

Financial Statements of

**Lumenus Foundation (formerly Skylark
Foundation)**

March 31, 2022

Lumenus Foundation (formerly Skylark Foundation)

March 31, 2022

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Independent auditor's report

Grant Thornton LLP
11th Floor
200 King Street West, Box 11
Toronto, ON
M5H 3T4
T +1 416 366 0100
F +1 416 360 4949

To the Members of
Lumenus Foundation

Opinion

We have audited the financial statements of Lumenus Foundation (formerly Skylark Foundation) (the "Foundation") which comprise the statement of financial position as at March 31, 2022, and the statements of operations, changes in fund balances, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at March 31, 2022 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 ("ASNPO").

Basis for opinion

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 opinion.

Responsibilities of management and those charged with governance for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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 a 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 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.

Grant Thornton LLP

Toronto, Canada
May 31, 2022

Chartered Professional Accountants
Licensed Public Accountants

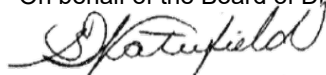
Lumenus Foundation (formerly Skylark Foundation)

Statement of Financial Position

As at March 31, 2022

	2022	2021
	\$	\$
Assets		
Current		
Cash	1,406,635	2,712,492
Investments (Note 3)	1,437,211	89,366
Accounts receivable	17,966	-
	2,861,812	2,801,858
Capital assets (Note 5)	250,486	276,398
	3,112,298	3,078,256
Liabilities		
Current		
Accounts payable and accrued liabilities	12,566	14,016
Due to Lumenus Community Services (Note 4)	611,992	594,012
	624,558	608,028
Fund balances		
Board internally restricted reserve fund	2,237,254	2,193,830
Invested in capital assets - internally restricted	250,486	276,398
Operating fund - unrestricted	-	-
	2,487,740	2,470,228
	3,112,298	3,078,256

On behalf of the Board of Directors



Director



Director

Lumenus Foundation (formerly Skylark Foundation)

Statement of Operations

Year ended March 31, 2022

	2022	2021
	\$	\$
Revenue		
Donations, fundraising and grants (Note 4)	800,993	1,221,330
Rental income (Note 4)	36,000	36,000
Investment and other income	11,870	40,212
	848,863	1,297,542
Expenses		
Salaries and benefits	171,121	159,531
Amortization	25,912	25,912
Office and general	25,461	27,021
Fundraising events	9,906	30,643
Professional fees	9,029	8,320
	241,429	251,427
Excess of revenue over expenses before below item	607,434	1,046,115
Grant to Lumenus Community Services (Note 4)	(589,922)	(1,164,051)
Excess (deficiency) of revenue over expenses	17,512	(117,936)

Lumenus Foundation (formerly Skylark Foundation)

Statement of Changes in Fund Balances

Year ended March 31, 2022

	2022				2021			
	Internally restricted	Internally restricted	Unrestricted		Internally restricted	Internally restricted	Unrestricted	
	Board reserve fund	Invested in capital assets	Operating fund	Total	Board reserve fund	Invested in capital assets	Operating fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	2,193,830	276,398	-	2,470,228	1,745,513	302,310	540,341	2,588,164
Excess (deficiency) of revenues over expenses	-	-	17,512	17,512	-	-	(117,936)	(117,936)
Amortization of capital assets	-	(25,912)	25,912	-	-	(25,912)	25,912	-
Transfer to Board reserve fund	43,424	-	(43,424)	-	448,317	-	(448,317)	-
Fund balances, end of year	2,237,254	250,486	-	2,487,740	2,193,830	276,398	-	2,470,228

Lumenus Foundation (formerly Skylark Foundation)

Statement of Cash Flows

Year ended March 31, 2022

	2022	2021
	\$	\$
Operating activities		
Excess (deficiency) of revenue over expenses	17,512	(117,936)
Add item not affecting cash		
Amortization of capital assets	25,912	25,912
	43,424	(92,024)
Net changes in working capital balances:		
Accounts receivable	(17,966)	9,329
Accounts payable and accrued liabilities	(1,450)	1,072
	24,008	(81,623)
Investing activities		
Net (purchase) proceeds from investments	(1,347,845)	1,767,613
Financing activities		
Advances from Lumenus Community Services	17,980	236,999
Net (decrease) increase in cash	(1,305,857)	1,922,989
Cash, beginning of year	2,712,492	789,503
Cash, end of year	1,406,635	2,712,492

Lumenus Foundation (formerly Skylark Foundation)

Notes to the Financial Statements

March 31, 2022

1. Purpose of the Organization

Lumenus Foundation (formerly Skylark Foundation) (the "Foundation") was incorporated on September 1, 1994 under the Canada Not-for-Profit Corporations Act. The Foundation was established to receive and maintain a fund or funds and apply all or part of the principal and income therefrom, from time to time, to Lumenus Community Services ("Lumenus"). The mission of Lumenus is to create a seamless, integrated and guided network of mental health, development and community services to reduce systematic barriers, close gaps between services and programs regardless of origin and, as a direct result, ease access for all. The Foundation is a Registered Canadian Charitable Organization and is exempt from tax under the Income Tax Act, Canada, Subsection 149 (1)(f). The Foundation changed its name from Skylark Foundation to Lumenus Foundation in September 2020.

2. Summary of significant accounting policies

Basis of presentation

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO"). The more significant policies have been outlined below.

Use of estimates

The preparation of the financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenue and expenses during the reporting period. Primary components of these financial statements which include estimates are: accounts receivable, with respect to collection; capital assets, with respect to useful life and amortization; and accrued liabilities, with respect to the estimate of the obligation. Actual results could differ from management's best estimates as additional information becomes available in the future.

Financial instruments

The Foundation considers any contract creating a financial asset, liability or equity instrument as a financial instrument. The Foundation's financial assets are comprised of cash, investments and accounts receivable; financial liabilities are comprised of accounts payable.

Financial assets and financial liabilities are initially recognized at fair value and subsequently measured at amortized cost.

Fund accounting

The Operating - unrestricted fund accounts for the Foundation's administrative activities. This fund reports unrestricted resources in excess of operating requirements.

The Board internally restricted reserve fund accounts for the Foundation's resources which have been transferred from the unrestricted fund for specific purposes by the Board of Directors.

The invested in capital assets - internally restricted fund reports the capital assets, liabilities, revenue and expenses related to program capital assets, which have been internally restricted by the Board of Directors.

Lumenus Foundation (formerly Skylark Foundation)

Notes to the Financial Statements

March 31, 2022

2. Summary of significant accounting policies (continued)

Revenue recognition

The Foundation follows the deferral method of accounting for contributions.

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

Investment, rental and other income are recognized as earned

Capital assets

Capital assets are recorded at cost. Amortization is provided over their expected useful lives on the straight-line basis as follows:

Building 20 years

Capital assets are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Donations in kind

Donated goods and services in kind are recorded as donations and expensed at fair value when an objective basis to measure their value is available.

3. Investments

	2022	2021
	\$	\$
Guaranteed investment certificates ("GICs")	1,300,000	-
High interest savings account	137,211	89,365
	<u>1,437,211</u>	<u>89,365</u>

The GICs mature in April 2022 and earn interest at rates between 0.65% and 0.78%.

Lumenus Foundation (formerly Skylark Foundation)

Notes to the Financial Statements

March 31, 2022

4. Related party transactions

The Foundation was established to raise funds to primarily support programs and services operated by Lumenus and used for purposes to be agreed upon by the Foundation and Lumenus. Lumenus is incorporated by letters patent under the Canada Not-for-Profit Corporations Act as an organization without share capital and is a registered charity under the Income Tax Act (Canada).

On April 1, 2020, Lumenus was created through the amalgamation of Skylark Children, Youth and Families, Adventure Place, The Etobicoke Children's Centre and Griffin Centre.

Lumenus and the Foundation share administrative staff, management and have common board members. Lumenus exercises control over the Foundation by virtue of its power to determine the Foundation's strategic, operating, investing and financial policies. Related party transactions are measured at their exchange amount, which is the amount agreed upon by both parties.

The balance due to Lumenus is non-interest bearing and due on demand. Balances due to Lumenus relates to payments for services outstanding from the Foundation to Lumenus.

During the year, the Foundation distributed \$589,922 (2021 - \$1,164,051) in grants to fund programs at Lumenus, included in Grant to Lumenus Community Services in the statement of operations.

During the year, the Foundation received \$103,348 (2021 - \$62,186) in grants from Lumenus, included in donations, fundraising and grants in the statement of operations.

During the fiscal year, the Foundation earned rental income on the Huron residence from Lumenus of \$36,000 (2021 - \$36,000), included in rental income in the statement of operations.

Lumenus Foundation (formerly Skylark Foundation)

Notes to the Financial Statements

March 31, 2022

5. Capital assets

			2022	2021
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land - Huron Residence	172,750	-	172,750	172,750
Building - Huron Residence	518,240	440,504	77,736	103,648
	690,990	440,504	250,486	276,398

In 2007, the Ministry of Children, Community and Social Services of Ontario provided \$350,000 to Lumenus to finance the renovation of the property owned by the Foundation as well as placing a lien on the property located at 591 Huron Street, Toronto, which Lumenus provided to the Foundation. The Foundation may not demolish, make additions, sell, lease, mortgage or otherwise alter or dispose of the property without consent of the Ministry. In the event of the sale of the premises, the Ministry is entitled to approximately 33.21% of the net proceeds.

6. Financial instruments

The Foundation has a risk management framework to monitor, evaluate and manage to risks assumed with its financial instruments.

The risks that arise from financial instruments include interest rate risk, credit risk and liquidity risk. It is management's opinion that the Foundation is not exposed to significant currency or market risks arising from its financial instruments. There were no significant changes in risks from prior years.

Liquidity risk

Liquidity risk is the risk the Foundation will encounter difficulty in meeting the obligation associated with its financial liabilities. The Foundation is exposed to this risk mainly in respect to its accounts payable. The Foundation reduces its exposure to liquidity risk by ensuring that it documents when authorized payments become due, maintaining adequate cash reserves to repay creditors and having financing available from Lumenus, if required.

Credit risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. The Foundation's credit risk is managed through proactive credit management policies. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2021 - \$Nil).

Interest rate risk

Interest rate risk arises from the possibility that changes in interest rates will affect the value of investments held by the Foundation. To manage these risks, the Foundation has an investment policy that focuses on guaranteed investment certificates and high interest savings accounts, thus limiting exposure to interest rate risk.

Lumenus Foundation (formerly Skylark Foundation)

Notes to the Financial Statements

March 31, 2022

7. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to businesses worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

While the Foundation has taken measures to ensure the safety of its stakeholders through implementation of physical distancing and sterilization protocols. As a result of the pandemic, the Foundation experienced decreases in certain revenue streams during the current year. In spite of that, the Foundation's main funding sources have remained relatively unchanged, although it is active in considering its options available to adjust operations should there be any permanent change in its revenue streams.

The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position and results of the Foundation for future periods.