

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
FINANCIAL STATEMENTS
AS AT DECEMBER 31, 2015

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
TABLE OF CONTENTS
AS AT DECEMBER 31, 2015

| | <u>Page</u> |
|------------------------------------------------------|-------------|
| INDEPENDENT AUDITORS' REPORT | 1 |
| FINANCIAL STATEMENTS | |
| Statement of Financial Position | 2 |
| Statement of Operations and Changes in Fund Balances | 3 |
| Statement of Cash Flows | 4 |
| Notes to Financial Statements | 5-11 |

INDEPENDENT AUDITORS' REPORT

To the Members
Royal Military Colleges Club of Canada Foundation Inc.

Report on the Financial Statements

We have audited the accompanying financial statements of Royal Military Colleges Club of Canada Foundation Inc., which comprise the the statement of financial position as at December 31, 2015, and the statements of operations and changes in fund balances, and cash flows 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.

WILKINSON & COMPANY LLP - CHARTERED ACCOUNTANTS

Telephone 613-634-5581 • Toll Free 1-866-692-0055 • Fax 613-634-5585
785 Midpark Drive, Suite 201, Kingston, Ontario K7M 7G3 • www.wilkinson.net


Basis for Qualified Opinion

In common with many charitable organizations, Royal Military Colleges Club of Canada Foundation Inc. derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of Royal Military Colleges Club of Canada Foundation Inc. and we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenue over expenditure, assets and fund balances.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph above, the financial statements present fairly, in all material respects, the financial position of Royal Military Colleges Club of Canada Foundation Inc. as at December 31, 2015, 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.

KINGSTON, Canada
May 19, 2016


Chartered Accountants
Licensed Public Accountants

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
STATEMENT OF FINANCIAL POSITION
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Operating Fund \$ | Restricted Fund \$ | Endowment Fund \$ | 2015 Total \$ | 2014 Total \$ |
|---------------------------------------------------------------------------|-------------------------|--------------------------|-------------------------|---------------------|---------------------|
| ASSETS | | | | | |
| CURRENT | | | | | |
| Cash and bank | 117,400 | 150,895 | 83,647 | 351,942 | 268,791 |
| Short term investments | 150,014 | 1,350,000 | | 1,500,014 | 2,107,084 |
| Accounts receivable | 13,742 | | | 13,742 | 14,466 |
| Accrued investment income | 2,150 | | | 2,150 | 3,567 |
| Due from the Royal Military Colleges Club of Canada - current - Note 9 | 3,250 | | | 3,250 | 3,250 |
| Government remittances receivable | 12,650 | | | 12,650 | 10,703 |
| Inter - fund receivables | 92,308 | | | 92,308 | 37,648 |
| Prepaid expenses | 3,274 | | | 3,274 | 2,388 |
| | 394,788 | 1,500,895 | 83,647 | 1,979,330 | 2,447,897 |
| LONG-TERM | | | | | |
| Due from the Royal Military Colleges Club of Canada - Note 9 | 22,488 | | | 22,488 | 25,738 |
| Investments - Note 3 | 417,276 | 7,416,431 | 4,802,623 | 12,636,330 | 12,222,427 |
| | 439,764 | 7,416,431 | 4,802,623 | 12,658,818 | 12,248,165 |
| LIABILITIES AND FUND BALANCES | | | | | |
| CURRENT | | | | | |
| Accounts payable and accrued liabilities | 28,046 | 300 | | 28,346 | 21,634 |
| Deferred revenue | 4,897 | | | 4,897 | 2,120 |
| Monies held in trust - Note 4 | 1,500,601 | | | 1,500,601 | 1,947,669 |
| Inter - fund payables | 92,308 | | | 92,308 | 37,648 |
| | 32,943 | 1,593,209 | | 1,626,152 | 2,009,071 |
| FUND BALANCES | | | | | |
| Unrestricted | 384,333 | | | 384,333 | 466,083 |
| Externally restricted | | 5,823,222 | | 5,823,222 | 5,103,423 |
| Externally restricted - Note 5 | 384,333 | 5,823,222 | 4,802,623 | 11,010,178 | 10,213,356 |
| | 417,276 | 7,416,431 | 4,802,623 | 12,636,330 | 12,222,427 |

APPROVED ON BEHALF OF THE BOARD
DAME Doreen Director
Sam Smith Director
 FCPA FCMA

The accompanying notes form an integral part of these financial statements

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
STATEMENT OF OPERATIONS AND CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2015

| | Operating Fund | | Restricted Fund | | Endowed Fund | |
|-------------------------------------|-----------------|-----------------|------------------|------------------|------------------|------------------|
| | 2015 | 2014 | 2015 | 2014 | 2015 | 2014 |
| | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenue | | | | | | |
| Administration fee | 82,251 | 71,084 | | | | |
| Donations | 185,148 | 216,563 | 1,002,409 | 519,797 | 119,608 | 181,332 |
| Investment income | 16,823 | 26,079 | 457,397 | 1,196,000 | | |
| RMC Research Services - Note 4 | 151,836 | 172,677 | | | | |
| Special projects | 73,920 | 70,761 | | | | |
| | 509,978 | 557,164 | 1,459,806 | 1,715,797 | 119,608 | 181,332 |
| Expenditures | | | | | | |
| Administration fee | | | 82,251 | 71,084 | | |
| Administrative | 129,122 | 111,045 | | | | |
| College benefactions | 101,438 | 107,614 | 405,861 | 256,577 | | |
| Distributions from endowments | | | 183,795 | 163,984 | | |
| Gifts to other qualified donees | 7,226 | | 20,053 | 52,879 | | 994 |
| Personnel | 280,805 | 290,137 | | | | |
| RMC Research Services - Note 4 | 52,982 | 46,222 | | | | |
| Special projects | 29,037 | 42,179 | | | | |
| | 600,610 | 597,197 | 691,960 | 544,524 | | 994 |
| EXCESS OF REVENUE OVER | | | | | | |
| EXPENDITURES (EXPENDITURES | | | | | | |
| OVER REVENUE) FOR YEAR | (90,632) | (40,033) | 767,846 | 1,171,273 | 119,608 | 180,338 |
| FUND BALANCES - BEGINNING OF | | | | | | |
| YEAR | 466,083 | 506,116 | 5,103,423 | 4,379,251 | 4,643,850 | 4,016,411 |
| INTERFUND TRANSFERS - Note 6 | 8,882 | | (48,047) | (447,101) | 39,165 | 447,101 |
| FUND BALANCES - END OF YEAR | 384,333 | 466,083 | 5,823,222 | 5,103,423 | 4,802,623 | 4,643,850 |

The accompanying notes form an integral part of these financial statements

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

| | 2015 Operating Fund \$ | 2015 Research \$ | 2015 Restricted Fund \$ | 2015 Endowment Fund \$ | 2015 Total \$ | 2014 Total \$ |
|----------------------------------------------------------------|------------------------------|------------------------|-------------------------------|------------------------------|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | | | | | |
| Sources of cash | | | | | | |
| Donations | 176,066 | | 991,643 | 119,609 | 1,287,318 | 892,605 |
| Research services contract | 151,752 | | | | 151,752 | 174,969 |
| Grant monies received | | 1,591,784 | | | 1,591,784 | 2,410,173 |
| Government remittances receivable | (1,948) | | | | (1,948) | 9,738 |
| Other receivables | 808 | | | | 808 | 6 |
| Special projects | 74,252 | | | | 74,252 | 67,958 |
| Due from Royal Military Colleges Club of Canada | 3,250 | | | | 3,250 | 3,250 |
| Uses of cash | | | | | | |
| Personnel | (287,374) | | | | (287,374) | (289,032) |
| Administrative | (107,396) | | | | (107,396) | (97,535) |
| Research services contract | (52,553) | | | | (52,553) | (46,049) |
| Grant monies disbursed | | (2,038,552) | | | (2,038,552) | (2,504,176) |
| Benefactions | (100,237) | | (405,861) | | (506,098) | (362,391) |
| Endowment distributions | | | (173,029) | | (173,029) | (153,218) |
| Gifts to other qualified donees | (7,226) | | (20,053) | | (27,279) | (53,874) |
| Special projects | (28,769) | | | | (28,769) | (39,536) |
| CASH FLOWS PROVIDED FROM (USED IN) OPERATING ACTIVITIES | (179,375) | (446,768) | 392,700 | 119,609 | (113,834) | 12,888 |
| CASH FLOWS FROM INVESTING ACTIVITIES | | | | | | |
| (Increase) decrease in investments | (70) | | (774,456) | (111,266) | (885,792) | (1,249,108) |
| Investment income | 18,310 | | 457,397 | | 475,707 | 1,221,470 |
| CASH FLOWS USED IN INVESTING ACTIVITIES | 18,240 | | (317,059) | (111,266) | (410,085) | (27,638) |
| INCREASE (DECREASE) IN CASH AND EQUIVALENTS FOR YEAR | | | | | | |
| | (161,135) | (446,768) | 75,641 | 8,343 | (523,919) | (14,750) |
| CASH AND EQUIVALENTS - BEGINNING OF YEAR | | | | | | |
| Interfund cash adjustments | 392,077 | 1,947,659 | NIL | 36,139 | 2,375,875 | 2,390,625 |
| | 36,472 | 4 | (75,641) | 39,165 | | |
| CASH AND EQUIVALENTS - END OF YEAR | 267,414 | 1,500,895 | NIL | 83,647 | 1,851,956 | 2,375,875 |
| REPRESENTED BY: | | | | | | |
| Cash and short term investments | 267,414 | 1,500,895 | NIL | 83,647 | 1,851,956 | 2,375,875 |

The accompanying notes form an integral part of these financial statements

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

1. PURPOSE OF THE ORGANIZATION

The Royal Military Colleges Club of Canada Foundation Inc. is incorporated without share capital under the *Canada Business Corporations Act*. The principal purpose of the Foundation is to support the Royal Military Colleges of Canada and its cadets.

The Foundation is exempt from tax under subparagraph 149 (1)(f) of the *Canadian Income Tax Act*. In order to maintain its status as a registered charity under the *Canadian Income Tax Act*, the Foundation must meet certain requirements within the *Canadian Income Tax Act*.

During the year, the Foundation filed Articles of Amendment to amend the name of the corporation to "Royal Military Colleges of Canada Foundation Inc." but has not received formal confirmation approving the change.

2. ACCOUNTING POLICIES

Outlined below are those accounting policies adopted by the Foundation considered to be particularly significant:

(a) Basis of Accounting

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

(b) Accounting Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Significant items subject to such estimates and assumptions include valuation of accounts receivable. Actual results could differ from those estimates.

(c) Fund Accounting

The Foundation follows the restricted fund method for accounting for contributions. The Foundation ensures, as part of its fiduciary responsibilities, that all funds received with a restricted purpose are expended for that purpose.

(i) Endowment Fund

The endowment fund reports resources that are required, in accordance with the donors' direction, to be maintained by the Foundation on a permanent basis.

(ii) Restricted Fund

The restricted fund reports resources that are available to be used for purposes in accordance with the donors' direction and do not form part of the endowment fund. The restricted fund also includes resources that the Board of Directors have internally restricted by Foundation policy for benefactions.

**ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

2. ACCOUNTING POLICIES (Cont'd)

(c) Fund Accounting (Cont'd)

(iii) Operating Fund

The operating fund reports resources available for the Foundation's general operating activities. The costs of supporting these activities are reported as expenditures in the operating fund.

(d) Revenue Recognition

Donor-restricted contributions for endowment purposes are recognized as revenue in the endowment funds. Other contributions are recognized as revenue in the restricted fund depending on the nature of the donor's direction. Contributions with no donor's direction and investment income earned on RMC Research Services investments are recognized as revenue in the operating fund when received. Contributions are recognized as revenue when received.

Income is recorded as follows:

(i) The restricted fund reports income earned on resources of the endowment and restricted funds, as well as donations that must be spent on donor directed activities.

(ii) The operating fund reports income earned on the assets held in the operating fund, donations specially earmarked for facilitating the Foundation's operations in the short term and the administrative fee charged to all endowment and restricted funds.

Investment income includes dividend and interest income and realized and unrealized investment gains and losses. Unrealized gains and losses on held for trading financial instruments are included in investment income and recognized as revenue in the statement of operations, or deferred or reported directly in net assets, depending on the nature of any external restrictions imposed on the investment income.

(e) Financial instrument measurement

The Foundation initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets and financial liabilities, with the exception of investments, at amortized cost. Investments continue to be measured at fair value.

The financial assets subsequently measured at amortized cost include cash, accounts receivables, and prepaid expenses. The financial liabilities measured at amortized cost include accounts payable and accrued liabilities, deferred revenue and monies held in trust.

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

2. ACCOUNTING POLICIES (Cont'd)

(f) Contributed Goods and Services

Volunteers contribute a substantial number of hours each year to assist the Foundation in carrying out its activities. Because of the difficulty of determining the fair value, contributions of such services are not recognized in the financial statements.

(g) Foreign Currency Translation

Foreign currency accounts are translated into Canadian dollars as detailed. At the transaction date, each asset, liability, revenue and expense is translated into Canadian dollars by the application of the exchange rate in effect at that date. At the period end date, monetary assets and liabilities are translated into Canadian dollars by using the exchange rate in effect at that date. The resulting foreign exchange gains and losses are included in income in the current period except for the foreign currency gains and losses on long-term monetary items which are deferred and amortized over the remaining terms of the related items.

(h) Cash and Equivalents

Cash and equivalents consist of cash on deposit and short term investments maturing in 90 days or less.

3. LONG-TERM INVESTMENTS

The investments held at December 31, 2015 consist of bonds and stock equities. Investments have been recorded at the fair market value provided by Canso Investment Counsel Ltd. as at December 31, 2015 and December 31, 2014.

| | 2015 | 2014 |
|-----------------------|-------------------|------------------|
| | \$ | \$ |
| Canadian fixed income | 2,177,914 | 1,972,108 |
| Foreign fixed income | 3,219,252 | 2,973,544 |
| Canadian equity | 2,402,283 | 2,308,025 |
| Foreign equity | 2,835,063 | 2,495,115 |
| | 10,634,512 | 9,748,792 |

The fixed income securities have varying maturity dates and interest rates ranging from 3.00% to 13.00% (2014 2.05% to 13.00%) if held until maturity.

**ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

4. MONIES HELD IN TRUST FOR RMC RESEARCH SERVICES

In 2005, the organization entered into a contract with Federal Granting Agencies, namely The Natural Sciences and Engineering Research Council (NSERC), the Social Sciences and Humanities Research Council (SSHRC) and the Canadian Institutes of Health Research (CIHR) to provide services on a trust basis as outlined in The Memorandum of Understanding between the parties. In 2015 this Memorandum of Understanding was extended for a further five years.

During the year, providing services under the aforementioned Memorandum of Understanding resulted in net contributions to the operating fund of \$98,854 (2014 - \$126,455).

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

5. EXTERNALLY RESTRICTED - ENDOWMENT FUNDS

| | Opening Balance | Donations | Inter-Fund Transfer | Endowed Capital Expended | Ending Balance |
|---------------------------------------------------------------------|--------------------|----------------|------------------------|--------------------------------|--------------------|
| | \$ | \$ | \$ | \$ | \$ |
| (a) Major Giving Endowed Funds | | | | | |
| Captain Bart Leadership Award | 41,594 | | | | 41,594 |
| Captain Bart Teamwork Prize | 148,841 | | | | 148,841 |
| Dacey Memorial Fund/ Chemical and Mechanical Engineering Fund | 19,589 | | | | 19,589 |
| Danny McLeod Athletics | 202,077 | 7,730 | | | 209,807 |
| Howard B. Ripstein Third Year Endowment Fund | 125,000 | | | | 125,000 |
| Howard B. Ripstein First Year Fund | 60,000 | | | | 60,000 |
| Howard B. Ripstein Reserve Entry Fund | 60,000 | | | | 60,000 |
| J.W. Brown Memorial Fund | 11,086 | | | | 11,086 |
| James Carruthers Endowment Fund | 415,122 | | | | 415,122 |
| Keyser Red & White Mech Eng P.G. Scholarship Fund | 25,000 158,174 | 13,000 | | | 171,174 |
| Netherlands Liberation No. 1 Fund - Wurtele | 100,650 143,759 | 2,500 | | | 103,150 143,759 |
| P Cadieux Memorial Award Fund | 40,000 | | | | 40,000 |
| RG Haycock Grad Student Fund | 35,575 | | | | 35,575 |
| Ripstein Library Endowment Fund | 20,000 | | | | 20,000 |
| RMC Excellence in Research Sandhurst Endowment Fund | 110,820 22,650 | | | | 110,820 22,650 |
| UTPNCM Fund (Otter Sqn) | 17,915 | 572 | | | 18,487 |
| W.A. Ferguson Young Memorial Fund | 10,000 100,000 | | | | 10,000 100,000 |
| | 1,867,852 | 23,802 | NIL | | 1,891,654 |
| (b) Endowed Class Funds | | | | | |
| Class of 56 | 117,355 | 500 | | | 117,855 |
| Class of 57 | 42,585 | 425 | | | 43,010 |
| Class of 59 | 82,975 | 1,100 | | | 84,075 |
| Class of 60 | 92,972 | 9,220 | | | 102,192 |
| Class of 62 | 171,028 | 20,002 | | | 191,030 |
| Class of 63 | 199,710 | 7,285 | | | 206,995 |
| Class of 64 | 331,013 | 5,220 | | | 336,233 |
| Class of 65 - Teaching Excellence | 629,968 | 43,179 | | | 673,147 |
| Class of 66 | 826,833 | 7,400 | 40,065 | | 874,298 |
| Class of 68 | 127,229 | 1,125 | | | 128,354 |
| Class of 69 - Bade Bursary | 96,695 | 350 | | | 97,045 |
| Class of 72 | 56,735 | | | | 56,735 |
| Class of 2000 | 900 | | (900) | | NIL |
| | 2,775,998 | 95,806 | 39,165 | | 2,910,969 |
| Total Endowed Funds | 4,643,850 | 119,608 | 39,165 | | 4,802,623 |

**ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015**

6. INTERFUND TRANSFERS

During 2015 the Royal Military Colleges Club of Canada Foundation Inc. transferred \$8,882 from the restricted fund to the operating fund, and net \$39,165 from the restricted fund to the endowment fund. All transfers were approved by the Board of Directors of the Foundation or were in accordance with the Donor Agreements.

7. FINANCIAL INSTRUMENTS

The Foundation's financial instruments consist of cash and bank, accounts receivable, short-term investments, long-term investments and accounts payable and accrued liabilities. The carrying amounts approximate their fair market value due to the immediate or short-term maturity of these financial instruments except for long-term investments which are disclosed in Note 3 to these financial statements.

(a) Market Risk:

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate as a result of market factors. Market factors include three types of risk: currency risk, interest rate risk, and equity risk.

(i) Currency Risk:

Currency risk relates to the Foundation operating in different currencies and converting non-Canadian earnings at different points in time at different foreign exchange levels when adverse changes in foreign currency exchange rates occur. The Foundation's foreign exchange risk is related to its investment portfolio of which approximately 29.5% is denominated in the United States dollar, and 0.01% in British pounds.

(ii) Interest Rate Risk:

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Foundation is exposed to interest rate risk through its interest bearing investments within the investment portfolio.

(iii) Equity Risk:

Equity risk is the uncertainty associated with the valuation of assets arising from changes in equity markets. The Foundation is exposed to this risk through its equity holdings within its investment portfolio.

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
NOTES TO FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2015

7. FINANCIAL INSTRUMENTS (Cont'd)

(b) Credit Risk:

Credit risk is the risk of financial loss to the Foundation if a party to the Foundation's financial instruments fails to discharge an obligation or make payments of interest and principal when due. The Foundation is exposed to this risk relating to its debt holdings in its investment portfolio and in accounts receivable.

(c) Liquidity Risk:

Liquidity risk is the risk that the Foundation will not be able to meet all cash outflow obligations as they come due. The Foundation mitigates this risk by monitoring cash activities and expected outflows.

There have been no significant changes from the previous period in the exposure to risk or policies, procedures and methods used to measure the risk.

8. CAPITAL DISCLOSURE

The Foundation's objectives with respect to capital management are to maintain a minimum capital base that allows the Foundation to continue with and execute its overall purpose as outlined in the fund balances accounting policy in Note 2. The Foundation's Board of Directors performs periodic reviews of the Foundation's capital needs to ensure they remain consistent with the risk tolerance that is acceptable to the Foundation.

9. RELATED PARTY TRANSACTIONS

During the year, the Foundation shared selected services with the Royal Military Colleges Club of Canada (the Club), a related party to the Royal Military Colleges Club of Canada Foundation Inc. The result is a net annual transfer from the Foundation to the Club in the amount of \$17,672 (2014 - \$21,020).

In a previous year, the Foundation made an arrangement with the Royal Military Colleges Club of Canada to repay the amount owing to the Foundation. The amount owing is not subject to interest and the repayment is expected to occur over a ten-year period with annual payments of approximately \$3,250 commencing in 2014. The current portion of the amount due to the Foundation is \$3,250 with the balance being presented as a long-term asset.

ROYAL MILITARY COLLEGES CLUB OF CANADA FOUNDATION INC.
ENDOWMENT BALANCES AS OF DECEMBER 31, 2015

In accordance with the signed Endowment Agreements, each endowment of the RMC Foundation is comprised of two separate but related funds – Endowed Capital Fund and Endowed Restricted Fund. The Endowed Capital Fund represents the sum of all contributions to the Endowment. The Endowed Restricted Fund consists of all annual Interest Attributions less Benefactions made and annual administrative charges.

Note 5 of the 2015 Audited Financial Statements provide details of the changes in Endowed Capital during 2015. The supplementary table below provides information on the total value of the Endowment upon which the annual interest attribution for 2016 will be calculated.

| | Endowed Capital | Endowed Restricted | Endowment Balance |
|--------------------------------------|------------------------|---------------------------|--------------------------|
| Major Giving Endowment Funds | | | |
| Captain Bart Leadership Award | \$41,594 | \$60,988 | \$102,582 |
| Captain Bart Teamwork Prize | \$148,841 | \$192,018 | \$340,859 |
| Dacey Memorial Fund | \$19,589 | \$18,259 | \$37,848 |
| Danny McLeod Athletics | \$209,807 | \$46,341 | \$256,148 |
| Howard B Ripstein Third Year | \$125,000 | \$42,540 | \$167,540 |
| Howard B Ripstein First Year | \$60,000 | \$18,710 | \$78,710 |
| Howard B Ripstein Reserve Entry | \$60,000 | \$64,509 | \$124,509 |
| JW Brown Memorial Fund | \$11,086 | \$2,520 | \$13,606 |
| James Carruthers Endowment | \$415,121 | \$231,996 | \$647,117 |
| Keyser Red & White | \$25,000 | \$6,814 | \$31,814 |
| Mech Eng P.G. Scholarship | \$171,174 | \$53,203 | \$224,377 |
| Netherlands Liberation | \$103,150 | \$4,026 | \$107,176 |
| No. 1 Fund - Wurtele | \$143,759 | \$97,358 | \$241,117 |
| P Cadieux Memorial Award | \$40,000 | \$12,676 | \$52,676 |
| RG Haycock Grad Student Fund | \$35,575 | \$30,805 | \$66,380 |
| Ripstein Library Endowment | \$20,000 | \$13,640 | \$33,640 |
| RMC Excellence in Research | \$110,820 | \$44,614 | \$155,434 |
| Sandhurst Endowment | \$22,650 | \$1,209 | \$23,859 |
| UPTNCM Fund (Otter Sqn) | \$18,487 | \$5,646 | \$24,133 |
| WA Ferguson/Shield Duty | \$10,000 | \$2,201 | \$12,201 |
| Young Memorial Fund | \$100,000 | \$129,609 | \$229,609 |
| Total Major Giving Endowments | \$1,891,653 | \$1,079,682 | \$2,971,335 |

| | Endowed Capital | Endowed Restricted | Endowment Balance |
|-------------------------------|------------------------|---------------------------|--------------------------|
| Class Endowment Funds | | | |
| Class of 56 | \$117,855 | \$111,845 | \$229,700 |
| Class of 57 | \$43,010 | \$14,538 | \$57,548 |
| Class of 59 | \$84,075 | \$70,395 | \$154,470 |
| Class of 60 | \$102,192 | \$3,719 | \$105,911 |
| Class of 62 | \$191,030 | \$76,671 | \$267,701 |
| Class of 63 | \$206,995 | \$88,989 | \$295,984 |
| Class of 64 | \$336,233 | \$86,221 | \$422,454 |
| Class of 65 | \$673,147 | \$398,189 | \$1,071,336 |
| Class of 66 | \$874,298 | \$173,056 | \$1,047,354 |
| Class of 68 | \$128,355 | \$25,744 | \$154,099 |
| Class of 69 | \$97,045 | \$59,377 | \$156,422 |
| Class of 72 | \$56,735 | \$43,218 | \$99,953 |
| Total Class Endowments | \$2,910,970 | \$1,151,962 | \$4,062,932 |
| | | | |
| Total Endowment Funds | \$4,802,623 | \$2,231,644 | \$7,034,267 |
| | | | |