RETHINK BREAST CANCER CANADA

Financial Statements

Year Ended March 31, 2022

RETHINK BREAST CANCER CANADA
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Year Ended March 31, 2022

SEARS
CHARTERED PROFESSIONAL ACCOUNTANTS

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INDEPENDENT AUDITOR'S REPORT

To the Members of Rethink Breast Cancer Canada

Qualified Opinion

We have audited the financial statements of Rethink Breast Cancer Canada (the Organization), which comprise the statement of financial position as at March 31, 2022, and the statements of revenues and expenditures, changes in net assets and cash flow 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 the Organization as at March 31, 2022, and the results of its operations and its cash flow 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 fundraising activities 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 Organization. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2022, current assets and net assets as at March 31, 2022. Our audit opinion on the financial statements for the year ended March 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 relating 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

(continues)

process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. 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 auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Organization to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Oakville, Ontario
July 18, 2022

Jonathan Sears CA Professional Corporation
Chartered Professional Accountants
Licensed Public Accountants

RETHINK BREAST CANCER CANADA

Statement of Financial Position

March 31, 2022

	2022	2021
ASSETS		
CURRENT		
Cash	**$ 626,732**	$ 352,603
Short-term investments *(Note 2)*	**48,456**	48,342
Accounts receivable	**8,412**	84,232
Harmonized sales tax recoverable	**15,043**	25,562
Prepaid expenses	**12,480**	9,745
	711,123	520,484
EQUIPMENT *(Note 3)*	**2,571**	6,540
INTANGIBLE ASSETS *(Note 4)*	**8,922**	17,182
	$ 722,616	$ 544,206
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 30,976**	$ 45,091
Wages payable	**7,442**	16,774
Deferred contributions *(Note 5)*	**122,062**	150,000
	160,480	211,865
CEBA LOAN *(Note 8.)*	**40,000**	40,000
	200,480	251,865
NET ASSETS		
General fund	**522,136**	292,341
	$ 722,616	$ 544,206

______________________________ *Director*

______________________________ *Director*

RETHINK BREAST CANCER CANADA

Statement of Revenues and Expenditures

Year Ended March 31, 2022

	2022	2021
REVENUES		
Corporate sponsorships	$ **809,229**	$ 487,078
Fundraising	**100,079**	236,011
Donations	**89,792**	232,014
Merchandise	**25,887**	-
Other revenue	**8,793**	-
	1,033,780	955,103
EXPENSES		
Program expenses *(Note 6)*	**407,506**	632,233
Professional fees	**225,507**	251,414
Administrative *(Note 6)*	**117,649**	215,687
Rental	**58,905**	51,518
Software subscriptions	**49,521**	18,065
Amortization of intangible assets *(Note 4)*	**8,260**	9,516
Insurance	**7,395**	5,117
Amortization of tangible assets *(Note 3)*	**1,348**	2,912
	876,091	1,186,462
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES FROM OPERATIONS	**157,689**	(231,359)
OTHER INCOME (EXPENSES)		
Interest income	**114**	135
Government wage subsidy *(Note 7.)*	**74,660**	302,007
Loss on disposal of assets	**(2,668)**	(14,685)
	72,106	287,457
EXCESS OF REVENUES OVER EXPENSES	$ **229,795**	$ 56,098

RETHINK BREAST CANCER CANADA
Statement of Changes in Net Assets
Year Ended March 31, 2022

	2022	2021
NET ASSETS - BEGINNING OF YEAR	**$ 292,341**	$ 236,243
Excess of revenues over expenses	**229,795**	56,098
NET ASSETS - END OF YEAR	**$ 522,136**	$ 292,341

RETHINK BREAST CANCER CANADA

Statement of Cash Flow

Year Ended March 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 229,795	$ 56,098
Items not affecting cash:		
Loss on disposal of property, plant and equipment	2,668	14,685
Amortization	9,608	12,428
	242,071	83,211
Changes in non-cash working capital:		
Accounts receivable	75,820	(46,829)
Harmonized sales tax	10,519	4,806
Prepaid expenses	(2,735)	(84)
Accounts payable and accrued liabilities	(14,114)	12,455
Wages payable	(9,332)	5,565
Deferred contributions	(27,938)	137,700
Employee deductions payable	-	(6,550)
	32,220	107,063
Cash flow from operating activities	274,291	190,274
INVESTING ACTIVITIES		
Purchase of capital assets	(48)	(5,961)
Short-term investments	(114)	(135)
Cash flow used by investing activities	(162)	(6,096)
FINANCING ACTIVITY		
CEBA loan	-	40,000
INCREASE IN CASH FLOW	274,129	224,178
Cash - beginning of year	352,603	128,425
CASH - END OF YEAR	$ 626,732	$ 352,603

NATURE OF ORGANIZATION

Rethink Breast Cancer Canada (the "organization") is a national organization raising funds to fight breast cancer through the advancement of education and research. The organization was incorporated without share capital under the Canadian Corporations Act on March 15, 2001, is a registered Canadian charity, and is exempt from income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

Revenue recognition

Rethink Breast Cancer Canada follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Cash and cash equivalents

Cash and cash equivalents consist of unrestricted cash and investments with an initial maturity of three months or less at the time of acquisition.

Short-term investments

Investments for which there are quoted prices in an active market are carried at fair value. Unrealized gains or losses are reported as part of net income. Investments for which there is not an active market are carried at amortized cost except when it is established that their value is impaired. Impairment losses, or reversal of previously recognized impairment losses, are reported as part of net income.

Equipment

Equipment is stated at cost or deemed cost less accumulated amortization. Equipment is amortized over its estimated useful life at the following rates and methods:

Computer equipment	45%	declining balance method
Furniture and fixtures	20%	declining balance method

The organization regularly reviews its equipment to eliminate obsolete items. Government grants are treated as a reduction of equipment cost.

Equipment acquired or under development during the year and not placed into use are not amortized until they are placed into use.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Deferred capital

Capital contributions received for the purpose of acquiring equipment are deferred and amortized on the same basis, and over the same periods, as the related equipment.

Intangible assets

Website development costs are capitalized if they significantly enhance the capability or capacity of the company's website. Costs capitalized include external direct costs of materials and services. Any costs during the preliminary project stage or related to training or maintenance is expensed as incurred. Capitalization ceases when the projects are substantially complete and ready for their intended use.

Contributed services

The organization receives contributed services (contributions-in-kind) from various organizations and individual volunteers. These items are recorded in the financial statements only when the fair market value can be reasonably estimated.

Donated goods

Donated goods are recorded at their fair market value at the time of the donation. During the year $Nil in equity securities were donated (2021 - $Nil).

Allocation of expenses

When allocating an expense among various operating functions, the organization follows the following approach:

For an expense that contributes directly to the output of one function it is applied directly to that function.

For all other expenses, the organization uses the percentage of employee time by function and allocates based the relevant percentage.

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Measurement uncertainty

Certain amounts in the financial statements are subject to measurement uncertainty and are based on the organization's best information and judgment. Actual results could differ from these estimates.

Examples of significant estimates include:

- providing for amortization of property, plant and equipment;
- the estimated useful lives of assets;
- the collectibility of accounts receivable;
- the recoverability of tangible assets;
- the valuation of contributed goods and services

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Impairment of Long Lived Assets

The organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Leases

Leases are classified as either capital or operating leases. At the time the organization enters into a capital lease, an asset is recorded with its related long-term obligation to reflect the acquisition and financing. Rental payments under operating leases are expensed as incurred.

Pledges

Pledges which are legally enforceable (less an allowance for amounts considered uncollectible) are recorded as receivable in the year made. Pledges to support current operations are recorded as general fund receipts. Pledges made for the acquisition of property or to support future operations are recorded as deferred amounts in their respective fund.

2. SHORT-TERM INVESTMENTS

	2022	2021
RBC Dominion Securities	**$ 48,456**	$ 48,342

3. EQUIPMENT

	Cost	Accumulated amortization	**2022 Net book value**
Computer equipment	$ 4,521	$ 1,950	**$ 2,571**

Amortization was $1,348 for the year (2021 - $2,912).

	Cost	Accumulated amortization	2021 Net book value
Computer equipment	$ 14,151	$ 7,611	$ 6,540

4 INTANGIBLE ASSETS

	2022	2021
Website development	**$ 156,333**	$ 156,333
Accumulated amortization	**(147,411)**	(139,151)
	-	-
	$ 8,922	$ 17,182

Amortization was $8,260 for the year (2021 - $9,516).

5. DEFERRED CONTRIBUTIONS

Deferred contributions represents unspent resources received for which expenses have not yet been incurred. The ending balance represents funds that have been donated and granted to the Organization and set aside for future uses. The deferred contributions balance is as follows:

	2022	2021
Balance at the beginning of the year	**$ 150,000**	$ 12,300
Contributions received	**657,116**	150,000
Amounts recognized as revenue	**(685,054)**	(12,300)
Balance at the end of the year	**$ 122,062**	$ 150,000

6. EXPENSE ALLOCATION

Salaries and benefits of $408,849 (2021 - $711,300) were allocated to program expenses in the amount of $326,620 (2020 - $581,034) and administrative expenses in the amount of $82,229 (2021 - $130,266).

7. CANADA EMERGENCY WAGE SUBSIDY

In 2020, the company applied for the Canadian Emergency Wage Subsidy (CEWS) offered by the Government of Canada to help businesses keep workers on their payroll through the challenges posed by the COVID-19 pandemic. Under the original program of the CEWS the Company was eligible to receive up to 75% on wages of up to $1,129 per week per employee (equal to a maximum of $847) for up to 24 weeks, retroactive to March 15, 2020. The CEWS was subsequently amended with redesigned subsidy details for periods between July 5, 2020 and November 21, 2020. The amendments provide for a 85% maximum combined subsidy percentage on wages of up to $1,129 per week per employee (equal to a maximum of $960) that is proportional to the percentage of revenue decline. The maximum subsidy percentage is achieved with revenue declines of 70%. The maximum subsidy percentage will be gradually reduced over the amended subsidy period to November 21, 2020. The last claim period for the program was September 26, 2021 to October 23, 2021.

The company received benefits through the CEWS program of $74,660 (2021 - $302,007).

Receipts under this program have been recorded as other income.

8. CEBA LOAN

In 2021, the company received an interest-free loan of $60,000 through the Canada Emergency Business Account progam. This loan was created by the federal government to assist businesses during the COVID-19 pandemic. The loan is forgivable (up to $20,000) if the company repays the loan or before December 31, 2022. If the loan is not repaid by that date, the loan can be converted to a three-year term loan bearing interest at 5% per anum. A government assistance benefit of $20,000 was recognized in 2021 and $40,000 is still repayable after year-end.

9. GLOBAL PANDEMIC

On March 11, 2020, the World Health Organization characterized the outbreak of COVID-19 as a global pandemic and recommended containment and mitigation measures. Since then, extraordinary actions have been taken by international, federal and local governments to contain and combat the outbreak and spread of COVID-19. These actions include travel bans, quarantines, “stay-at-home” orders, and similar mandates for many individuals to substantially restrict daily activities and for many businesses to curtail or cease normal operations.

In response to the various guidelines and mandates imposed by the government, Rethink took immediate decisive actions to lower costs, strengthen the balance sheet and optimize financial flexibility. Rethink continued operations during this time by reducing operating costs, capital expenditures, and the number of employees wherever possible.

The federal government has since responded with various assistance plans including the Canadian Emergency Wage Subsidy (CEWS) to assist businesses to continue to pay their employees during this downturn in economic conditions. The government also provided assistance through loans such as the Canada Emergency Business Account.

It is management’s opinion that the company currently has sufficient liquidity and access to financing in order to continue to fund its operations and to meet its obligations.

The full impact of the COVID-19 pandemic on the coming year’s financial results will depend on future developments, such as the ultimate duration and scope of the outbreak, its impact on employees, customers, and suppliers as well as the rate at which economic conditions, operations, and demand for the company’s products and service returns to pre-COVID-19 levels

10. COMPARATIVE FIGURES

Certain comparative amounts have been reclassified to conform to the current year's presentation.

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the organization's risk exposure and concentration as of March 31, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization is exposed to this risk mainly in respect of its receipt of funds from its donors and other related sources, and accounts payable and accrued liabilities.

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. Market risk comprises three types of risk: currency rate risk, interest rate risk and other price risk. The organization is mainly exposed to interest rate risk and other price risk.

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11. FINANCIAL INSTRUMENTS *(continued)*

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the organization manages exposure through its normal operating and financing activities. The organization is exposed to interest rate risk primarily through its cash held in a high interest savings account.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or it’s issuer, or factors affecting all similar financial instruments traded in the market. The organization is exposed to other price risk through its investment in quoted shares.