



Financial Statements

Stephen Lewis Foundation

June 30, 2021

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# Independent Auditor's Report

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Grant Thornton LLP  
11<sup>th</sup> Floor, 200 King Street West  
Box 11  
Toronto, ON  
M5H 3T4  
T +1 416 366 0100  
F +1 416 360 4949

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, 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, 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, 2021, 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 fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended June 30, 2021 and 2020, current assets as at June 30, 2021 and 2020, and net assets as at July 1 and June 30 for both the 2021 and 2020 years. Our audit opinion on the financial statements for the year ended June 30, 2020 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.

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

Toronto, Canada  
October 4, 2021

Chartered Professional Accountants  
Licensed Public Accountants

# Stephen Lewis Foundation

## Statement of Financial Position

June 30 2021 2020

### Assets

#### Current

Cash and cash equivalents	\$ 1,246,418	\$ 1,404,981
Guaranteed Investment Certificates (Note 3)	2,605,200	1,455,200
Accounts receivable (Note 4)	334,712	303,212
Prepaid expenses and other assets	<u>78,566</u>	<u>77,769</u>
	<b>4,264,896</b>	3,241,162

#### Capital assets (Note 5)

<u>540,912</u>	<u>619,143</u>
<b>\$ 4,805,808</b>	<b>\$ 3,860,305</b>

### Liabilities

#### Current

Accounts payable and accrued liabilities	\$ <u>114,067</u>	\$ <u>81,516</u>
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#### Fund balances (Note 2)

Board designated for contingencies	3,979,950	2,885,708
Externally restricted	496,591	687,881
Endowment	<u>215,200</u>	<u>205,200</u>
	<b>4,691,741</b>	<b>3,778,789</b>
	<b>\$ 4,805,808</b>	<b>\$ 3,860,305</b>

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

2021

2020

	Unrestricted Fund	Restricted Funds	Total	Total
<b>Revenue</b>				
Donations and fundraising	\$ 8,655,201	\$ 10,000	\$ 8,665,201	\$ 8,588,674
Grants	57,436	1,668,050	1,725,486	2,194,023
Canada Subsidies (Note 13)	563,398	-	563,398	187,354
Interest and other revenue	20,331	-	20,331	39,085
<b>Total revenue</b>	<b>9,296,366</b>	<b>1,678,050</b>	<b>10,974,416</b>	<b>11,009,136</b>
<b>Program expenses (Note 7)</b>				
Project funding (Note 8)	4,602,540	1,794,369	6,396,909	6,065,120
Project support	1,026,115	5,000	1,031,115	986,970
Special initiatives (Note 9)	383,545	14,683	398,228	646,223
Monitoring and evaluation	13,925	29,383	43,308	221,140
	<u>6,026,125</u>	<u>1,843,435</u>	<u>7,869,560</u>	<u>7,919,453</u>
<b>Administration (Note 7)</b>				
Fundraising	1,459,542	-	1,459,542	1,469,018
General and management	732,362	-	732,362	1,062,401
	<u>2,191,904</u>	<u>-</u>	<u>2,191,904</u>	<u>2,531,419</u>
<b>Total expenses</b>	<b>8,218,029</b>	<b>1,843,435</b>	<b>10,061,464</b>	<b>10,450,872</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ 1,078,337</b>	<b>\$ (165,385)</b>	<b>\$ 912,952</b>	<b>\$ 558,264</b>

See accompanying notes to the financial statements

## Stephen Lewis Foundation

### Statement of Changes in Fund Balances

Year ended June 30

2021

2020

	Unrestricted Funds		Restricted Funds		Total	Total
	Unrestricted	Board Designated for Contingencies	Externally Restricted	Endowment		
Fund balances, beginning of year	\$ -	\$ 2,885,708	\$ 687,881	\$ 205,200	\$ 3,778,789	\$ 3,220,525
Excess (deficiency) of revenue over expenses	1,078,337	-	(175,385)	10,000	912,952	558,264
Interfund transfers	<u>(1,078,337)</u>	<u>1,094,242</u>	<u>(15,905)</u>	-	-	-
Fund balances, end of year	\$ <u>-</u>	\$ <u>3,979,950</u>	\$ <u>496,591</u>	\$ <u>215,200</u>	\$ <u>4,691,741</u>	\$ <u>3,778,789</u>

See accompanying notes to the financial statements



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## Stephen Lewis Foundation

### Statement of Cash Flows

Year ended June 30	2021	2020
Increase (decrease) in cash and cash equivalents		
<b>Operating</b>		
Excess of revenue over expenses	\$ 912,952	\$ 558,264
Item not affecting cash and cash equivalents		
Amortization of capital assets	<u>91,895</u>	<u>87,790</u>
	<b>1,004,847</b>	646,054
Change in non-cash working capital items		
Accounts receivable	(31,500)	(89,693)
Prepaid expenses and other assets	(797)	(965)
Accounts payable and accrued liabilities	<u>32,551</u>	<u>3,944</u>
	<u><b>1,005,101</b></u>	<u>559,340</u>
<b>Investing</b>		
Change in Guaranteed Investment Certificates, net	(1,150,000)	(105,200)
Purchase of capital assets	<u>(13,664)</u>	<u>(28,209)</u>
	<u><b>(1,163,664)</b></u>	<u>(133,409)</u>
Increase (decrease) in cash and cash equivalents	<b>(158,563)</b>	425,931
Cash and cash equivalents		
Beginning of year	<u>1,404,981</u>	<u>979,050</u>
End of year	<u><b>\$ 1,246,418</b></u>	<u>\$ 1,404,981</u>

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See accompanying notes to the financial statements

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# Stephen Lewis Foundation

## Notes to the Financial Statements

June 30, 2021

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### 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 fivefold purposes of the Foundation are to:

1. Provide care at the community level in Africa to women who are ill and struggling to survive, so that their lives can be free from pain, humiliation and indignity;
2. Assist orphans and other AIDS-affected children in Africa, in every possible way, from the payment of school fees to provision of food;
3. Support the unrecognized heroes of Africa, the grandmothers, who bury their own children and care for their orphan grandchildren;
4. Support associations of people living with HIV/AIDS in Africa – courageous men and women who have openly declared their status; and
5. Advance education in Canada regarding the community development challenges posed by AIDS in Africa by holding public forums, workshops and seminars to discuss these challenges.

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### 2. Summary of significant accounting policies

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

#### Fund accounting

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

The Unrestricted Fund reports unrestricted resources available for any purpose.

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

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

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# Stephen Lewis Foundation

## Notes to the Financial Statements

June 30, 2021

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

#### Fund accounting (continued)

The Endowment Fund reports resources where external restrictions stipulate that donated capital be maintained permanently. Investment income earned on the donated capital is unrestricted and available for operations.

#### 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 are recorded as revenue when received. Pledges are not recorded as revenue since they are not legally enforceable.

Unrestricted contributions are recognized as revenue of the Operating Fund with any excess amounts internally designated by the Board for contingencies. Contributions designated for specific purposes by the donor are recognized as revenue of the Restricted Funds and classified as an externally restricted fund balance. Contributions where capital is designated to be maintained permanently are recognized as revenue of the Restricted Funds and classified as an endowment fund balance.

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

#### Cash and cash equivalents

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

#### Financial instruments

Financial instruments, which include cash and cash equivalents, Guaranteed Investment Certificates (GICs), accounts receivable and accounts payable are initially recorded at fair value and subsequently measured at amortized cost.

#### Capital assets

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

##### Tangible capital assets

Computer equipment  
Furniture and fixtures  
Leasehold improvements

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

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# Stephen Lewis Foundation

## Notes to the Financial Statements

June 30, 2021

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

#### Capital assets (continued)

##### Intangible capital assets

Computers software

3 years straight-line

#### Foreign currency translation

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

#### Contributed materials and services

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

#### Project funding

Project 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).

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# Stephen Lewis Foundation

## Notes to the Financial Statements

June 30, 2021

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### 3. Guaranteed Investment Certificates

Guaranteed Investment Certificates are issued by a major Canadian chartered bank and bear interest rates between .25% and .35% (2020 – between .35% and 1.76%), with maturity dates between July 2021 and December 2021 (2020 – maturity dates between October 2020 and June 2021).

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### 4. Accounts receivable

Included in accounts receivable are the following balances:

	<u>2021</u>	<u>2020</u>
Government of Canada Emergency Wage Subsidy	\$ 171,024	\$ 162,204
Government of Canada Emergency Rent Subsidy	35,874	-
Government of Canada HST rebate	78,204	92,184
City of Toronto property tax rebate	25,364	23,292
Other receivables	<u>24,246</u>	<u>25,532</u>
	<u>\$ 334,712</u>	<u>\$ 303,212</u>

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### 5. Capital assets

	<u>2021</u>		<u>2020</u>	
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	Net Book Value
<b>Tangible</b>				
Computer equipment	\$ 158,715	\$ 126,738	\$ 31,977	\$ 37,503
Furniture and fixtures	110,813	36,054	74,759	85,439
Leasehold improvements	<u>620,251</u>	<u>186,075</u>	<u>434,176</u>	<u>496,201</u>
	889,779	348,867	540,912	619,143
<b>Intangible</b>				
Computer software	<u>212,754</u>	<u>212,754</u>	-	-
	<u>\$ 1,102,533</u>	<u>\$ 561,621</u>	<u>\$ 540,912</u>	<u>\$ 619,143</u>

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### 6. Lease 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:

2022-2023	\$ 216,000/year
2024-2028	\$ 256,000/year

The total commitment over the term of the lease is \$1,712,000. The future minimum annual lease payments for the office space are exclusive of certain operating costs for which the Foundation is responsible.

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## Stephen Lewis Foundation

### Notes to the Financial Statements

June 30, 2021

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

	<u>Program</u>	<u>Fundraising</u>	<u>General and management</u>	<u>2020 Total</u>
<b>Direct Costs</b>				
Project funding (Note 8)	\$ 6,065,120	\$ -	\$ -	\$ 6,065,120
Other	480,058	445,541	158,146	1,083,745
<b>Allocated Costs</b>				
Personnel	1,133,833	826,829	811,153	2,771,815
Rent, utilities and maintenance	173,497	141,896	67,180	382,573
Amortization	39,813	32,561	15,416	87,790
Internet and IT support	<u>27,132</u>	<u>22,191</u>	<u>10,506</u>	<u>59,829</u>
	<u>\$ 7,919,453</u>	<u>\$ 1,469,018</u>	<u>\$ 1,062,401</u>	<u><b>\$ 10,450,872</b></u>

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#### 8. Project funding

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

	<u>2021</u>	<u>2020</u>
Grandmothers	\$ <b>2,637,375</b>	\$ 2,721,197
Orphans and Vulnerable Children	<b>1,959,400</b>	1,802,561
Persons Living with HIV/AIDS	<b>1,250,483</b>	1,011,159
Women	<u><b>549,651</b></u>	<u>530,203</u>
	<u><b>\$ 6,396,909</b></u>	<u><b>\$ 6,065,120</b></u>

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# Stephen Lewis Foundation

## Notes to the Financial Statements

June 30, 2021

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### 9. Special Initiatives

Special initiatives undertaken during the year were as follows:

	<u>2021</u>	<u>2020</u>
Building the Movement	\$ 205,142	\$ 329,592
Learning and Resource Development	193,086	246,488
Grandmothers Gatherings	-	64,364
LGBTQ Initiative development expenses	-	5,779
	<u>\$ 398,228</u>	<u>\$ 646,223</u>

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### 10. 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.

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### 11. 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 2021, six employees and contractors received remuneration in excess of \$75,000 for a total of \$637,903 (six employees and contractors received remuneration in excess of \$75,000 for a total of \$917,022 in 2020). During the year, no funds were paid to a director. The Foundation does not remunerate directors for participation on the Board.

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### 12. Comparative figures

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

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## **Stephen Lewis Foundation**

### **Notes to the Financial Statements**

June 30, 2021

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#### **13. Impacts of COVID-19**

Since March 2020 the Foundation has worked intensively to support our community-based partners to meet the challenges posed by the COVID-19 pandemic. The Foundation has also been able to substantially mitigate the financial impact of COVID-19 through the positive support of our donor community, and through accessing funding available from the Government of Canada.

During the year, the Foundation was also eligible to receive funding from the government under the Canada Emergency Wage Subsidy (CEWS) program and Canada Emergency Rent Subsidy (CERS). The Foundation has recognized \$506,229 to June 30, 2021 under the CEWS program and \$57,169 under CERS program, which is included in the statement of operations as a separate line item.