

FINANCIAL STATEMENTS
For
AIDS COMMITTEE OF TORONTO
For year ended
MARCH 31, 2020

INDEPENDENT AUDITORS' REPORT

To the Directors of

AIDS COMMITTEE OF TORONTO

Opinion

We have audited the accompanying financial statements of AIDS Committee of Toronto, which comprise the statement of financial position as at March 31, 2020 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.

In our opinion, the accompanying financial statements present fairly, in all material respects, the statement of financial position of AIDS Committee of Toronto as at March 31, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Opinion

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 AIDS Committee of Toronto 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 opinion.

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

Management is responsible for the preparation and fair presentation of the 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.

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

Those charged with governance are responsible for overseeing AIDS Committee of Toronto'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 AIDS Committee of Toronto'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 AIDS Committee of Toronto'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 AIDS Committee of Toronto 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 24, 2020.

AIDS COMMITTEE OF TORONTO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 131,789	\$ 607,949
Short-term investments (note 3)	1,333,665	1,264,959
Amounts receivable	422,572	230,047
Prepaid expenses	<u>126,240</u>	<u>111,106</u>
	2,014,266	2,214,061
LONG-TERM INVESTMENTS (note 3)	1,163,401	1,376,434
PENSION PLAN ASSET (note 8)	-	22,291
CAPITAL ASSETS (note 4)	<u>53,747</u>	<u>88,823</u>
	<u>\$ 3,231,414</u>	<u>\$ 3,701,609</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 293,794	\$ 451,457
Deferred contributions (note 5)	<u>54,819</u>	<u>65,341</u>
	348,613	516,798
NET ASSETS		
Internally restricted (note 6)	900,000	900,000
Unrestricted	<u>1,982,801</u>	<u>2,284,811</u>
	<u>2,882,801</u>	<u>3,184,811</u>
	<u>\$ 3,231,414</u>	<u>\$ 3,701,609</u>
Commitments (note 9)		
Contingency (note 12)		

Approved on behalf of the Board:


..... Director


..... Director

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
OPERATING REVENUE		
Government and other grants (notes 10 and 11)	\$ 3,100,240	\$ 3,124,158
Fundraising and community events	827,001	1,081,938
Investment income (note 3)	10,865	72,239
Bequests	15,950	55,817
Endowment income - Legacy of Hope Fund (note 7)	39,137	34,816
Raffle and lottery events	890	6,600
Other	<u>155,553</u>	<u>90,278</u>
	<u>4,149,636</u>	<u>4,465,846</u>
OPERATING EXPENSES		
Salaries and benefits	2,971,526	2,804,341
Rent	537,661	517,331
Program materials and resources	331,705	407,722
Office administration	220,050	249,050
Professional services	114,778	219,043
Printing and graphics	132,788	129,686
Travel	34,506	42,435
Professional development	18,447	19,632
Advertising and promotion	28,467	15,741
Amortization of capital assets	<u>61,718</u>	<u>12,113</u>
	<u>4,451,646</u>	<u>4,417,094</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (302,010)</u>	<u>\$ 48,752</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>Total 2020</u>	<u>Total 2019</u>
Net assets, beginning of year	\$ 900,000	\$ 2,284,811	\$ 3,184,811	\$ 3,136,059
Excess (deficiency) of revenue over expenses	<u>-</u>	<u>(302,010)</u>	<u>(302,010)</u>	<u>48,752</u>
Net assets, end of year	<u>\$ 900,000</u>	<u>\$ 1,982,801</u>	<u>\$ 2,882,801</u>	<u>\$ 3,184,811</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2020

	<u>2020</u>	<u>2019</u>
CASH GENERATED (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (302,010)	\$ 48,752
Add (deduct) items not involving cash:		
Amortization of capital assets	61,718	12,113
Pension plan settlement	22,291	60,726
Net unrealized loss (gain) from investments	<u>33,447</u>	<u>(35,920)</u>
	(184,554)	85,671
Impact on cash of changes in non-cash working capital items:		
Amounts receivable	(192,525)	19,024
Prepaid expenses	(15,134)	(33,083)
Accounts payable and accrued liabilities	(157,663)	39,139
Deferred contributions	<u>(10,522)</u>	<u>(53,158)</u>
	<u>(560,398)</u>	<u>57,593</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(26,642)</u>	<u>(33,720)</u>
FINANCING ACTIVITIES		
Purchase of investments	(1,431,128)	(614,337)
Proceeds from sale of investments	<u>1,542,008</u>	<u>581,400</u>
	<u>110,880</u>	<u>(32,937)</u>
DECREASE IN CASH	(476,160)	(9,064)
CASH, BEGINNING OF YEAR	<u>607,949</u>	<u>617,013</u>
CASH, END OF YEAR	<u>\$ 131,789</u>	<u>\$ 607,949</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. NATURE AND PURPOSE OF THE ORGANIZATION

The AIDS Committee of Toronto ("ACT"), which commenced operations in 1983, is a not-for-profit organization incorporated without share capital in the Province of Ontario. It is a registered charitable organization under the Income Tax Act (Canada).

ACT is a community-based organization that provides health promotion, support, education and advocacy for people living with HIV/AIDS and those affected by HIV/AIDS.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Financial instruments

ACT initially measures its financial assets and financial liabilities at fair value. It subsequently measures all its financial assets, except for investments, and financial liabilities at amortized cost.

The financial assets subsequently measured at amortized cost include cash and amounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable and accrued liabilities. Investments are subsequently measured at fair value.

Revenue recognition

ACT follows the deferral method of accounting for contributions.

Grants and donations received for specific programs are recognized as revenue in the period in which the related program expenses are incurred. Where grants received in a year exceed amounts expended under a program, the excess is reflected on the statement of financial position as deferred contributions for future expenses. Conversely, where recoverable, a grant deficiency is reflected as an amount receivable from the grantor.

Gifts of capital assets and grants received to fund the purchase of capital assets are initially recorded as deferred capital asset contributions and are then amortized as revenue in operations on the same basis as the amortization of the related capital asset costs.

Other donations and sponsorships, including planned giving and bequests, are recognized as revenues upon receipt.

Donations-in-kind and contributed services

Donations-in-kind, which include donated items for fundraising events, are not recognized in the financial statements.

Volunteers contribute tens of thousands of hours annually to assist ACT in carrying out its service delivery activities. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Capital asset expenditures

Capital assets are recorded at acquisition cost. Amortization is provided on a straight-line basis over an estimated useful life of 3 years for computer hardware, 3 years for computer software and over the remaining term to the office premises lease for leasehold improvements.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES - Cont'd.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Estimates are primarily used in determining the allowance for doubtful accounts, fair value of investments, useful lives of capital assets, significant accrued liabilities and pension benefits. These estimates are reviewed periodically and adjustments are made to revenue and expenses, as appropriate, in the period they become known.

3. FINANCIAL INSTRUMENTS

Cash consists of cash on hand and on deposit in bank accounts held at a major Canadian financial institution. Cash balances are sufficient to provide for accounts payable as they come due.

Investments consist of \$313,430 of money market mutual funds and \$1,520,235 of investment grade Canadian financial institution guaranteed investment certificates ("GICs") with maturity dates ranging from May 2020 to May 2023 and interest rates to maturity ranging from 2.15% to 3.13% (2019 - 2.15% to 3.13%). Investment income is recorded net of investment management fees.

Included in long-term investment is an investment managed by the Toronto Foundation. The investment has a market value of \$663,401 as at March 31, 2020. Details of activity in the investment managed by the Toronto Foundation during the year are as follows:

	<u>2020</u>	<u>2019</u>
Market value, beginning of year	\$ 767,177	\$ 752,455
Withdrawals	(60,000)	-
Investment gains (losses)	(36,062)	22,170
Administration expenses	<u>(7,714)</u>	<u>(7,448)</u>
Market value, end of year	<u>\$ 663,401</u>	<u>\$ 767,177</u>

The fair value of ACT's amounts receivable and accounts payable approximates their carrying value due to the relatively short term to maturity of those instruments.

ACT is exposed to various risks through its financial instruments. Credit risk on amounts receivable is mitigated by close monitoring of outstanding balances and assessment of estimated realizable value. Interest rate risk on its fixed rate guaranteed investment certificates is mitigated by matching the maturities of such certificates to expected cash flow requirements. Market risk associated with investments is reduced to a minimum since these assets generally are invested in guaranteed investment certificates.

ACT has available a demand operating facility agreement with its bank of up to \$100,000 for general operating purposes that is used when sufficient cash flow is not available from operations to cover operating and capital expenditures. Advances under this credit facility bear interest at the bank's prime lending rate, with interest payable monthly, and are secured by a general security agreement over its assets. No advances were made under the credit facility in 2020 or 2019.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

4. CAPITAL ASSETS

	<u>2020</u>		<u>2019</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Leasehold improvements	\$ 41,006	\$ 19,903	\$ 41,006	\$ 11,787
Computer hardware	87,913	78,575	80,377	74,443
Computer software	<u>97,950</u>	<u>74,644</u>	<u>78,844</u>	<u>25,174</u>
	226,869	<u>\$ 173,122</u>	200,227	<u>\$ 111,404</u>
 Accumulated amortization	 <u>173,122</u>		 <u>111,404</u>	
	<u>\$ 53,747</u>		<u>\$ 88,823</u>	

5. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted funding that relates to expenses to be incurred in subsequent years. Changes in deferred contributions for the year are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 65,341	\$ 118,499
Add:		
Funds received	3,089,718	3,037,346
Less:		
Amounts repaid or repayable to funders	-	33,654
Amounts recognized as revenue	<u>(3,100,240)</u>	<u>(3,124,158)</u>
Balance, end of year	<u>\$ 54,819</u>	<u>\$ 65,341</u>

6. INTERNALLY RESTRICTED FUNDS

The Internally Restricted Fund was established by the Board of Directors of ACT to protect against the possibility of a serious disruption or reduction in funding. The balance in the fund is intended to approximate three months' personnel and operating costs, and is supported by investments. There was no transfer to the Internally Restricted Fund in 2020 or 2019.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

7. LEGACY OF HOPE FUND

In 1988, the ACT Board of Directors designated certain contributions from planned giving, bequests and fundraising events as contributions for the establishment of the Legacy of Hope Fund. The purpose of this Fund is to establish a permanent stable funding stream for ACT should government funding sources decline.

This Fund is an external endowment fund, the assets of which are controlled and managed by the Toronto Foundation in accordance with its investment and income distribution policies. Accordingly, assets of the Fund are not reflected in these financial statements. Unaudited details of activity in the Legacy of Hope Fund during the year are as follows:

	<u>2020</u>	<u>2019</u>
Market value, beginning of year	\$ 978,435	\$ 994,739
Investment gains (losses)	(47,434)	28,097
Administration expenses	(9,622)	(9,585)
Income distributed to ACT	<u>(39,137)</u>	<u>(34,816)</u>
Market value, end of year	<u>\$ 882,242</u>	<u>\$ 978,435</u>

8. PENSION PLAN

Effective July 1, 2002, the pension plan for the employees of ACT was amended to convert the plan from a defined benefit plan to a defined contribution plan. In September 2019, the legacy defined benefit plan wound up. Management applied the pension plan assets to fund the current service costs of the ACT's defined contribution plan. In 2020, \$22,291 (2019 - \$60,726) in pension plan assets were applied to fund 2020 current service costs.

9. LEASE COMMITMENTS FOR PREMISES AND OFFICE EQUIPMENT

ACT has entered in a lease for office premises that expires November 30, 2022. ACT sub-leases parts of its office premises to third-party tenants. Other revenues include \$32,154 in sub-lease rentals (2019 - \$38,400).

In addition, ACT entered into operating leases for office equipment expiring between October 2020 to June 2022.

Minimum annual basic rent under the lease agreements are as follows:

2021	\$ 308,244
2022	314,244
2023	<u>205,521</u>
	<u>\$ 828,009</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

10. **GOVERNMENT AND OTHER GRANTS**

Government and other grants consist of the following:

	<u>2020</u>	<u>2019</u>
Federal government		
Public Health Agency of Canada	\$ <u>479,935</u>	\$ <u>412,095</u>
Ontario government		
<i>Ministry of Health - AIDS Bureau (note 11):</i>		
Community-based Education and Support	1,163,746	1,163,746
Women's HIV/AIDS Initiative -		
Toronto	162,600	162,600
Ontario	<u>429,900</u>	<u>429,900</u>
	<u>1,756,246</u>	<u>1,756,246</u>
<i>Ministry of Community and Social Services</i>	<u>304,545</u>	<u>414,679</u>
	<u>2,060,791</u>	<u>2,170,925</u>
City of Toronto		
Purchase of services	328,927	335,400
Community Services Partnership	65,395	71,793
Totally OutRight	70,214	54,872
HIV Prevention & ASD Needs Assessment	<u>-</u>	<u>34,146</u>
	<u>464,536</u>	<u>496,211</u>
Other		
MAC AIDS Foundation	27,570	-
Ontario HIV Treatment Network	-	6,169
CIHR Canadian HIV Trials Network	50,000	-
Canadian Institutes of Health Research	-	24,000
Mid Toronto Community Centre	14,758	14,758
St. Michael's Hospital	1,595	-
Hassle Free Clinic	<u>1,054</u>	<u>-</u>
	<u>94,977</u>	<u>44,927</u>
	<u>\$ 3,100,240</u>	<u>\$ 3,124,158</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

11. **MINISTRY OF HEALTH**

AIDS BUREAU PROGRAM FUNDING RECONCILIATION - YEAR ENDED MARCH 31, 2020

	Community based education and support	<u>Women's HIV/AIDS Initiative</u>		<u>Total</u>
		<u>Toronto</u>	<u>Ontario</u>	
Revenues				
Grant	\$ 1,163,746	\$ 162,600	\$ 429,900	\$ 1,756,246
Expenses				
Salaries and wages	795,140	117,325	177,021	1,089,486
Employee benefits	<u>175,962</u>	<u>25,448</u>	<u>36,130</u>	<u>237,540</u>
	<u>971,102</u>	<u>142,773</u>	<u>213,151</u>	<u>1,327,026</u>
Rent and utilities	152,200	15,165	16,971	184,336
Supplies and other	27,244	3,962	198,428	229,634
Protected allocations	<u>13,200</u>	<u>700</u>	<u>1,350</u>	<u>15,250</u>
	<u>192,644</u>	<u>19,827</u>	<u>216,749</u>	<u>429,220</u>
	<u>\$ 1,163,746</u>	<u>\$ 162,600</u>	<u>\$ 429,900</u>	<u>\$ 1,756,246</u>
Unspent portion repayable to Ministry of Health	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

12. **COVID-19**

In mid-March of 2020, the province of Ontario declared a state of emergency in response to public health concerns originating from the spread of COVID-19. Those measures included travel restrictions and social distancing requirements which included a call to avoid crowded places and non-essential gatherings.

As a result, ACT cancelled its annual SNAP fundraising event which was to occur in late March. ACT estimates that the net decrease in revenue from cancelling the event approximates \$150,000. In addition, the value of ACT's investment portfolio declined by approximately \$33,000 in the year. At the time of issuance of these financial statements, the full effect that the abrupt decline in economic activity may have on ACT's operations, assets, liabilities, revenues and expenses are not yet known.