

Alberta - NWT Command, The Royal Canadian Legion
Financial Statements
December 31, 2019
(Unaudited)

Management's Responsibility

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

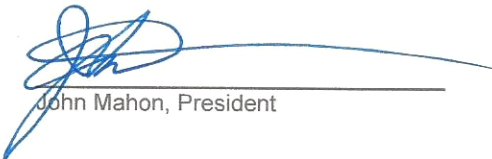
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting appropriate accounting principles and methods, and making decisions affecting the measurement of transactions in which objective judgment is required.

In discharging its responsibilities for the integrity and fairness of the financial statements, management designs and maintains the necessary accounting systems and related internal controls to provide reasonable assurance that transactions are authorized, assets are safeguarded and financial records are properly maintained to provide reliable information for the preparation of financial statements.

The Board of Directors is composed primarily of Directors who are neither management nor employees of the Organization. The Board is responsible for overseeing management in the performance of its financial reporting responsibilities, and for approving the financial statements. The Board fulfils these responsibilities by reviewing the financial information prepared by management and discussing relevant matters with management, and external accountants. The Board is also responsible for recommending the appointment of the Organization's external accountants.

MNP LLP is appointed by the members to review the financial statements and report directly to them; their report follows. The external accountants have full and free access to, and meet periodically and separately with, both the Board and management to discuss their review engagement results.

May 6, 2020



John Mahon, President

Independent Practitioner's Review Engagement Report

To the Board of Alberta - NWT Command, The Royal Canadian Legion:

We have reviewed the accompanying financial statements of Alberta - NWT Command, The Royal Canadian Legion that comprise the statement of financial position as at December 31, 2019, and the statements of operations, 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 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.

Conclusion

Based on our review, 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 Alberta - NWT Command, The Royal Canadian Legion as at December 31, 2019, 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.

Calgary, Alberta

May 6, 2020

MNP LLP

Chartered Professional Accountants

Alberta - NWT Command, The Royal Canadian Legion Statement of Financial Position

*As at December 31, 2019
(Unaudited)*

	<i>General Fund</i>	<i>Branch Assistance (restricted)</i>	<i>Bursary Fund (restricted)</i>	<i>Sports Fund (restricted)</i>	<i>Youth Fund (restricted)</i>	<i>Reserve Fund (restricted)</i>	<i>2019</i>	<i>2018</i>
Assets								
Current								
Cash	256,796	-	-	-	-	-	256,796	244,207
Portfolio investments	916,795	-	-	-	-	-	916,795	972,242
Accounts receivable (Note 3)	57,898	937	-	-	1,864	-	60,699	30,132
Inventory	4,498	-	-	6,813	323	-	11,634	8,372
Prepaid expenses	4,558	-	-	-	-	-	4,558	6,472
Due from Alberta - NWT Command Poppy Fund	159,486	39,375	-	-	-	-	198,861	3,659
Due from Alberta Chapter for Poliomyelitis	-	-	-	-	-	-	-	3
Interfund receivables	-	-	-	17,715	11,835	-	29,550	189
	1,400,031	40,312	-	24,528	14,022	-	1,478,893	1,265,276
Restricted cash	-	91,192	2,652	52,971	23,841	11,841	182,497	278,339
Restricted investments	-	1,838,565	324,598	345,421	459,854	332,341	3,300,779	3,150,913
Loans receivable (Note 4)	-	193,320	-	-	-	-	193,320	100,350
Capital assets (Note 5)	405,537	-	-	-	-	-	405,537	425,620
	1,805,568	2,163,389	327,250	422,920	497,717	344,182	5,561,026	5,220,498

Continued on next page

The accompanying notes are an integral part of these financial statements

Alberta - NWT Command, The Royal Canadian Legion Statement of Financial Position

*As at December 31, 2019
(Unaudited)*

	<i>General Fund</i>	<i>Branch Assistance (restricted)</i>	<i>Bursary Fund (restricted)</i>	<i>Sports Fund (restricted)</i>	<i>Youth Fund (restricted)</i>	<i>Reserve Fund (restricted)</i>	<i>2019</i>	<i>2018</i>
Liabilities								
Current								
Accounts payable and accruals <i>(Note 6)</i>	46,462	707	-	2,049	20,710	-	69,928	39,018
Deferred contributions <i>(Note 7)</i>	177,814	46,717	-	15,462	-	-	239,993	201,934
Interfund payables	8,938	19,482	288	-	842	-	29,550	189
Due to Alberta Chapter for Poliomyelitis	8,966	-	-	-	-	-	8,966	-
	242,180	66,906	288	17,511	21,552	-	348,437	241,141
Commitments <i>(Note 15)</i>								
Net Assets								
Net Assets	1,563,388	2,096,483	326,962	405,409	476,165	344,182	5,212,589	4,979,357
	1,805,568	2,163,389	327,250	422,920	497,717	344,182	5,561,026	5,220,498

The accompanying notes are an integral part of these financial statements

Alberta - NWT Command, The Royal Canadian Legion Statement of Operations

For the year ended December 31, 2019
(Unaudited)

	General Fund	Branch Assistance (restricted)	Bursary Fund (restricted)	Sports Fund (restricted)	Youth Fund (restricted)	Reserve Fund (restricted)	2019	2018
Revenue								
Per capita	410,663	-	-	35,753	-	-	446,416	467,007
Expense recoveries (Note 8)	433,717	-	-	-	-	-	433,717	409,081
Pull ticket sales	249,700	-	-	-	-	-	249,700	211,089
Investment income	45,122	102,871	18,315	14,076	21,241	23,393	225,018	18,466
Military service recognition book	-	174,683	-	-	-	-	174,683	192,218
Administration and various fees	42,000	-	-	-	-	-	42,000	55,200
Registration fees	17,820	-	-	23,642	-	-	41,462	21,471
Pull ticket contributions	-	-	-	-	37,445	-	37,445	34,339
Dominion Command recovery	8,194	-	-	-	-	-	8,194	9,139
Donations	-	-	6,000	-	1,338	-	7,338	3,000
Legion clothing and supplies	6,312	-	-	-	-	-	6,312	-
Poppy storage fee	2,800	-	-	-	-	-	2,800	1,400
License plate fees	-	-	2,165	-	-	-	2,165	1,808
Miscellaneous	146	-	-	-	-	-	146	2
Nevada Gold Program	-	-	-	-	-	-	-	4,373
	1,216,474	277,554	26,480	73,471	60,024	23,393	1,677,396	1,428,593
Expenses								
Administrative (Note 11)	378,754	173,392	2,963	-	-	53	555,162	570,594
Service bureau (Note 8)	434,209	-	-	-	-	-	434,209	387,081
Pull ticket	210,125	-	-	-	-	-	210,125	177,988
Organization (Note 12)	100,685	-	-	-	-	-	100,685	70,678
Youth events (Note 13)	-	-	-	-	54,252	-	54,252	44,552
Sports event (Note 14)	-	-	-	48,021	-	-	48,021	67,013
Bursaries	-	5,264	30,000	-	-	-	35,264	25,000
Merchandise	6,446	-	-	-	-	-	6,446	674
Recognition book	-	-	-	-	-	-	-	20
	1,130,219	178,656	32,963	48,021	54,252	53	1,444,164	1,343,600
Excess (deficiency) of revenue over expenses	86,255	98,898	(6,483)	25,450	5,772	23,340	233,232	84,993

The accompanying notes are an integral part of these financial statements

Alberta - NWT Command, The Royal Canadian Legion
Statement of Changes in Net Assets

For the year ended December 31, 2019
(Unaudited)

	<i>General Fund</i>	<i>Branch Assistance (restricted)</i>	<i>Bursary Fund (restricted)</i>	<i>Sports Fund (restricted)</i>	<i>Youth Fund (restricted)</i>	<i>Reserve Fund (restricted)</i>	2019	2018
Net assets, beginning of year	1,477,133	1,997,585	333,445	379,959	470,393	320,842	4,979,357	4,894,364
Excess (deficiency) of revenue over expenses	86,255	98,898	(6,483)	25,450	5,772	23,340	233,232	84,993
Net assets, end of year	1,563,388	2,096,483	326,962	405,409	476,165	344,182	5,212,589	4,979,357

The accompanying notes are an integral part of these financial statements

Alberta - NWT Command, The Royal Canadian Legion Statement of Cash Flows

*For the year ended December 31, 2019
(Unaudited)*

	2019	2018
Cash provided by (used for) the following activities		
Operating		
Excess of revenue over expenses	233,232	84,993
Amortization	21,984	27,529
	255,216	112,522
Changes in working capital accounts		
Accounts receivable	(30,567)	4,502
Inventory	(3,262)	638
Prepaid expenses	1,914	3,407
Interfund receivables	(29,361)	126
Accounts payable and accruals	30,910	4,916
Deferred contributions	38,059	(4,622)
Interfund payables	29,361	26
	292,270	121,515
Investing		
Due from Alberta - NWT Command Poppy Fund	(195,202)	(2,397)
Due to (from) Alberta Chapter for Poliomyelitis	8,969	(2)
Increase in portfolio investments	(94,419)	(258,466)
Purchase of capital assets	(1,901)	(3,950)
Advances of loans receivable	(172,078)	-
Repayment of loans receivable	79,108	29,598
	(375,523)	(235,217)
Decrease in cash resources	(83,253)	(113,702)
Cash resources, beginning of year	522,546	636,248
Cash resources, end of year	439,293	522,546
Cash resources are composed of:		
Cash	256,796	244,207
Restricted cash	182,497	278,339
	439,293	522,546

The accompanying notes are an integral part of these financial statements

Alberta - NWT Command, The Royal Canadian Legion

Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

1. Incorporation and nature of the organization

Alberta - NWT Command, The Royal Canadian Legion (the "Organization") is a not-for-profit organization that was formed to provide centralized administration and services for branches of the Royal Canadian Legion located in Alberta and the Northwest Territories. Additionally, the Organization provides fund administration for various charitable and financial activities of the Royal Canadian Legion in Alberta and the Northwest Territories.

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.

Inventory

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

Portfolio investments

Portfolio investments with prices quoted in an active market are measured at fair value. Changes in fair value are recorded immediately in the excess (deficiency) of revenues over expenses. Portfolio investments restricted for current purposes are included in restricted investments.

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the following methods and rates intended to amortize the cost of assets over their estimated useful lives.

	Method	Rate
Buildings	declining balance	4 %
Computer equipment	declining balance	20 %
Office equipment	declining balance	20 %

Revenue recognition

The Organization uses the deferral method of accounting for contributions and reports on a fund accounting basis. Restricted contributions are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue in the General Fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized in the appropriate deferred contribution balance or in net assets depending on the nature of the restrictions. Unrestricted investment income is recognized as revenue in the General Fund when earned.

Contributed services

Volunteers contribute their time each year to assist the Organization in carrying out its activities. Due to the difficulties of determining their fair value, contributed services are not recognized in the financial statements.

Alberta - NWT Command, The Royal Canadian Legion

Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

2. Significant accounting policies (Continued from previous page)

Fund accounting

The Organization maintains six funds: General, Branch Assistance, Bursary, Reserve, Sports and Youth Funds.

The General Fund reports the Organization's revenue and expenses related to program delivery and administrative activities.

The Branch Assistance Fund reports the Organization's activities undertaken to provide financial assistance and advice to the Royal Canadian Legion branches within the Organization's jurisdiction.

The Bursary Fund reports the Organization's expenditures on bursaries for post-secondary education.

The Reserve Fund reports the Organization's contributions and expenditures, along with amounts retained, for building maintenance, repairs, future convention expense and special youth events.

The Sports Fund reports the Organization's revenue and expenses related to various sporting activity and is funded by per capita income and command sport registration fees.

The Youth Fund reports the Organization's revenue and expenses related to various youth activities. It is funded by the 3% of the charitable portion from branch pull ticket operations and from donations.

Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. All financial instruments are initially recorded at their fair value, including financial assets and liabilities originated and issued in a related party transaction with management. Financial assets and liabilities originated and issued in all other related party transactions are initially measured at their carrying or exchange amount in accordance with Section 3840 *Related Party Transactions* (refer to Note 8).

At initial recognition, the Organization may irrevocably elect to subsequently measure any financial instrument at fair value. The Organization has not made such an election during the year.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by published price quotations. Investments in equity instruments not quote in an active market are subsequently measured at cost less impairment. All other financial assets and liabilities are subsequently measured at amortized cost.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of financial instruments subsequently measured at fair value are immediately recognized in the excess of revenue over expenses for the current period. Conversely, transaction costs and financing fees are added to the carrying amount for those financial instruments subsequently measured at amortized cost or cost.

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 of revenues over expenses in the year the reversal occurs.

Alberta - NWT Command, The Royal Canadian Legion

Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

2. Significant accounting policies *(Continued from previous page)*

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO 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 in the excess of revenues 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. Provisions are made for slow moving and obsolete inventory. Amortization is based on the estimated useful lives of capital assets.

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

3. Accounts receivable

Accounts receivable consists of the following:

	2019	2018
Accounts receivable	52,594	30,132
Goods and Services Tax	8,105	-
	60,699	30,132

4. Loans receivable

Loans receivable consist of the following:

	2019	2018
Blairmore Branch # 7, payable upon sale of branch building	80,000	-
Calgary Branches Poppy Fund, payable upon demand	50,018	-
Fort McMurray Branch #165, payable in monthly instalments of \$750	34,348	43,348
Jasper Branch #31, payable in monthly instalments of \$515	16,380	22,560
Bowness Branch # 238, payable in monthly instalments of \$287	7,644	-
Grande Prairie Branch #54, payable in monthly instalments of \$290	4,930	8,410
Three Sisters RCL #3, repaid during the year	-	23,010
Bellevue RCL #19, repaid during the year	-	3,022
	193,320	100,350

All of the above loans are non-interest bearing and due upon demand.

Alberta - NWT Command, The Royal Canadian Legion Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

5. Capital assets

	<i>Cost</i>	<i>Accumulated amortization</i>	<i>2019 Net book value</i>	<i>2018 Net book value</i>
Land	8,000	-	8,000	8,000
Buildings	687,630	316,107	371,523	387,003
Computer equipment	115,846	100,863	14,983	16,828
Office equipment	257,407	246,376	11,031	13,789
	1,068,883	663,346	405,537	425,620

During the year, \$21,984 (2018 - \$27,529) of amortization expense was incurred in respect of capital assets.

6. Accounts payable and accruals

Accounts payable and accruals consist of the following:

	<i>2019</i>	<i>2018</i>
Accounts payable and accruals	38,683	4,797
Accrued liabilities	10,301	14,700
Vacation payable	20,506	17,968
Goods and Services Tax	438	1,553
	69,928	39,018

7. Deferred contributions

The deferred contributions consist of per-capita membership dues and Military Service recognition book revenues received in the current year that are deferred to the year in which they relate too. Changes in the contributions are as follows:

	<i>2019</i>	<i>2018</i>
Balance, beginning of year	201,934	206,556
Amount received during the year	659,158	654,603
Less: Amount recognized as revenue during the year	(621,099)	(659,225)
Balance, end of year	239,993	201,934

Alberta - NWT Command, The Royal Canadian Legion

Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

8. Related party transactions

During the year, the Organization charged 100% of the service bureau expense to Alberta - NWT Command Poppy Fund, a fund which is required to be reported within a separate entity. In addition to performing general administrative functions, the service bureau personnel prepare veterans assistance applications, disability claims, and attend seminars, meetings, and workshops.

	2019	2018
Administration	32,608	23,460
Amortization	1,187	1,286
Salaries and benefits	396,037	354,312
Seminars and travel	4,377	8,023
	434,209	387,081

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

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

9. Income taxes

The Organization is registered as a charitable organization under the *Income Tax Act* (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a registered charity under the Act, the Organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

10. 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.

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 market rate risk with respect to its portfolio investments which are subject to interest rates ranging from 2.35% to 4.856% (2018 - 2.35% to 9.976%).

Alberta - NWT Command, The Royal Canadian Legion

Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

11. Administrative

	2019	2018
Advertising and promotional	16,221	11,500
Amortization	18,610	25,323
Computers	3,741	6,038
Goods and Services Tax non-refundable	-	4,918
Insurance	7,286	6,920
Office and miscellaneous	19,635	6,013
Postage	1,533	932
Professional fees	10,210	18,997
Repairs and maintenance	38,576	37,067
Salaries and benefits	248,776	270,511
Telephone	4,068	4,281
Travel	238	1,155
Utilities	9,860	9,090
Website	-	72
	378,754	402,817

12. Organization

	2019	2018
Executive		
Provincial executive council	16,211	23,687
Senior elected officers	9,106	4,428
Other council	14,078	5,603
Amortization	2,188	921
	41,583	34,639
District		
District and deputy commanders	4,538	6,018
Commanders' authorized visits	859	479
	5,397	6,497
Committee expenses		
Constitution and law	94	255
Branch hearings	21	481
Honours and awards	780	5
	895	741
Convention expenses		
Command - provincial	52,810	-
Command - Dominion	-	28,801
	52,810	28,801
	100,685	70,678

Alberta - NWT Command, The Royal Canadian Legion Notes to the Financial Statements

*For the year ended December 31, 2019
(Unaudited)*

13. Youth events

	2019	2018
Revenue		
Pull ticket contributions	37,445	34,339
Donations	1,338	500
Interest	21,241	44
	60,024	34,883
Expenses		
Administrative	14,212	13,214
Medal of excellence	3,128	1,798
Program for youth contest winners	-	8,036
National track and field	36,912	21,154
Non-refundable Goods and Services Tax	-	350
	54,252	44,552
Excess (deficiency) of revenue over expenses	5,772	(9,669)

14. Sports event

	2019	2018
Revenue		
Interest	14,076	743
Per capita	35,753	37,360
8 ball pool	1,714	1,714
Cribbage	5,849	5,614
Darts	10,157	9,343
Euchre	1,329	1,114
Shuffleboard	4,593	3,686
	73,471	59,574
Administration	14,739	21,305
8 ball pool	3,574	4,609
Cribbage	10,745	8,374
Darts	9,383	9,589
Euchre	2,036	1,750
Shuffleboard	7,544	6,386
Assisting veterans	-	15,000
	48,021	67,013
Excess (deficiency) of revenue over expenses	25,450	(7,439)

Alberta - NWT Command, The Royal Canadian Legion

Notes to the Financial Statements

For the year ended December 31, 2019
(Unaudited)

15. Commitments

The Organization has entered into an office lease agreement with estimated minimum annual payments until October 31, 2024 as follows:

2020	18,525
2021	18,525
2022	18,763
2023	19,950
2024	16,625
	<hr/>
	92,388

16. Comparative figures

Certain comparative figures have been reclassified to conform with current year presentation.