

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Financial Information

Year Ended September 30, 2024

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Royal Canadian Legion Calgary Branches Poppy Fund

We have reviewed the accompanying financial information of Royal Canadian Legion Calgary Branches Poppy Fund (the Organization) that comprise the statement of financial position as at September 30, 2024, and the statements of revenues and expenditures, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Information

Management is responsible for the preparation and fair presentation of this financial information in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), and for such internal control as management determines is necessary to enable the preparation of financial information that is free from material misstatement, whether due to fraud or error.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial information based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial information in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on this financial information.

Basis for Qualified Conclusion

Management did not perform a count of physical inventory at September 30, 2024 and we were not able to satisfy ourselves concerning those inventory quantities by alternative means. Since opening inventories enter into the determination of the results of its operations and cash flows, we were unable to determine whether adjustments to campaign expenses, excess of revenues over expenses, opening net assets and cash provided from operations might be necessary.

In common with many charitable organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to campaign and donation revenues, excess of revenues over expenses, and cash flows from operations for the year ended September 30, 2024, current assets and net assets as at September 30, 2024.

Our review conclusion on the financial information for the year ended September 30, 2024 was modified accordingly because of the possible effects of these limitations of scope.

(continues)

Independent Practitioner's Review Engagement Report to the Members of Royal Canadian Legion Calgary Branches
Poppy Fund (continued)

Qualified Conclusion

Based on our review, except for the possible effects of the matter described in the *Basis for Qualified Conclusion* paragraph, nothing has come to our attention that causes us to believe that the financial information does not present fairly, in all material respects, the financial position of Royal Canadian Legion Calgary Branches Poppy Fund as at September 30, 2024, 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 (ASNPO).

24 (1)

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Statement of Financial Position

September 30, 2024

	2024	2023
ASSETS		
CURRENT		
Cash	\$ 221,867	\$ 582,009
Marketable securities (Note 4)	4,209,099	3,156,786
Accounts receivable	930	1,003
Inventory	96,050	96,050
Prepaid expenses	2,828	2,524
	<u>4,530,774</u>	<u>3,838,372</u>
CAPITAL ASSETS (Note 5)		<u>7,500</u>
	<u>\$ 4,530,774</u>	<u>\$ 3,845,872</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 10,598	\$ 10,031
NET ASSETS	<u>4,520,176</u>	<u>3,835,841</u>
LIABILITIES AND NET ASSETS	<u>\$ 4,530,774</u>	<u>\$ 3,845,872</u>

ON BEHALF OF THE BOARD

Director

Director

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Statement of Revenues and Expenditures

Year Ended September 30, 2024

	2024	2023
REVENUES		
Campaign	\$ 888,702	\$ 803,306
Donation	202,307	240,776
	<u>1,091,009</u>	<u>1,044,082</u>
EXPENSES		
Campaign		
Supplies and other	215,071	88,951
	<u>215,071</u>	<u>88,951</u>
Operating		
Donations - Command	350,000	-
Donations - other (Note 7)	173,986	75,907
Veteran assistance	9,991	13,126
Bursaries	11,000	12,000
Advertising and promotion	1,580	19,311
Approved Poppy Fund expenses	8,371	6,742
	<u>554,928</u>	<u>127,086</u>
Administrative		
Professional fees	11,415	10,825
Amortization	7,500	7,500
Insurance	3,480	3,093
Office supplies	1,559	1,436
Telephone	403	403
	<u>24,357</u>	<u>23,257</u>
	<u>794,356</u>	<u>239,294</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>296,653</u>	<u>804,788</u>
OTHER INCOME (EXPENSES)		
Gain (loss) on sale of marketable securities	246,036	(100,753)
Interest and other investment income	141,646	72,923
	<u>387,682</u>	<u>(27,830)</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 684,335</u>	<u>\$ 776,958</u>

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Statement of Changes in Net Assets

Year Ended September 30, 2024

	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 3,835,841	\$ 3,058,883
EXCESS OF REVENUES OVER EXPENSES	<u>684,335</u>	<u>776,958</u>
NET ASSETS - END OF YEAR	<u>\$ 4,520,176</u>	<u>\$ 3,835,841</u>

ATIP Disclosure
Divulguation de l'AIPRP

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Statement of Cash Flows Year Ended September 30, 2024

	2024	2023
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 684,335	\$ 776,958
Items not affecting cash:		
Amortization of capital assets	7,500	7,500
Loss (gain) on disposal of investments	(246,036)	100,753
	<u>445,799</u>	<u>885,211</u>
Changes in non-cash working capital:		
Accounts receivable	73	(1,003)
Accounts payable and accrued liabilities	568	(10,899)
Prepaid expenses	(304)	(690)
	<u>337</u>	<u>(12,592)</u>
Cash flow from operating activities	<u>446,136</u>	<u>872,619</u>
INVESTING ACTIVITY		
Net purchase of marketable securities	(806,278)	(491,973)
INCREASE (DECREASE) IN CASH FLOW	<u>(360,142)</u>	<u>380,646</u>
CASH - BEGINNING OF YEAR	<u>582,009</u>	<u>201,363</u>
CASH - END OF YEAR	<u>\$ 221,867</u>	<u>\$ 582,009</u>

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Notes to Financial Information

Year Ended September 30, 2024

1. PURPOSE OF THE ORGANIZATION

Royal Canadian Legion Calgary Branches Poppy Fund (the "Organization") is a not-for-profit organization established under the by-laws of the Royal Canadian Legion. The Organization is comprised of branches within the city limits of Calgary, Alberta. Its primary purpose is to raise funds through the annual "Poppy Campaign" to enable it to provide financial and non-financial assistance to veterans and their dependents. As a registered charity the Organization is exempt from the payment of income tax under Subsection 149(1) of the Income Tax Act.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and include the following significant accounting policies:

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in treasury bills and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

Contributed services

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated materials and services cannot be reasonably determined and are therefore not reflected in these financial statements.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the 2024 year \$14,631 in marketable securities were donated.

Financial instruments

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization and are amortized over their estimated useful lives at the following rates and methods:

Digital Poppy Campaign	5 years straight-line method
------------------------	------------------------------

The Organization regularly reviews its capital assets to eliminate obsolete items. Government grants are treated as a reduction of capital assets cost.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Inventory

Inventory held for distribution at no charge or for a nominal charge is recognized at the lower of cost or current replacement cost.

(continues)

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Notes to Financial Information Year Ended September 30, 2024

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

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value. Changes in fair value are recorded in the excess (deficiency) of revenues over expenses.

Measurement uncertainty

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 amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Revenue recognition

Royal Canadian Legion Calgary Branches Poppy Fund 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. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Notes to Financial Information

Year Ended September 30, 2024

3. FINANCIAL INSTRUMENTS

The Organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Organization's risk exposure and concentration as of September 30, 2024.

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 rate risk, interest rate risk and other price risk. The Organization is mainly exposed to interest rate risk and other price risk.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Organization manages exposure through its normal operating and financing activities. The Organization is exposed to interest rate risk primarily through its marketable securities, which are subject to interest rates ranging from 1.67% to 6.53%.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk through its investment in quoted shares.

Unless otherwise noted, it is management's opinion that the Organization is not exposed to significant other price risks arising from these financial instruments.

4. MARKETABLE SECURITIES

	2024	2023
Cash and cash equivalents	\$ 10,216	\$ 201,359
Fixed income	2,486,574	2,130,053
Mutual funds/segregated funds	206,000	206,000
Principal protected notes	1,560,000	919,100
	4,262,790	3,456,512
Unrealized gains (losses) on marketable securities	(53,691)	(299,726)
	<u>\$ 4,209,099</u>	<u>\$ 3,156,786</u>

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Notes to Financial Information

Year Ended September 30, 2024

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2024 Net book value
Digital Poppy Campaign	\$ 37,500	\$ 37,500	\$ -
	Cost	Accumulated amortization	2023 Net book value
Digital Poppy Campaign	\$ 37,500	\$ 30,000	\$ 7,500

6. RELATED PARTY TRANSACTIONS

The following is a summary of the Organization's related party transactions:

	2024	2023
Alberta-NWT Command, The Royal Canadian Legion ("Command")		
<i>The Organization is a branch of Command</i>		
Donations received by Command and transferred to the Organization	\$ -	\$ 4,416
Donations paid to Command	(350,000)	-
Poppy campaign expenses paid to Command	(215,071)	(65,686)
Advertising and promotion paid to Command	(1,580)	(16,800)
Operating expenditures reimbursed to Command	-	(13,343)
Bursaries paid to Command	(11,000)	(12,000)
	<u>\$ (577,651)</u>	<u>\$ (103,413)</u>
 Calgary Legion branches		
<i>Related through the Organization's charter with Command</i>		
Campaign revenues received	<u>\$ 526,992</u>	<u>\$ 494,317</u>

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

ROYAL CANADIAN LEGION CALGARY BRANCHES POPPY FUND

Notes to Financial Information

Year Ended September 30, 2024

7. CONTRIBUTIONS AND DONATIONS

During the year, the Organization donated to the following organizations:

	2024	2023
Royal Canadian Cadets	\$ 95,000	\$ -
Bethany Care Society	-	50,907
Carewest Fanning Centre	-	25,000
^{24 (1)}	72,374	-
	2,612	-
	4,000	-
Calgary Military Family Resource Centre	\$ 173,986	\$ 75,907

8. ALBERTA CHARITABLE FUND-RAISING REGULATION

As required under section 7(2) of Alberta's Charitable Fund-raising Regulation, the total amount paid as remuneration to employees whose principal duties involve fundraising is nil.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.