
Financial statements of True Patriot Love Foundation

December 31, 2018

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Independent Auditor's Report

To the Members 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 December 31, 2018, and 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 (collectively referred to as the "financial statements").

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2018, 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 ("Canadian GAAS"). 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 audit opinion.

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 GAAS 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 GAAS, 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.

"Original signed by Deloitte LLP"

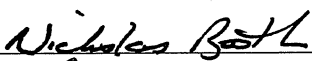
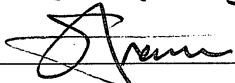
Chartered Professional Accountants
Licensed Public Accountants
May 23, 2019

True Patriot Love Foundation
Statement of financial position
As at December 31, 2018

	Notes	2018 \$	2017 \$
Assets			
Current assets			
Cash		358,591	474,821
Short-term investments		2,059,551	2,720,950
Donations receivable	5	65,312	73,300
Harmonized Sales Tax rebate		83,656	75,015
Prepaid expenses		148,753	181,630
		2,715,863	3,525,716
Capital assets			
	3	14,173	15,650
		2,730,036	3,541,366
Liabilities			
Current liabilities			
Accounts payable and accrued liabilities	5 and 7	287,967	252,254
Deferred revenue	8	625,438	756,449
		913,405	1,008,703
Net assets			
Internally restricted	11	900,000	900,000
Unrestricted		916,631	1,632,663
		2,730,036	3,541,366

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

On behalf of the Board

 Director
 Director

True Patriot Love Foundation**Statement of operations**

Year ended December 31, 2018

	Notes	2018 \$	2017 \$
Revenue			
Galas and golf	4 and 12	1,715,559	1,792,378
Other donations	12	3,219,389	5,926,757
Program	4 and 12	395,375	589,779
Other		32,289	20,444
		5,362,612	8,329,358
Expenses			
	10		
Fundraising	5 and 12	1,899,731	1,790,463
Program activities	5 and 12	942,592	2,581,227
Administration	5 and 12	957,869	770,925
		3,800,192	5,142,615
Payments to qualified donees	5	2,278,452	1,839,544
		6,078,644	6,982,159
(Deficiency) excess of revenue over expenses for the year		(716,032)	1,347,199

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

True Patriot Love Foundation
Statement of changes in net assets
Year ended December 31, 2018

	Notes	Internally restricted \$	Unrestricted \$	2018 Total \$
Net assets, beginning of year		900,000	1,632,663	2,532,663
Deficiency of revenue over expenses for the year		—	(716,032)	(716,032)
Net assets, end of year		900,000	916,631	1,816,631

		Internally restricted \$	Unrestricted \$	2017 Total \$
Net assets, beginning of year		—	1,185,464	1,185,464
Excess of revenue over expenses for the year		—	1,347,199	1,347,199
Inter-fund transfer	11	900,000	(900,000)	—
Net assets, end of year		900,000	1,632,663	2,532,663

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

True Patriot Love Foundation**Statement of cash flows**

Year ended December 31, 2018

	2018 \$	2017 \$
Operating activities		
(Deficiency) excess of revenue over expenses	(716,032)	1,347,199
Adjustment for non-cash item - amortization of capital assets	3,270	3,750
	(712,762)	1,350,949
Changes in non-cash operating items		
Donations receivable	7,988	(14,898)
Harmonized Sales Tax rebate	(8,641)	(2,740)
Prepaid expenses	32,877	95,417
Deferred revenue	(131,011)	(361,565)
Accounts payable and accrued liabilities	35,713	64,099
	(775,836)	1,131,262
Investing activities		
Purchase of capital assets	(1,793)	(5,196)
Net change in short-term investments	661,399	(973,703)
	659,606	(978,899)
(Decrease) increase in cash	(116,230)	152,363
Cash, beginning of year	474,821	322,458
Cash, end of year	358,591	474,821

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

1. Nature of operations

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.

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 and have been prepared in accordance with Canadian accounting standards for not-for-profit organizations as 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 the conditions are fulfilled.

Internally restricted net assets

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.

Financial instruments

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

<u>Asset/liability</u>	<u>Category</u>
Cash	Fair value
Short-term investments	Fair value
Donations receivable	Amortized cost
Harmonized Sales Tax rebate	Amortized cost
Accounts payable and accrued liabilities	Amortized cost

Short-term investments

Short-term investments consist of money market funds.

True Patriot Love Foundation
Notes to the financial statements
December 31, 2018

2. Significant accounting policies (continued)

Capital assets

Capital assets are stated at cost, less accumulated amortization. Amortization of computer hardware, computer software and furniture and fixtures 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.

Donations-in-kind

Donations-in-kind are recognized when fair value can be reasonably estimated and when the materials and services are used in the normal course of the Foundation's operations and would otherwise have been purchased.

Volunteer services

The Foundation benefits from substantial volunteer time. As no objective basis is available to measure the value of such services, these services have not been reflected 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. Accounts requiring significant estimates and assumptions include accrued liabilities and deferred revenue.

3. Capital assets

	Cost	Accumulated amortization	2018 Net book value	2017 Net book value
	\$	\$	\$	\$
Furniture and fixtures	1,020	541	479	598
Computer hardware	3,800	906	2,894	1,553
Computer software	18,918	8,118	10,800	13,499
	23,738	9,565	14,173	15,650

True Patriot Love Foundation
Notes to the financial statements
December 31, 2018

4. Galas, golf and program revenue

	2018	2017
	\$	\$
Galas and golf revenue		
Toronto Gala	1,554,909	1,515,024
2011 Halifax Gala	4,100	19,500
2014 Calgary Gala	18,000	18,000
Golf	138,550	239,854
	1,715,559	1,792,378

	2018	2017
	\$	\$
Program revenue		
Expedition	227,000	336,000
VIMY	58,400	253,779
Sicily	109,975	—
	395,375	589,779

The following donation-in-kind amounts are included in the revenue categories:

	2018	2017
	\$	\$
Galas and golf revenue		
Toronto Gala	86,268	57,500
Golf	5,000	10,000
	91,268	67,500

	2018	2017
	\$	\$
Program revenue		
Expedition	101,518	6,030
VIMY	—	5,000
Sicily	7,600	—
	109,118	11,030

5. Related party transactions and balances

During the year, the Foundation transacted business with three companies (three companies in 2017) that are related by virtue of common membership on the Board of Directors. The following transactions were recorded at the amount that was paid to the related parties, or at the amount determined in accordance with the accounting policy for donations-in-kind:

- Administration expenses include \$150,000 (\$150,000 in 2017) of rent received as a donation-in-kind from a related party.
- Program activities expenses include nil (\$1,256,000 in 2017) of programming expenses related to funding provided to a related party.

5. Related party transactions and balances (continued)

- Fundraising expenses include \$37,500 (nil in 2017) of fundraising related expenses received as a donation-in-kind from a related party.
- Payments to qualified donees include \$39,140 (\$142,650 in 2017) related to funding provided to a qualified donee that is a related party.

The Foundation benefited from IT and other services rendered by employees of one of the related companies. The Foundation cannot reasonably 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.

The following amounts with related parties are included on the Statement of financial position:

	2018	2017
	\$	\$
Donation receivable	—	400
Accounts payable and accrued liabilities	3,190	1,867

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 its receivables. The Foundation assesses, on a continuous basis, the collectability of its receivables and provides for any amounts that are considered to be uncollectible.

7. Accounts payable and accrued liabilities

There are no government remittances included in accounts payable and accrued liabilities as of December 31, 2018 (nil in 2017).

8. Deferred revenue

	2018	2017
	\$	\$
Deferred revenue consists of		
Restricted contributions	190,000	391,696
Events revenue received in advance	278,379	180,103
Program revenue received in advance	157,059	184,650
	625,438	756,449

True Patriot Love Foundation
Notes to the financial statements
December 31, 2018

9. Commitments

The Foundation has committed the following amounts to a qualified donee:

	\$
2019	500,000
2020	700,000
2021	700,000
2022	700,000
2023	750,000
Thereafter	750,000
	<u>4,100,000</u>

10. Allocation of expenses

Employees perform a combination of functions; as a result, salaries and benefits are allocated on the basis of time dedicated to the functional activity. Such allocations are reviewed on a regular basis by management. Salaries and benefits included in the expense lines in the Statement of operations are as follows:

	2018 \$	2017 \$
Fundraising	779,964	725,308
Program activities	353,832	268,792
Administration	421,312	404,822
	<u>1,555,108</u>	<u>1,398,922</u>

11. Inter-fund transfers

Each year, the Board determines the amount that should be transferred to Internally restricted net assets. In 2018, an amount of nil was transferred from Unrestricted net assets to internally restricted net assets (\$900,000 in 2017).

12. Donation-in-kind

Donations-in-kind revenue and expenses are recorded at the same amount within a year. The financial statements include the following donations-in-kind amounts:

	2018 \$	2017 \$
Revenue		
Gala and golf	91,268	67,500
Other donations	28,900	194,215
Program	109,118	11,030
	<u>229,286</u>	<u>272,745</u>
Expenses		
Fundraising	42,500	20,216
Program activities	109,118	71,499
Administration	77,668	181,030
	<u>229,286</u>	<u>272,745</u>