

Financial Statements of

Skylark Foundation

March 31, 2020

Skylark Foundation

March 31, 2020

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Independent auditor's report

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To the Members of
Skylark Foundation

Opinion

We have audited the financial statements of Skylark Foundation (the "Foundation") which comprise the statement of financial position as at March 31, 2020, 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, 2020 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
July 21, 2020

Chartered Professional Accountants
Licensed Public Accountants


Skylark Foundation

Statement of Financial Position

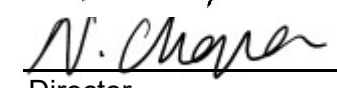
As at March 31, 2020

	2020	2019
	\$	\$
Assets		
Current		
Cash	789,503	392,901
Investments (Note 3)	1,856,979	1,722,112
Accounts receivable	9,329	13,871
	2,655,811	2,128,884
Investments (Note 3)	-	100,000
Capital assets (Note 5)	302,310	328,222
	2,958,121	2,557,106
Liabilities		
Current		
Accounts payable and accrued liabilities	12,944	12,766
Due to Skylark Children Youth and Families (Note 4)	357,013	150,117
	369,957	162,883
Fund balances		
Organizational reserve fund - internally restricted	1,745,513	1,745,513
Invested in capital assets - internally restricted	302,310	328,222
Operating fund - unrestricted	540,341	320,488
	2,588,164	2,394,223
	2,958,121	2,557,106

On behalf of the Board of Directors



 Director



 Director

Skylark Foundation

Statement of Operations

Year ended March 31, 2020

	2020	2019
	\$	\$
Revenue		
Donations, fundraising and grants (Note 4)	1,708,840	1,245,587
Investment and other income	44,609	46,101
Rental income (Note 4)	36,000	36,000
Fundraising events	-	320
	1,789,449	1,328,008
Expenses		
Salaries and benefits	180,595	190,885
Amortization	25,912	25,912
Office and general	26,386	29,428
Professional fees	7,068	7,796
Fundraising events	5,952	24,726
	245,913	278,747
Excess of revenue over expenses before below item	1,543,536	1,049,261
Grant to Skylark Children Youth and Families (Note 4)	(1,349,595)	(754,685)
Excess of revenue over expenses	193,941	294,576

Skylark Foundation

Statement of Changes in Fund Balances

Year ended March 31, 2020

	2020				2019			
	Internally restricted	Internally restricted	Unrestricted		Internally restricted	Internally restricted	Unrestricted	
	Organizational reserve fund	Invested in capital assets	Operating fund	Total	Organizational reserve fund	Invested in capital assets	Operating fund	Total
	\$	\$	\$	\$	\$	\$	\$	\$
Fund balances, beginning of year	1,745,513	328,222	320,488	2,394,223	1,745,513	354,134	-	2,099,647
Excess of revenues over expenses	-	-	193,941	193,941	-	-	294,576	294,576
Amortization of capital assets	-	(25,912)	25,912	-	-	(25,912)	25,912	-
Fund balances, end of year	1,745,513	302,310	540,341	2,588,164	1,745,513	328,222	320,488	2,394,223

See accompanying notes to the financial statements.

Skylark Foundation

Statement of Cash Flows

Year Ended March 31, 2020

	2020	2019
	\$	\$
Operating activities		
Excess of revenue over expenses	193,941	294,576
Add item not affecting cash		
Amortization of capital assets	25,912	25,912
	219,853	320,488
Net changes in working capital balances:		
Accounts receivable	4,542	22,698
Accounts payable and accrued liabilities	178	2,376
	224,573	345,562
Investing activities		
Net purchase of investments	(34,867)	(521,409)
Financing activities		
Advances from Skylark Children Youth and Families	206,896	92,689
Net increase (decrease) in cash	396,602	(83,158)
Cash, beginning of year	392,901	476,059
Cash, end of year	789,503	392,901

Skylark Foundation

Notes to the Financial Statements

March 31, 2020

1. Purpose of the Organization

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 Skylark Children Youth and Families ("Skylark"). 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 is in the process of officially changing its name to Lumenus Foundation.

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. 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 internally restricted organizational 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.

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.

Skylark Foundation

Notes to the Financial Statements

March 31, 2020

2. Summary of significant accounting policies (continued)

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
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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

	2020	2019
	\$	\$
Guaranteed investment certificates ("GICs")	1,796,000	1,762,105
High interest savings account	60,979	60,007
	1,856,979	1,822,112

The GICs mature between December 2020 and March 2021 (2019 - December 2019 and March 2021) and earn interest at rates between 1.90% and 2.04% (2019 - 2.20% and 2.50%)

4. Related party transactions

The Foundation was established to raise funds to primarily support programs and services operated by Skylark and used for purposes to be agreed upon by the Foundation and Skylark. Skylark 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 Skylark amalgamated with three other multi-service agencies in Toronto: Adventure Place, The Etobicoke Children's Centre and Griffin Centre to form a new agency called Lumenus Community Services ("Lumenus"). The vision of Lumenus is to provide excellent, accessible and integrated mental health, developmental and community services to individuals of all ages.

Skylark and the Foundation share administrative staff, management and have common board members. Skylark 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 Skylark is non-interest bearing and due on demand. Balances due to Skylark relates to payments for services outstanding from the Foundation to Skylark.

During the year, the Foundation distributed \$1,349,595 (2019 - \$754,685) in grants to fund programs at Skylark, included in Grant to Skylark Children Youth and Families in the statement of operations.

During the year, the Foundation received \$91,851 (2019 - \$110,126) in grants from Skylark, 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 Skylark of \$36,000 (2019 - \$36,000), included in rental income in the statement of operations.

Skylark Foundation

Notes to the Financial Statements

March 31, 2020

5. Capital assets

			2020	2019
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land - Huron Residence	172,750	-	172,750	172,750
Building - Huron Residence	518,240	388,680	129,560	155,472
	690,990	388,680	302,310	328,222

In 2007, the Ministry of Children, Community and Social Services of Ontario provided \$350,000 to Skylark 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 Skylark 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 Skylark, 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 (2019 - \$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, thus limiting exposure to interest rate risk.

Skylark Foundation

Notes to the Financial Statements

March 31, 2020

7. Subsequent event

Since January 1, 2020, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations and businesses are being forced to cease or limit operations for long or indefinite 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 organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Foundation has determined that this event is a non-adjusting subsequent event. Accordingly, the financial position and results of operations as of and for the year ended March 31, 2020 have not been adjusted to reflect their impact. 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.

At the board approval date, although the Foundation's donations have decreased slightly, the Foundation has and continues to consider options available to manage its operations to limit the reduction's impact.