

**AIDS COMMITTEE OF TORONTO**

**Financial Statements**

**March 31, 2014**

# **AIDS COMMITTEE OF TORONTO**

## **Financial Statements**

**March 31, 2014**

### **TABLE OF CONTENTS**

Independent Auditors' Report	2
Balance Sheet	3
Statement of Changes in Net Assets	4
Statement of Operations	5
Notes to Financial Statements	6 – 11

## **Independent Auditors' Report**

To the Directors of AIDS Committee of Toronto

We have audited the accompanying financial statements of AIDS Committee of Toronto, which comprise the balance sheet as at March 31, 2014 and the statements of operations and 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.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian 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 in our audit is sufficient and appropriate to provide for a basis for our audit opinion.

### *Opinion*

In our opinion, the financial statements present fairly, in all material respects, the financial position of AIDS Committee of Toronto as at March 31, 2014, and the results of its operations, changes in net assets and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario  
June 26, 2014

  
Chartered Accountants  
Licensed Public Accountants



# AIDS COMMITTEE OF TORONTO

## Balance Sheet as at March 31, 2014

	2014	2013
<b>ASSETS</b>		
Current:		
Cash and cash equivalents	\$ 264,446	\$ 431,938
Investments – short term	225,718	208,923
Amounts receivables	339,242	286,673
Prepaid expenses and deposits	<u>70,179</u>	<u>29,198</u>
	899,585	956,732
Pension plan asset (Note 8)	383,783	-
Investments – internally restricted (Note 3)	500,000	500,000
Capital assets, net (Note 4)	<u>91,657</u>	<u>159,629</u>
	<u>\$ 1,875,025</u>	<u>\$ 1,616,361</u>
<b>LIABILITIES</b>		
Current:		
Accounts payable and accruals	\$ 405,181	\$ 285,303
Deferred contributions for future expenses (Note 5)	<u>429,842</u>	<u>253,401</u>
	835,023	538,704
Deferred contributions for capital asset purchases (Note 5)	<u>76,121</u>	<u>159,629</u>
	<u>911,144</u>	<u>698,333</u>
<b>NET ASSETS</b>		
Internally restricted (Note 3)	500,000	500,000
Unrestricted	<u>463,881</u>	<u>418,028</u>
	<u>963,881</u>	<u>918,028</u>
	<u>\$ 1,875,025</u>	<u>\$ 1,616,361</u>

Commitments (Note 6)

Approved on behalf of the Board:

 Director  
 Director

See accompanying Notes to Financial Statements



# AIDS COMMITTEE OF TORONTO

## Statement of Operations and Changes in Net Assets

For the year ended March 31, 2014

	2014	2013
<b>OPERATING REVENUES</b>		
Government and other grants (Notes 9 and 10)	\$ 3,075,166	\$ 3,262,139
Fundraising and community events	1,035,433	2,807,978
Bequests	57,012	34,703
Endowment income – Legacy of Hope Fund (Note 7)	29,132	27,379
Investment income	18,003	20,983
Other (Note 6)	<u>171,313</u>	<u>158,291</u>
	<u>4,386,059</u>	<u>6,311,473</u>
<b>OPERATING EXPENSES</b>		
Salaries and benefits	3,006,242	3,029,462
Rent (Note 6)	601,202	589,595
Program materials and resources	302,079	1,245,176
Office administration	293,075	361,833
Professional services	260,925	581,561
Printing and graphics	91,530	91,294
Advertising and promotion	71,927	61,380
Travel	24,191	66,218
Professional development	11,990	16,986
Amortization of capital assets	94,253	106,507
Community Partners – Elton John AIDS Foundation	<u>-</u>	<u>209,278</u>
	<u>4,757,414</u>	<u>6,359,290</u>
<b>EXCESS (DEFICIENCY) OF OPERATING REVENUES OVER EXPENSES</b>	<b>(371,355)</b>	<b>(47,817)</b>
<b>PENSION PLAN GAIN (Note 8)</b>	<u><b>417,208</b></u>	<u>-</u>
<b>EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES</b>	<b>45,853</b>	<b>(47,817)</b>
<b>NET ASSETS, beginning of year</b>	<u><b>918,028</b></u>	<u>965,845</u>
<b>NET ASSETS, end of year</b>	<u><b>\$ 963,881</b></u>	<u><b>\$ 918,028</b></u>

See accompanying Notes to Financial Statements

# AIDS COMMITTEE OF TORONTO

## Statement of Cash Flows

For the year ended March 31, 2014

	2014	2013
<b>Cash generated (used in)</b>		
<b>OPERATING ACTIVITIES:</b>		
Excess (deficiency) of operating revenues over expenses	\$ 45,853	\$ (47,817)
Add (deduct) items not involving cash:		
Amortization of capital assets	94,253	106,507
Amortization of deferred capital asset contributions	(83,508)	(106,507)
Pension plan settlement	(417,208)	-
Impact on cash of changes in non-cash working capital items:		
Amounts receivable	(52,569)	179,736
Prepaid expenses and deposits	(40,981)	(4,147)
Accounts payable and accruals	129,785	(89,232)
Deferred contributions for future expenses	<u>166,534</u>	<u>(217,658)</u>
	<u>(124,416)</u>	<u>(179,118)</u>
<b>FINANCING ACTIVITIES:</b>		
Redemption (purchase) of investments, net:		
Short-term	<u>(16,795)</u>	<u>22,136</u>
<b>INVESTING ACTIVITIES:</b>		
Purchase of capital assets	<u>(26,281)</u>	<u>-</u>
<b>INCREASE (DECREASE) IN CASH</b>	<b>(167,492)</b>	<b>(156,982)</b>
<b>CASH AND CASH EQUIVALENTS, beginning of year</b>	<b><u>431,938</u></b>	<b><u>588,920</u></b>
<b>CASH AND CASH EQUIVALENTS, end of year</b>	<b><u>\$ 264,446</u></b>	<b><u>\$ 431,938</u></b>

See accompanying Notes to Financial Statements

5

# AIDS COMMITTEE OF TORONTO

## Notes to Financial Statements

March 31, 2014

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### 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 the representation of management and have been prepared in accordance with the Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook*.

#### Revenue recognition

ACT follows the deferral method of accounting for contributions.

Grants and donations received for specific programs are recognized as revenues 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 revenues to operations on the same basis as the related capital asset costs are amortized.

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.

#### 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 cash equivalents and amounts receivable. The financial liabilities subsequently measured at amortized cost include accounts payable.

Investments are subsequently measured at fair value.

# AIDS COMMITTEE OF TORONTO

## Notes to Financial Statements

**March 31, 2014**

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### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

#### Capital asset expenditures

Capital assets with an individual item cost of less than \$10,000 are expensed in the year of acquisition. Capital asset expenditures greater than \$10,000 are capitalized.

Contributed capital assets are recorded at fair value at the date of contribution.

Amortization of capital assets is provided on a straight-line basis over an estimated useful life of 5 years for telephone and office equipment, and over the remaining term to the office premises lease for leasehold improvements.

#### Measurement uncertainty

The preparation of financial statements in conformity with 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. These estimates are reviewed periodically and adjustments are made to revenues and expenses as appropriate in the period they become known.

#### Comparative figures

Certain 2013 comparative figures have been reclassified to conform to 2014 financial statement presentation.. These reclassifications had no impact on 2013 excess (deficiency) of revenues over expenses previously reported.

### 3. FINANCIAL INSTRUMENTS

Cash and cash equivalents consist of cash on hand and on deposit in bank accounts held at a major Canadian financial institution.

Investments consist of interest bearing savings accounts and investment grade Canadian financial institution guaranteed investment certificates with maturity dates ranging from June 2014 to May 2017.

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.

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 are invested in guaranteed investment certificates.

ACT has available a demand operating facility agreement with its bank of \$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 outstanding under the credit facility at March 31, 2014 and March 31, 2013.



# AIDS COMMITTEE OF TORONTO

## Notes to Financial Statements

**March 31, 2014**

### 4. CAPITAL ASSETS

	Cost	Accumulated amortization	Net Book Value	
			2014	2013
Telephone/office equipment	\$ 37,371	\$ (22,423)	\$ 14,948	\$ 22,423
Leasehold improvements	<u>266,503</u>	<u>(189,794)</u>	<u>76,709</u>	<u>137,206</u>
	<u>\$ 303,874</u>	<u>\$ (212,217)</u>	<u>\$ 91,657</u>	<u>\$ 159,629</u>

Capital asset costs include \$274,439 of purchases funded by capital asset grants (see Note 6).

### 5. DEFERRED CONTRIBUTIONS

	2014	2013
<i>Deferred contributions for future expenses:</i>		
Programs	<u>\$ 429,842</u>	<u>\$ 253,401</u>
<i>Deferred contributions for capital asset purchases:</i>		
Balance, beginning of year	\$ 159,629	\$ 266,136
Amortization to revenues	<u>(83,508)</u>	<u>(106,507)</u>
Balance, end of year	<u>\$ 76,121</u>	<u>\$ 159,629</u>

### 6. LEASE COMMITMENTS FOR PREMISES AND OFFICE EQUIPMENT

Under the terms of an operating lease for office premises to October 31, 2015, ACT is required to pay minimum monthly rent of approximately \$41,000 plus applicable taxes. ACT sub-leases certain of its office premises to third-party tenants. Other revenues include \$128,048 in sub-lease rentals (2013 - \$117,045).

Under the terms of a non-cancellable operating lease for copier equipment to June 2018, ACT has commitments for minimum annual payments of \$13,368 plus applicable taxes.

### 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 Community Foundation in accordance with its investment and income distribution policies. Accordingly, assets of the Fund are not reflected in these financial statements.

Details of activity in the Legacy of Hope Fund during the year are as follows:

	2014	2013
Market value, beginning of year	\$ 832,337	\$ 782,246
Investment gains (losses)	111,201	89,222
Administration expenses	(12,712)	(11,752)
Income distributed to ACT	<u>(29,132)</u>	<u>(27,379)</u>
Market value, end of year	<u>\$ 901,694</u>	<u>\$ 832,337</u>

# **AIDS COMMITTEE OF TORONTO**

## **Notes to Financial Statements**

**March 31, 2014**

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### **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. Transitional provisions were made for existing members of the plan. After the conversion, existing and new members participate in the plan only in accordance with the provisions of the revised plan.

An actuarial valuation for funding purposes was done as at July 1, 2011. This valuation disclosed an unfunded solvency-windup deficiency of \$68,100 as at that date in respect to certain plan members who would continue to receive pension benefits according to a defined benefit formula under the transitional provisions.

For accounting purposes, the full amount of the unfunded solvency/windup deficiency plus accrued interest to that date was charged to expense in the 2012 fiscal year, as this obligation related to past service provided by affected employees.

The deficiency as at July 1, 2011 was funded by making payments of \$1,258 per month to December 31, 2013.

The next actuarial valuation was completed as at January 1, 2014. This valuation reported that the plan is in a net surplus position of \$383,783, consisting of a market value of plan assets of \$459,586 less liabilities of \$75,803. The net pension plan surplus as at January 1, 2014 arose principally from actuarial gains due to a terminated member of the plan.

As a result of the net surplus position, funding payments were discontinued from January 1, 2014.

For accounting purposes, the remaining obligation of \$33,425 in respect to the July 1, 2011 valuation has been reversed in the accounts and a pension plan asset of \$383,783 representing the net surplus position as at the January 1, 2014 valuation has been recognized, resulting in a pension plan gain of \$417,208 in 2014.

It is the intention of management to apply the pension plan assets as at March 3, 2014 to fund the current service costs of the ACT's defined contribution plan, estimated to be approximately \$82,000 annually.

# AIDS COMMITTEE OF TORONTO

## Notes to Financial Statements

**March 31, 2014**

### 9. GOVERNMENT AND OTHER GRANTS

	2014	2013
<b>Federal government</b>		
<i>Public Health Agency of Canada:</i>		
Health Promotion	\$ 81,920	\$ 82,307
Positive Youth Outreach	<u>71,305</u>	<u>72,150</u>
	<u>153,225</u>	<u>154,457</u>
<b>Ontario government</b>		
<i>Ministry of Health – AIDS Bureau (Note 10):</i>		
Community-based Education and Support	1,011,746	961,746
Action Positive	71,270	121,270
Women's HIV/AIDS Initiative –		
Toronto	160,200	160,200
Ontario	<u>379,800</u>	<u>307,185</u>
	1,623,016	1,550,401
<i>Ministry of Community and Social Services</i>	<u>444,921</u>	<u>413,000</u>
	<u>2,067,937</u>	<u>1,963,401</u>
<b>City of Toronto</b>		
Purchase of services	271,400	271,400
Community Services Partnership	64,695	62,200
Totally OutRight	55,204	31,708
Gay Men's Harm Reduction	50,644	49,694
Portuguese Men's Outreach	<u>40,526</u>	<u>39,963</u>
	<u>482,469</u>	<u>454,965</u>
<b>Other</b>		
MAC AIDS Foundation	15,735	159,113
Ontario HIV Treatment Network	128,665	134,732
Ryerson University	65,975	85,165
Ontario Trillium Foundation	42,408	-
Mid Toronto Community Centre	17,808	17,976
Ontario AIDS Network	936	-
Circle of Care	-	63,700
Canadian Institute of Health Research	-	14,533
Amortization of deferred capital asset contributions (Note 5)	83,508	106,507
Other	<u>16,500</u>	<u>107,590</u>
	<u>371,535</u>	<u>689,316</u>
	<u>\$ 3,075,166</u>	<u>\$ 3,262,139</u>

# AIDS COMMITTEE OF TORONTO

## Notes to Financial Statements

**March 31, 2014**

### 10. MINISTRY OF HEALTH AND LONG-TERM CARE

#### *AIDS BUREAU PROGRAM FUNDING RECONCILIATION - YEAR ENDED MARCH 31, 2014*

	Community based education and support	Women's HIV/AIDS Initiative		Action Positive	Total
		Toronto	Ontario		
<b>REVENUES:</b>					
Grant	\$ 1,011,746	\$ 160,200	\$ 379,800	\$ 71,270	\$ 1,623,016
<b>EXPENSES:</b>					
Salaries and wages	569,009	99,824	115,803	51,411	836,047
Employee benefits	96,731	16,970	19,687	2,161	135,549
	<u>665,740</u>	<u>116,794</u>	<u>135,490</u>	<u>53,572</u>	<u>971,596</u>
Rent and utilities	99,713	12,000	20,000	1,000	132,713
Supplies and other expenses	18,293	30,106	170,530	16,698	235,627
Protected allocations	<u>12,000</u>	<u>1,300</u>	<u>3,780</u>	<u>-</u>	<u>17,080</u>
	130,006	43,406	194,310	17,698	385,420
Other (TowelTalk)	166,000	-	-	-	166,000
Other (Circle of Care)	50,000	-	-	-	50,000
Other (Admin Project – Support)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>-</u>	<u>50,000</u>
	<u>\$ 1,011,746</u>	<u>\$ 160,200</u>	<u>\$ 379,800</u>	<u>\$ 71,270</u>	<u>\$ 1,623,016</u>
<b>UNSPENT PORTION REPAYABLE TO MINISTRY OF HEALTH</b>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>