

Financial Statements of

Lumenus Community Services

March 31, 2024

Lumenus Community Services

March 31, 2024

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Independent auditor's report

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To the Members of
Lumenus Community Services

Opinion

We have audited the financial statements of Lumenus Community Services ("Lumenus") which comprise the statement of financial position as at March 31, 2024, 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, 2023 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.

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 Schedules is presented for the purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applies 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' 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' 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' 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' 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
May 30, 2024

Chartered Professional Accountants
Licensed Public Accountants

Lumenus Community Services

Statement of Financial Position

As at March 31

	2024	2023
	\$	\$
Assets		
Current		
Cash and term deposits	16,737,442	21,503,834
Accounts receivable	2,949,012	1,740,083
Due from Lumenus Foundation (Note 3)	1,402,913	1,051,135
Prepaid expenses	247,587	305,994
	21,336,954	24,601,046
Capital assets (Note 4)	6,142,777	6,137,892
	27,479,731	30,738,938
Liabilities		
Current		
Accounts payable and accrued liabilities	6,411,921	9,478,827
Deferred contributions (Note 5)	8,688,994	8,629,660
	15,100,915	18,108,487
Mortgage payable (Note 6)	-	270,339
Deferred capital contributions (Note 7)	2,261,433	2,335,321
	17,362,348	20,714,147
Fund balances		
Board internally restricted reserve fund	6,236,039	6,492,559
Capital asset fund	3,881,344	3,532,232
Unrestricted fund	-	-
	10,117,383	10,024,791
	27,479,731	30,738,938

Commitments (Note 8)

On behalf of the Board of Directors

 Director

 Director

Lumenus Community Services

Statement of Operations

Year ended March 31

	2024	2023
	\$	\$
Revenue		
Federal funding	419,198	493,002
Provincial funding	75,011,242	71,766,094
Municipal funding	3,869,391	3,816,354
Fundraising and donations	653,884	856,713
Fee for service and program grants	5,276,777	3,916,476
Partnership revenue	6,687,826	5,637,045
Interest and other income	1,274,905	674,203
Amortization of deferred capital contributions (Note 7)	673,776	384,766
	93,866,999	87,544,653
Expenses		
Salaries and benefits	36,578,727	34,909,871
Travel and communication	638,537	582,076
Purchased client services	15,118,216	12,990,738
Purchased client services for partners	32,428,025	31,380,313
Supplies and equipment	2,567,151	1,231,655
Building occupancy	2,212,404	2,107,977
Professional and consulting fees	3,187,202	2,812,370
	92,730,262	86,015,000
Amortization of capital assets	1,044,145	755,135
	93,774,407	86,770,135
Excess of revenue over expenses	92,592	774,518

Lumenus Community Services

Statement of Changes in Fund Balances

Year ended March 31

	2024			2023	
	Board internally restricted reserve fund	Capital asset fund	Unrestricted fund	Total	Total
	\$	\$	\$	\$	\$
Fund balances, beginning of year	6,492,559	3,532,232	-	10,024,791	9,250,273
Excess (deficiency) of revenue over expenses	-	(370,369)	462,961	92,592	774,518
Purchase of capital assets	-	1,049,030	(1,049,030)	-	-
Funding received for capital purchases	-	(599,888)	599,888	-	-
Principal repayment of mortgage payable	-	270,339	(270,339)	-	-
Transfer from Board reserve fund	(256,520)	-	256,520	-	-
Fund balances, end of year	6,236,039	3,881,344	-	10,117,383	10,024,791

Lumenus Community Services

Statement of Cash Flows

Year ended March 31

	2024	2023
	\$	\$
Operating activities		
Excess of revenue over expenses	92,592	774,518
Add items not affecting cash		
Amortization of deferred capital contributions	(673,776)	(384,766)
Amortization of capital assets	1,044,145	755,135
	462,961	1,144,887
Net changes in working capital balances		
Accounts receivable	(1,208,929)	(330,389)
Prepaid expenses	58,407	(34,843)
Accounts payable and accrued liabilities	(3,066,906)	945,117
Deferred contributions	59,334	(183,651)
	(3,695,133)	1,541,121
Financing activities		
Funding received for purchase of capital assets	599,888	1,257,577
Principal repayment of mortgage payable	(270,339)	(13,061)
Increase in due from Lumenus Foundation	(351,778)	(439,143)
	(22,229)	805,373
Investing activities		
Purchase of capital assets	(1,049,030)	(1,714,524)
Net (decrease) increase in cash and term deposits	(4,766,392)	631,970
Cash and term deposits, beginning of year	21,503,834	20,871,864
Cash and term deposits, end of year	16,737,442	21,503,834
Comprised of		
Cash	16,737,442	20,975,388
Term deposits	-	528,446
	16,737,442	21,503,834

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

1. Purpose of the organization

The mission of Lumenus Community Services ("Lumenus") is to create a seamless, integrated and guided network of mental health, developmental and community services to reduce system 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 80% (2023 - 82%) 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. 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 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 are comprised of cash and term deposits, accounts receivable and due from Lumenus Foundation; financial liabilities are comprised of accounts payable.

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Financial instruments (continued)

Financial assets and liabilities in arm's length transactions are initially recognized at fair value and subsequently measured at amortized cost. Financial assets and liabilities in related party transactions are initially and subsequently measured at 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. Prior year's term deposits matured in April and June 2023 and earned interest at annual rates between 2.15% and 3.35%.

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

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of capital assets. Deferred capital contributions are recognized as revenue at rates corresponding to those applied to record amortization expense for the related capital assets.

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

Capital assets

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

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

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

2. Summary of significant accounting policies (continued)

Capital assets (continued)

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

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 and would otherwise be purchased in normal operations.

3. Related party transactions

Lumenus 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. 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).

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.

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

During the year, the Foundation distributed \$1,213,941 (2023 - \$891,825) 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 \$8,362 (2023 - \$13,177) in grants to the Foundation included in professional and consulting fees in the statement of operations.

During the year, the Foundation earned rental income on the Huron residence from Lumenus of \$36,000 (2023 - \$36,000) included in building occupancy in the statement of operations.

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

3. Related party transactions (continued)

The Foundation has not been consolidated in Lumenus' financial statements. Financial statements of the Foundation are available on request. The financial summary of the Foundation as at March 31, 2024 and 2023 and for the years then ended is as follows:

Financial Position

	2024	2023
	\$	\$
Total assets	3,897,842	3,469,175
Total liabilities	1,468,158	1,063,640
Total fund balances	2,429,684	2,405,535
	3,897,842	3,469,175

Results of Operations

	2024	2023
	\$	\$
Total revenue	1,536,606	1,073,286
Total expenses	1,512,457	1,155,491
Excess (deficiency) of revenue over expenses	24,149	(82,205)

Cash flows

	2024	2023
	\$	\$
Cash from operating activities	139,979	(75,566)
Cash from investing activities	1,448,896	(11,685)
Cash from financing activities	351,778	439,143
Net cash flows	1,940,653	351,892

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

4. Capital assets

			2024	2023
	Cost	Accumulated amortization	Net book value	Net book value
	\$	\$	\$	\$
Land	574,392	-	574,392	574,392
Building	4,256,522	2,025,959	2,230,563	2,395,223
Leasehold improvements	9,059,484	6,199,221	2,860,263	2,191,978
Furniture and equipment	2,053,459	2,046,571	6,888	40,049
Computer equipment	2,864,176	2,409,907	454,269	903,444
Automobile	182,998	166,596	16,402	32,806
	18,991,031	12,848,254	6,142,777	6,137,892

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:

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

5. Deferred contributions

	March 31, 2023	Received / Receivable	Recognized	Balance March 31, 2024
	\$	\$	\$	\$
Grants and subsidies	7,725,913	3,664,657	(4,109,334)	7,281,236
Fundraising and other	845,625	856,209	(406,811)	1,295,023
Charitable gaming	58,122	74,977	(20,364)	112,735
	8,629,660	4,595,843	(4,536,509)	8,688,994

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

6. Mortgage payable

	2024	2023
	\$	\$
First mortgage secured by the property located at 53 Hopecrest Crescent, Toronto, and bearing a fixed interest rate at 4.84% per annum and due September 13, 2023. Monthly blended interest and principal payments amount to \$2,156 paid in full in August 2023.	-	270,339
	-	270,339

7. Deferred capital contributions

	2024	2023
	\$	\$
Balance, beginning of year	2,335,321	1,462,510
Funds received for capital asset purchases	599,888	1,257,577
Amortization of deferred capital contributions	(673,776)	(384,766)
Balance, end of year	2,261,433	2,335,321

8. Commitments

Lumenus has entered into agreements to lease premises and equipment for various periods until March 31, 2027. Lumenus is committed to the following future minimum annual lease payments:

	\$
2025	961,352
2026	878,234
2027	663,841
	2,503,427

Lumenus Community Services

Notes to the Financial Statements

March 31, 2024

9. 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 0.70% (7.90% effective rate at March 31, 2024) 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, 2024 (2023 - \$Nil).

10. 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 indemnified party served as a director or officer of Lumenus. The maximum amount of any potential future payment cannot be reasonably estimated.

11. 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 interest rate, currency or market risks arising from its financial instruments. There were no significant changes in risks from prior years.

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's credit risk is managed through proactive credit management policies. The allowance of doubtful accounts in relation to accounts receivable is \$Nil (2023 - \$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. 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

Schedule of Programs

Year ended March 31

							2024
	Federal Government	MCCSS Toronto Region	MOH Toronto Region	City of Toronto	Program Grants and Fee for Service	Administration	Total
	\$	\$	\$	\$	\$	\$	\$
Revenue							
Federal funding	232,740	167,004	-	9,727	-	9,727	419,198
Provincial funding	-	57,063,890	10,964,747	-	197,548	6,785,057	75,011,242
Municipal funding	-	-	-	3,654,655	-	214,736	3,869,391
Fundraising and donations	40,727	58,795	20,364	38,692	341,447	153,859	653,884
Fee for service and program grants	-	-	-	50,000	4,282,212	944,565	5,276,777
Partnership revenue	-	478,300	316,492	-	5,845,294	47,740	6,687,826
Interest and other income	-	-	-	-	-	1,274,905	1,274,905
Amortization of deferred capital contributions	-	221,142	34,807	17,160	14,779	385,888	673,776
	273,467	57,989,131	11,336,410	3,770,234	10,681,280	9,816,477	93,866,999
Expenses							
Salaries and benefits	249,977	9,364,867	9,014,353	3,364,873	8,504,143	6,080,514	36,578,727
Travel and communication	1,806	351,959	73,819	49,822	94,300	66,831	638,537
Purchased client services	-	13,367,768	928,199	62,066	760,183	-	15,118,216
Purchased client services for partners	-	32,428,025	-	-	-	-	32,428,025
Supplies and equipment	3,972	843,234	498,651	94,768	316,274	810,252	2,567,151
Building occupancy	17,549	481,956	601,632	154,104	572,914	384,249	2,212,404
Professional and consulting fees	163	930,180	184,949	27,441	418,687	1,625,782	3,187,202
Amortization of capital assets	-	221,142	34,807	17,160	14,779	756,257	1,044,145
	273,467	57,989,131	11,336,410	3,770,234	10,681,280	9,723,885	93,774,407
Excess of revenue over expenses	-	-	-	-	-	92,592	92,592

Lumenus Community Services

Schedule of Early ON and Every Child Belongs

Year ended March 31, 2024

	EarlyON	Every Child Belongs	Total
	\$	\$	\$
Revenue			
Municipal funding	962,205	2,269,681	3,231,886
Other sources	9,727	-	9,727
	971,932	2,269,681	3,241,613
Expenses			
Salaries and benefits	795,866	1,946,637	2,742,503
Travel and communication	7,161	28,004	35,165
Purchased client services	-	62,066	62,066
Supplies and equipment	31,256	5,536	36,792
Building occupancy	106,379	53,911	160,290
Professional and consulting fees	2,943	3,012	5,955
	943,605	2,099,166	3,042,771
Administration	28,327	170,515	198,842
	971,932	2,269,681	3,241,613
Excess of revenue over expenses	-	-	-