

Financial Statements of

**LOOK GOOD FEEL BETTER -
BELLE ET BIEN DANS SA PEAU**

And Independent Auditors' Report thereon

Year ended December 31, 2021



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INDEPENDENT AUDITORS' REPORT

To the Members of Look Good Feel Better -
Belle et Bien dans sa Peau

Qualified Opinion

We have audited the financial statements of Look Good Feel Better - Belle et Bien dans sa Peau (the Entity), which comprise:

- the statement of financial position as at December 31, 2021
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, except for the possible effects of the matter described in the "***Basis for Qualified Opinion***" section of our auditors' report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2021 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 Qualified Opinion

In common with many charities, the Entity derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Entity.

Therefore, we were not able to determine whether any adjustments might be necessary to:

- the current assets reported in the statements of financial position as at December 31, 2021 and 2020
- the donation revenues and excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2021 and 2020



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- the unrestricted balances, at the beginning and end of the year, reported in the statements of changes in net assets for the years ended December 31, 2021 and 2020
- the excess of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2021 and 2020

Our opinion on the financial statements for the year ended December 31, 2020 was qualified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the **"Auditors' Responsibilities for the Audit of the Financial Statements"** section of our auditors' report.

We are independent of the Entity 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 qualified 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 Entity'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 Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' 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 auditors' 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.



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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 the 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 Entity'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 Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Entity 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.



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- 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.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

Vaughan, Canada

May 31, 2022

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Statement of Financial Position

December 31, 2021, with comparative information for 2020

	2021	2020
Assets		
Current assets:		
Cash	\$ 948,884	\$ 832,764
Accounts receivable, net of allowance \$26,050 (2020 - \$23,600)	380,434	469,984
Prepays	87,115	95,337
	<u>1,416,433</u>	<u>1,398,085</u>
Investments (note 2)	810,865	732,211
Capital assets and intangible assets (note 3)	110,009	125,272
	<u>\$ 2,337,307</u>	<u>\$ 2,255,568</u>

Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 5)	\$ 431,002	\$ 556,671
Deferred revenue (note 6)	27,810	122,810
	<u>458,812</u>	<u>679,481</u>
Canada Emergency Business Account loan (note 7)	40,000	30,000
Net assets:		
Invested in capital assets and intangible assets	110,009	125,272
Internally restricted funds:		
Contingencies (note 1(b))	1,200,000	1,200,000
Unrestricted	528,486	220,815
	<u>1,838,495</u>	<u>1,546,087</u>
Commitments (note 10)		
	<u>\$ 2,337,307</u>	<u>\$ 2,255,568</u>

See accompanying notes to financial statements.

On behalf of the Board:

"Lynda Rose" _____ Chair

"Myles Robinson" _____ Treasurer

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Statement of Operations

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Revenue:		
Donated product for Look Good Feel Better program (note 8)	\$ 1,416,103	\$ 2,369,914
Fundraising:		
Corporate giving (note 8)	1,148,421	792,183
Signature events	829,569	592,340
Annual giving	129,499	201,164
Government grants	225,253	409,838
Investment income (note 2)	62,879	17,192
Unrealized gain on investments	22,515	44,970
Donations from goods and services providers (note 8)	—	38,750
	3,834,239	4,466,351
Expenses:		
Look Good Feel Better program (note 8)	2,229,916	3,172,698
Salaries and benefits	504,521	534,250
Fundraising:		
Signature events (note 8)	300,660	125,459
Corporate giving	181,994	1,462
Annual giving	11,868	11,810
Administration	284,979	307,875
Amortization of capital assets and intangible assets	21,693	11,753
Investment management fees	6,200	6,232
	3,541,831	4,171,539
Excess of revenue over expenses	\$ 292,408	\$ 294,812

See accompanying notes to financial statements.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Statement of Changes in Net Assets

Year ended December 31, 2021, with comparative information for 2020

				2021	2020
	Invested in capital assets and intangible assets	Internally restricted contingencies	Unrestricted	Total	Total
Balance, beginning of year	\$ 125,272	\$ 1,200,000	\$ 220,815	\$ 1,546,087	\$ 1,251,275
Excess (deficiency) of revenue over expenses	(21,693)	–	314,101	292,408	294,812
Investments in capital assets and intangible assets	6,430	–	(6,430)	–	–
Balance, end of year	\$ 110,009	\$ 1,200,000	\$ 528,486	\$ 1,838,495	\$ 1,546,087

See accompanying notes to financial statements.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Statement of Cash Flows

Year ended December 31, 2021, with comparative information for 2020

	2021	2020
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 292,408	\$ 294,812
Items which do not involve cash:		
Amortization of capital assets and intangible assets	21,693	11,753
Unrealized gain on investments	(22,515)	(44,970)
Realized gain on sale of investments	(48,189)	(1,865)
	243,397	259,730
Change in non-cash operating working capital:		
Accounts receivable	89,550	(105,183)
Prepays	8,222	(48,270)
Accounts payable and accrued liabilities	(125,669)	166,749
Deferred revenue	(95,000)	(113,080)
	120,500	159,946
Financing:		
Canada Emergency Business Account loan	10,000	30,000
Investing:		
Addition of capital assets and intangible assets	(6,430)	(74,843)
Net increase in investments	(7,950)	(8,035)
	(14,380)	(82,878)
Increase in cash	116,120	107,068
Cash, beginning of year	832,764	725,696
Cash, end of year	\$ 948,884	\$ 832,764

See accompanying notes to financial statements.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements

Year ended December 31, 2021

Look Good Feel Better - Belle et Bien dans sa Peau ("LGFB") is a not-for-profit organization incorporated without share capital. LGFB was previously incorporated under the Canada Corporations Act and was continued under the Canada Not-for-Profit Corporations Act in October 2013. LGFB is a registered charity with Canada Revenue Agency, registration #133740316 RR0001, and its objective, through the Look Good Feel Better - Belle et Bien dans sa Peau program, is to provide support services to women with cancer.

1. Significant accounting policies:

(a) Basis of presentation:

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

(b) Internally restricted net assets:

The purpose of the contingencies fund is to meet costs for extraordinary operational contingencies.

(c) Capital assets and intangible assets:

Capital assets are stated at cost less accumulated amortization. Amortization is provided on a straight-line basis over its estimated useful life as follows:

Office equipment	3 years
Leasehold improvements	Over lease term

The intangible asset is comprised of an e-Learning portal that has a definite life and will be amortized on a straight line basis over its estimated useful life as follows:

Intangible asset	5 years
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LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

The intangible asset is subject to amortization and is reviewed for impairment or partial impairment whenever events or changes in circumstances indicate that the carrying amount of the asset may not be recoverable.

(d) Revenue recognition:

LGFB follows the deferral method of accounting for contributions, which include donations and fundraising revenue.

The amount of any pledges to donate funds to LGFB is recognized as revenue when it is made if the amount to be received can be reasonably estimated and collection is reasonably assured.

The amount of revenue from fundraising events is recognized when the event takes place. Restricted donations and funds received for future services to be rendered (note 5) are deferred and are recognized when the funds are expended based on the nature of the restriction.

Government subsidies are recognized when approval for funding is received and applicable conditions are met.

Investment income is recorded on the accrual basis.

(e) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. LGFB has elected to carry its investments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

1. Significant accounting policies (continued):

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, LGFB determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount LGFB expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future year, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(f) Contributed materials and services:

Contributed materials are recognized at fair value, where determinable and when received. Product donations represent donations from members for product patient kits, for which the fair value is determinable.

A substantial number of volunteers contribute services each year. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

(g) Management estimates:

The preparation of financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Items subject to such estimates and assumptions include the carrying amount of capital assets and intangible assets and accounts payable and accrued liabilities. Actual results could differ from those estimates.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

2. Investments:

	2021	2020
Cash and cash equivalents	\$ 28,519	\$ 9,585
Fixed income securities	304,314	308,407
Pooled equity funds	478,032	414,219
	<u>\$ 810,865</u>	<u>\$ 732,211</u>

Investment income includes realized gain on sale of investments of \$48,189 (2020 - \$1,865). Included in the market value of investments is \$1,681 (2020 - \$1,686) of accrued interest.

Investments may include internal resources transferred by the Board of Directors for specific purposes, such as for the maintenance of the internally restricted funds.

Cash and cash equivalents are instruments in highly liquid investments that are readily convertible into known amounts of cash.

The fixed income securities bear a yield to maturity from 1.4% to 3.6% (2020 - 1.4% to 3.6%) with staggered maturity dates ranging from January 2022 to February 2031 (2020 - July 2021 to June 2030).

The risks associated with the pooled funds are the risks associated with the securities in which the pooled funds invest. The value of equity securities changes with stock market conditions, which are affected by general economic and market conditions. The value of securities will vary with developments within the specific companies or governments that issue the securities. The value of fixed income securities will generally rise if interest rates fall and fall if interest rates rise. Changes in interest rates may also affect the value of equity securities. The value of securities denominated in a currency other than the Canadian dollar will be affected by changes in the value of the Canadian dollar in relation to the value of the currency in which the security is denominated.

LGFB does not enter into any derivative financial instrument arrangements for hedging or speculative purposes.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

3. Capital assets and intangible assets:

			2021	2020
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 112,329	\$ 107,046	\$ 5,283	\$ 8,804
Office equipment	139,235	128,326	10,909	14,685
e-Learning portal	104,241	10,424	93,817	101,783
	<u>\$ 355,805</u>	<u>\$ 245,796</u>	<u>\$ 110,009</u>	<u>\$ 125,272</u>

4. Controlled not-for-profit organization:

LGFB and Cosmetics Alliance Canada ("CA") have some common members on the Board of Directors and, as such, are subject to common control. CA is a not-for-profit trade association. CA is the leading Canadian trade association for the personal care products industry with over 150 members and serves as the principal voice of the industry by maintaining a constant dialogue with Canadian government officials to ensure effective representation of industry's position on all regulatory matters. It also works to maintain a business environment that promotes global competitiveness through smart and fair regulation.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

4. Controlled not-for-profit organization (continued):

CA has not been consolidated in LGFB's financial statements. The assets are restricted as they form the assets of CA; as such, there are limitations on access to the assets by LGFB. Financial summaries of CA for the years ended December 31, 2021 and 2020 are as follows:

Financial position of CA:

	2021	2020
Total assets	\$ 6,898,850	\$ 6,357,774
Total liabilities	\$ 695,670	\$ 786,178
Total net assets	6,203,180	5,571,596
	\$ 6,898,850	\$ 6,357,774

Operations:

	2021	2020
Total revenue	\$ 2,857,880	\$ 2,787,570
Total expenses	2,226,296	2,296,047
Excess of revenue over expenses	\$ 631,584	\$ 491,523

Cash flows:

	2021	2020
Cash from operating activities	\$ 86,926	\$ 396,180
Cash from (used in) financing activities	(30,000)	30,000
Cash used in investing activities	(47,649)	(468,639)
Increase (decrease) in cash	\$ 9,277	\$ (42,459)

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$47,292 (2020 - \$216,781).

6. Related party transactions:

LGFB received funds from CA for a three-year services agreement. The funds will be recognized into income as services are rendered by LGFB under the terms of the agreement. A continuity of the funds is as follows:

	2021	2020
Balance, beginning of year	\$ 110,000	\$ 220,000
Amount recognized as revenue	(110,000)	(110,000)
Balance, end of year	\$ -	\$ 110,000

7. Canada Emergency Business Account Loan:

During the year, LGFB received a Canada Emergency Business Account ("CEBA") expansion loan in the amount of \$20,000 in response to the COVID-19 pandemic. During 2020, LGFB received CEBA loan in the amount of \$40,000.

The loan is interest-free up to the initial maturity date of December 31, 2023. Subsequently the loan will start bearing interest at 5% per annum starting on January 1, 2024. If the loan remains outstanding after December 31, 2023 only interest is payable until full principal is due on December 31, 2025. If the loan is repaid prior to December 31, 2023 it will result in a loan forgiveness up to 25% on the first \$40,000 and 50% on amounts above \$40,000 and up to \$60,000. As at December 31, 2021, LGFB has recognized \$20,000 into government grants revenue as the forgiven amount. Consequently, the CEBA loan is reduced for this forgiven amount. No payment has been made on this loan as at reporting date.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

8. Gifts-in-kind contributions:

Included in revenue and expenses is \$1,661,233 (2020 - \$2,475,724), representing the fair value of gifts-in-kind.

9. Pension plan:

In 2018, LGFB transferred from a defined contribution plan to a Group Registered Retirement Savings Plan (the "Group RRSP"). LGFB will provide employees up to a 5% employer matched contribution. In the current year, contributions made by LGFB to the Group RRSP plan during the year were \$28,787 (2020 - \$28,578).

10. Commitments:

LGFB has an operating lease commitment for an office premise which expires in 2024. The future minimum lease payments, exclusive of realty taxes and maintenance costs are as follows:

2022	\$ 45,825
2023	48,269
2024	37,576

11. Financial risks and concentration of credit risk:

(a) Liquidity risk:

Liquidity risk is the risk that LGFB will be unable to fulfill its obligations on a timely basis or at a reasonable cost. LGFB manages its liquidity risk by monitoring its operating requirements. LGFB prepares budget and cash forecasts to ensure it has sufficient funds to fulfill its obligations. There has been no change to the risk exposures from 2020.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2021

11. Financial risks and concentration of credit risk (continued):

(b) Credit risk:

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. LGFB is exposed to credit risk with respect to the accounts receivable. LGFB assesses, on a continuous basis, accounts receivable and provides for any amounts that are not collectible in the allowance for doubtful accounts. There has been no change to the risk exposures from 2020.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. LGFB is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. There has been no change to the risk exposures from 2020.

(d) Economic risk:

LGFB's operations include revenue derived from donated product, signature events and corporate giving which are impacted by the general economic conditions and trends. A decline in economic conditions could impact LGFB's operations negatively. There has been a change to the risk exposure as a result of the COVID-19 pandemic.

During 2020, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social impact. The situation is dynamic and the ultimate duration and magnitude of the impact on the economy and the financial effect on LGFB is not known at this time as the pandemic has continued in 2021. Management is monitoring the situation closely and these impacts could include potential future decreases in revenue or cash flows.

LGFB applied and received \$225,253 (2020 - \$409,838) of subsidies under the Canada Emergency Wage Subsidy, Canada Emergency Rent Subsidy and CEBA programs. The full amounts were recorded as a government subsidies revenue on the statement of operations.