

THE NAVAL ASSOCIATION OF CANADA
L'ASSOCIATION NAVALE DU CANADA

FINANCIAL STATEMENTS

DECEMBER 31, 2025

(Unaudited)

INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT

To the Members of
The Naval Association of Canada L'Association Navale du Canada

We have reviewed the accompanying financial statements of The Naval Association of Canada L'Association Navale du Canada that comprise the statement of financial position as at December 31, 2025 and the statements of activities and changes in fund balances, 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.

Practitioner's Responsibility

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

Conclusion

Based on our review, nothing has come to our attention that causes us to believe that these financial statements do not present fairly, in all material respects, the financial position of The Naval Association of Canada L'Association Navale du Canada as at December 31, 2025, and the results of its activities and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Victoria, BC

June 8, 2026

Allen & Krauel Inc.
Chartered Professional Accountants

THE NAVAL ASSOCIATION OF CANADA L'ASSOCIATION NAVALE DU CANADA

STATEMENT OF FINANCIAL POSITION DECEMBER 31, 2025 (Unaudited)

	2025	2024
ASSETS		
Current		
Cash	\$ 634,592	\$ 713,599
Accounts receivable	-	649
GST/HST recoverable	12,434	17,690
Inventory	2,291	5,153
Prepaid expenses	4,230	3,600
	653,547	740,691
Endowment fund - externally restricted (note 3)		
Cash	42,249	106,981
Investments	1,368,966	1,308,289
Accounts receivable	344	337
	1,411,559	1,415,607
Tangible capital assets (note 4)		
	1	1
	\$ 2,065,107	\$ 2,156,299
LIABILITIES		
Current		
Accounts payable and accrued liabilities	\$ 13,841	\$ 20,404
- Endowment fund	-	76,418
Deferred revenue	1,809	9,048
	15,650	105,870
NET ASSETS		
General fund - unrestricted	637,898	711,240
Endowment fund - externally restricted (note 5)	1,411,559	1,339,189
	2,049,457	2,050,429
	\$ 2,065,107	\$ 2,156,299

Approved by the directors

_____ Director

_____ Director

THE NAVAL ASSOCIATION OF CANADA L'ASSOCIATION NAVALE DU CANADA

STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCES GENERAL FUND YEAR ENDED DECEMBER 31, 2025 (Unaudited)

	2025	2024
Revenue		
Donations received	\$ 47,434	\$ 256,901
Membership revenues	27,871	28,150
Memorabilia sales	754	3,436
Battle of Atlantic Gala ticket sales	-	25,000
	76,059	313,487
Expenses		
General office expenses	61,553	30,975
Naval affairs	32,796	34,120
Executive director stipend	31,182	62,364
Travel and meeting expenses	16,244	849
Professional fees	10,147	9,889
Website	6,246	1,234
Cost of memorabilia	2,863	751
Insurance	1,523	1,492
Presentations and awards	1,399	-
Membership and liaison	733	525
Battle of Atlantic expenses	-	82,539
	164,686	224,738
Deficiency (excess) of revenue over expenses before other items	(88,627)	88,749
Investment income	15,285	22,848
Deficiency (excess) of revenue over expenses	(73,342)	111,597
Fund balance, beginning of year	711,240	599,643
Fund balance, end of year	\$ 637,898	\$ 711,240

THE NAVAL ASSOCIATION OF CANADA L'ASSOCIATION NAVALE DU CANADA

STATEMENT OF ACTIVITIES AND CHANGES IN FUND BALANCES ENDOWMENT FUND

YEAR ENDED DECEMBER 31, 2025

(Unaudited)

	2025	2024
Revenue		
Investment income	\$ 101,411	\$ 155,309
Donations	36,120	32,771
	137,531	188,080
Expenses		
Grants paid (note 6)	58,000	65,629
Postal and administrative costs	7,149	3,832
Bank charges	12	21
	65,161	69,482
Excess of revenue over expenses	72,370	118,598
Fund balance, beginning of year	1,339,189	1,220,591
Fund balance, end of year	\$ 1,411,559	\$ 1,339,189

THE NAVAL ASSOCIATION OF CANADA L'ASSOCIATION NAVALE DU CANADA

**STATEMENT OF CASH FLOW
GENERAL FUND
YEAR ENDED DECEMBER 31, 2025
(Unaudited)**

	2025	2024
Operating activities		
Deficiency (excess) of revenue over expenses	\$ (73,342)	\$ 111,597
Net change in non-cash working capital balances:		
Accounts receivable	649	(649)
GST/HST recoverable	5,256	4,913
Inventory	2,862	(3,509)
Prepaid expenses	(630)	(340)
Accounts payable	(6,563)	(661)
Deferred revenue	(7,239)	(7,238)
Cash (used in) provided by operating activities	(79,007)	104,113
Net (decrease) increase in cash during the year	(79,007)	104,113
Cash position, beginning of year	713,599	609,486
Cash position, end of year	\$ 634,592	\$ 713,599

Cash position consists of unrestricted cash on deposit.

THE NAVAL ASSOCIATION OF CANADA L'ASSOCIATION NAVALE DU CANADA

STATEMENT OF CASH FLOW ENDOWMENT FUND YEAR ENDED DECEMBER 31, 2025 (Unaudited)

	2025	2024
Operating activities		
Excess of revenue over expenses	\$ 72,370	\$ 118,598
Add (deduct) charges to operations not requiring a current cash payment:		
Unrealized gain on investments	(58,934)	(16,233)
Realized gain on investments	(21,275)	(119,046)
	(7,839)	(16,681)
Net change in non-cash working capital balances:		
Accounts receivable	(7)	2,222
Accounts payable and accrued liabilities	(76,418)	76,418
	(84,264)	61,959
Cash (used in) provided by operating activities		
Purchase of investments	(395,108)	(437,039)
Proceeds from disposition of investments	414,640	437,393
Cash provided by investing activities	19,532	354
Net increase in cash during the year	(64,732)	62,313
Cash position, beginning of year	106,981	44,668
Cash position, end of year	\$ 42,249	\$ 106,981

Cash position consists of restricted cash on deposit as disclosed in note 4.

THE NAVAL ASSOCIATION OF CANADA L'ASSOCIATION NAVALE DU CANADA

NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2025
(Unaudited)

1. Purpose of the organization

The Naval Association of Canada L'Association Navale du Canada is dedicated to promoting national awareness of Canada as a maritime nation with vital interests in our three oceans and the role of the maritime power, and in particular, the role the Canadian Forces plays in their preservation and protection. The objective is pursued through seminars, publications, speaking engagements, media commentaries and public meetings.

The Naval Association of Canada L'Association Navale du Canada is incorporated under the Canada Not-for-Profit Corporations Act and is a registered charity under the Income Tax Act.

2. Significant accounting policies

The financial statements of the association have been prepared in accordance with Canadian accounting standards for not-for-profit organizations. Because a precise determination of many assets and liabilities is dependent upon future events, the preparation of financial statements for a period necessarily involves the use of estimates which have been made using careful judgement. Items subject to estimation and assumptions include inventory valuation and amortization of tangible capital assets.

The financial statements have, in management's opinion, been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

Fund accounting

The association follows the restricted fund method of accounting for contributions.

The general fund reports operating revenue and expenses related to the association's educational and promotional activities.

The endowment fund reports fundraising revenue and expenses related to the association's declaration of trust of the endowment fund.

Inventory

Inventory is valued at the lower of cost and net realizable value.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

Restricted cash, accounts receivable, and investments

Restricted cash, accounts receivable, and investments are recorded at market value.

Tangible capital assets

Tangible capital assets are stated at cost and are amortized in full in the year of acquisition, and carried at a nominal book value of \$1.00 as set out in note 5.

Revenue recognition

Revenue from seminars, public meetings, publications, memberships, and memorabilia sales is recognized when the service is performed.

Externally restricted contributions of the endowment fund and unrestricted contributions of the general fund are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Changes in market value of restricted and unrestricted investments are recognized in net income in the period incurred.

Financial Instruments

Measurement of financial instruments

The association initially measures its financial assets and liabilities at fair value. The association subsequently measures all its financial assets and liabilities at amortized cost, with the exception of investments and restricted investments which remain at fair value.

Financial assets, restricted and unrestricted, measured at amortized cost include cash, accounts receivable, restricted cash, and restricted account receivable. Financial liabilities, restricted and unrestricted, measured at amortized cost include, accounts payable and accrued liabilities.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down or subsequent reversal, if any, is recognized in net income.

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NOTES TO THE FINANCIAL STATEMENTS
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2. Significant accounting policies (continued)

Transaction costs

The association recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

3. Restricted cash, investments and accounts receivable - Endowment fund

The association records its restricted cash and investments at market value. Changes in market value are recognized in net income in the period incurred. The restricted cash and investments are summarized as follows:

	2025		2024	
	Cost	Market Value	Cost	Market Value
Cash	\$ 42,249	\$ 42,249	\$ 106,981	\$ 106,981
Investments				
Money market	-	-	109	109
Common shares	459,571	867,664	462,505	814,873
Fixed income	494,105	501,302	489,319	493,307
	953,676	1,368,966	951,933	1,308,289
	\$ 995,925	\$ 1,411,215	\$ 1,058,914	\$ 1,415,270

The association records its restricted accounts receivable at amortized cost. Included in restricted accounts receivable are \$nil (2024 - \$nil) in donations receivable and \$344 (2024- \$337) in GST/HST recoverable.

4. Tangible capital assets

	Cost	Accumulated Amortization	Net Book Value		Amortization Rate
			2025	2024	
Furniture and fixtures	\$ 718	\$ 717	\$ 1	\$ 1	100%

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5. Endowment fund - externally restricted

In 1983, the association established a trust known as the NAC Endowment Fund (formerly the NOAC Endowment Fund, name changed June 2013). The objective of the fund is to promote and maintain interest in maritime affairs generally, and particularly in the maritime affairs of Canada. Amounts contributed for this purpose have been set aside in an externally restricted endowment fund after deducting related costs.

6. Grants paid

The following organizations were the beneficiaries of funding grants from the association:

	2025	2024
NAC Ottawa - RCSCEF Scholarships	\$ 15,000	\$ 8,000
NAC Calgary - Veterans' house in Edmonton	10,000	-
NAC Montreal - various	7,500	7,000
NAC Vancouver Island - Broadmead Care Society	5,000	5,000
NAC Nova Scotia - Canadian Memorial Trust signage and storyboards	5,000	-
NAC Ottawa - Book publishing	5,000	-
NAC Nova Scotia - NAVRES bursaries	4,500	-
NAC Winnipeg - Naval Museum of Manitoba	2,000	3,000
NAC Ottawa - Guardians of the North	2,000	-
NAC Ottawa - Canadian War Museum	2,000	2,500
NAC Nova Scotia - Korea! Canada's Forgotten War	2,000	-
NAC London - Battle of the Atlantic	-	10,000
NAC British Columbia - Shipbuilding monument	-	5,000
NAC Vancouver Island - BC Maritime Museum	-	4,500
NAC Ottawa - Carswell Veterans' House	-	3,600
NAC National - NAC French translation program	-	3,000
	\$ 58,000	\$ 48,600

During the prior year, an additional contribution in the amount of \$17,029 was paid to NAC London for the Battle of the Atlantic Wall of Honour.

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7. Financial instruments and risk management

The association's financial instruments, restricted and unrestricted, consist of cash, investments, accounts receivable, and accounts payable and accrued liabilities. Transactions in financial instruments may result in financial risks being assumed by the association. The risks identified by the association are as follows:

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

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

Liquidity risk is the risk that the association will encounter difficulty in meeting obligations associated with financial liabilities.

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices.

It is management's opinion that the association is not exposed to significant credit, interest, liquidity or market risk arising from these financial instruments.