



**THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY
INC.**

(a not-for-profit corporation registered in Ontario)

Financial Statements

Year Ended December 31, 2015

**THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY
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Year Ended December 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY INC. (a not-for-profit corporation registered in Ontario)

We have audited the accompanying financial statements of THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY INC., (a not-for-profit corporation registered in Ontario), which comprise the statement of financial position as at December 31, 2015 and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

(continues)

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Independent Auditor's Report to the Members of THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY
AND HISTORICAL SOCIETY INC. *(continued)*

Basis for Qualified Opinion

In common with many charitable organizations, the company derives revenue from (donations and fund raising) 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 company and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the contributions referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY INC., (a not-for-profit corporation registered in Ontario), as at December 31, 2015 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Other Matter

2014 financial statements were not audited

Toronto, Ontario
July 19, 2016



TAVANA & CO. PROFESSIONAL CORPORATION

Authorized to practise public accounting by
the Chartered Professional Accountants of Ontario

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INC.**

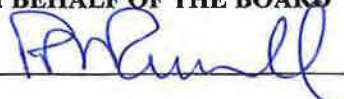
(a not-for-profit corporation registered in Ontario)

Statement of Financial Position

December 31, 2015

	<i>December 31</i> 2015	<i>December 31</i> 2014
ASSETS		
CURRENT		
Cash	\$ 7,984	\$ 6,574
Accounts receivable	66,989	4,289
Harmonized sales tax recoverable	2,280	2,755
Prepaid expenses	87,430	3,516
	<u>164,683</u>	<u>17,134</u>
PROPERTY AND EQUIPMENT	<u>35,721</u>	<u>18,273</u>
	<u>\$ 200,404</u>	<u>\$ 35,407</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accrued liabilities	\$ 8,417	\$ 907
DEFERRED REVENUE	<u>90,550</u>	<u>-</u>
	<u>98,967</u>	<u>907</u>
NET ASSETS		
General fund	<u>101,437</u>	<u>34,500</u>
	<u>\$ 200,404</u>	<u>\$ 35,407</u>

ON BEHALF OF THE BOARD



Director

Director

See accompanying notes to the financial statements

**THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY
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Statement of Revenues and Expenditures

Year Ended December 31, 2015

	2015	2014
REVENUES		
Events, training, horse usage fees	\$ 21,550	\$ 35,428
Grants and donations	<u>89,671</u>	<u>45,785</u>
	<u>111,221</u>	<u>81,213</u>
EXPENSES		
Advertising and promotion	-	7,094
Interest and bank charges	1,505	460
Office	2,910	2,979
Professional fees	3,469	1,754
Insurance	6,214	4,169
Sub-contracts	<u>30,186</u>	<u>35,940</u>
	<u>44,284</u>	<u>52,396</u>
EXCESS OF REVENUES OVER EXPENSES	<u>\$ 66,937</u>	<u>\$ 28,817</u>

See accompanying notes to the financial statements

**THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY
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Statement of Changes in Net Assets

Year Ended December 31, 2015

	General Fund	Restricted Fund	2015	2014
NET ASSETS - BEGINNING OF YEAR	\$ 34,500	\$ -	\$ 34,500	\$ 5,684
Excess of revenues over expenses	66,937	-	66,937	28,817
NET ASSETS - END OF YEAR	\$ 101,437	\$ -	\$ 101,437	\$ 34,501

See accompanying notes to the financial statements

**THE GOVERNOR GENERAL'S HORSE GUARDS CAVALRY AND HISTORICAL SOCIETY
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Statement of Cash Flow

Year Ended December 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 66,937	\$ 28,817
Changes in non-cash working capital:		
Accounts receivable	(62,700)	(4,289)
Accrued liabilities	7,510	(372)
Prepaid expenses	(83,914)	(1,366)
Harmonized sales tax payable	475	(1,929)
	<u>(138,629)</u>	<u>(7,956)</u>
Cash flow from (used by) operating activities	<u>(71,692)</u>	<u>20,861</u>
INVESTING ACTIVITY		
Equipments	<u>(17,448)</u>	<u>(18,273)</u>
FINANCING ACTIVITIES		
Deferred income	90,550	-
Repayment of short term debt	<u>-</u>	<u>(3,000)</u>
Cash flow from (used by) financing activities	<u>90,550</u>	<u>(3,000)</u>
INCREASE (DECREASE) IN CASH FLOW	<u>1,410</u>	<u>(412)</u>
Cash - beginning of year	<u>6,574</u>	<u>6,986</u>
CASH - END OF YEAR	<u>\$ 7,984</u>	<u>\$ 6,574</u>

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Notes to Financial Statements

Year Ended December 31, 2015

1. DESCRIPTION OF OPERATIONS

The Government General Horse Guard Caclary & Historical Society Inc (GGHG), incorporated in February 2012 as a charitable organisation. The purpose is in support of the GGHG Commanding Officer, the Regiment and the Regimental Family. It funds and operates the volunteer, commemorative cavalry unit, the development of a museum dedicated to the GGHG's history and a variety of services undertaken on a project basis. Fundings are derived from fund raising events, fees for cavalry services and donations from the public and GGHG Foundation

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO)

Revenue Recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed services

The activities of the Organization were carried out by volunteers without compensation in the current fiscal year. The value of such service is not recognized in the financial statements.

Accounting estimates

The preparation of financial statements in conformity with Accounting Standards for Not-for-Profit Organization requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities and disclosures of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenditures during the reporting period. Actual results could differ from those estimates.

Financial instruments policy

Investments are recorded at fair value at each financial position date and any change in fair value is recognized in investment income in the current year. All other financial instruments are reported at amortized cost and tested for impairment at each reporting date. When use of the effective interest method does not result in any material difference in valuation, financial assets and financial liabilities are reported at cost.

Property and equipment

The balance represents accoutrements; their estimated useful life cannot be determined. As the average of annual revenues recognized in the statement of operations for the current and preceeding peiord is less than \$500,000, the organisation is exempted from the section 4431 of the CPA handbook.

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Notes to Financial Statements

Year Ended December 31, 2015

3. FINANCIAL INSTRUMENTS

It is management's opinion that in light of the straightforward nature of the organization's operations, and the policies to manage risk that are in place, organization's exposure to credit, currency, interest, liquidity, market, and other price risks arising from these financial instruments is immaterial. Accordingly, the supplemental disclosure that would otherwise be required has not been provided.

4. ACCOUNT RECEIVABLE

Account receivable represents amount due from individual committed to attend the World War I tour

5. DEFERRED REVENUE

Balance represents firm commitment by individual interested in attending the World War I tour in June of 2016. Those individuals were invoiced in 2015

6. ADOPTION OF ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

Effective January 1, 2015, GGHG adopted the requirements of the Chartered Professional Accountants Handbook - Accounting, electing to adopt the new accounting framework: Canadian accounting standards for not-for-profit (ASNPO). These are the company's first financial statements prepared in accordance with ASNPO which has been applied retrospectively. The accounting policies set out in the above significant accounting policy note have been applied in preparing these financial statements for the year ended December 31, 2015.

The adoption of ASNPO had no impact on the previously reported assets, liabilities and equity of the organisation, and accordingly; no adjustments have been recorded in the comparative statement of financial position, statement of revenues and expenditures, statement of changes in net assets and the statement of cash flows. Certain of the company's disclosures included in these financial statements reflect the new disclosure requirement of ASNPO.
