

Veterans Transition Network
Financial Statements
December 31, 2020

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, 2020, and the statements of operations and changes in net assets (deficit) 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, 2020, 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.

Other Matter

The financial statements of the Organization for the year ended December 31, 2019 were audited by another auditor who expressed an unmodified opinion on those statements on July 8, 2020.

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.

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 17, 2021

MNP LLP

Chartered Professional Accountants

Veterans Transition Network Statement of Financial Position

As at December 31, 2020

	2020	2019
Assets		
Current		
Cash and cash equivalents	830,290	60,726
Marketable securities	192,508	-
Accounts receivable (Note 6)	63,688	5,420
Prepaid expenses and deposits	29,955	47,318
	1,116,441	113,464
Intangible asset	1,446	1,446
	1,117,887	114,910
Liabilities		
Current		
Accounts payable and accrued liabilities	228,825	113,526
Deferred contributions (Note 3)	316,292	150,000
	545,117	263,526
Commitments (Note 4)		
Net Assets		
Unrestricted net assets (deficit)	572,770	(148,616)
	1,117,887	114,910

Approved on behalf of the Director



Director

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Director

Veterans Transition Network Statement of Operations and Net Assets (Deficit)

For the year ended December 31, 2020

	2020	2019
Revenue		
Grants	1,186,004	1,144,261
Donations	442,233	161,824
Program revenue	236,000	815,000
Government wage subsidy <i>(Note 6)</i>	218,221	-
Other	934	7,994
	2,083,392	2,129,079
Expenses		
Program delivery	981,851	1,944,921
Salaries and wages	146,068	160,393
Fundraising	99,228	108,482
Marketing	67,713	88,282
Office	23,169	35,979
Accounting and audit	18,468	14,509
Professional services	15,247	19,833
Insurance	7,397	6,324
Unrealized loss on revaluation of marketable securities	1,836	-
Bank charges and interest	776	560
Travel	166	1,193
Meals and entertainment	87	873
Other expenses	-	849
	1,362,006	2,382,198
Excess (deficiency) of revenue over expenses	721,386	(253,119)
Unrestricted net assets (deficit) beginning of year	(148,616)	104,503
Unrestricted net assets (deficit) end of year	572,770	(148,616)

The accompanying notes are an integral part of these financial statements

Veterans Transition Network Statement of Cash Flows

For the year ended December 31, 2020

	2020	2019
Cash provided by (used for) the following activities		
Operating activities		
Excess (deficiency) of revenue over expenses	721,386	(253,119)
Unrealized loss on revaluation of marketable securities	1,836	-
Net changes in non-cash working capital accounts		
Accounts receivable	(58,268)	20,738
Prepaid expenses and deposits	17,363	11,401
Accounts payable and accrued liabilities	115,299	(6,328)
Deferred contributions	166,292	98,773
	963,908	(128,535)
Investing		
Payment for marketable securities	(194,344)	-
Increase (decrease) in cash resources	769,564	(128,535)
Cash resources, beginning of year	60,726	189,261
Cash resources, end of year	830,290	60,726

The accompanying notes are an integral part of these 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.

Impact on operations of COVID-19 (coronavirus)

In early March 2020 the impact of the global outbreak of COVID-19 (coronavirus) began to have a significant impact on businesses and organizations through the restrictions put in place by the Canadian, provincial and municipal governments regarding travel, operations and isolation/quarantine orders.

The Organizations operations were impacted by COVID-19 due to gathering restrictions implemented by provincial governments. Program revenue was reduced and corporate grants were cancelled. The Organization adapted their core 10-day program to a core 5-day program to meet provincial requirements. There has been little impact to fundraising as funds are primarily secured from term agreements which were unchanged.

At this time, it is unknown the extent of the impact the COVID-19 outbreak may have on the Organization as this will depend on future developments that are highly uncertain and that cannot be predicted with confidence. These uncertainties arise from the inability to predict the ultimate geographic spread of the disease, and the duration of the outbreak, including the duration of travel restrictions, facility closures or disruptions, and quarantine/isolation measures that are currently, or may be put, in place by Canada and other countries to fight the virus. While the extent of the impact is unknown, this outbreak may cause increased government regulations, which may negatively impact the Organization's operations and financial condition.

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.

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, marketable securities, 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, 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 net income.

Veterans Transition Network Notes to the Financial Statements

For the year ended December 31, 2020

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.

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") and the 10% Temporary Wage Subsidy ("TWS") are recorded as revenue in the year they are earned.

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 \$	2020 Balance end of year \$
Command Legion of ON	60,000	-	60,000	-
True Patriot Love	60,000	180,000	205,000	35,000
Aqueduct Foundation	30,000	-	30,000	-
Veterans Affairs Canada	-	200,000	-	200,000
The Winnipeg Foundation	-	37,592	-	37,592
Centre of Excellence - PTSD	-	65,000	39,000	26,000
Centraide du Grand Montréal	-	32,700	15,000	17,700
	150,000	515,292	349,000	316,292
				2019
	Balance beginning of year \$	Contributions received and receivable \$	Recognized as revenue \$	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

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:

	42,591
2021	43,247
2022	43,247
2023	38,343
2024	<u>167,428</u>
Total	<u>167,428</u>

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.

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.

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") and the 10% Temporary Wage Subsidy ("TWS").

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 recognized government assistance which is included in revenue as Government wage subsidy during this period.

The Organization has recognized \$204,817 of CEWS and has recorded it as revenue during this period. As at December 31, 2020, the Organization has received \$189,481 of this amount with the remaining \$15,336 included in accounts receivable and received in fiscal 2021. The Organization has also recognized \$13,404 of TWS, all of which has been received as of year-end.