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**ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION  
POPPY FUND**

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**FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

**CONTENTS**

	<u>Page</u>
<b>INDEPENDENT AUDITOR'S REPORT</b>	1
<b>FINANCIAL STATEMENTS</b>	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to Financial Statements	6 - 10

## INDEPENDENT AUDITOR'S REPORT

To the Members of:

Alberta - NWT Command, The Royal Canadian Legion Poppy Fund

I have audited the accompanying financial statements of Alberta - NWT Command, The Royal Canadian Legion Poppy Fund which comprise the statement of financial position as at September 30, 2015, and the statements of operations, changes in net assets and cash flow for the year ended September 30, 2015, 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 (ASNFP), 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.

### **Auditor's responsibility**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my opinion.

### **Opinion**

In my opinion these financial statements present fairly, in all material respects, the financial position of the organization as at September 30, 2015, and the results of its operations and the changes in its cash flows for the year ended September 30, 2015 in accordance with Canadian accounting standards for not-for-profit organizations

October 26, 2015

Calgary, Alberta

*Rustam R. Kassam*

CHARTERED PROFESSIONAL ACCOUNTANT  
CERTIFIED MANAGEMENT ACCOUNTANT

**ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION  
POPPY FUND**

**STATEMENT OF FINANCIAL POSITION  
AS AT SEPTEMBER 30, 2015**

**ASSETS**

	<b>2015</b>	<b>2014</b>
<b>CURRENT</b>		
Cash (Note 2)	\$ 128,763	\$ 209,690
Accounts receivable (Note 3)	98,487	130,877
Inventory	20,164	35,601
Prepaid expenses	8,409	2,003
	255,823	378,171
<b>INVESTMENTS (Note 1)</b>	1,547,932	1,343,211
	\$ 1,803,755	\$ 1,721,382

**LIABILITIES**

<b>CURRENT</b>		
Accounts payable and accrued liabilities (Note 4)	\$ 4,297	\$ 22,527
Deferred revenue (Note 1)	28,052	27,431
Research Chair	34,397	-
Fort McMurray Poppy Fund (Note 9)	-	144,651
	66,746	194,609

**NET ASSETS**

<b>UNRESTRICTED NET ASSETS</b>	1,737,009	1,526,773
	\$ 1,803,755	\$ 1,721,382

**APPROVED ON BEHALF OF THE BOARD:**

\_\_\_\_\_ President

\_\_\_\_\_ Director

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**ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION  
POPPY FUND**

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**STATEMENT OF OPERATIONS  
FOR THE YEAR ENDED SEPTEMBER 30, 2015**

<b>REVENUE</b>	<b>2015</b>	<b>2014</b>
Administration fees - Polio (Note 5)	\$ 24,000	\$ 24,000
Contributions and donations (Note 7)	570,551	438,723
Freight	10,240	8,790
Interest realized and unrealised	30,317	61,581
Poppy and promotional	384,220	327,075
	<b>1,019,328</b>	<b>860,169</b>
<b>EXPENSES</b>		
Administration fees (Note 7)	13,200	13,200
Awards and certificates	28,871	28,657
Donations (Note 8)	31,000	110,000
Freight	11,306	9,846
Office and storage	1,792	1,947
Poppy and promotional	305,983	254,322
Professional fees	3,850	3,500
Service bureau (Note 5)	315,945	268,548
Veterans assistance	97,145	105,892
Veterans service committee	-	1,230
	<b>809,092</b>	<b>797,142</b>
<b>EXCESS OF REVENUES OVER EXPENSES</b>	<b>\$ 210,236</b>	<b>\$ 63,027</b>

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**ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION  
POPPY FUND**

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**STATEMENT OF CHANGES IN NET ASSETS**

**SEPTEMBER 30, 2015**

	<b>2015</b>	<b>2014</b>
<b>NET ASSETS, beginning of year</b>	\$ 1,526,773	\$ 1,463,746
<b>EXCESS OF REVENUES OVER EXPENSES</b>	210,236	63,027
<b>NET ASSETS, end of year</b>	\$ 1,737,009	\$ 1,526,773
Comprised as follows:		
Unrestricted	1,737,009	1,526,773
	\$ 1,737,009	\$ 1,526,773

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**ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION  
POPPY FUND**

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**STATEMENT OF CASH FLOWS**

**SEPTEMBER 30, 2015**

	<b>2015</b>	<b>2014</b>
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>		
Excess of revenues	\$ 210,236	\$ 63,027
<b>CHANGES IN NON-CASH WORKING CAPITAL:</b>		
Increase (decrease) in prepaid expenses	(6,406)	118
Decrease in inventories	15,438	11,637
Decrease in deferred revenue	621	22,176
Decrease in accounts payable and accrued liabilities	(128,485)	(16,091)
Decrease (increase) in accounts receivable	32,390	(113,781)
	123,794	(32,914)
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Increase in investments	(204,721)	(42,015)
<b>NET DECREASE IN CASH</b>	(80,927)	(74,929)
<b>CASH, BEGINNING OF YEAR</b>	209,690	284,619
<b>CASH, END OF YEAR</b>	\$ 128,763	\$ 209,690

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# ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION

## POPPY FUND

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### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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#### NATURE OF OPERATIONS

The Alberta - NWT Command, The Royal Canadian Legion - Poppy Fund is a non-profit organization formed to co-ordinate the annual poppy fund drive for the Royal Canadian Legion branches in Alberta and the Northwest Territories. The Poppy fund drive is held annually to keep the memory of the sacrifices made by Canadian service people. Any funds above the cost of the campaign are distributed to needy veterans and their dependents.

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not for profit organizations (ASNFPO). The organization's significant accounting policies are as follows:

**(a) Cash and cash equivalents**

Cash is defined as cash on hand, cash on deposit, and short term deposits with a maturity dates of less than 90 days, net of cheque's issued and outstanding at the reporting date.

**(b) Inventory**

Inventory is recorded at the lower of cost and net realizable value, cost being determined on a first in-first out basis.

**(c) Investments**

Investments are recorded at fair market value and comprise mainly of highly secured investments. Management periodically reviews the investments held to assess their security and relevance of such investments to the objectives of the organization.

**(d) Revenue Recognition**

The organization 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.

**(e) Income Taxes**

The organization is a non - profit organization as defined under section 149(1) (l) of the income tax act, and accordingly it is not subject to income taxes.

**(f) Contributed Services**

Volunteers contributed numerous hours this year to assist the organization in carrying out its activity. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

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# ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION

## POPPY FUND

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### NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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#### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

**(g) Use of estimates**

The preparation of financial statements, in conformity with Canadian accounting standards for not for profit organizations (ASNFPO), requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Amortization of capital assets is provided for based on the estimated useful lives of these assets. Accounts receivables are stated after evaluation as to their collectibility and an appropriate allowance for doubtful accounts is provided where necessary. Provisions are made for slow moving and obsolete inventory. These estimates are reviewed periodically and, as adjustments become necessary, they are reported in earnings in the periods in which they become known.

**(h) Going concern**

These financial statements have been prepared on a going concern basis which contemplates the realization of assets and the payment of liabilities in the ordinary course of business. Accordingly, they do not give effect to the adjustments that would be necessary should the company be unable to continue as a going concern and therefore, be required to realize its assets and liquidate its liabilities and commitments in other than the normal course of business at amounts different from those in these financial statements.

**(i) Deferred revenue**

These financial statements relate to the Poppy campaign for 2014. Revenues collected for the 2015 Poppy campaign are shown as deferred and recognised in the following years financial statements.

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#### 2. CASH (BANK INDEBTEDNESS)

	2015	2014
Cash on hand	\$ 1,000	\$ 500
Cash on deposit	192,364	377,213
Outstanding deposits	-	-
Cheque's issued and outstanding	(64,601)	(168,023)
	\$ 128,763	\$ 209,690

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#### 3. ACCOUNTS RECEIVABLE

	2015	2014
Trade receivables from related parties	\$ 98,487	\$ 130,877

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#### 4. ACCOUNTS PAYABLE

There are no government remittances payable in this amount

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# ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

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## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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### 5. SERVICE BUREAU

The organization is charged 100% of the service bureau expenses incurred by Alberta- NWT Command, The Royal Canadian Legion. In addition to performing general administrative functions, the service bureau processes veterans assistance applications, grant requests, attends committee meetings and workshops throughout Alberta and the Northwest Territories. Commencing October 1, 2008, the Alberta Chapter, Canadian Foundation for Poliomyelitis and Rehabilitation pays an administration fee of \$2,000 per month for services provided to the organization by the Service Officers.

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### 6. FINANCIAL RISKS AND CONCENTRATION OF RISK

#### Cash flow risk

The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund is exposed to cash flow risk resulting from the possibility that future cash flows associated with a monetary financial instrument will fluctuate in amount.

The exposure of the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund to cash flow risk arises from certain of its interest bearing assets.

The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund's cash includes amounts on deposit with financial institutions that earn interest at market rates.

The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund manages its exposure to the cash flow risk of its cash by maximizing the interest income earned on excess funds while maintaining the minimum liquidity necessary to conduct operations on a day-to-day basis. Fluctuations in market rates of interest on cash do not have a significant impact on the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund's results of operations.

#### Credit risk

The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party or if there is a concentration of financial obligations which have similar economic characteristics such that they could be similarly affected by changes in economic conditions. The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund does not hold directly any collateral as security for financial obligations.

Cash and investments: Credit risk associated with cash and Canadian fixed income investments is minimized substantially by ensuring that these assets are invested in financial obligations of major financial institutions.

Amounts receivable: Credit risk associated with amounts receivable is minimized by the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund's customer base, mainly branches of the Royal Canadian Legion

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# ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

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## NOTES TO THE FINANCIAL STATEMENTS

SEPTEMBER 30, 2015

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### 6. FINANCIAL RISKS AND CONCENTRATION OF RISK (continued)

#### **Liquidity risk**

Liquidity risk is the risk that the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund 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 Alberta - NWT Command, The Royal Canadian Legion Poppy Fund not being able to liquidate its assets in a timely manner at a reasonable price.

The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund meets its liquidity requirements by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

#### **Price risk**

The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund is exposed to price risk in the form of currency risk, interest rate risk and market risk.

#### **Currency risk**

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

The functional currency of the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund is the Canadian dollar, and all transactions and investments are made in Canadian dollars.

#### **Interest rate risk**

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

The exposure of the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund to interest rate risk arises from certain of its interest bearing assets. The Alberta - NWT Command, The Royal Canadian Legion Poppy Fund has no other interest bearing liabilities.

The primary objective of the Alberta - NWT Command, The Royal Canadian Legion Poppy Fund with respect to its investments in fixed income investments is to ensure the security of principal amounts invested for a high degree of liquidity, while achieving a satisfactory investment return. Investments in equity securities are not exposed to significant interest rate risk.

#### **Market risk**

Market risk refers to the risk that the fair value of financial instruments will fluctuate because of changes in market prices 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 Alberta - NWT Command, The Royal Canadian Legion Poppy Fund is not exposed to equity securities market risk because of the nature of its investments.

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**ALBERTA - NWT COMMAND, THE ROYAL CANADIAN LEGION  
POPPY FUND**

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**NOTES TO THE FINANCIAL STATEMENTS**

**SEPTEMBER 30, 2015**

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**7. RELATED PARTY TRANSACTIONS**

During the year, \$13,200 (2014 - \$13,200) in administration fees were paid to the Alberta-NWT Command, the Royal Canadian Legion.

Contributions and donation income includes \$569,898 (2014 - \$438,528) of contributions from the poppy funds of various branches in Alberta and the Northwest Territories. \$119,898 from various branches, \$50,000 from the Royal Canadian Legion, Greater Edmonton Poppy Fund, and \$400,000 from the Royal Canadian Legion, Calgary Poppy Fund.

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**8. FUND ALLOCATIONS**

**The Diakonos Retreat Society** was given \$30,000 to assist in its program of providing a retreat to support military personnel, peace officers, firefighters, and other first responders and their families to cope with stress of their occupations.

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**9. FORT MCMURRAY POPPY FUND**

In December 2013 the Alberta - NWT Command stepped in to assist in the management and administration of the branch's poppy fund.. This fund has since been returned to the branch.

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