

Together We Stand Military Families Foundation

Financial statements
December 31, 2022



Independent auditor's report

To the Members of
Together We Stand Military Families Foundation

Opinion

We have audited the financial statements of **Together We Stand Military Families Foundation** [the "Foundation"], which comprise the statement of financial position as at December 31, 2022, and the statement of operations and changes in net assets and statement of 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 December 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.

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 generally accepted 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.

Ernst & Young LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Canada
May 2, 2023



Together We Stand Military Families Foundation

Statement of financial position

As at December 31

	2022	2021
	\$	\$
Assets		
Cash	250,528	235,116
Accounts receivable <i>[note 3]</i>	82,462	158,814
Undistributed materials <i>[note 4]</i>	29,265	36,490
	362,255	430,420
Liabilities and net assets		
Liabilities		
Accounts payable and accrued liabilities <i>[note 5]</i>	44,800	51,635
Deferred contributions <i>[note 4]</i>	—	13,240
Total liabilities	44,800	64,875
Net assets		
Unrestricted	317,455	365,545
	362,255	430,420

See accompanying notes

On behalf of the Board:

Director

Together We Stand Military Families Foundation

Statement of operations and changes in net assets

Year ended December 31

	2022	2021
	\$	\$
Revenue		
Cash contributions <i>[note 5]</i>	534,340	564,335
Gifts-in-kind	325,792	434,887
Events and sponsorships	68,630	—
	<u>928,762</u>	<u>999,222</u>
Expenses		
Gifts-in-kind distributions	325,792	434,887
Other distributions	171,800	114,506
Fundraising <i>[notes 5 and 6]</i>	427,657	217,496
Management and administrative costs <i>[note 5]</i>	51,603	18,506
	<u>976,852</u>	<u>785,395</u>
Excess (deficiency) of revenue over expenses for the year	(48,090)	213,827
Unrestricted net assets, beginning of year	<u>365,545</u>	151,718
Unrestricted net assets, end of year	<u>317,455</u>	<u>365,545</u>

See accompanying notes

Together We Stand Military Families Foundation

Statement of cash flows

Year ended December 31

	2022	2021
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses for the year	(48,090)	213,827
Changes in non-cash working capital balances related to operations		
Decrease (increase) in accounts receivable	76,352	(128,575)
Decrease in undistributed materials	7,225	185,663
Increase (decrease) in accounts payable and accrued liabilities	(6,835)	24,523
Decrease in deferred contributions	(13,240)	(208,913)
Cash provided by operating activities	15,412	86,525
Net increase in cash during the year	15,412	86,525
Cash, beginning of year	235,116	148,591
Cash, end of year	250,528	235,116

See accompanying notes

Together We Stand Military Families Foundation

Notes to financial statements

December 31, 2022

1. Purpose of the organization

Together We Stand Military Families Foundation [the "Foundation"] is incorporated under the *Canada Not-for-profit Corporations Act* as a corporation without share capital. The Foundation is a private foundation registered under the *Income Tax Act* (Canada) and, as such, is exempt from income taxes and able to issue donation receipts for income tax purposes. The Foundation has been redesignated as a public foundation, effective January 1, 2022.

The Foundation receives, accumulates and distributes funds to recognize, thank and pay tribute to the patriotic military families of the Canadian Armed Forces.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations", which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes the significant accounting policies summarized below.

Basis of presentation

The financial statements of the Foundation reflect the assets, liabilities and activities of the Foundation.

Revenue recognition

The Foundation follows the deferral method of accounting for contributions, which may include grants, bequests and other donations. Grants and bequests are recorded when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Other donations are recorded when received since pledges are not legally enforceable claims. Unrestricted contributions are recognized as revenue when initially recorded in the accounts. Externally restricted contributions are deferred when initially recorded in the accounts and recognized as revenue in the year in which the related expenses are recognized.

Financial instruments

Accounts receivable and accounts payable and accrued liabilities are initially recorded at their fair value and are subsequently measured at cost, net of any provisions for impairment.

Contributed materials and services

The Foundation records contributed materials when a fair value can be reasonably estimated and when the materials are used in the normal course of operations and would otherwise have been purchased. Contributed materials that have not been distributed during the year are recorded on the statement of financial position as at year-end. When undistributed materials are determined to have no fair value, they are expensed in the statement of operations and changes in net assets. Contributed services are not recognized in the financial statements.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of revenue and expenses. Areas requiring the use of management's estimates include the assumptions used in the valuation of gifts-in-kind revenue and expenses. Actual results could differ from the estimates.

Together We Stand Military Families Foundation

Notes to financial statements

December 31, 2022

Allocation of expenses

The Foundation classifies expenses by function. Where an expenditure directly benefits more than one function, it is attributed on a reasonable basis.

3. Accounts receivable

As at December 31, 2022, accounts receivable includes \$50,000 [2021 – \$150,000] representing payment with respect to one donation [2021 – one donation], which was received subsequent to year-end.

4. Undistributed materials and deferred contributions

As at December 31, 2022, the Foundation had \$29,265 [2021 – \$36,490] of undistributed materials on hand, including contributed and purchased materials. There were no undistributed contributed materials recorded in deferred contributions as at December 31, 2022 [2021 – \$13,240].

During the year ended December 31, 2021, the Foundation wrote off undistributed contributed materials of \$45,914, comprised of unused discount coupons.

5. Related party transactions

The Foundation receives office space and administrative support, which includes officers' and others' salaries, at no cost from an organization under common control, with the exception of employment costs of \$207,880. These costs are recorded in fundraising and administrative expenses at amounts of \$181,592 and \$26,288, respectively. Further, \$26,000 is included in accounts payable and accrued liabilities as at December 31, 2022 [2021 – \$25,727].

Related party transactions are recorded at the exchange amount agreed upon by the two parties.

6. Fundraising

Fundraising expenses include direct fundraising and event costs, marketing, design, printing and shipment costs.