

THE ARMY CADET LEAGUE OF CANADA
FINANCIAL STATEMENTS
DECEMBER 31, 2025

CONTENTS

INDEPENDENT AUDITORS' REPORT	1
FINANCIAL STATEMENTS	
STATEMENT OF FINANCIAL POSITION	3
STATEMENT OF OPERATIONS	4
STATEMENT OF CHANGES IN NET ASSETS	5
STATEMENT OF CASH FLOWS	6
NOTES TO THE FINANCIAL STATEMENTS	7



PARKER PRINS LEBANO
Chartered Professional Accountants
Professional Corporation

INDEPENDENT AUDITORS' REPORT

To the Members of:

THE ARMY CADET LEAGUE OF CANADA

Opinion

We have audited the accompanying financial statements of The Army Cadet League of Canada, which comprise the Statement Of Financial Position as at December 31, 2025, and the Statements Of Operations, Changes In Net Assets and Cash Flows for the year then ended, and Notes To The Financial Statements, including a summary of significant accounting policies (the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of The Army Cadet League of Canada as at December 31, 2025, 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 Opinion

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

Emphasis of Matter

We draw attention to Note 9 to the financial statements which describes the League's financial dependence on the funding provided by Canadian Department of National Defence.

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 Army Cadet League of Canada'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 Army Cadet League of Canada or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing The Army Cadet League of Canada's financial reporting process.

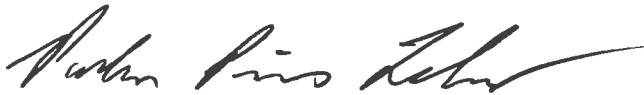
Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial 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 Army Cadet League of Canada'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 Army Cadet League of Canada's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause The Army Cadet League of Canada 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.



Parker Prins Lebano Chartered Professional Accountants Professional Corporation
Authorized to practice public accounting by the Chartered Professional Accountants of Ontario

Ottawa, Ontario
April 10, 2026

THE ARMY CADET LEAGUE OF CANADA
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
ASSETS		
CURRENT		
Cash	\$ 714,466	\$ 640,426
Accounts receivable	2,445	38,091
Recoverable HST	13,527	14,221
Inventory	8,532	9,427
Prepaid supplies	-	8,893
Prepaid expense	<u>81,397</u>	<u>73,460</u>
	820,367	784,518
 CASH RELATED TO RESTRICTED FUNDS (note 13)	 291,372	 237,564
 INVESTMENTS SET ASIDE FOR RESTRICTED FUNDS (notes 3 and 13)	 -	 71,898
 CAPITAL ASSETS (note 4)	 <u>3,346</u>	 <u>5,837</u>
	<u>\$ 1,115,085</u>	<u>\$ 1,099,817</u>
 LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities (note 12)	\$ 42,863	\$ 39,493
Deferred revenue (note 5)	<u>125,000</u>	<u>125,000</u>
	<u>167,863</u>	<u>164,493</u>
 NET ASSETS		
CONTINGENCY FUND (note 6)	290,597	285,724
WIND-UP CONTINGENCY FUND (note 7)	116,470	114,678
150 th RCAC ANNIVERSARY FUND (note 8)	20,000	20,000
GENERAL FUND	228,783	205,460
RESTRICTED FUNDS (note 13)	<u>291,372</u>	<u>309,462</u>
	<u>947,222</u>	<u>935,324</u>
	<u>\$ 1,115,085</u>	<u>\$ 1,099,817</u>

Approved by the Board:

 Director
  Director

THE ARMY CADET LEAGUE OF CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED DECEMBER 31, 2025

	2025	2024
REVENUE		
Grant - Department National Defence (notes 5 and 9)	\$ 500,000	\$ 500,000
Contributions from branches	103,300	93,900
Donations - other	42,003	42,187
Annual general meeting and membership fees	17,958	21,675
Miscellaneous	3,775	5,297
Property tax rebate	-	2,440
Army Cadet Service Medals	-	15
	<u>667,036</u>	<u>665,514</u>
EXPENDITURES		
Salaries and benefits	281,305	279,042
Insurance	114,922	113,618
Professional fees	59,467	45,059
Annual and executive meetings	57,478	66,119
Travel	41,962	42,494
Office expense	34,072	26,991
Awards	14,766	6,623
Rent	12,935	14,776
Branch initiatives	11,675	12,415
Amortization	4,987	5,583
Public relations	4,751	5,186
Translation	3,737	7,049
Cadet initiatives	1,656	7,250
	<u>643,713</u>	<u>632,205</u>
EXCESS OF REVENUE OVER EXPENDITURES FOR THE YEAR	<u>\$ 23,323</u>	<u>\$ 33,309</u>

THE ARMY CADET LEAGUE OF CANADA
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED DECEMBER 31, 2025

	Contingency Fund (note 6)	Wind-up Contingency Fund (note 7)	150 th RCAC Anniversary Fund (note 8)	General	Restricted Funds (note 13)	2025	2024
NET ASSETS							
Balance, beginning of year	\$ 285,724	\$ 114,678	\$ 20,000	\$ 205,460	\$ 309,462	\$ 935,324	\$ 896,429
Excess (deficiency) of revenue over expenditures for the year	4,873	1,792	-	23,323	(18,090)	11,898	38,895
Balance, end of year	<u>\$ 290,597</u>	<u>\$ 116,470</u>	<u>\$ 20,000</u>	<u>\$ 228,783</u>	<u>\$ 291,372</u>	<u>\$ 947,222</u>	<u>\$ 935,324</u>

THE ARMY CADET LEAGUE OF CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED DECEMBER 31, 2025

	<u>2025</u>	<u>2024</u>
CASH FLOWS FROM (USED FOR) OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ 23,323	\$ 33,309
Items not affecting cash:		
Amortization	<u>4,987</u>	<u>5,583</u>
	28,310	38,892
Net changes in non-cash items related to operations:		
Accounts receivable	35,646	(37,457)
Recoverable HST	694	12,725
Inventory	895	291
Prepaid supplies	8,893	2,090
Prepaid expense	(7,937)	31,193
Accounts payable and accrued liabilities	3,370	14,457
Contingency Fund	4,873	8,829
Wind-up Contingency Fund	1,792	3,673
Restricted Funds	<u>(18,090)</u>	<u>(6,916)</u>
	<u>58,446</u>	<u>67,777</u>
CASH FLOWS USED FOR INVESTING ACTIVITIES		
Purchases of capital assets	<u>(2,496)</u>	<u>(4,210)</u>
INCREASE IN CASH AND CASH EQUIVALENTS	55,950	63,567
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	<u>949,888</u>	<u>886,321</u>
CASH AND CASH EQUIVALENTS, END OF YEAR	<u><u>\$ 1,005,838</u></u>	<u><u>\$ 949,888</u></u>
CASH AND CASH EQUIVALENTS REPRESENTED BY:		
Cash	\$ 714,466	\$ 640,426
Cash related to Restricted Funds	291,372	237,564
Investments set aside for Restricted Funds	<u>-</u>	<u>71,898</u>
	<u><u>\$ 1,005,838</u></u>	<u><u>\$ 949,888</u></u>

THE ARMY CADET LEAGUE OF CANADA

NOTES TO THE FINANCIAL STATEMENTS

DECEMBER 31, 2025

1. STATUS AND NATURE OF ACTIVITIES

The Army Cadet League of Canada is a civilian non-profit organization working in partnership with the Canadian Forces to support the Royal Canadian Army Cadet program in promoting and fostering leadership, citizenship, self-reliance, physical fitness, and respect for others in Canadian youth.

The League is a registered charity under the Income Tax Act and as such, is exempt from income taxes provided certain conditions are met.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements include the assets, liabilities, operations and cash flows of the League's National Office. They do not include the assets, liabilities, operations and cash flows of the League's Branches, as they are separate legal entities with separate Boards of Directors.

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and reflect the following significant accounting policies:

REVENUE RECOGNITION

The League follows the deferral method of accounting for revenue. Under this method, revenue restricted for future period expenses are deferred and are recognized as revenue in the year in which the related expenses are incurred. Unrestricted revenue is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Department of National Defence Grant is paid on an annual basis and recorded as revenue on a monthly basis, amortized on a straight-line basis.

Donations are recorded as revenue when received.

Contributions to restricted funds are recognized when received.

Interest is recorded as revenue on the accrual basis.

BASIS OF PRESENTATION

The League's ability to meet its financial obligations is dependent upon all sources of revenue being sufficient to provide adequate cash flows to cover all operating costs and adequate financing and on the ability to realize all assets and discharge liabilities in the normal course of business for the foreseeable future.

USE OF ESTIMATES

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations require the League's management to make estimates that affect the reported amounts of assets and liabilities as at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods presented. Actual results may differ from these estimates.

INVENTORY

Inventory, which is comprised of items held for resale, is estimated at the lower of cost and net realizable value.

THE ARMY CADET LEAGUE OF CANADA

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2025

2. SIGNIFICANT ACCOUNTING POLICIES (continued)

CAPITAL ASSETS

Capital assets are stated at cost. Amortization is recorded as using the declining balance method at rates calculated to amortize the cost over their estimated useful lives as follows:

Computers	3 years, straight-line method
Furniture and equipment	20% per annum declining balance method
Leasehold improvements	Straight-line method, over the initial lease term

RESTRICTED FUNDS

Restricted Funds represent contributions received for specific purposes. These contributions and their corresponding interest earned and specific expenses are not included in the League's Statement Of Operations And Net Assets, but are disclosed in their separate Statement of Revenue, Expenses and Net Assets.

3. INVESTMENTS SET ASIDE FOR RESTRICTED FUNDS

The December 31, 2024 balance consists of various non-redeemable Guaranteed Investment Certificates maturing on December 9, 2025 and bearing interest of 5% per annum.

4. CAPITAL ASSETS

	2025			2024
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer	\$ 11,017	\$ 9,207	\$ 1,810	\$ 1,895
Furniture and equipment	10,892	9,356	1,536	3,942
Leasehold improvements	24,796	24,796	-	-
	<u>\$ 46,705</u>	<u>\$ 43,359</u>	<u>\$ 3,346</u>	<u>\$ 5,837</u>

As at December 31, 2024, the total cost of capital assets was \$44,208 and total accumulated amortization amounted to \$38,371.

5. DEFERRED REVENUE

Included in deferred revenue is a portion of the National Defence Grant received for the Canadian Department of National Defence's fiscal year from April 1, 2025 to March 31, 2026. As a result, of the total grant received in the year (\$500,000), \$125,000 is recorded as deferred revenue.

6. CONTINGENCY FUND

The Contingency Fund represents funds set aside for the purpose of funding unexpected/unbudgeted expenditures. Such expenditures, in accordance with the League's bylaws and subject to approval by the Executive Committee, may include (but are not limited to) legal defence costs and non-insurable claims made against the League. The current year transfer in the amount of \$4,873 (2024 - \$8,829) represents the net investment income earned on the investment and cash funds set aside for the Fund.

THE ARMY CADET LEAGUE OF CANADA
NOTES TO THE FINANCIAL STATEMENTS (continued)
DECEMBER 31, 2025

7. WIND-UP CONTINGENCY FUND

The Wind-up Contingency Fund represents funds set aside for the possible wind-up of the League. Such costs, in accordance with the League's bylaws and subject to approval by the Executive Committee, may include (but are not limited to) lease cancellation costs, severance pay, legal costs and other professional fees. The current year transfer of \$1,792 (2024 - \$3,673) represents the net investment income earned on the investment and cash funds set aside for the Fund.

8. 150th RCAC ANNIVERSARY FUND

Following the conclusion of the 50th Anniversary celebrations during the fiscal year, the 50th Anniversary Fund was renamed the 150th RCAC Anniversary Fund for the purpose of supporting the Royal Canadian Army Cadets 150th anniversary in 2029.

9. FINANCIAL DEPENDENCY

The League is dependent on the Canadian Department of National Defence (DND) for annual funding. The League and DND have signed a grant agreement and the League will receive grants for eligible expenditures incurred from April 1, 2025 to March 31, 2026.

10. COMMITMENTS

The League is committed to leases for office space to October 31, 2026. Future minimum lease payment for the next fiscal year is \$11,807.

The League has entered into a contract for hotel rooms and meeting space for their 2026 AGM. 75% of the total estimated cost has been paid in the current fiscal year. The remaining 25% to be paid in 2026 is estimated at \$5,213.

The League has entered into a contract for software. The minimum payment under this contract is \$8,316 for the next year.

11. FINANCIAL INSTRUMENTS

The League's financial instruments consist of cash, accounts receivable, marketable securities, accounts payable and accrued liabilities and long-term debt. The fair value of the financial instruments approximate their carrying values, unless otherwise stated. It is management's opinion that the League is not exposed to significant interest rate risks arising from these financial instruments other than marketable securities held by the League.

The League records a non-cash credit or debit to Investments Set Aside for Restricted Funds representing the change in the fair market value of these investments.

12. GOVERNMENT PAYABLES

Accounts payable and accrued liabilities include payroll source deductions payable of \$2,420 (2024 - \$4,026).

THE ARMY CADET LEAGUE OF CANADA

NOTES TO THE FINANCIAL STATEMENTS (continued)

DECEMBER 31, 2025

13. RESTRICTED FUNDS

Restricted Funds consist of accumulated contributions and investment income less expenses for the following specific funds established by the League. Each of these internally restricted funds has received contributions and investment income that are only used for specific purposes, as intended by the contributors.

STATEMENT OF REVENUE, EXPENSES AND NET ASSETS - RESTRICTED FUNDS

	Colonels' Commandant & Presidents' Scholarship	Lieutenant-General G. Walsh Founders Award	Gerard Buckley Cadet Fund	1st Canadian Parachute Battalion Bursary	Major-General Howard	Terrence J. Whitty Memorial Bursary	2025	2024
Balance, beginning of year	\$ 104,254	\$ 16,905	\$ 102,400	\$ 1,924	\$ 71,198	\$ 12,781	\$ 309,462	\$ 316,378
Contributions received	-	-	4,729	-	-	-	4,729	-
Interest earned	1,620	536	3,474	-	1,006	764	7,400	11,873
Awards	(4,000)	(1,230)	(12,000)	(500)	(10,489)	(2,000)	(30,219)	(18,789)
Deficiency of revenue over expenditures for the year	(2,380)	(694)	(3,797)	(500)	(9,483)	(1,236)	(18,090)	(6,916)
Balance, end of year	\$ 101,874	\$ 16,211	\$ 98,603	\$ 1,424	\$ 61,715	\$ 11,545	\$ 291,372	\$ 309,462