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**BRANDS FOR CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2020**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Brands for Canada,

### Opinion

We have audited the financial statements of Brands for Canada (the organization), which comprise the statement of financial position as at March 31, 2020, and the statements of operations and 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 Brands for Canada as at March 31, 2020 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. 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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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.

*Pemylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

September 30, 2020  
Toronto, Ontario

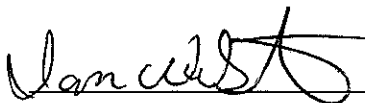
# BRANDS FOR CANADA

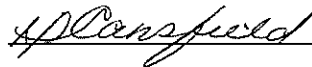
## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2020

	2020	2019
<b>ASSETS</b>		
Current assets		
Cash	\$ -	\$ 33,661
Guaranteed investment certificates (note 3)	1,055,000	643,994
Amounts receivable	27,011	8,536
HST rebate recoverable	45,379	49,210
Prepaid expenses	<u>8,072</u>	<u>8,072</u>
	<u>\$ 1,135,462</u>	<u>\$ 743,473</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Bank indebtedness (resulting from outstanding cheques)	\$ 7,750	\$ -
Accounts payable and accrued liabilities	26,031	103,414
Deferred contributions (note 4)	<u>869,145</u>	<u>572,195</u>
	<u>902,926</u>	<u>675,609</u>
Net assets		
Unrestricted	<u>232,536</u>	<u>67,864</u>
	<u>\$ 1,135,462</u>	<u>\$ 743,473</u>

Approved on behalf of the Board:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

see accompanying notes

# BRANDS FOR CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
<b>REVENUE</b>		
Project grants (note 5)	\$ 1,890,301	\$ 1,433,306
Ontario Works Employment Basics	170,194	142,129
Donations (note 6)	127,893	169,346
Agency application fees	17,840	17,412
Interest	15,586	6,702
Special events	<u>-</u>	<u>3,371</u>
	<u>2,221,814</u>	<u>1,772,266</u>
<b>EXPENSES</b>		
Salaries and benefits	823,092	744,266
Warehouse and program		
Program	829,733	772,547
Occupancy	158,948	139,048
Personnel	58,163	42,638
Public awareness	118,452	104,923
Office and general	30,005	39,852
Professional fees	12,640	34,395
Insurance	12,509	10,502
Minor office equipment	9,859	11,583
Website	2,508	1,908
Special events	<u>1,233</u>	<u>1,985</u>
	<u>2,057,142</u>	<u>1,903,647</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	164,672	(131,381)
Net assets, beginning of year	<u>67,864</u>	<u>199,245</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 232,536</u>	<u>\$ 67,864</u>

see accompanying notes

## BRANDS FOR CANADA

### STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2020

	2020	2019
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 164,672	\$ (131,381)
Net change in non-cash working capital items (see below)	<u>204,923</u>	<u>(1,222,286)</u>
Net cash generated from (used for) operating activities	369,595	(1,353,667)
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates purchased	<u>(411,006)</u>	<u>(643,994)</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>	(41,411)	(1,997,661)
Cash, beginning of year	<u>33,661</u>	<u>2,031,322</u>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<u>\$ (7,750)</u>	<u>\$ 33,661</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Amounts receivable	\$ (18,475)	\$ 5,398
HST rebate recoverable	3,831	(24,765)
Prepaid expenses	-	(122)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(77,382)	(3,992)
Deferred contributions	<u>296,949</u>	<u>(1,198,805)</u>
	<u>\$ 204,923</u>	<u>\$ (1,222,286)</u>

see accompanying notes

# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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Brands for Canada (the organization), was incorporated without share capital in the Province of Ontario and continued under the Canada Not-for-profit Corporations Act on October 26, 2018. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization receives donations of new clothing and other basic items, and provides them through partner agencies to assist people in poverty or crisis, increase their self-esteem and broaden their opportunities.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

#### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

#### *Contributed materials and services*

Contributed materials, including clothing and other basic items, and services which are normally purchased by the organization are not recorded in the accounts.

#### *Special events*

Special event revenue includes sponsorships, ticket sales and auction proceeds. Special event revenue is recognized in the period in which the event takes place.

#### *Agency application fees*

Agency application fees are recognized as revenue when the service is performed.

#### *Interest income*

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

### 2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash, guaranteed investment certificates, amounts receivable, accounts payable and accrued liabilities. Amounts receivable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at rates ranging from 1.38% to 1.50% and mature in between April 2020 and July 2020.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2020	2019
The Sprott Foundation		
Recycling program	\$ 817,863	\$ 425,936
National expansion	<u>51,282</u>	<u>146,259</u>
	<u>\$ 869,145</u>	<u>\$ 572,195</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 572,195	\$ -
Add cash received from project grants	2,187,251	2,005,501
Less project grant revenue recognized (note 5)	<u>(1,890,301)</u>	<u>(1,433,306)</u>
Deferred contributions, end of year	<u>\$ 869,145</u>	<u>\$ 572,195</u>

### 5. PROJECT GRANTS

Project grants recognized in the year were as follows:

	2020	2019
The Sprott Foundation		
National expansion	\$ 1,094,978	\$ 853,741
Recycling program	358,073	324,064
Ontario Ministry of Children, Community and Social Services	236,250	33,500
Ontario Trillium Foundation	<u>201,000</u>	<u>222,001</u>
	<u>\$ 1,890,301</u>	<u>\$ 1,433,306</u>



# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2020

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### 6. DONATIONS

Donation revenue is as follows:

<b>Monetary</b>	2020	2019
Foundations	\$ 109,314	\$ 108,556
Individuals	9,822	6,324
Corporations	<u>8,757</u>	<u>54,466</u>
	<u>\$ 127,893</u>	<u>\$ 169,346</u>

#### **Clothing and other basic items**

These financial statements do not reflect the substantial value of the pieces of new clothing and other basic items donated by manufacturers, wholesalers and retailers, as well as other interested parties.

#### **Services**

These financial statements do not reflect the substantial value of services contributed by sponsors, volunteers and other interested parties.

### 7. LEASE COMMITMENTS

The organization leases warehouse and office space. Minimum annual lease payments over the term of the leases, which expires on October 31, 2021, are as follows:

2021	\$ 77,291
2022	46,121

### 8. COVID-19

On March 11, 2020, the World Health Organization declared the outbreak of a coronavirus (COVID-19) a pandemic. This presents uncertainty regarding the organization's future cash flows. The impact of social distancing may significantly impact the organization's future operations. An estimate of the financial impact of the pandemic on these financial statements is not practicable and therefore no adjustments related thereto have been made.

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**BRANDS FOR CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Brands for Canada,

### Opinion

We have audited the financial statements of Brands for Canada (the organization), which comprise the statement of financial position as at March 31, 2021, and the statements of operations and 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 Brands for Canada as at March 31, 2021 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. 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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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.

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

December 30, 2021  
Toronto, Ontario

# BRANDS FOR CANADA

## STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	2021	2020
<b>ASSETS</b>		
Current assets		
Guaranteed investment certificates (note 3)	\$ 1,810,491	\$ 1,055,000
Amounts receivable	5,611	27,011
HST rebate recoverable	18,508	45,379
Prepaid expenses	<u>14,871</u>	<u>8,072</u>
	<u>\$ 1,849,481</u>	<u>\$ 1,135,462</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Bank indebtedness (resulting from outstanding cheques)	\$ 17,647	\$ 7,750
Accounts payable and accrued liabilities	69,528	26,031
Canada Emergency Wage Subsidy payable	28,922	-
Deferred contributions (note 4)	<u>1,475,347</u>	<u>869,145</u>
	<u>1,591,444</u>	<u>902,926</u>
Net assets		
Unrestricted	<u>258,037</u>	<u>232,536</u>
	<u>\$ 1,849,481</u>	<u>\$ 1,135,462</u>

Approved on behalf of the Board:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

see accompanying notes

# BRANDS FOR CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
<b>REVENUE</b>		
Project grants (note 5)	\$ 1,705,316	\$ 1,890,301
Canada Emergency Wage Subsidy	149,958	-
Donations (note 6)	66,309	127,893
Ontario Works Employment Basics	48,120	170,194
Interest	18,153	15,586
Agency application fees	<u>10,940</u>	<u>17,840</u>
	<u>1,998,796</u>	<u>2,221,814</u>
<b>EXPENSES</b>		
Salaries and benefits	857,942	823,092
Warehouse and program		
Program	724,475	829,733
Occupancy	178,206	158,948
Personnel	20,400	58,163
Public awareness	135,152	118,452
Office and general	30,001	30,005
Professional fees	13,744	12,640
Insurance	6,318	12,509
Minor office equipment	4,712	9,859
Website	2,345	2,508
Special events	<u>-</u>	<u>1,233</u>
	<u>1,973,295</u>	<u>2,057,142</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	25,501	164,672
Net assets, beginning of year	<u>232,536</u>	<u>67,864</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 258,037</u>	<u>\$ 232,536</u>

see accompanying notes

# BRANDS FOR CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2021

	2021	2020
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 25,501	\$ 164,672
Net change in non-cash working capital items (see below)	<u>720,093</u>	<u>204,923</u>
Net cash generated from operating activities	745,594	369,595
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates purchased	<u>(755,491)</u>	<u>(411,006)</u>
<b>NET DECREASE IN CASH FOR THE YEAR</b>	(9,897)	(41,411)
Cash (bank indebtedness), beginning of year	<u>(7,750)</u>	<u>33,661</u>
<b>BANK INDEBTEDNESS, END OF YEAR</b>	<u>\$ (17,647)</u>	<u>\$ (7,750)</u>
Decrease (increase) in current assets-		
Amounts receivable	\$ 21,400	\$ (18,475)
HST rebate recoverable	26,870	3,831
Prepaid expenses	(6,799)	-
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	43,497	(77,382)
Deferred contributions	606,203	296,949
Canada Emergency Wage Subsidy payable	<u>28,922</u>	<u>-</u>
	<u>\$ 720,093</u>	<u>\$ 204,923</u>

see accompanying notes

# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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Brands for Canada (the organization), was incorporated without share capital in the Province of Ontario and continued under the Canada Not-for-profit Corporations Act on October 26, 2018. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization receives donations of new clothing and other basic items, and provides them through partner agencies to assist people in poverty or crisis, increase their self-esteem and broaden their opportunities.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

##### *Contributed materials and services*

Contributed materials, including clothing and other basic items, and services which are normally purchased by the organization are not recorded in the accounts.

##### *Canada Emergency Wage Subsidy (CEWS)*

CEWS revenue is recognized in the period to which it relates.

##### *Special events*

Special event revenue includes sponsorships, ticket sales and auction proceeds. Special event revenue is recognized in the period in which the event takes place.

##### *Agency application fees*

Agency application fees are recognized as revenue when the service is performed.

##### *Interest income*

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

### 2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash (bank indebtedness resulting from outstanding cheques), guaranteed investment certificates, amounts receivable, CEWS payable, accounts payable and accrued liabilities. Amounts receivable, CEWS payable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.



# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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### 3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at 0.72% and mature in April 2021.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2021	2020
The Sprott Foundation		
Recycling program	\$ 1,124,372	\$ 817,863
National expansion	249,391	51,282
Greater Toronto Airports Authority	100,000	-
Ontario Trillium Foundation	<u>1,584</u>	<u>-</u>
	<u>\$ 1,475,347</u>	<u>\$ 869,145</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 869,145	\$ -
Add cash received from project grants	2,311,518	2,759,446
Less project grant revenue recognized (note 5)	<u>(1,705,316)</u>	<u>(1,890,301)</u>
Deferred contributions, end of year	<u>\$ 1,475,347</u>	<u>\$ 869,145</u>

### 5. PROJECT GRANTS

Project grants recognized in the year were as follows:

	2021	2020
The Sprott Foundation		
National expansion	\$ 801,890	\$ 1,094,978
Recycling program	443,491	358,073
Ontario Ministry of Children, Community and Social Services	236,519	236,250
Ontario Trillium Foundation	173,416	201,000
Greater Toronto Airports Authority	<u>50,000</u>	<u>-</u>
	<u>\$ 1,705,316</u>	<u>\$ 1,890,301</u>

# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2021

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### 6. DONATIONS

Donation revenue is as follows:

Monetary	2021	2020
Foundations	\$ 40,639	\$ 109,314
Corporations	19,112	8,757
Individuals	<u>6,558</u>	<u>9,822</u>
	<u>\$ 66,309</u>	<u>\$ 127,893</u>

#### Clothing and other basic items

These financial statements do not reflect the substantial value of the pieces of new clothing and other basic items donated by manufacturers, wholesalers and retailers, as well as other interested parties.

#### Services

These financial statements do not reflect the substantial value of services contributed by sponsors, volunteers and other interested parties.

### 7. LEASE COMMITMENTS

The organization leases warehouse and office space. Minimum annual lease payments over the term of the leases, which expire on October 31, 2026, are as follows:

2022	\$ 78,018
2023	77,489
2024	79,741
2025	81,992
2026	46,121

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**BRANDS FOR CANADA**

**FINANCIAL STATEMENTS**

**MARCH 31, 2022**

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## INDEPENDENT AUDITOR'S REPORT

To the Members of Brands for Canada,

### Opinion

We have audited the financial statements of Brands for Canada (the organization), which comprise the statement of financial position as at March 31, 2022, and the statements of operations and 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 Brands for Canada as at March 31, 2022 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. 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 organization 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 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 organization'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 organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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.

## INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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.

*Pennylegion Chung LLP*

Chartered Professional Accountants  
Licensed Public Accountants

October 24, 2022  
Toronto, Ontario

**BRANDS FOR CANADA**

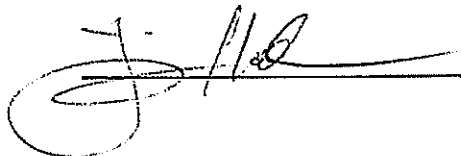
**STATEMENT OF FINANCIAL POSITION**

**AS AT MARCH 31, 2022**

	<b>2022</b>	<b>2021</b>
<b>ASSETS</b>		
Current assets		
Cash	\$ 48,772	\$ -
Guaranteed investment certificates (note 3)	2,911,346	1,810,491
Amounts receivable	12,275	5,611
HST rebate recoverable	14,229	18,508
Prepaid expenses	<u>32,338</u>	<u>14,871</u>
	<u>\$ 3,018,960</u>	<u>\$ 1,849,481</u>
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Bank indebtedness (resulting from outstanding cheques)	\$ -	\$ 17,647
Accounts payable and accrued liabilities	23,434	69,528
Canada Emergency Wage Subsidy payable	-	28,922
Deferred contributions (note 4)	<u>1,424,422</u>	<u>1,475,347</u>
	<u>1,447,856</u>	<u>1,591,444</u>
Net assets		
Unrestricted	<u>1,571,104</u>	<u>258,037</u>
	<u>\$ 3,018,960</u>	<u>\$ 1,849,481</u>

Approved on behalf of the Board:

 \_\_\_\_\_, Director

 \_\_\_\_\_, Director

see accompanying notes

# BRANDS FOR CANADA

## STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
<b>REVENUE</b>		
Project grants (note 5)	\$ 3,101,175	\$ 1,705,316
Donations (note 6)	110,378	66,309
Ontario Works Employment Basics	36,612	48,120
Interest	24,381	18,153
Agency application fees	10,692	10,940
Special events	929	-
Canada Emergency Wage Subsidy	<u>-</u>	<u>149,958</u>
	<u>3,284,167</u>	<u>1,998,796</u>
<b>EXPENSES</b>		
Salaries and benefits	926,414	857,942
Warehouse and program		
Program	648,277	724,475
Occupancy	174,854	178,206
Personnel	19,427	20,400
Public awareness	116,165	135,152
Office and general	35,862	30,001
Professional fees	16,070	13,744
Minor office equipment	15,009	4,712
Insurance	13,493	6,318
Website	<u>5,529</u>	<u>2,345</u>
	<u>1,971,100</u>	<u>1,973,295</u>
<b>EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR</b>	1,313,067	25,501
Net assets, beginning of year	<u>258,037</u>	<u>232,536</u>
<b>NET ASSETS, END OF YEAR</b>	<u>\$ 1,571,104</u>	<u>\$ 258,037</u>

see accompanying notes

# BRANDS FOR CANADA

## STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2022

	2022	2021
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses for the year	\$ 1,313,067	\$ 25,501
Net change in non-cash working capital items (see below)	<u>(145,793)</u>	<u>720,093</u>
Net cash generated from operating activities	1,167,274	745,594
<b>INVESTING ACTIVITIES</b>		
Guaranteed investment certificates purchased	<u>(1,100,855)</u>	<u>(755,491)</u>
<b>NET INCREASE (DECREASE) IN CASH FOR THE YEAR</b>	66,419	(9,897)
Cash (bank indebtedness), beginning of year	<u>(17,647)</u>	<u>(7,750)</u>
<b>CASH (BANK INDEBTEDNESS), END OF YEAR</b>	<u>\$ 48,772</u>	<u>\$ (17,647)</u>
Decrease (increase) in current assets-		
Amounts receivable	\$ (6,665)	\$ 21,400
HST rebate recoverable	4,279	26,870
Prepaid expenses	(17,467)	(6,799)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(46,094)	43,497
Canada Emergency Wage Subsidy payable	(28,922)	28,922
Deferred contributions	<u>(50,924)</u>	<u>606,203</u>
	<u>\$ (145,793)</u>	<u>\$ 720,093</u>

see accompanying notes



# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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Brands for Canada (the organization), was incorporated without share capital in the Province of Ontario and continued under the Canada Not-for-profit Corporations Act on October 26, 2018. The organization is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The organization receives donations of new clothing and other basic items, and provides them through partner agencies to assist people in poverty or crisis, increase their self-esteem and broaden their opportunities.

### 1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for the preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

#### **Revenue recognition**

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

##### *Contributions*

The organization follows the deferral method of revenue recognition for contributions.

Externally restricted contributions, including project grants and restricted donations, related to current expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred contributions. Externally restricted contributions related to the purchase of capital assets are recorded as revenue in the same period, and on the same basis, as the related capital assets are amortized. Unrestricted contributions, including donations and amounts received from fundraising, are recorded when received.

##### *Contributed materials and services*

Contributed materials, including clothing and other basic items, and services which are normally purchased by the organization are not recorded in the accounts.

##### *Canada Emergency Wage Subsidy (CEWS)*

CEWS revenue is recognized in the period to which it relates.

##### *Special events*

Special event revenue includes sponsorships, ticket sales and auction proceeds. Special event revenue is recognized in the period in which the event takes place.

##### *Agency application fees*

Agency application fees are recognized as revenue when the service is performed.

##### *Interest income*

Interest income is recognized as revenue over the term of the guaranteed investment certificates.

### 2. FINANCIAL INSTRUMENTS

The organization's financial instruments include cash (bank indebtedness resulting from outstanding cheques), guaranteed investment certificates, amounts receivable, CEWS payable, accounts payable and accrued liabilities. Amounts receivable, CEWS payable, accounts payable and accrued liabilities are initially recorded at fair value and are subsequently recorded net of any provisions for impairment in value. Guaranteed investment certificates are recorded at cost plus accrued interest, which approximates fair value.

# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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### 3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest at 0.40% and mature in April 2022.

### 4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2022	2021
The Sprott Foundation		
Recycling program	\$ 1,125,031	\$ 1,124,372
National expansion	249,391	249,391
Greater Toronto Airports Authority	50,000	100,000
Ontario Trillium Foundation	<u>-</u>	<u>1,584</u>
	<u>\$ 1,424,422</u>	<u>\$ 1,475,347</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 1,475,347	\$ 869,145
Add cash received from project grants	3,050,250	2,311,518
Less project grant revenue recognized (note 5)	<u>(3,101,175)</u>	<u>(1,705,316)</u>
Deferred contributions, end of year	<u>\$ 1,424,422</u>	<u>\$ 1,475,347</u>

### 5. GRANTS

Grant revenue recognized in the year was as follows:

	2022	2021
The Sprott Foundation		
Covid relief	\$ 1,370,000	\$ -
National expansion	1,000,000	801,890
Recycling program	369,341	443,491
Ontario Ministry of Children, Community and Social Services	235,550	236,519
Ontario Trillium Foundation	76,284	173,416
Greater Toronto Airports Authority	<u>50,000</u>	<u>50,000</u>
	<u>\$ 3,101,175</u>	<u>\$ 1,705,316</u>

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# BRANDS FOR CANADA

## NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2022

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### 6. DONATIONS

Donation revenue is from the following sources:

	2022	2021
Foundations	\$ 93,054	\$ 40,639
Individuals	11,769	6,558
Corporations	<u>5,555</u>	<u>19,112</u>
	<u>\$ 110,378</u>	<u>\$ 66,309</u>

#### **Clothing and other basic items**

These financial statements do not reflect the substantial value of the pieces of new clothing and other basic items donated by manufacturers, wholesalers and retailers, as well as other interested parties.

#### **Services**

These financial statements do not reflect the substantial value of services contributed by sponsors, volunteers and other interested parties.

### 7. LEASE COMMITMENTS

The organization leases warehouse and office space. Minimum annual lease payments over the term of the leases, which expire on October 31, 2026, are as follows:

2023	\$ 77,489
2024	79,741
2025	81,992
2026	46,121