

FINANCIAL STATEMENTS
For
AIDS COMMITTEE OF TORONTO
For year ended
MARCH 31, 2022

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, 2022 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, 2022 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.

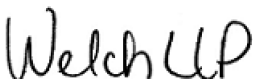
Auditor's Responsibilities for the Audit of the Financial Statements

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 22, 2022.

AIDS COMMITTEE OF TORONTO
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 830,028	\$ 1,186,558
Short-term investments (note 4)	1,733,990	964,412
Amounts receivable	221,215	280,043
Prepaid expenses	<u>88,450</u>	<u>122,137</u>
	2,873,683	2,553,150
 LONG-TERM INVESTMENTS (note 4)	 1,619,923	 1,849,476
 CAPITAL ASSETS (note 6)	 <u>21,831</u>	 <u>45,534</u>
	 <u>\$ 4,515,437</u>	 <u>\$ 4,448,160</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities	\$ 1,707,486	\$ 1,175,344
Deferred contributions (note 7)	<u>79,561</u>	<u>54,331</u>
	<u>1,787,047</u>	<u>1,229,675</u>
 NET ASSETS		
Internally restricted (note 8)	1,100,000	1,100,000
Unrestricted	<u>1,628,390</u>	<u>2,118,485</u>
	<u>2,728,390</u>	<u>3,218,485</u>
	 <u>\$ 4,515,437</u>	 <u>\$ 4,448,160</u>
 Commitments (note 10)		
Contingency (note 13)		

Approved on behalf of the Board:

EMandarino

..... Director



..... Director

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF OPERATIONS
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
OPERATING REVENUE		
Government and other grants (notes 11 and 12)	\$ 3,164,739	\$ 3,065,220
Fundraising and community events	1,333,141	850,167
Investment income (note 4)	41,007	118,111
Bequests	118,736	95,107
Endowment income - Legacy of Hope Fund (note 9)	38,499	33,084
Government assistance (note 13)	63,487	315,435
Other	<u>78,116</u>	<u>72,524</u>
	<u>4,837,725</u>	<u>4,549,648</u>
OPERATING EXPENSES		
Salaries and benefits	3,288,245	3,057,342
Rent	580,000	540,674
Office administration	212,692	231,836
Program materials and resources	915,803	145,409
Professional services	185,278	92,013
Printing and graphics	79,018	67,617
Amortization of capital assets	28,640	26,143
Travel	21,487	21,635
Advertising and promotion	7,196	20,372
Professional development	<u>9,461</u>	<u>10,923</u>
	<u>5,327,820</u>	<u>4,213,964</u>
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	<u>\$ (490,095)</u>	<u>\$ 335,684</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2022

	<u>Internally restricted</u>	<u>Unrestricted</u>	<u>Total 2022</u>	<u>Total 2021</u>
Net assets, beginning of year	\$ 1,100,000	\$ 2,118,485	\$ 3,218,485	\$ 2,882,801
Excess (deficiency) of revenue over expenses	<u> -</u>	<u> (490,095)</u>	<u> (490,095)</u>	<u> 335,684</u>
Net assets, end of year	<u>\$ 1,100,000</u>	<u>\$ 1,628,390</u>	<u>\$ 2,728,390</u>	<u>\$ 3,218,485</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
STATEMENT OF CASH FLOWS
YEAR ENDED MARCH 31, 2022

	<u>2022</u>	<u>2021</u>
CASH GENERATED (USED IN)		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses	\$ (490,095)	\$ 335,684
Add (deduct) items not involving cash:		
Amortization of capital assets	28,641	26,143
Change in net unrealized gain/loss from investments	<u>(14,836)</u>	<u>(80,887)</u>
	(476,290)	280,940
Impact on cash of changes in non-cash working capital items:		
Amounts receivable	58,828	142,529
Prepaid expenses	33,687	4,103
Accounts payable and accrued liabilities	532,142	881,550
Deferred contributions	<u>25,230</u>	<u>(488)</u>
	<u>173,597</u>	<u>1,308,634</u>
INVESTING ACTIVITIES		
Purchase of capital assets	<u>(4,938)</u>	<u>(17,930)</u>
FINANCING ACTIVITIES		
Purchase of investments	(2,437,048)	(1,500,000)
Proceeds from sale of investments	<u>1,911,859</u>	<u>1,264,065</u>
	<u>(525,189)</u>	<u>(235,935)</u>
INCREASE (DECREASE) IN CASH	(356,530)	1,054,769
CASH, BEGINNING OF YEAR	<u>1,186,558</u>	<u>131,789</u>
CASH, END OF YEAR	<u>\$ 830,028</u>	<u>\$ 1,186,558</u>

(See accompanying notes)

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2022

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. They subsequently measure all non-cash 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, 2022

2. 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. 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.

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.

3. FINANCIAL INSTRUMENTS

ACT's financial instruments are subject to the following risks, substantially unchanged from the prior year:

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.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

3. FINANCIAL INSTRUMENTS - Cont'd.

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.

4. INVESTMENTS

Investments consist of money market mutual funds earning interest at 0.20% and guaranteed investment certificates that mature between May 10, 2022 and July 6, 2026 and are earning interest between 0.60% and 3.13% (2021 - 0.55% 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 \$762,189 as at March 31, 2022. Details of activity in the investment managed by the Toronto Foundation during the year are as follows:

	<u>2022</u>	<u>2021</u>
Market value, beginning of year	\$ 749,476	\$ 663,401
Investment gains	21,108	93,219
Administration expenses	<u>(8,395)</u>	<u>(7,144)</u>
Market value, end of year	<u>\$ 762,189</u>	<u>\$ 749,476</u>

5. 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 2022 or 2021.

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

6. CAPITAL ASSETS

	<u>2022</u>		<u>2021</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Leasehold improvements	\$ 41,006	\$ 36,134	\$ 41,006	\$ 28,019
Computer hardware	87,914	87,285	87,914	83,336
Computer software	<u>120,817</u>	<u>104,487</u>	<u>115,879</u>	<u>87,910</u>
	249,737	<u>\$ 227,906</u>	244,799	<u>\$ 199,265</u>
Accumulated amortization	<u>227,906</u>		<u>199,265</u>	
	<u>\$ 21,831</u>		<u>\$ 45,534</u>	

7. 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 54,331	\$ 54,819
Funds received	3,189,969	3,064,732
Amounts recognized as revenue	<u>(3,164,739)</u>	<u>(3,065,220)</u>
Balance, end of year	<u>\$ 79,561</u>	<u>\$ 54,331</u>

8. 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.

9. 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>2021</u>	<u>2020</u>
Market value, beginning of year	\$ 961,695	\$ 882,242
Investment gains (losses)	(58,145)	121,811
Administration expenses	(8,061)	(9,274)
Income distributed to ACT	<u>(38,499)</u>	<u>(33,084)</u>
Market value, end of year	<u>\$ 856,990</u>	<u>\$ 961,695</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

10. LEASE COMMITMENTS FOR PREMISES AND OFFICE EQUIPMENT

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 \$39,549 in sub-lease rentals (2021 - \$30,281).

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:

2023	\$ 310,497
2024	309,994
2025	317,400
2026	326,922
2027	<u>222,180</u>
	<u>\$ 1,486,993</u>

11. GOVERNMENT AND OTHER GRANTS

Government and other grants consist of the following:

	<u>2022</u>	<u>2021</u>
Federal government		
Public Health Agency of Canada	<u>\$ 467,493</u>	<u>\$ 485,548</u>
Ontario government		
<i>Ministry of Health - AIDS Bureau (note 12):</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>387,157</u>
	1,756,246	1,713,503
<i>Ministry of Community and Social Services</i>	<u>347,000</u>	<u>367,079</u>
	<u>2,103,246</u>	<u>2,080,582</u>
City of Toronto		
Purchase of services	345,155	321,440
Community Services Partnership	53,077	77,017
Totally OutRight	<u>75,724</u>	<u>72,694</u>
	<u>473,956</u>	<u>471,151</u>
Other		
CIHIR Canadian HIV Trials Network	3,474	-
Mid Toronto Community Centre	14,672	13,260
St. Michael's Hospital	-	10,679
Ontario Trillium Foundation	101,898	-
CAMH	-	4,000
	<u>120,044</u>	<u>27,939</u>
	<u>\$ 3,164,739</u>	<u>\$ 3,065,220</u>

AIDS COMMITTEE OF TORONTO
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2022

12. **MINISTRY OF HEALTH**

AIDS BUREAU PROGRAM FUNDING RECONCILIATION - YEAR ENDED MARCH 31, 2022

	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	\$ 429,900	\$ 1,756,246
Expenses				
Salaries and wages	808,613	122,156	197,148	1,127,917
Employee benefits	154,770	15,699	45,759	216,228
Other staffing costs	12,864	5,102	-	17,966
	<u>976,247</u>	<u>142,957</u>	<u>242,907</u>	<u>1,362,111</u>
Rent and utilities	144,501	16,923	16,506	177,930
Program costs	34,820	2,596	136,462	173,878
Administration	3,865	308	33,762	37,935
Protected allocations	4,313	-	1,623	5,936
	<u>187,499</u>	<u>19,827</u>	<u>188,353</u>	<u>395,679</u>
	<u>\$ 1,163,746</u>	<u>\$ 162,784</u>	<u>\$ 431,260</u>	<u>\$ 1,757,790</u>
Unspent portion repayable to Ministry of Health	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

13. **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 in-person fundraising and program events and switched to online.

As a part of the Government of Canada's assistance, for the year March 31, 2022, ACT recognized \$14,725 (2021 - \$221,821) from the Federal Government for the CEWS program, \$48,762 (2021 - \$68,614) for the CERS program.

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.