

Financial Statements of

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

And Independent Auditors' Report thereon

Year ended December 31, 2019



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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, 2019
- 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, 2019 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 not-for-profit organizations, 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, 2019 and 2018
- the donation revenues and excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2019 and 2018



- 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, 2019 and 2018
- the excess of revenue over expenses reported in the statements of cash flows for the years ended December 31, 2019 and 2018

Our opinion on the financial statements for the year ended December 31, 2018 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.



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 26, 2020

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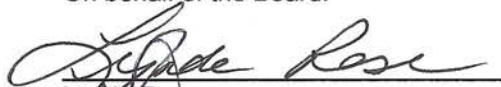
Statement of Financial Position

December 31, 2019, with comparative information for 2018

	2019	2018
Assets		
Current assets:		
Cash	\$ 725,696	\$ 903,194
Accounts receivable (note 5)	364,801	364,396
Prepays	47,067	27,096
	<u>1,137,564</u>	<u>1,294,686</u>
Investments (note 2)	677,341	560,694
Capital assets and intangible assets (note 3)	62,182	29,072
	<u>\$ 1,877,087</u>	<u>\$ 1,884,452</u>
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (notes 5 and 6)	\$ 389,922	\$ 379,098
Deferred revenue (note 5)	235,890	332,335
	<u>625,812</u>	<u>711,433</u>
Net assets:		
Invested in capital assets	62,182	29,072
Internally restricted funds:		
Contingencies (note 1(b))	2,100,000	2,100,000
Unrestricted	(910,907)	(956,053)
	<u>1,251,275</u>	<u>1,173,019</u>
Commitments (note 9)		
Subsequent event and contingencies (note 11)		
	<u>\$ 1,877,087</u>	<u>\$ 1,884,452</u>

See accompanying notes to financial statements.

On behalf of the Board:

 Chair
Lynda Rose

 Treasurer
Myles Robinson

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Statement of Operations

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Revenue:		
Donated product for Look Good Feel Better program (notes 1(f) and 7)	\$ 3,977,356	\$ 1,866,854
Signature events (note 7)	1,747,215	1,500,247
Corporate Giving (note 7)	1,099,906	1,152,960
Annual giving (note 7)	234,818	164,332
Investment income (note 2)	21,891	18,233
Donations from goods and services providers (note 7)	396,788	426,788
	<u>7,477,974</u>	<u>5,129,414</u>
Expenses:		
Look Good Feel Better program (note 7)	5,070,528	2,948,028
Salaries and benefits	550,882	390,362
Fundraising:		
Signature events (note 7)	1,464,644	1,395,131
Corporate giving	9,844	1,932
Annual giving	10,375	4,060
Administration	327,891	251,255
Unrealized (gain) loss on investments	(50,706)	21,268
Amortization of capital assets	10,310	5,319
Investment management fees	5,950	5,698
	<u>7,399,718</u>	<u>5,023,053</u>
Excess of revenue over expenses	<u>\$ 78,256</u>	<u>\$ 106,361</u>

See accompanying notes to financial statements.

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Statement of Changes in Net Assets

Year ended December 31, 2019, with comparative information for 2018

	2019			2018	
	Invested in capital assets	Internally restricted contingencies	Unrestricted	Total	Total
Balance, beginning of year	\$ 29,072	\$ 2,100,000	\$ (956,053)	\$ 1,173,019	\$ 1,066,658
Excess (deficiency) of revenue over expenses	(10,310)	—	88,566	78,256	106,361
Investments in capital assets and intangible assets	43,420	—	(43,420)	—	—
Balance, end of year	\$ 62,182	\$ 2,100,000	\$ (910,907)	\$ 1,251,275	\$ 1,173,019

See accompanying notes to financial statements.

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Statement of Cash Flows

Year ended December 31, 2019, with comparative information for 2018

	2019	2018
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	\$ 78,256	\$ 106,361
Items which do not involve cash:		
Amortization of capital assets and intangible assets	10,310	5,319
Amortization of lease inducement	—	(2,894)
Unrealized (gain) loss on investments	(50,706)	21,268
Realized gain on sale of investments	(9,398)	(7,025)
	28,462	123,029
Change in non-cash operating working capital:		
Accounts receivable	(405)	36,577
Prepays	(19,971)	(2,231)
Accounts payable and accrued liabilities	10,824	(252,035)
Deferred revenue	(96,445)	332,335
	(77,535)	237,675
Investments:		
Addition of capital assets and intangible assets	(43,420)	(31,130)
Net increase in investments	(56,543)	(5,511)
	(99,963)	(36,641)
Increase (decrease) in cash	(177,498)	201,034
Cash, beginning of year	903,194	702,160
Cash, end of year	\$ 725,696	\$ 903,194

See accompanying notes to financial statements.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements

Year ended December 31, 2019

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 using the following annual rates:

Office equipment	3 years
Leasehold improvements	Over lease term

The intangible asset is comprised of an asset 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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Notes to Financial Statements (continued)

Year ended December 31, 2019

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(b)) are deferred and are recognized when the funds are expended based on the nature of the restriction.

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

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. Significant items subject to such estimates and assumptions include the carrying amount of capital assets and accounts payable and accrued liabilities. Actual results could differ from those estimates.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Investments:

	2019	2018
Cash and cash equivalents	\$ 16,522	\$ 40,012
Fixed income securities	291,809	237,286
Pooled equity funds	369,010	283,396
	<u>\$ 677,341</u>	<u>\$ 560,694</u>

Investment income includes realized gain on sale of investments of \$9,398 (2018 - \$7,025). Included in the market value of investments is \$1,614 (2018 - \$1,267) 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 1.2% to 4.3% (2018 - 1.2% to 4.6%) with staggered maturity dates ranging from June 2020 to April 2029 (2018 - June 2019 to June 2028).

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

2. Investments (continued):

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

3. Capital assets and intangible assets:

			2019	2018
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	\$ 112,329	\$ 100,003	\$ 12,326	\$ 15,846
Office equipment	131,099	112,347	18,752	13,226
Intangible asset	31,104	—	31,104	—
	\$ 274,532	\$ 212,350	\$ 62,182	\$ 29,072

Included in intangible asset is \$31,104 of intangible asset in progress relating to the e-Learning portal. Amortization of the portal will commence upon completion of the asset and ready for use.

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.

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Notes to Financial Statements (continued)

Year ended December 31, 2019

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 as at December 31, 2019 and 2018 and for the years ended December 31, 2019 and 2018 are as follows:

Financial position of CA:

	2019	2018
Total assets	\$ 5,668,178	\$ 5,557,899
Total liabilities	\$ 588,105	\$ 777,583
Total net assets	5,080,073	4,780,316
	\$ 5,668,178	\$ 5,557,899

Operations:

	2019	2018
Total revenue	\$ 3,186,648	\$ 2,567,018
Total expenses	2,886,891	2,715,037
Excess (deficiency) of revenue over expenses	\$ 299,757	\$ (148,019)

Cash flows:

	2019	2018
Cash used in operating activities	\$ 73,804	\$ (118,108)
Cash from investing activities	53,638	278,920
Increase in cash	\$ 127,442	\$ 160,812

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Notes to Financial Statements (continued)

Year ended December 31, 2019

5. 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:

	2019	2018
Balance, beginning of year	\$ 330,000	\$ —
Amount received	—	340,000
Amount recognized as revenue	(110,000)	(10,000)
Balance, end of year	\$ 220,000	\$ 330,000

6. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of nil (2018 - nil).

7. Gifts-in-kind:

Included in revenue is \$4,902,509 (2018 - \$2,779,984), representing the fair value of gifts-in-kind.

8. Pension plan:

Contributions made by LGFB to the defined contribution pension plan during the year were nil (2018 - \$1,275).

In 2018, LGFB transferred from a defined contribution plan to a Group RRSP plan. 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 \$30,213 (2018 - \$20,641).

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Notes to Financial Statements (continued)

Year ended December 31, 2019

9. Commitments:

Starting October 1, 2019, 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:

2020	\$ 40,937
2021	43,381
2022	45,825
2023	48,269
2024	37,576

10. 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 2018.

(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 2018.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Notes to Financial Statements (continued)

Year ended December 31, 2019

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

(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.

11. Subsequent event and contingencies:

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization and has had a significant financial, market and social dislocating impact.

At the time of approval of these financial statements, the entity has experienced the following indicators of financial implications and undertaken the following activities in relation to the COVID-19 pandemic:

- Experienced temporary declines in the fair value of equity investments and investment income.
- Closure of office from March 16, 2020 to the date of the auditors' report based on public health recommendations.
- Mandatory working from home requirements for those able to do so.

At this time these factors present uncertainty over future cash flows, may cause significant changes to the assets or liabilities and may have a significant impact on future operations. An estimate of the financial effect is not practicable at this time.