

**Nanny Angel Network Inc.**  
**Financial Statements**  
**Year ended December 31, 2021**

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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, 2021, 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 matter 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, 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 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. 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, 2021 and 2020, current assets as at December 31, 2021 and 2020, and net assets as at January 1 and December 31 for both the 2021 and 2020 years. Our opinion on the financial statements for the year ended December 31, 2020 was modified 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 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 13, 2022

**Nanny Angel Network Inc.**  
**Statement of Financial Position**  
**As at December 31, 2021**

	2021	2020
<b>Assets</b>		
Current		
Cash	\$ 552,864	\$ 466,254
Short-term investments	1,717,989	1,500,000
Other receivables	3,500	132,701
Wage subsidy receivable (Note 9)	-	12,296
Government remittances recoverable	27,786	32,933
Prepaid expenses and other assets	12,427	54,953
	2,314,566	2,199,137
Capital assets (Note 4)	5,075	4,462
	\$ 2,319,641	\$ 2,203,599
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities (Note 6(a))	\$ 110,899	\$ 73,182
Deferred contributions (Note 5)	45,000	137,500
	155,899	210,682
Government loan payable (Note 8)	40,000	30,000
	195,899	240,682
Commitment (Note 6(b))		
<b>Net Assets</b>		
Internally restricted net assets	300,000	300,000
Unrestricted net assets	1,823,742	1,662,917
	2,123,742	1,962,917
	\$ 2,319,641	\$ 2,203,599

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, 2021**

	2021	2020
<b>Revenues</b>		
Donations	\$ 977,526	\$ 1,012,525
Fundraising	78,057	232
Sponsorships	495,967	1,251
Investment income	39,790	30,171
Change in fair value of short-term investments	16,370	-
Wage subsidy and government contribution (Notes 8 and 9)	138,131	139,342
	<b>1,745,841</b>	<b>1,183,521</b>
<b>Expenses</b>		
Personnel costs - wages	541,133	392,636
Personnel costs - other	65,136	49,702
Contract services	273,104	85,456
Event expenses	217,684	4,443
Foreign exchange loss	563	3,127
General and administration	87,591	79,834
Marketing	56,965	19,060
Operations	220,311	209,156
Professional fees	44,275	23,236
Rent (Note 6(b))	76,874	43,615
Amortization	1,380	1,124
	<b>1,585,016</b>	<b>911,389</b>
<b>Excess of revenues over expenses</b>	<b>\$ 160,825</b>	<b>\$ 272,132</b>

See accompanying notes to the financial statements

**Nanny Angel Network Inc.**  
**Statement of Changes in Net Assets**  
**Year ended December 31, 2021**

	<b>Internally Restricted</b>	<b>Unrestricted</b>	<b>2021</b>	<b>2020</b>
<b>Net assets - beginning of year</b>	\$ 300,000	\$ 1,662,917	\$1,962,917	\$ 1,690,785
Excess of revenues over expenses	-	160,825	160,825	272,132
<b>Net assets - end of year</b>	\$ 300,000	\$ 1,823,742	\$ 2,123,742	\$ 1,962,917

See accompanying notes to the financial statements

**Nanny Angel Network Inc.**  
**Statement of Cash Flows**  
**Year ended December 31, 2021**

	2021	2020
<b>Operating activities</b>		
Excess of revenues over expenses	\$ 160,825	\$ 272,132
Items not affecting cash:		
Amortization	1,380	1,124
Change in fair value of short-term investments	(16,370)	-
	145,835	273,256
Decrease (increase) in other receivables	129,201	(127,828)
Decrease (increase) in wage subsidy receivable	12,296	(12,296)
Decrease (increase) in government remittances recoverable	5,147	(18,161)
Decrease (increase) in prepaid expenses and other assets	42,526	(13,270)
Increase in accounts payable and accrued liabilities	37,717	33,506
Increase (decrease) in deferred contributions	(92,500)	126,980
Cash flows provided by operating activities	280,222	262,187
<b>Investing activities</b>		
Purchase of short-term investments	(2,067,066)	(2,333,277)
Proceeds from sale of short-term investments	1,865,447	2,393,502
Purchase of capital assets	(1,993)	(1,519)
Cash flows provided by (used in) investing activities	(203,612)	58,706
<b>Financing activity</b>		
Proceeds from government loan payable	10,000	30,000
Cash flows provided by financing activity	10,000	30,000
Net change in cash	86,610	350,893
Cash - beginning of year	466,254	115,361
<b>Cash - end of year</b>	<b>\$ 552,864</b>	<b>\$ 466,254</b>

See accompanying notes to the financial statements



### **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. Changes in accounting policies**

On January 1, 2021, the Corporation adopted the amendments to Section 3856, *Financial Instruments* of Canadian accounting standards for private enterprises (the "amendments") with respect to related party financial instruments. The amendments include the following key changes:

- With certain exceptions, a related party financial instrument is initially measured at cost, with the determination of the cost of the financial instrument dependent on whether it has repayment terms, whether the consideration exchanged for the related party financial instrument has repayment terms and whether the transaction meets the criteria for recognition at the exchange amount. Previously, related party financial instruments were initially measured at the carrying or exchange amount, depending on the circumstances; and
- The subsequent measurement of a related party financial instrument is based on how the financial instrument was initially measured. A related party financial instrument that is initially measured at cost is subsequently measured using the cost method. Previously, such related party financial instruments were subsequently measured at amortized cost.

The Corporation has applied the amendments retrospectively. Prior to the adoption of the amendments, the Corporation subsequently measured its accounts payable due to a related party at amortized cost. Upon the adoption of the amendments, this related party financial instrument is subsequently measured at cost, which was determined using the undiscounted cash flows, excluding interest and dividend payments, of the instrument less any impairment, as at January 1, 2020. As the cost and amortized cost of this related party financial instrument was equal as at January 1, 2020, there was no impact on the Corporation's financial statements.

### **3. 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%

### **3. Significant accounting policies (continued)**

#### **(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 \$48,969 (2020 - \$4,915), 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.

#### **(e) Financial instruments**

The Corporation initially measures its arm's length financial instruments at fair value and subsequently measures them 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. Related party financial instruments are initially measured at cost. The cost of a related party financial instrument is dependent on whether it has repayment terms, whether the consideration exchanged for the related party financial instrument has repayment terms and whether the transaction meets the criteria for recognition at the exchange amount. The Corporation subsequently measures all related party financial instruments using the cost method less any reduction for impairment.

Financial instruments subsequently measured at amortized cost include cash, other receivables, accounts payable and accrued liabilities due to arms length parties and government loan payable. Financial instruments subsequently measured using the cost method include accounts payable and accrued liabilities due to related parties.

#### **(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.

**Nanny Angel Network Inc.**  
**Notes to the Financial Statements**  
**Year ended December 31, 2021**

**4. Capital assets**

	Cost	Accumulated amortization	Net book value	
			2021	2020
Computers	\$ 8,462	\$ 5,462	\$ 3,000	\$ 1,867
Furniture and equipment	4,507	2,432	2,075	2,595
	\$ 12,969	\$ 7,894	\$ 5,075	\$ 4,462

**5. Deferred contributions**

	2021	2020
Deferred contributions - beginning of year	\$ 137,500	\$ 10,520
Restricted contributions received during year	45,000	137,500
Amount recognized as revenue during year	(137,500)	(10,520)
Deferred contributions - end of year	\$ 45,000	\$ 137,500

**6. 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 \$7,500 (2020 - \$7,200). Of these amounts, approximately \$600 (2020 - \$1,800) is outstanding and included in accounts payable and accrued liabilities as at December 31, 2021.
- (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 \$75,000 (2020 - \$37,000). The Organization has committed to pay rent of \$6,000 per month through December 31, 2024 for its Toronto location.

**7. 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 statement of financial position and therefore subject it to currency risk:

	2021 \$ US	2020 \$ US
Cash	\$ 110,387	\$ 16,862
Accounts receivable	-	104,064
Short-term investments	71,021	-

**Nanny Angel Network Inc.**  
**Notes to the Financial Statements**  
**Year ended December 31, 2021**

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**8. Government loan payable**

During the year, the Organization received a \$20,000 (2020 - \$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, 2023 and, if the loan is repaid on or before December 31, 2023, up to \$20,000 of the loan will be forgiven. The \$10,000 (2020 - \$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, 2021.

**9. Employee wage subsidy**

During the year, the Organization received employee wage subsidies of \$123,645 (2020 - \$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, 2021, the Organization has recognized a receivable of \$Nil (2020 - \$12,296) related to the CEWS program. In addition, \$4,486 (2020 - \$Nil) has been received during the year from the employment grant program.

**10. Fundraising gala**

During the year, the Organization held a fundraising gala at the Toronto Zoo to support program initiatives. The revenue and expenses of the fundraising gala are as follows:

	2021	2020
Event revenue	\$ 592,433	\$ 147,101
Event expenses	217,684	4,443
Net proceeds	\$ 374,749	\$ 142,658



Lipton LLP  
245 Fairview Mall Drive  
Suite 600  
Toronto, Ontario  
M2J 4T1

Tel: 416.496.2900  
Fax: 416.496.0559  
www.liptonllp.com  
Member of JHI Worldwide

June 15, 2022

Nanny Angel Network Inc.  
1000 Sheppard Ave. West  
Suite 100  
North York, ON M3H 2T6

Attention: Ms. Audrey Guth

Dear Ms. Guth:

Re: Nanny Angel Network Inc.

We have enclosed one copy of the financial statements of the above-noted corporation for its fiscal year ended December 31, 2021. We have also enclosed the Registered Charity Information Return of the foundation, which should be handled as follows:

One copy of the Form T3010 - *Registered Charity Information Return* must be printed, reviewed and signed by you in the spaces provided on page 5, and mailed to the Canada Revenue Agency at the below address. Please note, there is no payment due with this return.

*Charities Directorate  
Canada Revenue Agency  
105-275 Pope Road  
Summerside, PE  
C1N 6E8*

The return should be filed with the taxation department before June 30, 2022.

Additionally, we are enclosing the adjusting journal entries of the corporation. Please post these journal entries prior to closing out your year end.

Finally, we have enclosed the balance sheet of the financial statements in the "Signature Pages—Return to Lipton" document. Please sign this page where indicated, and return it to us electronically or by fax at (416) 496-0559 at your earliest convenience.

If you should have any questions on the above-noted matter, please do not hesitate to contact us.

Yours very truly,

Paul Roberts

PR/cw  
Enclosures