

**COMFORT BEARS INC.**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT**

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To the Directors of  
Comfort Bears Inc.

We have reviewed the accompanying financial statements of Comfort Bears Inc. that comprise the statement of financial position as at August 31, 2023, and the statements of changes in net assets, operations and 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.

*Practitioner's Responsibility*

Our responsibility is to express a conclusion on the accompanying financial statements based on our review. We conducted our review in accordance with Canadian generally accepted standards for review engagements, which require us to comply with relevant ethical requirements.

A review of financial statements in accordance with Canadian generally accepted standards for review engagements is a limited assurance engagement. The practitioner performs procedures, primarily consisting of making inquiries of management and others within the entity, as appropriate, and applying analytical procedures, and evaluates the evidence obtained.

The procedures performed in a review are substantially less in extent than, and vary in nature from, those performed in an audit conducted in accordance with Canadian generally accepted auditing standards. Accordingly, we do not express an audit opinion on these financial statements.

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**INDEPENDENT PRACTITIONER'S REVIEW ENGAGEMENT REPORT (Continued)**

*Basis for Qualified Conclusion*

In common with many charitable organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to us obtaining evidence we considered necessary for the purpose of the review. Accordingly, the evidence obtained of these revenues was limited to the amounts recorded in the records of Comfort Bears Inc.. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the years ended August 31, 2023 and 2022, current assets as at August 31, 2023 and 2022, and net assets as at September 1 and August 31 for both the 2023 and 2022 years. Our review conclusion on the financial statements for the year ended August 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

*Qualified Conclusion*

Based on our review, except for the possible effects of the matter described in the Basis for Qualified Conclusion paragraph, nothing has come to our attention that causes us to believe that the financial statements do not present fairly, in all material respects, the financial position of Comfort Bears Inc. as at August 31, 2023, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Paylor Leibow LLP*

**CHARTERED PROFESSIONAL ACCOUNTANTS**  
**Licensed Public Accountants**

Hamilton, Ontario  
November 25, 2023

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**COMFORT BEARS INC.****STATEMENT OF FINANCIAL POSITION**

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	<i>As at August 31</i>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>ASSETS</b>		
CURRENT		
Cash	<b>51,369</b>	48,510
Inventory	<b>17,360</b>	4,960
Deposit	<b>1,243</b>	-
	<b>69,972</b>	53,470
<b>LIABILITY</b>		
CURRENT		
Accounts payable	<b>5,771</b>	4,500
<b>NET ASSETS</b>	<b>64,201</b>	48,970
	<b>69,972</b>	53,470

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*(See accompanying Notes to Financial Statements)*

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**COMFORT BEARS INC.****STATEMENT OF CHANGES IN NET ASSETS**

	<i>Year ended August 31</i>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
NET ASSETS, BEGINNING OF YEAR	<b>48,970</b>	9,962
EXCESS OF REVENUES OVER EXPENDITURES	<b>15,231</b>	39,008
NET ASSETS, END OF YEAR	<b>64,201</b>	48,970

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*(See accompanying Notes to Financial Statements)*

**COMFORT BEARS INC.****STATEMENT OF OPERATIONS***Year ended August 31*

	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>REVENUES</b>		
Donations	<b>78,748</b>	71,669
In-kind donations	<b>40,000</b>	40,000
	<b>118,748</b>	111,669
<b>EXPENDITURES</b>		
Advertising and promotion	<b>18,229</b>	8,373
Bank charges	<b>56</b>	48
Insurance	<b>1,665</b>	-
Office and administration	<b>12,209</b>	5,097
Professional fees	<b>5,989</b>	5,352
Program costs (Note 3)	<b>47,652</b>	53,791
Rent	<b>9,926</b>	-
Repairs and maintenance	<b>7,791</b>	-
	<b>103,517</b>	72,661
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>15,231</b>	39,008

*(See accompanying Notes to Financial Statements)*

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**COMFORT BEARS INC.****STATEMENT OF CASH FLOWS**

	<i>Year ended August 31</i>	
	<b>2023</b>	<b>2022</b>
	<b>\$</b>	<b>\$</b>
<b>CASH PROVIDED BY (USED IN):</b>		
OPERATING ACTIVITIES		
Excess of revenues over expenditures	<b>15,231</b>	39,008
Changes in non-cash working capital		
Accounts receivable	-	595
Inventory	<b>(12,400)</b>	(4,960)
Deposit	<b>(1,243)</b>	-
Accounts payable	<b>1,271</b>	-
INCREASE IN CASH	<b>2,859</b>	34,643
CASH, BEGINNING OF YEAR	<b>48,510</b>	13,867
CASH, END OF YEAR	<b>51,369</b>	48,510

*(See accompanying Notes to Financial Statements)*

**1. PURPOSE OF ORGANIZATION**

Comfort Bears Inc. (the 'Organization') provides teddy bears as a symbol of comfort for children experiencing treatment for serious illnesses or trauma to lessen their anxiety and stress.

The Organization was incorporated and commenced operations on February 2, 2021, without share capital, under the Ontario Business Corporations Act as a not-for-profit organization and is a Canadian registered charity under the Income Tax Act and is exempt from income taxes.

**2. SIGNIFICANT ACCOUNTING POLICIES**

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

**FINANCIAL INSTRUMENTS**

*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. Amounts due to and from related parties are measured at cost less any allowance for impairment.

The Organization subsequently measures its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash.

Financial liabilities measured at amortized cost include accounts payable.

*Impairment*

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess of revenues over expenditures. The write down reflects the difference between the carrying amount and the higher of:

- ◆ the present value of the cash flows expected to be generated by the asset or group of assets;
- ◆ the amount that could be realized by selling the assets or group of assets;
- ◆ the net realizable value of any collateral held to secure repayment of the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in excess of revenues over expenditures up to the amount of the previously recognized impairment.



**NOTES TO FINANCIAL STATEMENTS***Year ended August 31, 2023*

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**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)****INVENTORY**

Inventories were valued at the lower of cost and current replacement cost.

The cost of purchased inventory is on a first in, first out basis and the cost of contributed inventory is the fair value at the date of contribution.

**CAPITAL ASSETS**

The Organization expenses its capital assets. During the current year, capital expenditures of leasehold improvements of \$5,095 (2022 - \$NIL) and furniture and equipment of \$2,977 (2022 - \$NIL) were expensed.

**REVENUE RECOGNITION**

The Organization follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the period 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.

**CONTRIBUTED SERVICES AND MATERIALS**

Volunteers contribute their time during the year to assist the Organization in carrying out its administrative activities. However, because of the difficulty of determining the exact number of volunteer hours and their fair value, contributed services are not recognized in the financial statements.

Contributed materials are recorded at fair value at the date of contribution.

**3. PROGRAM COSTS**

Included in program costs is inventory expensed of \$41,785 (2022 - \$51,659).

**4. COMMITMENTS**

As at August 31, 2022 future payments in respect of the operating rental lease were as follows:

	\$
2024	14,916
2025	3,729
	<hr/> 18,645 <hr/>

