



Financial Statements

Veterans Emergency Transition Services Canada

March 31, 2019

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# Independent Auditor's Report

To the Board of Directors of  
**Veterans Emergency Transition Services Canada**

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## Qualified Opinion

We have audited the financial statements of Veterans Emergency Transition Services Canada (the "Entity"), which comprise the statements of financial position as at March 31, 2019, March 31, 2018, and April 1, 2017, and the statements of operations, changes in unrestricted net assets and cash flows for the years ended March 31, 2019 and March 31, 2018, 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, 2019, March 31, 2018, and April 1, 2017, and its results of operations, changes in unrestricted net assets, and its cash flows for the years ended March 31, 2019 and March 31, 2018 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, 2019 and March 31, 2018, current assets as at March 31, 2019, March 31, 2018 and April 1, 2017, and unrestricted net assets as at March 31, 2019, March 31, 2018, and April 1, 2017.

We conducted our audits 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.

### **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 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.



Halifax, Canada  
July 14, 2020

Chartered Professional Accountants

**Veterans Emergency Transition Services Canada**  
**Statement of financial position**

March 31 2019 2018 April 1, 2017

<b>Assets</b>			
Current			
Cash	\$ 130,513	\$ 350,026	\$ 62,799
Receivables (note 4)	<u>178,981</u>	<u>242,637</u>	<u>182,049</u>
	309,494	592,663	244,848
Capital assets (note 5)	<u>2,382</u>	<u>1,706</u>	<u>3,072</u>
	<u>\$ 311,876</u>	<u>\$ 594,369</u>	<u>\$ 247,920</u>
<b>Liabilities</b>			
Current			
Payables and accruals (note 6)	\$ 54,431	\$ 33,811	\$ 9,934
Deferred grant revenue	<u>-</u>	<u>67,500</u>	<u>-</u>
	54,431	101,311	9,934
<b>Net assets</b>			
Unrestricted net assets	<u>257,445</u>	<u>493,058</u>	<u>237,986</u>
	<u>\$ 311,876</u>	<u>\$ 594,369</u>	<u>\$ 247,920</u>

Commitments (note 8)  
Subsequent events (note 9)

On behalf of the Board



Director



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	2019	2018
Revenue		
Donations	\$ 390,374	\$ 366,357
Grants	696,255	680,502
Fundraising and other income	<u>23,014</u>	<u>75,178</u>
	<u><b>1,109,643</b></u>	<u><b>1,122,037</b></u>
 Direct costs (note 7)	 <b>862,855</b>	 585,987
 Administrative and general costs		
Advertising and promotion	26,425	24,757
Amortization	1,550	1,812
Business fees and licenses	336	2,752
Insurance	3,836	5,508
Interest and bank charges	7,295	4,223
Office	31,393	38,613
Professional fees	25,864	23,804
Rent	52,107	12,650
Repairs and maintenance	5,519	-
Salaries, wages and benefits	144,137	85,101
Telephone	12,884	3,847
Training and workshops	26,919	2,515
Travel and accommodations	137,326	69,396
Uniforms	5,317	4,994
Utilities	<u>1,493</u>	<u>1,006</u>
	<b>482,401</b>	280,978
 (Deficiency) excess of revenue over expenses	 <u><b>\$ (235,613)</b></u>	 <u><b>\$ 255,072</b></u>
 Net assets, beginning of year	 <b>\$ 493,058</b>	 \$ 237,986
(Deficiency) excess of Revenue over expenses	 <u><b>(235,613)</b></u>	 <u><b>255,072</b></u>
 Net assets, end of year	 <u><b>257,445</b></u>	 <u><b>\$ 493,058</b></u>

See accompanying notes to the financial statements.

# Veterans Emergency Transition Services Canada

## Statement of cash flows

Year ended March 31 2019 2018

Increase (decrease) in cash

<b>Operating</b>		
(Deficiency) excess of revenue over expenses	\$ (235,613)	\$ 255,072
Item not affecting cash		
Amortization	<u>1,550</u>	<u>1,812</u>
	<u>(234,063)</u>	256,884
Change in non-cash operating working capital items		
Receivables	63,656	(60,588)
Payables and accruals	20,620	23,877
Deferred grant revenue	<u>(67,500)</u>	<u>67,500</u>
	<u>(217,287)</u>	<u>287,673</u>
<b>Investing</b>		
Purchase of capital assets	<u>(2,226)</u>	<u>(446)</u>
<b>(Decrease) increase in cash</b>	<b>(219,513)</b>	287,227
Cash		
Beginning of year	<u>350,026</u>	<u>62,799</u>
End of year	<u>\$ 130,513</u>	<u>\$ 350,026</u>

See accompanying notes to the financial statements.

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# Veterans Emergency Transition Services Canada

## Notes to the financial statements

March 31, 2019

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### 1. Nature of operations

Veterans Emergency Transition Services Canada (“VETS” or the “Entity”) is 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*.

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### 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%
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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.

#### 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 and accruals



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# Veterans Emergency Transition Services Canada

## Notes to the financial statements

March 31, 2019

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### 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 as at March 31, 2019.

#### *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 from the prior year.

# Veterans Emergency Transition Services Canada

## Notes to the financial statements

March 31, 2019

### 2. Summary of significant accounting policies (continued)

#### 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. Impact of the change in the basis of accounting

These are the Entity's first financial statements prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The financial statements for the year ended March 31, 2019 were prepared in accordance with ASNPO. Comparative period information presented for the year ended March 31, 2018 was prepared in accordance with ASNPO and the provisions set out in Section 1501 First-time adoption by not-for-profit organizations including the opening statement of financial position at April 1, 2017.

### 4. Receivables

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Receivables	\$ 144,600	\$ 242,637	\$ 182,049
HST/GST receivable	<u>34,381</u>	<u>-</u>	<u>-</u>
Total	<u>\$ 178,981</u>	<u>\$ 242,637</u>	<u>\$ 182,049</u>

### 5. Capital assets

	<u>2019</u>	<u>2018</u>	<u>2017</u>
<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 9,498	\$ 7,116	\$ 2,382
	<u>9,498</u>	<u>7,116</u>	<u>2,382</u>
		<u>\$ 1,706</u>	<u>\$ 3,072</u>

### 6. Payables and accruals

	<u>2019</u>	<u>2018</u>	<u>2017</u>
Payables and accruals	\$ 47,265	\$ 20,488	\$ 4,197
Employee deductions payable	7,166	5,204	5,737
HST/GST payable	<u>-</u>	<u>8,119</u>	<u>-</u>
Total	<u>\$ 54,431</u>	<u>\$ 33,811</u>	<u>\$ 9,934</u>

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# Veterans Emergency Transition Services Canada

## Notes to the financial statements

March 31, 2019

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<b>7. Direct costs</b>	<b><u>2019</u></b>	<b><u>2018</u></b>
Accommodations	\$ 442,085	\$ 312,121
Childcare expenses	1,878	-
Clothing and personal items	392	3,222
Food and gift cards	74,632	53,468
Furniture and household items	31,707	29,124
Guitars and guitar supplies	16,648	12,574
Home repairs	10,259	8,605
Insurance	2,025	320
Medical expenses	9,380	5,753
Moving expenses	26,455	22,023
Program staff	123,949	74,918
Property taxes	2,467	1,512
Travel	31,092	7,644
Utilities	67,589	39,198
Vehicle	15,159	14,934
Veterans and other expenses	<u>7,138</u>	<u>571</u>
	<b><u>\$ 862,855</u></b>	<b><u>\$ 585,987</u></b>

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### 8. Commitments

The Entity has entered into lease agreements for facilities in Ottawa, Ontario and Dartmouth, Nova Scotia. Leases expire in August 2019 and January 2022 respectively. Minimum annual lease payments required under these agreements are as follows:

2020	\$ 43,488
2021	25,800
2022	21,500

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### 9. Subsequent events

Subsequent to year end, during the 2020 fiscal year, COVID-19 was declared a pandemic. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening.

The Entity continues to monitor the impact of this pandemic to operations, however at this point in time no significant changes have been required to the nature or operations or the services provided by VETS.