

TORONTO PEOPLE WITH AIDS FOUNDATION

2004 Financial Statements

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2004 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, 2004 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, 2004 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

June 17, 2004

TORONTO PEOPLE WITH AIDS FOUNDATION

Balance Sheet as at March 31

	2004	2003
ASSETS		
Current assets		
Cash	\$ 29,299	\$ 118,886
Marketable securities	362,878	349,133
Accounts receivable	58,865	20,304
Prepaid expenses	51,095	56,245
	502,137	544,568
Capital assets (note 3)	49,063	36,064
	\$ 551,200	\$ 580,632
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 95,780	\$ 56,786
Deferred contributions (note 4)	173,373	235,237
	269,153	292,023
Net assets		
Invested in capital assets	49,063	36,064
Internally restricted for organizational development	180,000	180,000
Unrestricted	52,984	72,545
	282,047	288,609
	\$ 551,200	\$ 580,632

See accompanying notes

On behalf of the Board:

Director

Director

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Operations

Year Ended March 31

	2004	2003
Revenue		
Grants (note 5)	\$ 801,281	\$ 697,791
Fundraising and donations - general	434,260	274,223
Fundraising and donations - bike rally (note 6)	256,290	191,134
Financial assistance contributions (note 7)	69,910	103,089
Administrative fees, honoraria and other	32,742	58,425
Interest	18,567	6,646
Total revenue	1,613,050	1,331,308
Expenses		
Client services		
Benefits and assistance case management	248,787	228,822
Food for Life meal program	232,313	116,098
Long-term care	125,700	119,034
Education - Speakers bureau	95,306	80,121
Volunteer services	90,841	97,358
Food programs	78,262	117,809
Treatment resources	69,289	92,522
Co-ordinated women's services	46,171	-
	986,669	851,764
Financial assistance		
Medical disability	107,751	108,127
Trillium co-payment	45,257	46,773
Medical assistance	44,823	26,907
Supplementary therapies fund	36,685	21,771
Family Christmas gift certificates	10,000	8,100
Positive children	5,820	5,600
Program materials and supplies	5,156	5,634
	255,492	222,912
Total program expenses	1,242,161	1,074,676
General		
Fundraising	166,047	105,799
Communications	91,545	63,243
Administrative operations	79,846	100,843
Strategic alliance	40,013	-
	377,451	269,885
Total expenses	1,619,612	1,344,561
Deficiency of revenue over expenses	\$ (6,562)	\$ (13,253)

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31

	2004			2003	
	Invested in Capital Assets	Internally Restricted for Organizational Development	Unrestricted	Total	Total
Net assets, beginning of year	\$ 36,064	180,000	72,545	\$ 288,609	\$ 301,862
Excess (deficiency) of revenue over expenses	(23,189)	-	16,627	(6,562)	(13,253)
Invested in capital assets	36,188	-	(36,188)	-	-
Net assets, end of year	\$ 49,063	180,000	52,984	\$ 282,047	\$ 288,609

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Cash Flows

Year Ended March 31

	2004	2003
Operating activities		
Deficiency of revenue over expenses	\$ (6,562)	\$ (13,253)
Add item not involving cash - amortization	23,189	25,267
	16,627	12,014
Net changes in non-cash working capital items		
Accounts receivable	(38,561)	(7,097)
Prepaid expenses	5,150	1,231
Accounts payable and accrued liabilities	38,994	15,355
Deferred contributions	(61,864)	122,992
	(56,281)	132,481
Cash flows from operating activities	(39,654)	144,495
Financing and investing activities		
Net increase in marketable securities	(13,745)	(155,461)
Purchase of capital assets	(36,188)	(23,581)
Cash flows from financing and investing activities	(49,933)	(179,042)
Net decrease in cash during the year	(89,587)	(34,547)
Cash, beginning of year	118,886	153,433
Cash, end of year	\$ 29,299	\$ 118,886

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements
Year Ended March 31, 2004

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 diversify and broaden our fundraising strategies.

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.

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2004

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.

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 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 \$362,878 (2003 - \$350,522).

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, \$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

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.

Donated goods and services

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

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2004

3. Capital Assets

Capital assets consist of the following:

	2004			2003
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 160,265	143,753	\$ 16,512	\$ 17,780
Furniture and fixtures	121,133	88,582	32,551	11,798
Leasehold improvements	38,508	38,508	-	6,486
	<u>\$ 319,906</u>	<u>270,843</u>	<u>\$ 49,063</u>	<u>\$ 36,064</u>

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:

	2004	2003
Balance, beginning of year	\$ 235,237	\$ 112,245
Less: amounts spent and recognized as revenue in the year	(235,237)	(112,245)
Add: Funding received during the year relating to future fiscal years		
Food for Life meal program		
Ontario Trillium Foundation	39,532	18,750
Toskan Foundation	11,993	48,750
Other foundation grants	9,336	23,544
MAC AIDS Foundation	3,794	41,667
Metcalf Foundation	-	8,333
Other programs and services		
Bike rally (contributions for next year)	52,034	14,916
Ontario Ministry of Health - AIDS Bureau	29,611	18,947
City of Toronto grants	13,975	20,850
Ontario Ministry of Health and Long-Term Care	5,598	7,207
Stephen Mueller memorial	3,000	-
Co-ord Service for Women Africa/Caribbean	4,500	-
GSK Shire Bio	-	10,000
Bristol-Myers Squibb grant	-	3,000
CLEAR	-	375
Theatre Event	-	18,898
Balance, end of year	<u>\$ 173,373</u>	<u>\$ 235,237</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements
Year Ended March 31, 2004

5. Grants

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

	2004	2003
Ontario Ministry of Health - AIDS Bureau	\$ 372,925	\$ 372,925
Ontario Ministry of Health - AIDS Bureau (one time grants less amounts deferred to later fiscal years)	31,909	33,654
Ontario Ministry of Health - AIDS Bureau (one time grant for strategic alliance)	40,000	-
Ontario Ministry of Health and Long-Term Care (base subsidy)	73,216	73,216
Ontario Ministry of Health and Long-Term Care (one time grant)	1,610	13,843
Health Canada - ACAP	178,500	122,000
City of Toronto - Department of Public Health - Speakers' bureau	55,991	55,023
City of Toronto - Department of Public Health - food programs	47,130	27,130
	<hr/> <hr/> \$ 801,281	<hr/> <hr/> \$ 697,791

6. Fundraising and Donations - Bike Rally

Bike rally net revenue is comprised of the following:

	2004	2003
Bike rally		
Revenue	\$ 558,921	\$ 531,683
Expenses	302,631	340,549
	<hr/> <hr/> \$ 256,290	<hr/> <hr/> \$ 191,134

7. 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:

	2004	2003
Community fundraising, special events and donations	\$ 39,693	\$ 11,062
Community Partners Fund - AIDS Committee of Toronto	25,000	25,000
Bequests and memorial donations	5,217	200
Positive Action Program	-	66,827
	<hr/> <hr/> \$ 69,910	<hr/> <hr/> \$ 103,089

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year Ended March 31, 2004

8. Donated Goods and Services

The fair value of goods and services donated to the Foundation in 2004 was \$121,690 (2003 - \$123,388) 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, 2008. The minimum lease payments amount to \$39,070 per annum.