

**NATIONAL TRUST FOR CANADA**

FINANCIAL STATEMENTS

MARCH 31, 2019

## **NATIONAL TRUST FOR CANADA**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of the  
National Trust for Canada

### *Opinion*

We have audited the financial statements of the National Trust for Canada (the National Trust), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the National Trust as at March 31, 2019, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### *Basis for 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 National Trust 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.

### *Other Information*

Management is responsible for the other information. The other information obtained at the date of this auditor's report is the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

Our opinion on the financial statements does not cover the other information and we will not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed on the other information obtained prior to the date of this auditor's report, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### *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 National Trust'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 National Trust or to cease operations, or has no realistic alternative but to do so.

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

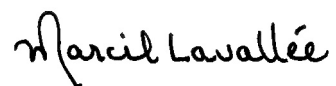
### *Auditor's Responsibilities for the Audit of the Financial Statements*

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 National Trust'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 National Trust'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 National Trust 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.



Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario  
May 24, 2019

# NATIONAL TRUST FOR CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2019

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	2019	2018
<b>REVENUE</b>		
Young Canada Works contribution	\$ 739,330	\$ 697,965
Grants and contributions	237,235	167,944
Conference registrations	106,055	477,733
Donations and bequests	100,441	613,957
Memberships	96,487	91,277
Sponsorships	94,773	219,285
Contracts	38,114	77,186
Property	20,835	11,760
Other	9,799	33,120
Publications	605	775
	<b>1,443,674</b>	<b>2,391,002</b>
<b>EXPENSES</b>		
Leadership, Policy, Regeneration	928,932	2,258,512
Youth Employment - Young Canada Works (Note 11)	739,330	697,965
Management and administration	314,102	226,272
Investment management	206,220	203,123
Property	197,779	238,874
Communications	126,100	161,529
Governance	111,948	136,058
Publications	65,939	43,944
	<b>2,690,350</b>	<b>3,966,277</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES BEFORE INVESTMENT REVENUE</b>	<b>(1,246,676)</b>	<b>(1,575,275)</b>
<b>INVESTMENT REVENUE (Note 3)</b>	<b>1,190,004</b>	<b>1,142,327</b>
<b>DEFICIENCY OF REVENUE OVER EXPENSES</b>	<b>\$ (56,672)</b>	<b>\$ (432,948)</b>

# NATIONAL TRUST FOR CANADA

## STATEMENT OF CHANGES IN NET ASSETS FOR THE YEAR ENDED MARCH 31, 2019

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### NON-ENDOWMENT

	Unrestricted	Invested in capital assets	Invested in heritage and other properties	Runciman Fund for Heritage Conservation	2019	2018
<b>BALANCE, BEGINNING OF YEAR</b>	\$ 6,346,200	\$ 43,435	\$ 115,002	\$ 42,760	\$ 6,547,397	\$ 6,980,345
Excess (deficiency) of revenue over expenses	(45,490)	(12,745)	-	1,563	(56,672)	(432,948)
Acquisition of capital assets	(6,745)	6,745	-	-	-	-
Disposal of heritage properties	115,000	-	(115,000)	-	-	-
<b>BALANCE, END OF YEAR</b>	\$ 6,408,965	\$ 37,435	\$ 2	\$ 44,323	\$ 6,490,725	\$ 6,547,397

### ENDOWMENT

	<u>National Trust for Canada</u>	
	2019	2018
<b>BALANCE, BEGINNING AND END OF YEAR</b>	\$ 13,180,511	\$ 13,180,511

# NATIONAL TRUST FOR CANADA

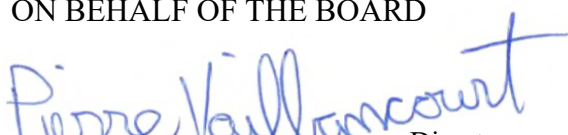
## STATEMENT OF FINANCIAL POSITION

MARCH 31, 2019

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	2019	2018
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 62,006	\$ 62,741
Accounts receivable (Note 4)	31,395	56,232
Grants and contributions receivable	14,301	26,072
Prepaid expenses	58,988	61,424
	166,690	206,469
<b>INVESTMENTS</b> (Note 5)	19,745,614	19,863,870
<b>CAPITAL ASSETS</b> (Note 6)	37,435	43,435
<b>HERITAGE PROPERTIES</b> (Note 7)	2	115,002
	19,783,051	20,022,307
	\$ 19,949,741	\$ 20,228,776
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities	\$ 161,045	\$ 358,292
Deferred revenue (Note 8)	117,460	142,576
	278,505	500,868
<b>NET ASSETS</b> (Note 9)		
<b>NON-ENDOWMENT</b>		
Unrestricted (Note 10)	6,408,965	6,346,200
Internal restrictions		
Invested in capital assets	37,435	43,435
Invested in heritage properties	2	115,002
Runciman Fund for Heritage Conservation	44,323	42,760
	6,490,725	6,547,397
<b>ENDOWMENT</b>		
The National Trust for Canada	13,180,511	13,180,511
	19,671,236	19,727,908
	\$ 19,949,741	\$ 20,228,776

ON BEHALF OF THE BOARD

  
\_\_\_\_\_, Director

  
\_\_\_\_\_, Director



# NATIONAL TRUST FOR CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

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	2019	2018
<b>OPERATING ACTIVITIES</b>		
Deficiency of revenue over expenses	\$ (56,672)	\$ (432,948)
<b>Adjustments for:</b>		
Unrealized losses on investments	362,600	95,381
Amortization of capital assets	11,376	15,572
Loss on write-off of capital assets	1,369	3,108
	<b>318,673</b>	<b>(318,887)</b>
<b>Net change in non-cash working capital items:</b>		
Accounts receivable	24,837	29,896
Grants and contributions receivable	11,771	(23,521)
Prepaid expenses	2,436	4,357
Accounts payable and accrued liabilities	(197,247)	22,594
Deferred revenue	(25,116)	68,356
	<b>(183,319)</b>	<b>101,682</b>
	<b>135,354</b>	<b>(217,205)</b>
<b>INVESTING ACTIVITIES</b>		
Acquisition of investments	(1,552,605)	(1,262,406)
Disposal of investments	1,308,261	1,410,989
Acquisition of capital assets	(6,745)	(10,739)
Disposal of heritage properties	115,000	-
Write-down heritage properties	-	35,445
	<b>(136,089)</b>	<b>173,289</b>
<b>DECREASE IN CASH AND CASH EQUIVALENTS</b>	<b>(735)</b>	<b>(43,916)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR</b>	<b>62,741</b>	<b>106,657</b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR</b>	<b>\$ 62,006</b>	<b>\$ 62,741</b>

Cash and cash equivalents consist of cash.

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 1. STATUTE AND NATURE OF OPERATIONS

The National Trust For Canada (the National Trust) is incorporated as a not-for-profit organization under the Canada Not-for-profit Corporations Act. It is a registered charity for income tax purposes and, as such, is exempt from income tax.

The objects of the National Trust are to conserve and promote the conservation of Canada's historic and culturally significant places and communities, to educate and engage the people of Canada in the conservation and appreciation of heritage buildings, landscapes, natural areas and communities, and to advance education by providing publicly available scholarships, bursaries and other forms of financial assistance to Canadian students or young professionals pursuing studies or working in heritage conservation or a related field.

### 2. SIGNIFICANT ACCOUNTING POLICIES

The National Trust applies Canadian accounting standards for not-for-profit organizations (ASNFPPO) in accordance with Part III of the CPA Canada Handbook – Accounting.

#### Use of estimates

The preparation of financial statements in compliance with the ASNFPPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the reported amounts of revenues and expenses for the periods covered.

#### Revenue recognition

The National Trust follows the deferral method of accounting for grants and contributions. Restricted grants and contributions are recognized as revenue in the year in which the related expenses are incurred.

Revenues from conference registrations as well as from sponsorships are recognized when the event takes place. Donations and bequests are recognized when they are received unless deferred when amounts are designated for a specific program where expenses are to be incurred in future years.

Contracts are recognized as revenue when there is persuasive evidence that an agreement exists, delivery has occurred, the price is fixed or determinable and collection is reasonably assured.

Memberships and other revenues are recognized in the year to which they relate.

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Allocated expenses**

The National Trust allocates some of its salaries and benefits as well as its administration costs to activities by identifying the appropriate basis of allocating expenses and applies that basis consistently each year.

Salaries and benefits as well as administration costs are allocated in accordance with the following apportionment formulas:

- a) Salaries and benefits: on the work plan, based on the estimated time spent on each activity;
- b) Administration costs: on the basis of the approved budget of the contribution agreements which are based on the actual usage - prorated.

**Foreign currency transactions**

The National Trust uses the temporal method to translate its foreign currency transactions.

Monetary assets and liabilities are translated at the exchange rate in effect at the balance sheet date. Other assets and liabilities are translated at the exchange rate in effect at the transaction date. Items appearing in the current year's statement of operations, except for the cost of depreciation translated at historic rate, are translated at average year rates. Exchange gains and losses are included in the statement of operations.

**Cash and cash equivalents**

The National Trust's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that can fluctuate from being positive to overdrawn.

**Financial instruments**

*Measurement of financial instruments*

The National Trust initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The National Trust subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and financial assets designated at fair value on initial recognition, which are measured at fair value. Changes in fair value are recognized in operations.

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

**2. SIGNIFICANT ACCOUNTING POLICIES (continued)**

**Financial instruments (continued)**

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

Financial assets measured at fair value include investments.

*Impairment*

Financial assets measured at cost and amortized cost are tested for impairment when there are indicators of possible impairment. The National Trust determines whether a significant adverse change has occurred in the expected timing or amount of future cash flows from the financial asset. If this is the case, the carrying amount of the asset is reduced directly to the higher of the present value of the cash flows expected to be generated by holding the asset, and the amount that could be realized by selling the asset at the balance sheet date. The amount of the write-down is recognized in operations. The previously recognized impairment loss may be reversed to the extent of the improvement, provided 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 operations.

*Transaction costs*

The National Trust recognizes its transaction costs in operations in the period incurred. However, transaction costs related to financial instruments subsequently measured at amortized cost adjust the carrying amount of the financial asset or liability and are accounted for in the statement of operations using the straight-line method.

**Grant and contribution receivable**

A grant or contribution receivable is recognized as an asset when the amount to be received can be reasonably estimated and ultimate collection is reasonably assured.

**Capital assets**

Capital assets are accounted for at cost. Amortization is calculated on their respective estimated useful life using the diminishing balance method at the following annual rates:

Furniture and equipment	20%
Computer equipment	30%

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 2. SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Write-down of capital assets

When a capital asset no longer contributes to the National Trust's ability to provide services, its carrying amount is written down to residual value, if any. The excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

#### Heritage properties

Heritage properties are accounted for at cost and are not amortized. When conditions indicate that the fair value of an heritage property is lower than the cost, the net carrying amount is written down to the asset's fair value.

### 3. INVESTMENT REVENUE

	2019	2018
Interest	\$ 192,025	\$ 281,189
Dividends	277,375	401,139
Realized gains	1,083,204	555,380
Unrealized losses	(362,600)	(95,381)
	<u>\$ 1,190,004</u>	<u>\$ 1,142,327</u>

### 4. ACCOUNTS RECEIVABLE

	2019	2018
Trade accounts	\$ 10,832	\$ 40,731
Harmonized Sales Tax receivable	20,563	15,501
	<u>\$ 31,395</u>	<u>\$ 56,232</u>

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 5. INVESTMENTS

	2019	2018
Cash and cash equivalents	\$ 240,492	\$ 91,758
Canadian pooled bond funds	4,987,963	5,986,568
Canadian pooled fund equities	2,423,939	4,752,506
Canadian segregated corporate bonds	44,800	-
Canadian segregated equities	1,264,801	-
Global bond pooled funds	2,994,239	2,139,075
Global equity pooled funds	3,957,146	3,484,157
International segregated equities	2,366,759	2,084,348
U.S. segregated equities	1,465,475	1,325,458
	<b>\$ 19,745,614</b>	<b>\$ 19,863,870</b>

The total Fund is invested and managed in a manner consistent with the following principles, which are listed in order of precedence:

- To protect the endowment in nominal terms;
- To provide a stable source of income to fund the activities of the Trust, without diminishing the real value of the total Fund;
- To obtain growth; and
- To maximize the Fund's total long-term investment return.

### 6. CAPITAL ASSETS

	Cost	Accumulated amortization	2019	2018
Furniture and equipment	\$ 66,431	\$ 47,433	\$ 18,998	\$ 23,402
Computer equipment	51,250	32,813	18,437	20,033
	<b>\$ 117,681</b>	<b>\$ 80,246</b>	<b>\$ 37,435</b>	<b>\$ 43,435</b>

The total amortization expense of \$11,376 (2018: \$15,572) is included under the "Management and administration" expense category in the statement of operations.

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 7. HERITAGE PROPERTIES

	2019	2018
11-13 Ancien Chantier, Québec City, Québec	\$ -	\$ 115,000
Myrtleville House, Brantford, Ontario	1	1
Papineau Chapel, Montebello, Québec	1	1
	\$ 2	\$ 115,002

The heritage properties in Brantford and Montebello are held in trust for the Crown and have no material value in these financial statements.

During the year, the National Trust sold the properties situated at 11-13 Ancien Chantier in Québec City for a total amount of \$115,000.

### 8. DEFERRED REVENUE

	2019	2018
Balance, beginning of year	\$ 142,576	\$ 74,220
Plus: Amount granted in the year	94,279	202,482
Less: Amount recognized as revenue in the year	(119,395)	(134,126)
Balance, end of year	\$ 117,460	\$ 142,576

Deferred revenue is composed of the following items:

	2019	2018
Membership	\$ 48,240	\$ 46,115
Herb Stovel Scholarship Fund	43,720	30,790
Conference and other	15,500	5,400
Ecclesiastical Insurance - Awards sponsorships	10,000	5,000
Canadian Construction Association	-	30,000
The Calgary Foundation	-	10,667
The Winnipeg Foundation	-	10,000
Contribution from the Department of Canadian Heritage - Regeneration Works	-	4,604
	\$ 117,460	\$ 142,576

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 9. NET ASSETS, NON-ENDOWMENT AND ENDOWMENT

Net assets include the original endowment received from the Government of Canada, as well as non-endowment amounts.

Endowment grants totaling \$13,180,511 received from the Government of Canada are held by the National Trust and placed into securities that are authorized investments for the funds of an insurance company under the Insurance Companies Act; the revenue from the investments is used for the objects of the National Trust; and, in the event that the National Trust is ever wound up or dissolved, the entire corpus of the Endowment then existing would be transferred to Her Majesty in Right of Canada.

Internally restricted amounts include the Runciman Fund for Heritage Conservation, created following the sale of the Annapolis Royal property. The amounts are invested and net revenues and expenses related to this investment are being added to this fund, annually.

### 10. UNRESTRICTED NET ASSETS

The Unrestricted Fund is deemed unavailable because it is subject to a Board-imposed spending limit policy designed to restrict the annual draw for the operations, protect against the risk of overspending, help the Trust maintain pace with inflation and for other extraordinary expenditures approved by the Board.

### 11. YOUTH EMPLOYMENT - YOUNG CANADA WORKS (YCW)

In accordance with the requirements of the Department of Canadian Heritage, the expenditures for the Young Canada Works project are as follows:

	2019	2018
Contributions to employers - YCW in Heritage Organizations	\$ 492,310	\$ 451,965
Contributions to employers - YCW at Building Careers in Heritage	160,000	158,980
Administration costs	87,020	87,020
	\$ 739,330	\$ 697,965



# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 12. ALLOCATED EXPENSES

Salaries and benefits are allocated to activities as follows:

	2019	2018
Leadership, Policy, Regeneration	\$ 523,988	\$ 698,110
YCW	69,260	66,135
Management and administration	185,014	132,550
Property	39,741	6,427
Communications	88,662	98,930
Governance	50,617	35,236
Publications	37,275	18,490
	<b>\$ 994,557</b>	<b>\$ 1,055,878</b>

In addition, administration costs for a total amount of \$12,001 (2018: \$9,821) from the line item "Management and administration" and \$2,512 (2018: \$2,979) from the line item "Property" have been reallocated to the YCW Program.

Administrative costs for a total amount of \$3,826 (2018: \$4,497) from the line item "Management and administration" and \$Nil (2018: \$2,831) from the line item "Property" have been reallocated to the line item "Leadership, Policy, Regeneration" to allow for permitted allocations associated with a Department of Canadian Heritage Grant.

Administrative costs for a total amount of \$Nil (2018: \$10,998) from the line item "Management and administration" and \$Nil (2018: \$4,000) from the line item "Property" have been reallocated to the line item "Leadership, Policy, Regeneration" to account for costs associated with new initiatives.

### 13. FINANCIAL INSTRUMENTS

#### Investment risk

Investment in financial instruments renders the National Trust subject to investment risks. These include the risks arising from changes in interest rates, in rates of exchange for foreign currency, and in equity markets both domestic and foreign. They also include the risks arising from the failure of a party to a financial instrument to discharge an obligation when it is due.

The National Trust follows investment policies and practices to control the amount of risk to which it is exposed. The investment practices of the National Trust are designed to avoid undue risk of loss or impairment of assets and to provide a reasonable expectation of fair return given the nature of the investments. The maximum investment risk to the National Trust is represented by the market value of the investments.

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 13. FINANCIAL INSTRUMENTS (continued)

#### Concentration risk

Concentration of risk exists when a significant proportion of the portfolio is invested in securities with similar characteristics and/or subject to similar economic, political and other conditions that may prevail. The following allocation of funds, described below, is in accordance with the diversification guidelines and investment objectives stated in the National Trust's Investment Policy.

	2019	2018
Cash and cash equivalents	1.2 %	0.5 %
Bond funds		
Corporate	17.9	20.0
Federal and provincial governments and other	7.6	10.1
Global Pooled Bonds	15.2	10.8
Total bond funds	40.7	40.9
Canadian equity instruments		
Canadian Units	6.4	-
Canadian Pooled Fund Units	12.3	23.9
Total Canadian equity instruments	18.7	23.9
Foreign equity instruments		
International Segregated Fund	12.0	10.5
U.S. Segregated Fund	7.4	6.7
Global Pooled Fund Units	20.0	17.5
Total foreign equity instruments	39.4	34.7
Total equity instruments	58.1	58.6
Total investments	100.0 %	100.0 %

#### Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. As at March 31, 2019, assets include investments of \$2,994,239 (2018: \$2,139,075) in International Bonds, investments of \$2,366,758 (2018: \$2,084,348) in International Equity Units and investments of \$1,465,475 (2018: \$1,325,458) in U.S. Equities, which have been converted into Canadian dollars.

# NATIONAL TRUST FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

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### 13. FINANCIAL INSTRUMENTS (continued)

#### 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 National Trust's main credit risks relate to its accounts receivable.

The National Trust establishes allowances for doubtful accounts while keeping in mind the specific credit risk of clients, their historic tendencies and economic situation. Approximately 72% of the total trade accounts is to be received from one entity. The National Trust considers that no risk arises from that situation.

### 14. RETIREMENT BENEFITS

The National Trust is a member of the Public Service Superannuation Pension Plan (the Plan), which is a contributory defined benefit plan available to all regular employees. The Plan provides retirement benefits based on an employee's years of service and average annual earnings over a period of time prior to retirement. The Plan is a multi-employer plan and is administered by the Federal Government and regulated by the Public Service Superannuation Act (PSSA). As such, the National Trust accounts for it as a defined contribution pension plan.

Under the PSSA, the current rate of contribution for employees is 9.56% up to the yearly maximum pensionable earnings under the plan, and 11.78% contribution rate above the yearly maximum pensionable earnings for employees who became members of the Plan prior to December 31, 2012. For members joining the Plan as at January 1, 2013 or after, the rates are 8.68% and 10.18% respectively. In accordance with the PSSA, the National Trust pays 1.01 times the contributions made by the employees who entered the Plan prior to January 1, 2013, and 1.00 times the contributions made by employees who entered the Plan post December 31, 2012. For the calendar year 2018, the employer's contribution rate was 1.01 and 1.00 times respectively. The employer's contributions for the year ended March 31, 2019 are \$77,343 (2018: \$79,074).

### 15. CONTRACTUAL OBLIGATIONS

The commitments of the National Trust under a lease agreement aggregate to \$136,170. The instalments over the next three years are the following:

2020	\$	58,360
2021	\$	58,360
2022	\$	19,450