

TB VETS CHARITABLE FOUNDATION

FINANCIAL STATEMENTS

30 SEPTEMBER 2023

TB VETS CHARITABLE FOUNDATION
Financial Statements

For the Year Ended 30 September 2023

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INDEPENDENT AUDITORS' REPORT

To the Directors of,
TB Vets Charitable Foundation

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of TB Vets Charitable Foundation (the “Foundation”), which comprise the statement of financial position as at 30 September 2023 and the statement of operations and changes in fund balances and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at 30 September 2023, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from the general public in the form of donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donation revenue, excess (deficiency) of revenues over expenses, and cash flows from operations for the years ended 30 September 2023 and 2022, current assets as at 30 September 2023 and 2022, and net assets as at 1 October and 30 September for both the 2023 and 2022 years.

Our audit opinion on the financial statements for the year ended 30 September 2022 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditors' Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Foundation 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 qualified audit opinion.

INDEPENDENT AUDITORS' REPORT - continued

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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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 Foundation's internal control.

INDEPENDENT AUDITORS' REPORT - continued

- 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



CHARTERED PROFESSIONAL ACCOUNTANTS

Vancouver, Canada
3 January 2024

TB VETS CHARITABLE FOUNDATION

Statement of Financial Position

30 September 2023

| | General Fund | | Bequest Fund | | Capital Fund | | TB Vets Legacy Fund | | Get Up and Breathe Fund | | Gaming Fund | | Total | |
|---|--------------|-----------|--------------|---------|--------------|--------|---------------------|-----------|-------------------------|--------|-------------|--------|-----------|-----------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Assets | | | | | | | | | | | | | | |
| Current | | | | | | | | | | | | | | |
| Cash | 91,934 | 790,612 | - | - | - | - | - | - | 14,505 | 18,375 | 8,180 | 36,282 | 114,619 | 845,269 |
| Term deposit (Note 3) | 100,000 | 300,000 | - | - | - | - | - | - | - | - | - | - | 100,000 | 300,000 |
| Marketable securities (Note 4) | 13,760 | 7,759 | 867,457 | 776,497 | - | - | 1,686,666 | 1,509,856 | - | - | - | - | 2,567,883 | 2,294,112 |
| Accounts receivable (Note 11) | 7,049 | 10,673 | - | - | - | - | - | - | - | - | - | - | 7,049 | 10,673 |
| GST receivable | 11,781 | 10,591 | - | - | - | - | - | - | - | - | - | - | 11,781 | 10,591 |
| Prepaid expenses | 11,622 | 11,582 | - | - | - | - | - | - | - | - | - | - | 11,622 | 11,582 |
| Due (to) from fund | 9,346 | - | - | - | - | - | - | - | (3,053) | - | (6,293) | - | - | - |
| | 245,492 | 1,131,217 | 867,457 | 776,497 | - | - | 1,686,666 | 1,509,856 | 11,452 | 18,375 | 1,887 | 36,282 | 2,812,954 | 3,472,227 |
| Tangible capital assets (Note 5) | - | - | - | - | 12,451 | 15,563 | - | - | - | - | - | - | 12,451 | 15,563 |
| Intangible assets (Note 6) | - | - | - | - | 2,306 | 6,919 | - | - | - | - | - | - | 2,306 | 6,919 |
| | 245,492 | 1,131,217 | 867,457 | 776,497 | 14,757 | 22,482 | 1,686,666 | 1,509,856 | 11,452 | 18,375 | 1,887 | 36,282 | 2,827,711 | 3,494,709 |
| Liabilities and Fund Balances | | | | | | | | | | | | | | |
| Liabilities | | | | | | | | | | | | | | |
| Accounts payable and accrued liabilities (Note 7) | 166,822 | 885,785 | - | - | - | - | - | - | - | - | - | 35,000 | 166,822 | 920,785 |
| Government remittances payable | 8,291 | 9,243 | - | - | - | - | - | - | - | - | - | - | 8,291 | 9,243 |
| Canada Emergency Business Account (Note 8) | 30,000 | - | - | - | - | - | - | - | - | - | - | - | 30,000 | - |
| | 205,113 | 895,028 | - | - | - | - | - | - | - | - | - | 35,000 | 205,113 | 930,028 |
| Canada Emergency Business Account (Note 8) | - | 30,000 | - | - | - | - | - | - | - | - | - | - | - | 30,000 |
| | 205,113 | 925,028 | - | - | - | - | - | - | - | - | - | 35,000 | 205,113 | 960,028 |
| Commitments (Note 9) | | | | | | | | | | | | | | |
| Fund Balances | | | | | | | | | | | | | | |
| Externally restricted | - | - | - | - | - | - | 1,000,000 | 1,000,000 | 4,000 | 4,000 | - | - | 1,004,000 | 1,004,000 |
| Internally restricted | - | - | 867,457 | 776,497 | 14,757 | 22,482 | - | - | 7,452 | 14,375 | 1,887 | 1,282 | 891,553 | 814,636 |
| Unrestricted | 40,379 | 206,189 | - | - | - | - | 686,666 | 509,856 | - | - | - | - | 727,045 | 716,045 |
| | 40,379 | 206,189 | 867,457 | 776,497 | 14,757 | 22,482 | 1,686,666 | 1,509,856 | 11,452 | 18,375 | 1,887 | 1,282 | 2,622,598 | 2,534,681 |
| | 245,492 | 1,131,217 | 867,457 | 776,497 | 14,757 | 22,482 | 1,686,666 | 1,509,856 | 11,452 | 18,375 | 1,887 | 36,282 | 2,827,711 | 3,494,709 |

APPROVED BY THE DIRECTORS:

_____ Director

_____ Director

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

TB VETS CHARITABLE FOUNDATION
Statement of Operations and Changes in Fund Balances
For the Year Ended 30 September 2023

| | General Fund | | Bequest Fund | | Appropriated Awards Fund | | Capital Fund | | TB Vets Legacy Fund | | Get Up and Breathe Fund | | Gaming Fund | | Total | |
|---|------------------|------------------|-----------------|-----------------|--------------------------|------------------|----------------|----------------|---------------------|------------------|-------------------------|----------------|-----------------|-----------------|------------------|------------------|
| | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 | 2023 | 2022 |
| | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ | \$ |
| Revenues | | | | | | | | | | | | | | | | |
| Donations | 1,592,424 | 1,663,767 | 29,244 | 65,087 | - | - | - | - | - | - | - | 670 | - | - | 1,621,668 | 1,729,524 |
| 50/50 Raffle | - | - | - | - | - | - | - | - | - | - | - | - | 75,940 | 122,010 | 75,940 | 122,010 |
| | 1,592,424 | 1,663,767 | 29,244 | 65,087 | - | - | - | - | - | - | - | 670 | 75,940 | 122,010 | 1,697,608 | 1,851,534 |
| Operating expenses | | | | | | | | | | | | | | | | |
| Campaign costs | 414,302 | 438,137 | 48,068 | - | - | - | - | - | - | - | - | - | 60,187 | 90,562 | 522,557 | 528,699 |
| Payroll | 129,076 | 138,421 | - | - | - | - | - | - | - | - | - | - | - | - | 129,076 | 138,421 |
| Program costs | - | - | - | - | - | - | - | - | - | - | 6,923 | 4,866 | - | - | 6,923 | 4,866 |
| | 543,378 | 576,558 | 48,068 | - | - | - | - | - | - | - | 6,923 | 4,866 | 60,187 | 90,562 | 658,556 | 671,986 |
| Excess (deficiency) of revenues over operating expenses | 1,049,046 | 1,087,209 | (18,824) | 65,087 | - | - | - | - | - | - | (6,923) | (4,196) | 15,753 | 31,448 | 1,039,052 | 1,179,548 |
| Other revenue | | | | | | | | | | | | | | | | |
| Investment income (loss) (Note 10) | 202,199 | (141,535) | 90,960 | (75,374) | - | - | - | - | - | - | - | - | - | - | 293,159 | (216,909) |
| | 202,199 | (141,535) | 90,960 | (75,374) | - | - | - | - | - | - | - | - | - | - | 293,159 | (216,909) |
| Excess (deficiency) of revenues over expenses before general and administrative expenses | 1,251,245 | 945,674 | 72,136 | (10,287) | - | - | - | - | - | - | (6,923) | (4,196) | 15,753 | 31,448 | 1,332,211 | 962,639 |
| General and administrative expenses | | | | | | | | | | | | | | | | |
| Payroll | 180,002 | 156,332 | - | - | - | - | - | - | - | - | - | - | - | - | 180,002 | 156,332 |
| Professional fees | 112,147 | 93,996 | - | - | - | - | - | - | - | - | - | - | - | - | 112,147 | 93,996 |
| Building and maintenance | 94,771 | 90,691 | - | - | - | - | - | - | - | - | - | - | - | - | 94,771 | 90,691 |
| Office | 50,194 | 51,885 | - | - | - | - | - | - | - | - | - | - | - | - | 50,194 | 51,885 |
| Insurance | 8,370 | 8,324 | - | - | - | - | - | - | - | - | - | - | - | - | 8,370 | 8,324 |
| Marketing | 1,979 | 790 | - | - | - | - | - | - | - | - | - | - | - | - | 1,979 | 790 |
| Interest and bank charges | 1,111 | 1,202 | - | - | - | - | - | - | - | - | - | - | 148 | 60 | 1,259 | 1,262 |
| Expense recoveries (Note 11) | (19,945) | (18,700) | - | - | - | - | - | - | - | - | - | - | - | - | (19,945) | (18,700) |
| Amortization | - | - | - | - | - | - | 7,725 | 8,294 | - | - | - | - | - | - | 7,725 | 8,294 |
| | 428,629 | 384,520 | - | - | - | - | 7,725 | 8,294 | - | - | - | - | 148 | 60 | 436,502 | 392,874 |
| Excess (deficiency) of revenues over expenses | 822,616 | 561,154 | 72,136 | (10,287) | - | - | (7,725) | (8,294) | - | - | (6,923) | (4,196) | 15,605 | 31,388 | 895,709 | 569,765 |
| Grants awarded | - | - | - | - | (807,792) | (939,535) | - | - | - | - | - | - | - | - | (807,792) | (939,535) |
| Excess (deficiency) of revenues over expenses and grants | 822,616 | 561,154 | 72,136 | (10,287) | (807,792) | (939,535) | (7,725) | (8,294) | - | - | (6,923) | (4,196) | 15,605 | 31,388 | 87,917 | (369,770) |
| Fund balances - beginning of year | 206,189 | 338,701 | 776,497 | 851,871 | - | - | 22,482 | 29,660 | 1,509,856 | 1,656,405 | 18,375 | 23,001 | 1,282 | 4,813 | 2,534,681 | 2,904,451 |
| Interfund transfers | (988,426) | (693,666) | 18,824 | (65,087) | 807,792 | 939,535 | - | 1,116 | 176,810 | (146,549) | - | (430) | (15,000) | (34,919) | - | - |
| Fund balances - end of year | 40,379 | 206,189 | 867,457 | 776,497 | - | - | 14,757 | 22,482 | 1,686,666 | 1,509,856 | 11,452 | 18,375 | 1,887 | 1,282 | 2,622,598 | 2,534,681 |

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

TB VETS CHARITABLE FOUNDATION**Statement of Cash Flows****For the Year Ended 30 September 2023**

| | 2023 | 2022 |
|--|-------------------|-------------------|
| Cash provided by (used in): | | |
| Operating activities | | |
| Excess (deficiency) of revenues over expenses and grants | \$ 87,917 | \$ (369,770) |
| Items not involving cash | | |
| Adjustment to market value of marketable securities | (227,760) | 265,323 |
| Amortization | 7,725 | 8,294 |
| | <u>(132,118)</u> | <u>(96,153)</u> |
| Changes in non-cash working capital balances | | |
| Accounts receivable | 3,624 | 1,315 |
| GST receivable | (1,190) | 1,033 |
| Prepaid expenses | (40) | (465) |
| Accounts payable and accrued liabilities | (753,963) | 878,906 |
| Government remittances payable | (952) | 362 |
| | <u>(884,639)</u> | <u>784,998</u> |
| Investing activities | | |
| Purchase of marketable securities - net | (46,011) | (51,159) |
| Redemption of term deposit | 200,000 | - |
| Purchase of tangible capital assets | - | (1,116) |
| | <u>153,989</u> | <u>(52,275)</u> |
| Net (decrease) increase in cash | (730,650) | 732,723 |
| Cash - beginning of year | 845,269 | 112,546 |
| Cash - end of year | \$ 114,619 | \$ 845,269 |

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

TB VETS CHARITABLE FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 September 2023

1. Organization

TB Vets Charitable Foundation (the “Foundation”) was incorporated under the Societies Act of British Columbia as a registered charitable public foundation on 26 February 1997. The Foundation, as a charitable public foundation, is exempt from income tax, providing certain requirements are met.

The Foundation raises funds to support respiratory wellness throughout British Columbia. Annual grants are authorized for such things as (but not limited to): life-saving respiratory equipment for hospitals and health centres; scientific respiratory research; bursaries for respiratory therapist education; search and rescue respiratory equipment; asthma youth day camps; and recreational therapy programs for respiratory patients in long term isolated care. There is an established annual grant submission program which is overseen by health professionals who make recommendations to the Foundation’s Board of Directors.

The following is a brief description of the Foundation's funds and their sources of revenues:

General Fund

The General Fund reports donation revenue and expenses related to the keytag program and administration.

Bequest Fund

Income generated by the Bequest Fund investments is pledged, on behalf of the benefactors of the bequests, as annual grants and bursaries for certain organizations. The excess portion of the investment income earned is retained in the account.

Appropriated Awards Fund

The Foundation is approached by various organizations requesting grants that are in general agreement with the aims and objectives of the Foundation. The requests received are evaluated by a sub-committee of the Board of Directors who provide recommendations to the Board.

Capital Fund

The Capital Fund reports amortization and other changes in tangible capital and intangible assets.

TB Vets Legacy Fund

The Tuberculous and Chest Disabled Veterans’ Association transferred \$1 million to the Foundation for the purpose of establishing the TB Vets Legacy Fund, an externally restricted permanent endowment fund which is being held in marketable securities. The Foundation will be responsible for managing the Fund and disbursing the income of the Fund in accordance with its objectives. Investment income and changes in the fair market value of the investments are unrestricted and recognized in the general fund.

TB VETS CHARITABLE FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 September 2023

1. Organization - continued

Get Up and Breathe Fund

During the 2020 year, the Foundation established the Get Up and Breathe Fund, the purpose of which is to report the activities of the Get Up and Breathe Program which promotes exercise and respiratory wellness. The fund was established via a fund transfer of \$20,000 from the General Fund. This fund reports the revenues and expenses related to the Get Up and Breathe Program.

Gaming Fund

During the 2021 year, the Foundation established the Gaming Fund, the purpose of which is to report activities from the 50/50 raffle, the net proceeds of which are internally restricted to fund grants which are reported in the Appropriated Awards Funds. This fund reports the revenues and expenses related to the 50/50 raffle.

2. Summary of Significant Accounting Policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Basis of Accounting

The General Fund is unrestricted and records all operational activities of the Foundation. The Appropriated Awards Fund is externally restricted under the requirements of the Foundation's charitable registration. The original endowment funding of the TB Vets Legacy Fund is externally restricted as described in Note 1. The Bequest Fund, the Capital Fund, the Get Up and Breathe Fund and the Gaming Fund are internally restricted.

(b) Financial Instruments

i. Measurement of Financial Instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Foundation subsequently measures all of its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market and fixed income securities other than term deposits, 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, term deposits, and accounts receivable. Financial assets measured at fair value include marketable securities.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and Canada Emergency Business Account.

TB VETS CHARITABLE FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 September 2023

2. Summary of Significant Accounting Policies - continued

(b) Financial Instruments (continued)

ii. Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

iii. Transaction Costs

The Foundation recognizes its transaction costs in the statement of operations in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(c) Revenue Recognition

The Foundation follows the restricted fund method of accounting for donations. Restricted and unrestricted donations are recognized as revenue of the appropriate fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income includes interest income, dividend income, and realized and unrealized investment gains and losses. Unrealized gains and losses on temporary investments are included in investment income and recognized as revenue in the statement of operations. Investment income is recognized as revenue when earned.

(d) Tangible Capital Assets

Tangible capital assets are recorded at cost and amortized over their estimated useful lives at the following annual rates:

| | | |
|--------------------|-----|-------------------|
| Computer equipment | 20% | declining balance |
| Office equipment | 20% | declining balance |

TB VETS CHARITABLE FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 September 2023

2. Summary of Significant Accounting Policies - continued

(e) Intangible Assets

Intangible assets are recorded at cost and amortized over their estimated useful lives at the following annual rate:

| | |
|---------|----------------------|
| Website | 5 year straight line |
|---------|----------------------|

(f) Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenses and disclosure of contingencies at the date of the statement of financial position. Accounts subject to estimates include amortization on tangible capital assets and intangible assets, and accrued liabilities. Management believes that the estimates utilized in preparing the financial statements are reasonable, however, actual results could differ from those estimates.

(g) Cash and Cash Equivalents

The Foundation's policy is to disclose bank balances under cash and cash equivalents, including bank overdrafts with balances that fluctuate frequently from being positive to overdrawn and term deposits with a maturity of three months or less from the date of acquisition.

(h) Foreign Currency Transactions

Transactions denominated in foreign currencies are recorded in Canadian dollars at the exchange rate prevailing at the time of the transaction. Monetary assets and liabilities denominated in foreign currencies are converted to Canadian dollars at the exchange rate prevailing at the statement of financial position date. Exchange gains or losses are recorded in the statement of operations.

(i) Impairment of Long-lived Assets

The Foundation tests long-lived assets for impairment when events or changes in circumstances indicate that their carrying value may not be recovered. When a tangible capital asset or intangible asset no longer contributes to the services provided by the Foundation its carrying value amount is written down to its residual value. No impairment losses were determined by management to be necessary for the year.

3. Term Deposit

The Foundation currently holds one (2022 - one) term deposit which bears interest at 4.00 % (2022 - 1.00%) and is due to mature on 11 January 2024 (2022 - 8 November 2022).

TB VETS CHARITABLE FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 September 2023

4. Marketable Securities

| | 2023 | | 2022 | |
|---------------------|---------------------|---------------------|---------------------|---------------------|
| | Cost | Market Value | Cost | Market Value |
| TB Vets Legacy Fund | \$ 1,481,884 | \$ 1,686,666 | \$ 1,455,171 | \$ 1,509,856 |
| Bequest Fund | 748,183 | 867,457 | 734,563 | 776,497 |
| General Fund | 16,328 | 13,760 | 10,651 | 7,759 |
| | \$ 2,246,395 | \$ 2,567,883 | \$ 2,200,385 | \$ 2,294,112 |

5. Tangible Capital Assets

| | Cost | Accumulated Amortization | Net Book Value | |
|--------------------|------------------|--------------------------|------------------|------------------|
| | | | 2023 | 2022 |
| Office equipment | \$ 33,649 | \$ 31,419 | \$ 2,230 | \$ 2,788 |
| Computer equipment | 57,329 | 47,108 | 10,221 | 12,775 |
| | \$ 90,978 | \$ 78,527 | \$ 12,451 | \$ 15,563 |

6. Intangible Assets

| | Cost | Accumulated Amortization | Net Book Value | |
|---------|-----------|--------------------------|----------------|----------|
| | | | 2023 | 2022 |
| Website | \$ 23,063 | \$ 20,757 | \$ 2,306 | \$ 6,919 |

7. Accounts Payable and accrued liabilities

| | 2023 | | 2022 | |
|--|-------------------|-----------|----------------|-----------|
| Payroll liabilities | \$ 11,821 | \$ | 4,150 | \$ |
| Trade accounts payable and accrued liabilities | 29,781 | \$ | 18,300 | \$ |
| Grants payable | 125,220 | \$ | 898,335 | \$ |
| | \$ 166,822 | \$ | 920,785 | \$ |

The Directors of the Foundation approve grants annually to recipient organizations for the purchase of respiratory equipment or to fund research, training and/or programs that support respiratory causes. Grants payable at 30 September 2023 and 2022 represent grant awards that have been approved by the Board of Directors during the year where the cheques to the recipient organizations were prepared and dated prior to year end, however, the signature and release of these cheques to the recipients occurred after the year end. As such these have been presented as grants payable on the statement of financial position.

TB VETS CHARITABLE FOUNDATION
Notes to the Financial Statements
For the Year Ended 30 September 2023

8. Canada Emergency Business Account

In response to the COVID-19 crisis, the Government of Canada has partnered with Canadian banks to provide government guaranteed, unsecured loans to eligible entities under the Canada Emergency Business Account (CEBA) program. The loan is interest-free through 18 January 2024 and is required to be used for non-deferrable expenses that occurred in the 2020 and 2021 calendar years.

During 2020, the Foundation received \$40,000 under this program. \$10,000 of the loan is eligible for forgiveness provided the Foundation fully repays the remaining \$30,000 on or before 18 January 2024. If the loan is not fully repaid on or before 18 January 2024 the Foundation will also be required to repay the \$10,000 forgivable portion of the loan. During the 2020 year, the Foundation recognized \$10,000 as other income as the forgivable portion of the loan. As at 30 September 2023, the Foundation had \$30,000 (2022 - \$30,000) outstanding on the loan.

Any balance remaining unpaid and unforgiven at 18 January 2024 will be converted to a term loan bearing interest at 5% per annum, due on 31 December 2026 and requiring monthly interest-only payments.

9. Commitments

- (a) The Foundation and the Tuberculous and Chest Disabled Veterans' Association (the "Association") hold a joint lease agreement for the Vancouver premises which was most recently extended for a five year term commencing on 1 October 2021. The Foundation sub-leases a portion of this office space to the Royal Canadian Legion Branch 44 and utilizes 100% of the remaining space. The related rent expense is recorded in these financial statements accordingly.

The gross future minimum operating lease payments for the Vancouver office including estimated operating costs, equipment and software are as follows:

| | | |
|------|----|----------------|
| 2024 | \$ | 94,297 |
| 2025 | | 68,921 |
| 2026 | | 70,191 |
| 2027 | | <u>1,827</u> |
| | \$ | <u>235,236</u> |

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9. Commitments - continued

(b) The Foundation has committed to providing future grants to certain non-profit organizations in accordance with its objectives as described in Note 1. The Foundation's fixed funding commitments as of 30 September 2023 are as follows:

| | | |
|------|----|---------|
| 2024 | \$ | 187,267 |
| 2025 | | 80,600 |
| 2026 | | 40,600 |
| | \$ | 308,467 |

10. Investment Income (Loss)

| | 2023 | 2022 |
|---|------------|--------------|
| Unrealized gain (loss) on market value of marketable securities | \$ 227,760 | \$ (265,323) |
| Investment income | 40,641 | 40,633 |
| Interest income | 24,758 | 7,781 |
| | \$ 293,159 | \$ (216,909) |

11. Related Party

The Foundation's by-laws require that all members of the Foundation's board of directors also be members of the Royal Canadian Legion T.V.S. Branch 44 ("Branch 44") and that the president or delegate of Branch 44 also holds the position of vice-president of the Foundation's board of directors. In addition, the members of the Foundation and of Branch 44 are all in common and certain members of the Branch 44 executive committee are also members of the Foundation's board of directors. Due to the Foundation's by-laws and the crossover in both organizations' memberships and members of the board of directors, the Foundation and Branch 44 are considered related parties.

The Foundation rents a portion of its office space to Branch 44 and during the year, \$19,945 (2022 - \$18,700) of rent was charged. These transactions were in the normal course of operations and were measured at the exchange value established and agreed by the related parties.

At 30 September 2023 included in accounts receivable is \$1,831 (2022 - \$3,475) from Branch 44.

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12. Societies Act (British Columbia)

The Societies Act (British Columbia) requires a society (other than a society designated as a member-funded society) to include, in its financial statements, the disclosure of any remuneration paid to its directors, and remuneration paid to employees and contractors earning more than \$75,000 during the fiscal year. For the fiscal year ended 30 September 2023, included in wages and salaries are two employees (2022 - one) with remuneration over \$75,000. The total paid to these employees was \$192,502 (2022 - \$107,625). No remuneration was paid to members of the Board of Directors for the 2023 fiscal year.

13. Financial Instruments

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations at the statement of financial position date, 30 September 2023.

(a) Liquidity Risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, government remittances payable and Canada Emergency Business Account. The Foundation manages liquidity risk by maintaining adequate cash and highly liquid investments. There has been no change in the risk exposure from the prior year.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Foundation's main credit risks relate to its cash, term deposits and accounts receivable. Cash and term deposits are in place with a major financial institution. Accounts receivable balances are monitored regularly by management to mitigate the risk of a financial loss. There has been no change in the risk exposure from the prior year.

(c) 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.

(d) 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 Foundation has investments denominated in U.S. dollars. As such, these investments are exposed to foreign exchange fluctuations. There has been no change in the risk exposure from the prior year.

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13. Financial Instruments - continued

(e) 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 market interest rates. The Foundation is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate instruments subject the Foundation to a fair value risk while the floating-rate instruments subject it to a cash flow risk. There has been no change in the risk exposure from the prior year.

(f) 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 Foundation is exposed to other price risk through its marketable securities. There has been no change in the risk exposure from the prior year.