



Financial Statements

Toronto People with AIDS Foundation

March 31, 2012

TORONTO PEOPLE WITH AIDS FOUNDATION
2012 Financial Statements

Contents

	Page
Independent Auditor's Report	1 - 2
Statement of Financial Position	3
Statement of Operations	4
Statement of Changes in Net Assets	5
Statement of Cash Flows	6
Notes to Financial Statements	7 - 12
Supplementary Schedules - Public Health Agency of Canada - Ontario Region	13 - 14

Independent Auditor's Report

To the Members of
Toronto People with AIDS Foundation

Grant Thornton LLP
Suite 200
41 Valleybrook Drive
Toronto, ON
M3B 2S6
T +1 416 449 9171
F +1 416 449 7401
E NorthToronto@ca.gt.com
www.GrantThornton.ca

We have audited the accompanying financial statements of Toronto People with AIDS Foundation, which comprise the statement of financial position as at March 31, 2012, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's responsibility for the financial statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Basis for qualified opinion

In common with many non-profit organizations, the Organization derives revenue from donations from the public, 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 Organization and we were not able to determine whether any adjustments might otherwise be necessary to revenues, excess (deficiency) of revenue over expenses, assets and net assets.

Qualified opinion

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Toronto People with AIDS Foundation as at March 31, 2012, and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



Chartered Accountants, Licensed Public Accountants
Toronto, Canada
June 25, 2012

TORONTO PEOPLE WITH AIDS FOUNDATION
Statement of Financial Position
As at March 31

	2012	2011
ASSETS		
Current assets		
Cash	\$ 133,481	\$ 187,476
Short-term investments	99,137	362,649
Accounts receivable	153,672	95,346
Prepaid expenses	62,488	55,964
	<hr/>	<hr/>
	448,778	701,435
Investments	470,479	-
Property and equipment (note 4)	436,265	521,208
	<hr/>	<hr/>
	\$ 1,355,522	\$ 1,222,643
	<hr/> <hr/>	<hr/> <hr/>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 132,532	\$ 64,320
Current portion of leasehold improvement allowance (note 5)	74,040	19,292
	<hr/>	<hr/>
	206,572	83,612
Leasehold improvement allowance (note 5)	-	174,040
Deferred contributions (note 6)	271,463	259,912
	<hr/>	<hr/>
	478,035	517,564
Net assets		
Invested in property and equipment	362,224	327,876
Internally restricted for organizational development	385,691	204,000
Unrestricted	129,572	173,203
	<hr/>	<hr/>
	877,487	705,079
	<hr/>	<hr/>
	\$ 1,355,522	\$ 1,222,643
	<hr/> <hr/>	<hr/> <hr/>

See accompanying notes

On behalf of the Board

Director



Director



TORONTO PEOPLE WITH AIDS FOUNDATION

Statement of Operations

Year ended March 31

	2012	2011
Revenue		
Grants (note 7)	\$ 1,727,204	\$ 1,347,853
Fundraising and donations - bike rally (note 8)	1,270,894	1,233,350
Fundraising and donations - general	512,461	367,092
Administrative fees, honoraria and other	42,996	48,290
Financial assistance contributions	18,895	16,170
Investment income	10,188	5,740
Total revenue	3,582,638	3,018,495
Expenses		
Program expenses		
Client services		
General programs	268,645	231,205
Benefits and assistance income support	218,213	222,748
Food for Life meal delivery program	107,581	150,719
Food programs	153,000	143,584
Treatment programs	140,000	142,081
Long-term care health promotion	132,395	136,144
Volunteer services	100,063	101,228
POZ Prevention	84,875	94,940
Education - Speakers bureau	95,472	90,304
	1,300,244	1,312,953
Financial assistance		
Medical assistance	127,272	115,533
Medical disability	58,890	38,350
Family holiday gift certificates	9,000	8,720
Positive Seniors fund	7,800	6,600
Positive Children fund	5,800	5,200
	208,762	174,403
Total program expenses	1,509,006	1,487,356
Other expenses		
Community Partners (note 7)		
Women Program	285,000	-
Committee for Accessible AIDS Treatments	223,383	211,244
Toronto HIV/AIDS Network	107,504	109,244
CHIME Research Study	60,966	30,482
Latinos Positivos	52,544	28,361
Criminal Law & HIV Exposure	1,325	1,488
THN Opening Doors	44,747	41,465
	775,469	422,284
General		
Fundraising - bike rally (note 8)	491,953	447,809
Administration	293,881	263,254
Fundraising and development	159,913	171,465
Communications	81,661	124,272
Amortization	98,347	93,207
	1,125,755	1,100,007
Total other expenses	1,901,224	1,522,291
Total expenses	3,410,230	3,009,647
Excess of revenue over expenses	\$ 172,408	\$ 8,848

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 2012	Total 2011
Net assets, beginning of year	\$ 327,876	\$ 204,000	\$ 173,203	\$ 705,079	\$ 696,231
Excess (deficiency) of revenue over expenses	(98,347)	-	270,755	172,408	8,848
Transfer	-	181,691	(181,691)	-	-
Repayment of leasehold improvement allowance	119,292	-	(119,292)	-	-
Purchase of property and equipment	13,403	-	(13,403)	-	-
Net assets, end of year	\$ 362,224	\$ 385,691	\$ 129,572	\$ 877,487	\$ 705,079

See accompanying notes

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

	2012	2011
Operating activities		
Excess of revenue over expenses	\$ 172,408	\$ 8,848
Items not involving cash		
Amortization	98,347	93,207
Realized gain on short-term investments	(1,489)	(375)
Unrealized loss (gain) on short-term investments	296	(443)
	<u>269,562</u>	<u>101,237</u>
Net change in non-cash working capital items		
Accounts receivable	(58,326)	(27,252)
Prepaid expenses	(6,524)	13,877
Accounts payable and accrued liabilities	68,209	(11,354)
	<u>3,359</u>	<u>(24,729)</u>
Cash flows from operating activities	<u>272,921</u>	<u>76,508</u>
Financing activities		
Deferred contributions	11,551	19,291
Repayment of leasehold improvement allowance	(119,292)	(17,836)
Cash flows from financing activities	<u>(107,741)</u>	<u>1,455</u>
Investing activities		
Proceeds on disposal of short-term investments	441,208	407,375
Purchase of short-term investments	(646,980)	(410,836)
Purchase of property and equipment	(13,403)	(27,755)
Cash flows from investing activities	<u>(219,175)</u>	<u>(31,216)</u>
Net change in cash during the year	(53,995)	46,747
Cash, beginning of year	187,476	140,729
Cash, end of year	<u>\$ 133,481</u>	<u>\$ 187,476</u>

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

1. Organizational background, mission statement and income tax status

Toronto People with AIDS Foundation (PWA) is a non-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.

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

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 of directors (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 or long-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.

Property and equipment

Purchased 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 when such value can be reasonably determined.

Revenue recognition

PWA follows the deferral method of accounting for revenue. Restricted contributions and grants are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions and grants 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, 2012

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 9).

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 and program anticipated needs

The details of the allocation are in note 10. The basis of expense allocation is consistent with the prior year.

Financial instruments

The Canadian Institute of Chartered Accountants 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, short-term investments, long-term investments, accounts receivable, 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.

Investments consists of money market funds and guaranteed investment certificates bearing interest at rate between 1.85% and 2.71% (2011 - 1.65% and 1.8%), maturing from September 2013 to January 2017. Investments are stated at fair market value. Both realized and unrealized gains and losses are included with investment income in the statement of operations.

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

Future accounting standards

The Canadian Accounting Standards Board has issued the new accounting standards for not-for-profit organizations for fiscal years beginning on or after January 1, 2012. PWA will be adopting these standards retrospectively in fiscal 2013. Management has not yet determined the impact of the new standards on the financial statements.

TORONTO PEOPLE WITH AIDS FOUNDATION
Notes to Financial Statements
Year ended March 31, 2012

4. Property and equipment

	2012		2011	
	Cost	Accumulated amortization	Net	Net
Vehicles	\$ 19,793	\$ 8,577	\$ 11,216	\$ 15,174
Computer equipment	68,981	41,712	27,269	35,756
Furniture and fixtures	114,008	72,390	41,618	60,692
Leasehold improvements	534,242	178,080	356,162	409,586
	<u>\$ 737,024</u>	<u>\$ 300,759</u>	<u>\$ 436,265</u>	<u>\$ 521,208</u>

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%. PWA paid \$119,292 in fiscal 2012. The balance will be fully paid by June 2012.

	2012	2011
Leasehold improvement allowance	\$ 74,040	\$ 193,332
Less: current portion	<u>74,040</u>	<u>19,292</u>
	<u>\$ -</u>	<u>\$ 174,040</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:

	2012	2011
Bike rally (contributions for next year)	\$ 205,522	\$ 202,843
Ontario Ministry of Health - AIDS Bureau	14,347	23,859
City of Toronto - AIDS Prevention Community Investment Program	37,651	14,965
Ontario AIDS Network	3,943	8,245
Treatment Resources	<u>10,000</u>	<u>10,000</u>
	<u>\$ 271,463</u>	<u>\$ 259,912</u>

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

7. Grants

	2012	2011
Ontario Ministry of Health - AIDS Bureau	\$ 749,996	\$ 525,689
Ontario Ministry of Health - AIDS Bureau - Committee for Accessible AIDS Treatment	124,810	106,610
Ontario Ministry of Health - AIDS Bureau (one time grants less amounts deferred to later fiscal years)	319,511	193,858
Ontario Ministry of Health and Long-Term Care (base subsidy)	85,834	84,566
Public Health Agency of Canada - Ontario Region (supplementary schedules)	315,000	327,000
City of Toronto - AIDS Prevention Community Investment Program	62,496	60,141
City of Toronto - Community Service Partnership	28,795	28,795
City of Toronto - Latinos Positivos	22,189	-
City of Toronto - CAAT Newcomers Program	18,573	15,693
Government of Canada HRSDC Canada Summer Jobs	-	5,501
	<u>\$ 1,727,204</u>	<u>\$ 1,347,853</u>

PWA is the sponsoring agency for various Community Partners from which PWA reported total revenue of \$776,755 (2011 - \$413,356). Of this amount, grant revenue totals \$703,189 (2011 - \$345,447) and is reported above. PWA's Executive Director or PWA's Director, Programs and Services participate in governance roles for these Community Partners programs.

8. Bike rally - net revenue

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

	2012	2011
Revenue	\$ 1,270,894	\$ 1,233,350
Expenses	(491,953)	(447,809)
	<u>\$ 778,941</u>	<u>\$ 785,541</u>

9. Donated goods and services

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.

In 2012, donated goods and services for which a fair value could be established amounted to \$11,395 (2011 - \$19,669). This is not reflected as revenue for the year as it represents items not ordinarily purchased by PWA.

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.

TORONTO PEOPLE WITH AIDS FOUNDATION

Notes to Financial Statements

Year ended March 31, 2012

10. Allocation of expenses

Program	Occupancy costs (rent/utilities)	Amortization expense	General administrative expenses	2012	2011
General client services	\$ 24,000	\$ 11,900	\$ 10,000	\$ 45,900	\$ 45,900
Benefits and assistance	24,000	11,900	8,000	43,900	43,900
Food programs	40,000	11,400	5,000	56,400	56,400
Food for Life	15,000	11,400	3,000	29,400	29,400
Health promotion	12,000	9,300	8,000	29,300	29,300
POZ Prevention	6,000	2,300	4,000	12,300	12,300
Speakers bureau	6,000	2,300	4,000	12,300	12,300
Treatment	12,000	4,600	4,000	20,600	20,600
Volunteer services	12,000	2,300	4,000	18,300	18,300
	<u>\$ 151,000</u>	<u>\$ 67,400</u>	<u>\$ 50,000</u>	<u>\$ 268,400</u>	<u>\$ 268,400</u>

11. 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:

2013	\$ 207,900
2014	214,200
2015	226,800
2016	226,800
2017	233,100
	<u>\$ 1,108,800</u>

12. 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 nature of PWA's sources of revenue.

Interest rate risk

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

13. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2012 financial statements.

TORONTO PEOPLE WITH AIDS FOUNDATION
Supplementary Schedules
Year ended March 31, 2012

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 2011/2012	Actual 2011/2012
Revenue		
Public Health Agency of Canada - ACAP	\$ 80,000	\$ 80,000
Expenses		
Personnel	47,654	47,654
Materials	26,757	26,757
Rent/Utilities	5,589	5,589
	<u>80,000</u>	<u>80,000</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

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 2011/2012	Actual 2011/2012
Revenue		
Public Health Agency of Canada - ACAP	\$ 80,000	\$ 80,000
Expenses		
Personnel	59,000	59,000
Materials	7,828	7,828
Rent/Utilities	11,172	11,172
Evaluation	2,000	20,000
	<u>80,000</u>	<u>98,000</u>
Excess (deficiency) of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

See accompanying notes

TORONTO PEOPLE WITH AIDS FOUNDATION
Supplementary Schedules - continued
Year ended March 31, 2012

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 2011/2012	Actual 2011/2012
Revenue		
Public Health Agency of Canada	\$ 75,000	\$ 75,000
Expenses		
Personnel	65,520	65,520
Materials	1,400	1,400
Rent/Utilities	5,580	5,580
Evaluation	2,500	2,500
	<u>75,000</u>	<u>75,000</u>
Excess (deficiency) of revenue over expenses for the year	\$ -	\$ -

Schedule of Revenue and Expenses

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

6963-06-2008-4480491 Legacy Project

	Budget 2011/2012	Actual 2011/2012
Revenue		
Public Health Agency of Canada	\$ 80,000	\$ 80,000
Expenses		
Personnel	47,200	47,200
Travel	1,802	1,802
Materials	17,015	17,015
Equipment	1,500	1,500
Rent/Utilities	7,200	7,200
Evaluation	2,483	2,483
Other (PWA sponsorship fee of 3.5%)	2,800	2,800
	<u>80,000</u>	<u>80,000</u>
Excess (deficiency) of revenue over expenses for the year	\$ -	\$ -

See accompanying notes