Financial statements of
Veterans Transition Network

December 31, 2019

Deloitte.

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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, 2019, and the statements of operations and changes in net (liabilities) 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, 2019, 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.

Deloitte LLP

Chartered Professional Accountants
July 8, 2020
Vancouver, British Columbia

Veterans Transition Network

Statement of operations and net deficit

Year ended December 31, 2019

	Notes	2019	2018
		$	$
Revenue			
Grants	3	**1,144,261**	1,204,981
Program revenue		**815,000**	900,000
Donations		**161,824**	160,838
Other		**7,994**	13,065
		2,129,079	2,278,884
Expenses			
Program delivery		**1,944,921**	1,879,823
Salaries and wages		**160,393**	131,788
Fundraising		**108,482**	74,570
Marketing		**88,282**	93,786
Office		**35,979**	33,880
Professional services		**19,833**	10,266
Accounting and audit		**14,509**	13,594
Insurance		**6,324**	6,892
Travel		**1,193**	10,101
Meals and entertainment		**873**	1,062
Other expenses		**849**	-
Bank charges and interest		**560**	1,061
		2,382,198	2,256,823
(Deficiency) excess of revenue over expenses		**(253,119)**	22,061
Unrestricted net assets, beginning of year		**104,503**	82,442
Unrestricted net (liabilities) assets, end of year		**(148,616)**	104,503

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

Veterans Transition Network

Statement of financial position

As at December 31, 2019

	Notes	2019	2018
		$	$
Assets			
Current assets			
Cash		**60,726**	189,261
Accounts receivable		**5,420**	26,158
Prepaid expenses and deposits		**47,318**	58,719
		113,464	274,138
Intangible asset		**1,446**	1,446
		114,910	275,584
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities		**113,526**	119,854
Deferred contributions	3	**150,000**	51,227
		263,526	171,081
Commitment	4		
Subsequent event	6		
Unrestricted net (liabilities) assets		**(148,616)**	104,503
		114,910	275,584

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, 2019

	2019	2018
	$	$
Operating activities		
(Deficiency) excess of revenue over expenses	**(253,119)**	22,061
Net changes in non-cash working capital		
Accounts receivable	**20,738**	2,258
Prepaid expenses	**11,401**	(16,348)
Accounts payable and accrued liabilities	**(6,328)**	89,906
Deferred contributions	**98,773**	(6,095)
	(128,535)	91,782
Net (decrease) increase in cash	**(128,535)**	91,782
Cash, beginning of year	**189,261**	97,479
Cash, end of year	**60,726**	189,261

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.

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. There were no contributed materials and services recognized in the current fiscal year.

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 a 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 was recognized, the previously recognized impairment loss is 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.

	Balance beginning of year	**Contributions received and receivable**	**Recognized as revenue**	**2019 Balance end of year**
	$	**$**	**$**	**$**
Command Legion of ON	**45,000**	**121,500**	**106,500**	**60,000**
True Patriot Love	**6,227**	**210,000**	**156,227**	**60,000**
Aqueduct Foundation	**—**	**60,000**	**30,000**	**30,000**
	51,227	**391,500**	**292,727**	**150,000**

	Balance beginning of year	Contributions received and receivable	Recognized as revenue	2018 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	549,000	555,095	51,227

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:

	$
2020	42,263
2021	42,591
2022	43,247
2023	43,247
2024	38,343
Total	209,691

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 cash and accounts receivable from its funding partners for contributions receivable. Cash is held with a reputable financial institution. The Organization assesses its accounts receivable on a continuous basis.

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.

6. Subsequent event

on March 11 2020, the World Health Organization characterized the outbreak of a strain of the novel coronavirus (“COVID-19”) as a pandemic which has resulted in a series of public health and emergency measures that have been put in place to combat the spread of the virus. The duration and impact of COVID-19 is unknown at this time and it is not possible to reliably estimate the impact that the length and severity of these developments will have on the financial results and condition of the Organization in future periods. Programs starting from March 2020 have been postponed until further notice. This is due to the restriction of travel within Canada and limiting the number of individuals in one room.