

**ROYAL CANADIAN ARTILLERY
ASSOCIATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2020

Prepared Without Audit

CONTENTS

	Page
Independent practitioner's review engagement report	1
Statement of financial position	2
Statement of operations and net assets	3
Statement of cash flows	4
Notes to financial statements	5 - 8



INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the members of Royal Canadian Artillery Association:

We have reviewed the accompanying financial statements of Royal Canadian Artillery Association that comprise the statement of financial position as at May 31, 2020, and the statements of operations and 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 Statements

Management is responsible for the preparation and fair presentation of these 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements 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 statements 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 these financial statements.

Basis for Qualified Conclusion

In common with many not-for-profit organizations, the organization derives revenues from various sources, the completeness of which is not susceptible to satisfactory review procedures. Accordingly, our verification of donations was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of expenses over revenues, assets and net assets.

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 statements do not present fairly, in all material respects, the financial position of Royal Canadian Artillery Association as at May 31, 2020, 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.

Other Matter

The comparative figures were reviewed by another firm of Chartered Professional Accountants who provided a qualified conclusion on October 23, 2019 for the reasons described in the Basis for Qualified Conclusion paragraph.

CALIBRE LLP
Chartered Professional Accountants
Licensed Public Accountants

Guelph, Ontario
October 7, 2020

(page 1)

ROYAL CANADIAN ARTILLERY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

MAY 31, 2020

	2020	2019
ASSETS		
CURRENT		
Cash	\$ 36,630	\$ 40,801
Government remittances recoverable	2,013	4,232
Guaranteed investment certificates (note 2)	<u>120,467</u>	<u>80,700</u>
	159,110	125,733
GUARANTEED INVESTMENT CERTIFICATES (note 2)	<u>83,662</u>	<u>109,994</u>
	<u>\$ 242,772</u>	<u>\$ 235,727</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 19,488	\$ 18,501
Deferred contributions (notes 3 and 5)	71,574	60,859
Deferred memberships	<u>3,000</u>	<u>-</u>
	94,062	79,360
COMMITMENT (note 4)		
NET ASSETS		
UNRESTRICTED	<u>148,710</u>	<u>156,367</u>
	<u>\$ 242,772</u>	<u>\$ 235,727</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

(See accompanying notes to financial statements)

Prepared Without Audit - See Independent Practitioner's Review Engagement Report

ROYAL CANADIAN ARTILLERY ASSOCIATION
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MAY 31, 2020

	2020	2019
REVENUES (note 5)		
Conferences	\$ 14,564	\$ 14,340
Contributions - communications	338	9,980
Donations - bequests	1,855	13,625
Donations - RCA unit funds	911	7,691
Group insurance benefit	750	1,500
Memberships - individuals	1,035	2,665
Memberships - regular force	3,000	3,000
Memberships - reserve force	10,300	10,350
Publication funding (note 3)	<u>(4,000)</u>	<u>32,600</u>
	<u>28,753</u>	<u>95,751</u>
 EXPENSES		
Association fees and licenses	500	500
Bursaries and gifts	3,086	2,739
Conferences	10,944	13,001
Interest and bank charges	1,407	1,927
Office	398	626
Professional fees	4,813	5,178
Salaries and wages	15,409	14,500
Subcontractor fees(note 3)	(4,000)	29,500
Travel	4,774	3,434
Website	<u>2,427</u>	<u>6,182</u>
	<u>39,758</u>	<u>77,587</u>
 EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES BEFORE THE FOLLOWING	 (11,005)	 18,164
INTEREST INCOME	<u>3,348</u>	<u>2,723</u>
 EXCESS OF (EXPENSES OVER REVENUES) REVENUES OVER EXPENSES	 (7,657)	 20,887
NET ASSETS , beginning	<u>156,367</u>	<u>135,480</u>
NET ASSETS , ending	<u>\$ 148,710</u>	<u>\$ 156,367</u>

(See accompanying notes to financial statements)

Prepared Without Audit - See Independent Practitioner's Review Engagement Report

ROYAL CANADIAN ARTILLERY ASSOCIATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MAY 31, 2020

	2020	2019
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of (expenses over revenues) revenues over expenses	\$ (7,657)	\$ 20,887
Unrealized interest earned on marketable securities	<u>(805)</u>	<u>(24)</u>
	(8,462)	20,863
CHANGES IN NON-CASH WORKING CAPITAL		
Decrease (increase) in government remittances recoverable	2,219	(349)
Increase in accounts payable and accrued liabilities	987	8,277
Increase in deferred contributions	10,715	44,900
Increase in deferred memberships	<u>3,000</u>	<u>-</u>
Cash from operating activities	<u>8,459</u>	<u>73,691</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from guaranteed investment certificates	83,981	95,236
Purchases of guaranteed investment certificates	<u>(96,611)</u>	<u>(173,816)</u>
Cash used in investing activities	<u>(12,630)</u>	<u>(78,580)</u>
DECREASE IN CASH	(4,171)	(4,889)
CASH, beginning	<u>40,801</u>	<u>45,690</u>
CASH, ending	\$ <u>36,630</u>	\$ <u>40,801</u>

(See accompanying notes to financial statements)

Prepared Without Audit - See Independent Practitioner's Review Engagement Report

ROYAL CANADIAN ARTILLERY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

Royal Canadian Artillery Association is a not-for-profit organization incorporated without share capital under His Majesty Edward VII, by and with the consent of the Senate and House of Commons of Canada. The organization was formed with the purpose of promoting the efficiency and welfare of the Royal Canadian Artillery and other matters pertaining to the defence of Canada.

The organization is a registered charity under the Income Tax Act and is exempt from income tax.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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

(a) Cash

Cash includes deposits held at a financial institution net of outstanding cheques and deposits.

(b) Equipment

The organization meets the criteria in Part III Section 4433 "Tangible capital assets held by not-for-profit organizations" of the Chartered Professional Accountants of Canada Handbook, and accordingly chooses to expense tangible capital assets in the period of acquisition. No capital assets were expensed during the year.

(c) Revenue recognition

The organization follows the deferral method in recognizing its donation, membership, and fundraising revenues. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Conference revenue is recognized at the time the related service takes place, the price is fixed, and the amount is received.

(d) Donated services

The work of the organization is dependent on volunteer services of the Board of Directors, various committees and other volunteers. Due to the difficulty of determining the fair value, and the fact that such assistance is not otherwise purchased, volunteer services are not recognized in the financial statements.

continued....

Prepared Without Audit - See Independent Practitioner's Review Engagement Report

ROYAL CANADIAN ARTILLERY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - continued

(e) Financial instruments

The organization initially measures its financial assets and liabilities at fair value except for certain non-arm's length transactions. The organization subsequently measures all its financial assets and financial liabilities at amortized cost. Financial assets measured at amortized cost include cash and guaranteed investment certificates. Financial liabilities measured at amortized cost include accounts payable.

Transaction costs related to financial instruments measured at amortized cost are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Transaction costs related to financial instruments measured at amortized cost are recognized in the statement of operations over the term of the underlying financial instrument.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment and any write-down is recognized in the statement of operations in the period when such impairment occurs. In subsequent periods, any previously recognized impairment loss may be reversed, provided that the reversal is no greater than the amount of impairment previously recognized. The amount of any reversal is recognized in the statement of operations.

(f) Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires the organization's management to make estimates and assumptions that affect the amounts reported in the financial statements and related notes to the financial statements. There are no items material to the financial statements that require the use of estimates.

2. GUARANTEED INVESTMENT CERTIFICATES

Bearing interest rates ranging from 1.75% to 3.08% with due dates between June 4, 2020 and April 25, 2024.

ROYAL CANADIAN ARTILLERY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

3. DEFERRED CONTRIBUTIONS

	2020	2019
Balance, beginning of year	\$ 60,859	\$ 15,959
Recognized as revenue in the year	(3,700)	(62,125)
Received related to future years	10,415	107,025
Subcontractor recovery	<u>4,000</u>	<u>-</u>
Balance, end of year	<u>\$ 71,574</u>	<u>\$ 60,859</u>

During the year, accrued subcontractor fees related to Gunners of Canada Vol III was decreased by an amount of \$4,000 over that recognized at the end of the previous year.

Deferred contributions balance consists of the following major categories:

- Author's publication of Gunners of Canada Vol III \$6,659 (2019 - \$2,659).
- Bursaries from Nicholls Memorial Bursary \$47,000 (2019 - \$50,000).
- Charitable donations at the direction of Benefit of 11 Field Regiment RCA \$6,200 (2019 - \$6,200).
- Benefit of Gunner Peer Support \$10,715 (2019 - \$nil).
- Other \$1,000 (2019 - \$2,000).

4. COMMITMENT

The organization has entered into a contract with an author to produce 'The Gunners of Canada, The History of the Royal Regiment of Canadian Artillery, Volume III 1967-2001'. The contract calls for future minimum payments of \$50,000 over the remaining term. Payments are determined based on a percentage of completion basis and there is no set timeline for completion.

5. RELATED PARTY TRANSACTIONS

During the fiscal year the organization received \$2,120 (2019 - \$32,310) in membership and conference revenues from some of its directors.

These related party transactions were made 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.

6. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

Credit risk is the risk that other parties may default on their financial obligations.

The organization is exposed to credit risk on its cash.

Credit risk associated with cash is minimized substantially by ensuring that the assets are invested with a major financial institution.

continued....

Prepared Without Audit - See Independent Practitioner's Review Engagement Report

ROYAL CANADIAN ARTILLERY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2020

6. FINANCIAL INSTRUMENT RISKS - continued

(b) Liquidity risk

Liquidity risk refers to the risk that the organization will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity risk also includes the risk of the organization not being able to liquidate assets in a timely manner at a reasonable price.

The organization meets its liquidity requirements by monitoring cash flows from operations.

(c) Currency risk

Currency risk refers to the risk that the fair value of financial instruments will fluctuate in value relative to the Canadian dollar due to changes in foreign exchange rates.

The organization is not exposed to currency risk.

(d) Interest rate risk

Interest rate risk refers to the risk that the fair value of the financial instruments will fluctuate due to changes in market interest rates.

The organization is not exposed to interest rate risk.

(e) Other price risk

Other price risk refers to 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 currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all instruments traded in the market.

The organization is not exposed to other price risk.

(f) Market risk

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

The organization is not exposed to market risk.

The extent of the organization's exposure to the above risks did not change in 2020.