

TORONTO PEOPLE WITH AIDS FOUNDATION

2010 Financial Statements

TORONTO PEOPLE WITH AIDS FOUNDATION
2010 Financial Statements

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Auditors' Report

To the Members of Toronto People with AIDS Foundation

We have audited the balance sheet of Toronto People with AIDS Foundation as at March 31, 2010 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of PWA's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as noted in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many not-for-profit organizations, PWA derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of PWA and we were unable to determine whether any adjustments for unrecorded revenue might be necessary to fundraising and donations revenue, excess (deficiency) of revenue over expenses and net assets.

In our opinion, except for the effect of any adjustments which might have been required had we been able to satisfy ourselves with respect to the completeness of fundraising and donation revenue referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of PWA as at March 31, 2010 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

PKF Hill LLP

Chartered Accountants, Licensed Public Accountants
June 3, 2010

TORONTO PEOPLE WITH AIDS FOUNDATION

Balance Sheet

As at March 31

	2010	2009
ASSETS		
Current assets		
Cash	\$ 140,729	\$ 67,855
Investments	358,368	198,131
Accounts receivable	68,094	56,851
Leasehold allowance receivable	-	225,000
Prepaid expenses	69,841	70,159
	637,032	617,996
Property and equipment (note 4)	586,659	614,469
	<u>\$ 1,223,691</u>	<u>\$ 1,232,465</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 75,671	\$ 116,398
Current portion of leasehold improvement allowance (note 5)	17,837	13,832
	93,508	130,230
Leasehold improvement allowance (note 5)	193,331	211,168
Deferred contributions (note 6)	240,621	151,082
	527,460	492,480
Net assets		
Invested in property and equipment	389,323	403,301
Internally restricted for organizational development	204,000	204,000
Unrestricted	102,908	132,684
	696,231	739,985
	<u>\$ 1,223,691</u>	<u>\$ 1,232,465</u>

See accompanying notes

On behalf of the Board

Director

Director

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Operations

Year ended March 31

	2010	2009
Revenue		
Grants (note 7)	\$ 1,254,457	\$ 1,224,720
Fundraising and donations - bike rally (note 8)	952,252	1,214,627
Fundraising and donations - general	378,919	359,836
Administrative fees, honoraria and other	33,340	19,901
Financial assistance contributions (note 9)	28,340	28,491
Investment income	11,074	22,502
Landlord contribution for leaseholds	-	75,000
	<u>2,658,382</u>	<u>2,945,077</u>
Expenses		
Client services		
Food for Life meal delivery program	228,911	248,265
Benefits and assistance income support	232,002	206,369
Long-term care health promotion	118,207	118,297
Volunteer services	108,418	107,551
Education - Speakers bureau	78,791	72,475
Food programs	136,977	65,555
Treatment programs	120,001	106,433
General programs	129,951	149,306
	<u>1,153,258</u>	<u>1,074,251</u>
Financial assistance		
Supplementary therapies	33,595	113,647
Medical assistance	37,232	88,240
Medical disability	26,050	79,407
Trillium co-payment	21,518	43,706
Family holiday gift certificates	1,350	8,800
Positive Children fund	4,800	7,000
Positive Seniors fund	3,800	2,600
	<u>128,345</u>	<u>343,400</u>
General		
Fundraising - bike rally (note 8)	412,630	462,859
Administration	334,245	213,054
Fundraising and development	185,991	152,392
Communications	95,977	90,437
Committee for Accessible AIDS Treatments	185,774	104,200
Toronto HIV/AIDS Network	125,373	97,532
POZ Prevention	76,229	55,160
Criminal Law & HIV Exposure	2,440	2,291
Latinos Positivos	1,874	-
Administration - office relocation	-	68,176
	<u>1,420,533</u>	<u>1,246,101</u>
	<u>2,702,136</u>	<u>2,663,752</u>
Excess (deficiency) of revenue over expenses	\$ (43,754)	\$ 281,325

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Changes in Net Assets

Year ended March 31

	Invested in property and equipment	Internally restricted for organizational development	Unrestricted	Total 2010	Total 2009
Net assets, beginning of year	\$ 389,469	\$ 204,000	\$ 146,516	\$ 739,985	\$ 458,660
Excess (deficiency) of revenue over expenses	(81,144)	-	37,390	(43,754)	281,325
Repayment of leasehold improvement allowance	13,832	-	(13,832)	-	-
Purchase of property and equipment	53,334	-	(53,334)	-	-
Net assets, end of year	\$ 375,491	\$ 204,000	\$ 116,740	\$ 696,231	\$ 739,985

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Cash Flows

Year ended March 31

	2010	2009
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (43,754)	\$ 281,325
Items not involving cash		
Amortization	81,144	54,973
Donated shares	-	(27,253)
Realized gain on investments	(551)	-
Unrealized gain on investments	(777)	-
	36,062	309,045
Net change in non-cash working capital items		
Accounts receivable	(11,243)	40,021
Leasehold allowance receivable	225,000	(225,000)
Prepaid expenses	318	(40,535)
Accounts payable and accrued liabilities	(40,728)	(23,727)
	173,347	(249,241)
Cash flows from operating activities	209,409	59,804
Financing activities		
Deferred contributions	89,539	(52,370)
Increase (decrease) in leasehold improvement allowance	(13,832)	225,000
Cash flows from financing activities	75,707	172,630
Investing activities		
Proceeds on disposal of investments	352,470	683,689
Purchase of investments	(511,378)	(398,356)
Purchase of property and equipment	(53,334)	(629,949)
Cash flows from investing activities	(212,242)	(344,616)
Net change in cash during the year	72,874	(112,182)
Cash, beginning of year	67,855	180,037
Cash, end of year	\$ 140,729	\$ 67,855

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31

1. Organizational background, mission statement and income tax status

Toronto People with AIDS Foundation ("PWA") is a not-for-profit organization incorporated under the Corporations Act, Ontario, by letters patent dated May 11, 1987 and subsequently amended by supplementary letters patent dated June 7, 1988.

Mission statement

PWA exists to promote the health and well-being of all people living with HIV/AIDS (PHAs) by providing accessible, direct, and practical support services.

Statement of philosophy

People living with HIV/AIDS play a crucial role in the governance and operation of PWA, but most important, are its heart and soul. Although PWA seeks supportive partnerships in support of fulfilling its mission, its response to HIV/AIDS is, more than anything else, inspired by the voices and experience of people living with HIV/AIDS.

Within the context of this refined mission and statement of philosophy, PWA has mapped out the strategic directions which will guide the organization in the future:

1. Creating the experience of an affirming connection place
 - (a) reconfigure the physical space of PWA;
 - (b) ensure that clients have access to services in multiple languages;
 - (c) reinforce the internal culture of care and concern; and
 - (d) reshape the existing health promotion and resource support programs.
2. Reshaping the point of access to the PHA network
 - (a) work with community partners and existing processes to create a shared, collaborative view of the system;
 - (b) recognize that clients need to experience the most seamless navigation possible;
 - (c) take a leadership role in further investigating the possibility of a "single intake" concept;
 - (d) build on the communications and branding program; and
 - (e) create a liaison program for more porous, fluid relationships between PWA and other agencies and programs.
3. Strengthening and streamlining core practical direct support services
 - (a) continue to build on staff skills to help deal with immediate crises for clients; and
 - (b) conduct an analysis of the programs to ensure that they are best serving the clients' needs.

Income tax status

PWA is registered as a charitable organization under the Income Tax Act (Canada) (the "Act") and, as such, is exempt from income taxes. Accordingly, no provision has been made in the accounts of PWA for income taxes. PWA is subject to the disbursement requirements set by the Act and as at the end of fiscal 2010, was in compliance with these requirements.

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31

2. Objectives, policies and processes for managing capital

PWA's capital is comprised of the net assets invested in property and equipment, internally restricted funds and unrestricted funds.

The board invests in the property and equipment in order to promote the health and well being of all people living with HIV/AIDS and to provide accessible, direct and practical support services. The board authorizes the funds based on the recommendation from the finance committee.

Internally restricted funds are set aside by board resolution to provide for special requirements and their objectives are described in Note 3 Summary of Significant Accounting Policies. The funds are not required in the short term. The Director, Finance and Administration invests their balances in accordance with board policy, which allows that they be held in short-term, low risk and highly liquid financial instruments.

The finance committee reviews the annual budget and cash flow forecast (which includes the property and equipment requirements) and determines the working capital needs for the year. Throughout the year, the Director, Finance and Administration monitors the actual results against the forecast and notifies the finance committee and the board when changes to plans are required. It is the opinion of the board that the amount of the unrestricted fund balance is appropriate for the current needs of PWA.

3. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles, the more significant of which are outlined below.

Use of estimates

The preparation of financial statements in conformity with Canadian generally accepted accounting principles 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 balance sheet date and the reported amounts of revenues and expenses during the year. Actual results could differ from those estimates.

Short-term investments

Short-term investments consist of money market funds and guaranteed investment certificates bearing interest at rates between 1.30% and 1.41%, all maturing September 23, 2010.

Property and equipment

Property and equipment are recorded at cost and are amortized over their estimated useful lives on a straight-line basis. The annual amortization rates are as follows:

Vehicles	5 years
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Over the term of the lease

Donated property and equipment are recorded at fair value at the date of contribution.

Revenue recognition

PWA follows the deferral method of accounting for revenue. 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.

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31

3. Summary of significant accounting policies — continued

Donated goods and services

The fair market value of donated goods and services is not reported in the financial statements as revenue, however it is reported as a note to the financial statements (note 10).

Allocation of expenses

PWA allocates a portion of administrative and overhead shared expenses to various programs. Allocation of expenses is on the following basis:

- (1) Occupancy costs (rent/utilities) - based on square footage used for each program
- (2) Amortization expense - based on number of program staff and required usage of computers, furniture and fixtures and a portion of leasehold improvements
- (3) General administrative expenses - based on number of program staff

The details of the allocation are in note 11. The basis of expense allocation is consistent with the prior year.

Financial instruments

The Canadian Institute of Chartered Accountants (the "CICA") provides a choice for financial instruments disclosure and PWA has chosen to continue to apply Financial instruments - Disclosure and Presentation, Section 3861 in place of Financial Instruments - Disclosure, Section 3862 and Financial instruments - Presentation, Section 3863.

PWA's financial instruments consist of cash, accounts receivable, short-term investments, accounts payable and leasehold improvement allowance.

The carrying value of PWA's cash, accounts receivable, short-term investments, and accounts payable approximate fair value due to their short-term maturities.

The leasehold improvement allowance is carried at amortized cost using the effective interest rate method.

4. Property and equipment

	2010		2009	
	Cost	Accumulated amortization	Net	Net
Vehicles	\$ 19,793	\$ 660	\$ 19,133	\$ -
Computer equipment	36,850	8,504	28,346	11,310
Furniture and fixtures	104,979	28,809	76,170	86,725
Leasehold improvements	534,242	71,232	463,010	516,434
	<u>\$ 695,864</u>	<u>\$ 109,205</u>	<u>\$ 586,659</u>	<u>\$ 614,469</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31

5. Leasehold improvement allowance

PWA moved to a new office in December 2008. On May 1, 2009, the landlord advanced PWA \$225,000 as a leasehold improvement allowance. This long-term loan bears interest at an annual rate of 8%. The amortization period is from May 1, 2009 to November 30, 2018.

	2010	2009
Leasehold improvement allowance	\$ 211,168	\$ 225,000
Less: current portion	17,837	13,832
	<u>\$ 193,331</u>	<u>\$ 211,168</u>

Minimum principal repayments required over the next five years and subsequently are as follows:

2011	\$ 17,837
2012	19,292
2013	20,866
2014	22,569
2015	24,411
Subsequent years	<u>106,193</u>
	<u>\$ 211,168</u>

6. Deferred contributions

Deferred contributions represents funding received in the current fiscal year that will be spent in a subsequent year. Deferred contributions at year end are as follows:

	2010	2009
Bike rally (contributions for next year)	\$ 186,201	\$ 131,588
Ontario Ministry of Health - AIDS Bureau	10,332	-
City of Toronto - Community Service Partnerships	11,295	-
City of Toronto - AIDS Prevention Community Investment Program	15,247	14,494
Ontario AIDS Network	12,546	-
Treatment Resources	5,000	-
Rotary Club - restricted donation for vehicle purchase	-	5,000
	<u>\$ 240,621</u>	<u>\$ 151,082</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31

7. Grants

	2010	2009
Ontario Ministry of Health - AIDS Bureau	\$ 525,711	\$ 500,941
Ontario Ministry of Health - AIDS Bureau - Committee for Accessible AIDS Treatment	106,610	104,200
Ontario Ministry of Health - AIDS Bureau (one time grants less amounts deferred to later fiscal years)	129,685	219,596
Ontario Ministry of Health and Long-Term Care (base subsidy)	82,908	81,084
Public Health Agency of Canada - Ontario Region (Appendix 1)	316,000	223,580
Public Health Agency of Canada - Ontario Region (one time grant less amounts deferred to later fiscal years)	-	5,200
City of Toronto - AIDS Prevention Community Investment Program	60,235	57,766
City of Toronto - Community Service Partnership	28,230	27,675
Government of Canada HRSDC Canada Summer Jobs	5,078	4,678
	<u>\$ 1,254,457</u>	<u>\$ 1,224,720</u>

8. Bike rally - net revenue

The net revenue of the bike rally fundraising event is as follows:

	2010	2009
Revenue	\$ 952,252	\$ 1,214,627
Expenses	<u>(412,630)</u>	<u>(462,859)</u>
	<u>\$ 539,622</u>	<u>\$ 751,768</u>

9. Financial assistance contributions

PWA provides financial assistance to people living with HIV/AIDS. Monies received from the Community Partners fund and Positive Support fund are restricted for financial assistance to clients. In addition, a portion of fundraising efforts are allocated to financial assistance in the annual budgeting process.

PWA recognized revenue for financial assistance from the following sources during the year:

	2010	2009
Positive Support fund - Ontario AIDS Network	\$ 13,831	\$ 10,790
Community Partners fund - AIDS Committee of Toronto	2,500	7,500
Community fundraising, special events and donations	<u>12,009</u>	<u>10,201</u>
	<u>\$ 28,340</u>	<u>\$ 28,491</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31

10. Donated goods and services

The fair value of goods and services donated to PWA in 2010 was \$8,693 (2009 - \$25,146) and is not recorded as revenue for the year.

A large number of hours are contributed by volunteers who assist in the food bank, act as crew on the bike rally, provide massage therapy and hair cutting services, perform reception duties and assist in the PWA office. PWA also receives weekly donations of groceries from a number of businesses and organizations which are distributed to clients through the food bank and PWA's annual dinner. The volunteer contributions and donated groceries are not reflected as donated goods and services revenue due to the difficulty in establishing the fair market value of these goods and services.

A quantity of theatre and event tickets are received free of charge and distributed to clients through the Theatre Access program. These contributions are not reflected as donated goods and services revenue as PWA would not have otherwise purchased the tickets.

11. Allocation of expenses

Program	Occupancy costs (rent/utilities)	Amortization expense	General administrative expenses	2010 Total	2009 Total
Food for Life	\$ 14,883	\$ 9,300	\$ 1,000	\$ 25,183	\$ 15,557
Benefits and assistance	28,836	11,900	4,000	44,736	35,507
Health promotion	12,093	9,300	1,000	22,393	15,557
Volunteer services	13,172	2,300	1,000	16,472	13,422
Speakers bureau	5,581	2,300	1,000	8,881	7,850
Food	33,487	9,300	1,000	43,787	18,221
Treatment	11,162	4,600	2,000	17,762	15,700
General client services	23,255	11,900	2,000	37,155	22,408
POZ Prevention	5,580	-	-	5,580	465
	<u>\$ 148,049</u>	<u>\$ 60,900</u>	<u>\$ 13,000</u>	<u>\$ 221,949</u>	<u>\$ 144,687</u>

12. Lease commitment

PWA leases office space under an operating lease which expires on November 30, 2018. The minimum annual lease payments required in the next five years are as follows:

2011	\$ 207,900
2012	207,900
2013	207,900
2014	214,200
2015	226,800
	<u>\$ 1,064,700</u>

TORONTO PEOPLE WITH AIDS FOUNDATION
Notes to Financial Statements
Year ended March 31

13. Financial instruments

PWA has the following risks associated with its financial instruments:

Credit risk

PWA does not consider credit risks on its accounts receivable to be significant given the high quality nature of PWA's sources of revenue.

Fair value

PWA's financial instruments include accounts receivable and accounts payable, these financial instruments are non-interest bearing and are due or payable within the next year. Due to their short-term maturity, the carrying value of these financial instruments approximates fair value.

Interest rate risk

PWA is exposed to interest rate risk on its short-term investments when the value of these financial instruments fluctuate due to changes in market interest rates.

TORONTO PEOPLE WITH AIDS FOUNDATION

Appendix 1 - Grant Schedules

Year ended March 31, 2010

Schedule of Revenue and Expenses

AIDS Community Action Program (ACAP) funded by Public Health Agency of Canada - Ontario region

6963-06-2002-4480435 Food For Life

	Budget 2009/2010	Actual 2009/2010
Revenue		
Public Health Agency of Canada - ACAP	\$ 82,000	\$ 82,000
Expenses		
Personnel	60,226	60,226
Materials	19,274	19,274
Rent/Utilities	2,500	2,500
	82,000	82,000
Excess (deficiency) of revenue over expenditure for the year	\$ -	\$ -

Schedule of Revenue and Expenses

AIDS Community Action Program (ACAP) funded by Public Health Agency of Canada - Ontario region

6973-06-2002-4480437 Volunteer

	Budget 2009/2010	Actual 2009/2010
Revenue		
Public Health Agency of Canada - ACAP	\$ 82,000	\$ 82,000
Expenses		
Personnel	66,328	66,328
Materials	2,500	2,500
Rent/Utilities	13,172	13,172
	82,000	82,000
Excess (deficiency) of revenue over expenditure for the year	\$ -	\$ -

Schedule of Revenue and Expenses

PHA Engagement in POZ Prevention for Gay Men funded by Public Health Agency of Canada - Ontario region

6963-06-2008-4480469 POZ Prevention

	Budget 2009/2010	Actual 2009/2010
Revenue		
Public Health Agency of Canada	\$ 75,000	\$ 75,000
Expenses		
Personnel	60,771	60,771
Travel	1,149	1,149
Materials	3,000	3,000
Rent/Utilities	5,580	5,580
Evaluation	4,500	4,500
	75,000	75,000
Excess (deficiency) of revenue over expenditure for the year	\$ -	\$ -

TORONTO PEOPLE WITH AIDS FOUNDATION

Appendix 1 - Grant Schedules

Year ended March 31, 2010

Schedule of Revenue and Expenses - continued

Committee for Accessible AIDS Treatment Legacy Project funded by Public Health Agency of Canada - Ontario region

6963-06-2008-4480491 Legacy Project

	Budget 2009/2010	Actual 2009/2010
Revenue		
Public Health Agency of Canada	\$ 77,000	\$ 77,000
Expenses		
Personnel	37,217	37,217
Travel	283	283
Materials	28,486	28,486
Equipment	2,014	2,014
Rent/Utilities	4,200	4,200
Evaluation	2,000	2,000
Other (PWA sponsorship fee of 3.6%)	2,800	2,800
	77,000	77,000
Excess (deficiency) of revenue over expenditure for the year	\$ -	\$ -