

**THE AIDS COMMITTEE OF YORK
REGION INC.**

**FINANCIAL STATEMENTS
WITH INDEPENDENT AUDITOR'S REPORT
MARCH 31, 2019**

THE AIDS COMMITTEE OF YORK REGION INC.
March 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
The AIDS Committee of York Region Inc.

Qualified Opinion

We have audited the accompanying financial statements of The AIDS Committee of York Region Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, and changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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 the Organization as at March 31, 2019, 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.

Emphasis of Matter

Without modifying our qualified opinion, the financial statements of the Organization, which were previously issued with a report date of May 29, 2019, have been reissued with a report date of September 25, 2019. A disclosure error was noted. There is no change to the Statement of Financial Position, Statement of Operations and Fund Balances, nor Statement of Cash Flows. We draw your attention to Note 7 of the financial statements, which describes the change more fully.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Organization derives revenue from donations and fundraising activities, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and fund balances as at January 1 and December 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2018 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 the Organization 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 the Organization'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 the Organization's financial reporting process.

INDEPENDENT AUDITOR'S REPORT (continued)

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 Organization'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 Organization'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 the Organization'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 the Organization 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.

Franklin, Daurio LLP

Chartered Professional Accountants, Licensed Public Accountants
September 25, 2019
Toronto, Ontario

The AIDS Committee of York Region Inc.
Statement of Financial Position
As at March 31, 2019

	Note	2019	2018
ASSETS			
Current			
Cash (including restricted program cash of \$6,593; 2018 - \$22,158)	\$	185,622	\$ 40,753
Investments		64,709	64,042
Grants Receivable		19,250	70,783
Prepaid Expenses and Sundry Receivables		35,914	25,956
TOTAL ASSETS		305,495	201,534
LIABILITIES AND FUND BALANCES			
Current			
Accounts Payable and Accrued Liabilities		27,134	22,398
Deferred Contributions	[4]	109,210	15,000
Government Remittances Payable		16,571	10,013
Total Liabilities		152,915	47,411
Fund Balances			
General Fund		142,085	129,120
Restricted Program Fund	[2.a]	10,495	25,003
		152,580	154,123
TOTAL LIABILITIES AND FUND BALANCES	\$	305,495	\$ 201,534

Approved on Behalf of the Board:


 _____ Director


 _____ Director

The accompanying notes are an integral part of these financial statements.

The AIDS Committee of York Region Inc.
Statement of Operations and Changes in Fund Balances

For the year ended March 31, 2019

	Note	General	Restricted Program	2019	2018
Revenue					
Foundation grants		\$ 82,290	\$ -	\$ 82,290	\$ 151,743
Government grants	[5]	620,803	-	620,803	507,642
Donations		14,336	-	14,336	11,405
Fundraising - Bingo		-	36,825	36,825	43,039
Fundraising - other		16,605	-	16,605	15,488
Interest income		667	-	667	560
		734,701	36,825	771,526	729,877
Expenses					
Program Costs					
Salaries and benefits		373,622	6,971	380,593	332,290
Consulting		61,814	-	61,814	72,756
Research and evaluation		14,652	-	14,652	64,849
Programs		89,798	3,970	93,768	61,133
Client wellness		5,804	40,387	46,191	33,725
Staff travel		8,901	-	8,901	9,236
Holiday care		2,809	-	2,809	4,177
Compassion fund		3,392	-	3,392	3,395
		560,792	51,328	612,120	581,561
Administration					
Salaries and benefits		19,009	-	19,009	19,574
Office and general		25,188	5	25,193	21,619
Building occupancy		62,174	-	62,174	36,509
Professional fees		19,401	-	19,401	16,392
Staff training and development		7,539	-	7,539	7,068
Fundraising		3,573	-	3,573	6,178
Technology enhancement		17,308	-	17,308	16,961
Promotion and publicity		3,188	-	3,188	5,464
Repairs and maintenance		3,564	-	3,564	3,623
		160,944	5	160,949	133,388
Excess (Deficiency) of Revenues over Expenses		12,965	(14,508)	(1,543)	14,928
Fund Balance, Beginning of the Year		129,120	25,003	154,123	139,195
Fund Balance, End of the Year		\$ 142,085	\$ 10,495	\$ 152,580	\$ 154,123

The accompanying notes are an integral part of these financial statements.

The AIDS Committee of York Region Inc.
Statement of Cash Flows
For the year ended March 31, 2019

	2019	2018
Net Inflow (Outflow) of Cash Related to the Following Activities:		
Cash (Used in) Provided by Operating Activities		
Cash received for general fund	\$ 786,234	\$ 617,487
Cash received for restricted program fund	36,825	43,037
Cash paid for general fund operations	(626,190)	(783,271)
Cash paid for restricted program expenses	(51,333)	(31,893)
Net Cash Provided (Used) by Operating Activities	145,536	(154,640)
Cash Flows from Investing Activities		
General fund investments	(667)	(560)
Net Increase (Decrease) in Cash	144,869	(155,200)
Cash, Beginning of the Year	40,753	195,953
Cash, End of the Year	\$ 185,622	\$ 40,753
Cash Consists of:		
Cash, General Fund	\$ 179,029	\$ 18,595
Cash, Restricted Program Fund	6,593	22,158
	\$ 185,622	\$ 40,753

The accompanying notes are an integral part of these financial statements.

THE AIDS COMMITTEE OF YORK REGION INC.

Notes to the Financial Statements

March 31, 2019

1. Purpose of Organization

The AIDS Committee of York Region Inc. (the "organization") was incorporated without share capital under the laws of Ontario on June 13, 1996.

The organization is a community-based, non-profit organization which provides support, education and promotes access to dignified care for people living in York Region with HIV/AIDS and those affected by HIV/AIDS.

Pursuant to the Income Tax Act (Canada) the organization is a tax-exempt registered charity.

2. Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. The significant policies are:

a) Fund Accounting

The organization follows the restricted fund method of accounting for contributions.

The General Fund reports resources available for the operations and administration of the organization.

The Restricted Program Fund reports resources restricted as to use at the time of the contributions. The organization receives funds from Bingo fundraising events from Bingo World Newmarket as authorized by the Newmarket Charitable Gaming Association and the Town of Newmarket. The funds received must be used for specific program deliverables, and all expenditures must be submitted to and approved by Bingo World Newmarket.

b) Revenue Recognition

Grants and contributions received for restricted purposes are recognized as revenue in the year in which the related expense is incurred. Unrestricted grants, contributions and fundraising revenues are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Investment income is recognized as revenue on the accrual basis.

Government grants, although subject to conditions, are included in the General Fund as these funds are to be used for the general operations and administration of the organization.

c) Capital Assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at the fair market value at the date of contribution. Amortization is provided annually at rates calculated to write-off the assets over their estimated useful lives.

THE AIDS COMMITTEE OF YORK REGION INC.

Notes to the Financial Statements

March 31, 2019

d) Financial Instruments

The organization initially measures its financial assets and financial liabilities at fair value. The organization subsequently measures all its financial assets and liabilities at amortized cost, except for its investments, which are measured at fair value. Changes in fair value are recognized in the Statement of Operations. Transaction costs associated with the acquisition of these investments are recognized in the Statement of Operations in the period incurred. All other financial instruments are subsequently measured at amortized cost adjusted by transaction costs, which are amortized over the expected life of the instrument.

Financial assets measured at amortized cost include cash. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

The organization's financial assets measured at fair value include its investments which include guaranteed investment certificates and a high-interest savings account mutual fund.

e) Use of Estimates

The preparation of financial statements in accordance 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 reporting period. Significant estimates include those used when accounting for accounts payable and accrued liabilities. Actual results could differ from management's best estimates as additional information becomes available in the future.

f) Contributed Materials and Services

Contributions of material and services are recorded as revenue at fair value at the date of contribution if fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased. Services contributed by volunteers are not recognized in the financial statements due to the difficulty in determining their fair value.

g) Interfund Transfers

Interfund transfers are movements of funds from one fund to pay expenses or expenditures of another fund and as such these transfers are not recorded in the Statement of Operations, rather they are included in the Statement of Changes in Fund Balances as additions or deductions, as applicable.

THE AIDS COMMITTEE OF YORK REGION INC.

Notes to the Financial Statements

March 31, 2019

3. Commitments

The organization is committed under operating lease agreements for premises for base rental payments as follows:

2020	21,988
\$	21,988

4. Deferred Contributions

Deferred contributions are made up of the following:

	<u>2019</u>	<u>2018</u>
Ontario Trillium Foundation - My House	101,710	-
M.A.C. AIDS Fund	7,500	15,000
Total	\$ 109,210	\$ 15,000

Deferred contributions are funds received in advance of the year to which the future expenditures relate, and are recognized in their entirety in the following fiscal year.

5. AIDS Bureau Funding

During the year, the organization received funding through the AIDS Bureau Funding Program, which is included in government grant revenue. The amount received, and the expenditures related to the funding, by funded program, are as follows:

	Community Based HIV/AIDS Programming		Harm Reduction Outreach Program	
	<u>Budget</u>	<u>Actual</u>	<u>Budget</u>	<u>Actual</u>
AIDS Bureau Revenues	\$ 355,200	\$ 355,200	\$ 100,000	\$ 100,000
Program Expenditures	(355,200)	(355,114)	(100,000)	(99,955)
Net (over) under spent	\$ -	\$ 86	\$ -	\$ 45

THE AIDS COMMITTEE OF YORK REGION INC.

Notes to the Financial Statements

March 31, 2019

6. Financial Instrument Risk Disclosure

The significant financial risks to which the organization is exposed are:

a) **Interest rate risk:**

The organization's cash and investments are exposed to interest rate risk, which is the sensitivity of the cash and investment portfolio to fluctuations in market interest rates. The organization manages this risk by monitoring its cash position.

b) **Credit risk:**

The organization's cash and investments are exposed to credit risk. The organization manages this risk by placing its cash and investments with high quality credit institutions. At times, such cash and investments may be in excess of the Canada Deposit and Insurance Corporation ("CDIC") insurance limits.

c) **Liquidity risk:**

Liquidity risk is the risk that the organization will not be able to meet its obligations associated with the financial liabilities. The organization's principal source of revenue is government and foundation grants, and the ability for the organization to provide its programs is dependent on the continued receipt of grants.

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

7. Amendment of Financial Statements

The financial statements of the Organization were issued with an Independent Auditor's Report dated May 29, 2019 ("original financial statements"). They have been subsequently reissued with an Independent Auditor's Report dated September 25, 2019 ("revised financial statements"). In the original financial statements, the funding amounts in Note 5, AIDS Bureau Funding, were transposed such that the budget and actuals for the Community Based HIV/AIDS Programming were reported under the Harm Reduction Outreach columns and vice versa. In aggregate, the amounts were correct, and the amounts were correct in the Statement of Operations and Fund Balances. The revised financial statements correctly disclose the funding breakdown between the two programs.