TORONTO PEOPLE WITH AIDS FOUNDATION

2008 Financial Statements

PKFHill

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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, 2008 and the statements of operations, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the 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, 2008, 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 20, 2008

TORONTO PEOPLE WITH AIDS FOUNDATION

Balance Sheet
As at March 31

		2008		2007
ASSETS				
Current assets				
Cash	$	180,037	$	144,151
Investments		456,211		440,425
Accounts receivable		96,872		37,216
Prepaid expenses		29,624		21,052
		762,744		642,844
Property and equipment (note 4)		39,493		68,283
	$	802,237	$	711,127
LIABILITIES AND NET ASSETS				
Current liability				
Accounts payable and accrued liabilities	$	140,125	$	78,619
Deferred contributions (note 5)		203,452		154,131
		343,577		232,750
Net assets				
Invested in property and equipment		39,493		68,283
Internally restricted for organizational development		381,500		381,500
Unrestricted		37,667		28,594
		458,660		478,377
	$	802,237	$	711,127

See accompanying notes

On behalf of the Board

Director

Director

TORONTO PEOPLE WITH AIDS FOUNDATION
Statement of Operations
Year ended March 31

	2008	2007
Revenue		
Grants (note 6)	$ 967,183	$ 815,242
Fundraising and donations - bike rally (note 7)	829,282	717,493
Fundraising and donations - general	394,268	315,203
Financial assistance contributions (note 8)	72,490	139,161
Interest	24,835	20,958
Administrative fees, honoraria and other	11,106	12,779
	2,299,164	2,020,836
Expenses		
Client services		
Food for Life meal delivery program	247,163	238,958
Benefits and assistance income support	204,939	174,437
Long-term care health promotion	126,783	121,262
Volunteer services	90,833	84,947
Education - Speakers bureau	66,722	68,810
Treatment access	58,007	52,474
Food programs	53,084	51,509
Treatment resources	43,010	37,657
General	118,620	94,285
	1,009,161	924,339
Financial assistance		
Supplementary therapies	110,514	85,120
Medical assistance	79,082	59,097
Medical disability	63,457	98,988
Trillium co-payment	40,689	48,940
Family holiday gift certificates	8,240	7,115
Positive Children fund	6,400	6,400
Positive Seniors fund	2,600	-
Program materials and supplies	-	118
	310,982	305,778
General		
Fundraising - bike rally	378,503	337,191
Administration	183,262	216,457
Fundraising and development	163,562	134,766
Communications	102,392	86,346
Committee for Accessible AIDS Treatments	101,500	-
Strategic planning and program evaluation	50,000	-
POZ prevention resource material	15,000	-
OHTN workshop and symposium fund	4,519	-
	998,738	774,760
	2,318,881	2,004,877
Excess (deficiency) of revenue over expenses	$ (19,717)	$ 15,959

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 2008	Total 2007
Net assets, beginning of year	$ 68,283	$ 381,500	$ 28,594	$ 478,377	$ 284,918
Deficiency of revenue over expenses	(38,099)	-	18,382	(19,717)	15,959
Invested in property and equipment	9,309	-	(9,309)	-	-
Internally restricted bequest	-	-	-	-	177,500
Net assets, end of year	$ 39,493	$ 381,500	$ 37,667	$ 458,660	$ 478,377

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION
Statement of Cash Flows
Year ended March 31

	2008	2007
Operating activities		
Excess (deficiency) of revenue over expenses	$ (19,717)	$ 15,959
Item not involving cash		
Amortization	38,099	41,811
Internally restricted bequest	-	177,500
	18,382	235,270
Net change in non-cash working capital items		
Accounts receivable	(59,656)	(31,008)
Prepaid expenses	(8,572)	14,998
Accounts payable and accrued liabilities	61,506	(31,929)
	(6,722)	(47,939)
Cash flows from operating activities	11,660	187,331
Financing activity		
Deferred contributions and cash flows from financing activity	49,321	(43,807)
Investing activities		
Investments	(15,786)	(63,108)
Purchase of property and equipment	(9,309)	(8,061)
	(25,095)	(71,169)
Net change in cash during the year	35,886	72,355
Cash, beginning of year	144,151	71,796
Cash, end of year	$ 180,037	$ 144,151

See accompanying notes

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.

<u>Mission statement, philosophy and objectives</u>

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 our 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 our 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 our programs to ensure that they are best serving our clients' needs.

<u>Income tax status</u>

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. To maintain its charitable organization status, PWA must comply with certain requirements of the Act, including the requirement to disburse 80% of its receipted donations of the prior year.

2. Change in accounting policy

On April 1, 2007, PWA adopted the provisions of CICA Section 3655, Financial Instruments - Recognition and Measurement. This standard prescribes the classification, recognition and measurement of financial instruments. As a result of adoption of these standards, PWA elected to classify its investments as held for trading financial assets. There is no change in the accounting valuation for PWA's financial instruments, as the previous policy was substantially in accordance with these standards.

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.

Internally restricted net assets - organizational development

In order to provide a degree of stability to its clients in the event of financial downturns in the future, a portion of net assets have been internally restricted by the Board of Directors for organizational development. In fiscal 2007, internally restricted net assets increased by $177,500 due to a bequest which has been internally restricted by the Board for future initiatives.

Property and equipment

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

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.

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 9).

3. Summary of significant accounting policies — continued

Financial instruments

PWA's financial instruments consist of cash, investments, accounts receivable and accounts payable and accrued liabilities.

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

Investments are designated as held for trading financial assets and are recorded and carried at fair market value. Unrealized gains and losses arising from the change in fair value of investments are recorded in excess (deficiency) of revenue over expenses for the year.

Future accounting standards change

The CICA has issued the following Accounting Handbook Section which PWA will be required to adopt effective March 31, 2009. The adoption of the new standard is not expected to have a material impact on the financial statements.

Section 3862, Financial Instruments - Disclosures - This section places an increased emphasis on risk disclosures. This section also requires enhanced disclosures for financial instruments.

4. Property and equipment

	2008 Cost	2008 Accumulated amortization	2008 Net	2007 Net
Computer equipment	$ 58,260	$ 40,031	$ 18,229	$ 42,612
Furniture and fixtures	45,307	27,065	18,242	17,469
Leasehold improvements	54,479	51,457	3,022	8,202
	$ 158,046	$ 118,553	$ 39,493	$ 68,283

5. 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:

	2008	2007
Bike rally (contributions for next year)	$ 154,715	$ 88,964
Ontario Ministry of Health - AIDS Bureau - 05/06 Capital	21,253	46,775
Ontario Ministry of Health and Long-Term Care - 03/04 Capital	-	767
Public Health Agency of Canada - Ontario Region - 04/05 Capital	5,200	7,625
City of Toronto - Department of Public Health - Speakers bureau	14,284	-
Treatment Resources	8,000	10,000
	$ 203,452	$ 154,131

6. Grants

	2008	2007
Ontario Ministry of Health - AIDS Bureau	$ 458,191	$ 452,311
Ontario Ministry of Health - AIDS Bureau - Committee for Accessible AIDS Treatment	101,500	-
Ontario Ministry of Health - AIDS Bureau (one time grants less amounts deferred to later fiscal years)	63,000	20,000
Ontario Ministry of Health and Long-Term Care (base subsidy)	79,300	78,116
Ontario Ministry of Health and Long-Term Care (one time grant)	767	10,277
Public Health Agency of Canada - Ontario Region	162,000	167,211
Public Health Agency of Canada - Ontario Region (one time grant less amounts deferred to later fiscal years)	2,426	1,156
City of Toronto - Department of Public Health - Speakers bureau	57,737	59,041
City of Toronto - Department of Public Health - food programs	27,130	27,130
Government of Canada HRSDC Canada Summer Jobs	3,132	-
OHTN Workshop and Symposium Fund	12,000	-
	$ 967,183	$ 815,242

7. Bike rally - net revenue

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

	2008	2007
Revenue	$ 829,282	$ 717,493
Expenses	(378,503)	(337,191)
Net revenue	$ 450,779	$ 380,302

8. Financial assistance contributions

PWA provides financial assistance to people living with HIV/AIDS. Monies received from the Community Partners fund and Positive Support fund (formerly known as Positive Action 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:

	2008	2007
Positive Support fund - Ontario AIDS Network	$ 46,348	$ 99,688
Community Partners Fund - AIDS Committee of Toronto	15,000	25,000
Community fundraising, special events and donations	11,142	14,473
	$ 72,490	$ 139,161

9. Donated goods and services

The fair value of goods and services donated to PWA in 2008 was $22,072 (2007 - $89,236) 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 PWA office. PWA also receives weekly donations of foodstuffs from a number of businesses and organizations which are distributed to clients through the food bank and PWA's annual dinner. The volunteer contribution and donated foodstuffs 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.

10. Lease commitment

PWA leases office space under an operating lease which expires on October 31, 2008. The minimum lease payments amount to $39,070 per annum.

11. Financial instruments

Unless otherwise noted, it is management's opinion that the PWA is not exposed to significant interest rate, currency or credit risks arising from financial instruments. Due to the short-term maturity of the financial assets and liabilities, book values approximate fair values.