

**ROYAL CANADIAN ARTILLERY
ASSOCIATION**

FINANCIAL STATEMENTS

FOR THE YEAR ENDED MAY 31, 2023

Prepared Without Audit

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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, 2023, 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 revenues over expenses, net assets and cash flows.

Our conclusion on the financial statements for the year ended May 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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, 2023, 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.

A handwritten signature in cursive script that reads "Calibre LLP".

CALIBRE LLP

Chartered Professional Accountants
Licensed Public Accountants

Guelph, Ontario
October 4, 2023

ROYAL CANADIAN ARTILLERY ASSOCIATION

STATEMENT OF FINANCIAL POSITION

MAY 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 66,303	\$ 143,404
Prepaid expenses	1,055	-
Government remittances recoverable	1,647	1,012
Guaranteed investment certificates (note 2)	<u>258,300</u>	<u>112,802</u>
	327,305	257,218
GUARANTEED INVESTMENT CERTIFICATES (note 2)	<u>64,455</u>	<u>99,928</u>
	<u>\$ 391,760</u>	<u>\$ 357,146</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 23,537	\$ 14,574
Deferred contributions (note 3)	195,988	184,844
Deferred memberships	<u>3,000</u>	<u>3,000</u>
	222,525	202,418
COMMITMENT (note 5)		
NET ASSETS		
UNRESTRICTED	<u>169,235</u>	<u>154,728</u>
	<u>\$ 391,760</u>	<u>\$ 357,146</u>

APPROVED ON BEHALF OF THE BOARD:

DocuSigned by:
 _____ Director
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(See accompanying notes to financial statements)

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ROYAL CANADIAN ARTILLERY ASSOCIATION
STATEMENT OF OPERATIONS AND NET ASSETS
FOR THE YEAR ENDED MAY 31, 2023

	2023	2022
REVENUES (note 4)		
Bursaries (note 3)	\$ 7,000	\$ 3,000
Conferences	7,140	-
Contributions - communications	3,865	2,854
Donations - bequests	3,674	6,712
Donations - RCA unit funds (note 3)	4,084	2,658
Fundraising (note 3)	608	6,864
Group insurance benefit	6,822	3,797
Memberships - individuals	2,175	2,340
Memberships - life	500	-
Memberships - regular force	3,000	3,000
Memberships - reserve force	17,925	10,450
Publication funding (note 3)	<u>27,426</u>	<u>-</u>
	<u>84,219</u>	<u>41,675</u>
EXPENSES		
Advertising and promotion	-	280
Association fees and licenses (recovery)	(292)	-
Bursaries and gifts	15,100	6,177
Conferences	6,086	929
Fundraising	394	1,840
Interest and bank charges	1,447	1,350
Office	1,700	1,326
Professional fees	5,182	5,185
Salaries and wages	16,659	17,441
Subcontractor fees	27,426	-
Travel	367	-
Website	<u>5,877</u>	<u>3,959</u>
	<u>79,946</u>	<u>38,487</u>
EXCESS OF REVENUES OVER EXPENSES BEFORE THE FOLLOWING	4,273	3,188
INTEREST INCOME	<u>10,234</u>	<u>1,893</u>
EXCESS OF REVENUES OVER EXPENSES	14,507	5,081
NET ASSETS , beginning	<u>154,728</u>	<u>149,647</u>
NET ASSETS , ending	<u>\$ 169,235</u>	<u>\$ 154,728</u>

(See accompanying notes to financial statements)

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ROYAL CANADIAN ARTILLERY ASSOCIATION**STATEMENT OF CASH FLOWS****FOR THE YEAR ENDED MAY 31, 2023**

	2023	2022
CASH FLOWS FROM OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 14,507	\$ 5,081
Unrealized interest redeemed on guaranteed investment certificates	<u>-</u>	<u>1,734</u>
	14,507	6,815
CHANGES IN NON-CASH WORKING CAPITAL		
Increase in prepaid expenses	(1,055)	-
Increase in government remittances recoverable	(635)	(23)
Increase (decrease) in accounts payable and accrued liabilities	8,963	(5,248)
Increase in deferred contributions	<u>11,144</u>	<u>111,362</u>
Cash from operating activities	<u>32,924</u>	<u>112,906</u>
CASH FLOWS FROM INVESTING ACTIVITIES		
Proceeds from guaranteed investment certificates	109,221	126,160
Purchases of guaranteed investment certificates	<u>(219,246)</u>	<u>(135,171)</u>
Cash used in investing activities	<u>(110,025)</u>	<u>(9,011)</u>
(DECREASE) INCREASE IN CASH	(77,101)	103,895
CASH, beginning	<u>143,404</u>	<u>39,509</u>
CASH, ending	<u>\$ 66,303</u>	<u>\$ 143,404</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, 2023

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 company 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, fundraising, bursaries, publication funding, and contributions - communication revenues. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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

Interest income and group benefits insurance revenue is accrued and recognized during the period to which it relates.

(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.

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ROYAL CANADIAN ARTILLERY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

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 company'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 0.97% to 5.11% with due dates between June 5, 2023 and November 8, 2025.

ROYAL CANADIAN ARTILLERY ASSOCIATION**NOTES TO FINANCIAL STATEMENTS****MAY 31, 2023****3. DEFERRED CONTRIBUTIONS**

	2023	2022
Balance, beginning	\$ 184,844	\$ 73,482
Recognized as revenue in the year	(35,108)	(6,028)
Received related to future years	<u>46,252</u>	<u>117,390</u>
Balance, ending	<u>\$ 195,988</u>	<u>\$ 184,844</u>

Deferred contributions balance consists of the following major categories:

- Author's publication of Gunners of Canada Vol III \$20,725 (2022 - \$12,152). Recognized \$27,425 as revenue in the year.
- Bursaries from Nicholls Memorial Bursary \$38,000 (2022 - \$41,000). Recognized \$3,000 as revenue in the year.
- Charitable donations at the direction of Benefit of 11 Field Regiment RCA \$7,923 (2022 - \$7,923). Recognized \$nil as revenue in the year.
- Benefit of Gunner Peer Support \$15,018 (2022 - \$16,491). Recognized \$3,850 as revenue in the year.
- Funds for the UBIQUE 150 project \$nil (2022 - \$333). Recognized \$333 as revenue in the year.
- Funds of With a Few Guns ("WAFG") project \$113,371 (2022 - \$105,945). Recognized \$nil as revenue in the year.
- Sicilian Campaign Markers \$450.00 (2022 - \$nil). Recognized \$nil as revenue in the year.
- Other \$500 (2022 - \$1,000). Recognize \$500 as revenue in the year.

4. RELATED PARTY TRANSACTIONS

During the fiscal year the organization received \$5,296 (2022 - \$2,204) 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.

5. COMMITMENT

The company has entered into an agreement with an author for the production of the Gunners Vol. III book. The minimum annual commitment payments for the next year are as follows:

2024 \$ 29,900

This agreement can be terminated at any point by the organization without notice. If terminated, the organization must pay a severance fee in the amount of one half of the total contract amount or \$32,234.

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ROYAL CANADIAN ARTILLERY ASSOCIATION

NOTES TO FINANCIAL STATEMENTS

MAY 31, 2023

6. FINANCIAL INSTRUMENT RISKS

(a) Credit risk

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

The company is exposed to credit risk on its cash and guaranteed investment certificates.

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

(b) Liquidity risk

Liquidity risk refers to the risk that the company 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 company not being able to liquidate assets in a timely manner at a reasonable price.

The company 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 company 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 company 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 company 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 company is not exposed to market risk.

The extent of the company's exposure to the above risks did not change in 2023.

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