

# Canadian Armed Forces Charitable Funds

Financial statements  
March 31, 2023



# 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 financial statements of **Canadian Armed Forces Charitable Funds** [the "Organization"], which comprise the statement of financial position as at March 31, 2023 and the statement of operations, statement and the statement of cashflow of changes in net assets 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, 2023, and of its 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 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 statement* 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.

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*

Chartered Professional Accountants  
Licensed Public Accountants

Ottawa, Canada  
February 20, 2023



## Canadian Armed Forces Charitable Funds

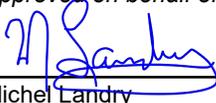
### Statement of financial position

As at March 31

	2023	2022
	\$	\$
<b>Assets</b>		
<b>Current</b>		
Due from Canadian Forces Central Fund <i>[note 7]</i>	18,404,852	18,960,110
Investment in Canadian Forces Central Fund	1,727,132	—
Prepaid Expense	—	187,133
Current portion of small-preventive loans receivable <i>[note 3]</i>	2,299,304	1,665,848
Current portion of distress loans receivable <i>[note 3]</i>	855,295	872,610
Current portion of education loans receivable <i>[note 3]</i>	69,962	69,385
<b>Total current assets</b>	<b>23,356,545</b>	<b>21,755,087</b>
Small-preventive loans receivable <i>[note 3]</i>	2,378,046	1,680,391
Distress loans receivable <i>[note 3]</i>	1,683,786	1,823,442
Education loans receivable <i>[note 3]</i>	74,541	83,641
Intangible assets <i>[note 5]</i>	108,861	211,461
	<b>27,601,779</b>	<b>25,554,020</b>
<b>Liabilities and net assets</b>		
<b>Liabilities</b>		
Accounts payable and accrued liabilities	49,374	12,414
Unearned Revenue	20,000	317,475
Distress loan liabilities and grant liabilities <i>[note 4]</i>	7,074	2,101
<b>Total liabilities</b>	<b>76,449</b>	<b>331,989</b>
<b>Net assets</b>		
Unrestricted – Grants <i>[note 2 and schedule A]</i>	6,690,714	6,074,915
Unrestricted – Support Our Troops Loan Program <i>[note 2 and schedule A]</i>	16,708,960	16,708,960
Externally restricted – Grants <i>[note 2 and schedule A]</i>	3,075,656	2,438,156
Externally restricted – Endowments <i>[note 6]</i>	1,050,000	—
<b>Total net assets</b>	<b>27,525,330</b>	<b>25,222,031</b>
	<b>27,601,779</b>	<b>25,554,020</b>

See accompanying notes

Approved on behalf of the Non-Public Property Oversight & Advisory Board:



Michel Landry  
Acting Chief Financial Officer

## Canadian Armed Forces Charitable Funds

### Statement of operations

Year ended March 31

	2023			2022	
	Unrestricted	Externally restricted – Grants	Externally restricted – Endowments	Total	Total
	\$	\$	\$	\$	\$
<b>Revenue</b>					
Donations	2,432,889	2,008,552	—	4,441,441	2,679,149
Interest on deposits	511,901	93,165	—	605,067	584,027
Contributions from levies	271,764	—	—	271,764	252,016
Interest on loans receivable	288,160	—	—	288,160	217,784
Other	151,492	—	—	151,492	124,927
	<b>3,656,206</b>	<b>2,101,717</b>	<b>—</b>	<b>5,757,923</b>	<b>3,857,903</b>
<b>Expense</b>					
Program	2,158,096	1,497,219	—	3,655,315	2,879,875
Fundraising	576,580	—	—	576,580	665,673
Administration and other	306,191	18,319	—	324,509	99,890
	<b>3,040,867</b>	<b>1,515,538</b>	<b>—</b>	<b>4,556,405</b>	<b>3,645,437</b>
<b>Net revenue for the year</b>	<b>615,339</b>	<b>586,179</b>	<b>—</b>	<b>1,201,518</b>	<b>212,465</b>

See accompanying notes

## Canadian Armed Forces Charitable Funds

### Statement of changes in net assets

Year ended March 31

	<b>2023</b>			
	<b>Balance, beginning of year</b>	<b>Excess (deficiency) of revenue over expenses</b>	<b>Transfers</b>	<b>Balance, end of year</b>
	\$	\$	\$	\$
Unrestricted – Grants <i>[schedule A]</i>	6,074,915	184,218	431,581	6,690,714
Unrestricted – Support Our Troops Loan Program <i>[schedule A]</i>	16,708,960	431,121	(431,121)	16,708,960
Externally restricted – Grants <i>[schedule A]</i>	2,438,156	586,179	51,321	3,075,656
Externally restricted – Endowments <i>[schedule A]</i>	—	—	1,050,000	1,050,000
	<b>25,222,031</b>	<b>1,201,518</b>	<b>1,101,781</b>	<b>27,525,330</b>
	<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	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>

See accompanying notes

## Canadian Armed Forces Charitable Funds

### Statement of cash flows

Year ended March 31

	2023	2022
	\$	\$
<b>Operating activities</b>		
Net revenue for the year	1,201,518	212,465
Items not affecting cash		
Amortization of intangible assets	102,600	123,114
Provision (recovery) on loans	180,297	(49,174)
Changes in non-cash working capital items		
Advances to Canadian Forces Central Fund	566,298	651,172
Prepaid expenses	187,133	(187,133)
Deferred revenues	(297,475)	317,475
Accounts payable and accrued liabilities	36,961	(922)
Distress loan liabilities and grant liabilities	4,974	(18,679)
<b>Cash provided by operating activities</b>	<b>1,982,305</b>	<b>1,048,318</b>
<b>Investing activities</b>		
Purchase of intangible assets	—	(10,000)
Small-preventive loans advanced	(4,160,500)	(3,161,000)
Distress loans advanced	(1,121,462)	(1,557,591)
Education loans advanced	(104,151)	(89,196)
Principal repayment of small-preventive loans	2,692,519	2,432,738
Principal repayment of distress loans	1,230,005	1,154,158
Principal repayment of education loans	117,674	114,339
Transfer of Endowment	(636,390)	—
<b>Cash used in investing activities</b>	<b>(1,982,305)</b>	<b>(1,116,552)</b>
<b>Net decrease in cash during the year</b>	<b>—</b>	<b>(68,234)</b>
Cash and cash equivalents, beginning of year	—	68,234
<b>Cash and cash equivalents, end of year</b>	<b>—</b>	<b>—</b>

See accompanying notes

## Schedule of revenue and expense and changes in net assets

Year ended March 31

	Unrestricted				Externally restricted – Grants						Externally Restricted Endowments	2023	2022
	Support Our Troops Grants \$	Soldier On Grants \$	Support Our Troops Loan Program \$	Total \$	Boomer's Legacy \$	Support Our Troops Restricted \$	Soldier On Restricted \$	Support Our Troops Multi Year \$	License Plate Program \$	Total \$	Total \$	Total \$	Total \$
<b>Revenue</b>													
Interest on deposits	193,904	23,640	294,357	511,901	—	—	—	50,130	43,035	93,165	—	605,067	584,027
Contributions from levies <i>(note 2)</i>	271,764	—	—	271,764	—	—	—	—	—	—	—	271,764	252,016
Interest on loans receivable	—	—	288,160	288,160	—	—	—	—	—	—	—	288,160	217,784
Program rebates	141,143	—	—	141,143	—	—	—	—	—	—	—	141,143	118,950
Philanthropic													
Donations and partnerships	990,997	1,441,892	—	2,432,889	2,978	437,185	690,000	675,000	203,388	2,008,552	—	4,441,441	2,679,149
Donations in-kind	—	—	—	—	—	—	—	—	—	—	—	—	5,977
Other	10,349	—	—	10,349	—	—	—	—	—	—	—	10,349	—
	<b>1,698,157</b>	<b>1,465,532</b>	<b>582,517</b>	<b>3,656,206</b>	<b>2,978</b>	<b>437,185</b>	<b>690,000</b>	<b>725,130</b>	<b>246,424</b>	<b>2,101,717</b>	<b>—</b>	<b>5,757,923</b>	<b>3,857,903</b>
<b>Expense</b>													
Program													
Good works grants	1,285,912	872,184	—	2,158,096	53,477	463,338	735,817	88,740	155,848	1,497,219	—	3,655,315	2,879,875
Fundraising													
Salaries and benefits	446,956	120,557	—	567,513	—	—	—	—	—	—	—	567,513	553,990
Contract services	—	—	—	—	—	—	—	—	—	—	—	—	23,428
Marketing	2,698	6,369	—	9,067	—	—	—	—	—	—	—	9,067	3,255
Donation	—	—	—	—	—	—	—	—	—	—	—	—	85,000
Administration and other													
Bad debts	—	—	151,396	151,396	—	—	—	—	—	—	—	151,396	(104,210)
Administrative fees	1,146	—	—	1,146	9	—	—	—	—	9	—	1,155	1,958
Amortization of intangible assets	101,597	609	—	102,206	394	—	—	—	—	394	—	102,600	123,114
Other	50,243	1,200	—	51,443	1,200	—	—	—	16,715	17,915	—	69,358	79,028
	<b>1,888,553</b>	<b>1,000,918</b>	<b>151,396</b>	<b>3,040,867</b>	<b>55,081</b>	<b>463,338</b>	<b>735,817</b>	<b>88,740</b>	<b>172,563</b>	<b>1,515,538</b>	<b>—</b>	<b>4,556,405</b>	<b>3,645,437</b>
<b>Excess of revenue over expenses</b>	<b>(280,396)</b>	<b>464,614</b>	<b>431,121</b>	<b>615,339</b>	<b>(52,103)</b>	<b>(26,152)</b>	<b>(45,817)</b>	<b>636,390</b>	<b>73,861</b>	<b>586,179</b>	<b>—</b>	<b>1,201,518</b>	<b>212,465</b>
Endowment funds transfer from CFCF	—	—	—	—	—	—	—	40,742	—	40,742	1,050,000	1,090,742	—
Transfers	245,084	186,497	(431,121)	460	3	10,642	(1)	—	(66)	10,579	—	11,039	—
<b>Net assets, beginning 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>—</b>	<b>1,509,628</b>	<b>2,438,090</b>	<b>—</b>	<b>25,221,965</b>	<b>25,009,568</b>
<b>Net assets, end of year</b>	<b>5,777,658</b>	<b>913,056</b>	<b>16,708,960</b>	<b>23,399,674</b>	<b>101,021</b>	<b>626,225</b>	<b>87,790</b>	<b>677,132</b>	<b>1,583,423</b>	<b>3,075,590</b>	<b>1,050,000</b>	<b>27,525,264</b>	<b>25,222,033</b>

See accompanying notes

# Canadian Armed Forces Charitable Funds

## Notes to financial statements

March 31, 2023

### 1. Authority, organization and purpose

Canadian Forces Morale and Welfare Services ["CFMWS"] 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 His Majesty. His Majesty, in right of Canada, is a "Qualified Donee" in accordance with sections 110.1 and 118.1 of *The Income Tax Act*. 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"] as defined under the *National Defence Act*, consists of money and property contributed by Canadian Forces members. The Canadian Armed Forces Charitable Funds ["The Organization" or "CAFCHF"] 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: These 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: The purpose of the Support Our Troops Loan Program is to provide 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, 2023

**Soldier On Fund:** This 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.

#### *Externally restricted – Grants*

**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:** These 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

**Soldier On Fund Restricted:** These funds are used to support: Invictus Games, Warrior Games and region and purpose specific grants.

**Licence Plate Program:** These 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 endowments funds have been transferred back to CAFCF from CFCF.

**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 \$30,000 to the Rocky Mountain Rangers Museum and Archives to support an annual scholarship(s) for members in good standing of The Rocky Mountain Ranger(s), a Canadian Forces Reserve Regiment. Bursaries paid out of the trust fund will be no less than \$300. The original contribution of \$30,000 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.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2023

#### *Externally restricted – Multi Year*

Helen Stacey Scholarships: The Helen Stacey Scholarships were established to support scholarships for an annual scholarship of \$3,000 for the duration of the endowment. The funds are to support students of the Canadian Armed Forces Community who wish to study journalism, history and/or early childhood education. If no applications are received for these areas, then the funds are to be used in the National Scholarship Program.

Guy and Marian Tallman Scholarships: The Guy and Marian Tallman Scholarships were established to support ten \$5,000 annual scholarships for the duration of the endowment. The funds are to be used in the National Scholarship Program to support students within the Canadian Armed Forces Community.

#### **Loans receivable**

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

#### **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**

Canadian Armed Forces Charitable Funds follows the restricted fund method of accounting for contributions.

Endowment contributions are recognized as revenue of the Endowment Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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. Restricted contributions for which there is not an appropriate restricted fund are recognized in the general fund using the deferred method.

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 consist 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.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2023

#### Grants

Grants are recorded as an expense when paid or when conversions of loans to grants are approved by the Support Our Troops Fund 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 at the date of the financial statements and the reported amounts of revenue and expense 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, the cost is determined using 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 cost, which are recognized in excess (deficiency) or revenue over expenses using the straight-line method.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2023

#### Change in accounting policy

Effective April 1, 2022, CAFCF adopted the amendments to Section 3400 of Part II of the *CPA Canada Handbook – Accounting, Revenue*.

The amended standard provides additional guidance on determining whether an arrangement consists of a group of contracts or a single contract, identifying the units of account in an arrangement, allocating consideration in multiple-element arrangements to separate units of account on a relative stand-alone selling price basis and methods for estimating the stand-alone selling price when it is not directly observable, and accounting for revenue under the percentage of completion method.

CAFCF adopted the amendments to Section 3400 retrospectively. The adoption of these amendments had no impact on CAFCF's financial statements.

#### 3. 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 of 60 months, exceptions up to 72 months, and bear an annual interest rate of 2.00%.

##### 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 consist of the following:

	Small-preventive		Distress		Education	
	2023	2022	2023	2022	2023	2022
	\$	\$	\$	\$	\$	\$
Loans receivable	<b>4,795,350</b>	3,435,239	<b>2,630,081</b>	2,804,052	<b>146,503</b>	160,026
Loan loss provision	<b>(118,000)</b>	(89,000)	<b>(91,000)</b>	(108,000)	<b>(2,000)</b>	(7,000)
	<b>4,677,350</b>	3,346,239	<b>2,539,081</b>	2,696,052	<b>144,503</b>	153,026
Less current portion	<b>2,299,304</b>	1,665,848	<b>855,295</b>	872,610	<b>69,962</b>	69,385
<b>Long-term portion</b>	<b>2,378,046</b>	1,680,391	<b>1,683,786</b>	1,823,442	<b>74,541</b>	83,641

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2023

Support Our Troops Funds does not require collateral or other security to support loans advanced 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.

#### 4. Support Our Troops Trust Account

Support Our Troops Fund administers the Trust Account, 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 Fund and payments are distributed on receipt of invoices or supporting documents.

	2023	2022
	\$	\$
<b>Balance, beginning of year</b>	<b>2,101</b>	20,780
Receipts	<b>44,258</b>	110,468
Disbursements	<b>(39,285)</b>	(129,147)
<b>Balance, end of year</b>	<b>7,074</b>	2,101

#### 5. Intangible assets

Intangible assets consist of the following:

	2023		2022	
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Website	169,182	146,891	22,291	44,981
Loan Management System	332,960	246,390	86,570	166,480
	<b>502,142</b>	<b>393,281</b>	<b>108,861</b>	211,461

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.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

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#### 6. Net assets externally restricted – Endowments

The endowments funds have been transferred back to CAFCF from CFCF.

The following is a summary of endowment movements for the year:

	Balance, beginning of year \$	Transfer From CFCF \$	Balance, end of year \$
Cpl Ronald MacDonald Trust	—	20,000	20,000
Rocky Mountain Rangers Museum and Archives	—	30,000	30,000
The George and Helen Vari Foundation Canadian Armed Forces Education Fund	—	1,000,000	1,000,000
	—	1,050,000	1,050,000

#### 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 \$18,404,852 [2022 – \$18,960,110] represents the Support Our Troops Fund, Soldier On Fund and Boomer's Legacy Fund 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% for 2023 [2022 – 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, 2023:

##### 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.

## Canadian Armed Forces Charitable Funds

### Notes to financial statements

March 31, 2023

#### **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.