



National
Capital
FreeNet

Libertel
de la Capitale
Nationale

2021 Annual Report from the Treasurer

Fellow Members,

Despite the effort by the government to keep the economy going, the ongoing pandemic continues to pose challenges for organizations, including National Capital FreeNet.

For the year ended December 31st 2021, National Capital FreeNet had a **\$179,735** net surplus. However, 88% of this net surplus or **\$157,502** was due to a retroactive credit from Bell related to reduced tariff rates for capacity based billing and line access.

The growth in the net surplus outside of the retroactive credit is due to 3.3% increase in DSL services and overall 2.4% increase in grants, including United Way, Employment and Social Development Canada, and Association des communautés francophones d'Ottawa (ACFO).

Furthermore, even though there were comparative increases in some expense line items such as DSL and Cable Services, Salaries and Benefits, there were comparative reductions in other expenses, namely Direct Project Expenses 1.2%, DSL equipment 7.5%, Rent 19.7%, Telecommunication equipment at 2.7%, professional development 82.7% and zero bad debt expenses incurred. This reduction makes up for the increases in other expense lines though overall, expenses in 2021 was 3.8% more than 2020.

Amortization of capital assets also increased by \$11,231 (from \$37,013 to \$48,244) representing 30.3% due to the acquisition of capital assets.

A further review of the 2021 financial statements reveals a net operating cash from operating activities of **\$13, 377** which was largely due **to accounts receivable**. The Net cash flow from investing activities in 2021 was -\$22,578 which was majorly due to the inflow of proceeds of a term deposit compared to the results of 2020 which was **-\$31,787**. Net cash flow from financing activities was \$20,000 representing 50% of the amount of the preceding financial year.

Net assets increased to **\$409,683** in 2021 representing an increase of 78% over the 2020 figure of \$229,948. Of the **\$409,683**, \$375,393 representing 92% while the balance of **\$34,290** accounts for 8%.

One impressive aspect of the financial statement is the cash level. Given a cash level of **\$430,950** as at December 31st 2021, this cash level can pay for account payables and accrued liabilities three times. The essence of this is to ensure that National Capital FreeNet is able to

meet its present obligations as they fall due in the event of any situation or unforeseen circumstances that makes it impossible for it to continue to generate income.

In 2022, National Capital FreeNet is facing many challenges including competition and instability in the numbers of the DSL members due to changing conditions. However, an upgrade in network and new equipment for DSL and email services which led to increased server capacity has helped to boost productivity as well as sustainable pricing, donation and gifts.

The Board is pleased that NCF received an unqualified opinion in the audit, as was the case in 2020 which provides further proof of the hard work and dedication of the Management Team led by Shelley Robinson. That said, we continue to refine our controls to ensure best practices.

As a Treasurer, I would like to recognize the devotion and commitment of the staff and volunteers for their time and effort in not only turning around the fortunes of NCF, but in bringing safe and affordable internet services to the National Capital Region.

The significant and outstanding contributions of our various stakeholders, especially NCF's members, have made NCF sustainable despite challenging economic times.

Best Regards,

Emmanuel Adenlolu, MBA, ACA,