

Financial Statements of

**Lumenus Community Services (Note 2)**

March 31, 2021

# Lumenus Community Services

March 31, 2021

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# Independent Auditor's Report

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To the Members of  
**Lumenus Community Services**

## Opinion

We have audited the accompanying financial statements of Lumenus Community Services ("Lumenus"), which comprise the statement of financial position as at March 31, 2021, 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 Lumenus as at March 31, 2021 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 Lumenus 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.

## Emphasis of matter – Comparative information

We draw attention to Note 2 of the financial statements which describes that Skylark Children Youth and Families, Griffin Centre Mental Health Services, The Etobicoke Children's Centre and Adventure Place amalgamated to form Lumenus Community Services ("Lumenus") on April 1, 2020. Merger accounting was applied retrospectively by management to the comparative information in these financial statements, including 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 ended March 31, 2020 and related disclosures. Our opinion is not modified in respect of this matter.

We were not engaged to report on the comparative information, and as such, it is unaudited.

## Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the Schedule is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

## **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 Lumenus'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 Lumenus or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing Lumenus'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 Lumenus'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 Lumenus'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 Lumenus 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 20, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Lumenus Community Services

## Statement of Financial Position

As at March 31

	2021	2020
	\$	\$
		(Unaudited - Note 2)
<b>Assets</b>		
Current		
Cash and term deposits	15,542,828	10,894,826
Accounts receivable	1,845,557	2,531,414
Due from Lumenus Foundation (Note 4)	594,012	357,013
Prepaid expenses	216,838	443,363
	<b>18,199,235</b>	14,226,616
Term deposits	-	600,000
Capital assets (Note 5)	5,601,718	6,322,383
	<b>23,800,953</b>	21,148,999
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	8,304,665	7,616,817
Mortgage payable (Note 7)	13,366	12,891
Deferred contributions (Note 6)	4,579,976	2,308,839
	<b>12,898,007</b>	9,938,547
Mortgage payable (Note 7)	283,400	296,768
Deferred capital contributions (Note 8)	1,503,455	1,846,593
	<b>14,684,862</b>	12,081,908
<b>Fund balances</b>		
Board internally restricted reserve fund	5,314,594	4,672,365
Capital asset fund	3,801,497	4,166,131
Unrestricted fund	-	228,595
	<b>9,116,091</b>	9,067,091
	<b>23,800,953</b>	21,148,999

Commitments (Note 9)

On behalf of the Board of Directors

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

The accompanying notes to the financial statements are an integral part of this financial statement.

# Lumenus Community Services

## Statement of Operations

Year ended March 31

	2021	2020
	\$	\$
		(Unaudited - Note 2)
<b>Revenue</b>		
Federal funding	570,357	486,456
Provincial funding	73,964,657	70,842,819
Municipal funding	5,012,163	5,293,865
Fundraising and donations	898,109	773,646
Fee for service and program grants	3,671,728	3,116,604
Partnership funding	1,802,729	1,779,087
Interest and other income	312,786	747,781
Amortization of deferred capital contributions (Note 8)	410,333	346,863
	<b>86,642,862</b>	83,387,121
<b>Expenses</b>		
Salaries and benefits	34,787,053	36,047,298
Travel and communication	445,405	860,797
Purchased client services	13,717,894	7,965,117
Purchased client services for partners	28,269,654	31,307,958
Supplies and equipment	3,723,633	2,088,246
Building occupancy	2,265,342	2,308,321
Professional and consulting fees	2,597,021	1,315,072
	<b>85,806,002</b>	81,892,809
Amortization of capital assets	787,860	868,396
	<b>86,593,862</b>	82,761,205
<b>Excess of revenue over expenses</b>	<b>49,000</b>	625,916

# Lumenus Community Services

## Statement of Changes in Fund Balances

Year ended March 31

				2021	2020
	Board internally restricted reserve fund	Capital asset fund	Unrestricted fund	Total	Total
	\$	\$	\$	\$	\$
<b>Fund balances, beginning of year</b>	<b>4,672,365</b>	<b>4,166,131</b>	<b>228,595</b>	<b>9,067,091</b>	8,441,175
Excess (deficiency) of revenue over expenses	-	(377,527)	426,527	49,000	625,916
Purchase of capital assets	-	67,195	(67,195)	-	-
Funding received for capital purchases	-	(67,195)	67,195	-	-
Principal repayment of mortgage payable	-	12,893	(12,893)	-	-
Board restriction	642,229	-	(642,229)	-	-
<b>Fund balances, end of year</b>	<b>5,314,594</b>	<b>3,801,497</b>	<b>-</b>	<b>9,116,091</b>	9,067,091

(Unaudited -  
Note 2)

The accompanying notes to the financial statements are an integral part of this financial statement.

# Lumenus Community Services

## Statement of Cash Flows

Year ended March 31

	2021	2020
	\$	\$
Increase (decrease) in cash and term deposits		(Unaudited - Note 2)
<b>Operating activities</b>		
Excess of revenue over expenses	49,000	625,916
Add items not affecting cash		
Amortization of deferred capital contributions	(410,333)	(346,863)
Amortization of capital assets	787,860	868,396
	<b>426,527</b>	1,147,449
Net changes in working capital balances		
Accounts receivable	685,857	(111,658)
Prepaid expenses	226,525	(67,100)
Accounts payable and accrued liabilities	687,848	(229,627)
Deferred contributions	2,271,137	335,783
	<b>4,297,894</b>	1,074,847
<b>Financing activities</b>		
Funding received for purchase of capital assets	67,195	151,627
Principal repayment of mortgage payable	(12,893)	(12,477)
Amounts due from Lumenus Foundation	(236,999)	(206,896)
	<b>(182,697)</b>	(67,746)
<b>Investing activities</b>		
Maturity (purchase) of long-term term deposits	600,000	(600,000)
Purchase of capital assets	(67,195)	(785,534)
	<b>532,805</b>	(1,385,534)
Net increase (decrease) in cash and term deposits	<b>4,648,002</b>	(378,433)
Cash and term deposits, beginning of year	<b>10,894,826</b>	11,273,259
<b>Cash and term deposits, end of year</b>	<b>15,542,828</b>	10,894,826
<b>Comprising</b>		
Cash	<b>11,856,322</b>	6,710,556
Term deposits	<b>3,686,506</b>	4,184,270
	<b>15,542,828</b>	10,894,826

The accompanying notes to the financial statements are an integral part of this financial statement.

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 1. Purpose of the organization

On April 1, 2020, Skylark Children Youth and Families (“Skylark”), Griffin Centre Mental Health Services (“Griffin”), The Etobicoke Children’s Centre (“ECC”) and Adventure Place (“AP”) amalgamated to form Lumenus Community Services (“Lumenus”). The commitment and expertise of each legacy agency remains and now a new, more seamless continuum of care and support is provided to existing and future clients.

The mission of Lumenus is to create a seamless, integrated and guided network of mental health, developmental and community services to reduce systemic barriers, close gaps between services and programs regardless of origin and, as a direct result, ease access for all.

Lumenus' vision is to ensure that every infant, child, youth, individual and family in Toronto gets personalized guidance and the mental health, developmental and community services expertise they need to be seen, be heard and be well.

Lumenus' programs and services are economically dependent on funding from the Ministry of Children, Community and Social Services and Ministry of Health (collectively referred to as the "Ministry"), comprising approximately 85% (2020 - 85%) of total revenue.

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). Lumenus must meet certain requirements under the Income Tax Act (Canada). In the opinion of management, these requirements have been met.

### 2. Amalgamation

Through Articles of Amalgamation, effective April 1, 2020, Skylark, Griffin, ECC and AP amalgamated to form Lumenus. The objective of the amalgamation was to further the predecessor organizations' shared vision of providing excellent, accessible and integrated mental health, developmental and community services to individuals of all ages and deepen the support for those individuals and their families.

As of April 1, 2020, Canadian accounting standards for not-for-profit organizations (“ASNPO”) did not provide explicit guidance for not-for-profit organizations (“NPOs”) on how to account for and report amalgamations of NPOs. However, on March 1, 2021, the Accounting Standards Board (AcSB) issued Handbook Section 4449 *Combinations by not-for-profit organizations*, effective for fiscal years beginning on or after January 1, 2022 with early adoption permitted. The principles and guidance in Section 4449 have been adopted by Lumenus to determine the accounting, presentation and disclosure of the amalgamation as at April 1, 2020.

Under Section 4449, all criteria have been met for amalgamation to be considered a merger.

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

### 2. Amalgamation (continued)

The results for the year ended March 31, 2021 are those of the amalgamated entity from the date of transaction, April 1, 2020. The unaudited comparative period was combined as if Skylark, Griffin, ECC and AP had always been combined. Implementation of merger accounting required Skylark, Griffin, ECC and AP to align accounting policies. The tables below demonstrate the impact of the combination on the comparative period and the related adjustments to the carrying amounts of the originating parties.

#### Combined Statement of Financial Position (Unaudited)

As at March 31, 2020

	Skylark Children Youth and Families	Griffin Centre Mental Health Services	The Etobicoke Children's Centre	Adventure Place	Adjustments	Combined total
Total assets	\$ 7,749,036	\$ 9,419,053	\$ 1,857,631	\$ 2,123,279	\$ -	\$ 21,148,999
Total liabilities	4,984,537	4,346,836	1,157,406	1,593,129	-	12,081,908
Fund balances						
Internally restricted	\$ 1,649,164	\$ 2,426,928	\$ 568,216	\$ 28,057	\$ -	\$ 4,672,365
Capital asset	899,004	3,027,097	-	-	240,030	4,166,131
Unrestricted	216,331	(381,808)	132,009	502,093	(240,030)	228,595
	<u>\$ 2,764,499</u>	<u>\$ 5,072,217</u>	<u>\$ 700,225</u>	<u>\$ 530,150</u>	<u>\$ -</u>	<u>\$ 9,067,091</u>

#### Combined Statement of Operations (Unaudited)

For the year ended March 31, 2020

	Skylark Children Youth and Families	Griffin Centre Mental Health Services	The Etobicoke Children's Centre	Adventure Place	Adjustments	Combined total
Revenue	\$ 44,722,296	\$ 20,357,266	\$ 7,770,209	\$ 10,537,350	\$ -	\$ 83,387,121
Expenses	44,609,929	20,145,345	7,552,829	10,453,102	-	82,761,205
Excess of revenue over expenses	<u>\$ 112,367</u>	<u>\$ 211,921</u>	<u>\$ 217,380</u>	<u>\$ 84,248</u>	<u>\$ -</u>	<u>\$ 625,916</u>

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 3. Summary of significant accounting policies

#### *Basis of presentation*

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). The more significant accounting 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: collectability of accounts receivable; useful lives and amortization of capital assets; and uncertainty around accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

#### *Financial instruments*

Lumenus considers any contract creating a financial asset, liability or equity instrument as a financial instrument. Lumenus' financial assets comprise cash and term deposits and accounts receivable; financial liabilities comprise accounts payable and mortgage payable.

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

Cash and term deposits consist of cash and term deposits with a term of less than three months or can be cashed at any time by Lumenus. Term deposits mature between May and December 2021 (2020 - May 2020 and November 2021) and earn interest at rates between 0.15% and 2.12% (2020 - 1.35% and 2.12%)

#### *Fund accounting*

The unrestricted fund accounts for Lumenus' administrative activities. This fund reports unrestricted resources in excess of operating requirements.

The capital asset fund reports the capital assets, liabilities, revenue and expenses related to program capital assets.

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

#### *Revenue recognition*

Lumenus follows the deferral method of accounting for contributions.

Unrestricted contributions are recognized as revenue in the unrestricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 3. Summary of significant accounting policies (continued)

#### *Revenue recognition (continued)*

Externally restricted contributions are deferred and recognized as revenue in the appropriate restricted fund in the year in which the related expenses are incurred.

Fee for service revenue is recognized as services are provided. Interest and other income are recognized as earned.

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. The transfers from deferred capital contributions for non-depreciable assets are a direct transfer to the capital asset fund. Deferred capital contributions are recognized as revenue in the statement of operations at rates corresponding to those applied to record amortization expense for the related capital assets.

#### *Capital assets*

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

Building	40 years
Leasehold improvements	Over the lease term
Furniture and equipment	4 years
Computer equipment	4 years
Automobiles	5 years

#### *Allocation of expenses*

Lumenus incurs administration costs that are common to the administration of each of its programs. Administration costs are allocated to the programs based on the contracts with the funders. Most contracts allow for 10% of the contract amount for administration expenses; the others are negotiated with the funder.

#### *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.

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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#### 4. Related party transactions

Lumenus Foundation (formerly Skylark Foundation) (the "Foundation") was established to receive and maintain a fund or funds and to apply all or part of the principal and income therefrom, from time to time, to Lumenus (formerly Skylark). The Foundation was incorporated on September 1, 1994 under the Canada Not-for-Profit Corporations Act. 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.

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 from the Foundation is non-interest bearing and due on demand.

During the year, the Foundation distributed \$1,164,051 (2020 - \$1,349,595) in grants to fund programs at Lumenus, which are initially deferred and included in grants and subsidies in the statement of operations as related expenses are incurred.

During the year, Lumenus distributed \$62,186 (2020 - \$91,851) in grants to the Foundation through the inter-company distribution accounts in the statement of operations.

During the year, the Foundation earned rental income on the Huron residence from Lumenus of \$36,000 (2020 - \$36,000) included in building occupancy in the statement of operations.

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 4. Related party transactions (continued)

The Foundation has not been consolidated in Lumenus' financial statements as the Foundation is accounted for at cost. Financial statements of the Foundation are available on request. Financial summary of the Foundation as at March 31, 2021 and 2020 and for the years then ended is as follows:

#### Financial Position

	2021	2020
	\$	\$
Total assets	3,078,256	2,958,121
Total liabilities	608,028	369,957
Total fund balances	2,470,408	2,588,164
	3,078,436	2,958,121

#### Results of Operations

	2021	2020
	\$	\$
Total revenue	1,297,542	1,789,449
Total expenses	1,415,298	1,595,508
Excess of revenue over expenses	(117,756)	193,941

#### Cash flows

	2021	2020
	\$	\$
Cash from operating activities	(81,443)	224,573
Cash from investing activities	1,767,613	(34,867)
Cash from financing activities	236,999	206,896
Net cash flows	1,923,169	396,602

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

### 5. Capital assets

	2021			2020
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
				(Unaudited - Note 2)
Land	574,392	-	<b>574,392</b>	574,392
Buildings	4,256,522	1,532,809	<b>2,723,713</b>	2,831,197
Leasehold improvements	6,771,538	5,089,254	<b>1,682,284</b>	2,044,320
Furniture and equipment	2,019,995	1,938,626	<b>81,369</b>	93,938
Computer equipment	2,092,168	1,617,820	<b>474,348</b>	696,520
Automobiles	182,998	117,386	<b>65,612</b>	82,016
	<b>15,897,613</b>	<b>10,295,895</b>	<b>5,601,718</b>	<b>6,322,383</b>

Pursuant to financial agreements between Lumenus and the Ministry, the Ministry has provided financial assistance towards the purchase and renovation of specific land and buildings. In accordance with these agreements, in the event of a sale of these land and buildings, the net proceeds will be distributed between Lumenus and the Ministry as follows:

	<u>Lumenus</u>	<u>Ministry</u>
Toronto building	61%	39%
Etobicoke building	0%	100%
Richmond Hill building	0%	100%
North York building	75%	25%

### 6. Deferred contributions

The changes in deferred contributions are as follows:

	March 31, 2020	Received/ Receivable	Recognized	Balance March 31, 2021
	\$	\$	\$	\$
	(Unaudited - Note 2)			
Grants and subsidies	1,524,413	3,115,296	(819,964)	<b>3,819,745</b>
Fundraising and other	779,977	749,703	(772,394)	<b>757,286</b>
Charitable gaming	4,449	13,364	(14,868)	<b>2,945</b>
	<b>2,308,839</b>	<b>3,878,363</b>	<b>(1,607,226)</b>	<b>4,579,976</b>

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 7. Mortgage payable

	<u>2021</u>	<u>2020</u>
	\$	\$
		(Unaudited - Note 2)
First mortgage secured by a property located in Toronto, and bearing a fixed interest rate at 3.65% per annum and due September 13, 2022. Monthly blended interest and principal payments amount to \$1,990.		
	<u>296,766</u>	<u>309,659</u>
Less: current Portion	<u>13,366</u>	<u>12,891</u>
	<u>283,400</u>	<u>296,768</u>
Principal repayments to maturity are as follows:	\$	
	2022	13,366
	2023	283,400
	<u>296,766</u>	

Although the mortgage payable is due September 13, 2022, it is Lumenus' expectation that the mortgage will be renewed for the remaining portion of the 20 year amortization which began on September 13, 2017.

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 8. Deferred capital contributions

The changes in the deferred capital contributions balance are as follows:

	2021	2020
	\$	\$
		(Unaudited - Note 2)
Balance, beginning of year	1,846,593	2,041,829
Funds received for capital asset purchases	67,195	151,627
Amortization of deferred capital contributions	(410,333)	(346,863)
Balance, end of year	1,503,455	1,846,593

### 9. Commitments

Lumenus has entered into agreements to lease premises and equipment for various periods until September 2024. Lumenus is committed to the following future minimum annual lease payments:

	\$
2022	1,413,168
2023	716,270
2024	407,397
2025	163,950
	2,700,785

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 10. Credit facility

On October 30, 2020, Lumenus entered into a revolving demand credit facility. The credit facility, which is due on demand, bears interest at the bank's prime rate plus 0.7% (3.15% effective rate as at March 31, 2021) with an overall credit limit of \$1,200,000. The credit facility is secured by a general security agreement on all the assets of Lumenus and a collateral mortgage in the amount of \$1,137,500 on the Toronto building. The credit facility balance used is \$Nil at March 31, 2021 (2020 - \$Nil).

### 11. Indemnity of directors and officers

In the normal course of business, Lumenus enters into agreements that meet the definition of a guarantee. Indemnity has been provided to all directors and officers of Lumenus for various items including, but not limited to, all costs to settle suits or actions due to involvement with Lumenus, subject to certain restrictions. Directors' and officers' liability insurance has been purchased to mitigate the cost of any potential future suits or actions. The term of the indemnification is not explicitly defined but is limited to the period over which the indemnification party served as a director or officer of Lumenus. The maximum amount of any potential future payment cannot be reasonably estimated.

### 12. Financial instruments

Lumenus has a risk management framework to monitor, evaluate and manage 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 Lumenus is not exposed to significant currency or market risks arising from its financial instruments. There were no significant changes in risks from prior years.

#### *Interest rate risk*

Interest rate risk arises from the possibility that changes in interest rates will affect the value of term deposits held by Lumenus and mortgage payable. To manage these risks Lumenus purchases fixed interest term deposits, thus limiting exposure to interest rate risk.

#### *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. Lumenus' credit risk is managed through proactive credit management policies. The allowance of doubtful accounts in relation to accounts receivable is \$Nil (2020 - \$Nil).

#### *Liquidity risk*

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

# Lumenus Community Services

## Notes to the Financial Statements

March 31, 2021

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### 13. 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, businesses and 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. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

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 Lumenus for future periods. While Lumenus has taken measures to ensure the safety of its stakeholders through implementation of physical distancing and sterilization protocols, all aspects of its operations were deemed essential and it has remained operational. Lumenus' main funding agreements have remained relatively unchanged, although Lumenus is active in considering its options available to adjust its operations should there be any changes in its revenue streams or needs of those it serves.

# Lumenus Community Service

## Schedule of Programs

Year ended March 31

	<b>2021</b>						
	Federal Government	MCCSS Toronto Region	MOH Toronto Region	City of Toronto	Fee for Service and Program Grants	Administration	Total
	\$	\$	\$	\$	\$	\$	\$
<b>Revenue</b>							
Federal funding	258,108	312,249	-	-	-	-	<b>570,357</b>
Provincial funding	-	56,695,925	12,034,125	-	-	5,234,607	<b>73,964,657</b>
Municipal funding	-	-	-	4,812,107	-	200,056	<b>5,012,163</b>
Fundraising and donations	-	-	542,223	3,736	283,094	69,056	<b>898,109</b>
Fee for service and program grants	-	-	176,346	-	3,238,848	256,534	<b>3,671,728</b>
Partnership funding	-	572,207	90,000	-	958,389	182,133	<b>1,802,729</b>
Interest and other income	-	60	2,103	200	-	310,423	<b>312,786</b>
Amortization of deferred capital contributions	-	105,608	98,431	5,209	63,122	137,963	<b>410,333</b>
	<b>258,108</b>	<b>57,686,049</b>	<b>12,943,228</b>	<b>4,821,252</b>	<b>4,543,453</b>	<b>6,390,772</b>	<b>86,642,862</b>
<b>Expenses</b>							
Salaries and benefits	223,716	13,085,156	10,119,188	4,318,550	3,663,114	3,377,329	<b>34,787,053</b>
Travel and communication	-	204,390	71,298	21,544	22,065	126,108	<b>445,405</b>
Purchased client services	-	11,525,053	1,501,176	14,866	550,952	125,847	<b>13,717,894</b>
Purchased client services for partners	-	28,267,141	2,513	-	-	-	<b>28,269,654</b>
Supplies and equipment	15,180	2,819,173	221,207	100,878	76,834	490,361	<b>3,723,633</b>
Building occupancy	17,552	964,262	675,595	259,515	152,328	196,090	<b>2,265,342</b>
Professional and consulting fees	1,660	684,268	321,014	100,690	16,754	1,472,635	<b>2,597,021</b>
Amortization of capital assets	-	136,606	31,237	5,209	68,719	546,089	<b>787,860</b>
	<b>258,108</b>	<b>57,686,049</b>	<b>12,943,228</b>	<b>4,821,252</b>	<b>4,550,766</b>	<b>6,334,459</b>	<b>86,593,862</b>
<b>Excess of revenue over expenses</b>	-	-	-	-	(7,313)	56,313	<b>49,000</b>

The accompanying notes to the financial statements are an integral part of this financial statement.