



Financial Statements

Toronto People with AIDS Foundation

March 31, 2019

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Grant Thornton

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Independent Auditor's Report

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To the Members of
Toronto People with AIDS Foundation

Qualified Opinion

We have audited the financial statements of Toronto People with AIDS Foundation, which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year ended and a summary of significant accounting policies and other explanatory information.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Toronto People with AIDS Foundation as at March 31, 2019, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

Basis for Qualified Opinion

In common with many not-for-profit organizations, Toronto People with AIDS Foundation derives revenue from donations from the public the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of Toronto People with AIDS Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, and cash flows for the years ended March 31, 2019 and 2018, current assets at March 31, 2019 and 2018, and net assets at April 1, 2018 and 2017 and March 31, 2019 and 2018. Our audit opinion on the financial statements for the year ended March 31, 2018 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of Toronto People with AIDS Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements.

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

Other matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information included in the supplementary schedules are presented for purposes of additional information and has not been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing Toronto People with AIDS Foundation's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate Toronto People with AIDS Foundation or to cease operations, or has no realistic alternative to do so.

Those charged with governance are responsible for overseeing Toronto People with AIDS Foundation's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit.

We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Toronto People with AIDS Foundation's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Toronto People with AIDS Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Toronto People with AIDS Foundation to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
June 25, 2019

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto People with AIDS Foundation

Statement of Financial Position

March 31

2019

2018

Assets

Current

Cash	\$ 206,220	\$ 280,278
Short-term investments (Note 4)	2,250,813	1,423,347
Accounts receivable	101,944	46,003
Prepaid expenses	<u>24,672</u>	<u>18,465</u>

2,583,649 1,768,093

Long-term investments (Note 4)	95,016	384,345
Property and equipment (Note 5)	<u>79,683</u>	<u>117,789</u>

\$ 2,758,348 **\$ 2,270,227**

Liabilities

Current

Accounts payable and accrued liabilities (Note 6)	\$ 195,973	\$ 182,622
Deferred contributions (Note 7)	218,388	247,870
Short-term portion of capital lease obligation (Note 8)	<u>5,931</u>	<u>-</u>

420,292 430,492

Capital lease obligation (Note 8)	<u>27,359</u>	<u>-</u>
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447,651 **430,492**

Net assets

Invested in property and equipment	46,393	117,789
Internally restricted for organizational development	1,925,680	1,484,286
Unrestricted	<u>338,624</u>	<u>237,660</u>

2,310,697 **1,839,735**

\$ 2,758,348 **\$ 2,270,227**

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

2019

2018

Revenue		
Grants (Note 9)	\$ 1,292,506	\$ 1,325,854
Fundraising and donations – bike rally (Note 10)	1,772,857	897,348
Fundraising and donations – general	332,645	269,730
Bequests	10,600	784,939
Investment income	<u>37,568</u>	<u>23,773</u>
Total revenue	<u>3,446,176</u>	<u>3,301,644</u>
Expenses		
Program expenses		
Client services		
Practical support	410,758	469,108
Dreaming and engagement	244,379	235,055
Community access	189,130	172,600
Health and therapeutic care	<u>167,013</u>	<u>173,054</u>
	<u>1,011,280</u>	<u>1,049,817</u>
Financial assistance	<u>192,291</u>	<u>150,178</u>
Total program expenses	<u>1,203,571</u>	<u>1,199,995</u>
Community Partners (Note 9)		
Toronto HIV/AIDS Network	167,018	164,617
Latinos Positivos	<u>25,000</u>	<u>25,000</u>
	<u>192,018</u>	<u>189,617</u>
Total program and Community Partners expenses	<u>1,395,589</u>	<u>1,389,612</u>
General		
Fundraising and communication	401,089	337,128
Fundraising – bike rally (Note 10)	395,698	293,157
Occupancy	389,763	399,268
Administration	318,836	253,239
Amortization	<u>74,239</u>	<u>84,512</u>
	<u>1,579,625</u>	<u>1,367,304</u>
Total expenses	<u>2,975,214</u>	<u>2,756,916</u>
Excess of revenue over expenses	<u>\$ 470,962</u>	<u>\$ 544,728</u>

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	2019 Total	2018 Total
Net assets, beginning of year	\$ 117,789	\$ 1,484,286	\$ 237,660	\$ 1,839,735	\$ 1,295,007
Excess (deficiency) of revenue over expenses	(74,239)	-	545,201	470,962	544,728
Transfer for organizational development	-	441,394	(441,394)	-	-
Capital lease obligation	(33,290)	-	33,290	-	-
Purchase of property and equipment	<u>36,133</u>	<u>-</u>	<u>(36,133)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 46,393</u>	<u>\$ 1,925,680</u>	<u>\$ 338,624</u>	<u>\$ 2,310,697</u>	<u>\$ 1,839,735</u>

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Statement of Cash Flows

Year ended March 31

2019

2018

Increase (decrease) in cash

Operating		
Excess of revenue over expenses	\$ 470,962	\$ 544,728
Items not involving cash		
Amortization	<u>74,239</u>	<u>84,512</u>
	<u>545,201</u>	<u>629,240</u>
Net change in non-cash working capital items		
Accounts receivable	(55,941)	8,972
Prepaid expenses	(6,207)	29,230
Accounts payable and accrued liabilities	13,351	155,840
Deferred contributions	<u>(29,482)</u>	<u>76,633</u>
	<u>(78,279)</u>	<u>270,675</u>
	<u>466,922</u>	<u>899,915</u>
Investing		
Proceeds on redemption of investments	291,000	216,532
Purchase of investments	(829,137)	(1,086,180)
Purchase of property and equipment	<u>-</u>	<u>(71,682)</u>
	<u>(538,137)</u>	<u>(941,330)</u>
Financing		
Repayment of capital lease obligation	<u>(2,843)</u>	<u>-</u>
Net change in cash during the year	(74,058)	(41,415)
Cash, beginning of year	<u>280,278</u>	<u>321,693</u>
Cash, end of year	<u>\$ 206,220</u>	<u>\$ 280,278</u>

Supplementary cash flow information

Purchase of property and equipment and obligation under capital lease	<u>\$ 36,133</u>	<u>\$ -</u>
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See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2019

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.

PWA has recently updated its Strategic Plan and is currently in the process of implementation. Building on above themes, PWA will become a HUB for PHAs enhancing a role of connecting PHAs to programs and services while maintaining a welcoming and healing space.

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, 2019

2. Change in accounting policy

During the fiscal year, management determined that the financial statements should not include expense allocations.

The table below summarizes the changes (increase (decrease)) to the 2018 financial statement line items that are presented in these financial statements:

	<u>As previously stated</u>	<u>Restatement</u>	<u>Restated amount</u>
Revenue			
Administrative fees, honoraria and other	\$ 34,610	\$ (34,610)	\$ -
Fundraising and donations – general	269,112	618	269,730
Expenses			
Client services			
Practical support	\$ 403,139	\$ 65,969	\$ 469,108
Dreaming and engagement	464,002	(228,947)	235,055
Community access	235,303	(62,703)	172,600
Health and therapeutic care	297,187	(124,133)	173,054
General			
Fundraising and communication (formerly Fundraising and philanthropy)	\$ 186,840	\$ 150,288	\$ 337,128
Fundraising – bike rally	433,228	(140,071)	293,157
Occupancy	-	399,268	399,268
Administration	259,884	(6,645)	253,239
Communications	87,018	(87,018)	-

3. 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 the allowance for doubtful accounts, amortization of property and equipment, and certain accruals. Actual results could differ from those estimates.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2019

3. Summary of significant accounting policies (continued)

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:

Tangible property and equipment	
Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Over the term of the lease
Telecommunication equipment	5 years
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 10).

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.

4. Short-term and long-term investments

Short-term investments consist of money market funds and guaranteed investments maturing in less than a year with interest rates between 1.72% and 1.76%.

Long-term investments consist of guaranteed investment certificates bearing interest at rates of 2.46%, maturing December 2020.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2019

5. Property and equipment

			<u>2019</u>	<u>2018</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	\$ 43,962	\$ 6,825	\$ 14,557
Furniture and fixtures	81,147	73,585	7,562	14,119
Leasehold improvements	557,076	557,076	-	39,991
Telecommunications equipment under capital lease	36,133	1,496	34,637	-
Intangible property and equipment				
Computer software	<u>55,390</u>	<u>24,731</u>	<u>30,659</u>	<u>49,122</u>
	<u>\$ 780,533</u>	<u>\$ 700,850</u>	<u>\$ 79,683</u>	<u>\$ 117,789</u>

6. Government remittances

Included in accounts payable and accrued liabilities are government remittances owing of \$13,138 (2018 - \$13,322) in relation to source deductions owing at year end.

7. Deferred contributions

Deferred contributions represent externally restricted contributions received in the current fiscal year for events that will occur in a subsequent fiscal year. Deferred contributions at year end are as follows:

	<u>2019</u>	<u>2018</u>
Bike rally (contributions for next fiscal year)	\$ 212,881	\$ 231,434
City of Toronto and sundry	<u>5,507</u>	<u>16,436</u>
	<u>\$ 218,388</u>	<u>\$ 247,870</u>

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2019

8. Capital lease obligation

PWA signed a capital lease with CWB National Leasing in fiscal 2019 with a lease term of January 17, 2019 to January 16, 2024. The lease is based on equipment purchased in the amount of \$34,480 with monthly lease payments at the amount of \$699 and an implicit interest rate of 8%.

The following is a schedule of future minimum lease payments under the capital lease:

2020	\$ 8,388
2021	8,388
2022	8,388
2023	8,388
2024	<u>6,651</u>
Total future minimum lease payments	40,203
Less: Interest	<u>6,913</u>
	33,290
Less: Current portion	<u>5,931</u>
	<u>\$ 27,359</u>

Interest charged to PWA on the lease during the fiscal year amounted to \$545 (2017 - \$Nil).

9. Grants

	<u>2019</u>	<u>2018</u>
Ontario Ministry of Health - AIDS Bureau	\$ 976,296	\$ 961,896
Ontario Ministry of Health and Long-Term Care (base subsidy)	86,127	85,834
Public Health Agency of Canada - Ontario Region (supplementary schedules)	191,218	245,544
HRSDC Canada Summer Jobs	5,600	-
City of Toronto - Community Service Partnership	<u>33,265</u>	<u>32,580</u>
	<u>\$ 1,292,506</u>	<u>\$ 1,325,854</u>

PWA is the sponsoring agency for various Community Partners from which PWA reported grant revenue and Community Partners' expenses of \$192,018 (2018 - \$189,617). PWA's Executive Director or PWA's Director, Programs and Services participate in governance roles for these Community Partners' programs.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2019

10. Bike rally - net revenue

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

	<u>2019</u>	<u>2018</u>
Revenue	\$ 1,772,857	\$ 897,348
Expenses	<u>395,698</u>	<u>293,157</u>
	<u>\$ 1,377,159</u>	<u>\$ 604,191</u>

The expenses for the bike rally do not include any allocation of agency salaries, occupancy or administration costs.

11. Donated goods and services

A large number of hours are contributed by volunteers who assist in the Essentials Market, act as riders and crew for 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 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 PWA would not have otherwise purchased the tickets.

12. Lease commitment

PWA leases office space under an operating lease which expires on November 30, 2023. The minimum annual lease payments required over the next five years are as follows:

2020	\$ 306,000
2021	306,000
2022	312,000
2023	324,000
2024	216,000

13. 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, 2019, there are two major gifts outstanding. The final amount and date of collection is unknown at this time.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2019

14. 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. 15 employees (2018 – 14) are registered in the Group RRSP as at March 31, 2019. Total Employer RRSP contributions for the fiscal year 2019 was \$18,694 (2018 - \$17,950) and included in general expenses in the statement of operations.

15. 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 (2018 - \$Nil).

Interest rate risk

PWA is exposed to interest rate risk on its investments as the value of these financial instruments fluctuate 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 and capital lease obligation. PWA reduces its exposure to liquidity risk by ensuring that it documents when authorized payments are due and maintaining adequate cash reserves to pay amounts owing.

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.

16. Comparative amounts

Certain comparative amounts have been reclassified from those previously presented to conform to the presentation of the 2019 financial statements.

Toronto People with AIDS Foundation

Supplementary Schedules

Year ended March 31, 2019

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

	Budget <u>2018/2019</u>	Actual <u>2018/2019</u>
Revenue		
Public Health Agency of Canada	\$ <u>191,218</u>	\$ <u>191,218</u>
Expenses		
Personnel	159,437	159,437
Rent/Utilities	11,180	11,180
Materials/Training	9,868	9,868
Program Evaluation	9,500	9,500
Other	<u>1,233</u>	<u>1,233</u>
	<u>191,218</u>	<u>191,218</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, 2019

Ministry of Health and Long-term care

AIDS Bureau program funding reconciliation

	Community Based Education and Support (CBAESP)	Toronto HIV/AIDS Network (THN)	2019 Total
Revenue			
Grant	\$ 809,279	\$ 167,017	\$ 976,296
Expenses			
Salaries and wages	467,500	84,552	552,052
Benefits	58,319	17,520	75,839
	<u>525,819</u>	<u>102,072</u>	<u>627,891</u>
Rent and utilities	133,269	5,000	138,269
Supplies and program expenses	31,437	18,445	49,882
Protected allocations	5,000	-	5,000
	<u>169,706</u>	<u>23,445</u>	<u>193,151</u>
Other – Latinos Positivos	25,000	-	25,000
Other – Circle of Care	88,754	-	88,754
Other – Opening Doors	-	41,500	41,500
	<u>113,754</u>	<u>41,500</u>	<u>155,254</u>
Unspent portion repayable to Ministry of Health	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>