
Financial statements of
The Mounted Police Members' Legal
Fund – Fonds de recours juridique
des membres de la gendarmerie

March 31, 2021

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Independent Auditor's Report

To the Directors of
The Mounted Police Members' Legal Fund –
Fonds de recours juridique des membres de la gendarmerie

Opinion

We have audited the financial statements of the Mounted Police Members' Legal Fund – Fonds de recours juridique des membres de la gendarmerie (the "Fund"), which comprise the balance sheet as at March 31, 2021, and the statements of revenue and expenses and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Fund 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 ("Canadian GAAS"). 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 Fund 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 Fund'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 Fund or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Fund'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 GAAS 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 GAAS, 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 Fund'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 Fund'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 Fund 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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
July 27, 2021

**The Mounted Police Members' Legal Fund –
Fonds de recours juridique des membres de la gendarmerie**
Statement of revenue and expenses and changes in net assets
Year ended March 31, 2021

	Notes	2021 \$	2020 \$
Revenue			
Members' fees		321,906	438,517
Interest		26,314	88,979
Reversal of provision on GST/HST matter	4	—	1,825,899
		348,220	2,353,395
Expenses			
Legal fees	6	188,392	569,759
Secretary/Treasurer's fees		91,306	92,627
Consulting		33,900	37,706
Miscellaneous expenses		26,004	61,728
Audit fee		10,459	10,459
Insurance		4,633	4,412
Travel		717	966
Printing and translation		167	—
Court awarded costs	5	—	825,000
		355,578	1,602,657
Excess (deficiency) of revenue over expenses		(7,358)	750,738
Net assets, beginning of year		3,800,328	3,049,590
Net assets, end of year		3,792,970	3,800,328

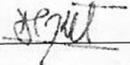
The accompanying notes are an integral part of the financial statements.

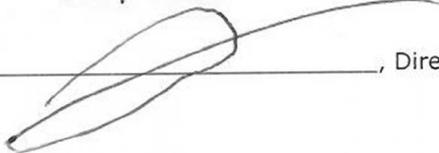
**The Mounted Police Members' Legal Fund –
Fonds de recours juridique des membres de la gendarmerie**
Balance sheet
As at March 31, 2021

	Notes	2021	2020
		\$	\$
Assets			
Current assets			
Cash		4,752,310	2,872,234
Interest receivable		2,230	101,199
Court awards receivable		28,194	10,000
Prepaid expenses		2,100	2,100
Loans receivable	3	—	1,830,000
		4,784,834	4,815,533
Liabilities			
Current liabilities			
Accrued liabilities	4 and 5	927,759	927,121
Deferred membership fee		64,105	88,084
		986,438	1,015,205
Net assets			
		3,792,970	3,800,328
		4,784,834	4,815,533

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

Approved by the Board

 _____, Director

 _____, Director

**The Mounted Police Members' Legal Fund –
Fonds de recours juridique des membres de la gendarmerie**
Statement of cash flows
Year ended March 31, 2021

	Notes	2021	2020
		\$	\$
Operating activities			
Excess (deficiency) of revenue over expenses		(7,358)	750,738
Reversal of provision on GST/HST matter	4	—	(1,825,899)
Changes in non-cash working capital items			
Interest receivable		98,969	(24,322)
Court awards receivable		(18,194)	40,000
Accrued liabilities		638	584,217
Deferred membership fee		(23,979)	(23,046)
		50,076	(498,312)
Investing activity			
Receipt of loan receivable		1,830,000	—
Net increase (decrease) in cash		1,880,076	(498,312)
Cash, beginning of year		2,872,234	3,370,546
Cash, end of year		4,752,310	2,872,234

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

**The Mounted Police Members' Legal Fund –
Fonds de recours juridique des membres de la gendarmerie**
Notes to the financial statements
March 31, 2021

1. Purpose of the organization

The Mounted Police Members' Legal Fund – Fonds de recours juridique des membres de la gendarmerie (the "Fund") is a not-for-profit organization aimed at promoting the improvement of member conditions of employment or work by providing funds: to resolve issues between the Fund's Members and the Government of Canada; to provide the appropriate action to protect the dignity or welfare of its members and to research, investigate, explore, analyze, examine and collect information as well as hiring outside counsel in respect of the aforementioned issues.

The Fund was incorporated February 14, 1997 under the *Canada Corporations Act* and commenced operation March 1, 1997. It is a registered not-for-profit organization under the *Income Tax Act* and, as such, is exempt from income tax.

On April 6, 2009, the Ontario Superior Court ruled on the Royal Canadian Mounted Police ("RCMP") Staff Relations Representative Program ("SRRP") and as a result of the Court's decision, the SRRP might either have needed to be changed or cease to exist. The Fund's by-laws and organizational structure is heavily dependent on the current SRRP and, therefore, any material change or disappearance on the part of the SRRP, would likely result in the dissolution of the Fund. The ruling was appealed by the Attorney General of Canada and on June 1, 2012 the Court of Appeal for Ontario released their decision in relation to the challenge. In short, the Court of Appeal for Ontario announced that the SRRP is compliant with the *Charter of Rights and Freedoms* and is a legitimate representational body.

This decision was however subject to appeal and the Applicants have submitted a Notice of Application for Leave to Appeal to the Supreme Court of Canada ("SCC"). This matter was heard by the SCC on February 18, 2014. Their finding was that the current Staff Relations Program lacked "Collective Bargaining". They gave the Royal Canadian Mounted Police and the Government of Canada one year to come up with a Program that included that finding.

As a result of the ruling, the Commissioner of the RCMP decided to terminate the SRRP effective May 17, 2016 and, as a temporary solution until members could agree on a permanent representative unit, established the Member Workplace Services Program. The decision to terminate the SRRP has resulted in the need for significant change to the Fund's By-laws.

On May 4th, 2018, the By-law 2/2018 was adopted by the members during the annual general meeting of the Mounted Police Members' Legal Fund. This By-law impacted the eligibility criteria to become a member of the Fund along with a change in the membership fee.

On July 12, 2019, the National Police Federation won the rights to represent the RCMP in collective bargaining. As of March 31, 2021, members of the Fund have not reached a legally binding decision regarding the Fund, and as such, the Fund remains as a going concern for the foreseeable future.

2. Significant accounting policies

These financial statements have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations and include the following significant accountings standards:

Financial instruments

All financial assets and liabilities are initially measured at fair value and subsequently are measured at amortized cost, with the exception of cash which is measured at fair value.

2. Significant accounting policies (continued)

Revenue

The Fund uses the deferral method of accounting for contributions. Under this method, revenue and expenses are reflected in the accounts in the period in which they have been earned and incurred respectively, whether or not such transactions have been finally settled by the receipt or payment of money.

Members' fees are recognized when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Membership fees are recognized based on the year to which they relate and remaining balance deferred until such time.

Fair value

The fair value of interest receivable and accrued liabilities approximate their carrying value due to their short-term maturity. The fair value of the loans receivable cannot be determined given the lack of specific terms of repayment. It is management's opinion that the Fund is not exposed to significant credit, market or liquidity risks arising from these financial instruments.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Significant estimates and assumptions made by management include assumptions used in estimating certain accounts receivable and accrued liabilities. Actual results could differ from these estimates.

3. Loans receivable

The loan receivable balance of \$1,830,000 was received in full on April 2, 2020 along with accrued interest of \$97,893 (\$97,893 in 2020) thus bringing the outstanding balance to \$Nil as at March 31, 2021 (\$1,830,000 in 2020).

4. Goods and Services Tax/Harmonized Sales Tax

In the prior year, due to new information obtained which included a legal opinion, management determined its estimated sales tax liability was \$Nil. The cumulative accrued sales tax liability balance of \$Nil (\$1,825,899 in 2020) was reversed to revenue during the year, thereby eliminating the accrual.

**The Mounted Police Members' Legal Fund –
Fonds de recours juridique des membres de la gendarmerie**
Notes to the financial statements
March 31, 2021

5. Court awarded costs

Included in accrued liabilities is \$872,940 of costs ordered by the Court of Appeal for Ontario plus accrued interest. These costs relate to a case initially filed by a member of the Fund ("the Plaintiff"), *Merrifield v. The Attorney General, 2017*. The case was first ruled in favor of the Plaintiff on February 28, 2017, but was subsequently appealed by the Attorney General of Canada ("the Appellant"). On April 24, 2019, the Court of Appeal for Ontario ruled in favor of the Appellant, ordering the aforementioned costs to be reimbursed by the Plaintiff. The Plaintiff's appeal to the Supreme Court of Canada was denied on September 19, 2019.

6. Legal fees

	2021	2020
	\$	\$
Legal fees	206,586	662,759
Less: amounts recovered during the year	(18,194)	(93,000)
	188,392	569,759

7. Capital management

The Fund's objectives when managing capital are to safeguard its ability to continue as a not-for-profit organization. Capital consists of net assets. The Fund monitors its capital by reviewing various financial metrics such as monthly financial statements. There has been no change in the Fund's definition of capital or its objectives from the previous year.

The Fund is not subject to any externally imposed capital restrictions.

8. COVID-19

On March 11, 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus ("COVID-19") as a pandemic, which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 are unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have in the financial results and conditions of the Fund in future periods.