

Concussion Legacy Foundation (Canada) Inc.

**Financial Statements
December 31, 2020**

Crowe BGK S.E.N.C.R.L. | LLP

Société de comptables professionnels agréés
Partnership of Chartered Professional Accountants

Concussion Legacy Foundation (Canada) Inc.

**Financial Statements
December 31, 2020**

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Independent Auditor's Report

To the Directors of
Concussion Legacy Foundation (Canada) Inc.

Qualified Opinion

We have audited the financial statements of Concussion Legacy Foundation (Canada) Inc. (the Foundation), which comprise the statement of financial position as at December 31, 2020, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at December 31, 2020, and its financial performance 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, Concussion Legacy Foundation (Canada) Inc. derives revenues from donor contributions the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the accounts of the Concussion Legacy Foundation (Canada) Inc. Therefore we were not able to determine whether any adjustments might be necessary to contributions, excess of revenue over expenditures and cash flows for the years ended December 31, 2019 and December 31, 2020. Our audit engagement report on the financial statements as at and for the year ended December 31, 2019 was qualified for the same matters.

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 Foundation 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 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 Foundation'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 Foundation or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Foundation'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 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 Foundation'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 Foundation'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 Foundation 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.

*Crowe BGK LLP.**

Chartered Professional Accountants

Montréal (Québec)
June 23, 2021

* CPA auditor, CA, public accountancy permit No. A126861

Concussion Legacy Foundation (Canada) Inc.

Statement of Financial Position As at December 31, 2020

	2020 \$	2019 \$
Assets		
Current		
Cash and cash equivalents	42,824	46,423
Prepaid expenses	9,476	837
	52,300	47,260
Liabilities		
Current		
Accounts payable and accrued liabilities (note 3)	15,018	9,975
Deferred contribution	44,250	25,200
	59,268	35,175
Net assets	(6,968)	12,085
	52,300	47,260

Approved on behalf of the Board:

_____, Director

See accompanying notes.

Concussion Legacy Foundation (Canada) Inc.

Statement of Changes in Net Assets For the Year Ended December 31, 2020

	Restricted - government funding \$	Unrestricted \$	2020 \$	2019 \$
Balance, beginning of year	16,800	(4,715)	12,085	3,235
Excess (deficiency) of revenues over expenses	115,130	(134,183)	(19,053)	8,850
Balance, end of year	131,930	(138,898)	(6,968)	12,085

See accompanying notes.

Concussion Legacy Foundation (Canada) Inc.

Statement of Operations

For the Year Ended December 31, 2020

	2020 \$	2019 \$
Revenues		
Donations (note 6)	79,887	46,200
Provincial government fundings	115,130	16,800
Consulting services	28,456	19,600
	223,473	82,600
Expenses		
Administration	12,826	1,871
Insurance	1,825	836
Advertising and promotion	8,043	-
Professional fees	10,066	10,820
Subcontractors	170,693	46,944
Travel and telecommunication	39,073	13,279
	242,526	73,750
Excess (deficiency) of revenues over expenses	(19,053)	8,850

See accompanying notes.

Concussion Legacy Foundation (Canada) Inc.

Statement of Cash Flows

For the Year Ended December 31, 2020

	2020 \$	2019 \$
Operating activities		
Excess (deficiency) of revenues over expenses	(19,053)	8,850
Net change in non-cash items related to operating activities:		
Prepaid expenses	(8,639)	(837)
Accounts payable and accrued liabilities	5,043	9,975
Deferred contribution	19,050	25,200
Increase (decrease) in cash and cash equivalents	(3,599)	43,188
Cash and cash equivalents, beginning of year	46,423	3,235
Cash and cash equivalents, end of year	42,824	46,423

See accompanying notes.

Concussion Legacy Foundation (Canada) Inc.

Notes to Financial Statements December 31, 2020

1. Status and purpose of the Foundation

The Concussion Legacy Foundation (Canada) Inc. is a not-for-profit organization incorporated under Part III of the Companies Act (Ontario) and is a registered charity under the Income Tax Act. Its purpose is to advance the study, treatment and prevention of the effect of brain trauma in Canadian and other at-risk groups.

2. Significant accounting policies

The Foundation applies the Canadian accounting standards for not-for-profit organizations in Part III of the CPA Canada Handbook and includes the following significant accounting policies:

Cash and cash equivalents:

The Foundation's policy is to present bank balances, including bank indebtedness with balances that fluctuate frequently from being positive to overdrawn, under cash and cash equivalents.

Revenue recognition:

The Foundation 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 they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Provincial government fundings are recognized as restricted contributions to increase sport concussion awareness and education programs in Ontario.

Unrestricted contributions consist of donations.

Consulting services are recognized when the services are provided in accordance with the sales agreements, the ownership interest or the risk has been transferred, the price has been established or is determinable, and collection is reasonably assured.

Contributed services:

Volunteers contribute many hours per year to assist the Foundation in delivering its services. Because of the difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Financial instruments:

Measurement of financial instruments

The Foundation initially measures its financial assets and liabilities at fair value, except for certain related party transactions that are measured at the carrying amount or exchange amount, as appropriate.

Concussion Legacy Foundation (Canada) Inc.

Notes to Financial Statements December 31, 2020

2. Significant accounting policies (continued)

The Foundation subsequently measures all its financial assets and liabilities at cost or amortized cost.

Financial assets measured at cost or amortized cost include cash and cash equivalents.

Financial liabilities measured at cost or amortized cost include accounts payable and accrued liabilities.

Impairment

For financial assets measured at cost or amortized cost, the Foundation determines whether there are indications of possible impairment. When there is an indication of impairment, and the Foundation determines that a significant adverse change has occurred during the period in the expected timing or amount of future cash flows, a write-down is recognized in net income. A previously recognized impairment loss may be reversed to the extent of the improvement. The carrying amount of the financial asset may not be greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in net income.

Use of estimates:

The preparation of these financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting periods. Actual results could differ from the estimated amounts. These estimates are reviewed periodically and adjustments are made to income as appropriate in the year they become known. The main estimates relate to the accrued liabilities and deferred contributions.

3. Accounts payable and accrued liabilities

	2020	2019
	\$	\$
Trade accounts payable	6,018	975
Accrued liabilities	9,000	9,000
	15,018	9,975

Concussion Legacy Foundation (Canada) Inc.

Notes to Financial Statements December 31, 2020

4. Related party transactions

The following table summarizes the Foundation's related party transactions for the year:

	2020 \$	2019 \$
Not-for-profit organization with significant influence		
Consulting services	14,956	19,600
Management's compensation		
Subcontractors	73,000	34,250

These 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 the related parties.

The Concussion Legacy Foundation Inc. (CLF) has a significant influence on the Foundation due to the exclusive right granted under an affiliation agreement to advance the mission in Canada. Under the agreement, the Foundation is required to pay a 15% royalties on the first \$280,000 of contributions earned and 1.5% on the contributions exceeding this amount. The organization with significant influence has waived their right to royalties on the contributions earned for the year ended December 31, 2020.

5. Financial instruments

Risks and concentrations:

The Foundation is exposed to various risks through its financial instruments. The following analysis provides a measure of the Foundation's risk exposure and concentrations as at December 31, 2020:

Liquidity risk

Liquidity risk is the risk that the Foundation will encounter difficulty in meeting obligations associated with financial liabilities. The Foundation is exposed to this risk mainly in respect of its accounts payable and accrued liabilities.

6. Summary of contributors

	2020 \$	2019 \$
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Concussion Legacy Foundation (Canada) Inc.

Notes to Financial Statements December 31, 2020

6. Summary of contributors (continued)

Corporate	12,500	35,370
Foundations	61,090	3,147
Individuals	6,297	7,683
	<hr/>	<hr/>
	79,887	46,200

7. Covid-19

COVID-19 has created unprecedented uncertainty in the global economy. The duration and impact of the COVID-19 outbreak is unknown at this time, as is the efficacy of any current and future interventions or actions taken by management. It is not possible to reliably estimate the length and severity of these developments and the impact on the financial results and condition of the Foundation and its operations in future periods.