Financial statements of
Veterans Transition Network

December 31, 2018

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Independent Auditor's Report

To the Directors of
Veterans Transition Network

Opinion

We have audited the financial statements of Veterans Transition Network (the "Organization"), which comprise the statement of financial position as at December 31, 2018, and the statements of operations and changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2018, 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 Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the 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 Financial Statements

Management is responsible for the preparation and fair presentation of the 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.

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

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

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the 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 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 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 Organization'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 Organization'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 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 Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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.

(To be signed Deloitte LLP)

Chartered Professional Accountants
May 10, 2019
Vancouver, British Columbia

Veterans Transition Network

Statement of operations and net assets

Year ended December 31, 2018

	Notes	2018	2017
		$	$
Revenue			
Grants	3	**1,204,981**	985,964
Program revenue		**900,000**	435,000
Donations		**160,839**	289,260
Other		**13,065**	14,937
		2,278,884	1,725,161
Expenses			
Program delivery		**1,879,823**	1,451,085
Salaries and wages		**131,788**	134,896
Marketing		**93,786**	103,202
Fundraising		**74,570**	29,013
Office		**33,880**	27,974
Accounting and audit		**13,594**	11,706
Professional services		**10,267**	-
Travel		**10,101**	4,789
Insurance		**6,892**	5,530
Meals and entertainment		**1,062**	967
Bank charges and interest		**1,061**	724
		2,256,823	1,769,885
Deficiency of revenue over expenses		**22,061**	(44,724)
Unrestricted net assets, beginning of year		**82,442**	127,166
Unrestricted net assets, end of year		**104,503**	82,442

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

Veterans Transition Network
Statement of financial position
As at December 31, 2018

	Notes	2018	2017
		$	$
Assets			
Current assets			
Cash and cash equivalents		**189,261**	97,479
Accounts receivable		**26,158**	28,416
Prepaid expenses and deposits		**58,719**	42,371
		274,138	168,266
Intangible asset		**1,446**	1,446
		275,584	169,712
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**119,854**	29,948
Deferred contributions	3	**51,227**	57,322
		171,081	87,270
Commitment	4		
Unrestricted net assets		**104,503**	82,442
		275,584	169,712

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

Approved by the Board

______________________________, Director

______________________________, Director

Veterans Transition Network

Statement of cash flows

Year ended December 31, 2018

	2018	2017
	$	$
Operating activities		
Deficiency of revenue over expenses	**22,061**	(44,725)
Net changes in non-cash working capital		
Accounts receivable	**2,258**	137,903
Prepaid expenses	**(16,348)**	(24,845)
Accounts payable and accrued liabilities	**89,906**	(3,636)
Deferred contributions	**(6,095)**	(163,612)
	91,782	(98,915)
Net increase (decrease) in cash	**91,782**	(98,915)
Cash, beginning of year	**97,479**	196,394
Cash, end of year	**189,261**	97,479

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

1. Purpose of the Organization

Veterans Transition Network (the "Organization") was established in May 2012 as a registered charity, incorporated under the Canada Not-for-profit Corporations Act. The purpose of the Organization is to provide timely, effective and comprehensive group services to assist soldiers and to help soldiers transition to civilian life serving to launch them into their best possible future.

2. Significant accounting policies

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and, reflect the following significant accounting policies.

Cash equivalents

Cash equivalents consist of short-term investments with an initial maturity of less than three months.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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.

Other income is recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Contributed materials and services

Contributed materials and services are recognized in the financial statements when their fair value can be reasonably estimated and when the Organization would have otherwise purchased them.

Contribution of time by volunteers is not recorded as an expense as the dollar amount is not reasonably determinable.

Financial instruments

The Organizations financial instruments consist of cash, accounts, receivable, and accounts payable.

Financial assets and financial liabilities are initially measured at fair value when the Organization becomes party to the contractual provisions of the financial instrument. Subsequently, all financial instruments are measured at amortized cost.

With respect to financial assets measured at cost or amortized cost, the Organization recognizes in the statement of operations an impairment loss, if any, when 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 has recognized, the previously recognized impairment loss shall be reversed in the statement of operations in the period the reversal occurs.

2. Significant accounting policies (continued)

Intangible asset

The intangible asset is a trademark that has an indefinite life. Intangible assets with an indefinite life are accounted for at cost and are tested for impairment whenever events or changes in circumstances indicate that they might be impaired. When the carrying amount of an item exceeds its fair value, an impairment loss is recognized in the excess (deficiency) of revenue over expenses in an amount equal to the excess.

Use of estimates

Financial statements prepared in conformity with ASNPO, require management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from these estimates. Assumptions are used in estimating the collectability of accounts receivable. Management reviews its estimates annually based on current available information.

3. Deferred contributions

Deferred contributions related to operations comprise grant funding received in the current period for future periods.

				2018
	Balance, beginning of year	**Contributions received and receivable**	**Recognized as revenue**	**Balance, end of year**
	$	**$**	**$**	**$**
Command Legion of ON	**45,000**	**120,000**	**120,000**	**45,000**
True Patriot Love	**—**	**197,000**	**190,773**	**6,227**
Invictus games	**4,322**	**—**	**4,322**	**—**
Generation Capital	**8,000**	**232,000**	**240,000**	**—**
	57,322	**317,000**	**555,095**	**51,227**

				2017
	Balance, beginning of year	Contributions received and receivable	Recognized as revenue	Balance, end of year
	$	$	$	$
Command Legion of ON	—	180,000	135,000	45,000
Invictus games	—	4,322	—	4,322
Generation Capital	—	185,780	177,780	8,000
	—	370,102	312,780	57,322

4. Commitment

The Organization is obligated under a lease agreement in respect of office space under a premise lease for minimum annual rentals as follows:

	$
2019	16,450

5. Financial instruments

The Organization is exposed to various financial risks through its financial instruments.

Credit risk

The Organization is exposed to credit risk with respect to its accounts receivable from its funding partners for contributions receivable. For contributions receivable, the Organization assesses, on a continuous basis, amounts receivable on the basis of amounts it is virtually certain to receive based on their estimated realizable value.

Liquidity risk

Liquidity risk is the risk of being unable to meet cash requirements or to fund obligations as they become due. Accounts payable and accrued liabilities are generally settled within 30 days.