
BRANDS FOR CANADA

FINANCIAL STATEMENTS

MARCH 31, 2023

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, 2023, 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, 2023 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 3, 2023
Toronto, Ontario

BRANDS FOR CANADA

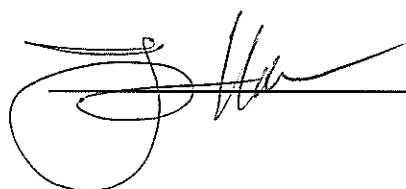
STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2023

	2023	2022
ASSETS		
Current assets		
Cash	\$ 61,804	\$ 48,772
Guaranteed investment certificates (note 3)	3,999,997	2,911,346
Amounts receivable	5,532	12,275
HST rebate recoverable	53,317	14,229
Prepaid expenses	<u>18,530</u>	<u>32,338</u>
	<u>\$ 4,139,180</u>	<u>\$ 3,018,960</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 50,414	\$ 23,434
Deferred contributions (note 4)	<u>1,315,973</u>	<u>1,424,422</u>
	<u>1,366,387</u>	<u>1,447,856</u>
Net assets		
Unrestricted	<u>2,772,793</u>	<u>1,571,104</u>
	<u>\$ 4,139,180</u>	<u>\$ 3,018,960</u>

Approved on behalf of the Board:

 _____, Director

 _____, Director

see accompanying notes

BRANDS FOR CANADA

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUE		
Project grants (note 5)	\$ 3,117,702	\$ 3,101,175
Donations (note 6)	186,544	110,378
Agency application fees	68,100	10,692
Ontario Works Employment Basics	55,351	36,612
Special events	16,767	929
Interest	<u>8,786</u>	<u>24,381</u>
	<u>3,453,250</u>	<u>3,284,167</u>
EXPENSES		
Warehouse and program		
Program	898,213	648,277
Occupancy	279,103	174,854
Personnel	23,729	19,427
Salaries and benefits	798,891	926,414
Public awareness	162,113	116,165
Office and general	35,260	35,862
Minor office equipment	19,347	15,009
Professional fees	17,709	16,070
Insurance	15,248	13,493
Website	<u>1,948</u>	<u>5,529</u>
	<u>2,251,561</u>	<u>1,971,100</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	1,201,689	1,313,067
Net assets, beginning of year	<u>1,571,104</u>	<u>258,037</u>
NET ASSETS, END OF YEAR	<u>\$ 2,772,793</u>	<u>\$ 1,571,104</u>

see accompanying notes

BRANDS FOR CANADA

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ 1,201,689	\$ 1,313,067
Net change in non-cash working capital items (see below)	<u>(100,006)</u>	<u>(145,793)</u>
Net cash generated from operating activities	1,101,683	1,167,274
INVESTING ACTIVITIES		
Guaranteed investment certificates purchased	<u>(1,088,651)</u>	<u>(1,100,855)</u>
NET INCREASE IN CASH FOR THE YEAR	13,032	66,419
Cash (bank indebtedness), beginning of year	<u>48,772</u>	<u>(17,647)</u>
CASH, END OF YEAR	<u>\$ 61,804</u>	<u>\$ 48,772</u>
Decrease (increase) in current assets-		
Amounts receivable	\$ 6,743	\$ (6,665)
HST rebate recoverable	(39,088)	4,279
Prepaid expenses	13,808	(17,467)
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	26,980	(46,094)
Canada Emergency Wage Subsidy payable	-	(28,922)
Deferred contributions	<u>(108,449)</u>	<u>(50,924)</u>
	<u>\$ (100,006)</u>	<u>\$ (145,793)</u>

see accompanying notes

BRANDS FOR CANADA

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2023

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, 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, 2023

3. GUARANTEED INVESTMENT CERTIFICATES

Guaranteed investment certificates are issued by a major Canadian chartered bank, bear interest rates ranging from 1.20% to 2.25% and mature between April 2023 and July 2023.

4. DEFERRED CONTRIBUTIONS

Deferred contributions are composed of the following:

	2023	2022
The Sprott Foundation		
Recycling program	\$ 1,066,582	\$ 1,125,031
National expansion	249,391	249,391
Greater Toronto Airports Authority	<u>-</u>	<u>50,000</u>
	<u>\$ 1,315,973</u>	<u>\$ 1,424,422</u>

Continuity of deferred contributions for the year is as follows:

Deferred contributions, beginning of year	\$ 1,424,422	\$ 1,475,348
Add cash received from project grants	3,009,253	3,050,249
Less project grant revenue recognized (note 5)	<u>(3,117,702)</u>	<u>(3,101,175)</u>
Deferred contributions, end of year	<u>\$ 1,315,973</u>	<u>\$ 1,424,422</u>

5. GRANTS

Grant revenue recognized in the year was as follows:

	2023	2022
The Sprott Foundation		
Covid relief	\$ 1,370,000	\$ 1,370,000
National expansion	1,000,000	1,000,000
Recycling program	428,449	369,341
Ontario Ministry of Children, Community and Social Services	269,253	235,550
Greater Toronto Airports Authority	50,000	50,000
Ontario Trillium Foundation	<u>-</u>	<u>76,284</u>
	<u>\$ 3,117,702</u>	<u>\$ 3,101,175</u>

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MARCH 31, 2023

6. DONATIONS

Donation revenue is from the following sources:

	2023	2022
Corporations	\$ 123,877	\$ 5,555
Foundations	41,523	93,054
Individuals	<u>21,144</u>	<u>11,769</u>
	<u>\$ 186,544</u>	<u>\$ 110,378</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:

2024	\$ 77,489
2025	79,741
2026	81,992
2027	46,121