
BRANDS FOR CANADA

FINANCIAL STATEMENTS

MARCH 31, 2021

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

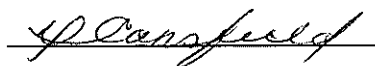
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2021

	2021	2020
ASSETS		
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>
LIABILITIES AND NET ASSETS		
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
REVENUE		
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>
EXPENSES		
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>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	25,501	164,672
Net assets, beginning of year	<u>232,536</u>	<u>67,864</u>
NET ASSETS, END OF YEAR	<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
OPERATING ACTIVITIES		
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
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(755,491)</u>	<u>(411,006)</u>
NET DECREASE IN CASH FOR THE YEAR	(9,897)	(41,411)
Cash (bank indebtedness), beginning of year	<u>(7,750)</u>	<u>33,661</u>
BANK INDEBTEDNESS, END OF YEAR	<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

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

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>

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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