



Financial Statements

Toronto People with AIDS Foundation

March 31, 2018

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Independent Auditor's Report

To the Members of
Toronto People with AIDS Foundation

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We have audited the accompanying financial statements of Toronto People with AIDS Foundation, which comprise the statement of financial position as at March 31, 2018, 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 accounting standards for not-for-profit organizations, 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 not-for-profit organizations, the Foundation 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 Foundation. Therefore, we were not able to determine whether any adjustments might otherwise be necessary to revenue, excess of revenue over expenses and cash flows for the years ended March 31, 2018 and 2017, assets as at March 31, 2018 and 2017, and net assets as at April 1, 2016, March 31, 2017 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly because of the possible effects of this limitation in scope.

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, 2018, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Toronto, Canada
June 26, 2018

Chartered Professional Accountants
Licensed Public Accountants

Toronto People with AIDS Foundation

Statement of Financial Position

March 31

2018

2017

Assets

Current

Cash	\$ 280,278	\$ 321,693
Short-term investments (Note 3)	1,423,347	360,434
Accounts receivable	46,003	54,975
Prepaid expenses	<u>18,465</u>	<u>47,695</u>
	1,768,093	784,797

Long-term investments (Note 3)	384,345	577,610
Property and equipment (Note 4)	<u>117,789</u>	<u>130,619</u>
	<u>\$ 2,270,227</u>	<u>\$ 1,493,026</u>

Liabilities and net assets


Current

Accounts payable and accrued liabilities (Note 5)	\$ 182,622	\$ 26,782
Deferred contributions (Note 6)	<u>247,870</u>	<u>171,237</u>
	<u>430,492</u>	<u>198,019</u>


Net assets

Invested in property and equipment	117,789	130,619
Internally restricted for organizational development	1,484,286	844,819
Unrestricted	<u>237,660</u>	<u>319,569</u>
	<u>1,839,735</u>	<u>1,295,007</u>
	<u>\$ 2,270,227</u>	<u>\$ 1,493,026</u>

On Behalf of the Board of Directors



Director



Director

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Statement of Operations

Year ended March 31

2018

2017

Revenue		
Grants (Note 7)	\$ 1,325,854	\$ 1,228,302
Fundraising and donations – bike rally (Note 8)	897,348	1,024,650
Fundraising and donations – general	269,112	382,171
Bequests	784,939	613,401
Administrative fees, honoraria and other	34,610	38,133
Investment income	23,773	20,541
Total revenue	3,335,636	3,307,198
Expenses		
Program expenses		
Client services		
Community access	235,303	427,529
Dreaming and engagement	464,002	434,523
Health and therapeutic care	297,187	298,068
Practical support	403,139	306,008
	1,399,631	1,466,128
Financial assistance		
Health and wellness fund	89,490	123,390
Medical disability	30,338	25,600
Positive Seniors fund	21,400	18,600
Family holiday gift certificates	5,550	6,778
Positive Children fund	3,400	4,000
	150,178	178,368
Total program expenses	1,549,809	1,644,496
Community Partners (Note 7)		
Toronto HIV/AIDS Network	123,117	106,117
THN Opening Doors	41,500	41,500
Latinos Positivos	25,000	25,605
	189,617	173,222
Total program expenses consolidated (PWA and community partners)	1,739,426	1,817,718
General		
Fundraising – bike rally (Note 8)	433,228	425,345
Administration	259,884	324,834
Fundraising and philanthropy	186,840	160,721
Amortization	84,512	77,519
Communications	87,018	61,994
	1,051,482	1,050,413
Total expenses	2,790,908	2,868,131
Excess of revenue over expenses	\$ 544,728	\$ 439,067

See accompanying notes to the financial statements.

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	2018 Total	2017 Total
Net assets, beginning of year	\$ 130,619	\$ 844,819	\$ 319,569	\$ 1,295,007	\$ 855,940
Excess (deficiency) of revenue over expenses	(84,512)	-	629,240	544,728	439,067
Transfer for organizational development	-	639,467	(639,467)	-	-
Purchase of property and equipment	71,682	-	(71,682)	-	-
Net assets, end of year	<u>\$ 117,789</u>	<u>\$ 1,484,286</u>	<u>\$ 237,660</u>	<u>\$ 1,839,735</u>	<u>\$ 1,295,007</u>

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Statement of Cash Flows

Year ended March 31

2018

2017

Increase (decrease) in cash

Operating		
Excess of revenue over expenses	\$ 544,728	\$ 439,067
Items not involving cash		
Amortization	84,512	77,519
Unrealized gain on investments	-	(1,610)
	<u>629,240</u>	<u>514,976</u>
Net change in non-cash working capital items		
Accounts receivable	8,972	(13,558)
Prepaid expenses	29,230	(25,403)
Accounts payable and accrued liabilities	155,840	(16,986)
Deferred contributions	76,633	30,311
	<u>270,675</u>	<u>(25,636)</u>
	<u>899,915</u>	<u>489,340</u>
Investing		
Proceeds on redemption of investments	216,532	78,800
Purchase of investments	(1,086,180)	(395,372)
Purchase of property and equipment	(71,682)	(27,925)
	<u>(941,330)</u>	<u>(344,497)</u>
Net change in cash during the year	(41,415)	144,843
Cash, beginning of year	<u>321,693</u>	<u>176,850</u>
Cash, end of year	<u>\$ 280,278</u>	<u>\$ 321,693</u>

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2018

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.

Mission statement

PWA engages people living with HIV/AIDS by enhancing their health and well-being through practical and therapeutic support services and broader social change, and by inspiring clients to live into their dreams and discoveries.

Statement of philosophy

PWA has an essential philosophy: affirming, community-creating, supportive, concretely helpful, creating space and resources for living as fully as possible. The Strategic Plan developed in fiscal 2011 captured the essence of PWA over its first 24 years as a foundation for moving into the future, and highlighting five directions/themes:

1. Capacity Builder

Enhance awareness, resilience, strength, knowledge and skills among people living with HIV/AIDS (PHAs) and the broader community.

2. Welcoming and Healing Space

A space where people experience affirmation, joy and inspiration and have creative and meaningful expressions of our experiences, lives and knowledge.

3. Creative Connector

A vibrant hub that connects people, creates communities and facilitates access to diverse services.

4. Health and Well-being Champion

Champion the self-determination and control over individual health and wellness and the inclusion of PHAs in educating healthcare providers.

5. Practical and Therapeutic Program Delivery

Incorporate the Engagement Cycle and increase the intentionality of therapeutic impacts within the provision of foundational practical support services.

Income tax status

PWA is registered as a charitable organization under the Income Tax Act (Canada) 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 the Financial Statements

March 31, 2018

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO), the more significant of which are outlined below.

Use of estimates

The preparation of financial statements in conformity with ASNPO 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 statement of financial position date and the reported amounts of revenues and expenses during the fiscal year. Items subject to significant management estimate include amortization of property and equipment, the estimate of allowance for doubtful accounts and certain accruals. 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 life on a straight-line basis. The annual amortization rates are as follows:

Tangible property and equipment	
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Over the term of the lease
Intangible property and equipment	
Computer software	3 years

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 donations and grants are recognized as revenue in the fiscal year in which the related expenses are incurred. Unrestricted donations 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. Investment and other income is recognized as earned.

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).

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2018

2. Summary of significant accounting policies (continued)

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 fiscal year.

Financial instruments

PWA's financial instruments consist of cash, short-term investments, accounts receivable, long-term investments, and accounts payable.

Financial assets or liabilities are initially measured at their fair value. PWA subsequently measures all of its financial assets and financial liabilities at amortized cost except for short-term investments and long-term investments. Short-term investments and long-term investments are stated at fair market value. Both realized and unrealized gains and losses are included with investment income in the statement of operations.

3. Short-term investments and long-term investments

Short-term investments consist of money market funds and guaranteed investments maturing in less than a year with interest rates at 2.90%.

Long-term investments consist of guaranteed investment certificates bearing interest at rates between 1.72% and 2.46% (2017 - 2.55% and 2.91%), maturing from December 2018 to December 2019.

4. Property and equipment

			<u>2018</u>	<u>2017</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Tangible property and equipment				
Computer equipment	\$ 50,787	\$ 36,230	\$ 14,557	\$ 21,386
Furniture and fixtures	81,147	67,028	14,119	17,933
Leasehold improvements	557,076	517,085	39,991	91,300
Intangible property and equipment				
Computer software	<u>55,390</u>	<u>6,268</u>	<u>49,122</u>	<u>-</u>
	<u>\$ 744,400</u>	<u>\$ 626,611</u>	<u>\$ 117,789</u>	<u>\$ 130,619</u>

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2018

5. Government remittances

Included in accounts payable and accrued liabilities are government remittances owing of \$13,322 (2017 - \$317) in relation to source deductions owing at year end.

6. Deferred contributions

Deferred contributions represent funding received in the current fiscal year that will be spent in a subsequent fiscal year. Deferred contributions at year end are as follows:

	<u>2018</u>	<u>2017</u>
Bike rally (contributions for next fiscal year)	\$ 231,434	\$ 171,237
City of Toronto and sundry	<u>16,436</u>	<u>-</u>
	<u>\$ 247,870</u>	<u>\$ 171,237</u>

7. Grants

	<u>2018</u>	<u>2017</u>
Ontario Ministry of Health - AIDS Bureau	\$ 961,896	\$ 862,696
Ontario Ministry of Health and Long-Term Care (base subsidy)	85,834	85,834
Public Health Agency of Canada - Ontario Region (supplementary schedules)	245,544	245,544
HRSDC Canada Summer Jobs	-	2,288
City of Toronto - Community Service Partnership	<u>32,580</u>	<u>31,940</u>
	<u>\$ 1,325,854</u>	<u>\$ 1,228,302</u>

PWA is the sponsoring agency for various Community Partners from which PWA reported total revenue of \$189,617 (2017 - \$174,702). Of this amount, grant revenue totals \$189,617 (2017 - \$172,617) 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:

	<u>2018</u>	<u>2017</u>
Revenue	\$ 897,348	\$ 1,024,650
Expenses	<u>(433,228)</u>	<u>(425,345)</u>
	<u>\$ 464,120</u>	<u>\$ 599,305</u>

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2018

9. Donated goods and services

A large number of hours are contributed by volunteers who assist in the Essentials Market, act as riders and 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 Essentials Market. 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 fiscal 2018, donated goods and services for which a fair value could be established amounted to \$Nil (2017 - \$Nil).

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. Allocation of expenses

	Occupancy costs (rent/utilities)	Amortization expense	General administrative expenses	2018	2017
Community access	\$ 29,825	\$ 22,737	\$ 18,313	\$ 70,875	\$ 97,552
Dreaming and engagement	40,965	9,646	25,881	76,492	106,870
Health and therapeutic care	34,678	1,724	13,659	50,061	56,417
Practical support	<u>117,332</u>	<u>19,292</u>	<u>15,762</u>	<u>152,386</u>	<u>100,795</u>
	<u>\$ 222,800</u>	<u>\$ 53,399</u>	<u>\$ 73,615</u>	<u>\$ 349,814</u>	<u>\$ 361,634</u>

11. Lease commitment

PWA leases office space under an operating lease which expires on November 30, 2018. The minimum annual lease payments required over the next year is as follows:

2019	163,800
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12. Planned giving and bequests (major gifts)

PWA Board of Directors (the "Board") are informed of all planned giving Major Gifts outstanding which will provide funding to future fiscal periods. Once the funds are received, the Board has an opportunity to approve and restrict funds for Priority Resource Support, Capacity Building, Organizational Development and expanded Programming needs. At March 31, 2018, there is no major gift outstanding.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2018

13. Group Registered Retirement Savings Plan (RRSP)

After completion of 12 months of employment, all full-time permanent employees working a minimum of 20 hours per week for PWA, are eligible to participate in the Group Registered Retirement Savings Plan (RRSP) administered by the Investors Group. The Employer's contribution is 2% of employee's gross earnings, and the Employee's contribution is a matching amount, or greater. 14 employees (2017 - 18) are registered in the Group RRSP as at March 31, 2018. Total Employer RRSP contributions for the fiscal year 2018 was \$17,950 (2017 - \$19,492) included in general expenses.

14. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The required disclosures provide information that assists users of financial statements in assessing the extent of risk related to financial instruments.

Credit risk

Credit risk is the risk that PWA's debtors will not meet their obligations as they come due. Management does not consider credit risks on its accounts receivable to be significant given the nature of PWA's sources of revenue. The allowance for doubtful accounts in relation to accounts receivable is \$Nil (2017 - \$Nil).

Interest rate risk

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

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. PWA is exposed to liquidity risk with respect to its accounts payable. PWA reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to repay advances.

Other risks

It is management's opinion that PWA is not exposed to significant currency, interest rate cash flow, or market risks arising from its financial instruments. Financial instrument risks are consistent with the prior year.

Toronto People with AIDS Foundation

Supplementary Schedules

Year ended March 31, 2018

Schedule of Revenue and Expenses

HIV/AIDS Community Development Program funded by Public Health Agency of Canada - Ontario region.

1718 – HQ – 000662 HIV and Hepatitis C Community Action Fund

	<u>Budget</u> <u>2017/2018</u>	<u>Actual</u> <u>2017/2018</u>
Revenue		
Public Health Agency of Canada	\$ 245,544	\$ 245,544
Expenses		
Personnel	209,147	209,147
Rent/Utilities	11,083	11,083
Materials/Training	11,843	11,843
Program Evaluation	9,500	9,500
Other	3,971	3,971
	<u>245,544</u>	<u>245,544</u>
Excess of revenue over expenses for the year	<u>\$ -</u>	<u>\$ -</u>

Toronto People with AIDS Foundation Supplementary Schedules (continued)

Year ended March 31, 2018

Ministry of Health and Long-term care

AIDS Bureau program funding reconciliation

	Community Based Education and Support (CBAESP)	Toronto HIV/AIDS Network (THN)	2018 Total
Revenue			
Grant	\$ 797,279	\$ 164,617	\$ 961,896
Expenses			
Salaries and wages	445,361	85,769	531,130
Benefits	58,309	2,794	61,103
	<u>503,670</u>	<u>88,563</u>	<u>592,233</u>
Rent and utilities	147,472	5,000	152,472
Supplies and program expenses	28,437	29,554	57,991
Protected allocations	5,000	-	5,000
	<u>180,909</u>	<u>34,554</u>	<u>215,463</u>
Other - Latinos Positivos	25,000	-	25,000
Other - Circle of Care	87,700	-	87,700
Other - Opening Doors	-	41,500	41,500
	<u>112,700</u>	<u>41,500</u>	<u>154,200</u>
Unspent portion repayable to Ministry of Health	\$ -	\$ -	\$ -