

Financial statements of

**True Patriot Love Foundation for
Support of Military Families**

December 31, 2013

True Patriot Love Foundation for Support of Military Families

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Deloitte LLP
5140 Yonge Street
Suite 1700
Toronto ON M2N 6L7
Canada

Tel: 416-601-6150
Fax: 416-601-6151
www.deloitte.ca

Independent Auditor's Report

To the Members of True Patriot Love Foundation
for Support of Military Families

We have audited the accompanying financial statements of True Patriot Love Foundation for Support of Military Families, which comprise the statement of financial position as at December 31, 2013, the statements of operations and changes in net assets and of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained in our audit is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for Qualified Opinion

In common with many not-for-profit organizations, True Patriot Love Foundation for Support of Military Families derives revenue from donations and events, 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 True Patriot Love Foundation for Support of Military Families. Therefore, we were not able to determine whether any adjustments might be necessary to donations and gala events revenue, deficiency of revenue over expenses, and cash flow from operations for the years ended December 31, 2013 and December 31, 2012, current assets as at December 31, 2013 and December 31, 2012 and net assets as at January 1 and December 31 for both the 2013 and 2012 years. The audit opinion for the year ended December 31, 2012 was modified accordingly because of the possible effects of this limitation in scope.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of True Patriot Love Foundation for Support of Military Families as at December 31, 2013, 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.

Other Matter

The financial statements of the prior period, which are included for comparative purposes, were audited by a predecessor auditor who issued a qualified opinion dated May 29, 2013.

Deloitte LLP

Chartered Professional Accountants, Chartered Accountants
Licensed Public Accountants
June 25, 2014
Toronto, Canada

True Patriot Love Foundation for Support of Military Families

Statement of financial position
as at December 31, 2013

	2013	2012
	\$	\$
Assets		
Current assets		
Cash	1,148,100	1,977,193
Donations receivable	43,900	21,720
Other receivables	179,742	151,526
Prepaid expenses	326,762	31,455
	1,698,504	2,181,894
Capital assets (Note 3)	5,654	7,068
	1,704,158	2,188,962
Liabilities		
Current liabilities		
Accounts payable and accrued liabilities (Note 7)	200,423	112,450
Deferred revenue	1,024,412	281,414
	1,224,835	393,864
Net assets	479,323	1,795,098
	1,704,158	2,188,962

On behalf of the Board



Director



Director

The accompanying notes to the financial statements are an integral part of this financial statement.

True Patriot Love Foundation for Support of Military Families

Statement of operations and changes in net assets
year ended December 31, 2013

	2013	2012
	\$	\$
Revenue		
Galas (Note 4)	2,098,954	2,337,426
Other donations	586,117	917,449
Other revenue	171,998	148,912
	2,857,069	3,403,787
Expenses		
Galas (Note 4)	1,074,250	1,442,133
Program activities	584,233	647,861
Administration	658,844	227,506
	2,317,327	2,317,500
Donations paid	1,855,517	2,121,950
	4,172,844	4,439,450
Deficiency of revenue over expenses	(1,315,775)	(1,035,663)
Net assets, beginning of year	1,795,098	2,830,761
Net assets, end of year	479,323	1,795,098

The accompanying notes to the financial statements are an integral part of this financial statement.

True Patriot Love Foundation for Support of Military Families

Statement of cash flows
year ended December 31, 2013

	2013	2012
	\$	\$
Operating activities		
Deficiency of revenue over expenses	(1,315,775)	(1,035,663)
Adjustment for non-cash item - amortization of capital assets	1,414	1,767
	(1,314,361)	(1,033,896)
Changes in non-cash operating items		
Donations receivable	(22,180)	101,186
Other receivables	(28,216)	24,877
Prepaid expenses	(295,307)	9,353
Deferred revenue	742,998	47,414
Accounts payable and accrued liabilities	87,973	(25,302)
Donations payable	-	(67,200)
Decrease in cash	(829,093)	(943,568)
Cash, beginning of year	1,977,193	2,920,761
Cash, end of year	1,148,100	1,977,193

The accompanying notes to the financial statements are an integral part of this financial statement.

True Patriot Love Foundation for Support of Military Families

Notes to the financial statements
December 31, 2013

1. Nature of operations

True Patriot Love Foundation for Support of Military Families (the "Foundation") was incorporated without share capital on March 13, 2009 under the Canada Corporations Act. 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.

The Foundation is a public foundation registered under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes and is able to issue donation receipts for income tax purposes. In order to maintain its status as a public foundation registered under the Act, the Foundation must meet certain requirements within the Act.

2. Significant accounting policies

Basis of presentation

The financial statements of the Foundation are the representations of management prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Handbook. The significant accounting policies adopted by the Foundation are as follows:

Revenue recognition

The Foundation follows the deferral method of accounting for contributions. 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. Revenue which contains conditions as to its use (restricted contributions) is deferred until conditions are fulfilled.

Financial instruments

The Foundation has elected to value its financial instruments as follows:

<u>Asset/liability</u>	<u>Category</u>
Cash	Fair value
Donations receivable	Amortized cost
Other receivables	Amortized cost
<u>Accounts payable and accrued liabilities</u>	<u>Amortized cost</u>

Capital assets

Capital assets are stated at cost, less accumulated amortization. Amortization of computer software is provided on the declining-balance basis using an annual rate of 20%.

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

Volunteer services

The Foundation benefits from substantial volunteer time which has not been reflected in these financial statements. Because of the difficulty in determining the fair value, contributions of materials and services are not recognized in these financial statements.

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 and the disclosure of contingencies at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates. The balances which require some degree of estimation and assumption are accrued liabilities, deferred revenue, and amortization (the estimated useful life of capital assets).

True Patriot Love Foundation for Support of Military Families

Notes to the financial statements
December 31, 2013

3. Capital assets

			2013	2012
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Computer software	10,394	4,740	5,654	7,068

4. Gala and events revenue

			2013	2012
	Revenue	Cost	Net	Net
	\$	\$	\$	\$
Toronto Gala	1,912,819	982,820	929,999	894,227
Golf Events	186,135	91,430	94,705	109,296
Halifax Gala	-	-	-	(14,797)
Other	-	-	-	(93,433)
	2,098,954	1,074,250	1,024,704	895,293

5. Related party transactions

During the year, the Foundation received services from two companies that are related by virtue of common membership on the Board of Directors. Expenses that were paid to these companies and recognized in expenses include rent in the amount of \$57,137 (2012 - \$14,132) (included in Administration expense) and event costs (included in Gala expenses) in the amount of \$42,667 (2012 - \$32,972). The Foundation also benefited from overhead services rendered by employees of one of the related companies and included human resources, payroll, IT, management and other services. Because of the nature of these transactions, the Foundation cannot reliably measure the fair value of the assets and services received and, as such, these are not recognized in the financial statements.

6. Financial risk

Credit risk

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Foundation is exposed to credit risk with respect to the receivables. The Foundation assesses, on a continuous basis, receivables and provides for any amounts that are not collectible in the allowance for doubtful accounts.

7. Accounts payable and accrued liabilities

There are no government remittances included in accounts payable and accrued liabilities as of December 31, 2013 (2012 - \$Nil).