

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2024

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
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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, 2024, 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, 2024, 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, 2024, 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.

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, 2025

Chartered Professional Accountants
Licensed Public Accountants

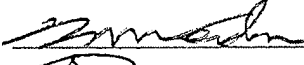
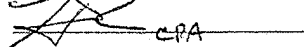
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ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operating Fund \$	Life Membership \$	Restricted Fund \$	Endowment Fund \$	2024 Total \$	2023 Total \$
ASSETS						
CURRENT						
Cash and bank	229,258	1,114	222,129	13,470	465,971	473,507
Short term investments - Note 3	1,153,539		2,525,000		3,678,539	3,128,239
Inventory	97,651				97,651	112,217
Accounts receivable	36,519	2,858			39,377	47,200
Accrued investment income	40,993				40,993	37,455
Government remittances receivable	7,217				7,217	35,080
Prepaid expenses	31,086				31,086	30,018
Inter - fund receivables	255,514		1,344,391		1,599,905	682,909
	1,851,777	3,972	4,091,520	13,470	5,960,739	4,546,625
LONG-TERM						
Tangible capital assets - Note 2 (f)	6,492				6,492	9,506
Life insurance policy - cash surrender value			24,037		24,037	22,633
Investments - Note 4		4,316,596	18,890,854	15,466,739	38,674,189	35,777,035
	1,858,269	4,320,568	23,006,411	15,480,209	44,665,457	40,355,799
LIABILITIES AND FUND BALANCES						
CURRENT						
Accounts payable and accrued liabilities	86,995				86,995	67,437
Deferred revenue	26,006				26,006	11,737
Government remittances payable	15,164				15,164	14,825
Monies held in trust - Note 5			9,338,437		9,338,437	9,113,618
Inter - fund payables	1,344,391	255,514			1,599,905	682,909
	1,472,556	255,514	9,338,437		11,066,507	9,890,526
FUND BALANCES						
Unrestricted	385,713				385,713	470,598
Life memberships		4,065,054			4,065,054	3,747,524
Restricted - Note 7			13,667,974		13,667,974	12,341,652
Endowed Capital restricted - Note 6				15,480,209	15,480,209	13,905,499
	385,713	4,065,054	13,667,974	15,480,209	33,598,950	30,465,273
	1,858,269	4,320,568	23,006,411	15,480,209	44,665,457	40,355,799

APPROVED ON BEHALF OF THE BOARD

 President
 Treasurer
 CPA

The accompanying notes form an integral part of these financial statements

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2024

	Operating Fund		Life Membership Investment Fund		Restricted Fund		Endowed Fund	
	2024	2023	2024	2023	2024	2023	2024	2023
	\$	\$	\$	\$	\$	\$	\$	\$
Revenue								
Administration fee	244,956	217,337						
Advertising revenue	400	125						
Affinity revenue	168,180	164,690						
Donations	7,933	5,146			697,610	1,436,067	1,574,710	2,046,696
Gift shop revenue	141,813	118,015						
Investment income	162,932	136,122	455,422	268,406	3,038,822	1,725,621		
LMIF permissible withdrawal	146,812	127,119						
Membership revenue	3,009	3,511	8,920	8,500				
RMC Research Services - Note 5	261,626	240,020						
Special projects	90,600	77,215						
Grants	2,986							
Sponsorships	7,681							
Other revenue	2,044	300						
	1,240,972	1,089,600	464,342	276,906	3,736,432	3,161,688	1,574,710	2,046,696
Expenditures								
Administration fee					244,956	217,337		
Administrative	354,269	337,785						
Branch dues - Note 9	28,987	28,784						
College benefactions					2,161,690	1,599,073		
Depreciation	3,014	4,037						
Endowed capital expended								40,573
Gift shop - Cost of goods sold	110,716	94,788						
Gifts to other qualified donees					3,464	51,587		
Accounts receivable write down				372				
LMIF permissible withdrawal			146,812	127,119				
Personnel	714,292	555,979						
RMC Research Services - Note 5	71,140	66,364						
Special projects	43,439	37,152						
	1,325,857	1,124,889	146,812	127,491	2,410,110	1,867,997	NIL	40,573
EXCESS OF REVENUE OVER EXPENDITURES (EXPENDITURES OVER REVENUE) FOR YEAR	(84,885)	(35,289)	317,530	149,415	1,326,322	1,293,691	1,574,710	2,006,123
FUND BALANCES - BEGINNING OF YEAR	470,598	505,887	3,747,524	3,598,109	12,341,652	11,148,970	13,905,499	11,798,367
INTERFUND TRANSFERS - Note 8						(101,009)		101,009
FUND BALANCES - END OF YEAR	385,713	470,598	4,065,054	3,747,524	13,667,974	12,341,652	15,480,209	13,905,499

The accompanying notes form an integral part of these financial statements

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2024

	2024 Operating Fund \$	2024 Life Membership \$	2024 Restricted Fund \$	2024 Endowment Fund \$	2024 Total \$	2023 Total \$
CASH FLOWS FROM OPERATING ACTIVITIES						
Sources of cash						
Donations	1,800		697,610	1,574,710	2,274,120	3,483,262
Gift shop revenue	141,813				141,813	118,014
Memberships	3,009	10,538			13,547	10,737
Research services contract	287,002				287,002	248,332
Government remittances receivable	27,863				27,863	(29,518)
Affinity	148,296				148,296	162,825
Special projects	90,599				90,599	77,215
Investment income	159,394	101,633	781,574		1,042,601	754,966
Advertising	2,444				2,444	125
Branch dues returned	13,406				13,406	
Sponsorship revenue	9,695				9,695	
Grant revenue	2,986				2,986	
Uses of cash						
Personnel	(713,648)				(713,648)	(548,840)
Administrative	(344,117)				(344,117)	(322,729)
Research services contract	(71,140)				(71,140)	(66,364)
Benefactions			(1,347,371)		(1,347,371)	(967,585)
Endowment distributions			(814,319)		(814,319)	(631,486)
Gifts to other qualified donees			(3,464)		(3,464)	(51,587)
Endowed capital extended						(40,573)
Gift shop inventory and direct expenses	(96,150)				(96,150)	(91,782)
Membership fee transfer to branches						(52,951)
Special projects	(43,439)				(43,439)	(37,152)
Alumni activities	(15,258)				(15,258)	
CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES	(395,445)	112,171	(685,970)	1,574,710	605,466	2,014,909
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES						
Increase in life insurance policy - cash surrender value			(1,404)		(1,404)	(1,296)
Decrease (increase) in investments		(101,451)	1,392,604	(1,577,271)	(286,118)	(1,783,091)
Purchase of computer equipment						(2,911)
CASH FLOWS FROM (USED IN) INVESTING ACTIVITIES		(101,451)	1,391,200	(1,577,271)	(287,522)	(1,787,298)
CASH FLOWS FROM FINANCING ACTIVITIES						
Monies held in trust received			2,089,789		2,089,789	2,051,584
Monies held in trust disbursed			(2,519,632)		(2,519,632)	(2,237,262)
Monies held in trust investment gains			654,663		654,663	564,496
CASH FLOWS PROVIDED FROM FINANCING ACTIVITIES			224,820		224,820	378,818
INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR	(395,445)	10,720	930,050	(2,561)	542,764	606,429
CASH AND EQUIVALENTS - BEGINNING OF YEAR	742,030	930	2,842,755	16,031	3,601,746	2,995,317
Interfund cash adjustments	1,036,212	(10,536)	(1,025,676)			
CASH AND EQUIVALENTS - END OF YEAR	1,382,797	1,114	2,747,129	13,470	4,144,510	3,601,746
REPRESENTED BY:						
Cash and short term investments	1,382,797	1,114	2,747,129	13,470	4,144,510	3,601,746

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, 2024**

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, 2024**

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 Fund. 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. Operating Fund 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, 2024**

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 writedown 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 computer 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 2024, the Alumni Association recorded \$3,014 for depreciation.

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

2. ACCOUNTING POLICIES (Cont'd)

(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.

(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 3.11% to 3.91% and all investments mature by December 31, 2025.

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 3.11% to 5.17% and all investments mature by January 3, 2026.

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

4. LONG-TERM INVESTMENTS

The investments held at December 31, 2024 consist of bonds and equities. Investments have been recorded at the fair market value provided by Canso Investment Counsel Ltd. as at December 31, 2024 and December 31, 2023.

	2024	2023
	\$	\$
Restricted and Endowment Fund		
Canadian equity	51,808	48,535
Foreign equity	25,857	
TDV Balanced Fund	27,687,652	25,596,405
	27,765,317	25,644,940
Life Membership Investment Fund		
TDV Balanced Fund	4,316,596	3,861,356
Monies Held in Trust (Note 5)		
Canadian fixed income	5,218,495	5,103,301
Canadian equity	649,591	584,200
Foreign equity	724,190	583,238
	6,592,276	6,270,739
	38,674,189	35,777,035

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 \$190,486 (2023 - \$173,656).

ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024

6. EXTERNALLY RESTRICTED - ENDOWMENT FUNDS

	Opening Balance \$	Donations \$	Inter-Fund Transfer \$	Endowed Capital Expended \$	Ending Balance \$
(a) Major Giving Endowed Funds					
Battlefield Tour	5,000,607	1,500,000			6,500,607
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	384,595	5,843			390,438
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	36,809				36,809
Keyser Red & White	25,000				25,000
Mech Eng P.G. Scholarship Fund	253,174	100			253,274
Netherlands Liberation	189,365	5,000			194,365
No. 1 Fund - Wurtele	143,759				143,759
P Cadieux Memorial Award Fund	40,000				40,000
Phil Cowie Endowment	26,825	300			27,125
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	170,790	13,375			184,165
Toronto Branch	25,655				25,655
UTPNCM Fund (Otter Sqn)	19,541	120			19,661
W.A. Ferguson	10,000				10,000
Wall of Honour	225,495	650			226,145
Wolfgang Eder Bursary Fund	51,066				51,066
Young Memorial Fund	100,000				100,000
	8,444,893	1,525,388	NIL	NIL	9,970,281
(b) Endowed Class Funds					
Class of 56	121,555				121,555
Class of 57	45,760	375			46,135
Class of 59	68,593	500			69,093
Class of 60	173,396	3,000			176,396
Class of 62	249,506	1,700			251,206
Class of 62 - Recreation Club	652,634	196			652,830
Class of 64	361,641	3,200			364,841
Class of 65 - Teaching Excellence	507,490	3,295			510,785
Class of 66	2,378,968	350			2,379,318
Class of 68	137,255	1,000			138,255
Class of 69 - Bade Bursary	109,929				109,929
Class of 70	235,672	6,090			241,762
Class of 72	76,735	100			76,835
Class of 73	25,000				25,000
Class of 76	206,552	25,136			231,688
Class of 77	69,570	4,380			73,950
Class of 80	40,350				40,350
	5,460,606	49,322	NIL	NIL	5,509,928
Total Endowed Funds	13,905,499	1,574,710	NIL	NIL	15,480,209

**ROYAL MILITARY COLLEGES OF CANADA ALUMNI ASSOCIATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2024**

7. RESTRICTED FUND

The Restricted Fund balance includes both internally and externally restricted funds. As of December 31, 2024 the Restricted Fund balance included \$1,071,468 (2023 - \$912,378) 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, 2024 there have been no transfers from the TDV Fund to support the Operating Fund.

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. There were no interfund transfers in 2024.

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 2024, there were \$28,987 (2023 - \$28,784) of fees accrued to branches with \$859 (2023 - \$853) returned to the Alumni Association. The balance owing to branches at December 31, 2024 is \$35,518 (2023 - \$32,393). 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.

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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. Since the end of the period, the economic climate has been characterized by heightened volatility in financial markets. The Alumni Association recognizes this as a risk factor and will continue monitoring market trends closely and adjusting its strategies accordingly to mitigate potential impacts on its operations.

(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 foreign exchange risk is related to its investment portfolio of which approximately 2.0% is denominated in the United States dollar.

(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.

(b) 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.

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11. FINANCIAL INSTRUMENTS (Cont'd)

(c) 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.

13. COMPARATIVE FIGURES

In order to conform with the financial statement presentation adopted for the current year, certain elements of the comparative figures have been regrouped.