

True Patriot Love Foundation
Financial Statements
For the Year Ended March 31, 2022

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For the Year Ended March 31, 2022**

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Independent Auditor's Report

To the Board of Directors of True Patriot Love Foundation

Opinion

We have audited the financial statements of True Patriot Love Foundation (the Foundation), which comprise the statement of financial position as at March 31, 2022, the statements of operations, 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 Foundation as at March 31, 2022, 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 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 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 opinion.

Other Matters

The financial statements for the year ended March 31, 2021 were audited by another auditor who expressed an unmodified opinion on those financial statements on September 15, 2021.

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.



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 Foundation'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 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 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 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.

Chartered Professional Accountants, Licensed Public Accountant

Guelph, Ontario
September 21, 2022

True Patriot Love Foundation Statement of Financial Position

March 31	2022	2021
Assets		
Current		
Cash (Note 2)	\$ 301,642	\$ 525,112
Short-term investments (Note 3)	6,206,044	5,469,795
Accounts receivable	153,633	215,019
Prepaid expenses	101,331	82,508
	6,762,650	6,292,434
Tangible capital assets (Note 4)	25,377	11,985
	\$ 6,788,027	\$ 6,304,419

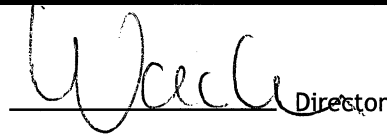
Liabilities and Net Assets

Current		
Accounts payable and accrued liabilities	\$ 393,801	\$ 156,692
Deferred contributions (Note 5)	3,232,029	3,136,971
	3,625,830	3,293,663
Net Assets		
Internally restricted	-	900,000
Unrestricted	3,162,197	2,110,756
	3,162,197	3,010,756
	\$ 6,788,027	\$ 6,304,419

On behalf of the Board:



Director



Director

**True Patriot Love Foundation
Statement of Changes in Net Assets**

For the year ended March 31	Internally Restricted	Unrestricted	2022 Total	2021 Total
Balance, beginning of the year	\$ 900,000	\$ 2,110,756	\$ 3,010,756	\$ 906,832
Excess of revenues over expenses	-	151,441	151,441	2,103,924
Net asset transfer (Note 6)	(900,000)	900,000	-	-
Balance, end of the year	\$ -	\$ 3,162,197	\$ 3,162,197	\$ 3,010,756

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

True Patriot Love Foundation Statement of Operations

For the year ended March 31	2022	2021
	(12 months)	(15 months)
Revenue		
Donations, events and program (Notes 7 and 9) (Schedule)	\$ 4,645,844	\$ 3,683,091
Grants (Schedule)	623,932	2,241,840
Interest and other income	15,405	31,530
	5,285,181	5,956,461
Expenses		
Administration (Notes 8 and 9)	492,997	525,503
Fundraising (Notes 8 and 9)	1,244,322	1,006,145
Program activities (Notes 8 and 9)	1,765,283	1,273,996
	3,502,602	2,805,644
Operating surplus	1,782,579	3,150,817
Payments to qualified donees (Note 7)	1,631,138	1,046,893
Excess of revenues over expenses	\$ 151,441	\$ 2,103,924

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

True Patriot Love Foundation Statement of Cash Flows

For the year ended March 31	2022	2021
	(12 months)	(15 months)
Cash flows from operating activities		
Excess of revenues over expenses	\$ 151,441	\$ 2,103,924
Items not affecting cash:		
Amortization of tangible capital assets	-	8,743
Loss on disposal of tangible capital assets	-	1,179
	151,441	2,113,846
Changes in non-cash working capital:		
Accounts receivable	61,386	258,637
Prepaid expenses	(18,823)	886
Accounts payable and accrued liabilities	237,109	(209,152)
Deferred contributions	95,058	2,887,023
	526,171	5,051,240
Cash flows from investing activities		
Purchase of tangible capital assets	(13,392)	-
Purchase of investments	(3,936,246)	(4,336,688)
Proceeds on disposal of investments	3,199,997	-
	(749,641)	(4,336,688)
Net (decrease) increase in cash	(223,470)	714,552
Cash (bank overdraft), beginning of the year	525,112	(189,440)
Cash, end of the year	\$ 301,642	\$ 525,112

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

True Patriot Love Foundation Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies

Nature and Purpose of Organization	<p>True Patriot Love Foundation (the "Foundation") was incorporated without share capital on March 13, 2009 under the Canada Corporations Act as True Patriot Love Foundation for the Support of Military Families. The Foundation continued under the Canada Not-for-Profit Corporations Act on May 22, 2014 and changed its name on that date to True Patriot Love Foundation. The primary objective of the Foundation is to receive and distribute funds to improve the efficiency, well-being and morale of the Canadian military by providing support, relief, financial and otherwise.</p> <p>The Foundation is a public foundation registered under the Income Tax Act (Canada) and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes.</p>
Basis of Accounting	<p>The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.</p>
Internally Restricted Net Assets	<p>Internally restricted net assets consist of the funds that have been designated as restricted by the Board of Directors of the Foundation for the purposes of meeting the Foundation's commitment to fund the Canadian Institute for Military and Veteran Health Research in years where fundraising goals do not meet targets.</p>
Revenue Recognition	<p>The Foundation follows the deferral method of accounting for contributions.</p> <p>Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions where expenses have not been incurred are recorded as deferred contributions.</p> <p>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.</p>
Contributed Materials	<p>Contributed materials which are used in the normal course of the Foundation's operations and would otherwise have been purchased are recorded at their fair value at the date of contribution if fair value can be reasonably estimated.</p>
Contributed Services	<p>Volunteers contribute many hours per year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recognized in the financial statements.</p>

True Patriot Love Foundation Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Tangible Capital Assets Tangible capital assets are stated at acquisition cost less accumulated amortization. Amortization is based on the estimated useful life of the asset and is calculated as follows:

	Method	Rate
Furniture	Declining balance	20%
Computer hardware	Declining balance	20%
Computer software	Declining balance	20%

When a tangible capital asset no longer contributes to the Foundation's ability to provide goods and services, or the future economic benefits or service potential of the tangible capital asset is less than its carrying value, the excess of its net carrying amount over its fair value or replacement cost is recognized as an expense in the statement of operations.

Government Assistance The Foundation makes periodic applications for financial assistance under government incentive programs. Government assistance received during the year for current expenses is included in the statement of operations for the year.

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 and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Estimates included in the financial statements include the useful life of tangible capital assets, accrued liabilities and deferred revenue. Actual results could differ from those estimates and may have impact on future periods.

True Patriot Love Foundation

Notes to Financial Statements

March 31, 2022

1. Significant Accounting Policies (continued)

Financial Instruments

Financial instruments are recorded at fair value at initial recognition.

In subsequent periods, equities traded in an active market and derivatives are reported at fair value, with any change in fair value reported in operations. All other financial instruments are reported at cost or amortized cost less impairment. Transaction costs on the acquisition, sale or issue of financial instruments are expensed for those items measured at fair value and charged to the financial instrument for those measured at amortized cost.

Financial assets are tested for impairment when indicators of impairment exist. When a significant change in the expected timing or amount of the future cash flows of the financial asset is identified, the carrying amount of the financial asset is reduced and the amount of the write-down is recognized in the statement of operations. A previously recognized impairment loss may be reversed to the extent of the improvement, provided it is not greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously, and the amount of the reversal is recognized in net income.

2. Cash

The Foundation's bank accounts are held at one chartered bank.

3. Short-term Investments

Short-term investments consist of money market funds.

True Patriot Love Foundation Notes to Financial Statements

March 31, 2022

4. Tangible Capital Assets

	2022		2021	
	Cost	Accumulated Amortization	Cost	Accumulated Amortization
Furniture	\$ 1,020	\$ 1,000	\$ 1,020	\$ 1,000
Computer hardware	29,556	6,486	16,164	6,486
Computer software	18,917	16,630	18,917	16,630
	49,493	24,116	36,101	24,116
		\$ 25,377		\$ 11,985

5. Deferred Contributions

Deferred contributions represent unspent resources restricted for the purposes of various programs and events. The balance of deferred contributions consists of the following:

	2022	2021
Donations	\$ -	\$ 125,000
Events	100,000	112,500
Grants	693,685	330,625
Programs	2,438,344	2,568,846
	\$ 3,232,029	\$ 3,136,971

6. Interfund Transfers

During the year, the Foundation's Board of Directors transferred \$900,000 (2021 - \$NIL) of internally restricted net assets to unrestricted net assets.

True Patriot Love Foundation Notes to Financial Statements

March 31, 2022

7. Related Party Transactions

During the year, the Foundation transacted business with one (2021 - two) company that is related by virtue of common membership on the Board of Directors. The related party transactions are in the normal course of operations and are measured at the exchange amount.

The Foundation received \$301,975 (2021 - \$249,516) of donations from the related party. The Foundation benefited from IT and other services rendered by employees of the related party. The Foundation cannot reliably measure the fair value of the assets and services received because of their nature, and, as such, they are not recognized in the financial statements.

Payments to qualified donees include \$NIL (2021 - \$97,500) in funding provided to a qualified donee that is a separate related party, by virtue of common membership of the Board of Directors.

8. Allocation of Expenses

Salaries and benefits expense of the Foundation involve administration, fundraising and program functions. The distribution of these expenses between administration, fundraising and program activities expenses is based on time dedicated to these functions. Salaries and benefits included in the expense lines are as follows:

	<u>2022</u>	<u>2021</u>
	(12 months)	(15 months)
Administration	\$ 240,106	\$ 329,630
Fundraising	681,257	628,867
Program activities	<u>955,861</u>	<u>876,554</u>
	<u>\$ 1,877,224</u>	<u>\$ 1,835,051</u>

True Patriot Love Foundation Notes to Financial Statements

March 31, 2022

9. Contributed Materials

During the year, the Foundation received total contributed materials in the amount of \$195,000 (2021 - \$145,000). The related revenue has been recognized as \$195,000 (2021 - \$145,000) in donations, events and program revenue. Contributed materials consisted of:

	<u>2022</u>	<u>2021</u>
	(12 months)	(15 months)
Administration	\$ 25,000	\$ 21,667
Fundraising	25,000	21,667
Program activities	<u>145,000</u>	<u>101,666</u>
	<u>\$ 195,000</u>	<u>\$ 145,000</u>

10. Commitments

The Foundation has entered into an operating lease for the use of office space. The lease expires in July 2029. The minimum annual lease payments for the next five years are as follows:

2023	\$ 220,718
2024	220,718
2025	224,500
2026	228,282
2027	<u>228,282</u>
	<u>\$ 1,122,500</u>

True Patriot Love Foundation Notes to Financial Statements

March 31, 2022

11. Financial Instruments

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 is exposed to credit risk resulting from the possibility that a donor or supporter to a financial instrument defaults on their financial obligations. The Foundation's financial instruments that are exposed to concentrations of credit risk relate primarily to its accounts receivable. This risk has not changed from the prior year.

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting its obligations associated with financial liabilities. Liquidity risk includes the risk that, as a result of operational liquidity requirements, the Foundation will not have sufficient funds to settle a transaction on the due date; will be forced to sell financial assets at a value, which is less than what they are worth; or may be unable to settle or recover a financial asset. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and commitments. This risk has not changed from the prior year.

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 comprises three types of risk: currency risk, interest rate risk and other price risk. The Foundation is mainly exposed to interest rate risk on its investments, which include money market funds that earn interest at floating rates. Fluctuations in these rates will impact the investment income received in the future. This risk has not changed from the prior year.

12. Comparative Amounts

Certain comparative amounts presented have been reclassified to conform to the current year's presentation.

True Patriot Love Foundation Schedule of Donations, Events and Program Revenue

For the year ended March 31	2022	2021
	(12 months)	(15 months)
Donations		
Community giving	\$ 269,814	\$ 306,670
Corporate	1,298,179	1,363,842
Individual	663,718	454,187
	<u>\$ 2,231,711</u>	<u>\$ 2,124,699</u>
Events		
Annual Tribute Dinner	\$ 906,246	\$ 836,005
Captain Nichola Goddard	283,232	162,626
Expeditions	407,310	113,743
Golf Tournament	97,128	109,518
	<u>\$ 1,693,916</u>	<u>\$ 1,221,892</u>
Program		
Afghan Resettlement	\$ 384,871	\$ -
Invictus Games	290,346	305,000
Veteran Network	45,000	31,500
	<u>\$ 720,217</u>	<u>\$ 336,500</u>
Total donations, events and program revenue	<u>\$ 4,645,844</u>	<u>\$ 3,683,091</u>

True Patriot Love Foundation Schedule of Grant Revenue

For the year ended March 31	2022	2021
	(12 months)	(15 months)
Canada Emergency Rent Subsidy	\$ 20,150	\$ 80,628
Canada Emergency Wage Subsidy	183,594	411,187
Ministry of Children, Community and Social Services	529,339	-
Other	3,909	25
Veterans Affairs Canada	(113,060)	250,000
Veterans Organizations Emergency Support Fund	-	1,500,000
	\$ 623,932	\$ 2,241,840