

# Canadian Armed Forces Charitable Funds

Financial statements  
March 31, 2022



# Independent auditor's report

To Members of Non-Public Property Oversight and Advisory Board of  
**Canadian Armed Forces Charitable Funds**

## Opinion

We have audited the accompanying financial statements of **Canadian Armed Forces Charitable Funds** ["the Organization"], which comprise the statement of financial position as at March 31, 2022 and the statement of operations, statement of changes in net assets and the statement of cash flows for the year then ended, and the notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2022, 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 opinion

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 audit of the financial statements* section of our report. We are independent of the Organization in accordance with 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 audit 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 the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so. Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Organization to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

*Ernst & Young LLP*

Ottawa, Canada  
October 28, 2022

Chartered Professional Accountants  
Licensed Public Accountants



## Canadian Armed Forces Charitable Funds

### Statement of financial position

As at March 31

	2022	2021
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Cash	—	68,234
Due from Canadian Forces Central Fund <i>[note 8]</i>	18,960,110	19,611,282
Prepaid expenses	187,133	—
Current portion of small-preventive loans receivable <i>[note 4]</i>	1,665,848	1,649,105
Current portion of distress loans receivable <i>[note 4]</i>	872,610	722,110
Current portion of education loans receivable <i>[note 4]</i>	69,385	67,140
<b>Total current assets</b>	<b>21,755,086</b>	<b>22,117,871</b>
Small-preventive loans receivable <i>[note 4]</i>	1,680,391	987,676
Distress loans receivable <i>[note 4]</i>	1,823,442	1,521,441
Education loans receivable <i>[note 4]</i>	83,641	92,119
Intangible assets, net <i>[note 6]</i>	211,461	324,575
	<b>25,554,021</b>	<b>25,043,682</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	12,414	13,336
Deferred revenues	317,475	—
Distress loan liabilities and grant liabilities <i>[note 5]</i>	2,101	20,780
<b>Total liabilities</b>	<b>331,990</b>	<b>34,116</b>
<b>Net assets</b>		
Unrestricted <i>[note 2 and schedule A]</i>	22,783,875	22,484,136
Externally restricted – Grants <i>[note 2]</i>	2,438,156	2,525,430
<b>Total net assets</b>	<b>25,222,031</b>	<b>25,009,566</b>
	<b>25,554,021</b>	<b>25,043,682</b>

See accompanying notes

Approved on behalf of the Non-Public Property Board:



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Julie Peckham  
Chief Financial Officer

## Canadian Armed Forces Charitable Funds

### Statement of operations

Year ended March 31

	2022		2021	
	Unrestricted	Externally restricted – Grants	Total	Total
	\$	\$	\$	\$
<b>Revenue</b>				
Donations	1,967,104	712,045	2,679,149	3,284,607
Interest on deposits	542,208	41,819	584,027	570,673
Contributions from levies	252,016	—	252,016	236,408
Interest on loans receivable	217,784	—	217,784	203,075
Other	124,927	—	124,927	113,309
	<b>3,104,039</b>	<b>753,864</b>	<b>3,857,903</b>	<b>4,408,072</b>
<b>Expenses</b>				
Program	2,068,879	810,996	2,879,875	2,513,199
Fundraising	659,840	5,833	665,673	744,610
Administration and other	75,581	24,309	99,890	34,285
	<b>2,804,300</b>	<b>841,138</b>	<b>3,645,438</b>	<b>3,292,094</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>299,739</b>	<b>(87,274)</b>	<b>212,465</b>	<b>1,115,978</b>

See accompanying notes

## Canadian Armed Forces Charitable Funds

### Statement of changes in net assets

Year ended March 31

	<b>2022</b>			
	<b>Balance Beginning of year</b>	<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>Transfers</b>	<b>Balance end of year</b>
	\$	\$	\$	\$
Unrestricted <i>[schedule A]</i>	22,484,136	299,739	—	22,783,875
Externally restricted – Grants	2,525,430	(87,274)	—	2,438,156
	<b>25,009,566</b>	<b>212,465</b>	<b>—</b>	<b>25,222,031</b>
	<b>2021</b>			
	<b>Balance Beginning of year</b>	<b>Excess Of revenue over expenses for the year</b>	<b>Transfers</b>	<b>Balance end of year</b>
	\$	\$	\$	\$
Unrestricted	21,588,302	895,834	—	22,484,136
Externally restricted – Grants	2,305,286	220,144	—	2,525,430
Externally restricted – Endowments	1,045,518	—	(1,045,518)	—
	<b>24,939,106</b>	<b>1,115,978</b>	<b>(1,045,518)</b>	<b>25,009,566</b>

See accompanying notes

## Canadian Armed Forces Charitable Funds

### Statement of cash flows

Year ended March 31

	2022	2021
	\$	\$
<b>Operating activities</b>		
Excess of revenue over expenses for the year	212,465	1,115,978
Deduct items not affecting cash		
Amortization of intangible assets	123,114	121,173
Recovery on loans	(49,174)	(119,334)
Changes in non-cash working capital balances related to operations		
Advances to Canadian Forces Central Fund	651,172	449,248
Prepaid expenses	(187,133)	—
Deferred revenues	317,475	—
Accounts payable and accrued liabilities	(922)	3,921
Distress loan liabilities and grant liabilities	(18,679)	(233,211)
<b>Cash provided by operating activities</b>	<b>1,048,318</b>	<b>1,337,775</b>
<b>Investing activities</b>		
Purchase of intangible assets	(10,000)	(63,652)
Small-preventive loans advanced	(3,161,000)	(2,402,500)
Distress loans advanced	(1,557,591)	(1,663,707)
Education loans advanced	(89,196)	(92,311)
Principal repayment of small-preventive loans	2,432,738	2,828,867
Principal repayment of distress loans	1,154,158	984,400
Principal repayment of education loans	114,339	105,950
Transfer of endowment	—	(1,045,518)
<b>Cash used in investing activities</b>	<b>(1,116,552)</b>	<b>(1,348,471)</b>
<b>Net decrease in cash during the year</b>	<b>(68,234)</b>	<b>(10,696)</b>
Cash and cash equivalents, beginning of year	68,234	78,930
<b>Cash and cash equivalents, end of year</b>	<b>—</b>	<b>68,234</b>

See accompanying notes

## Schedule A – Revenue and expense and changes in net assets

Year ended March 31

	Unrestricted				Externally restricted – Grants					2022	2021
	Support Our Troops Grants \$	Soldier On Grants \$	Support Our Troops Loan Program \$	Total \$	Boomer's Legacy \$	Support Our Troops Restricted \$	Soldier On \$	License Plate Program \$	Total \$	Total \$	Total \$
<b>Revenue</b>											
Interest on deposits	185,013	15,392	341,803	542,208	—	—	—	41,819	41,819	584,027	570,673
Contributions from levies <i>[note 2]</i>	252,016	—	—	252,016	—	—	—	—	—	252,016	236,408
Interest on loans receivable	—	—	217,784	217,784	—	—	—	—	—	217,784	203,075
Program rebates	118,950	—	—	118,950	—	—	—	—	—	118,950	97,693
Philanthropic											
Partnerships	—	—	—	—	—	—	—	—	—	—	905,485
Donations and partnerships	1,186,147	780,957	—	1,967,104	106,276	144,688	218,166	242,915	712,045	2,679,149	2,379,122
Donations in-kind	5,977	—	—	5,977	—	—	—	—	—	5,977	12,142
Other	—	—	—	—	—	—	—	—	—	—	3,474
	<b>1,748,103</b>	<b>796,349</b>	<b>559,587</b>	<b>3,104,039</b>	<b>106,276</b>	<b>144,688</b>	<b>218,166</b>	<b>284,734</b>	<b>753,864</b>	<b>3,857,903</b>	<b>4,408,072</b>
<b>Expenses</b>											
Program											
Good works grants	1,224,893	843,986	—	2,068,879	41,715	405,777	163,649	199,855	810,996	2,879,875	2,501,057
Donations in-kind	—	—	—	—	—	—	—	—	—	—	12,142
Fundraising											
Salaries and benefits	440,155	113,835	—	553,990	—	—	—	—	—	553,990	632,952
Contract services	17,595	—	—	17,595	5,833	—	—	—	5,833	23,428	92,619
Marketing	3,255	—	—	3,255	—	—	—	—	—	3,255	19,039
Donation	85,000	—	—	85,000	—	—	—	—	—	85,000	—
Administration and other											
Bad debts	—	—	(104,210)	(104,210)	—	—	—	—	—	(104,210)	(156,332)
Administrative fees	1,941	8	—	1,949	9	—	—	—	9	1,958	2,426
Amortization of intangible assets	117,095	3,654	—	120,749	2,365	—	—	—	2,365	123,114	121,173
Other	58,348	(1,255)	—	57,093	1,200	—	—	20,735	21,935	79,028	67,018
	<b>1,948,282</b>	<b>960,228</b>	<b>(104,210)</b>	<b>2,804,300</b>	<b>51,122</b>	<b>405,777</b>	<b>163,649</b>	<b>220,590</b>	<b>841,138</b>	<b>3,645,438</b>	<b>3,292,094</b>
<b>Excess (deficiency) of revenue over expenses for the year</b>	<b>(200,179)</b>	<b>(163,879)</b>	<b>663,797</b>	<b>299,739</b>	<b>55,154</b>	<b>(261,089)</b>	<b>54,517</b>	<b>64,144</b>	<b>(87,274)</b>	<b>212,465</b>	<b>1,115,978</b>
Endowment funds transfer to CFMWS	—	—	—	—	—	—	—	—	—	—	(1,045,518)
Transfers	663,797	—	(663,797)	—	—	—	—	—	—	—	—
Net assets, beginning of year	5,349,352	425,824	16,708,960	22,484,136	97,966	902,824	79,090	1,445,550	2,525,430	25,009,566	24,939,106
<b>Net assets, end of year</b>	<b>5,812,970</b>	<b>261,945</b>	<b>16,708,960</b>	<b>22,783,875</b>	<b>153,120</b>	<b>641,735</b>	<b>133,607</b>	<b>1,509,694</b>	<b>2,438,156</b>	<b>25,222,031</b>	<b>25,009,566</b>

See accompanying notes

# Canadian Armed Forces Charitable Funds

## Notes to financial statements

March 31, 2022

### 1. Authority, organization and purpose

Canadian Forces Morale and Welfare Services manages and operates the charitable funds of the Canadian Armed Forces Community, which include: Support Our Troops Fund, Soldier On Fund and Boomer's Legacy Fund. Any gift received by any of these funds is considered to be a gift to Her Majesty. Her Majesty, in right of Canada, is a "Qualified Donee" in accordance with sections 110.1 and 118.1 of *the Income Tax Act (Canada)*. These funds exist to help Canadian Armed Forces ["CAF"] members and their families meet unique challenges and individual circumstances, most often associated with the demands of military service. Serving, former members of the CAF and their respective families can access financial assistance when warranted by distress or other deserving circumstances. These objectives are achieved through financial assistance in the form of small preventive loans, distress loans, education loans and grants.

Non-Public Property ["NPP"] is defined under the *National Defence Act*, consists of money and property contributed by Canadian Forces members. The Organization operates under the authority of the Chief of the Defence Staff ["CDS"] in his NPP capacity.

In common with other non-public funds, the Organization is exempt from paying income tax under Part I of the *Income Tax Act (Canada)*.

### 2. Summary of significant accounting policies

#### Basis of accounting

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

#### Fund accounting

Resources received and expended are classified for accounting and reporting purposes according to objectives specified externally by donors or internally by the CDS.

#### *Unrestricted – General*

**Support Our Troops Fund Grants** provide emergency financial support to members, veterans and their respective families in financial distress and/or hardship. Other initiatives include: scholarships, camp grants, special needs grants, OSISS retreats, the Holiday Hamper Program, spousal employment, support to ill and injured, region specific grants and the provision of the basic comforts of home to CAF members hospitalized for more than 48 hours. The Support Our Troops Funds also benefit from various NPP fundraising events.

**Support Our Troops Fund Loan Program** provides financial support through low-interest loans to members, veterans and their respective families. Available loan programs include: The small-preventive loan, the distress loan and the education loan [note 4]. The loan program is protected at a value of \$16,708,960.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2022

#### *Externally restricted – Grants*

**Soldier On Fund** provides opportunities for ill and injured CAF members and veterans to adopt an active and healthy lifestyle through participation in recreational, sporting and other physically challenging activities. Support from the fund is for those not covered through public funds. Examples of the type of expenditures include grants for specialized equipment and travel/participation in events.

**Boomer's Legacy Fund:** the mission of Boomer's Legacy Fund is "Helping Our Troops Help Others." This program is used to fund projects identified by CAF members, inside or outside of Canada, that would otherwise be unaddressed, in order to provide an opportunity for goodwill and a positive view of the CAF members in the eyes of the local population being assisted through the project.

**Support Our Troops Fund Restricted:** funds are used to support: moms and families, camps, the Edmonton Military Family Resource Center, special needs, vehicle purchases, the kids help line and region-specific grants.

**Licence Plate Program:** funds are received from the sale of specialty Support Our Troops Licence Plates from the provinces of Alberta, Manitoba and Saskatchewan and used within each province to support sanctioned programs.

#### *Externally restricted – Endowments*

The endowment funds have been transferred out of Canadian Armed Forces Charitable Fund and into Canadian Forces Morale and Welfare Services but are still managed by Canadian Armed Forces Charitable Fund.

**Cpl Ronald MacDonald Trust:** Mrs. Isabelle MacDonald established a Memorial Trust Fund in memory of her son, Corporal Ronald MacDonald, who died on December 10, 1975, while serving with the Canadian Forces in West Germany. The purpose of the fund, established on January 1, 1977, is to assist in alleviating financial problems incurred by members of the CAF and their families. Grants are paid out of the Memorial Trust Fund to a maximum of \$500 per case. The original contribution of \$20,000 is to remain in perpetuity.

**Rocky Mountain Rangers Museum and Archives:** Col WC Robertson, MC, OMM, CD, originally donated \$20,000 to the Rocky Mountain Rangers Museum and Archives to support annual scholarships for members in good standing of The Rocky Mountain Rangers, a Canadian Forces Reserve Regiment. Bursaries paid out of the trust fund will be no less than \$300. The original contribution of \$20,000 is to remain in perpetuity.

**The George and Helen Vari Foundation Canadian Armed Forces Education Fund:** The George and Helen Vari Foundation established an Education Fund to support education for active members of the CAF. Contributions are to remain in perpetuity. Disbursements from the annual interest are to be divided as follows: \$3,000 to the Toronto Scottish Regiment; and the remaining to be used for education for active members of the CAF.

#### **Loans receivable**

Loans receivable are measured at amortized cost using the effective interest rate method less provision for loan losses.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2022

#### Intangible assets

Intangible assets are initially recorded at cost and are then amortized on a straight-line basis at the following annual rates:

Websites	24% per annum
Loan management system	24% per annum

#### Revenue recognition

Externally restricted contributions [including donations and sponsorships] are recognized as revenue of the appropriate externally restricted fund and unrestricted contributions are recognized as revenue of the appropriate unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributions from levies includes contributions from Service Income Security Insurance Financial Services ["SISIP Financial"] and Canadian Forces Central Fund ["CFCF"]. SISIP Financial provides an annual contribution of \$200,000 towards welfare programs under Support Our Troops Funds. Contributions from CFCF are recorded monthly in accordance with the January 2004 agreement between CFCF and Support Our Troops Funds. These contributions are comprise of 0.25% from the Canadian Forces Bases/Wings/Unit Funds and Messes retail sales.

Donations in-kind are recorded at their fair values in the year received or receivable.

#### Grants

Grants are recorded as an expense when paid or when conversions of loans to grants are approved by the Support Our Troops Funds manager.

#### Use of 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 the disclosure of contingent assets and liabilities as at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. Actual results could differ from these estimates. The estimates are reviewed annually and as adjustments become necessary, they are recognized in the financial statements in the period that they become known.

#### Financial instruments

The Organization initially measures its financial assets and financial liabilities, issued or assumed in an arm's length transaction at fair value.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received by the Organization. If the consideration transferred or received has repayment terms, then the cost is

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2022

determined using the undiscounted cash flows, excluding interest and dividend payments, of the financial instrument transferred as consideration. If, however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances. The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest in the related financial item transferred is substantive and the amount of consideration transferred or received is established and agreed to by the related parties and is supported by independent evidence. Otherwise, the carrying amount of the consideration transferred or received is used as the cost of the related party financial instrument.

The Organization subsequently measures its financial assets and financial liabilities, including related party financial instruments, at amortized cost.

Financial assets subsequently measured at amortized cost are tested for impairment when there are indicators of possible impairment. Any impairment loss is recognized in excess (deficiency) of revenue over expenses. The previously recognized impairment loss may subsequently be reversed to a maximum of the amortized cost that would have been reported at the date of the reversal had the impairment not been recognized previously.

The carrying amount of the financial asset or liability is adjusted by the transaction costs, which are recognized in excess (deficiency) of revenue over expenses using the straight-line method.

### 3. Change in accounting policy

#### Financial instruments in a related party transaction, risk disclosure and other amendments

Effective April 1, 2021, the Organization adopted the amendments to Section 3856 of Part II of the *CPA Canada Handbook – Accounting, Financial Instruments*, [“Section 3856” or the “standard”] issued by the Canadian Accounting Standards Board. Under the amended standard, the measurement of related party financial instruments is now incorporated into Section 3856 as opposed to Section 3840, *Related Party Transactions* [“Section 3840”].

The Organization adopted the amendments to Section 3856 retrospectively. There was no impact of the adoption of the amendments to Section 3856 on the financial statements of Organization as at and for the year ended March 31, 2022.

### 4. Loans receivable

#### Small-preventive loans

Member loans range from \$1,000 to \$8,000. Terms of repayment are up to 42 months and bear an annual interest rate of 5.50%.

#### Distress loans

Individual loans of up to \$25,000 may be granted with payment terms extending to 60 months and bear an annual interest rate of 2.00%.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2022

#### Education loans

Applicants may request a maximum of \$5,000 per student with repayment over 12, 24, 36 or 48 months at a fixed annual interest rate of 3.45%. The lifetime maximum per student is \$20,000.

Loans receivable comprise of the following:

	Small-preventive		Distress		Education	
	2022	2021	2022	2021	2022	2021
	\$	\$	\$	\$	\$	\$
Loans receivable	<b>3,435,239</b>	2,746,781	<b>2,804,052</b>	2,434,551	<b>160,026</b>	185,259
Loan loss provision	<b>(89,000)</b>	(110,000)	<b>(108,000)</b>	(191,000)	<b>(7,000)</b>	(26,000)
	<b>3,346,239</b>	2,636,781	<b>2,696,051</b>	2,243,342	<b>153,026</b>	159,259
Less current portion	<b>1,665,848</b>	1,649,105	<b>872,610</b>	722,110	<b>69,385</b>	67,140
Long-term portion	<b>1,680,391</b>	987,676	<b>1,823,441</b>	1,521,232	<b>83,641</b>	92,119

Support Our Troops Funds does not require collateral of other security to support loans advances to serving and former members of the CAF. All of the loan repayment programs are either by monthly automatic deductions from payroll through the pay allotment system or by monthly pre-authorized debit.

#### 5. Distress loan liabilities and grant liabilities

Support Our Troops Funds administer the Distress Fund, which was established to provide distressed individuals and their immediate families with loans or grants to provide immediate relief. The loans and grants are determined by Support Our Troops Funds and payments are distributed on receipt of invoices or supporting documents.

	2022	2021
	\$	\$
<b>Balance, beginning of year</b>	<b>20,780</b>	253,991
Receipts	<b>110,468</b>	348,010
Disbursements	<b>(129,147)</b>	(581,221)
<b>Balance, end of year</b>	<b>2,101</b>	20,780

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2022

#### 6. Intangible assets

Intangible assets consist of the following:

	2022		2021	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Website	169,182	124,201	44,981	85,585
Loan management system	332,960	166,480	166,480	238,990
	<b>502,142</b>	<b>290,681</b>	<b>211,461</b>	<b>324,575</b>

Intangible assets are reviewed for impairment whenever events or changes in circumstances indicate that the carrying value of an asset may not contribute to the Organization's ability to generate economic benefit. Any impairment results in a write-down of the asset and an expense in the statement of operations. An impairment loss is not reversed if the fair value of the related asset subsequently increases.

#### 7. Due from Canadian Forces Central Fund

NPP, as defined by the *National Defence Act*, consists of money and property contributed by Canadian Forces members. Among the entities that operate under the authority of the CDS in his NPP capacity are the Organization, CFMWS and CFCF. The amount 'Due from Canadian Forces Central Fund' of \$18,960,110 [2021 – \$19,611,282] represents Support Our Troops Fund, Soldier On Fund and Boomer's Legacy Funds share of an internal consolidated bank account administered by CFCF. The amount has no specific terms of repayment and is interest-bearing, receiving a rate of return of 3.00% for 2022 [2021 – 3%].

#### 8. Financial instruments and risk management

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure as at March 31, 2022:

##### Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

The Organization is exposed to credit risk on the loans receivable. The Organization determines, on a continuing basis, the probable losses and sets up a provision for losses based on the estimated realizable value.

##### Liquidity risk

Liquidity risk is the risk the Organization will have difficulty in meeting obligations associated with financial liabilities, which include accounts payable and accrued liabilities and the distress loan or grant liabilities. Prudent management of liquidity risk implies retaining a sufficient level of liquidities and arranging for appropriate credit facilities. The Organization believes that its recurring financial resources are adequate to fulfill its obligations.