

Veterans Transition Network
Financial Statements
December 31, 2022

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, 2022, 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2022, 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. 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 generally accepted auditing standards 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 generally accepted auditing standards, 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.
- Obtain sufficient appropriate audit evidence regarding the financial information of the entities or business activities within the to express an opinion on the financial statements. We are responsible for the direction, supervision and performance of the group audit. We remain solely responsible for our audit opinion.

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.

Vancouver, British Columbia

June 29, 2023

MNP LLP

Chartered Professional Accountants

Veterans Transition Network

Statement of Financial Position

As at December 31, 2022

	2022	2021
Assets		
Current		
Cash and cash equivalents	1,096,374	2,724,514
Marketable securities	-	69,559
Accounts receivable	79,589	2,973
Prepaid expenses and deposits	14,862	21,705
	1,190,825	2,818,751
Intangible asset	1,446	1,446
	1,192,271	2,820,197
Liabilities		
Current		
Accounts payable and accrued liabilities	358,157	262,276
Deferred contributions (Note 3)	804,020	1,906,486
	1,162,177	2,168,762
Commitments (Note 4)		
Net Assets		
Unrestricted net asset	30,094	651,435
	1,192,271	2,820,197

Approved on behalf of the Board

e-Signed by Adam Schell

2023-06-29 14:49:23:23 MDT

Director

e-Signed by Gavin Dew

2023-06-29 14:49:24:24 MDT

Director

The accompanying notes are an integral part of these financial statements

Veterans Transition Network

Statement of Operations and Changes in Net Assets

For the year ended December 31, 2022

	2022	2021
Revenue		
Afghan support program revenue <i>(Note 3)</i>	1,659,970	2,691,885
Grants	922,841	1,023,239
Donations	468,112	388,005
Program revenue	120,000	142,500
Other	1,203	2,172
Gain on sale of marketable securities	149	50,254
Government subsidy <i>(Note 6)</i>	-	179,458
Unrealized gain on revaluation of marketable securities	-	72
	3,172,275	4,477,585
Expenses		
Afghan support program delivery	1,659,970	2,691,885
Program delivery <i>(Note 7)</i>	1,529,260	1,278,914
Salaries and wages	195,298	160,510
Fundraising <i>(Note 7)</i>	164,474	123,595
Marketing <i>(Note 7)</i>	138,468	89,001
Office	48,815	19,729
Accounting and audit	27,938	18,980
Professional services	13,555	5,295
Insurance	9,617	9,388
Travel	5,031	405
Bank charges and interest	1,190	1,218
	3,793,616	4,398,920
Excess (deficiency) of revenue over expenses	(621,341)	78,665
Unrestricted net assets beginning of year	651,435	572,770
Unrestricted net assets end of year	30,094	651,435

The accompanying notes are an integral part of these financial statements

Veterans Transition Network Statement of Cash Flows

For the year ended December 31, 2022

	2022	2021
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenue over expenses	(621,341)	78,665
Unrealized gain on revaluation of marketable securities	-	(72)
Gain on sale of marketable securities	(149)	(50,254)
Net changes in non-cash working capital accounts		
Accounts receivable	(76,616)	60,715
Prepaid expenses and deposits	6,843	8,250
Accounts payable and accrued liabilities	95,881	33,451
Deferred contributions	(1,102,466)	1,590,194
	(1,697,848)	1,720,949
Investing		
Proceeds on disposal of marketable securities	69,708	173,275
	(1,628,140)	1,894,224
Increase (decrease) in cash resources		
Cash resources, beginning of year	2,724,514	830,290
Cash resources, end of year	1,096,374	2,724,514

The accompanying notes are an integral part of these financial statements

Veterans Transition Network Notes to the Financial Statements

For the year ended December 31, 2022

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 and cash equivalents

Cash and cash equivalents include cash and cashable GICs.

Deferred revenue

Deferred revenue consists principally of operating grants, donations and contributions that have been received but for which not all of the related services have been provided.

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

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 and cash equivalents, marketable securities, accounts receivable, and Accounts payable and accrued liabilities.

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, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value of these financial instruments are recognized in the statement of operations as income or expense.

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.

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 statement of operations in an amount equal to the excess.

Veterans Transition Network Notes to the Financial Statements

For the year ended December 31, 2022

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.

Government assistance

Claims for assistance under various government grant programs, such as the Canada Emergency Wage Subsidy ("CEWS"), the Canada Emergency Rent Subsidy ("CERS") and the 10% Temporary Wage Subsidy ("TWS") are recorded as revenue in the year they are earned.

Allocation of expenses

The Organization engages in the following functions, program delivery, marketing and fundraising. The costs of each function include the costs of personnel, premises and other expenses that are directly related to the function. Any costs not allocated to a function are classified by object.

The Organization allocates the costs of personnel, premises and other expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year. Salaries and wages and office are allocated on the following bases:

Salaries and wages	Proportionately based on the function the employee works in as outlined in their employment contract.
Office	Proportionately based on the function the employee works in as outlined in their employment contract on an annual hours worked basis.

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 \$	2022 Balance end of year \$
True Patriot Love	27,502	189,844	184,012	33,334
Centre of Excellence	13,800	-	13,800	-
Command Legion of ON	6,000	56,000	60,000	2,000
Command Legion of MB	13,200	31,958	27,800	17,358
Command Legion of QC	-	1,938	1,938	-
Aqueduct Foundation	60,000	60,000	60,000	60,000
London Drugs Foundation	15,000	15,000	30,000	-
Nickle Family Foundation	4,000	5,000	9,000	-
Veteran & Family Well-Being Fund	-	225,000	197,448	27,552
Hewitt Foundation	-	82,000	82,000	-
Boeing Vancouver	-	51,344	51,344	-
Fondation Québécoise des Vétérans	-	50,000	50,000	-
he Royal Canadian Legion/BC/Yukon Command	-	140,500	140,500	-
J.S Cheng & Partners Inc.	-	10,000	10,000	-
McElhanney Ltd.	-	5,000	5,000	-
	139,502	923,584	922,842	140,244

Veterans Transition Network
Notes to the Financial Statements
For the year ended December 31, 2022

3. Deferred contributions (continued)

	Balance beginning of year \$	Contributions received and receivable \$	Recognized as revenue \$	Balance end of year \$
True Patriot Love	35,000	190,344	197,842	27,502
Veterans Affairs Canada	200,000	-	200,000	-
The Winnipeg Foundation	37,592	-	37,592	-
Centre of Excellence	26,000	35,000	47,200	13,800
Centraide du Grand Montréal	17,700	-	17,700	-
Command Legion of ON	-	29,000	23,000	6,000
Command Legion of MB	-	19,800	6,600	13,200
Aqueduct Foundation	-	60,000	-	60,000
London Drugs Foundation	-	15,000	-	15,000
Nickle Family Foundation	-	4,000	-	4,000
	316,292	353,144	529,934	139,502

The Organization received \$556,762 (2021 - \$4,458,869) in donations for the Afghan Interpreters campaign. During the year, the Organization recognized \$1,659,970 (2021 - \$2,691,885) of the donation received as revenue resulting in a deferred income balance of \$663,776 (2021- \$1,766,984) for the fiscal year ended December 31, 2022.

4. Commitments

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

2023	43,247
2024	28,831
Total	72,078

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 cash equivalents and accounts receivable from its funding partners for contributions receivable. Cash and cash equivalents 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.

Price risk

Price risk is the risk that the fair value of a financial instrument will fluctuate because of changes in market rates. The Organization is exposed to price risk through its investment in marketable securities.

Veterans Transition Network

Notes to the Financial Statements

For the year ended December 31, 2022

6. Government assistance

In response to the negative economic impact of COVID-19, in April 2020 the Government of Canada announced several programs as part of their economic response plan such as the Canada Emergency Wage Subsidy ("CEWS"), the 10% Temporary Wage Subsidy ("TWS") and the Canada Emergency Rent Subsidy ("CERS"). CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19.

The Organization recognizes government assistance receivable when there is reasonable assurance that it will comply with the conditions required to qualify for the assistance, and that the assistance will be received.

The Organization has recognized \$nil (2021 - \$168,904) of CEWS and has recorded it as revenue during this period. As at December 31, 2022, the Organization has received \$nil (2021 - \$168,904) of this amount. The Organization has also recognized \$nil of CERS (2021 - \$10,554).

7. Allocation of expenses

Salaries and wages of \$587,065 (2021 - \$482,440) and office expenses of \$43,874 (2021 - \$38,036) have been allocated as follows:

	2022	2021
Program delivery	408,376	337,166
Marketing	81,302	68,577
Fundraising	141,261	114,733
	630,939	520,476

8. Subsequent event

Subsequent to year end the Organization entered into an agreement with Immigration, Refugees and Citizenship Canada ("IRCC") which qualifies the Organization for reimbursement of eligible expenses related to Afghan safe passage activities undertaken between March 3, 2023, and March 31, 2023. An estimate of the financial effect regarding the contribution agreement cannot be made at this time.