

# **TORONTO PEOPLE WITH AIDS FOUNDATION**

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2003 Financial Statements

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2003 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** (the "Foundation") as at March 31, 2003 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 Foundation's management. Our responsibility is to express an opinion on these financial statements based on our audit.

Except as explained 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, the Foundation 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 the Foundation 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 the Foundation as at March 31, 2003 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

May 23, 2003

# TORONTO PEOPLE WITH AIDS FOUNDATION

Balance Sheet as at March 31

	2003	2002
<b>ASSETS</b>		
Current assets		
Cash	\$ 118,886	\$ 153,433
Marketable securities	349,133	193,672
Accounts receivable	20,304	13,207
Prepaid expenses	56,245	57,476
	544,568	417,788
Capital assets (note 3)	36,064	37,750
	\$ 580,632	\$ 455,538
<b>LIABILITIES AND NET ASSETS</b>		
Current liabilities		
Accounts payable and accrued liabilities	\$ 56,786	\$ 41,431
Deferred contributions (note 4)	235,237	112,245
	292,023	153,676
Net assets		
Invested in capital assets	36,064	37,750
Internally restricted for financial assistance	-	1,351
Internally restricted for organizational development	180,000	120,000
Unrestricted	72,545	142,761
	288,609	301,862
	\$ 580,632	\$ 455,538

See accompanying notes

On behalf of the Board:

Director

Director

# TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Operations  
Year Ended March 31

	2003	2002
Revenue		
Grants (note 5)	\$ 697,791	\$ 659,446
Financial assistance contributions (note 6)	103,089	139,484
Fundraising and donations - general	274,223	234,684
Fundraising and donations - bike rally (note 7)	191,134	72,778
Administrative fees, honoraria and other	58,425	17,424
Interest	6,646	8,791
<b>Total revenue</b>	<b>1,331,308</b>	<b>1,132,607</b>
Expenses		
Client services		
Benefits and assistance case management	228,822	202,850
Long-term care	119,034	106,832
Treatment resources	92,522	87,425
Volunteer services	97,358	81,998
Food programs	117,809	63,068
Food for Life meal program	116,098	5,155
Education - Speakers bureau	80,121	87,563
	<b>851,764</b>	<b>634,891</b>
Financial assistance		
Medical disability	108,127	83,622
Trillium co-payment	46,773	30,275
Medical assistance	26,907	43,548
Supplementary therapies fund	21,771	12,029
Family Christmas gift certificates	8,100	6,500
Positive children	5,600	4,800
Program materials and supplies	5,634	-
	<b>222,912</b>	<b>180,774</b>
<b>Total program expenses</b>	<b>1,074,676</b>	<b>815,665</b>
General		
Administrative operations	100,843	93,122
Communications	63,243	82,265
Fundraising	105,799	125,853
	<b>269,885</b>	<b>301,240</b>
<b>Total expenses</b>	<b>1,344,561</b>	<b>1,116,905</b>
<b>Excess (deficiency) of revenue over expenses</b>	<b>\$ (13,253)</b>	<b>\$ 15,702</b>

See accompanying notes

# TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Changes in Net Assets  
Year Ended March 31

	2003				2002	
	Invested in Capital Assets	Internally Restricted for Financial Assistance	Internally Restricted for Organizational Development	Unrestricted	Total	Total
Net assets, beginning of year	\$ 37,750	1,351	120,000	142,761	\$ 301,862	\$ 286,160
Excess (deficiency) of revenue over expenses	(25,267)	(1,351)	-	13,365	(13,253)	15,702
Invested in capital assets	23,581	-	-	(23,581)	-	-
Transfer	-	-	60,000	(60,000)	-	-
Net assets, end of year	\$ 36,064	-	180,000	72,545	\$ 288,609	\$ 301,862

See accompanying notes

## TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Cash Flows  
Year Ended March 31

	2003	2002
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (13,253)	\$ 15,702
Add item not involving cash - amortization	25,267	43,947
	12,014	59,649
Net changes in non-cash working capital items		
Cash - restricted	-	10,860
Accounts receivable	(7,097)	43,547
Prepaid expenses	1,231	(26,292)
Accounts payable and accrued liabilities	15,355	(10,105)
Due to Positive Youth Outreach	-	(10,860)
Deferred contributions	122,992	79,650
	132,481	86,800
Cash flows from operating activities	144,495	146,449
Financing and investing activities		
Net increase in marketable securities	(155,461)	(7,948)
Purchase of capital assets	(23,581)	(45,928)
Cash flows from financing and investing activities	(179,042)	(53,876)
Net change in cash during the year	(34,547)	92,573
Cash, beginning of year	153,433	60,860
Cash, end of year	\$ 118,886	\$ 153,433

See accompanying notes

# TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements  
Year Ended March 31, 2003

## 1. Organizational Background, Mission Statement and Income Tax Status

Toronto People with AIDS Foundation (the "Foundation") 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, philosophy and objectives

#### *Mission statement*

The Foundation exists to promote the health and well-being of all people living with HIV/AIDS 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 the Foundation, but most important, are its heart and soul. Although the Foundation 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, the Foundation has mapped out the strategic directions which will guide the organization during 2003 - 2005:

1. Responding to the changing needs of people living with HIV/AIDS
  - (a) to continue to make its services available to all people living with HIV/AIDS and continue to focus on practical services;
  - (b) to continue efforts to improve access to treatment and treatment information for people living with HIV/AIDS; and
  - (c) to promote the self-sufficiency and dignity of people living with HIV/AIDS through peer support, education, and skill development.
2. Developing strategic alliances
  - (a) to further develop and enhance our advocacy efforts, in concert with the Ontario AIDS Network, the Canadian AIDS Society, and other agencies; and
  - (b) to develop new partnerships and alliances and to strengthen existing ones.
3. Strengthening our presence in the community
  - (a) to develop a communications and marketing plan;
  - (b) to locate an improved, accessible space for service delivery; and
  - (c) to diversity and broaden our fundraising strategies.

# TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements  
Year Ended March 31, 2003

## 1. Organizational Background, Mission Statement and Income Tax Status - continued

### Income tax status

The Foundation 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 the Foundation for income taxes. To maintain its charitable organization status, the Foundation must comply with certain requirements of the Act, including the requirement to disburse 80% of its received donations of the prior year.

## 2. Summary of Significant Accounting Policies

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

The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the amounts reported in the financial statements and accompanying notes. Actual results could differ from these estimates.

### Marketable securities

Marketable securities are recorded at cost. A provision for write-down is made when the decline in value of a particular investment is considered other than temporary. At year end, the marketable securities on hand had a market value of \$350,522 (2002 - \$193,672).

### Internally restricted net assets

The Foundation maintains certain net assets for purposes as established by the Board of Directors, as follows:

#### *Financial assistance*

The Foundation provides financial assistance to people living with HIV and AIDS. Monies for this are received by way of designated grants and through community fundraising and donations. These funds are considered internally restricted and are not available for other purposes without prior approval from the Board of Directors.

#### *Organizational development*

In order to provide a degree of stability to its clients in the event of financial downturns in the future, \$180,000 of net assets have been internally restricted for organizational development by the Board of Directors.

### Capital assets

Purchased capital assets are recorded at cost. Donated capital assets are recorded at fair value at the date of contribution. Amortization is recorded on a straight-line basis over the capital assets' estimated useful lives as follows:

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

# TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements  
Year Ended March 31, 2003

## 2. Summary of Significant Accounting Policies - continued

### Revenue recognition

The Foundation 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.

### Cost allocation

The Foundation allocates direct and indirect program costs to programs. For 2002 and 2003, a larger portion of administrative salaries and benefits was allocated to programs than in prior years to more accurately portray the costs of administering the Foundation's programs and services.

In addition, the salary and benefits of the special events co-ordinator which were previously included in fundraising costs, are included in the Bike Rally expenses for 2002 and 2003.

### Donated goods and services

The fair market value of donated goods and services, except volunteer services, foodstuffs and theatre tickets, is recorded as revenue, with an offsetting amount recorded as an expense or asset.

## 3. Capital Assets

Capital assets consist of the following:

	2003			2002
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 150,752	132,972	\$ 17,780	\$ 10,266
Furniture and fixtures	94,458	82,660	11,798	9,551
Leasehold improvements	38,508	32,022	6,486	17,933
	<u>\$ 283,718</u>	<u>247,654</u>	<u>\$ 36,064</u>	<u>\$ 37,750</u>

# TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements  
Year Ended March 31, 2003

## 4. Deferred Contributions

Deferred contributions represent externally restricted operating funding received in the current fiscal year that is related to a subsequent fiscal year. Changes in the deferred contributions balance are as follows:

	2003	2002
Balance, beginning of year	\$ 112,245	\$ 32,595
Less: amounts spent and recognized as revenue in the year	(112,245)	(32,595)
Add: Funding received during the year relating to later fiscal years		
Food for Life meal program		
Metcalf Foundation	8,333	-
Toskan Foundation	48,750	-
Ontario Trillium Foundation	18,750	-
MAC AIDS Foundation	41,667	-
Other foundation grants	23,544	-
Other programs and services		
Bike rally (contributions for next year's event)	14,916	38,199
Ontario Ministry of Health - AIDS Bureau (portion of one time grant of \$45,000 relating to capital not yet amortized)	18,947	24,437
City of Toronto grants (speakers' bureau and food bank relating to the period April 1 - June 30)	20,850	19,609
GlaxoSmithKline in partnership with Shire Bio Chem (for intake worker)	-	20,000
United Way (for intake)	-	10,000
Ontario Ministry of Health and Long-Term Care (portion of one time grants relating to capital not yet amortized)	7,207	-
GSK Shire Bio (for treatment services)	10,000	-
Bristol-Myers Squibb grant (for treatment services)	3,000	-
CLEAR (for volunteers)	375	-
Theatre Event (contributions for next year's event)	18,898	-
Balance, end of year	<u>\$ 235,237</u>	<u>\$ 112,245</u>

## TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements  
Year Ended March 31, 2003

### 5. Grants

Grant revenue from the following organizations was recognized during the year:

	2003	2002
Ontario Ministry of Health - AIDS Bureau	\$ 372,925	\$ 370,312
Ontario Ministry of Health - AIDS Bureau (one time grant of \$28,114 for 2003 and \$45,000 for 2002 less amounts deferred to later fiscal years)	33,654	20,563
Ontario Ministry of Health and Long-Term Care	73,216	72,216
Ontario Ministry of Health and Long-Term Care (one time grant)	13,843	-
Health Canada - ACAP	122,000	115,981
City of Toronto - Department of Public Health - Speakers' bureau	55,023	53,244
City of Toronto - Department of Public Health - food programs	27,130	27,130
	<hr/>	<hr/>
	\$ 697,791	\$ 659,446

### 6. Financial Assistance Contributions

The Foundation provides financial assistance to people living with HIV/AIDS. Monies received from the Community Partners fund and 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.

The Foundation recognized revenue for financial assistance from the following sources:

	2003	2002
Positive Action Program, GlaxoWellcome	\$ 66,827	\$ 53,081
Community fundraising, special events and donations	11,062	49,143
Community Partners Fund - AIDS Committee of Toronto	25,000	25,310
Bequests and memorial donations	200	11,950
	<hr/>	<hr/>
	\$ 103,089	\$ 139,484

### 7. Fundraising and Donations - Bike Rally

Bike rally net revenue is comprised of the following:

	2003	2002
Bike rally		
Revenue	\$ 531,683	\$ 349,936
Expenses	340,549	277,158
	<hr/>	<hr/>
	\$ 191,134	\$ 72,778

## **TORONTO PEOPLE WITH AIDS FOUNDATION**

Notes to Financial Statements  
Year Ended March 31, 2003

### **8. Donated Goods and Services**

The fair value of goods and services donated to the Foundation in 2003 was \$123,388 (2002 - \$140,023) and is included in 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, hair cutting, perform reception duties, and assist in the office. The Foundation also receives weekly donations of foodstuffs from a number of businesses and organizations which are distributed to clients through the food bank and the Foundation's annual dinner. The volunteer contribution and donated foodstuffs are not reflected as donated goods and services revenue due to the difficulty of 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 in the donated goods and services revenue as the Foundation would not have otherwise purchased the tickets.

### **9. Lease Commitment**

The Foundation leases office space under an operating lease which expires on October 31, 2003. The commitment for minimum lease payments in fiscal 2004 totals \$53,650.

### **10. Subsequent Event**

In April 2003, the Foundation received settlement requests from the AIDS Bureau to return funds amounting to \$24,264, purportedly unexpended, in respect of the fiscal years ended March 31, 2000 and 2002. Management expects that these matters will be resolved and no provision is made in the financial statements at March 31, 2003 for any liability in respect of these amounts.

### **11. Public Sector Disclosure Act**

As required by the Ontario Public Sector Disclosure Act none of the employees of the Foundation received salaries of \$100,000 or more.

### **12. Comparative Amounts**

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2003 financial statements.