

FINANCIAL STATEMENTS
For
AIDS COMMITTEE OF TORONTO
For year ended
MARCH 31, 2023

INDEPENDENT AUDITORS' REPORT

To the Directors of

AIDS COMMITTEE OF TORONTO*Qualified Opinion*

We have audited the accompanying financial statements of AIDS Committee of Toronto, which comprise the statement of financial position as at March 31, 2023 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, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the statement of financial position of AIDS Committee of Toronto as at March 31, 2023 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 Qualified Opinion

AIDS Committee of Toronto has recognized \$753,507 into revenue during the fiscal year ended March 31, 2023. We did not obtain sufficient appropriate audit evidence that some or all of this amount is not payable to any of the entity's funders. Accordingly, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses and cash flows from operations for the year ended March 31, 2023, current assets as at March 31, 2023 and unrestricted net assets as at March 31, 2023.

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 qualified 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.

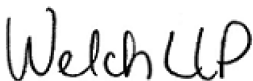
Auditor's Responsibilities for the Audit of the Financial Statements

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 28, 2023.

AIDS COMMITTEE OF TORONTO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 198,861	\$ 830,028
Short-term investments (note 3)	893,528	1,733,990
Amounts receivable	526,395	221,215
Prepaid expenses	<u>111,752</u>	<u>88,450</u>
	1,730,536	2,873,683
LONG-TERM INVESTMENTS (note 3)	1,845,411	1,619,923
CAPITAL ASSETS (note 5)	<u>7,117</u>	<u>21,831</u>
	<u>\$ 3,583,064</u>	<u>\$ 4,515,437</u>
<u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 406,504	\$ 1,707,486
Deferred contributions (note 6)	<u>368,072</u>	<u>79,561</u>
	<u>774,576</u>	<u>1,787,047</u>
NET ASSETS		
Internally restricted (note 7)	1,100,000	1,100,000
Unrestricted	<u>1,708,488</u>	<u>1,628,390</u>
	<u>2,808,488</u>	<u>2,728,390</u>
Commitments (note 9)	<u>\$ 3,583,064</u>	<u>\$ 4,515,437</u>

Approved on behalf of the Board:

Glen Johnson

..... Director

Rodney Lock

..... Director

(See accompanying notes)

AIDS COMMITTEE OF TORONTO

STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
OPERATING REVENUE		
Government and other grants (notes 10 and 11)	\$ 3,062,727	\$ 3,164,739
Fundraising and community events	781,836	1,333,141
Investment income (note 3)	40,766	41,007
Bequests	65,501	118,736
Endowment income - Legacy of Hope Fund (note 8)	34,280	38,499
Other	<u>104,323</u>	<u>78,116</u>
	<u>4,089,433</u>	<u>4,774,238</u>
 OPERATING EXPENSES		
Salaries and benefits	3,278,561	3,261,256
Occupancy	583,647	582,645
Office administration	210,587	210,047
Program materials and resources	235,513	942,792
Professional services	295,742	185,278
Printing and graphics	112,968	79,018
Amortization of capital assets	14,714	28,640
Travel	18,569	21,487
Advertising and promotion	3,069	7,196
Professional development	<u>9,472</u>	<u>9,461</u>
	<u>4,762,842</u>	<u>5,327,820</u>
 Excess (deficiency) of revenue over expenses before items below	 (673,409)	 (553,582)
Government assistance (note 12)	<u>753,507</u>	<u>63,487</u>
 Excess (deficiency) of revenue over expenses	 <u>\$ 80,098</u>	 <u>\$ (490,095)</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2023

	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>Total 2023</u>	<u>Total 2022</u>
Net assets, beginning of year	\$ 1,100,000	\$ 1,628,390	\$ 2,728,390	\$ 3,218,485
Excess (deficiency) of revenue over expenses	<u> -</u>	<u> 80,098</u>	<u> 80,098</u>	<u> (490,095)</u>
Net assets, end of year	<u>\$ 1,100,000</u>	<u>\$ 1,708,488</u>	<u>\$ 2,808,488</u>	<u>\$ 2,728,390</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2023

	<u>2023</u>	<u>2022</u>
CASH GENERATED (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ 80,098	\$ (490,095)
Add (deduct) items not involving cash:		
Amortization of capital assets	14,714	28,641
Change in net unrealized gain/loss from investments	<u>(19,869)</u>	<u>(14,836)</u>
	74,943	(476,290)
Impact on cash of changes in non-cash working capital items:		
Amounts receivable	(305,180)	58,828
Prepaid expenses	(23,302)	33,687
Accounts payable and accrued liabilities	(1,300,982)	532,142
Deferred contributions	<u>288,511</u>	<u>25,230</u>
	<u>(1,266,010)</u>	<u>173,597</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>-</u>	<u>(4,938)</u>
FINANCING ACTIVITIES		
Purchase of investments	(1,189,940)	(2,437,048)
Proceeds from sale of investments	<u>1,824,783</u>	<u>1,911,859</u>
	<u>634,843</u>	<u>(525,189)</u>
DECREASE IN CASH	(631,167)	(356,530)
CASH, BEGINNING OF YEAR	<u>830,028</u>	<u>1,186,558</u>
CASH, END OF YEAR	<u>\$ 198,861</u>	<u>\$ 830,028</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2023

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. SIGNIFICANT ACCOUNTING POLICIES

Basis of accounting

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Financial instruments

ACT initially measures its financial assets and liabilities at fair value. With the exception of cash and investments, they subsequently measure all other financial assets and financial liabilities at amortized cost at the year end date.

Revenue recognition

ACT follows the deferral method of accounting for contributions. Restricted contributions for specific programs are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received and receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

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 many hours each year to assist ACT. Because of the difficulty of determining their fair value, contributed services are not recognized in the financial statements.

Capital assets

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 and software. Leasehold improvements are amortized over the term of the lease.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Government assistance

The Canada Emergency Wage Subsidy (CEWS), a form of temporary government assistance introduced in response to the COVID-19 pandemic, was a subsidy initiated by the federal government to enable employers to re-hire workers previously laid off, and to retain those who were already on payroll. The subsidy was calculated as a percentage of eligible remuneration paid by those who experienced a certain level of revenue decline during the program periods.

The Canada Emergency Rent Subsidy (CERS) is another form of temporary government assistance introduced in response to the pandemic that provides rent and mortgage support to businesses affected by COVID-19. The subsidy is calculated as a percentage of eligible rent expenditures.

The subsidies have been recorded in the period to which they relate as long as the amount of the subsidy could be reasonably estimated at that point in time. The amount of assistance received has been disclosed separately as government assistance on the statement of operations.

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. Management makes accounting estimates when determining its allowance for doubtful accounts, the estimated useful life of ACT's capital assets and its accrued liabilities. Actual results could differ from these estimates and those differences could be material.

3. **SHORT-TERM INVESTMENTS**

Short-term investments consist of the following:

	<u>2023</u>	<u>2022</u>
Money market mutual funds	\$ -	\$ 4,783
GICs	1,957,245	2,586,941
Toronto foundation investment	<u>781,694</u>	<u>762,189</u>
	2,738,939	3,353,913
Less: short-term investments	<u>(893,528)</u>	<u>(1,733,990)</u>
Long-term investments	<u>\$ 1,845,411</u>	<u>\$ 1,619,923</u>

The guaranteed investment certificates ("GICs") mature between May 2023 and July 2026 and are earning interest between 0.84% and 4.50% (2022 - 0.60% and 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 \$781,694 as at March 31, 2023. Details of activity in the investment managed by the Toronto Foundation during the year are as follows:

	<u>2023</u>	<u>2022</u>
Market value, beginning of year	\$ 762,189	\$ 749,476
Investment gains	28,804	21,108
Administration expenses	<u>(9,299)</u>	<u>(8,395)</u>
Market value, end of year	<u>\$ 781,694</u>	<u>\$ 762,189</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

4. CREDIT FACILITIES

ACT has 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 2023 or 2022.

5. CAPITAL ASSETS

	2023		2022	
	Cost	Accumulated amortization	Cost	Accumulated amortization
Leasehold improvements	\$ 41,006	\$ 41,006	\$ 41,006	\$ 36,134
Computer hardware	87,914	87,914	87,914	87,285
Computer software	<u>120,817</u>	<u>113,700</u>	<u>120,817</u>	<u>104,487</u>
	249,737	<u>\$ 242,620</u>	249,737	<u>\$ 227,906</u>
Less: accumulated amortization		<u>(242,620)</u>		<u>(227,906)</u>
	<u>\$ 7,117</u>		<u>\$ 21,831</u>	

6. 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:

	2023	2022
Balance, beginning of year	\$ 79,561	\$ 54,331
Funds received	3,351,238	3,189,969
Amounts recognized as revenue	<u>(3,062,727)</u>	<u>(3,164,739)</u>
Balance, end of year	<u>\$ 368,072</u>	<u>\$ 79,561</u>

7. 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. The cash reserve was updated in 2021 and approximately \$1,100,000 of investment shall be maintained at all times.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

8. LEGACY OF HOPE FUND

In 1988, ACT's 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 for the January 1 to December 31 periods are as follows:

	<u>2022</u>	<u>2021</u>
Market value, beginning of year	\$ 856,990	\$ 961,695
Investment losses	(38,448)	(58,145)
Administration expenses	(5,935)	(8,061)
Income distributed to ACT	<u>(34,280)</u>	<u>(38,499)</u>
Market value, end of year	<u>\$ 778,327</u>	<u>\$ 856,990</u>

9. COMMITMENTS

ACT has entered into a lease for office premises that expires on November 30, 2029. ACT sub-leases parts of its office premises to third-party tenants. Other revenues include \$55,239 in sub-lease rentals (2022 - \$39,549).

In addition, ACT entered into an operating lease for office equipment expiring June 2022.

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

2024	\$ 307,878
2025	309,994
2026	314,226
2027	317,400
2028	<u>323,748</u>
	<u>\$ 1,573,246</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

10. **GOVERNMENT AND OTHER GRANTS**

Government and other grants consist of the following:

	<u>2023</u>	<u>2022</u>
Federal government		
Public Health Agency of Canada	\$ 389,391	\$ 467,493
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>426,762</u>	<u>429,900</u>
	1,753,108	1,756,246
 <i>Ministry of Community and Social Services</i>		
	<u>345,000</u>	<u>347,000</u>
	<u>2,098,108</u>	<u>2,103,246</u>
City of Toronto		
Purchase of services	330,683	340,020
Community Services Partnership	77,214	58,212
Totally OutRight	<u>73,681</u>	<u>75,724</u>
	<u>481,578</u>	<u>473,956</u>
Other		
CIHR Canadian HIV Trials Network	-	3,474
Dixon Hall	9,798	14,672
Ontario Trillium Foundation	45,902	101,898
Viiv	1,104	-
Telus	31,280	-
Gilead	1,801	-
Other	<u>3,765</u>	<u>-</u>
	<u>93,650</u>	<u>134,769</u>
	<u>\$ 3,062,727</u>	<u>\$ 3,179,464</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

11. MINISTRY OF HEALTH

AIDS BUREAU PROGRAM FUNDING RECONCILIATION - YEAR ENDED MARCH 31, 2023

	Community based education and support	<u>Women's HIV/AIDS Initiative</u>		<u>Total</u>
		<u>Toronto</u>	<u>Ontario</u>	
Approved Budget	\$ 1,163,746	\$ 162,600	\$ 429,900	\$ 1,756,246
Revenues				
Grant	\$ 1,163,746	\$ 162,600	\$ 426,762	\$ 1,753,108
Expenses				
Salaries and benefits	1,050,446	104,283	251,189	1,405,918
Occupancy	152,814	47,264	17,732	217,810
Program materials and resources	10,080	6,146	15,097	31,323
Office administration	23,761	4,666	30,123	58,550
Professional services	5,673	-	82,895	88,568
Printing and graphics	-	-	28,804	28,804
Advertising and promotion	500	-	-	500
Travel	365	241	113	719
Professional development	4,699	-	809	5,508
	<u>1,248,338</u>	<u>162,600</u>	<u>426,762</u>	<u>1,837,700</u>
	\$ 1,248,338	\$ 162,600	\$ 426,762	\$ 1,837,700
Overspent portion absorbed by ACT	\$ (84,592)	\$ -	\$ -	\$ (84,592)

12. GOVERNMENT ASSISTANCE

During the year, ACT determined that \$753,507 of the Canadian Employment Wage Subsidy (CEWS) should be recognized as income as ACT does not have any obligations to the CRA or any other funder with respect to this amount. In 2021, ACT had recorded an accrued liability for the potential repayment of these amounts either to the CRA or other funders as these funds represented proceeds received for wages that may have already been subsidized.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2023

13. FINANCIAL INSTRUMENTS

ACT is exposed to and manages various financial risks resulting from its financial instruments. ACT's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation.

ACT's maximum exposure to credit risk represents the carrying value of its cash, investments and accounts receivable.

ACT's cash and investments are on deposit with a Canadian chartered bank and as a result, management believes the risk of loss to be remote. Accounts receivable is primarily comprised of amounts owing from provincial and local government organizations, which are expected to be collected. Management does not believe there are any significant concentrations of credit risk.

Liquidity risk

Liquidity risk is the risk ACT cannot meet its debts when they become due. ACT's management manages this risk by reviewing its expected future cash flow requirements.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk.

i) *Currency risk*

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates.

ACT's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) *Interest rate risk*

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates.

ACT does not hold any interest bearing liabilities and as a result is not subject to interest rate risk.

iii) *Other price risk*

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate or currency risk), whether those changes are caused by factors specific to the individual instrument or its issuer, or factors affecting all similar instruments traded in the market.

ACT does not have instruments in publicly-traded securities or derivative financial instruments that would be subject to price changes in the open market. Therefore, ACT is not exposed to significant other price risk.

Changes in risk

There have been no significant changes in ACT's risk exposures from the prior year.

14. COMPARATIVE FIGURES

Comparative figures have been reclassified where necessary to conform to the presentation adopted in the current year.