

The Military Museums Foundation

Financial Statements

August 31, 2023

Independent Auditors' Report

To: The Directors of **The Military Museums Foundation**

Qualified Opinion

We have audited the financial statements of **The Military Museums Foundation** (the "Foundation"), which comprise the statement of financial position as at **August 31, 2023** and the statements of operations and changes in net assets 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 Foundation as at August 31, 2023, and its results of 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 not-for-profit organizations, the Foundation derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at August 31 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended August 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation 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 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.

In preparing the financial statements, management is responsible for assessing the Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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

Independent Auditors' Report (continued)

statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgement 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 Foundation'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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

June 21, 2024
Calgary, Alberta

Kennedy Mack Susarchuk Stewart LLP
Chartered Professional Accountants

The Military Museums Foundation

Statement of Financial Position

As at August 31, 2023 2022

Assets

Current assets

Cash	\$ 31,763	\$ 3,205
Restricted cash	66,157	37,491
Accounts receivable	6,839	401
Goods and services tax receivable	631	369
Prepaid expenses	2,410	2,878
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	\$ 107,800	\$ 44,344

Liabilities and Net Assets

Current liabilities

Accounts payable and accrued liabilities	\$ 33,408	\$ 43,474
Deferred contributions (note 4)	66,157	37,491
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	99,565	80,965

Net assets (deficit)

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	8,235	(36,621)
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	\$ 107,800	\$ 44,344

Approved on behalf of the board



Director



Director

The Military Museums Foundation
Statement of Operations and Changes in Net Assets

Year ended August 31,	2023	2022
Revenues		
Educational programming	\$ 117,068	\$ 44,658
Donations	81,746	43,113
Grants	70,793	20,823
Sponsorship	10,000	10,000
Events	6,233	3,373
Membership	1,486	1,828
	287,326	123,795
Expenditures		
Salaries and related benefits	204,826	161,082
Office and miscellaneous	12,751	8,972
Professional fees	11,455	8,400
Insurance	6,445	(1,447)
Educational programming	3,434	1,684
Interest and bank charges	1,966	974
Events	1,593	2,751
	242,470	182,416
Excess (deficiency) of revenues over expenditures	44,856	(58,621)
(Deficit) net assets, beginning of year	(36,621)	22,000
Net assets (deficit), end of year	\$ 8,235	\$ (36,621)

See accompanying notes to financial statements

The Military Museums Foundation

Statement of Cash Flows

Year ended August 31,	2023	2022
Operating activities		
Excess (deficiency) of revenues over expenditures	\$ 44,856	\$ (58,621)
Change in non-cash working capital items		
Accounts receivable	(6,438)	20,354
Prepaid expenses	468	(2,878)
Accounts payable and accrued liabilities	(10,066)	10,320
Deferred contributions	28,666	(19,532)
Goods and services tax receivable	(262)	241
Increase (decrease) in cash	57,224	(50,116)
Cash, beginning of year	40,696	90,812
Cash, end of year	\$ 97,920	\$ 40,696
 Cash consists of:		
Cash	\$ 31,763	\$ 3,205
Current restricted cash	66,157	37,491
	\$ 97,920	\$ 40,696

See accompanying notes to financial statements

The Military Museums Foundation

Notes to Financial Statements

August 31, 2023

1. **Nature of operations**

The Military Museums Foundation (the "Foundation") was incorporated July 2, 2003 as Banff Mountain Academy Society under the Societies Act of Alberta and on August 16, 2004 the Society changed its name to Mountain Academy Society. On June 26, 2012, the Society changed its name to the Military Museums Foundation to fundraise for the purpose of creating, designing, evaluating and delivering education programs linked with the military history of the Canadian Forces, to incorporate goals, objectives, policies, procedures and priorities at the Military Museums and plan, develop, coordinate and implement communications, marketing and promotional strategies and activities for educational programs at the Military Museums. The Foundation is a registered charity for income tax purposes. The future operations of the Foundation is dependent on continued support of its donors. The Foundation continues to monitor its expenses in light of donations received.

2. **Basis of presentation**

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles, specifically Canadian accounting standards for not-for-profit organizations ("ASNFPO").

3. **Significant accounting policies**

(a) **Financial instruments**

The Foundation initially measures its financial assets and financial liabilities at fair value and then subsequently at amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

(b) **Contributed goods and services**

The Foundation records the value of contributed goods and services when the fair market value can be reasonably estimated and when the goods and services are used in the normal course of the Foundation's operations and would otherwise have been purchased. Due to the difficulty of determining their fair value, volunteer services are not recognized in the financial statements.

The Military Museums Foundation

Notes to Financial Statements

August 31, 2023

3. Significant accounting policies, continued

(c) Capital assets

The Foundation expenses capital asset purchases under section 4433 of the Accounting Standards for Not-for-profit handbook as a small organization.

(d) Revenue recognition

The Foundation follows the deferral method of accounting for contributions. Restricted donations and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted donations and grants are recognized as revenue when received or receivable, if the amount to be received can be reasonably estimated and collection is reasonably assured.

Events and educational programming fees are recognized as revenue in the fiscal year the event is held or programming is provided. Membership dues are recognized as revenue in the year to which the membership relates.

(e) Government assistance

Government assistance is accrued when there is reasonable assurance the assistance will be realized.

4. Deferred contributions

	<u>2023</u>	<u>2022</u>
Balance, beginning of year	\$ 37,491	\$ 57,023
Funds received	86,325	5,000
Recognized as revenue	<u>(57,659)</u>	<u>(24,532)</u>
Balance, end of year	<u>\$ 66,157</u>	<u>\$ 37,491</u>
AGLC Casino	\$ 33,676	\$ 5,010
Children's Hospital Aid Society	12,742	12,742
The Calgary Foundation	10,292	10,292
Auxilium Indigenous Education	5,598	5,598
Shaw Charity Classic	2,620	2,620
Calgary Highlanders	<u>1,229</u>	<u>1,229</u>
	<u>\$ 66,157</u>	<u>\$ 37,491</u>

The Military Museums Foundation

Notes to Financial Statements

August 31, 2023

5. **Capital assets**

The Foundation holds computer equipment as a capital asset not recorded in the statement of financial position. During the year the Foundation expensed \$nil (2022 - \$2,000) of capital assets purchased.

6. **Related party transactions**

During the year, the Foundation received \$165 (2022 - \$2,900) from directors of the Foundation for donations, membership fees, events and supplies.

These transactions were in the normal course of operations and measured at the exchange amount, which is the amount agreed to by both parties.

7. **Financial instruments**

The Foundation's use of financial instruments and its exposure to risks associated with such instruments arises out of its normal course of operations.

(a) Liquidity risk

Liquidity risk is the risk the Foundation may not be able to meet its obligations. The Foundation has a comprehensive plan in place to meet their obligations as they come due which is primarily cash flow from operations.