



Financial Statements

Stephen Lewis Foundation

June 30, 2023

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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
www.GrantThornton.ca

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, 2023, 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, 2023, 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 donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2023 and 2022, current assets as at June 30, 2023 and 2022, and net assets as at July 1 and June 30 for both the 2023 and 2022 years. Our audit opinion on the financial statements for the year ended June 30, 2022 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 11, 2023

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script font.

Chartered Professional Accountants
Licensed Public Accountants

Stephen Lewis Foundation

Statement of Financial Position

June 30

2023

2022

Assets

Current

Cash	\$ 1,758,729	\$ 850,460
Guaranteed investment certificates (Note 3)	1,215,200	1,866,756
Accounts receivable (Note 4)	112,961	154,801
Prepaid expenses and other assets	<u>117,573</u>	<u>113,643</u>

3,204,463 2,985,660

Capital assets (Note 5)

382,159 457,637

\$ 3,586,622 **\$ 3,443,297**

Liabilities

Current

Accounts payable and accrued liabilities	<u>\$ 128,509</u>	<u>\$ 140,959</u>
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Fund balances (Note 2)

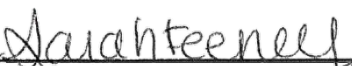
Board designated for contingencies	2,628,542	2,544,049
Externally restricted	614,371	543,089
Endowment	<u>215,200</u>	<u>215,200</u>

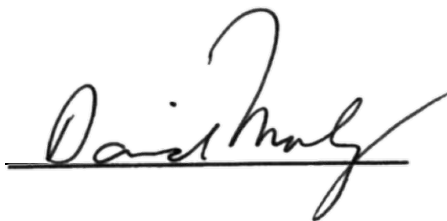
3,458,113 **3,302,338**

\$ 3,586,622 **\$ 3,443,297**

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

2023

2022

	<u>Unrestricted Funds</u>	<u>Restricted Funds</u>	<u>Total</u>	<u>Total</u>
Revenue				
Donations and fundraising	\$ 8,256,994	\$ -	\$ 8,256,994	\$ 7,776,452
Grants	15,000	1,021,948	1,036,948	1,502,960
Canada subsidies (Note 11)	-	-	-	119,085
Interest and other revenue	<u>61,398</u>	<u>-</u>	<u>61,398</u>	<u>13,809</u>
Total revenue	<u>8,333,392</u>	<u>1,021,948</u>	<u>9,355,340</u>	<u>9,412,306</u>
Program expenses (Note 7)				
Program funding (Note 8)	3,638,334	677,009	4,315,343	6,300,689
Program support and initiatives	<u>1,914,203</u>	<u>288,657</u>	<u>2,202,860</u>	<u>1,805,999</u>
	<u>5,552,537</u>	<u>965,666</u>	<u>6,518,203</u>	<u>8,106,688</u>
Administration (Note 7)				
Fundraising	1,962,698	-	1,962,698	1,920,734
General and management	<u>718,664</u>	<u>-</u>	<u>718,664</u>	<u>774,287</u>
	<u>2,681,362</u>	<u>-</u>	<u>2,681,362</u>	<u>2,695,021</u>
Total expenses	<u>8,233,899</u>	<u>965,666</u>	<u>9,199,565</u>	<u>10,801,709</u>
Excess (deficiency) of revenue over expenses	<u>\$ 99,493</u>	<u>\$ 56,282</u>	<u>\$ 155,775</u>	<u>\$ (1,389,403)</u>

See accompanying notes to the financial statements

Stephen Lewis Foundation

Statement of Changes in Fund Balances

Year ended June 30

2023

2022

	Unrestricted Funds		Restricted Funds		Total	Total
	Unrestricted	Board designated for contingencies	Externally restricted	Endowment		
Fund balances, beginning of year	\$ -	\$ 2,544,049	\$ 543,089	\$ 215,200	\$ 3,302,338	\$ 4,691,741
Excess (deficiency) of revenue over expenses	99,493	-	56,282	-	155,775	(1,389,403)
Interfund transfers	(99,493)	84,493	15,000	-	-	-
Fund balances, end of year	<u>\$ -</u>	<u>\$ 2,628,542</u>	<u>\$ 614,371</u>	<u>\$ 215,200</u>	<u>\$ 3,458,113</u>	<u>\$ 3,302,338</u>

See accompanying notes to the financial statements

Stephen Lewis Foundation

Statement of Cash Flows

Year ended June 30

2023

2022

Increase (decrease) in cash

Operating

Excess (deficiency) of revenue over expenses \$ 155,775 \$ (1,389,403)

Item not affecting cash

Amortization of capital assets 89,790 92,387

245,565 (1,297,016)

Change in non-cash working capital items

Accounts receivable 41,840 179,911

Prepaid expenses and other assets (3,930) (35,077)

Accounts payable and accrued liabilities (12,450) 26,892

271,025 (1,125,290)

Investing

Change in guaranteed investment certificates, net 651,556 738,444

Purchase of capital assets (14,312) (9,112)

637,244 729,332

Increase (decrease) in cash

908,269 (395,958)

Cash

Beginning of year 850,460 1,246,418

End of year **\$ 1,758,729** **\$ 850,460**

See accompanying notes to the financial statements

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2023

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 Funds report 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 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 Funds report 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, 2023

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 Funds.

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	3 years straight-line
Furniture and fixtures	over the lease term
Leasehold improvements	over the lease term

Intangible capital assets

Computers software	3 years straight-line
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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.

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2023

2. Summary of significant accounting policies (continued)

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).

3. Guaranteed Investment Certificates

Guaranteed Investment Certificates are issued by a major Canadian chartered bank and bear interest rates between 2.90% and 4.75% (2022 – between .20% and 1.10%) with maturity dates between September 2023 and June 2024 (2022 – maturity dates between October 2022 and May 2023).

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2023

4. Accounts receivable

Included in accounts receivable are the following balances:

	<u>2023</u>	<u>2022</u>
Government of Canada HST rebate	\$ 52,350	\$ 95,830
Other receivables	35,430	12,307
City of Toronto property tax rebate	25,181	24,447
Canada Recovery Hiring Program	<u>-</u>	<u>22,217</u>
	<u>\$ 112,961</u>	<u>\$ 154,801</u>

5. Capital assets

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Tangible				
Computer equipment	\$ 182,138	\$ 163,503	\$ 18,635	\$ 21,407
Furniture and fixtures	110,813	57,414	53,399	64,079
Leasehold improvements	<u>620,251</u>	<u>310,126</u>	<u>310,125</u>	<u>372,151</u>
	913,202	531,043	382,159	457,637
Intangible				
Computer software	<u>212,754</u>	<u>212,754</u>	<u>-</u>	<u>-</u>
	<u>\$ 1,125,956</u>	<u>\$ 743,797</u>	<u>\$ 382,159</u>	<u>\$ 457,637</u>

6. Commitments

The Foundation leases office space in Toronto, Canada. The lease expires on June 30, 2028. Minimum annual lease payments over the term of the lease are as follows:

2024-2028 \$ 256,000/year

The total commitment over the term of the lease is \$1,280,000. 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, 2023

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>2023 Total</u>
Direct Costs				
Program funding (Note 8)	\$ 4,315,343	\$ -	\$ -	\$ 4,315,343
Other	506,141	489,844	113,313	1,109,298
Allocated Costs				
Personnel	1,437,420	1,244,875	513,708	3,196,003
Rent, utilities and maintenance	180,510	158,707	63,797	403,014
Amortization	40,217	35,360	14,213	89,790
Internet and IT support	<u>38,572</u>	<u>33,912</u>	<u>13,633</u>	<u>86,117</u>
	<u>\$ 6,518,203</u>	<u>\$ 1,962,698</u>	<u>\$ 718,664</u>	<u>\$ 9,199,565</u>
	<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>

8. Program funding

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

	<u>2023</u>	<u>2022</u>
Grandmothers	\$ 1,549,095	\$ 2,638,806
Orphans and Vulnerable Children	1,288,160	1,818,303
Persons Living with HIV and AIDS	577,980	811,572
LGBTIQ Partners in Pride	383,723	471,150
Women	<u>516,385</u>	<u>560,858</u>
	<u>\$ 4,315,343</u>	<u>\$ 6,300,689</u>

Stephen Lewis Foundation

Notes to the Financial Statements

June 30, 2023

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 2023, sixteen employees and contractors received remuneration in excess of \$75,000 for a total of \$1,706,917 (eleven employees and contractors received remuneration in excess of \$75,000 for a total of \$1,284,750 in 2022). 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

In prior years, 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 \$Nil (2022 - \$119,085) to June 30, 2023, made up of \$Nil (2022 - \$78,514) under the CEWS program, \$Nil (2022 - \$25,074) under the CERS program, and \$Nil (2022 - \$15,497) under the CHRP.