

NANNY ANGEL NETWORK INC.
FINANCIAL STATEMENTS
FOR THE YEAR ENDED
DECEMBER 31, 2015

NANNY ANGEL NETWORK INC.

DECEMBER 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of the
Nanny Angel Network Inc.

I have audited the accompanying financial statements of Nanny Angel Network Inc. which comprise the statement of financial position as at December 31, 2015 and the statements of operations and changes in net assets and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained in my audit is sufficient and appropriate to provide a basis for my qualified audit opinion.

Basis for Qualification

As detailed in Note 9, my firm was not appointed as auditor of the Organization until January 6, 2016. Accordingly, my verification of the opening balances was limited to internally generated information provided by the client. I was not able to determine whether any adjustments might be necessary to the opening statement of financial position, excess of revenue over expenditures, and net assets.

Qualified Opinion

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness and accuracy of the opening figures referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Nanny Angel Network Inc. as at December 31, 2015 and the results of its operations and cash flows for the year ended in accordance with Canadian accounting standards for not-for-profit organizations.

A handwritten signature in black ink that reads "Jeffrey D. Milgram Professional Corporation". The signature is written in a cursive, flowing style.

JEFFREY D. MILGRAM PROFESSIONAL CORPORATION
Authorized to practise public accounting by
The Institute of Chartered Professional Accountants of Ontario

TORONTO, ONTARIO
FEBRUARY 8, 2016

Jeffrey D. Milgram, Professional Corporation
Chartered Professional Accountant
Licensed Public Accountant

NANNY ANGEL NETWORK INC.
STATEMENT OF FINANCIAL POSITION
AS AT DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$ (Note 9)
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents (Note 3)	263,098	170,577
Accounts receivable	25,000	12,150
Government excise tax receivable	14,179	12,270
Due from related parties (Note 4)	588	-
Prepaid expenses	<u>5,042</u>	<u>4,309</u>
	307,907	199,306
LONG-TERM		
Long-term investment (Note 3)	75,000	-
CAPITAL (Note 5)		
	<u>3,433</u>	<u>2,578</u>
	<u>386,340</u>	<u>201,884</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT		
Accounts payable and accrued liabilities	21,568	8,081
Due to related parties (Note 4)	-	1,370
Government remittances payable	<u>2,145</u>	<u>3,440</u>
	<u>23,713</u>	<u>12,891</u>
NET ASSETS		
Management reserve (Note 6)	100,000	-
Unrestricted	<u>262,627</u>	<u>188,993</u>
	<u>362,627</u>	<u>188,993</u>
	<u>386,340</u>	<u>201,884</u>

The accompanying notes are an integral part of these financial statements.

APPROVED ON BEHALF OF THE BOARD:

_____ DIRECTOR _____ DATE

_____ DIRECTOR _____ DATE

NANNY ANGEL NETWORK INC.
STATEMENT OF CHANGES IN NET ASSETS
AS AT AUGUST 31, 2015

	2015			<u>2014</u>
	<u>Management</u> <u>Reserve</u> \$	<u>Unrestricted</u> <u>Net Assets</u> \$	<u>Total</u> \$	<u>Total</u> \$ (Note 9)
NET ASSETS, beginning of year	-	188,993	188,993	107,473
Net operating (deficiency) surplus for the year	<u>-</u>	<u>173,634</u>	<u>173,634</u>	<u>81,519</u>
	-	362,627	362,627	188,993
Transfers to/from capital reserve (Note 6)	<u>100,000</u>	<u>(100,000)</u>	<u>-</u>	<u>-</u>
NET ASSETS, end of year	<u>100,000</u>	<u>262,627</u>	<u>362,627</u>	<u>188,993</u>

The accompanying notes are an integral part of these financial statements.

NANNY ANGEL NETWORK INC.
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u>	<u>2014</u>
	\$	\$ (Note 9)
REVENUE		
Donations	347,645	174,760
Fundraising	-	139,181
Grants	-	27,000
Sponsorship	100,000	-
Other income	<u>2,285</u>	<u>-</u>
	<u>449,930</u>	<u>340,941</u>
EXPENDITURES (Note 4)		
Contract services	13,045	60,364
Event expenses	3,911	41,758
General and administration	30,717	25,392
Operations	47,512	31,841
Personnel costs	152,411	76,095
Professional fees	10,700	10,972
Rent	<u>18,000</u>	<u>13,000</u>
	<u>276,296</u>	<u>259,422</u>
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	<u>173,634</u>	<u>81,519</u>

The accompanying notes are an integral part of these financial statements.

NANNY ANGEL NETWORK INC.
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2015

	<u>2015</u> \$	<u>2014</u> \$ (Note 9)
OPERATING ACTIVITIES		
Excess revenues over expenses for the year	173,634	81,519
Add: Items not requiring an immediate outlay of cash:		
Amortization of capital assets	<u>1,060</u>	<u>457</u>
	<u>174,694</u>	<u>81,976</u>
Changes in non-cash working capital:		
Accounts receivable	(12,850)	(8,098)
Government excise tax recoverable	(1,909)	(7,459)
Prepaid expenses	(733)	446
Accounts payable and accrued liabilities	13,487	(17,151)
Government remittances payable	<u>(1,295)</u>	<u>550</u>
	<u>(3,300)</u>	<u>(31,712)</u>
Net cash provided by operating activities	<u>171,394</u>	<u>50,264</u>
INVESTING AND FINANCING ACTIVITIES		
Due from related party	(1,958)	-
Long-term investment	(75,000)	-
Additions to capital assets	<u>(1,915)</u>	<u>3,035</u>
Net cash used by investing and financing activities	<u>(78,873)</u>	<u>(3,035)</u>
Increase in cash and cash equivalents for the year	92,521	47,229
NET CASH AND CASH EQUIVALENTS, BEGINNING OF THE YEAR	<u>170,577</u>	<u>127,348</u>
NET CASH AND CASH EQUIVALENTS, END OF THE YEAR	<u>263,098</u>	<u>170,577</u>
COMPRISED AS FOLLOWS:		
Cash and equivalents	162,816	170,577
Guarantee investment certificate (Note 3)	<u>100,282</u>	<u>-</u>
Cash and equivalents at end of year	<u>263,098</u>	<u>170,577</u>

The accompanying notes are an integral part of these financial statements.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

1. Basis of Presentation

Operations

Nanny Angel Network Inc. (the "Organization") was incorporated on January 6, 2009 as a not-for-profit corporation without share capital in the Province of Ontario. As a registered charitable organization, Nanny Angel Network Inc. may issue tax-deductible receipts to donors and is exempt from taxation under Section 149(1) of the Income Tax Act (Canada).

Mission

The Nanny Angel Network provides free, professional relief childcare for mothers with cancer in the greater Toronto area. The Organization provides care for children, aged 12 and under and also provides timely, compassionate support to families throughout treatment, recovery, palliative care, and bereavement. To meet that goal, the Organization will:

- Work with volunteers and provide them with engaging and rewarding opportunities to provide childcare to mothers in need;
- Arm volunteers with the right knowledge, skills, and resources to care for children, and raise awareness of healthy lifestyles so the children are better able to care for themselves;
- Build lasting relationships and be an effective resource to cancer support organizations to identify and support mothers who need our Organization most;
- Raise funds annually to support programs that have direct, meaningful impact on the mothers and families served.

Accounting Framework

The Organization prepares its financial statements in accordance with the Chartered Professional Accountants of Canada (CPA, Canada) (formerly the Institute of Chartered Accountants (CICA)) Handbook, Part III, Canadian accounting standards for not-for-profit organizations (ASNPO).

2. Summary of Significant Accounting Policies

The accounting policies of the organization are in accordance with Canadian accounting standards for not-for-profit organizations applied on a basis consistent with that of the preceding year. Outlined below are those policies considered particularly significant.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Summary of Significant Accounting Policies – Continued

Basis of Accounting

These financial statements were prepared using the accrual basis of accounting. The accrual basis recognizes revenues as they become available and measurable; expenses are recognized as they are incurred and measurable as a result of receipts of goods or services and the creation of a legal obligation to pay.

Cash and Cash Equivalents

Cash includes cash on hand, current bank deposits and investments with a maturity date of less than 90 days from the year end date.

Short Term Investments

Short term investments represent guaranteed investment certificates held at year end with maturities greater than 90 days but less than one year from the year end date. Short term investments are stated at amortized cost which approximates the financial instruments' fair value.

Long Term Investments

Long term investments represent guaranteed investment certificates with a maturity exceeding one year from the year end date. Long term investments are stated at amortized cost which approximates the financial instruments' fair value.

Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. The Organization regularly reviews its capital assets to eliminate obsolete items. Amortization is provided on a declining balance basis over the assets' estimated useful lives as follows:

Computer equipment	30% diminishing balance
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Income 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. 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.

Sponsorships are recognized upon signing of the contractual agreement or as negotiated by the parties involved.

Revenues generated from fundraising and events are recognized as revenue when received.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Summary of Significant Accounting Policies – Continued

Donated Material and Services

Donations of materials and services which are not normally purchased by the Organization are not recorded in the accounts.

In addition, the work of the Organization is partially dependent on the voluntary service of its members and administrative management. Since some of these services are not normally purchased by the Organization, and because of the difficulty of determining their fair value, the value of donated volunteer services is not recognized in these statements.

Estimates

The preparation of these financial statements, in conformity with ASNPO, 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 revenues and expenses during the reporting period. Any variations between these estimates and actual amounts are not expected to materially affect the reported amounts, unless otherwise disclosed.

During the year, management exercised its judgment in the estimation of the allowance for doubtful receivables, accrued interest on investments, prepaid insurance costs, certain liability accruals and the estimated useful life over which the capital assets are amortized to operations.

Foreign currency

Accounts in foreign currencies and operations in foreign countries have been translated into Canadian dollars using the temporal method. Under this method, monetary assets and liabilities have been translated at the year end exchange rate. Revenues and expenditures have been translated using a standardized exchange rate that approximates the average rate of exchange during the year with adjustments to actual at the year end date or the rate in existence on the date of the transaction.

Foreign exchange gains and losses on current monetary assets and liabilities as well as foreign exchange contracts that close subsequent to the year end date are included in the determination of earnings from operations.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities

(i) Measurement of financial instruments

The Organization initially measures its financial assets and financial liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument.

The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are based on public stock exchange transactions in an active market, which are measured at fair value. Changes in fair value are recognized in the statements of operations in the period incurred. Financial assets measured at amortized cost include cash, amounts receivable and fixed income investments. Financial liabilities measured at amortized cost include accounts payable, accrued liabilities and deferred revenue.

(ii) Impairment

At the end of each reporting period, the Organization assesses whether there are any indications that a financial asset measured at amortized cost may be impaired. Objective evidence of impairment includes observable data that comes to the attention of the Organization, including but not limited to the following events: significant financial difficulty of the issuer; a breach of contract, bankruptcy or other financial indicators indicating distress relating to the item valued.

When there is an indication of impairment, the Organization determines whether a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset.

When the Organization identifies a significant adverse change in the expected timing or amount of future cash flows from a financial asset, it reduces the carrying amount of the asset to the highest of the following:

- a) the present value of the cash flows expected to be generated by holding the asset discounted using a current market rate of interest appropriate to the asset;
- b) the amount that could be realized by selling the asset at the statement of financial position date; and
- c) the amount the Organization expects to realize by exercising its rights to any collection action less the costs necessary to exercise those actions.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

2. Summary of Significant Accounting Policies – Continued

Financial Assets and Financial Liabilities – Continued

(ii) Impairment - Continued

When the Organization determines an adjustment to the carrying value is required, the carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of the reduction is recognized as an impairment loss in the statements of operations. When the extent of impairment of a previously written-down asset decreases and the decrease can be related to an event occurring after the impairment was recognized, the previously recognized impairment loss is reversed to the extent of the improvement, directly or by adjusting the allowance account. The amount of the reversal is recognized in the statements of operations in the period the reversal occurs.

3. Investments

Investments are recorded at fair market value which in most cases will consist of cost plus accrued interest to the year end date. As at December 31, 2015, the following investment was included in the cash and cash equivalent balance:

	<u>Maturity</u>	<u>Rate</u>	<u>Terms</u>	<u>Face Value</u> \$	<u>Fair Value</u> \$
GIC: TD Bank	21/01/16	0.75%	Simple	<u>100,282</u>	<u>100,282</u>

As at December 31, 2015, the long term investment held by the Organization consisted of the following:

	<u>Maturity</u>	<u>Rate</u>	<u>Terms</u>	<u>Face Value</u> \$	<u>Fair Value</u> \$
GIC: TD Bank	03/12/16	0.40%	Simple	<u>75,000</u>	<u>75,000</u>

4. Related Party Transactions

All related party transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by both parties based on current market conditions and prices. As at the end of the year, the residual balance due from the related party was \$588 (2014 – \$1,370 payable)

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

4. Related Party Transactions – Continued

During the year, transactions with companies of which the executive director is the principal shareholder included:

	<u>2015</u>	<u>2014</u>
	\$	\$
		(Note 9)
Rent occupancy costs	<u>18,000</u>	<u>13,000</u>
Donations received	<u>210</u>	<u>13,700</u>
Share costs reimbursed (including telephone and printing)	<u>13,101</u>	<u>14,345</u>

5. Capital Assets

	<u>2015</u>			<u>2014</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
	\$	\$	\$	\$
				(Note 9)
Computers	<u>4,950</u>	<u>(1,517)</u>	<u>3,433</u>	<u>2,578</u>

6. Management Reserve

Annually, at the discretion of management and the Board, funds are allocated to the management reserve for the future training and program operating costs. During the year, the following changes and transactions were booked to the reserve:

	<u>2015</u>	<u>2014</u>
	\$	\$
Balance, beginning of the year	-	-
Appropriated from operations	<u>100,000</u>	-
Balance, end of year	<u>100,000</u>	-

7. Economic Dependence

The Organization derives most of its revenue from public donations and is therefore reliant on the continued support of donors and funders to maintain its continued operations. Management anticipates that funding from these sources will continue in the future in support of the Organization's operations.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. Risk

Liquidity Risk

The Organization manages its liquidity risk by monitoring actual and projected cash flows, from grants, donations, and fundraising to ensure that it will always have sufficient liquidity to meet its liabilities when due, under both normal and stressed conditions, without incurring unacceptable losses or allowing the reserve accounts to become overdrawn. As the Organization's budget is set in relation to its anticipated funding, and management has set aside provision for future operations in the form of a reserve, management does not believe at this time, that it has a significant exposure to any liquidity risk and that they expect to meet their ongoing obligations on a timely basis.

General

The Organization holds financial assets in the form of cash, long term investments, and various accounts receivable. It is management's opinion that the fair value of these financial instruments approximates their stated value, plus accrued interest where applicable, due to the short term to maturity for the items held at year end.

The Organization also holds financial liabilities in the form of accounts payable and accrued liabilities. Unless otherwise noted, the fair value and stated carrying value of the financial liabilities approximate each other at year end due to the short term to maturity of the liabilities and debts held at December 31, 2015.

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 the market price of the investments held. Market risk comprises three types of risk; currency risk, interest risk, and price risk. As the organization only operates primarily in Canadian dollars, management does believe that there is any currently risk at year end. To minimize price risk, the Organization's investment policy is not to hold equity investments but to only invest in guaranteed investment certificates. Investing decisions are made that minimize risk exposure of the Organization by investing in only these low risk vehicles; accordingly, management does not believe it is exposed to significant price risk associated with the investments held. Interest risk is discussed below.

NANNY ANGEL NETWORK INC.
NOTES TO THE FINANCIAL STATEMENTS
DECEMBER 31, 2015

8. Risk - Continued

Interest Rate Risk

Interest rate risk arises from the possibility that changes in interest rates will affect the future cash flows or the fair value of financial instruments.

Interest rate risk arises when the organization invests in interest-bearing financial instruments. The organization is exposed to the risk that the value of such financial instruments will fluctuate due to the prevailing levels of market interest rates; however, as interest income makes up only an immaterial percentage of the Organization's total revenue in the year, management has assessed the risk associated with this type of financial instrument as negligible.

Other Risks

It is management's opinion that the Organization is not exposed to significant credit, concentration, or other risks arising from the financial instruments held.

9. Comparative Figures

Our firm was first appointed for the December 31, 2015 fiscal period effective January 6, 2016. Comparative figures for the 2014 year were reported on by other accountants in an unqualified Review Engagement Report dated June 12, 2015; accordingly, the financial figures for the year end December 31, 2014 are unaudited. The current audit report pertains to the 2015 fiscal results only.

In addition, certain 2014 comparative balances may have been reallocated or reclassified to conform to the current year's presentation format.