

The Lighthouse Program for Grieving Children
Financial Statements
December 31, 2022

The Lighthouse Program for Grieving Children

Contents

For the year ended December 31, 2022

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To the Directors of The Lighthouse Program for Grieving Children:

Qualified Opinion

We have audited the financial statements of The Lighthouse Program for Grieving Children (the "Organization"), which comprise the statement of financial position as at December 31, 2022, and the statements of operations, changes in net assets 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 Organization as at December 31, 2022, and its financial performance and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under Statements section of our report. We are independent of the Organization in accordance with the ethical requirements that are those standards are further described in the Auditor's Responsibilities for the Audit of the Financial 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 the 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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

Burlington, Ontario

July 4, 2023

MNP LLP

Chartered Professional Accountants

Licensed Public Accountants

MNP

The Lighthouse Program for Grieving Children
Statement of Financial Position
As at December 31, 2022

| | 2022 | 2021 |
|---|------------------|------------------|
| Assets | | |
| Current | | |
| Cash | 427,168 | 807,466 |
| Investments (Note 3) | 345,116 | 352,491 |
| Amounts receivable | 44,755 | 53,969 |
| Prepaid expenses | 8,656 | 8,393 |
| Government assistance receivable (Note 4) | - | 4,978 |
| | 825,695 | 1,227,297 |
| Investments (Note 3) | 1,048,702 | 830,241 |
| Property and equipment (Note 5) | 1,755,911 | 1,813,584 |
| | 3,630,308 | 3,871,122 |
| Liabilities | | |
| Current | | |
| Accounts payable and accrued liabilities | 69,970 | 98,228 |
| Deferred capital contributions (Note 6) | 313,938 | 327,114 |
| Government loan payable (Note 7) | 30,000 | 30,000 |
| | 413,908 | 455,342 |
| Net Assets | 3,216,400 | 3,415,780 |
| | 3,630,308 | 3,871,122 |

Approved on behalf of the Board

 Director

The accompanying notes are an integral part of these financial statements

The Lighthouse Program for Grieving Children

Statement of Operations

For the year ended December 31, 2022

| | 2022 | 2021 |
|--|------------------|---------------|
| Revenue | | |
| Donation contributions <i>(Note 3), (Note 8)</i> | 822,397 | 839,306 |
| United Way contributions | 40,239 | 40,586 |
| Investment income | 24,458 | 15,520 |
| Conferences | 14,665 | 17,575 |
| Amortization of deferred capital contributions <i>(Note 6)</i> | 13,176 | 13,176 |
| | 914,935 | 926,163 |
| Expenses | | |
| Amortization of property and equipment | 57,673 | 62,353 |
| Facility and occupancy <i>(Note 4)</i> | 45,724 | 36,731 |
| Fundraising | 84,506 | 72,758 |
| General office | 36,878 | 40,825 |
| Interest and bank charges | 8,935 | 10,645 |
| Professional fees | 42,859 | 32,163 |
| Program | 32,164 | 54,911 |
| Salaries, wages and contracted services <i>(Note 4)</i> | 790,976 | 590,754 |
| Training and education | 14,600 | 10,348 |
| | 1,114,315 | 911,488 |
| Excess of revenue over expenses (expenses over revenue) | (199,380) | 14,675 |

The accompanying notes are an integral part of these financial statements

The Lighthouse Program for Grieving Children
Statement of Changes in Net Assets
For the year ended December 31, 2022

| | <i>2022</i> | <i>2021</i> |
|--|------------------|------------------|
| Net assets, beginning of year | 3,415,780 | 3,401,105 |
| Excess of revenue over expenses (expenses over revenue) | (199,380) | 14,675 |
| Net assets, end of year | 3,216,400 | 3,415,780 |

The accompanying notes are an integral part of these financial statements

The Lighthouse Program for Grieving Children
Statement of Cash Flows
For the year ended December 31, 2022

| | 2022 | 2021 |
|---|------------------|-----------|
| Cash provided by (used for) the following activities | | |
| Operating | | |
| Excess of revenue over expenses (expenses over revenue) | (199,380) | 14,675 |
| Amortization of property and equipment | 57,673 | 62,353 |
| Amortization of deferred capital contributions | (13,176) | (13,176) |
| Donated investments | (48,048) | (12,228) |
| | (202,931) | 51,624 |
| Changes in working capital accounts | | |
| Amounts receivable | 9,214 | (20,014) |
| Government assistance receivable | 4,978 | 6,744 |
| Prepaid expenses | (263) | (1,846) |
| Accounts payable and accrued liabilities | (28,258) | 54,021 |
| | (217,260) | 90,529 |
| Investing | | |
| Purchase of property and equipment | - | (8,951) |
| Purchase of investments | (815,452) | (607,875) |
| Proceeds on disposal of investments | 652,414 | 818,805 |
| | (163,038) | 201,979 |
| Increase (decrease) in cash resources | (380,298) | 292,508 |
| Cash resources, beginning of year | 807,466 | 514,958 |
| Cash resources, end of year | 427,168 | 807,466 |

The accompanying notes are an integral part of these financial statements

The Lighthouse Program for Grieving Children

Notes to the Financial Statements

For the year ended December 31, 2022

1. Incorporation and nature of the organization

The Lighthouse Program for Grieving Children ("the Organization") was incorporated without share capital under the Ontario Business Corporation Act on November 16, 2001. The Organization's objective is to provide peer support to children, teenagers and their families in coping with their loss and growing through their grief.

The Organization is a registered charity under the Income Tax Act and is exempt from income tax under Section 149(1)(f) of the Income Tax Act. Registration remains valid as long as the Organization continues to fulfill the requirements of the Act and regulations in respect of registered charities.

The outbreak of the coronavirus, also known as "COVID-19", continues to spread across the globe and is impacting worldwide economic activity. Conditions surrounding the coronavirus continue to rapidly evolve and government authorities have implemented emergency measures to mitigate the spread of the virus. The outbreak and the related mitigation measures may have an adverse impact on global economic conditions as well as on the Organization's business activities. The extent to which the coronavirus may impact the Organization's business activities will depend on future developments, such as the ultimate geographic spread of the disease, the duration of the outbreak, travel restrictions, business disruptions and the effectiveness of actions taken in Canada and other countries to contain and treat the disease. Although future developments are highly uncertain, COVID-19 does not currently significantly impact the operations of the Organization.

2. Significant accounting policies

Basis of presentation

The financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations set out in Part III of the CPA Canada Handbook - Accounting, as issued by the Accounting Standards Board in Canada.

Revenue recognition

The Organization uses the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Organization records contributed materials and services if it is able to estimate the fair value of the contributed materials or services and if it would have purchased the materials or services if they had not been donated.

Revenue received in advance for specific programs is recorded as deferred revenue and recognized in income when the program takes place.

Deferred capital contributions consist of the unamortized amount of contributions received for the purchase of a building. Recognition of these amounts as revenue occurs as the building is amortized. The deferred contributions are amortized over the useful life of the related asset, which uses the straight-line method over 30 years.

Conference revenue is recognized as conferences are held.

Investment income is recognized as interest income is earned and dividends are received.

Property and equipment

Purchased property and equipment are recorded at cost less accumulated amortization. Contributed property and equipment are recorded at fair value at the date of contribution if fair value can be reasonably determined.

Amortization is provided using the straight-line method at rates intended to amortize the cost of assets over their estimated useful lives.

| | Method | Rate |
|------------------------|---------------|-------------|
| Building | straight-line | 30 years |
| Computer hardware | straight-line | 5 years |
| Computer software | straight-line | 5 years |
| Furniture and fixtures | straight-line | 5 years |

The Lighthouse Program for Grieving Children
Notes to the Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies *(continued from previous page)*

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Accrued liabilities are based on the expected amount to settle the liability at year end. Amortization is based on the estimated useful lives of property and equipment.

These estimates and assumptions are reviewed periodically and, as adjustments become necessary, they are reported in excess of revenues over expenses in the periods in which they become known.

Impairment of long-lived assets

The Organization tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

Government assistance

Government assistance toward current expenses is recognized as income during the year as a reduction of the related expenses.

Financial instruments

The Organization recognizes financial instruments when the Organization becomes party to the contractual provisions of the financial instrument.

Arm's length financial instruments

Financial instruments originated/acquired or issued/assumed in an arm's length transaction ("arm's length financial instruments") are initially recorded at their fair value.

At initial recognition, the Organization may irrevocably elect to subsequently measure any arm's length financial instrument at fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value. With the exception of financial liabilities indexed to a measure of the Organization's performance or value of its equity and those instruments designated at fair value, all other financial assets and liabilities are subsequently measured at amortized cost.

Related party financial instruments

The Organization initially measures financial instruments originated/acquired or issued/assumed in a related party transaction ("related party financial instruments") at fair value.

At initial recognition, the Organization may elect to subsequently measure related party debt instruments that are quoted in active market, or that have observable inputs significant to the determination of fair value, at fair value.

The Organization subsequently measures investments in equity instruments quoted in an active market at fair value.

Transaction costs and financing fees directly attributable to the origination, acquisition, issuance or assumption of related party financial instruments are immediately recognized in excess of revenue over expenses (expenses over revenue).

The Lighthouse Program for Grieving Children
Notes to the Financial Statements
For the year ended December 31, 2022

2. Significant accounting policies *(continued from previous page)*

Financial asset impairment

The Organization assesses impairment of all its financial assets measured at cost or amortized cost. The Organization groups assets for impairment testing when available information is not sufficient to permit identification of each individually impaired financial asset in the group; there are numerous assets affected by the same factors; no asset is individually significant. Management considers whether the issuer is having significant financial difficulty; whether there has been a breach in contract, such as a default or delinquency in interest or principal payments in determining whether objective evidence of impairment exists. When there is an indication of impairment, the Organization determines whether it has resulted in a significant adverse change in the expected timing or amount of future cash flows during the year.

The Organization reverses impairment losses on financial assets when there is a decrease in impairment and the decrease can be objectively related to an event occurring after the impairment loss was recognized. The amount of the reversal is recognized in excess of revenue over expenses (expenses over revenue) in the year the reversal occurs.

3. Investments

Investments consist of investment in a direct investing account and guaranteed investment certificates (GICs). The direct investing account consists of shares in public companies, mutual funds and guaranteed investment certificates. The current year guaranteed investment certificates have interest rates ranging from 0.55% to 4.35% and mature between January 17, 2023 and February 2, 2027. During the year, donation contributions revenue includes \$48,048 (2021 - \$12,228) of donated public company shares.

| | 2022 | 2021 |
|---------------------------|------------------|------------------|
| Current portion of GICs | 345,116 | 352,491 |
| Long-term portion of GICs | 1,048,702 | 830,241 |
| Total investments | 1,393,818 | 1,182,732 |

4. Government assistance receivable

In response to the negative economic impact of COVID-19, the Government of Canada announced the Canada Emergency Wage Subsidy ("CEWS") program in April 2020. CEWS provides a wage subsidy on eligible remuneration, subject to limits per employee, to eligible employers based on certain criteria, including demonstration of revenue declines as a result of COVID-19. The subsidy generally covers 75% of an employee's wages (to a maximum) for employers of all sizes and across all sectors that have suffered a decrease in gross revenues. The subsidy is retroactive to March 15, 2020. The qualification and application of the CEWS is being assessed over multiple four-week application period segments. The CEWS program ended in October 2021.

During the year, the Organization recognized total CEWS wage subsidies of \$Nil (2021 - \$145,158) which was recognized as a reduction of the salaries and benefits expense.

The Canada Emergency Rent Subsidy ("CERS") provides a direct and easy-to-access rent and mortgage subsidy of up to 65% of eligible expenses to qualifying businesses, charities and non-profits. This support is available directly to tenants. The CERS program ended in October 2021.

The Organization has recognized \$Nil (2021 - \$3,892) of the rent subsidy and has recorded it as a reduction to the eligible rent expense.

The Canada Recovery Hiring Program ("CRHP") provides support to qualifying businesses, charities and non-profits with revenue reductions who have new hires or increased hours or wages of existing employees. The subsidy covers up to 50% of the remuneration that exceed the remuneration paid during the reference period and is available for four week periods between starting June 6, 2021 and ending on May 7, 2022.

The Organization has recognized \$10,125 (2021 - \$4,978) of the wage subsidy and has recorded it as a reduction of the salaries and benefits expense incurred. As at year end, the amount receivable related to CRHP is \$Nil (2021 - \$4,978).

The Lighthouse Program for Grieving Children
Notes to the Financial Statements
For the year ended December 31, 2022

5. Property and equipment

| | <i>Cost</i> | <i>Accumulated amortization</i> | <i>2022 Net book value</i> | <i>2021 Net book value</i> |
|------------------------|------------------|-------------------------------------|------------------------------------|------------------------------------|
| Land | 650,000 | - | 650,000 | 650,000 |
| Building | 1,382,521 | 284,544 | 1,097,977 | 1,144,061 |
| Computer hardware | 13,837 | 7,041 | 6,796 | 9,564 |
| Computer software | 44,105 | 42,967 | 1,138 | 9,959 |
| Furniture and fixtures | 29,788 | 29,788 | - | - |
| | 2,120,251 | 364,340 | 1,755,911 | 1,813,584 |

6. Deferred capital contributions

| | <i>2022</i> | <i>2021</i> |
|---|----------------|----------------|
| Balance, beginning of year | 327,114 | 340,290 |
| Less: amounts recognized as revenue during the year | 13,176 | 13,176 |
| Balance, end of year | 313,938 | 327,114 |

7. Government loan payable

The Canada Emergency Business Account ("CEBA") is a government assistance program implemented by eligible financial institutions in cooperation with Export Development Canada. The CEBA provides interest-free loans of up to \$60,000 to small businesses and not-for-profits, to help cover their operating costs during a period where their revenues have been temporarily reduced by the economic impact of the COVID-19 pandemic.

If the balance of the CEBA loan is repaid on or before December 31, 2023, it will result in forgiveness of 25% of the loan (up to \$10,000). The loan will mature on December 31, 2025, at which time the balance must be paid in full.

The Organization applied for and received a \$40,000 CEBA loan in 2020 and recognized the forgivable portion of \$10,000 as a reduction of the salaries and benefits expense in 2020.

8. Related party transactions

The Organization received a total of \$35,430 (2021 - \$31,192) in donations from directors and officers.

The Lighthouse Program for Grieving Children
Notes to the Financial Statements
For the year ended December 31, 2022

9. Financial instruments

The Organization, as part of its operations, carries a number of financial instruments. It is management's opinion that the Organization is not exposed to significant currency, credit, liquidity or other price risks arising from these financial instruments except as otherwise disclosed.

Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to liquidity risk arising primarily from accounts payable and accrued liabilities. The Organization's ability to meet obligations depends on the receipt of fund from its operations and other related sources, whether in the form of revenue or advances.

Other price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is exposed to other price risk in its investments in stocks as such investments are subject to price changes in the stock markets.