Financial Statements of

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

And Independent Auditor's Report thereon

Year ended December 31, 2023

KPMG LLP
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INDEPENDENT AUDITOR'S 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, 2023
- 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 auditor's report, the accompanying financial statements present fairly, in all material respects, the financial position of the Entity as at December 31, 2023 and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

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

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

- the current assets reported in the statements of financial position as at December 31, 2023 and 2022
- the donation revenues and excess of revenues over expenses reported in the statements of operations for the years ended December 31, 2023 and 2022

- 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, 2023 and 2022
- the excess of revenues over expenses reported in the statements of cash flows for the years ended December 31, 2023 and 2022

Our opinion on the financial statements for the year ended December 31, 2022 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 "Auditor's Responsibilities for the Audit of the Financial Statements" section of our auditor's 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.

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 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 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 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.

- 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

April 25, 2024

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Statement of Financial Position

December 31, 2023, with comparative information for 2022

	2023	2022
Assets		
Current assets:		
Cash	$ 1,260,668	$ 926,655
Accounts receivable	580,955	585,952
Prepaid expenses	80,567	55,450
	1,922,190	1,568,057
Investments (note 2)	820,661	740,769
Capital assets and intangible assets (note 3)	60,364	85,706
	$ 2,803,215	$ 2,394,532
Liabilities and Net Assets		
Current liabilities:		
Accounts payable and accrued liabilities (note 5)	$ 553,795	$ 466,546
Deferred revenue	13,125	1,000
	566,920	467,546
Canada Emergency Business Account loan (note 6)	–	40,000
Net assets:		
Invested in capital assets and intangible assets	60,364	85,706
Internally restricted funds:		
Contingencies (note 1(b))	1,200,000	1,200,000
Unrestricted	975,931	601,280
	2,236,295	1,886,986
Commitments (note 9)		
	$ 2,803,215	$ 2,394,532

See accompanying notes to financial statements.

On behalf of the Board:

"Lynda Rose" Chair

"Barbara Foldes" Treasurer

LOOK GOOD FEEL BETTER -
BELLE ET BIEN DANS SA PEAU

Statement of Operations

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Revenue:		
Donated product for Look Good Feel Better program (note 7)	$ 1,396,447	$ 1,175,868
Fundraising:		
Signature events (notes 4, 7 and 8)	2,822,108	1,966,088
Corporate giving	1,760,620	1,488,745
Annual giving	148,551	144,563
Investment income (note 2)	45,742	26,141
Unrealized gain (loss) on investments	41,532	(89,486)
	6,215,000	4,711,919
Expenses:		
Look Good Feel Better program (note 7)	2,709,676	2,364,227
Fundraising:		
Signature events (notes 7 and 8)	2,070,255	1,383,703
Annual giving	9,499	11,367
Salaries and benefits	721,975	555,883
Administration	319,208	311,599
Amortization of capital assets and intangible assets	28,291	30,596
Investment management fees	6,787	6,053
	5,865,691	4,663,428
Excess of revenue over expenses	$ 349,309	$ 48,491

See accompanying notes to financial statements.

LOOK GOOD FEEL BETTER - BELLE ET BIEN DANS SA PEAU

Statement of Changes in Net Assets

Year ended December 31, 2023, with comparative information for 2022

	Invested in capital assets and intangible assets	Internally restricted contingencies	Unrestricted	2023 Total	2022 Total
Balance, beginning of year	$ 85,706	$ 1,200,000	$ 601,280	$ 1,886,986	$ 1,838,495
Excess (deficiency) of revenue over expenses	(28,291)	–	377,600	349,309	48,491
Investments in capital assets and intangible assets	2,949	–	(2,949)	–	–
Balance, end of year	$ 60,364	$ 1,200,000	$ 975,931	$ 2,236,295	$ 1,886,986

See accompanying notes to financial statements.

LOOK GOOD FEEL BETTER -
BELLE ET BIEN DANS SA PEAU

Statement of Cash Flows

Year ended December 31, 2023, with comparative information for 2022

	2023	2022
Cash provided by (used in):		
Operations:		
Excess of revenue over expenses	$ 349,309	$ 48,491
Items which do not involve cash:		
Amortization of capital assets and intangible assets	28,291	30,596
Unrealized loss (gain) on investments	(41,532)	89,486
Realized gain on sale of investments	(24,032)	(7,227)
	312,036	161,346
Change in non-cash operating working capital:		
Accounts receivable	4,997	(205,518)
Prepaid expenses	(25,117)	31,665
Accounts payable and accrued liabilities	87,249	35,544
Deferred revenue	12,125	(26,810)
	391,290	(3,773)
Financing:		
Canada Emergency Business Account loan	(40,000)	–
Investing:		
Net increase in investments	(14,328)	(12,163)
Additions to capital assets and intangible assets	(2,949)	(6,293)
	(17,277)	(18,456)
Increase (decrease) in cash	334,013	(22,229)
Cash, beginning of year	926,655	948,884
Cash, end of year	$ 1,260,668	$ 926,655

See accompanying notes to financial statements.

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 people with cancer.

1. Significant accounting policies:

(a) Basis of presentation:

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

(b) Internally restricted net assets:

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

(c) Capital assets and intangible assets:

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

Leasehold improvements	Over lease term
Office equipment	3 years

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

e-Learning portal	5 years

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 donated 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 are deferred and are recognized when the funds are expended based on the nature of the restriction.

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

Investment income is recorded on the accrual basis.

(e) Financial instruments:

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

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

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 corporations 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) Non-monetary transactions:

Non-monetary transactions are measured at the more reliable of the fair value of the asset given up and the fair value of the asset received unless the transaction lacks commercial substance or the transaction is an exchange of a product held for sale in the ordinary course of business, in which case the transaction is measured at the carrying amount of the asset given up.

(h) Management estimates:

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

2. Investments:

	2023	2022
Cash and cash equivalents	$ 34,991	$ 47,469
Fixed income securities	290,609	279,333
Pooled equity funds	495,061	413,967
	$ 820,661	$ 740,769

Investment income includes realized gain on sale of investments of $24,032 (2022 - $7,227). Included in the market value of investments is $1,679 (2022 - $1,641) of accrued interest.

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

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

The fixed income securities bear a yield to maturity from 1.4% to 4.2% (2022 - 1.4% to 3.6%) with staggered maturity dates ranging from February 2024 to June 2033 (2022 - January 2023 to May 2032).

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

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

3. Capital assets and intangible assets:

			2023	2022
	Cost	Accumulated amortization	Net book value	Net book value
Leasehold improvements	$ 112,329	$ 112,329	$ –	$ 1,761
Office equipment	148,477	140,234	8,243	10,976
e-Learning portal	104,241	52,120	52,121	72,969
	$ 365,047	$ 304,683	$ 60,364	$ 85,706

4. Cosmetics Alliance Canada:

LGFB and Cosmetics Alliance Canada ("CA") have a minority number of common members on their Board of Directors and, as such, have significant influence over each other. 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.

During the year, CA purchased event tickets and other services from LGFB for a total amount of $12,000 (2022 - $17,000).

The transactions are in the normal course of business and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

5. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of $2,208 (2022 - nil).

6. Canada Emergency Business Account Loan:

LGFB received Canada Emergency Business Account ("CEBA") loans in the amount of $60,000, and $40,000 of the loan was repaid during 2023. The balance remaining was forgiven in accordance to the terms of the loan, and it was recognized as government grants revenue in prior years.

7. Gifts-in-kind contributions:

Included in revenue and expenses is $2,672,974 (2022 - $1,780,611), representing the fair value of gifts-in-kind.

8. Non-monetary transactions:

LGFB has an agreement in place with a media company to provide sponsorship opportunity at LGFB's signature event. In exchange, LGFB receives print and advertising services from the media company. The non-monetary portion of the transaction is valued at $128,375 (2022 - $133,280), measured at the fair market value of the services received, which is included in signature events revenue and expenses in the statement of operations.

9. Commitments:

LGFB has an operating lease commitment for an office premise which expires in 2027. The future minimum lease payments, exclusive of realty taxes and maintenance costs are as follows:

2024	$ 46,179
2025	51,934
2026	53,193
2027	54,137

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 2022.

(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 2022.

(c) Interest rate risk:

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. LGFB is exposed to interest rate risk arising from the possibility that changes in interest rates will affect the value of fixed income denominated investments. There has been no change to the risk exposures from 2022.