

Nanny Angel Network Inc.
Financial Statements
Year ended December 31, 2020

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Independent Auditors' Report

To the Board of Directors of
Nanny Angel Network Inc.

Qualified Opinion

We have audited the financial statements of Nanny Angel Network Inc. (the "Organization"), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, 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, except for the possible effects of the matters described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Nanny Angel Network Inc. as at December 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 Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from cash donations, the completeness of which is not susceptible to satisfactory audit verification. In addition, the Organization did not retain the postmarked envelopes for donations received by mail for the year ended December 31, 2019, and as a result, we were unable to obtain sufficient appropriate audit evidence surrounding the cut-off of revenues received around the beginning of the year. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, and cash flows provided by operating activities for the years ended December 31, 2020 and 2019, current assets as at December 31, 2020 and 2019, and net assets as at January 1 and December 31 for both the 2020 and 2019 years. Our opinion on the financial statements for the year ended December 31, 2019 was modified accordingly because of the possible effects of these limitations 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 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 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 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.

Independent Auditors' Report (Continued)

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. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the 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 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 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.

Lipton LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 14, 2021

Nanny Angel Network Inc.
Statement of Financial Position
As at December 31, 2020

	2020	2019
Assets		
Current		
Cash	\$ 466,254	\$ 115,361
Short-term investments	1,500,000	1,560,225
Other receivables	132,701	4,873
Wage subsidy receivable (Note 9)	12,296	-
Government remittances recoverable	32,933	14,772
Prepaid expenses and other assets	54,953	41,683
	2,199,137	1,736,914
Capital assets (Note 3)	4,462	4,067
	\$ 2,203,599	\$ 1,740,981
Liabilities		
Current		
Accounts payable and accrued liabilities (Note 5(a))	\$ 73,182	\$ 39,676
Deferred contributions (Note 4)	137,500	10,520
	210,682	50,196
Government loan payable (Note 8)	30,000	-
	240,682	50,196
Commitment (Note 7)		
Impact of COVID-19 (Note 10)		
Net Assets		
Internally restricted net assets	300,000	300,000
Unrestricted net assets	1,662,917	1,390,785
	1,962,917	1,690,785
	\$ 2,203,599	\$ 1,740,981

See accompanying notes to the financial statements

Approved on behalf of the Board of Directors:

 Director

 Director

Nanny Angel Network Inc.
Statement of Operations
Year ended December 31, 2020

	2020	2019
Revenues		
Donations	\$ 1,012,525	\$ 848,781
Fundraising	232	130,074
Sponsorships	1,251	457,790
Investment income	30,171	19,294
Wage subsidy and government contribution (Notes 8 and 9)	139,342	-
Change in fair value of short-term investments	-	26,470
	1,183,521	1,482,409
Expenses		
Personnel costs	442,338	371,656
Contract services	85,456	76,469
Event expenses	4,443	288,190
Foreign exchange loss	3,127	8,169
General and administration	79,834	73,817
Marketing	19,060	36,722
Operations	209,156	97,725
Professional fees	23,236	21,204
Rent (Note 5(b))	43,615	44,491
Amortization	1,124	1,166
	911,389	1,019,609
Excess of revenues over expenses	\$ 272,132	\$ 462,800

See accompanying notes to the financial statements

Nanny Angel Network Inc.
Statement of Changes in Net Assets
Year ended December 31, 2020

	Internally Restricted	Unrestricted	2020	2019
Net assets - beginning of year	\$ 300,000	\$ 1,390,785	\$1,690,785	\$ 1,227,985
Excess of revenues over expenses	-	272,132	272,132	462,800
Net assets - end of year	\$ 300,000	\$ 1,662,917	\$ 1,962,917	\$ 1,690,785

See accompanying notes to the financial statements

Nanny Angel Network Inc.
Statement of Cash Flows
Year ended December 31, 2020

	2020	2019
Operating activities		
Excess of revenues over expenses	\$ 272,132	\$ 462,800
Items not affecting cash:		
Amortization	1,124	1,166
Change in fair value of short-term investments	-	(26,470)
	273,256	437,496
Increase in other receivables	(127,828)	(4,125)
Increase in wage subsidy receivable	(12,296)	-
Increase in government remittances recoverable	(18,161)	(799)
Decrease (increase) in prepaid expenses and other assets	(13,270)	1,884
Increase (decrease) in accounts payable and accrued liabilities	33,506	(40,996)
Increase in deferred contributions	126,980	10,520
Cash flows provided by operating activities	262,187	403,980
Investing activities		
Purchase of short-term investments	(2,333,277)	(1,050,689)
Proceeds from sale of short-term investments	2,393,502	505,640
Purchase of capital assets	(1,519)	-
Cash flows provided by (used in) investing activities	58,706	(545,049)
Financing activity		
Proceeds from government loan payable	30,000	-
Cash flows provided by financing activity	30,000	-
Net change in cash	350,893	(141,069)
Cash - beginning of year	115,361	256,430
Cash - end of year	\$ 466,254	\$ 115,361

See accompanying notes to the financial statements

Nanny Angel Network Inc.
Notes to the Financial Statements
Year ended December 31, 2020

1. Purpose of the organization

Nanny Angel Network Inc. (the "Organization") was incorporated under the Ontario Corporations Act without share capital on January 6, 2009 and subsequently registered as a charitable organization. As such, the Organization is exempt from income tax under Section 149(1) of the income Tax Act (Canada) and may issue receipts for charitable donations. The purpose of the Organization is to receive and maintain funds and apply all or part thereof and/or the income therefrom to fund program initiatives that support the wellbeing of mothers with cancer and their children such as providing childcare services for children aged 16 and under in the province of Ontario.

2. Significant accounting policies

The financial statements of the Organization are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

(a) Management estimates

The preparation of these financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. These estimates are reviewed periodically and adjustments are made as appropriate in the year they become known. Significant management estimates include accrued liabilities.

(b) Capital assets

Capital assets are stated at cost less accumulated amortization. Amortization is recorded over the estimated useful lives of the assets using the declining balance method and the following rates:

Office equipment and furniture	20%
Computer hardware	30%

(c) Revenue recognition

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Restricted contributions for which the related expenses are not yet incurred are reported on the statement of financial position as deferred contributions. Unrestricted contributions are recognized as revenue in the year received. Investment income is recognized in the year received or receivable.

Sponsorship revenue for events is recognized as revenue once the event has been held.

The Organization receives contributions from the government of Canada in the form of employee wage subsidies and forgivable loans, which are recognized as contributions provided that there is reasonable assurance that the Organization has complied, and will continue to comply, with all of the conditions applicable to the employee wage subsidies and forgivable loans.

(d) Contributed goods and services

(i) Contributed goods

Contributed goods are recorded as revenue at their fair value with a corresponding expense being allocated to the respective program. The Organization only recognizes contributed goods when the fair value can be reasonably estimated and the goods would have otherwise been purchased in the normal course of operations. The Organization received gifts in kind during the year with a fair value of \$4,915 (2019 - \$7,188), which are included in donation revenue.

(ii) Contributed services

The Organization would not be able to carry out its programs without the services of volunteers who contribute a considerable number of hours. The nature and amount of contributed services are not recognized in the financial statements due to the difficulties in determining their fair value.

Nanny Angel Network Inc.
Notes to the Financial Statements
Year ended December 31, 2020

2. Significant accounting policies (continued)

(e) Financial instruments

The Organization initially measures its financial instruments at fair value and subsequently at amortized cost except for short-term investments, which are subsequently measured at fair value. Changes in the fair value of investments are recognized in the excess of revenues over expenses in the period in which they occur.

Financial assets subsequently measured at amortized cost include cash and other receivables. Financial liabilities subsequently measured at amortized cost include accounts payable, accrued liabilities, and government loan payable.

(f) Internally restricted funds

The Organization, through a resolution by the Board of Directors', maintains a reserve fund to be used for future expansions including the Kingston expansion and to anticipate economic declines. The Organization may not use these internally restricted funds without the approval of the Board of Directors.

(g) Foreign currency transactions

Monetary assets and liabilities dominated in a foreign currency are translated at the exchange rate in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at historical exchange rates. Revenues and expenses are translated at the exchange rate in effect at the date the transaction occurred. Foreign exchange gains and losses are included in the statement of operations.

3. Capital assets

	Cost	Accumulated amortization	Net book value	
			2020	2019
Computers	\$ 6,469	\$ 4,602	\$ 1,867	\$ 823
Furniture and equipment	4,507	1,912	2,595	3,244
	\$ 10,976	\$ 6,514	\$ 4,462	\$ 4,067

4. Deferred contributions

	2020	2019
Deferred contributions - beginning of year	\$ 10,520	\$ -
Restricted contributions received during year	137,500	10,520
Amount recognized as revenue during year	(10,520)	-
Deferred contributions - end of year	\$ 137,500	\$ 10,520

5. Related party transactions

(a) During the year, the Organization reimbursed a company whose president is a Director of the Organization for shared administrative and janitorial expenses amounting to approximately \$7,200 (2019 - \$26,000). Of these amounts, approximately \$1,800 (2019 - \$1,200) is outstanding and included in accounts payable and accrued liabilities as at December 31, 2020.

(b) During the year, the Organization paid property rent to a company whose president is the spouse of the chair of the Organization's Board of Directors amounting to approximately \$37,000 (2019 - \$58,000).

Nanny Angel Network Inc.
Notes to the Financial Statements
Year ended December 31, 2020

6. Financial instruments

The Organization is exposed to the following risks through its financial instruments:

(a) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. The Organization is exposed to market risk on its short-term investments, which consist of investments in private mutual funds. Short-term investments are invested with a large financial institution and the performance of the investments are reviewed on a regular basis.

(b) Liquidity risk

Liquidity risk is the risk that the Organization will be unable to meet its cash requirements or to fund its obligations as they become due. The Organization is exposed to liquidity risk with respect to its accounts payable and accrued liabilities. Amounts owing are generally repaid within 30 days; and as such, management does not believe its exposure to liquidity risk is significant.

(c) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

The following amounts denominated in United States dollars are included in the Organization's balance sheet and therefore subject it to currency risk:

	2020 \$ US	2019 \$ US
Cash	\$ 16,862	\$ 14,170
Accounts receivable	104,064	-
Short-term investments	-	100,000

7. Commitment

The Organization has committed to pay rent of \$3,000 per month through December, 31, 2021 for its Toronto location and rent of \$400 each month for its Kingston location on a month-to-month basis.

8. Government loan payable

During the year, the Organization received a \$40,000 loan from the Government of Canada under its Canada Emergency Business Account ("CEBA") program, which is designed to provide financial support to organizations during the COVID-19 pandemic. The loan is interest-free, unsecured, repayable on December 31, 2022 and, if the loan is repaid on or before December 31, 2022, \$10,000 of the loan will be forgiven. The \$10,000 forgivable portion of this loan has been recognized as a government contribution within revenues in the statement of operations for the year ended December 31, 2020.

9. Employee wage subsidy

During the year, the Organization received employee wage subsidies of \$129,342 from the Government of Canada under its Canada Emergency Wage Subsidy ("CEWS"), which is designed to enable organizations to re-hire workers previously laid off as a result of the COVID-19 pandemic and help prevent further job losses. This amount has been recognized within wage subsidy revenues in the statement of operations. As at December 31, 2020, the Organization has recognized a receivable of \$12,296 related to the CEWS program.

10. Impact of COVID-19

As a result of the pandemic, the Organization cancelled its 2020 annual gala during the year. Sponsors that had already contributed to the gala were given the option to receive a refund of their sponsorship, convert the sponsorship to a donation or roll the sponsorship over to the 2021 gala. The cancellation of the gala had resulted in less event expenses and revenues from fundraising and sponsorships and more revenues from donations as well as deferred contributions that will be recognized during the year ended December 31, 2021.

In response to COVID-19, weekly meals were delivered to families with the highest health risk conditions. The cost of the meals were \$117,218 and have been recognized within operation expenses in the statement of operations.