organize social activities to engage members

To find the contact information for your local National Association of Federal Retirees branch, visit us at www.federalretirees.ca to access the branch locator tool.

BRANCHES		
DISTRICT	BRANCHES	MEMBERS
District of Atlantic	20	28,377
District of British Columbia & Yukon	15	26,210
District of Ontario	18	31,525
District of Ottawa & Nunavut	4	34,848
District of Québec	6	34,870
District of the Prairies & NWT	19	27,333
TOTAL		183,163

The accompanying summary financial statements, which comprise the summary statements of financial position as at December 31, 2015, and the summary statements of operations for the year then ended, are derived from the audited financial statements of the National Association of Federal Retirees (the "Association") for the year ended December 31, 2015. We expressed a qualified audit opinion on those financial statements in our report dated April 5, 2016.

The summary financial statements do not contain all the disclosures required by Canadian accounting standards for not-for-profit organizations applied in the preparation of the audited financial statements of the Association. Reading the summary financial statements, therefore, is not a substitute for reading the audited financial statements of the Association.

Management's Responsibility for the Summary Financial Statements

Management is responsible for the preparation of a summary of the audited financial statements. The summary financial statements are derived from the complete set of financial statements of the Association. They meet the recognition and measurement principles of Canadian accounting standards for not-for-profit organizations.

Auditor's Responsibility

Our responsibility is to express an opinion on the summary financial statements based on our procedures, which were conducted in accordance with Canadian Auditing Standard (CAS) 810, *Engagements to Report on Summary Financial Statements*.

Opinion

In our opinion, the summary financial statements derived from the audited financial statements of the Association for the year ended December 31, 2015, are a fair summary of those financial statements, in accordance with the established criteria stipulating that the summary financial statements are derived from the complete set of financial statements of the Association and that they meet the recognition and measurement principles of Canadian accounting standards for not-for-profit organizations. However, the summary financial statements are impacted, to the same extent as the audited financial statements by the possible effects of the limitation in the scope of our audit as the audited financial statements of the Association for the year ended December 31, 2015.

Our qualified opinion on the audited financial statements is described in our report dated April 5, 2016, and indicated that the Association, in common with many not-for-profit organizations, derives part of its

revenue from its branches, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our audit of these revenues was limited to the amounts recorded in the records of the Association. Therefore, we were not able to determine whether any adjustments might be necessary to membership dues, deferred revenue, excess (deficiency) of revenue over expenses, and cash flows from operating activities for the years ended December 31, 2015 and 2014 and current assets as at December 31, 2015 and 2014 and net assets as at January 1 and December 31 in both 2015 and 2014 year ends. Our qualified opinion states that, except for the possible effects of the described matter, those financial statements present fairly, in all material respects, the financial position of the Association 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.

Deloitte LLP

Chartered Professional Accountants,
Licensed Public Accountants

April 5, 2016
Ottawa, Ontario

NATIONAL ASSOCIATION OF FEDERAL RETIREES

Summary of Statement of Financial Position

December 31, 2015

	2015-12-31	2014-12-31
	\$	\$
ASSETS		
Current		
Cash	559,234	465,293
Short-term investments	668,244	886,388
Accounts receivable	1,003,046	792,175
Advances to branches	85,133	81,935
Prepaid expenses	371,375	221,669
	2,687,032	2,447,460
Long term		
Investments	401,192	1,696,055
Tangible capital assets	563,718	644,543
Intangible assets	1,252,996	896,820
	4,904,938	5,684,878
LIABILITIES		
Current		
Accounts payable and accrued liabilities	532,420	715,455
Deferred revenue	32,970	397,985
Commodity taxes payable	411,300	29,112
	976,690	1,142,552
Capital lease obligation	10,199	15,294
	986,889	1,157,846
NET ASSETS		
Unrestricted	313,376	905,067
Invested in capital assets and intangible assets	1,801,518	1,521,072
Internally restricted		
Information Technology Renewal Fund	-	230,000
Special Fundamental Vote Fund	150,000	-
Emergency Operations Fund	1,000,000	1,000,000
Building Maintenance Fund	-	135,893
Defence of Benefits Fund	653,155	735,000
	3,918,049	4,527,032
	4,904,938	5,684,878

NATIONAL ASSOCIATION OF FEDERAL RETIREES

Summary Statement of Operations

December 31, 2015

	Budget 2015	2015-12-31	2014-12-31
	\$	\$	\$
	(unaudited)		
REVENUE			
Membership fees	6,085,387	5,434,311	5,284,105
Fees allocated to branches	(1,484,468)	(1,275,621)	(1,254,891)
Net fees	4,600,919	4,158,690	4,029,214
Branch surplus repatriation	61,227	103,433	-
Branch contributions to reserves	-	177,731	-
	4,662,146	4,439,854	4,029,214
Investment income	34,022	38,681	56,254
Annual members meeting	41,000	60,040	48,481
Preferred partner revenue	1,272,525	1,493,712	1,074,226
Sage magazine revenue	159,750	155,732	188,375
Family program revenue	362,220	1,080	-
IT Renewal project	140,000	110,619	110,664
Sponsorship	32,500	5,000	-
Miscellaneous income	5,000	4,579	10,305
	6,709,163	6,309,297	5,517,519
EXPENSES			
Governance	590,540	515,511	556,091
A M M Expenses	485,809	439,745	532,117
Salaries and benefits	2,620,910	2,604,299	2,110,252
Amortization of capital assets	426,500	242,149	107,564
Building expenses	182,460	78,621	68,604
Computer expenses	330,735	440,886	276,602
Dues Deduction at Source and other fees	167,800	166,961	172,246
Membership fees	9,948	5,242	4,099
Office supplies and expenses	140,228	274,300	97,335
Postage and courier	132,861	104,499	107,873
Telecommunications	29,700	29,323	26,793
Professional fees	125,412	144,971	219,504
Advocacy campaign	262,220	196,985	27,236
Volunteer support expenses	82,300	81,704	25,672
Marketing and recruitment	431,917	156,607	30,499
Publications	1,002,905	872,114	885,080
Reference and research materials	11,362	937	1,680
Communications	16,223	113,268	60,697
	7,049,830	6,468,122	5,309,944
Excess (deficiency) of revenue over expenses before undernoted item	(340,667)	(158,825)	207,575
Election Strategy	275,000	244,505	-
Gain on sale of building	(613,787)	-	-
Moving costs	254,130	-	-
PHSCP Legal costs	500,000	205,653	-
Special fundamental vote	250,000	-	-
Total extraordinary items	665,343	450,158	-
Excess (deficiency) of revenue over expenses	(1,006,010)	(608,983)	207,575

2015 Board of directors

Chair of the Board and Director District of Ottawa and Nunavut

Konrad von Finckenstein

President and Chair of the Board

Gary Oberg

Vice President

Marie Bergeron

Director, District of British Columbia and Yukon

Guy Bird
Al Heinrich
Brian Strongman

Directors, District of the Prairies and NWT

Roy Goodall
Joe Sanderson

Directors, District of Ontario

Ian Gray
Dennis E. (Ted) Young

Directors, District of Ottawa and Nunavut

Jean-Guy Soulière
Konrad von Finckenstein

Directors, District of Quebec

Gérald Denis
Jacques Lambert

Directors, District of Atlantic

Peter Kerr
Léonard LeBlanc

Chief Executive Officer

Sylvia Ceacero

Acting Chief Executive Officer

Debbie Bernhardt

2015 Committees

Advocacy

Jean-Guy Soulière
Jacques Lambert
Ian Gray
Konrad von Finckenstein

National Office

Sayward Montague
Peter Atkinson

Audit

Roy Goodall
Brian Strongman
Jean-Guy Soulière

National Office

Debbie Bernhardt

CEO selection

Konrad von Finckenstein
Ted Young
Peter Kerr
Léonard LeBlanc
Roy Goodall

National Office

Donna Hansen

Finance

Peter Kerr
Joe Sanderson
Gordon Thompson
Dyane Dufresne

National Office

Debbie Bernhardt

Governance

Léonard LeBlanc
Jacques Lambert
Ted Young
Ian Gray

National Office

Deborah Krause

Nominations

Joe Sanderson
Al Heinrich
Anne Ashcroft
Alton Whelan
Daniel Morin
Dave Bennett
Tom Nichols

National Office

Deborah Krause

Planning

Konrad von Finckenstein
Peter Kerr
Jacques Lambert
Ted Young
Debbie Bernhardt

National Office

Lionel Raymond

PTAO transition

Brian Strongman
Ted Young
Richard Savidant
John Bjore
Lloyd Pelton

National Office

Sayward Montague

RSO transition

Léonard LeBlanc
Al Heinrich
Julie Spencer
Dianne Raniowski
Brian Strongman

National Office

Donna Hansen

Risk management

Peter Kerr
Pat Jarret
Stephen Troy

National Office

Debbie Bernhardt

Strategic planning

Ian Gray
Stephen Troy
Roy Goodall
Brian Emdin
Ghislain Dussault

National Office

Debbie Bernhardt
Donna Hansen

Volunteer recognition

Joe Sanderson
Gérald Denis

National Office

Donna Hansen