

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Financial Information

15 Month Period Ended December 31, 2022

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of Alberta-NWT Command, The Royal Canadian Legion Poppy Fund

We have reviewed the accompanying financial information of Alberta-NWT Command, The Royal Canadian Legion Poppy Fund (the Organization) that comprise the statement of financial position as at December 31, 2022, and the statements of loss, retained earnings and cash flows for the fifteen month period 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.

Conclusion

Based on our review, 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 Alberta-NWT Command, The Royal Canadian Legion Poppy Fund as at December 31, 2022, and the results of its operations and its cash flows for the 15 month period then ended in accordance with ASNPO.

Emphasis of Matter

Management has changed the fiscal year-end from September 30 to December 31 in the current fiscal year. This decision was made to align all related party year-ends and increase efficiency on administrative duties. Thus, the current period is fifteen months while the comparative period is twelve months.

Other Matter

The financial information of Alberta-NWT Command, The Royal Canadian Legion Poppy Fund for the period ended September 30, 2021 was compiled and is presented for comparative purposes only.

Calgary, Alberta
May 15, 2023

ALW Partners LLP
Chartered Professional Accountants

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Statement of Financial Position

December 31, 2022

	<i>December 31</i> 2022	<i>September 30</i> 2021
ASSETS		
CURRENT		
Cash	\$ 248,195	\$ 547,575
Marketable securities	2,390,539	2,139,090
Accounts receivable	160,403	206,070
Inventory	34,341	59,866
Goods and services tax recoverable	-	213
Prepaid expenses	2,343	6,372
Due from related parties (Note 6)	62,105	-
	2,897,926	2,959,186
CAPITAL ASSETS (Note 4)	13,125	22,500
	\$ 2,911,051	\$ 2,981,686
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable	\$ 7,629	\$ 123,352
Goods and services tax payable	1,191	-
Deferred revenue	9,811	5,049
Due to related parties	-	9,620
	18,631	138,021
NET ASSETS	2,892,420	2,843,665
	\$ 2,911,051	\$ 2,981,686

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Statement of Revenues and Expenditures

15 Month Period Ended December 31, 2022

	<i>December 31</i> 2022 <i>15 months</i>	<i>September 30</i> 2021 <i>12 months</i>
REVENUES		
Contributions and donations <i>(Note 6)</i>	\$ 710,919	\$ 754,456
Poppy and promotional sales	506,332	358,272
Polio administration fees <i>(Note 6)</i>	15,000	12,000
Freight recovered	8,924	4,973
Hospital pass	4,274	10,197
	<u>1,245,449</u>	<u>1,139,898</u>
COST OF SALES		
Poppy and promotional	401,209	270,704
Freight and postage	9,254	5,110
Hospital pass	5,828	8,476
Inventory adjustment	4,560	-
	<u>420,851</u>	<u>284,290</u>
	<u>824,598</u>	<u>855,608</u>
GROSS PROFIT		
EXPENSES		
Service bureau <i>(Note 5)</i>	559,312	435,553
Veterans assistance	35,716	36,643
Awards and certificates	28,870	31,444
Campaign expenses	21,032	118
Amortization	9,375	7,500
Professional fees	6,855	150
Interest expense	3,036	1,031
Office supplies and expenses	1,660	4,059
District expenses	428	187
Travel	253	-
	<u>666,537</u>	<u>516,685</u>
EXCESS OF REVENUES OVER EXPENSES FROM OPERATIONS	<u>158,061</u>	<u>338,923</u>
OTHER INCOME (EXPENSES)		
Loss on sale of marketable securities	-	(1,037)
Unrealized gain (loss) on marketable securities	(151,054)	39,299
Interest income	55,540	37,168
Extra-ordinary item <i>(Note 8)</i>	(13,792)	-
	<u>(109,306)</u>	<u>75,430</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 48,755</u>	<u>\$ 414,353</u>

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Statement of Changes in Net Assets

15 Month Period Ended December 31, 2022

	<i>December 31</i> 2022	<i>September 30</i> 2021
NET ASSETS - BEGINNING OF PERIOD	\$ 2,843,665	\$ 2,429,312
EXCESS OF REVENUES OVER EXPENSES	48,755	414,353
NET ASSETS - END OF PERIOD	\$ 2,892,420	\$ 2,843,665

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Statement of Cash Flows

15 Month Period Ended December 31, 2022

	<i>December 31</i> 2022 <i>15 months</i>	<i>September 30</i> 2021 <i>12 months</i>
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 48,755	\$ 414,353
Item not affecting cash:		
Amortization of capital assets	9,375	7,500
	<u>58,130</u>	<u>421,853</u>
Changes in non-cash working capital:		
Accounts receivable	45,667	(32,051)
Inventory	25,525	24,131
Accounts payable	(115,722)	(26,262)
Deferred revenue	4,762	5,049
Prepaid expenses	4,029	(6,372)
Goods and services tax payable	1,404	5,690
	<u>(34,335)</u>	<u>(29,815)</u>
Cash flow from operating activities	<u>23,795</u>	<u>392,038</u>
INVESTING ACTIVITY		
Decrease (increase) in marketable securities	<u>(251,450)</u>	<u>(174,399)</u>
FINANCING ACTIVITY		
Advances to related parties	<u>(71,725)</u>	<u>(26,584)</u>
INCREASE (DECREASE) IN CASH FLOW	(299,380)	191,055
CASH - BEGINNING OF PERIOD	<u>547,575</u>	<u>356,520</u>
CASH - END OF PERIOD	<u>\$ 248,195</u>	<u>\$ 547,575</u>

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Notes to Financial Information

15 Month Period Ended December 31, 2022

1. INCORPORATION AND NATURE OF THE ORGANIZATION

Alberta-NWT Command, The Royal Canadian Legion Poppy Fund (the "Organization") is a not-for-profit organization established under the bylaws of the Royal Canadian Legion. The organization was formed to coordinate the annual Poppy Campaign for the Royal Canadian Legion branches in Alberta and the Northwest Territories. The Poppy Campaign is held annually to keep the memory of the sacrifices made by Canadian Veterans. Any funds above the cost of the campaign are distributed to Veterans in need and their dependants.

2. SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada ("ASNPO"), which are part of Canadian generally accepted accounting principles, and include the following significant accounting policies:

Cash and cash equivalents

Cash and cash equivalents include balances with banks and short-term investments with maturities of three months or less. Cash subject to restrictions that prevent its use for current purposes is included in restricted cash.

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
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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.

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 year 2022 year \$nil goods were donated.

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ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Notes to Financial Information

15 Month Period Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Financial asset impairment

The Organization assesses impairment of all of its financial assets measured at cost or amortized cost. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year. If so, the Organization reduces the carrying amount of any impaired financial assets to the highest of: the present value of cash flows expected to be generated by holding the assets; the amount that could be realized by selling the assets; and the amount expected to be realized by exercising any rights to collateral held against those assets. Any impairment, which is not considered temporary, is included in current year excess (deficiency) of revenues over expenses.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in the excess (deficiency) of revenue over expenses in the year the reversal occurs.

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.

Inventory

Inventory is valued at the lower of cost and net realizable value. Cost is determined by the first in, first out method. Net realizable value is the estimated selling price in the ordinary course of business, less estimated costs of completion and selling costs.

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 revenue over expenses.

Measurement uncertainty

The preparation of financial statements in conformity with accounting standards for not-for-profit organizations 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 excess (deficiency) of revenue over expenses during the reporting period.

Accounts receivable are stated after evaluation as to their collectability and an appropriate allowance for doubtful accounts is provided where considered necessary. Additionally, accrued revenues are recorded at a rate consistent with the mark-up rate that is applied to the Organization's sales which is based upon the accrued amount of accounts payable at year-end.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary they are reported in excess of revenues and expenses in the periods in which they become known.

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ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Notes to Financial Information

15 Month Period Ended December 31, 2022

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

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. Endowment contributions are recognized as direct increases in net assets.

Revenue from poppy supply sales are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated, delivery of the product has occurred and collection is reasonably assured.

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.

3. FINANCIAL INSTRUMENTS

All significant financial assets, financial liabilities and equity instruments of the Organization are either recognized or disclosed in the financial statements together with other information relevant for making a reasonable assessment of future cash flows, interest rate risk, credit risk, currency risk, liquidity risk and other price risk.

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.

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. Changes in market interest rates may have an effect on the cash flows associated with some financial assets and liabilities, known as cash flow risk, and on the fair value of other financial assets or liabilities, known as price risk.

The Organization is exposed to interest rate risk with respect to marketable securities which are subject to floating 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.

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Notes to Financial Information

15 Month Period Ended December 31, 2022

4. CAPITAL ASSETS

	Cost	Accumulated amortization	<i>December 31</i> 2022 Net book value
Digital Poppy Campaign	\$ 37,500	\$ 24,375	\$ 13,125

	Cost	Accumulated amortization	<i>September 30</i> 2021 Net book value
Digital Poppy Campaign	\$ 37,500	\$ 15,000	\$ 22,500

5. SERVICE BUREAU

The Organization is charged 100% of the Service Bureau expense incurred by Alberta-NWT Command, The Royal Canadian Legion ("Command"). In addition to performing general administrative function, the Service Bureau prepares veterans assistance applications, disability claims, attends seminars, meetings and workshops throughout Alberta and the North West Territories

6. RELATED PARTY TRANSACTIONS

Contributions and donation income include \$350,000 from the Royal Canadian Legion Calgary Branches Poppy Fund, and \$239,794 received from various other branches. The Royal Canadian Legion Calgary Branches Poppy Fund is related through the Organization's charter with Command.

During the period, \$15,000 in administrative fees were received from the Alberta Chapter, Canadian Foundation for Poliomyelitis and Rehabilitation. This is to provide monthly management to the organization by the Service Officers. The Alberta Chapter, Canadian Foundation for Poliomyelitis and Rehabilitation is related through the Organization's charter with Command.

All related party revenues and expenses were measured at the exchange amount which is the fair value at the date of the transactions.

Amounts due from related parties

As at period-end, \$62,105 is receivable from Alberta-NWT Command, The Royal Canadian Legion.

Amounts due to related parties are non-interest bearing, due upon demand and have no fixed terms of repayment.

7. INCOME TAXES

The Organization is a not-for-profit organization under the Income Tax Act (the "Act") and as such is exempt from income taxes. In order to maintain its status as a not-for-profit organization under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

ALBERTA-NWT COMMAND, THE ROYAL CANADIAN LEGION POPPY FUND

Notes to Financial Information

15 Month Period Ended December 31, 2022

8. EXTRA-ORDINARY ITEM

In fiscal 2021 and 2022 there were numerous transactions booked within the accounts that cannot be explained by normal course of business within the organization. These amounts are under investigation to ensure appropriate treatment, but the information is not readily available as at date of published financials. Once classification is determined, the financials will be amended to appropriately disclose under ASNPO standard guidelines.

9. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation. Management determined in the current fiscal year to change the year-end date from September 30 to December 31 to better align with related party entities and to simplify administration and reporting.