
Consolidated financial statements of
The Royal Canadian Geographical
Society – La Société Géographique
Royale du Canada

June 30, 2024

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Independent Auditor's Report

To the Board of Governors of
The Royal Canadian Geographical Society – La Société Géographique Royale du Canada

Opinion

We have audited the consolidated financial statements of the Royal Canadian Geographical Society – La Société Géographique Royale du Canada (the "Society"), which comprise the consolidated statement of financial position as at June 30, 2024, and the consolidated statements of revenue and expenses, changes in net assets (deficiencies) and cash flows for the year then ended, and notes to the consolidated financial statements, including a summary of significant accounting policies (collectively referred to as the "consolidated financial statements").

In our opinion, the accompanying consolidated financial statements present fairly, in all material respects, the consolidated financial position of the Society as at June 30, 2024, 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 ("Canadian GAAS"). Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Consolidated Financial Statements* section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the consolidated 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.

Responsibilities of Management and Those Charged with Governance for the Consolidated Financial Statements

Management is responsible for the preparation and fair presentation of the consolidated 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 consolidated financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the consolidated financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

Auditor's Responsibilities for the Audit of the Consolidated Financial Statements

Our objectives are to obtain reasonable assurance about whether the consolidated 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 GAAS 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 consolidated financial statements.

As part of an audit in accordance with Canadian GAAS, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the consolidated 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 Society'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 Society'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 consolidated 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 Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the consolidated financial statements, including the disclosures, and whether the consolidated financial statements represent the underlying transactions and events in a manner that achieves fair presentation.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the Society to express an opinion on the consolidated financial statements.

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.

Deloitte LLP

Chartered Professional Accountants
Licensed Public Accountants
October 31, 2024

**The Royal Canadian Geographical Society –
La Société Géographique Royale du Canada**
Consolidated statement of revenue and expenses
Year ended June 30, 2024

	2024	2023
	\$	\$
Revenue		
Donations	3,004,951	2,024,893
RCGS/NGS Canadian Geography Education Fund		
Investment earnings	259,137	152,593
Unrealized gain on foreign exchange	45,211	36,297
Magazine		
Circulation	1,298,847	1,418,335
Advertising	267,632	429,001
Canadian Periodical Fund	496,336	711,921
Custom publishing	4,977,428	6,352,672
Fundraising events	386,681	254,250
Government assistance	35,699	—
Events revenue	96,111	82,415
Other	110,065	74,219
	10,978,098	11,536,596
Expenses		
Fundraising	455,650	507,721
Programs	2,283,569	1,270,038
Magazine		
Circulation	904,715	1,009,896
Advertising	103,973	103,913
Editorial	716,260	680,041
Production	1,089,991	1,095,263
New media/internet	16,381	66,519
Custom publishing	3,361,258	4,142,422
Administration	1,922,231	1,833,582
Events	331,579	238,907
Rent and occupancy costs	784,647	557,663
Interest	27,030	902
Amortization of capital assets	88,929	126,426
	12,086,213	11,633,293
Deficiency of revenue over expenses	(1,108,115)	(96,697)


The accompanying notes are an integral part of the consolidated financial statements.

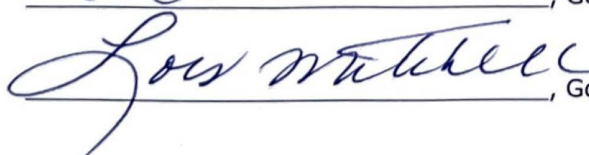
**The Royal Canadian Geographical Society –
La Société Géographique Royale du Canada**
Consolidated statement of financial position
As at June 30, 2024

	Notes	2024 \$	2023 \$
Assets			
Current assets			
Cash and cash equivalent		2,032,132	2,034,076
Accounts and interest receivable		834,759	2,038,206
Government remittances receivable		104,750	—
Inventory	3	110,596	130,878
Prepaid expenses		156,736	99,924
		3,238,973	4,303,084
Education fund	4	1,529,437	1,360,076
Capital assets	5	1,157,394	1,091,562
		5,925,804	6,754,722
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		1,038,565	1,164,633
Government remittances payable		—	8,972
Deferred circulation revenue – current portion		143,338	49,657
Deferred revenue - custom publishing		1,077,477	507,066
Deferred revenue - donations		1,579,034	1,587,545
		3,838,414	3,317,873
Deferred circulation revenue		940,282	1,181,626
		4,778,696	4,499,499
Commitments and contingencies	7		
Net assets (deficiencies)			
Internally restricted for investment in RCGS/NGS			
Canadian Geography Education Fund	4	1,529,437	1,360,076
Internally restricted	10	151,348	136,415
Invested in capital assets		1,157,395	1,091,562
Unrestricted net assets (deficiencies)		(1,691,072)	(332,830)
		1,147,108	2,255,223
		5,925,804	6,754,722

The accompanying notes are an integral part of the consolidated financial statements.

Approved by the Board


_____, Governor


_____, Governor

**The Royal Canadian Geographical Society –
La Société Géographique Royale du Canada**
Consolidated statement of changes in net assets (deficiencies)

Year ended June 30, 2024

	Internally restricted for investment in RCGS/NGS Canadian Geography Education Fund \$	Internally restricted \$ (Note 10)	Invested in capital assets \$	Unrestricted \$	Total \$
Balance, June 30, 2022	1,305,826	125,551	1,023,902	(103,359)	2,351,920
Deficiency (excess) of revenue over expenses	—	—	30,247	(126,944)	(96,697)
Internal restriction	—	10,864	—	(10,864)	—
Purchase of capital assets	—	—	37,413	(37,413)	—
Net increase in RCGS/NGS Canadian Geography Education Fund	54,250	—	—	(54,250)	—
Balance, June 30, 2023	1,360,076	136,415	1,091,562	(332,830)	2,255,223
Deficiency (excess) of revenue over expenses (1)	—	—	47,776	(1,155,891)	(1,108,115)
Internal restriction	—	14,933	—	(14,933)	—
Purchase of capital assets	—	—	18,057	(18,057)	—
Net increase in RCGS/NGS Canadian Geography Education Fund	169,361	—	—	(169,361)	—
Balance, June 30, 2024	1,529,437	151,348	1,157,395	(1,691,072)	1,147,108

(1) Excess (deficiency) of revenue over expenses of net assets invested in capital assets comprises contributed works of art and historical treasures amounting \$136,705 (\$54,164 in 2022) less amortization of capital assets amounting to \$88,930 (\$96,572 in 2022).

The accompanying notes are an integral part of the consolidated financial statements.

**The Royal Canadian Geographical Society –
La Société Géographique Royale du Canada**
Consolidated statement of cash flows
Year ended June 30, 2024

	Notes	2024 \$	2023 \$
Operating activities			
Deficiency of revenue over expenses		(1,108,115)	(96,697)
Items not affecting cash			
Amortization of capital assets		88,929	126,426
Canada Emergency Business Account loan forgiveness		—	(10,000)
Contributed works of art and historical treasures		(136,705)	(156,673)
		(1,155,891)	(136,944)
Changes in non-cash operating working capital items	8	1,341,364	(1,036,001)
		185,473	(1,172,945)
Investing activities			
Purchase of capital assets		(18,057)	(37,413)
Net variation in the RCGS/NGS Canadian Geography Education Fund		(169,361)	(54,250)
		(187,418)	(91,663)
Financing activity			
Repayment of Canada Emergency Business Account Loan		—	(30,000)
Decrease in cash		(1,945)	(1,294,608)
Cash, beginning of year		2,034,076	3,328,684
Cash, end of year		2,032,131	2,034,076

The accompanying notes are an integral part of the consolidated financial statements.

1. Activities of the organization

The Royal Canadian Geographical Society – La Société Géographique Royale du Canada (the "Society" or "RCGS") was incorporated without share capital under Part II of the Canada Corporations Act. In 2014, the Society received a Certification of Continuance under the Canada Not-for-Profit Corporations Act. It is a registered charitable educational organization devoted to advancing geographical knowledge and disseminating information on the geography, resources, and people of Canada. The Society controls Canadian Geographic Enterprises (CGE) which operates the Canadian Geographic magazine and its related websites. The Society also controls 50 Sussex Drive Inc., a fully owned subsidiary.

As a registered charity, the Society is exempt from income taxes.

2. Significant accounting policies

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

Basis of presentation

The Society consolidates CGE and 50 Sussex Drive Inc. and presents its financial statements on a consolidated basis. Inter-entity transactions are eliminated.

Cash and cash equivalents

Cash and cash equivalents represent cash and equivalents that mature within twelve months and those that can be readily converted to cash, less bank indebtedness.

Inventory

Finished goods consist of Indigenous Peoples Atlas of Canada publications and merchandise and are valued at lower of cost and net realizable value, determined on a first in, first out basis. Net realizable value is the estimated selling price less the estimated cost of completion and the estimated costs necessary to make the sale. Any write-down of inventory to its net realizable value is recognized as an expense in the period. When the net realizable value subsequently increases, the previously recognized impairment loss is reversed and recognized as a reduction in the amounts of inventories expensed in the period the reversal occurs.

Capital assets

Capital assets and assets under capital leases are recorded at cost. Contributed capital assets are recorded at fair value. When fair value cannot be determined, contributed capital assets are recorded at nominal value. Amortization is calculated using the straight-line method over the estimated useful lives of assets as follows:

Furniture and equipment	5-10 years
Computer equipment and software	5 years
Leasehold improvements	Over the term of the lease

Works of art and historical treasures are not amortized due to their infinite lives.

2. Significant accounting policies (continued)

Write-downs of capital assets

When conditions indicate that a capital asset is impaired, the net carrying amount of the capital asset shall be written down to the asset's fair value or replacement cost. The write-downs of capital assets shall be accounted for as expenses in the statement of revenue and expenses. A write-down shall not be reversed.

Financial instruments

(a) Initial measurement

Financial assets and financial liabilities originated or exchanged in arm's length transactions are initially recognized at fair value when the Society becomes a party to the contractual provisions of the financial instrument.

(b) Subsequent measurement

All financial instruments are subsequently measured at amortized cost except for the investment in RCGS/NGS Canadian Geography Education Fund, which are measured at fair value at the balance sheet date. Investment income earned on investments are included in Investment earnings in the statement of revenue and expenses.

(c) Transaction costs

Transaction costs related to financial instruments subsequently measured at fair value are expensed as incurred. Transaction costs related to other financial instruments are added to the carrying value of the asset or netted against the carrying value of the liability and are then recognized over the expected life of the instrument using the effective interest method. Any premium or discount related to an instrument measured at amortized cost is amortized over the expected life of the item using the effective interest method and recognized in net earnings as interest income or expense.

(d) Impairment

With respect to financial assets measured at cost or amortized cost, the Society recognizes an impairment loss, if any, in net earnings when there are indicators of impairment and it determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to net earnings in the period the reversal occurs.

Government assistance

Government assistance is recorded in the consolidated financial statements when there is reasonable assurance that the Society has complied with, and will continue to comply with, all conditions necessary to obtain the assistance.

Foreign currency translation

Financial assets and liabilities denominated in foreign currencies have been translated at the year-end exchange rate. Transactions in foreign currencies have been translated at the rates of exchange in effect at the dates of the transactions.

2. Significant accounting policies (continued)

Revenue recognition

The Society follows the deferral method of accounting for revenue. Unrestricted donations and contributions are recognized as revenue as they are received or receivable, if the amount to be received can be reasonably assured. Restricted donations and contributions are deferred and are recognized as revenue in the year in which it is earned or the related expenses are incurred.

Sales of products and services to customers are recorded when the product is shipped or the service is performed. Any payment received in advance of shipment is deferred and recorded as deferred circulation revenue. Custom publishing revenues are recognized using the percentage of completion method.

Interest income includes interest income which has been recorded on an accrual basis directly in the consolidated statement of revenue and expenses.

Use of estimates

The preparation of consolidated 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 disclosures of contingent assets and liabilities at the date of the consolidated financial statements and the reported amounts of revenue and expenses during the reporting period. The estimated useful life of capital assets, the net realizable value of the accounts receivable, the amount of certain accrued liabilities and the percentage of completion of custom publishing contracts are the most significant items where estimates are used. Actual results could differ from these estimates.

3. Inventory

Included in inventory as at June 30, 2024, is \$110,596 (\$130,878 in 2023) of finished goods. Included in custom publishing expenses are \$14,787 (\$9,423 in 2023) of costs which were expensed through inventory.

4. Education Fund

The investment in RCGS/NGS Canadian Geography Education Fund is an investment for which the capital is held in perpetuity. This investment fund is managed by the National Geographic Society Education Foundation located in the United States. The earnings on these investments accrue to the Society. The Society has agreed that a portion of investment earnings received each year will be spent to promote geography education in Canada. The balance of net earnings will be reinvested in the fund.

During the year, distribution of the Society's portion of the Fund related to spend for restricted purposes amounted to \$134,987 (\$134,640 in 2023) as permitted by the aforementioned agreement.

**The Royal Canadian Geographical Society –
La Société Géographique Royale du Canada**
Notes to the consolidated financial statements
June 30, 2024

5. Capital assets

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
	\$	\$	\$	\$
Furniture and equipment	379,722	245,763	133,959	204,079
Computer equipment and software	66,213	32,512	33,701	7,387
Leasehold improvements	395,888	238,621	157,267	184,334
Works of art and historical treasures	832,467	—	832,467	695,762
	1,674,290	516,896	1,157,394	1,091,562

The Society's cost and accumulated amortization as at June 30, 2023, amounted \$1,519,529 and \$427,967 respectively.

6. Bank indebtedness

The Society has an operating line of credit available by way of a revolving demand facility available of \$800,000 (\$800,000 in 2023) bearing interest at 7.95% (7.95% in 2023) and secured by a general security agreement guaranteed by the Society. As of June 30, 2024, and 2023, the line of credit is unused.

7. Commitments and contingencies

The Society is committed under operating leases for office space and equipment rental. As part of the lease agreement for its office space, the Society has committed to providing in-kind services to the landlord.

Minimum net lease payments for the next year is as follows:

	Lease payments	In-kind services	Net lease payments
	\$	\$	\$
2025	255,610	(104,100)	151,510

Amounts included for 2025 also include commitments related to office equipment rental.

8. Changes in non-cash operating working capital items

	2024	2023
	\$	\$
Accounts and interest receivable	1,203,447	(172,431)
Inventory	20,282	(16,645)
Prepaid expenses	(56,812)	299,289
Accounts payable and accrued liabilities	(126,068)	(307,452)
Government remittances payable	(113,722)	(330,807)
Deferred revenue - custom publishing	570,411	(39,223)
Deferred revenue - donations	(8,511)	(318,580)
Deferred circulation revenue	(147,663)	(150,152)
	1,341,364	(1,036,001)

9. Financial instruments

Credit risk

The Society provides credit to its customers in the normal course of its operations. It carries out, on a continuing basis, credit checks on its clients and maintains provisions for potential credit losses. The Society minimizes its credit risk by concluding transactions with a large number of clients across the country.

Liquidity risk

The Society's objective is to have sufficient liquidity to meet its liabilities when due. The Society is exposed to this risk mainly in respect of accounts payable and accrued liabilities. The Society monitors its cash balances and cash flows generated from operations to meet its requirements.

Market risk

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. Market risk comprises three types of risk: foreign currency risk, interest rate risk and other price risk.

Foreign currency risk

Foreign currency exposure arises from the Society's holdings of non-Canadian denominated investments. Management believes that the investment fund described above does not represent excessive risk. The exposure of the Society to foreign exchange resides in its investment in the Education Fund (Note 4).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in interest rates. The Society is exposed to interest rate risk through its investment in the Education Fund (Note 4). The Society also has a line of credit by way of revolving demand facility bearing a variable interest rate. Consequently, the Society's interest rate risk exposure is a function of the change of the prime rate. However, the line of credit was not used as at June 30, 2024 and therefore the Society's exposure is limited.

9. Financial instruments (continued)

Market risk (continued)

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Society is exposed to this risk through the investment in the Education Fund (Note 4), as the underlying investments within the Fund are traded on active markets.

10. Internal restriction

As at June 30, 2024, the Society internally restricted an amount of \$151,348 (\$136,415 in 2023). The Society has chosen to internally restrict these funds in order to honor the donors' requests that the funds be directed to named funds.

11. Comparative figures

Certain comparative figures have been reclassified to conform to the current year's presentation.