



Financial Statements

Stephen Lewis Foundation

June 30, 2022

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Independent Auditor's Report

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To the Members of the
Stephen Lewis Foundation

Qualified Opinion

We have audited the financial statements of Stephen Lewis Foundation (the "Foundation"), which comprise the statement of financial position as at June 30, 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, 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 June 30, 2022, 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 not-for-profit organizations, the Foundation derives revenue from donations and fundraising, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2022 and 2021, current assets as at June 30, 2022 and 2021, and net assets as at July 1 and June 30 for both the 2022 and 2021 years. Our audit opinion on the financial statements for the year ended June 30, 2021 was modified 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 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 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 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.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act of British Columbia, we report that, in our opinion, these accounting principles have been applied on a basis consistent with that of the preceding year.

Toronto, Canada
October 4, 2022

The signature of Grant Thornton LLP is written in a cursive, handwritten style in black ink.

Chartered Professional Accountants
Licensed Public Accountants

Stephen Lewis Foundation

Statement of Financial Position

June 30

2022

2021

Assets

Current

Cash	\$ 850,460	\$ 1,246,418
Guaranteed investment certificates (Note 3)	1,866,756	2,605,200
Accounts receivable (Note 4)	154,801	334,712
Prepaid expenses and other assets	<u>113,643</u>	<u>78,566</u>
	2,985,660	4,264,896

Capital assets (Note 5)

<u>457,637</u>	<u>540,912</u>
\$ 3,443,297	\$ 4,805,808

Liabilities

Current

Accounts payable and accrued liabilities	\$ <u>140,959</u>	\$ <u>114,067</u>
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Fund balances (Note 2)

Board designated for contingencies	2,544,049	3,979,950
Externally restricted	543,089	496,591
Endowment	<u>215,200</u>	<u>215,200</u>
	<u>3,302,338</u>	<u>4,691,741</u>
	\$ 3,443,297	\$ 4,805,808

Commitments (Note 6)

On behalf of the Board

Director  Director 

See accompanying notes to the financial statements

Stephen Lewis Foundation Statement of Operations

Year ending June 30

2022

2021

	Unrestricted Funds	Restricted Funds	Total	Total
Revenue				
Donations and fundraising	\$ 7,776,452	\$ -	\$ 7,776,452	\$ 8,665,201
Grants	11,000	1,491,960	1,502,960	1,725,486
Canada subsidies (Note 11)	119,085	-	119,085	563,398
Interest and other revenue	<u>13,809</u>	<u>-</u>	<u>13,809</u>	<u>20,331</u>
Total revenue	<u>7,920,346</u>	<u>1,491,960</u>	<u>9,412,306</u>	<u>10,974,416</u>
Program expenses (Note 7)				
Program funding (Note 8)	4,981,763	1,318,926	6,300,689	6,396,909
Program support and initiatives	<u>1,716,631</u>	<u>89,368</u>	<u>1,805,999</u>	<u>1,472,651</u>
	<u>6,698,394</u>	<u>1,408,294</u>	<u>8,106,688</u>	<u>7,869,560</u>
Administration (Note 7)				
Fundraising	1,920,734	-	1,920,734	1,459,542
General and management	<u>774,287</u>	<u>-</u>	<u>774,287</u>	<u>732,362</u>
	<u>2,695,021</u>	<u>-</u>	<u>2,695,021</u>	<u>2,191,904</u>
Total expenses	<u>9,393,415</u>	<u>1,408,294</u>	<u>10,801,709</u>	<u>10,061,464</u>
(Deficiency) excess of revenue over expenses	<u>\$ (1,473,069)</u>	<u>\$ 83,666</u>	<u>\$ (1,389,403)</u>	<u>\$ 912,952</u>

See accompanying notes to the financial statements

Stephen Lewis Foundation
Statement of Changes in Fund Balances

Year ended June 30

2022

2021

	<u>Unrestricted Funds</u>		<u>Restricted Funds</u>		<u>Total</u>	<u>Total</u>
	<u>Unrestricted</u>	Board Designated for <u>Contingencies</u>	<u>Externally Restricted</u>	<u>Endowment</u>		
Fund balances, beginning of year	\$ -	\$ 3,979,950	\$ 496,591	\$ 215,200	\$ 4,691,741	\$ 3,778,789
(Deficiency) excess of revenue over expenses	(1,473,069)	-	83,666	-	(1,389,403)	912,952
Interfund transfers	<u>1,473,069</u>	<u>(1,435,901)</u>	<u>(37,168)</u>	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2,544,049</u>	<u>\$ 543,089</u>	<u>\$ 215,200</u>	<u>\$ 3,302,338</u>	<u>\$ 4,691,741</u>

See accompanying notes to the financial statements

Stephen Lewis Foundation

Statement of Cash Flows

Year ended June 30

2022

2021

Increase (decrease) in cash

Operating

(Deficiency) excess of revenue over expenses	\$ (1,389,403)	\$ 912,952
Item not affecting cash		
Amortization of capital assets	<u>92,387</u>	<u>91,895</u>
	(1,297,016)	1,004,847

Change in non-cash working capital items

Accounts receivable	179,911	(31,500)
Prepaid expenses and other assets	(35,077)	(797)
Accounts payable and accrued liabilities	<u>26,892</u>	<u>32,551</u>
	(1,125,290)	<u>1,005,101</u>

Investing

Change in guaranteed investment certificates, net	738,444	(1,150,000)
Purchase of capital assets	<u>(9,112)</u>	<u>(13,664)</u>
	729,332	<u>(1,163,664)</u>

Decrease in cash (395,958) (158,563)

Cash

Beginning of year	<u>1,246,418</u>	<u>1,404,981</u>
End of year	\$ 850,460	\$1,246,418

See accompanying notes to the financial statements

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2022

1. Purpose of the organization

Stephen Lewis Foundation (the "Foundation") is incorporated as a not-for-profit organization without share capital in the Province of British Columbia. The Foundation is exempt from income tax in Canada as a registered charitable organization under the Income Tax Act (Canada).

The Purposes of the Foundation are:

1. To relieve the pain and suffering of the women and children of Africa affected by HIV and AIDS and related illnesses;
2. To provide financial assistance to children in Africa orphaned by HIV and AIDS and related illnesses so as to improve their quality of life;
3. To provide financial and other support to organizations providing assistance to persons with HIV and AIDS;
4. To solicit, receive, acquire and hold donations, gifts and legacies for the purposes of the Foundation;
5. To advance education in Canada regarding the community development challenges posed by AIDS in Africa by holding public fora, workshops and seminars to discuss these challenges.

2. Summary of significant accounting policies

These financial statements are prepared in accordance with Part III of the Chartered Professional Accountants of Canada ("CPA Canada") Handbook – Accounting, which sets out generally accepted accounting principles for not-for-profit organizations in Canada ("ASNPO") and includes the significant accounting policies summarized below.

Fund accounting

For financial reporting purposes, the accounts of the Foundation have been classified into the following funds:

The Unrestricted Fund reports unrestricted resources available for any purpose, including those internally designated by the Board of Directors.

The Board of Directors has internally designated certain unrestricted funds to ensure that the Foundation has sufficient cash resources available to meet its obligations, including funding partners to the end of funding agreements in place, and continue operations despite adverse events such as a significant loss of revenue, or to wind down operations in the event of dissolution of the Foundation.

The Restricted Fund reposts externally restricted and endowed funds.

Externally restricted funds include funds held for specific purposes as specified by donors independent of the Foundation.

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2022

2. Summary of significant accounting policies (continued)

Fund accounting (continued)

Endowment funds include funds where external restrictions stipulate that the donated capital be maintained permanently.

Interfund transfers

Transfers between funds are made when resources of one fund have been authorized to finance activities and acquisitions in another fund.

Revenue recognition

The Foundation follows the restricted fund method of accounting for restricted contributions, which include grants and donations. Under the restricted fund method, contributions designated for specific purposes or that are to be maintained permanently are recorded as revenue when received. Unrestricted contributions are recognized as revenue of the Unrestricted Funds with any excess amounts internally designated by the Board for contingencies. Pledges are not recorded as revenue since they are not legally enforceable.

Interest income subject to donor restrictions is recorded as revenue in the appropriate fund. Interest income not subject to restrictions is recorded as revenue in the Unrestricted Fund. Endowment interest not subject to donor restrictions is recognized in the Unrestricted Fund.

Cash

Cash consist of cash on deposit and highly liquid short-term deposits unless they are used for investment rather than liquidity purposes, in which case they are classified as investments.

Financial instruments

Financial instruments, which include cash, guaranteed investment certificates (GICs), accounts receivable and accounts payable are initially recorded at fair value and subsequently measured at amortized cost.

Capital assets

Capital asset purchases are recorded at cost less accumulated amortization. Amortization is provided annually at rates calculated to write off the assets on a straight-line basis over their estimated useful lives.

Tangible capital assets

Computer equipment
Furniture and fixtures
Leasehold improvements

3 years straight-line
over the lease term
over the lease term

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2022

2. Summary of significant accounting policies (continued)

Capital assets (continued)

Intangible capital assets

Computers software

3 years straight-line

Foreign currency translation

Transactions denominated in foreign currencies are translated into Canadian dollars at exchange rates prevailing at the transaction date. Monetary assets and liabilities are translated into Canadian dollars at exchange rates in effect at the date of the statement of financial position. Non-monetary assets and liabilities are translated at the historic rate. Exchange gains and losses are included in the statement of operations.

Contributed materials and services

Contributed materials are not recognized in the financial statements. The work of the Foundation benefits from many volunteers who have made significant contributions of their time to the Foundation. Since these services are not normally purchased by the Foundation and because of the difficulty of determining their fair value, the value of this contributed time is not reflected in these financial statements.

Program funding

Program funding is recorded as an expense when disbursed.

Use of estimates

The preparation of financial statements in accordance with ASNPO requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Actual results could differ from those estimates. These estimates are based on management's best efforts and knowledge of current events and actions the Foundation may undertake. Significant estimates in these financial statements include the allocation of expenses.

Allocation of expenses

The Foundation classifies its functional activities between its program, fundraising and general and management activities. The costs of each activity include the direct costs associated with those activities, such as personnel and other direct expenses. In addition, the Foundation incurs several common operating expenses in connection with these activities, such as occupancy, amortization, and IT costs. Where common costs relate to more than one activity, the Foundation allocates these costs among all of the activities based on an assigned percentage. The percentage applied is calculated based on a historical analysis of the level of staff activity and support by function. Management reviews the calculation on a regular basis (Note 7).

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2022

3. Guaranteed Investment Certificates

Guaranteed Investment Certificates are issued by a major Canadian chartered bank and bear interest rates between .20% and 1.10% (2021 – between .25% and .35%) with maturity dates between October 2022 and May 2023 (2021 – maturity dates between July 2021 and December 2021).

4. Accounts receivable

Included in accounts receivable are the following balances:

	<u>2022</u>	<u>2021</u>
Government of Canada HST rebate	\$ 95,830	\$ 78,204
City of Toronto property tax rebate	24,447	25,364
Canada Recovery Hiring Program	22,217	-
Other receivables	12,307	24,246
Government of Canada Emergency Wage Subsidy	-	171,024
Government of Canada Emergency Rent Subsidy	-	35,874
	<u>\$ 154,801</u>	<u>\$ 334,712</u>

5. Capital assets

			<u>2022</u>	<u>2021</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Tangible				
Computer equipment	\$ 167,826	\$ 146,419	\$ 21,407	\$ 31,977
Furniture and fixtures	110,813	46,734	64,079	74,759
Leasehold improvements	<u>620,251</u>	<u>248,100</u>	<u>372,151</u>	<u>434,176</u>
	898,890	441,253	457,637	540,912
Intangible				
Computer software	<u>212,754</u>	<u>212,754</u>	-	-
	<u>\$ 1,111,644</u>	<u>\$ 654,007</u>	<u>\$ 457,637</u>	<u>\$ 540,912</u>

6. Commitments

The Foundation leases office space in Toronto, Canada. The lease expires on June 30, 2029. Minimum annual lease payments over the term of the lease are as follows:

2023	\$ 216,000/year
2024-2029	\$ 256,000/year

The total commitment over the term of the lease is \$1,496,000. The future minimum annual lease payments for the office space are exclusive of certain operating costs for which the Foundation is responsible.

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2022

7. Allocation of costs

The Foundation's expenses are allocated in the statement of operations as follows:

	<u>Program</u>	<u>Fundraising</u>	<u>General and management</u>	<u>2022 Total</u>
Direct Costs				
Program funding (Note 8)	\$ 6,300,689	\$ -	\$ -	\$ 6,300,689
Other	287,416	493,943	140,969	922,328
Allocated Costs				
Personnel	1,275,063	1,205,293	563,833	3,044,189
Rent, utilities and maintenance	171,513	156,003	48,939	376,455
Amortization	42,092	38,285	12,010	92,387
Internet and IT support	<u>29,915</u>	<u>27,210</u>	<u>8,536</u>	<u>65,661</u>
	<u>\$ 8,106,688</u>	<u>\$ 1,920,734</u>	<u>\$ 774,287</u>	<u>\$ 10,801,709</u>

	<u>Program</u>	<u>Fundraising</u>	<u>General and management</u>	<u>2021 Total</u>
Direct Costs				
Program funding (Note 8)	\$ 6,396,909	\$ -	\$ -	\$ 6,396,909
Other	142,918	408,622	180,479	732,019
Allocated Costs				
Personnel	1,081,421	862,036	461,764	2,405,221
Rent, utilities and maintenance	175,030	133,140	63,522	371,692
Amortization	43,273	32,917	15,705	91,895
Internet and IT support	<u>30,009</u>	<u>22,827</u>	<u>10,892</u>	<u>63,728</u>
	<u>\$ 7,869,560</u>	<u>\$ 1,459,542</u>	<u>\$ 732,362</u>	<u>\$ 10,061,464</u>

8. Program funding

The Foundation funded projects in the following mandate areas during the year:

	<u>2022</u>	<u>2021</u>
Grandmothers	\$ 2,638,806	\$ 2,637,375
Orphans and Vulnerable Children	1,818,303	1,959,400
Persons Living with HIV and AIDS	811,572	955,033
LGBTIQ Partners in Pride	471,150	312,750
Women	<u>560,858</u>	<u>532,351</u>
	<u>\$ 6,300,689</u>	<u>\$ 6,396,909</u>

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2022

9. Financial risk management

The main risks to which the Foundation's financial instruments are exposed are interest rate risk, credit risk and liquidity risk, which remain unchanged from the prior year. The risks are not significant to the operations of the Foundation.

As the majority of project funding commitments are entered into with project partners in Canadian dollars and almost all contributions to the Foundation are made in Canadian dollars, the risk from future currency fluctuations to the Foundation is not significant.

10. British Columbia Societies Act

The British Columbia Societies Act, under which the Foundation is incorporated, includes the requirement to disclose the remuneration and number of employees and contractors earning \$75,000 or more annually, and any remuneration paid to directors. In fiscal 2022, eleven employees and contractors received remuneration in excess of \$75,000 for a total of \$1,284,750 (six employees and contractors received remuneration in excess of \$75,000 for a total of \$637,903 in 2021). During the year, no funds were paid to a director. The Foundation does not remunerate directors for participation on the Board.

11. Government of Canada COVID-19 Subsidies

During the year, the Foundation was eligible to receive funding from the Government of Canada under the Canada Emergency Wage Subsidy (CEWS) program, the Canada Emergency Rent Subsidy (CERS) program, and the Canada Hiring Recovery Program (CHRP). The Foundation has recognized a total of \$119,085 to June 30, 2022, made up of \$78,514 (2021 - \$506,229) under the CEWS program, \$25,074 (2021 - \$57,169) under the CERS program, and \$15,497 (2021 - \$nil) under the CHRP.

12. Comparative figures

The comparative figures have been adjusted to conform to the changes in the current year presentation.