



Financial Statements

Toronto People with AIDS Foundation

March 31, 2023

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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, 2023, 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* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of Toronto People with AIDS Foundation as at March 31, 2023, and results of 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 fundraising and 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 fundraising and donations revenue, excess (deficiency) of revenue over expenses, and cash flows for the years ended March 31, 2023 and 2022, current assets at March 31, 2023 and 2022, and net assets at April 1, 2022 and 2021 and March 31, 2023 and 2022. Our audit opinion on the financial statements for the year ended March 31, 2022 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.

Emphasis of Matter – Restated Comparative Information

We draw attention to Note 10 and 15 and to the financial statements, which explains that certain comparative information presented for the year ended March 31, 2022 has been restated. Our opinion is not modified in respect of this matter.

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 is presented for the purposes of additional information and has 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 but 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
December 13, 2023

Grant Thornton LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto People with AIDS Foundation

Statement of Financial Position

March 31

2023

2022

Assets

Current

Cash	\$ 276,721	\$ 718,152
Short-term investments (Note 3)	1,872,160	2,215,044
Accounts receivable	105,168	75,030
Prepaid expenses	<u>66,471</u>	<u>27,570</u>
	2,320,520	3,035,796

Long-term investments (Note 3)	45,460	101,643
Property and equipment (Note 4)	<u>120,920</u>	<u>240,532</u>
	\$ 2,486,900	\$ 3,377,971

Liabilities

Current

Accounts payable and accrued liabilities (Note 5)	\$ 253,926	\$ 197,188
Deferred contributions (Note 6)	220,841	520,257
Short-term portion of capital lease obligation (Note 7)	<u>12,281</u>	<u>12,955</u>
	487,048	730,400

Deferred contributions - property and equipment (Note 6)	6,000	8,000
Capital lease obligation (Note 7)	<u>6,891</u>	<u>19,172</u>
	499,939	757,572

Net assets

Invested in property and equipment	95,748	200,405
Internally restricted for organizational development	1,491,636	1,693,875
Unrestricted	<u>399,577</u>	<u>726,119</u>
	1,986,961	2,620,399
	\$ 2,486,900	\$ 3,377,971

Commitments (Note 12)

On Behalf of the Board of Directors

David Morris

Director

Barbara J. Schreiner-Jundel

Director

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Statement of Operations

Year ended March 31

2023

2022

Revenue		
Fundraising and donations - bike rally (Note 8)	\$ 1,494,728	\$ 1,072,614
Grants (Note 9)	932,792	1,169,127
Fundraising and donations - general	846,456	499,918
Bequests	131,002	76,119
Other income (Note 10)	<u>65,515</u>	<u>20,308</u>
Total revenue	<u>3,470,493</u>	<u>2,838,086</u>
Expenses		
Program expenses		
Client services		
Practical support	773,807	703,415
Dreaming and engagement	481,189	349,211
Community access	180,814	254,781
Health and therapeutic care	<u>76,547</u>	<u>159,112</u>
	1,512,357	1,466,519
Financial assistance	<u>395,712</u>	<u>272,069</u>
Total program expenses	<u>1,908,069</u>	<u>1,738,588</u>
General		
Fundraising and communication	626,575	477,061
Fundraising - bike rally (Note 8)	542,221	244,744
Occupancy	471,153	415,453
Administration	430,813	295,215
Amortization	<u>125,100</u>	<u>125,743</u>
	<u>2,195,862</u>	<u>1,558,216</u>
Total expenses	<u>4,103,931</u>	<u>3,296,804</u>
Deficiency of revenue over expenses	<u>\$ (633,438)</u>	<u>\$ (458,718)</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	2023 Total	2022 Total
Net assets, beginning of year	\$ 200,405	\$ 1,693,875	\$ 726,119	\$ 2,620,399	\$ 3,079,117
Deficiency of revenue over expenses	(123,100)	-	(510,338)	(633,438)	(458,718)
Transfer for organizational development	-	(202,239)	202,239	-	-
Purchase of property and equipment	5,488	-	(5,488)	-	-
Repayment of capital lease obligation	<u>12,955</u>	<u>-</u>	<u>(12,955)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 95,748</u>	<u>\$ 1,491,636</u>	<u>\$ 399,577</u>	<u>\$ 1,986,961</u>	<u>\$ 2,620,399</u>

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Statement of Cash Flows

Year ended March 31

2023

2022

Increase (decrease) in cash

Operating

Deficiency of revenue over expenses	\$ (633,438)	\$ (458,718)
Items not involving cash		
Deferred contributions recognized	(683,400)	-
Deferred contributions – property and equipment recognized	(2,000)	(2,000)
Unrealized loss on investments	7,040	2,275
Amortization	<u>125,100</u>	<u>125,743</u>
	<u>(1,186,698)</u>	<u>(332,700)</u>

Net change in non-cash working capital items

Accounts receivable	(30,138)	(22,440)
Prepaid expenses	(38,901)	(6,858)
Accounts payable and accrued liabilities	56,738	(112,509)
Deferred contributions received	<u>383,984</u>	<u>509,018</u>
	<u>371,683</u>	<u>367,211</u>
	<u>(815,015)</u>	<u>34,511</u>

Investing

Proceeds on redemption of investments	3,243,964	1,182,792
Purchase of investments	(2,851,937)	(604,180)
Purchase of property and equipment	<u>(5,488)</u>	<u>(7,281)</u>
	<u>386,539</u>	<u>571,331</u>

Financing

Repayment of capital lease obligation	<u>(12,955)</u>	<u>(11,965)</u>
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Net change in cash during the year	(441,431)	593,877
Cash, beginning of year	<u>718,152</u>	<u>124,275</u>
Cash, end of year	<u>\$ 276,721</u>	<u>\$ 718,152</u>

See accompanying notes to the financial statements.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

1. Organizational background, mission statement and income tax status

Toronto People with AIDS Foundation (PWA) is a not-for-profit organization incorporated under the Not-for-Profit 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 2020 captured the essence of PWA over its first 30 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 for PHAs 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.

Income tax status

PWA is registered as a charitable organization under the Income Tax Act (Canada) and, as such, is exempt from income taxes.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

2. 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.

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:

Computer equipment	3 years
Furniture and fixtures	5 years
Leasehold improvements	Over the term of the lease
Equipment under capital lease	5 years

Donated property and equipment are recorded at fair value at the date of contribution when such value can be reasonably determined.

Impairment of long-lived assets

PWA tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of operations. Any impairment recognized is not reversed.

Revenue recognition

PWA follows the deferral method of accounting for revenue. Externally restricted grants, fundraising, donations and bequests are recognized as revenue in the fiscal year in which the related expenses are incurred, or the related restriction is met. Unrestricted grants, fundraising, donations and bequests 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.

Contributions restricted for the purchase of property and equipment are deferred and amortized into revenue at a rate corresponding with the amortization rate for the related property and equipment.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

2. Summary of significant accounting policies (continued)

Donated goods and services

The fair market value of donated goods and services is not reported in the financial statements as revenue. The nature of donated goods and services are reported in Note 11 of the financial statements.

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.

3. Short-term and long-term investments

Short-term investments consist of high interest savings accounts.

Long-term investments consist of deposit note maturing November 2028.

4. Property and equipment

			<u>2023</u>	<u>2022</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Computer equipment	\$ 76,343	\$ 63,824	\$ 12,519	\$ 33,395
Furniture and fixtures	116,853	79,487	37,366	45,613
Leasehold improvements	802,866	751,119	51,747	129,363
Equipment under capital lease	<u>67,519</u>	<u>48,231</u>	<u>19,288</u>	<u>32,161</u>
	<u>\$ 1,063,581</u>	<u>\$ 942,661</u>	<u>\$ 120,920</u>	<u>\$ 240,532</u>

5. Government remittances

Included in accounts payable and accrued liabilities are government remittances of \$Nil (2022 - \$Nil) in relation to source deductions owing at year end.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

6. Deferred contributions

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:

	Opening balance April 1, 2022	Received	Recognized	Closing balance March 31, 2023
Foundation and other	\$ 520,257	\$ 122,813	\$ 641,265	\$ 1,805
Bingo funding	-	261,171	42,135	219,036
	<u>\$ 520,257</u>	<u>\$ 383,984</u>	<u>\$ 683,400</u>	<u>\$ 220,841</u>

Deferred contributions - property and equipment

Deferred contributions - property and equipment represent externally restricted contributions for the purpose of purchasing property and equipment.

	Opening balance April 1, 2022	Received	Recognized	Closing balance March 31, 2023
Fighting to end hunger donation	<u>\$ 8,000</u>	<u>\$ -</u>	<u>\$ 2,000</u>	<u>\$ 6,000</u>

7. 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%.

PWA signed a capital lease with Konica Minolta in fiscal 2020 with a lease term of December 20, 2019 to June 19, 2025. The lease is based on equipment purchased in the amount of \$31,386 with quarterly lease payments at the amount of \$1,678 and an implicit interest rate of 8%.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

7. Capital lease obligation (continued)

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

2024	\$	13,359
2025		6,708
2026		<u>559</u>
Total future minimum lease payments		20,626
Less: Interest		<u>1,454</u>
		19,172
Less: Current portion		<u>12,281</u>
	\$	<u>6,891</u>

Interest charged to PWA on the lease during the fiscal year amounted to \$2,140 (2022 - \$3,130).

8. Bike rally - net revenue

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

	<u>2023</u>	<u>2022</u>
Revenue	\$ 1,494,728	\$ 1,072,614
Expenses	<u>542,221</u>	<u>244,744</u>
	<u>\$ 952,507</u>	<u>\$ 827,870</u>

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

9. Grants

	<u>2023</u>	<u>2022</u>
Ontario Ministry of Health - AIDS Bureau (supplementary schedule)	\$ 784,278	\$ 784,279
Ontario Ministry of Health and Ontario Ministry of Long-Term Care (base subsidy)	90,536	145,536
City of Toronto - Community Service Partnership	35,752	35,050
Public Health Agency of Canada - Ontario Region	20,226	202,262
Emergency Community Support	<u>2,000</u>	<u>2,000</u>
	<u>\$ 932,792</u>	<u>\$ 1,169,127</u>

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

10. Related party transactions

PWA exercises significant influence over Latinos Positivos and Toronto HIV/AIDS Treatment Network (collectively the “Organizations”). The Organizations are overseen by a Steering Committee and are unincorporated not-for-profit organizations and, as such, are exempt from income taxes. The Organizations operate with the same purpose as PWA. PWA is the sponsoring agency for these Organizations and effectively influences the objectives of the Organizations due to common governance members.

During the fiscal year, PWA received administration fee revenue from the Organizations of \$12,260 (2022 - \$10,180) that is included in other income.

In the prior year, PWA had accounted for these amounts on a gross basis, recognizing revenue of \$201,612 and expenses of \$191,432. During the current year, this accounting was reviewed, and it was determined that the appropriate accounting was to reflect these transactions on a net basis (Note 15).

11. Donated goods and services

A large number of hours are contributed by volunteers who assist in the Essentials Market (PWA's food bank), 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. Commitments

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

2024	\$ 216,000
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Subsequent to year end, a new office space lease was entered into at a basic rent of \$1 per month plus common costs with a term to July 31, 2033.

In addition, a limited scope property management agreement was entered into in November 2023 for PWA to provide management services at the building PWA is leasing with no compensation.

13. Planned giving and bequests (major gifts)

PWA Board of Directors (the “Board”) are informed of all major gifts that are 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, 2023, there are no major gifts outstanding.

Toronto People with AIDS Foundation

Notes to the Financial Statements

March 31, 2023

14. 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. Financial instrument risks are consistent with the prior year.

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 (2022 - \$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.

15. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation (Note 10).

Toronto People with AIDS Foundation

Supplementary Schedule

Year ended March 31, 2023

Ontario Ministry of Health and Ontario Ministry of Long-term care

AIDS Bureau program funding reconciliation

	Community Based Education and Support (CBAESP)	Toronto HIV/AIDS Network (THN)	2023 Total
Revenue			
Grant	\$ 809,279	\$ 167,017	\$ 976,296
Expenses			
Salaries and wages	467,500	117,819	585,319
Benefits	58,319	24,254	82,573
	<u>525,819</u>	<u>142,073</u>	<u>667,892</u>
Rent and utilities	133,269	9,000	142,269
Supplies and program expenses	31,437	14,287	45,724
Protected allocations	5,000	-	5,000
	<u>169,706</u>	<u>23,287</u>	<u>192,993</u>
Other - Circle of Care	88,754	-	88,754
Other - Latinos Positivos	25,000	-	25,000
Other - Opening Doors	-	1,657	1,657
	<u>113,754</u>	<u>1,657</u>	<u>115,411</u>
	<u>809,279</u>	<u>167,017</u>	<u>976,296</u>
Unspent portion repayable to Ministry of Health	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>