

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**FINANCIAL STATEMENTS**  
**AS AT DECEMBER 31, 2023**

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
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**AS AT DECEMBER 31, 2023**

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## INDEPENDENT AUDITOR'S REPORT

To the Board of Directors  
Royal Military Colleges of Canada Alumni Association Inc.

### Qualified Opinion

We have audited the financial statements of Royal Military Colleges of Canada Alumni Association Inc. (the Alumni Association), which comprise the statement of financial position as at December 31, 2023, and the statements of operations and changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Alumni Association as at December 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.

### Basis for Qualified Opinion

In common with many charitable organizations, the Alumni Association derives revenue from donations, the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Alumni Association and we were not able to determine whether, as at and for the year ended December 31, 2023, any adjustments might be necessary to donations revenue, excess of revenues over expenditures, assets and fund balances.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Alumni Association in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

In preparing these financial statements, management is responsible for assessing the Alumni Association's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Alumni Association, or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Alumni Association's financial reporting process.

**INDEPENDENT AUDITOR'S REPORT  
(CONT'D)**

**Auditor's Responsibilities for the Audit of the Financial Statements**

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Alumni Association's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Alumni Association's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Alumni Association to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

KINGSTON, Canada  
May 7, 2024


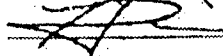
*Wilkinson & Company LLP*

Chartered Professional Accountants  
Licensed Public Accountants

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.  
STATEMENT OF FINANCIAL POSITION  
FOR THE YEAR ENDED DECEMBER 31, 2023

	Operating Fund \$	Life Membership Investment Fund \$	Restricted Fund \$	Endowment Fund \$	2023 Total \$	2022 Total \$
<b>ASSETS</b>						
<b>CURRENT</b>						
Cash and bank	188,791	930	267,755	16,031	473,507	320,198
Short term investments	553,239		2,575,000		3,128,239	2,675,119
Inventory	112,217				112,217	115,223
Accounts receivable	42,724	4,476			47,200	51,690
Accrued investment income	37,455				37,455	18,876
Government remittances receivable	35,080				35,080	5,970
Prepaid expenses	30,018				30,018	25,916
Interfund receivables	119,238		563,671		682,909	79,341
	1,118,762	5,406	3,406,426	16,031	4,546,625	3,292,333
<b>LONG-TERM</b>						
Tangible capital assets - Note 2(f)	9,506				9,506	10,631
Life insurance policy - cash surrender value			22,633		22,633	21,337
Investments - Note 4		3,861,356	18,026,211	13,889,468	35,777,035	32,637,340
	1,128,268	3,866,762	21,455,270	13,905,499	40,355,799	35,961,641
<b>LIABILITIES AND FUND BALANCES</b>						
<b>CURRENT LIABILITIES</b>						
Accounts payable and accrued liabilities	67,437				67,437	69,201
Deferred revenue	11,737				11,737	11,733
Government remittances payable	14,825				14,825	15,233
Monies held in trust - Note 5			9,113,618		9,113,618	8,734,800
Interfund payables	563,671	119,238			682,909	79,341
	657,670	119,238	9,113,618		9,890,526	8,910,308
<b>FUND BALANCES</b>						
Unrestricted	470,598				470,598	505,887
Life memberships		3,747,524			3,747,524	3,598,109
Restricted - Note 7			12,341,652		12,341,652	11,148,970
Endowed Capital restricted - Note 6				13,905,499	13,905,499	11,798,367
	470,598	3,747,524	12,341,652	13,905,499	30,465,273	27,051,333
	1,128,268	3,866,762	21,455,270	13,905,499	40,355,799	35,961,641

APPROVED ON BEHALF OF THE BOARD

 President  
 Treasurer

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	Operating Fund		Life Membership Investment Fund		Restricted Fund		Endowment Fund	
	2023	2022	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>								
Administration fee	217,337	234,584						
Advertising revenue	125	125						
Affinity revenue	164,690	238,504						
Canada Recovery Hiring Program		1,345						
Donations	5,446	9,951			1,436,067	422,497	2,046,696	145,420
Gift shop revenue	118,015	156,017						
Investment income (loss)	136,122	44,440	268,406	(80,618)	1,725,621	(813,529)		
LMIF permissible withdrawal	127,119	132,636						
Membership revenue	3,511	2,811	8,500	11,120				
Returns from other qualified donees						14,069		
RMC Research Services - Note 5	240,020	242,344						
Special projects	77,215	30,025						
	<b>1,089,600</b>	<b>1,092,782</b>	<b>276,906</b>	<b>(69,498)</b>	<b>3,161,688</b>	<b>(376,963)</b>	<b>2,046,696</b>	<b>145,420</b>
<b>Expenditures</b>								
Administration fee					217,337	234,584		
Administrative	337,785	258,169						
Branch dues - Note 9	28,784	27,174						
College benefactions					1,599,073	950,003		
Depreciation	4,037	4,680						
Distributions from endowments						425,531		
Endowed capital expended							40,573	
Gift shop - Cost of goods sold	94,788	134,884						
Gifts to other qualified donees					51,587	1,803		
Accounts receivable write down			372					
LMIF permissible withdrawal			127,119	132,636				
Personnel	555,979	517,594						
RMC Research Services - Note 5	66,364	63,083						
Special projects	37,152	19,963						
	<b>1,124,889</b>	<b>1,025,547</b>	<b>127,491</b>	<b>132,636</b>	<b>1,867,997</b>	<b>1,611,921</b>	<b>40,573</b>	<b>NIL</b>
<b>EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR</b>	<b>(35,289)</b>	<b>67,235</b>	<b>149,415</b>	<b>(202,134)</b>	<b>1,293,691</b>	<b>(1,988,884)</b>	<b>2,006,123</b>	<b>145,420</b>
<b>FUND BALANCES - BEGINNING OF YEAR</b>	<b>505,887</b>	<b>438,652</b>	<b>3,598,109</b>	<b>3,800,243</b>	<b>11,148,970</b>	<b>13,162,854</b>	<b>11,798,367</b>	<b>11,627,947</b>
<b>INTERFUND TRANSFERS - Note 8</b>					<b>(101,009)</b>	<b>(25,000)</b>	<b>101,009</b>	<b>25,000</b>
<b>FUND BALANCES - END OF YEAR</b>	<b>470,598</b>	<b>505,887</b>	<b>3,747,524</b>	<b>3,598,109</b>	<b>12,341,652</b>	<b>11,148,970</b>	<b>13,905,499</b>	<b>11,798,367</b>

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

	2023	2023	2023	2023	2023	2022
	Operating Fund \$	Life Membership Investment Fund \$	Restricted Fund \$	Endowment Fund \$	Total \$	Total \$
<b>CASH FLOWS FROM OPERATING ACTIVITIES</b>						
<b>Sources of cash</b>						
Donations	500		1,436,067	2,046,695	3,483,262	571,055
Gift shop revenue	118,014				118,014	156,142
Memberships	3,515	7,222			10,737	15,049
Research services contract	248,332				248,332	226,363
Government remittances receivable	(29,518)				(29,518)	17,036
Affinity	162,825				162,825	241,194
Special projects	77,215				77,215	
Returns from other qualified donees						14,069
CRA wage subsidies						1,345
Alumni activities						29,125
Due from Royal Military Colleges Club of Canada						1,499,240
Investment income	117,543	103,261	534,162		754,966	524,524
Advertising	125				125	
<b>Uses of cash</b>						
Personnel	(548,840)				(548,840)	(508,184)
Administrative	(322,729)				(322,729)	(236,263)
Research services contract	(66,364)				(66,364)	(82,839)
Benefactions			(967,585)		(967,585)	(950,003)
Endowment distributions			(631,486)		(631,486)	(425,531)
Gifts to other qualified donees			(51,587)		(51,587)	
Endowed capital extended				(40,573)	(40,573)	
Gift shop inventory and direct expenses	(91,782)				(91,782)	(147,271)
Membership fee transfer to branches	(52,951)				(52,951)	(17,559)
Alumni activities						(19,963)
Class of 76 Bereavement Fund						(100)
Gifts to other qualified donees						(1,803)
Special projects	(37,152)				(37,152)	
<b>CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES</b>	<b>(421,267)</b>	<b>110,483</b>	<b>319,571</b>	<b>2,006,122</b>	<b>2,014,909</b>	<b>905,626</b>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>						
Increase in life insurance policy - cash surrender value			(1,296)		(1,296)	(1,238)
Decrease (increase) in investments		(23,157)	347,125	(2,107,059)	(1,783,091)	(1,074,461)
Purchase of computer equipment	(2,911)				(2,911)	(1,273)
<b>CASH FLOWS PROVIDED FROM (USED IN) INVESTING ACTIVITIES</b>	<b>(2,911)</b>	<b>(23,157)</b>	<b>345,829</b>	<b>(2,107,059)</b>	<b>(1,787,298)</b>	<b>(1,076,972)</b>
<b>CASH FLOWS FROM FINANCING ACTIVITIES</b>						
Monies held in trust received			2,051,584		2,051,584	2,840,287
Monies held in trust disbursed			(2,237,262)		(2,237,262)	(2,266,039)
Monies held in trust investment gains (declines)			564,496		564,496	(337,715)
<b>CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES</b>			<b>378,818</b>		<b>378,818</b>	<b>236,533</b>
<b>INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR</b>	<b>(424,178)</b>	<b>87,326</b>	<b>1,044,218</b>	<b>(100,937)</b>	<b>606,429</b>	<b>65,187</b>
<b>CASH AND EQUIVALENTS - BEGINNING OF YEAR</b>	<b>304,315</b>	<b>825</b>	<b>2,674,218</b>	<b>15,959</b>	<b>2,995,317</b>	<b>2,930,130</b>
<b>INTERFUND ADJUSTMENTS</b>	<b>861,893</b>	<b>(87,221)</b>	<b>(875,681)</b>	<b>101,009</b>		
<b>CASH AND EQUIVALENTS - END OF YEAR</b>	<b>742,030</b>	<b>930</b>	<b>2,842,755</b>	<b>16,031</b>	<b>3,601,746</b>	<b>2,995,317</b>
<b>REPRESENTED BY:</b>						
Cash and short term investments	742,030	930	2,842,755	16,031	3,601,746	2,995,317

The accompanying notes form an integral part of these financial statements

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.  
NOTES TO FINANCIAL STATEMENTS  
FOR THE YEAR ENDED DECEMBER 31, 2023**

**1. PURPOSE OF THE ORGANIZATION**

The Royal Military Colleges of Canada Alumni Association Inc. (Alumni Association) was incorporated without share capital under the *Canada Business Corporations Act* and was continued on October 24, 2013 under the *Canada Not-for-Profit Corporations Act*. The principal purposes of the Alumni Association are to i) financially support education at the Canadian Military Colleges, ii) promote the efficiency of the Canadian Armed Forces for the benefit of the public, and iii) establish, protect, preserve and commemorate monuments and significant heritage sites at Canadian Military Colleges locations.

The Alumni Association is exempt from tax under subparagraph 149(1)(f) of the *Income Tax Act*. In order to maintain its status as a registered charity under the *Income Tax Act*, the Alumni Association must meet certain requirements within the *Income Tax Act*.

The financial position and the results of operations from branches of the Alumni Association are not included in these financial statements.

**2. ACCOUNTING POLICIES**

Outlined below are those accounting policies adopted by the Alumni Association considered to be particularly significant:

**(a) Basis of Accounting**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

**(b) Accounting Estimates**

The preparation of financial statements in conformity with Canadian 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 of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable. Actual results could differ from those estimates.

**(c) Fund Accounting**

The Alumni Association follows the restricted fund method for accounting for contributions. The Alumni Association ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

**(i) Operating Fund**

The Operating Fund reports resources available for the Alumni Association's general operating activities. The costs of supporting these activities are reported as expenditures in the Operating Fund.



**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. ACCOUNTING POLICIES (Cont'd)**

**(c) Fund Accounting (Cont'd)**

**(ii) Life Membership Investment Fund**

The Life Membership Investment Fund (LMIF) reflects life memberships purchased. These funds are invested separately. On an annual basis, funds are transferred to the Operating Fund from the LMIF based on an approved present value model.

**(iii) Restricted Fund**

The Restricted Fund reports resources that are available to be used for purposes in accordance with the donors' direction and do not form part of the Endowment Fund. The Restricted Fund also includes resources that the Board of Directors have internally restricted by Alumni Association policy for benefactions.

**(iv) Endowment Fund**

The Endowment Fund reports resources that are required, in accordance with the donors' direction, to be maintained by the Alumni Association on a permanent basis.

**(d) Revenue Recognition**

Donor restricted contributions for endowment purposes are recognized as revenue in the endowment. Other contributions are recognized as revenue in the Restricted Fund depending on the nature of the donor's direction. Investment income earned on RMC Research Services investments is recognized as revenue in the Operating Fund when received. Contributions are recognized as revenue when received.

Income is recorded in the funds as follows:

**(i)** The Restricted Fund reports income earned on resources of the endowment and restricted funds, as well as donations that must be spent on donor directed activities.

**(ii)** The LMIF reports life memberships as received or receivable. Annually, life membership revenue earned is transferred to the Operating Fund based on an approved present value model.

**(iii)** The Operating Fund reports income earned on the assets held in the Operating Fund, donations specially earmarked for facilitating the Alumni Association's operations in the short term and the administrative fee charged to all endowment and restricted funds.

Investment income includes dividend and interest income and realized and unrealized investment gains and losses. Unrealized gains and losses on held for trading financial instruments are included in investment income and recognized as revenue in the statement of operations in the Operating, LMIF or Restricted Fund or deferred and reported directly in net assets, depending on the nature of any external restriction imposed on the investment income.

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. ACCOUNTING POLICIES (Cont'd)**

**(d) Revenue Recognition (Cont'd)**

Affinity compensation is recorded as revenue when it is received.

Gift shop revenues are recognized as revenue when the goods have been delivered to the customer and if the amount to be received can be reasonably estimated and collection is reasonably assured.

**(e) Financial Instruments**

**(i) Measurement of Financial Instruments**

The Alumni Association initially measures its financial assets and liabilities at fair value adjusted by, in the case of financial instruments that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Alumni Association subsequently measures all its financial assets and liabilities at amortized cost except for equities quoted in an active market, which are subsequently measured at fair value. Changes in fair value are recognized as income.

Financial assets measured at amortized cost include cash, accounts receivable, short-term investments, government remittances receivable, life insurance policy, and long-term investments. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, government remittances payable and monies held in trust.

**(ii) Impairment**

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recorded in net income. When events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the impairment amount previously recognized.

**(f) Tangible Capital Assets**

Tangible capital assets consist of computers and equipment and is recorded at acquisition cost. Gains or losses on the disposal of individual assets are recognized in earnings in the year of disposition. Depreciation, which is based on the estimated useful life, is recorded on a straight-line basis over 3 years for computers and 5 years for equipment. In 2023, the Alumni Association recorded \$4,037 for depreciation.

**(g) Contributed Goods and Services**

Volunteers contribute a substantial number of hours each year to assist the Alumni Association in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**2. ACCOUNTING POLICIES (Cont'd)**

**(h) Foreign Currency Translation**

Foreign currency accounts are translated into Canadian dollars as detailed. At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the application of the exchange rate in effect at that date. At the period end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

**(i) Inventory**

Inventory consists of gift shop merchandise and is valued at lower of cost and replacement cost. Cost is determined on the first-in, first-out basis.

**(j) Cash and Equivalents**

Cash and equivalents consist of cash on deposit and short term investments maturing in 90 days or less.

**3. SHORT-TERM INVESTMENTS**

The Operating Fund short-term investments consists of guaranteed investment certificates with a maximum term of one year. Interest rates on the current investments range from 4.50% to 5.40% and all investments mature by December 31, 2024.

The Restricted Fund short-term investments consists of guaranteed investment certificates with a maximum term of one year. Interest rates on the current investments range from 5.18% to 5.62% and all investments mature by December 31, 2024.

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**4. LONG-TERM INVESTMENTS**

The investments held at December 31, 2023 consist of bonds and equities. Investments have been recorded at the fair market value provided by Canso Investment Counsel Ltd. as at December 31, 2023 and December 31, 2022.

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>Restricted and Endowment Fund</b>		
Canadian equity	48,535	67,313
TDV Balanced Fund	25,596,405	22,836,490
	<b>25,644,940</b>	22,903,803
<b>Life Membership Investment Fund</b>		
TDV Balanced Fund	3,861,356	3,673,054
	<b>3,861,356</b>	3,673,054
<b>Monies Held in Trust - Note 5</b>		
Canadian fixed income	5,103,301	4,985,765
Canadian equity	584,200	519,800
Foreign equity	583,238	554,918
	<b>6,270,739</b>	6,060,483
	<b>35,777,035</b>	32,637,340

**5. MONIES HELD IN TRUST**

In 2005, the Alumni Association entered into a contract with Federal Granting Agencies, namely The Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC) and the Canadian Institutes of Health Research (CIHR) to provide services on a trust basis as outlined in The Memorandum of Understanding between the parties. In 2020 this Memorandum of Understanding was extended until 2030.

In 2018, the Alumni Association entered into a contract with the Principal's Office of the Royal Military College to provide services on a trust basis as outlined in the Agreement between the parties.

During the year, the provision of services under the aforementioned Memorandum of Understanding and Agreement resulted in net contributions to the Operating Fund of \$173,656 (2022 - \$179,261).

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**6. EXTERNALLY RESTRICTED - ENDOWED CAPITAL FUNDS**

<b>Major Giving Endowed Funds</b>	<b>Opening Balance \$</b>	<b>Donations \$</b>	<b>Interfund Transfer \$</b>	<b>Endowed Capital Expended \$</b>	<b>Ending Balance \$</b>
Battlefield Tour	3,003,547	1,997,060			5,000,607
Captain Bart Leadership Award	41,594				41,594
Captain Bart Teamwork Prize	148,841				148,841
Carswell ROTP Gala Travel	170,000				170,000
Carswell TDV	98,010				98,010
Chaudry Operations Research Prize	40,000				40,000
Dacey Memorial Fund/ Chemical and Mechanical Engineering Fund	19,589				19,589
Danny McLeod Athletics	374,035	10,560			384,595
Howard B. Ripstein First Year Endowment Fund	60,000				60,000
Howard B. Ripstein Reserve Entry Fund	60,000				60,000
Howard B. Ripstein Third Year Endowment Fund	125,000				125,000
J.W. Brown Memorial Fund	11,086				11,086
James Carruthers Endowment Fund	625,559				625,559
Ken Smee Memorial Endowment Fund		4,050	32,759		36,809
Keyser Red & White	25,000				25,000
Mech Eng P.G. Scholarship Fund	253,174				253,174
Netherlands Liberation	184,365	5,000			189,365
No. 1 Fund - Wurtele	143,759				143,759
P Cadieux Memorial Award Fund	40,000				40,000
Phil Cowie Endowment	26,525	300			26,825
RG Haycock Grad Student Fund	35,575				35,575
Ripstein Library Endowment Fund	20,000				20,000
RMC Excellence in Research	110,820				110,820
RMC Female Bronze Statue	25,000				25,000
Sandhurst Endowment Fund	23,450				23,450
Sea Log Sword Endowment	25,000				25,000
Seath Endowment Fund	102,688				102,688
TDV Endowment Fund	167,640	3,150			170,790
Toronto Branch	25,655				25,655
UTPNCM Fund (Otter Sqn)	19,421	120			19,541
W.A. Ferguson	10,000				10,000
Wall of Honour	223,895	1,600			225,495
Wolfgang Eder Bursary Fund	51,066				51,066
Young Memorial Fund	100,000				100,000
<b>Subtotal</b>	<b>6,390,294</b>	<b>2,021,840</b>	<b>32,759</b>	<b>NIL</b>	<b>8,444,893</b>

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**6. EXTERNALLY RESTRICTED - ENDOWED CAPITAL FUNDS (Cont'd)**

	Opening Balance	Donations	Interfund Transfer	Endowed Capital Expended	Ending Balance
<b>Subtotal</b>	<b>6,390,294</b>	<b>2,021,840</b>	<b>32,759</b>	<b>NIL</b>	<b>8,444,893</b>
<b>Class Endowed Funds</b>					
Class of 56	121,555				121,555
Class of 57	45,660	100			45,760
Class of 59	68,293	300			68,593
Class of 60	210,429	3,540		40,573	173,396
Class of 62	248,506	1,000			249,506
Class of 62 - Recreation Club	651,538	1,096			652,634
Class of 64	358,976	2,665			361,641
Class of 65 - Teaching Excellence	504,445	3,045			507,490
Class of 66	2,378,868	100			2,378,968
Class of 68	136,255	1,000			137,255
Class of 69 - Bade Bursary	109,929				109,929
Class of 70	229,582	6,090			235,672
Class of 72	76,735				76,735
Class of 73	25,000				25,000
Class of 76	201,952	4,600			206,552
Class of 77		1,320	68,250		69,570
Class of 80	40,350				40,350
<b>Subtotal</b>	<b>5,408,073</b>	<b>24,856</b>	<b>68,250</b>	<b>40,573</b>	<b>5,460,606</b>
	<b>11,798,367</b>	<b>2,046,696</b>	<b>101,009</b>	<b>40,573</b>	<b>13,905,499</b>

**7. RESTRICTED FUND**

The Restricted Fund balance includes both internally and externally restricted funds. As of December 31, 2023 the Restricted Fund balance included \$912,378 (2022 - \$1,046,025) of internally restricted funds. The internally restricted funds are comprised of a non-endowed fund named the TDV Fund established in 2017. The Fund receives unrestricted donations as well as the residual share of the annual investment income/loss. The Board of Directors is required to approve any transfers to the Operating Fund. As of December 31, 2023 there have been no transfers from the TDV Fund to support the Operating Fund.

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
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**8. INTERFUND TRANSFERS**

During 2023 the Alumni Association transferred a net total of \$101,009 from the Restricted Fund to the Major Giving Endowed Fund, and within the Restricted Fund, a net total of \$9,155 from the Class Restricted Fund and Other Restricted Fund to the Major Giving Endowed Restricted Fund and Class Endowed Restricted Fund. All transfers were approved by the Board of Directors of the Alumni Association or were in accordance with the Donor Agreements.

**9. BRANCH CONTRIBUTIONS**

The Alumni Association transfers an annually designated fee for each member to branches and branches have the option to return a portion of these fees back to the Alumni Association. These fees are reflected as branch dues with the returned portion included as branch contributions on the statement of operations.

In 2023, there were \$28,784 (2022 - \$27,174) of fees accrued to branches with \$853 (2022 - \$3,138) returned to the Alumni Association. The balance owing to branches at December 31, 2023 is \$32,393 (2022 - \$28,943). Details of the amounts paid by and returned to the Alumni Association by the branches are disclosed in the financial statements of each branch.

**10. CREDIT FACILITY**

The Alumni Association has a demand operating facility agreement for two revolving demand credit facilities in the amount of \$25,000 and \$50,000. As of year end, neither facility has a balance owing.

**11. FINANCIAL RISKS AND CONCENTRATION OF RISKS**

The Alumni Association has a comprehensive risk management framework to monitor, evaluate and manage the principal risks assumed with financial instruments. The risks that arise from transacting financial instruments include market risk, credit risk and liquidity risk.

**(a) Market Risk:**

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, and equity risk.

**(i) Currency Risk:**

Currency risk relates to the Alumni Association operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Alumni Association's currency exchange risk is related to its investment portfolio of which approximately 1.7% is denominated in the United States dollar.

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.**  
**NOTES TO FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED DECEMBER 31, 2023**

**11. FINANCIAL RISKS AND CONCENTRATION OF RISKS (Cont'd)**

**(b) Market Risk (Cont'd):**

**(ii) Interest Rate Risk:**

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Alumni Association is exposed to interest rate risk through its interest bearing investments within the investment portfolio.

**(iii) Equity Risk:**

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Alumni Association is exposed to this risk through its equity holdings within its investment portfolio.

**(c) Credit Risk:**

Credit risk is the risk of financial loss to the Alumni Association if a party to the Alumni Association's financial instruments fails to discharge an obligation or make payments of interest and principal when due. The Alumni Association is exposed to this risk relating to its debt holdings in its investment portfolio and in accounts receivable.

**(d) Liquidity Risk:**

Liquidity risk is the risk that the Alumni Association will not be able to meet all cash outflow obligations as they come due. The Alumni Association mitigates this risk by monitoring cash activities and expected outflows.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

**12. CAPITAL DISCLOSURE**

The Alumni Association's objectives with respect to capital management are to maintain a minimum capital base that allows the Alumni Association to continue with and execute its overall purpose as outlined in the fund accounting policy in Note 2. The Alumni Association's Board of Directors performs periodic reviews of the Alumni Association's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Alumni Association.