

TORONTO PEOPLE WITH AIDS FOUNDATION

2006 Financial Statements

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2006 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, 2006 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, 2006 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 7, 2006

TORONTO PEOPLE WITH AIDS FOUNDATION

Balance Sheet as at March 31

	2006	2005
ASSETS		
Current assets		
Cash	\$ 71,796	\$ 107,611
Marketable securities	377,317	270,242
Accounts receivable	6,208	64,972
Prepaid expenses	36,050	62,100
	491,371	504,925
Property and equipment (note 3)	102,033	53,719
	\$ 593,404	\$ 558,644
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 110,547	\$ 85,656
Deferred contributions (note 4)	197,939	178,306
	308,486	263,962
Net assets		
Invested in property and equipment	102,033	53,719
Internally restricted for organizational development	204,000	204,000
Unrestricted	(21,115)	36,963
	284,918	294,682
	\$ 593,404	\$ 558,644

See accompanying notes

On behalf of the Board:

Director

Director

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Operations

Year Ended March 31

	2006	2005
Revenue		
Grants (note 5)	\$ 747,409	\$ 922,315
Fundraising and donations - bike rally (note 6)	666,631	597,311
Fundraising and donations - general	358,628	333,706
Financial assistance contributions (note 7)	138,682	81,551
Interest	13,331	10,408
Administrative fees, honoraria and other	7,659	21,302
Total revenue	1,932,340	1,966,593
Expenses		
Client services		
Food for Life meal program	218,545	237,580
Benefits and assistance case management	209,505	245,169
Long-term care	126,325	115,615
Volunteer services	79,602	97,467
Education - Speakers' bureau	68,832	108,627
Food programs	53,415	72,888
Treatment access resources	40,368	80,007
Treatment resources	34,295	-
General	9,077	-
Co-ordination of services for Women Africa/Caribbean	-	45,071
	839,964	1,002,424
Financial assistance		
Medical disability	122,386	99,669
Supplementary therapies fund	63,299	47,961
Medical assistance	52,138	50,295
Trillium co-payment	45,687	42,712
Family Christmas gift certificates	10,500	10,000
Positive children	5,200	3,800
Program materials and supplies	136	1,166
	299,346	255,603
Total program expenses	1,139,310	1,258,027
General		
Fundraising - bike rally	316,557	278,861
Administration	206,044	102,207
Fundraising	178,620	106,232
Communications	86,040	103,581
Expenses funded by one time grants	15,533	71,980
Strategic alliance	-	33,070
	802,794	695,931
Total expenses	1,942,104	1,953,958
Excess (deficiency) of revenue over expenses	\$ (9,764)	\$ 12,635

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Changes in Net Assets

Year Ended March 31

	2006			2005	
	Invested in Property and Equipment	Internally Restricted for Organizational Development	Unrestricted	Total	Total
Net assets, beginning of year	\$ 53,719	204,000	36,963	\$ 294,682	\$ 282,047
Excess (deficiency) of revenue over expenses	(27,178)	-	17,414	(9,764)	12,635
Invested in property and equipment	75,492	-	(75,492)	-	-
Net assets, end of year	\$ 102,033	204,000	(21,115)	\$ 284,918	\$ 294,682

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Cash Flows

Year Ended March 31

	2006	2005
Operating activities		
Excess (deficiency) of revenue over expenses	\$ (9,764)	\$ 12,635
Add item not involving cash - amortization	27,178	22,411
	<hr/> 17,414	<hr/> 35,046
Net changes in non-cash working capital items		
Accounts receivable	58,764	(6,107)
Prepaid expenses	26,050	(11,005)
Accounts payable and accrued liabilities	24,891	(10,124)
Deferred contributions	19,633	4,933
	<hr/> 129,338	<hr/> (22,303)
Cash flows from operating activities	<hr/> 146,752	<hr/> 12,743
Financing and investing activities		
Net decrease (increase) in marketable securities	(107,075)	92,636
Purchase of property and equipment	(75,492)	(27,067)
Cash flows from financing and investing activities	<hr/> (182,567)	<hr/> 65,569
Net increase (decrease) in cash during the year	<hr/> (35,815)	<hr/> 78,312
Cash, beginning of year	<hr/> 107,611	<hr/> 29,299
Cash, end of year	<hr/> <hr/> \$ 71,796	<hr/> <hr/> \$ 107,611

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements
Year Ended March 31, 2006

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 in the future:

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, 2006

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 \$377,317 (2005 - \$270,242).

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, \$204,000 of net assets have been internally restricted by the Board of Directors for ongoing operations for a period of three months.

Property and equipment

Purchased property and equipment are recorded at cost. Donated property and equipment are recorded at fair value at the date of contribution. Amortization is recorded on a straight-line basis over the property and equipment's 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, was previously recorded as revenue, with an offsetting amount recorded as an expense or asset, but is now being reported as a note to the financial statements (note 8).

Financial instruments

Unless otherwise noted, it is management's opinion that the Foundation is not exposed to significant interest, currency or credit risks arising from financial instruments. The carrying amounts of the current financial assets and liabilities approximate their fair value because of the short-term maturities of these items.

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements
Year Ended March 31, 2006

3. Property and Equipment

Property and equipment consist of the following:

	2006			2005
	Cost	Accumulated Amortization	Net	Net
Computer equipment	\$ 245,592	173,559	\$ 72,033	\$ 30,116
Furniture and fixtures	122,394	105,777	16,617	23,603
Leasehold improvements	54,479	41,096	13,383	-
	<u>\$ 422,465</u>	<u>320,432</u>	<u>\$ 102,033</u>	<u>\$ 53,719</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. Deferred contributions are as follows:

	2006	2005
Food for Life meal program		
Ontario Trillium Foundation	\$ -	\$ 35,000
Other programs and services		
Bike rally (contributions for next year)	75,303	38,034
Ontario Ministry of Health - AIDS Bureau - 03/04 Capital	8,667	17,334
Ontario Ministry of Health - AIDS Bureau - 04/05 Capital	8,539	12,809
Ontario Ministry of Health - AIDS Bureau - 05/06 Capital	63,758	-
Ontario Ministry of Health and Long-Term Care - 03/04 Capital	2,377	3,986
Public Health - Health Canada - ACAP - 04/05 Capital	1,972	2,958
City of Toronto - Department of Public Health - Speakers Bureau	14,385	14,185
Stephen Mueller Holiday Memorial Fund	3,000	6,000
Positive Action - 05/06 Financial Assistance	19,938	36,000
Abbott Laboratories - Treatment Access	-	10,000
MAC AIDS Foundation - Matching - Benefits & Assistance	-	2,000
	<u>\$ 197,939</u>	<u>\$ 178,306</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements
Year Ended March 31, 2006

5. Grants

Grant revenue recognized during the year is as follows:

	2006	2005
Ontario Ministry of Health - AIDS Bureau	\$ 420,489	\$ 414,275
Ontario Ministry of Health - AIDS Bureau (one time grants less amounts deferred to later fiscal years)	4,270	61,877
Ontario Ministry of Health - AIDS Bureau (one time grant for strategic alliance)	-	33,070
Ontario Ministry of Health and Long-Term Care (base subsidy)	76,916	75,779
Ontario Ministry of Health and Long-Term Care (one time grant)	10,277	1,610
Health Canada - ACAP	150,000	195,000
Health Canada - ACAP (one time grant less amounts deferred to later fiscal years)	986	57,042
City of Toronto - Department of Public Health - Speakers' bureau	57,341	56,532
City of Toronto - Department of Public Health - food programs	27,130	27,130
	<u>\$ 747,409</u>	<u>\$ 922,315</u>

6. Fundraising and Donations - Bike Rally

The net revenue of the Bike Rally fundraising event is as follows:

	2006	2005
Revenue	\$ 666,631	\$ 597,311
Expenses	(316,557)	(278,861)
	<u>\$ 350,074</u>	<u>\$ 318,450</u>

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 during the year:

	2006	2005
Positive Action Program	\$ 95,812	\$ 35,331
Community Partners Fund - AIDS Committee of Toronto	25,000	25,000
Bequests and memorial donations	10,870	8,220
MAC AIDS Foundation	4,000	10,000
Community fundraising, special events and donations	3,000	3,000
	<u>\$ 138,682</u>	<u>\$ 81,551</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements
Year Ended March 31, 2006

8. Donated Goods and Services

The fair value of goods and services donated to the Foundation in 2006 was \$106,219 (2005 - \$57,100) 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 Foundation 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 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 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.