

**THE ROYAL PHILATELIC SOCIETY OF CANADA**

FINANCIAL STATEMENTS  
(UNAUDITED)

DECEMBER 31, 2025

**HILBORN**  **LLP**

## Independent Practitioner's Review Engagement Report

To the Board of Directors of The Royal Philatelic Society of Canada

We have reviewed the accompanying financial statements of The Royal Philatelic Society 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 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 the financial statements do not present fairly, in all material respects, the financial position of The Royal Philatelic Society 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.



Toronto, Ontario  
May 18, 2026

Chartered Professional Accountants  
Licensed Public Accountants

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Statement of Financial Position

(Unaudited)

| December 31                                  | 2025<br>\$     | 2024<br>\$     |
|----------------------------------------------|----------------|----------------|
| <b>ASSETS</b>                                |                |                |
| Current assets                               |                |                |
| Cash                                         | 35,815         | 59,418         |
| Guaranteed investment certificates (note 3)  | 66,765         | 64,591         |
| Government remittances receivable            | 3,345          | 2,408          |
| Prepaid expenses                             | 11,402         | 2,840          |
|                                              | <u>117,327</u> | <u>129,257</u> |
| Long-term assets                             |                |                |
| Capital assets (note 4)                      | 1,204          | 3,599          |
|                                              | <u>118,531</u> | <u>132,856</u> |
| <b>LIABILITIES</b>                           |                |                |
| Current liabilities                          |                |                |
| Accounts payable and accrued liabilities     | 8,000          | 8,000          |
| Current portion of deferred revenue (note 5) | 33,973         | 33,072         |
|                                              | <u>41,973</u>  | <u>41,072</u>  |
| Long term liabilities                        |                |                |
| Deferred revenue (note 5)                    | 1,589          | 1,802          |
|                                              | <u>43,562</u>  | <u>42,874</u>  |
| <b>NET ASSETS</b>                            |                |                |
| Unrestricted net assets                      | 74,969         | 89,982         |
|                                              | <u>118,531</u> | <u>132,856</u> |

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Director/Member

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Statement of Operations

(Unaudited)

| Year ended December 31                        | 2025            | 2024          |
|-----------------------------------------------|-----------------|---------------|
|                                               | \$              | \$            |
| Revenue                                       |                 |               |
| Membership fees                               | 40,533          | 40,164        |
| Advertising revenue (note 6)                  | 23,688          | 24,394        |
| Sponsorship revenue                           | 1,500           | 2,000         |
| Interest and other income                     | 2,235           | 2,920         |
| Donations                                     | 1,579           | 11,291        |
| Book sales                                    | -               | 215           |
|                                               | <b>69,535</b>   | <b>80,984</b> |
| Expenses                                      |                 |               |
| Office and general                            | 18,824          | 18,383        |
| Printing costs (note 6)                       | 44,236          | 40,061        |
| Professional fees                             | 8,000           | 8,000         |
| Database costs                                | 3,094           | 2,226         |
| Amortization                                  | 2,395           | 2,395         |
| Interest and bank charges                     | 1,620           | 1,780         |
| Telephone and utilities                       | 1,101           | 1,101         |
| Exhibition costs                              | 5,278           | 2,338         |
|                                               | <b>84,548</b>   | <b>76,284</b> |
| Excess (deficiency) of revenues over expenses | <b>(15,013)</b> | <b>4,700</b>  |

The accompanying notes are an integral part of these financial statements

## Statement of Changes in Net Assets

(Unaudited)

| Year ended December 31                        | 2025          | 2024          |
|-----------------------------------------------|---------------|---------------|
|                                               | \$            | \$            |
| Unrestricted net assets, beginning of year    | 89,982        | 85,282        |
| Excess (deficiency) in revenues over expenses | (15,013)      | 4,700         |
| Unrestricted net assets, end of year          | <b>74,969</b> | <b>89,982</b> |

The accompanying notes are an integral part of these financial statements

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Statement of Cash Flows

(Unaudited)

| Year ended December 31                                 | 2025<br>\$ | 2024<br>\$ |
|--------------------------------------------------------|------------|------------|
| Cash flows from operating activities                   |            |            |
| Excess (deficiency) of revenues over expenses for year | (15,013)   | 4,700      |
| Adjustments for non-cash items                         |            |            |
| Amortization                                           | 2,395      | 2,395      |
| Accrued interest on guaranteed investment certificates | (1,438)    | (1,296)    |
|                                                        | (14,056)   | 5,799      |
| Change in non-cash working capital items               |            |            |
| Increase in government remittances receivable          | (937)      | (1,648)    |
| Decrease in inventory                                  | -          | 1,216      |
| Decrease (increase) in prepaid expenses                | (8,562)    | 8,103      |
| Decrease in accounts payable and accrued liabilities   | -          | (149)      |
| Increase in deferred revenue                           | 688        | 1,897      |
| Decrease in restricted donations                       | -          | (1,500)    |
|                                                        | (22,867)   | 13,718     |
| Cash flows from investing activities                   |            |            |
| Purchase of guaranteed investment certificates         | (43,581)   | (63,295)   |
| Redemption of guaranteed investment certificates       | 42,845     | 36,843     |
|                                                        | (736)      | (26,452)   |
| Net change in cash                                     | (23,603)   | (12,734)   |
| Cash, beginning of year                                | 59,418     | 72,152     |
| Cash, end of year                                      | 35,815     | 59,418     |

The accompanying notes are an integral part of these financial statements

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Notes to Financial Statements

(Unaudited)

December 31, 2025

### Nature of operations

The Royal Philatelic Society of Canada ("RPSC" or the "Organization") was incorporated by Letters Patent issued December 13, 1926 under the Canada Corporations Act. It was continued under the Canada Not-for-Profit Corporations Act on October 22, 2014 under the same name. The Organization was established to promote and foster the hobby of stamp collecting in Canada. This is accomplished by providing its members with a community that provides an environment where enthusiasts, collectors and philatelists can communicate, meet, conduct exchanges and sales and collectively advance the hobby.

### 1. Significant accounting policies

These financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-profit Organizations ("ASNPO"). ASNPO requires the Organization to select accounting policies appropriate for their circumstances. The following are the policies selected by the Organization and applied in these financial statements:

#### (a) 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 and collection is reasonably assured. Endowment contributions, which include life membership fees, are recognized as direct increases in net assets.

The Organization derives the majority of its revenue from annual dues paid by its members. In accounting for this revenue the Organization uses the completed contract method, which is a method that recognizes revenue only when the rendering of services under a contract is completed or substantially completed. The Organization considers its services to have been rendered with regards to its annual dues at the end of the calendar year for which the dues were paid. Any annual dues received from members that relate to future periods are setup as deferred revenue and brought into income in accordance with its method of revenue recognition.

Advertising, sponsorship and interest are recognized when earned.

Donations are recognized when received.

#### (b) Inventory

Inventory is measured at the lower of cost and net realizable value. The cost is determined using the weighted average method. Net realizable value is the estimated selling price in the ordinary course of business less the estimated costs of completion and the estimated costs necessary to make the sale. When inventories are sold, the carrying amount of those inventories are recognized as an expense in the period in which the related revenue is recognized. The amount of any write-down of inventories to net realizable value is recognized as an expense in the period the write-down occurs.

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Notes to Financial Statements (continued)

(Unaudited)

December 31, 2025

### 1. Significant accounting policies (continued)

#### (c) Capital assets

Capital assets are recorded at cost. The Organization provides for amortization using the following methods at rates designed to amortize the cost of the capital assets over their estimated useful lives on a straight-line basis. The annual amortization rate and methods are as follows:

|                   |          |
|-------------------|----------|
| Exhibition frames | 10 years |
|-------------------|----------|

#### (d) Income taxes

The Organization is recognized as a not-for-profit organization and as such is exempt from paying income taxes under the Canadian Income Tax Act.

#### (e) Financial instruments

##### (i) Measurement of financial instruments

The Organization initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash and guaranteed investment certificates.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

##### (ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in the statement of operations. The write down reflects the difference between the carrying amount and the higher of the present value of the cash flows expected to be generated by the asset or group of assets and the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in the statement of operations up to the amount of the previously recognized impairment. The amount of the reversal is recognized in the statement of operations in the period that the reversal occurs.

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Notes to Financial Statements (continued)

(Unaudited)

December 31, 2025

### 1. Significant accounting policies (continued)

#### (f) Management estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make judgments, estimates and assumptions that affect the application of accounting policies and 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 current year. Actual results may differ from these estimates, the impact of which would be recorded in future years.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

#### (g) Contributed materials and services

Services provided by volunteers and members are not reported as an expense in the statement of operations due to the difficulty of determining the fair value of the services provided.

### 2. Financial instrument risk management

| Financial instrument                     | Risks  |           |             |               |             |
|------------------------------------------|--------|-----------|-------------|---------------|-------------|
|                                          | Credit | Liquidity | Market risk |               |             |
|                                          |        |           | Currency    | Interest rate | Other price |
| Cash                                     | X      |           |             |               |             |
| Guaranteed investment certificates       | X      |           |             | X             |             |
| Accounts payable and accrued liabilities |        | X         |             |               |             |

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Notes to Financial Statements (continued)

(Unaudited)

December 31, 2025

### 2. Financial instrument risk management (continued)

#### Credit risk

The Organization is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried out with the same party, or if there is a concentration of financial obligations which have similar economic characteristics that could be similarly affected by changes in economic conditions, such that the Organization could incur a financial loss. The Organization does not hold directly any collateral as security for financial obligations of counterparties.

The maximum exposures of the Organization to credit risk are as follows:

|                                    | 2025           | 2024           |
|------------------------------------|----------------|----------------|
|                                    | \$             | \$             |
| Cash                               | 35,815         | 59,418         |
| Guaranteed investment certificates | 66,765         | 64,591         |
|                                    | <u>102,580</u> | <u>124,009</u> |

#### Liquidity risk

Liquidity risk is the risk that the Organization cannot repay its obligations when they become due to its creditors. The Organization has liquidity risk in accounts payable and accrued liabilities of \$8,000 (2024 - \$8,000).

The Organization reduces its exposure to liquidity risk by preparing and monitoring detailed forecasts of cash flows from operations, anticipating investing and financing activities and holding assets that can be readily converted into cash.

#### 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 is comprised of currency risk, interest rate risk and other price risk. The Organization is exposed to market risk arising from its cash and guaranteed investment certificates.

##### i) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Organization does not hold any assets denominated in a foreign currency and thus is not exposed to currency risk.

##### ii) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates. The Organization is exposed to interest rate risk on its guaranteed investment certificates.

# THE ROYAL PHILATELIC SOCIETY OF CANADA

## Notes to Financial Statements (continued)

(Unaudited)

December 31, 2025

### 2. Financial instrument risk management (continued)

#### iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. The Organization is not exposed to significant other price risk.

#### Changes in risk

The Organization's risk exposures did not significantly change from the prior year.

### 3. Short-term investments

Guaranteed investment certificates ("GICs") are comprised of three (2024 - three) GICs, due to mature between March 2026 and June 2026 (2024 - April 2025 and May 2026), accruing interest between 1.80% to 3.55% (2024 - 3.25% to 5.10%) per annum. As at December 31, 2025, there is \$1,438 (2023 - \$1,296) of accrued interest included in this balance.

### 4. Capital assets

|                   | <b>2025</b> |                                 |                       |
|-------------------|-------------|---------------------------------|-----------------------|
|                   | <b>Cost</b> | <b>Accumulated Amortization</b> | <b>Net Book Value</b> |
|                   | <b>\$</b>   | <b>\$</b>                       | <b>\$</b>             |
| Exhibition frames | 23,959      | (22,755)                        | 1,204                 |

  

|                   | <b>2024</b> |                                 |                       |
|-------------------|-------------|---------------------------------|-----------------------|
|                   | <b>Cost</b> | <b>Accumulated Amortization</b> | <b>Net Book Value</b> |
|                   | <b>\$</b>   | <b>\$</b>                       | <b>\$</b>             |
| Exhibition frames | 23,959      | (20,360)                        | 3,599                 |

# THE ROYAL PHILATELIC SOCIETY OF CANADA

---

## Notes to Financial Statements (continued)

(Unaudited)

---

December 31, 2025

5. **Deferred revenue**

Deferred revenue primarily consists of membership fees received in advance for services to be rendered in future periods. Membership revenue is recognized on a straight-line basis over the term of the membership, which typically spans 12 months.

6. **Related parties**

A related party oversees the printing and production of its journal The Canadian Philatelist and generates advertisement revenue from ad placements in the journal. The Organization reimburses the related party the net cost of producing the journal, being printing expenses less advertisement revenue.

The two parties are related as certain individuals serve as management and/or board members for both organizations and therefore exert significant influence on the operations of both parties.

# HILBORN

LISTENERS. THINKERS. DOERS.