

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund
Financial Statements
September 30, 2019
(Unaudited)

Management's Responsibility

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

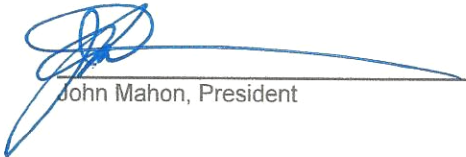
Management is responsible for the preparation and presentation of the accompanying financial statements, including responsibility for significant accounting judgements and estimates in accordance with Canadian accounting standards for not-for-profit organizations. This responsibility includes selecting 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 information included in the annual report. 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 Poppy Fund:

We have reviewed the accompanying financial statements of Alberta – NWT Command, The Royal Canadian Legion Poppy Fund that comprise the statement of financial position as at September 30, 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 Poppy Fund as at September 30, 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 Poppy Fund

Statement of Financial Position

As at September 30, 2019
(Unaudited)

	2019	2018
Assets		
Current		
Cash and cash equivalents	62,854	660,657
Accounts receivable (Note 3)	343,050	77,279
Inventory	39,714	60,045
	445,618	797,981
Marketable securities	1,876,316	1,666,740
	2,321,934	2,464,721
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 4)	146,662	64,602
Due to Alberta - NWT Command, The Royal Canadian Legion (Note 5)	86,335	-
	232,997	64,602
Net Assets		
Unrestricted	2,088,937	2,400,119
	2,321,934	2,464,721

The accompanying notes are an integral part of these financial statements

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund

Statement of Operations

For the year ended September 30, 2019
(Unaudited)

	2019	2018
Revenue		
Poppy and promotional sales	657,533	308,304
Contributions and donations (Note 5)	270,390	1,131,938
Polio administration fees (Note 5)	12,000	12,000
Hospital pass	8,624	-
Freight recovered	5,936	3,359
	954,483	1,455,601
Cost of sales		
Poppy and promotional	502,141	237,756
Freight	9,667	4,003
	511,808	241,759
Expenses		
Service bureau (Note 6)	420,940	380,586
Veteran's assistance	357,370	151,845
Donations	50,000	20,000
Awards and certificates	30,760	32,246
Hospital parking pass subsidy	9,416	5,478
Administrative fees (Note 5)	4,220	13,200
Office supplies and expenses	3,116	3,077
Professional fees	3,000	3,150
Bursaries	-	22,000
Committee	-	986
	878,822	632,568
(Deficiency) excess of revenue over expenses before other items	(436,147)	581,274
Other income (expense)		
Investment income	124,965	7,548
(Deficiency) excess of revenue over expenses	(311,182)	588,822

The accompanying notes are an integral part of these financial statements

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund
Statement of Changes in Net Assets

For the year ended September 30, 2019
(Unaudited)

	2019	2018
Net assets, beginning of year	2,400,119	1,811,297
(Deficiency) excess of revenue over expenses	(311,182)	588,822
Net assets, end of year	2,088,937	2,400,119

The accompanying notes are an integral part of these financial statements

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund

Statement of Cash Flows

For the year ended September 30, 2019

(Unaudited)

	2019	2018
Cash provided by (used for) the following activities		
Operating		
(Deficiency) excess of revenue over expenses	(311,182)	588,822
Changes in working capital accounts		
Accounts receivable	(265,771)	130,465
Inventory	20,331	9,681
Accounts payable and accrued liabilities	82,060	(43,493)
Due to Alberta - NWT Command, The Royal Canadian Legion	86,335	-
Deferred contributions	-	(3,000)
	(388,227)	682,475
Investing		
Increase in marketable securities	(209,576)	(137,623)
(Decrease) increase in cash resources	(597,803)	544,852
Cash resources, beginning of year	660,657	115,805
Cash resources, end of year	62,854	660,657
Cash resources are composed of:		
Cash	52,670	164,942
Marketable securities	10,184	495,715
	62,854	660,657

The accompanying notes are an integral part of these financial statements

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund

Notes to the Financial Statements

For the year ended September 30, 2019
(Unaudited)

1. Incorporation and nature of the organization

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund (the "Organization") is a not-for-profit organization formed to coordinate 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 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.

Marketable securities

Marketable securities with prices quoted in an active market are measured at fair value. Changes in fair value are recorded immediately in the excess (deficiency) of revenue over expenses.

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.

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 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.

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.

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 Notes 5 and 6).

The Organization measures investments in equity instruments quoted in an active market at fair value. Fair value is determined by the published price quotations. Investments in equity instruments not quoted in an active market and derivatives that are linked to, and must be settled by delivery of, unquoted equity instruments of another entity, are subsequently measured at cost less impairment.

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 (deficiency) of revenues 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 cost or amortized cost.

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund

Notes to the Financial Statements

For the year ended September 30, 2019
(Unaudited)

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

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.

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.

3. Accounts receivable

	2019	2018
Accounts receivable	341,340	1,674
Accrued revenue	-	75,536
Goods and Services Taxes receivable	1,710	69
	343,050	77,279

4. Accounts payable and accrued liabilities

	2019	2018
Royal Canadian Legion - Dominion Command	131,262	61,452
Donation payable	11,000	-
Accrued liability	4,400	3,150
	146,662	64,602

Alberta – NWT Command, The Royal Canadian Legion Poppy Fund

Notes to the Financial Statements

For the year ended September 30, 2019
(Unaudited)

5. Related party transactions

During the year, \$3,300 (2018 - \$13,200) in administration fees were paid to the Alberta - NWT Command, the Royal Canadian Legion.

Contributions and donation income includes \$nil (2018 - \$1,000,000) from the Royal Canadian Legion, Calgary Branches Poppy fund, \$259,206 (2018 - \$131,165) is from various other branches and poppy funds, and \$11,185 (2018 - \$773) from other sources.

During the year, \$12,000 (2018 - \$12,000) 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.

As at year-end, \$86,335 (2018 - \$nil) is payable to Alberta - NWT Command, the Royal Canadian Legion for service bureau costs and other various office expenses (refer to Note 6).

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

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

6. Service bureau

The Organization is charged 100% of the service bureau expense incurred by Alberta - NWT Command, The Royal Canadian Legion. 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.

7. 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 interest rate risk with respect to marketable securities which are subject to floating interest rates ranging from 2.35% to 4.86% (2018 - 2.25% to 9.98%)

8. 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.

9. Comparative figures

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