Financial Statements

Veterans Emergency Transition Services Canada

March 31, 2022

Contents

Independent Auditor's Report

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To the Board of Directors of
Veterans Emergency Transition Services Canada

Qualified Opinion

We have audited the financial statements of Veterans Emergency Transition Services Canada (the "Entity"), which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in unrestricted 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, 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 Veterans Emergency Transition Services Canada as at March 31, 2022, and its results of operations, changes in unrestricted net assets, 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 Entity derives certain contributions from donations and fundraising activities, 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 Entity. Therefore, we were not able to determine whether any adjustments might be necessary to donation or fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2022 and March 31, 2021, current assets as at March 31, 2022 and March 31, 2021, and unrestricted net assets as at March 31, 2022 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2021 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 *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Entity in accordance with the ethical requirements that are relevant to our audits 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 Statement

Management is responsible for the preparation and fair presentation of these 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

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

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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 Entity'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 Entity'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 Entity 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.

Grant Thornton LLP

Halifax, Canada
November 1, 2022

Chartered Professional Accountants

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Veterans Emergency Transition Services Canada
Statement of financial position

March 31	2022	2021
Assets		
Current		
Cash	**$ 1,164,444**	$ 1,282,643
Receivables (note 3)	**62,221**	42,869
	1,226,664	1,325,512
Capital assets (note 4)	**9,554**	426
	$ 1,236,219	$ 1,325,938
Liabilities		
Current		
Payables and accruals (note 5)	**$ 32,675**	$ 33,889
Deferred grant revenue (note 6)	**-**	282,347
	35,675	316,236
Net assets		
Unrestricted net assets	**1,203,544**	1,009,702
	$ 1,236,219	$ 1,325,938

On behalf of the Board

DocuSigned by:
006E3E0BFBE54D6... Director

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A3F56FEFDC8D439... Director

See accompanying notes to the financial statements.

Veterans Emergency Transition Services Canada
Statement of operations and changes in net assets

Year ended March 31	2022	2021
Revenue		
Donations	**$ 531,739**	$ 305,749
Grants	**684,236**	1,093,652
Government contribution	**37,809**	117,406
Fundraising and other income	**8,273**	581
	1,262,057	1,517,388
Expenses		
Direct expenses (note 7)	**777,086**	555,235
Administrative and general costs		
Advertising and promotion	**19,049**	5,356
Amortization	**1,332**	1,858
Business fees and licenses	**779**	637
Insurance	**8,024**	7,764
Interest and bank charges	**5,932**	3,556
Office	**13,492**	11,000
Professional fees	**87,694**	26,172
Rent	**88,688**	86,113
Repairs and maintenance	**4,126**	918
Salaries, wages and benefits	**26,207**	60,955
Telephone	**12,966**	18,378
Training and workshops	**4,262**	6,766
Travel and accommodations	**9,312**	1,522
Uniforms	**1,267**	280
Utilities	**7,999**	7,964
	1,068,215	794,474
Excess of revenue over expenses	**$ 193,842**	$ 722,914

Net assets, beginning of year	**$ 1,009,702**	$ 286,788
Excess of revenue over expenses	**193,842**	722,914
Net assets, end of year	**$ 1,203,544**	$ 1,009,702

See accompanying notes to the financial statements.

Veterans Emergency Transition Services Canada
Statements of cash flows

Year ended March 31	2022	2021
(Decrease) increase in cash		
Operating		
Excess of revenue over expenses	**$ 193,842**	$ 722,914
Item not affecting cash		
Amortization	**1,332**	1,858
	195,174	724,772
Change in non-cash working capital items		
Receivables	**(19,352)**	154,044
Payables and accruals	**(1,214)**	(14,301)
Deferred grant revenue	**(282,347)**	282,347
	(107,739)	1,146,862
Investing		
Purchase of capital assets	**(10,898)**	(1,366)
Disposal of capital assets	**438**	-
(Decrease) increase in cash	**(118,199)**	1,145,496
Cash		
Beginning of year	**1,282,643**	137,147
End of year	**$ 1,164,444**	$ 1,282,643

See accompanying notes to the financial statements.

1. Nature of operations

Veterans Emergency Transition Services Canada ("VETS" or the "Entity") was established as a registered charity effective April 10, 2012. VETS provides aid and comfort to transient and homeless Canadian veterans by providing the essentials in emergencies and aiding those most at risk. As a registered charity, VETS is exempt from income taxes under Section 149(1) of the *Canadian Income Tax Act*.

2. Summary of significant accounting policies

Basis of Presentation
The Entity has prepared these financial statements in accordance with Canadian generally accepted accounting principles using Canadian accounting standards for not-for-profit organizations ("ASNPO") in Part III of the CPA Canada Handbook.

Cash
Cash includes cash on hand and balances held with banks. Bank borrowings are considered to be financing activities.

Capital assets
Capital assets are initially recognized at fair value and then are subsequently stated at amortized cost. Amortization is provided on a diminishing balance basis at the following rates:

Computer equipment	55%
Furniture and fixtures	18%

When a capital asset no longer contributes to the Entity's ability to provide services, its carrying amount is written down to its residual value.

Revenue recognition
The Entity follows the deferral method of accounting for contributions. Grants and donations that are restricted are recognized as revenue as the related expenses are incurred. Grants related to capital expenditures are recognized over the life of the asset.

Unrestricted grants and donations are recognized upon receipt of funds. Pledges are not recognized until the funds have been realized and the cash received.

Fundraising revenues are recognized at the point where the amount of consideration is known, collection is reasonably assured, and the Entity has fulfilled any relevant performance requirements.

Federal government assistance which is unrestricted in nature is recognized in income then amounts have been received, or are receivable and collection is reasonably assured. For Federal government contributions which have restrictions placed on them, these are recognized in the period in which the conditions to satisfy recognition are met.

Financial instruments
The Entity considers any contract creating a financial asset, liability or equity instrument as a financial instrument, except in limited circumstances. The Entity accounts for the following as financial instruments:

- cash
- receivables
- payables

2. Summary of significant accounting policies (continued)

Financial instruments (continued)
A financial asset or liability is recognized when the Entity becomes party to contractual provisions of the instrument.

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

The Entity subsequently measures its financial assets and financial liabilities at amortized cost. The Entity removes financial liabilities, or a portion of, when the obligation is discharged, cancelled or expires.

Financial assets measured at cost are tested for impairment when there are indicators of impairment. Previously recognized impairment losses are reversed to the extent of the improvement provided the asset is not carried at an amount, at the date of the reversal, greater than the amount that would have been the carrying amount had no impairment loss been recognized previously. The amounts of any write-downs or reversals are recognized in net income.

The Entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the Entity's risk exposure and concentrations.

Credit risk

Credit risk is the risk of financial loss to the Entity if a debtor fails to make payments when due. The Entity is exposed to this risk relating to its receivables. Management closely evaluates the collectability of its receivables which are assessed on a regular basis. In the opinion of management, the credit risk to the Entity is low and not material. There was no significant change in exposure from the prior year.

Liquidity risk

Liquidity risk is the risk that the Entity will encounter difficulty in meeting the obligations associated with its financial liabilities. The Entity is exposed to this risk mainly in respect of its payables and accruals. In the opinion of management, the liquidity risk to the Entity is low and not material. There was no significant change in exposure from the prior year.

Market risk

Market risk is the risk that the fair value or expected future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk. In the opinion of management, the interest rate risk to the Entity is low and not material. There was no significant change in exposure form the prior year.

Use of estimates
Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Many items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. These estimates are reviewed periodically and adjustments are made to net income as appropriate in the year they become known. Items subject to significant management estimates include the allowance for doubtful accounts.

3. Receivables

	2022	2021
Receivables	**$ 39,196**	$ 27,321
HST/GST receivable	**23,025**	15,548
Total	**$ 62,221**	$ 42,869

4. Capital assets

	Cost	Accumulated Amortization	2022 Net Book Value	2021 Net Book Value
Furniture and fixtures	$ 9,140	$ 972	**$ 8,168**	$ 426
Computer equipment	14,306	12,920	**1,386**	-
	$ 23,446	$ 13,892	**$ 9,554**	$ 426

5. Payables and accruals

	2022	2021
Payables and accruals	**$ 25,716**	$ 28,099
Employee deductions payable	**6,959**	5,790
Total	**$ 32,675**	$ 33,889

6. Deferred grant revenue

	2022	2021
Veterans Affairs Canada		
Veteran and Family Well-Being Fund	**$ -**	$ 282,347

7. Direct costs

		2022		2021
Accommodations	**$**	**299,493**	$	193,883
Clothing and personal items		**610**		314
Consulting fees		**9,222**		-
Food and gift cards		**72,856**		33,734
Furniture and household items		**16,684**		8,293
Guitars and guitar supplies		**64,007**		17,398
Home repairs		**1,432**		5,606
Insurance		**868**		-
Medical expenses		**6,823**		655
Moving expenses		**18,639**		6,737
Program staff		**247,136**		244,552
Property taxes		**3,682**		3,614
Travel		**694**		1,912
Utilities		**31,591**		32,435
Vehicle		**647**		1,888
Veterans and other expenses		**2,702**		4,214
	$	**777,086**	$	555,236

8. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.