

**Ontario Aboriginal HIV/AIDS Strategy  
Annual Financial Statements**

March 31, 2018

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**Millard, DesLauriers & Shoemaker LLP**

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**Chartered Professional Accountants**

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Canada and internationally

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# Ontario Aboriginal HIV/AIDS Strategy

## Financial Information

March 31, 2018

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# Millard, DesLauriers & Shoemaker LLP

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Chartered Professional Accountants, Licensed Public Accountants

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## Independent Auditors' Report

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To the Directors of  
Ontario Aboriginal HIV/AIDS Strategy

We have audited the accompanying financial statements of Ontario Aboriginal HIV/AIDS Strategy, which comprise the statement of financial position as at March 31, 2018 and the statements of operating and reserve funds, operations and changes in reserve funds and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditors' judgement, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

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# Millard, DesLauriers & Shoemaker LLP

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Chartered Professional Accountants, Licensed Public Accountants

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*Basis for Qualified Opinion*

In common with many organizations, the Organization derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and fund balances.

*Qualified Opinion*

In our opinion, except for the effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Ontario Aboriginal HIV/AIDS Strategy as at March 31, 2018, and its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

*Millard, DesLauriers & Shoemaker LLP*

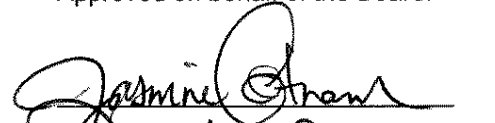
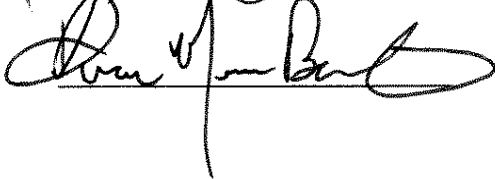
Toronto, Canada  
June 29, 2018

Chartered Professional Accountants, Licensed Public Accountants

## Ontario Aboriginal HIV/AIDS Strategy Statement of Financial Position

As at March 31	2018	2017
<b>Assets</b>		
Current		
Cash	\$ 111,379	\$ 119,447
Accounts receivable	18,737	19,121
Prepaid expenses	19,966	6,659
	<u>150,082</u>	<u>145,227</u>
Equipment and leasehold improvements (Note 4)	81,040	41,482
	<u>\$ 231,122</u>	<u>\$ 186,709</u>
<b>Liabilities</b>		
Current		
Accounts payable and accrued liabilities	\$ 87,250	\$ 107,638
Deferred revenue	4,459	-
	<u>91,709</u>	<u>107,638</u>
Deferred capital contributions (Note 7)	55,255	4,645
	<u>146,964</u>	<u>112,283</u>
<b>Fund Balances</b>		
Operating Fund	76,178	72,410
General Reserve Fund	7,980	2,016
	<u>84,158</u>	<u>74,426</u>
	<u>\$ 231,122</u>	<u>\$ 186,709</u>

Approved on behalf of the Board:

Director

Director

See accompanying notes to the financial statements

## Ontario Aboriginal HIV/AIDS Strategy Statement of Operating and Reserve Funds

For the Year Ended March 31

2018

2017

**Operating Fund**

Balance, beginning of the year	\$ 72,410	\$ 61,044
Repayment of prior year surplus (Note 5)	-	(2,890)
Transfer from General Reserve Fund	-	24,963
Excess of revenue over expenses	3,768	(10,707)
Balance, end of the year	\$ 76,178	\$ 72,410

**General Reserve Fund**

Balance, beginning of the year	\$ 2,016	\$ 19,792
Excess of revenue over expenses	6,917	7,187
Transfer to APHA Fund	(953)	-
Transfer to Operating Fund	-	(24,963)
Balance, end of the year	\$ 7,980	\$ 2,016

**Aboriginal People Living with HIV and AIDS Fund**

Balance, beginning of the year	\$ -	\$ -
Excess of revenue over expenses	(953)	-
Add: Transferred from General Reserve Fund	953	-
Balance, end of the year	\$ -	\$ -

See accompanying notes to the financial statements

## Ontario Aboriginal HIV/AIDS Strategy

### Statement of Operations

For the Year Ended March 31

2018

2017

	2018	2017
<b>Revenue</b>		
Ontario Ministry of Health and Long-Term Care	\$ 1,474,379	\$ 1,368,982
Miziwe Biik	3,239	49,987
OHTN Research Grant Funding	-	6,434
Other	-	2,733
Amortization of deferred capital contributions	1,393	1,991
	<u>1,479,011</u>	<u>1,430,127</u>
<b>Expenses</b>		
Advertising and community relations	1,078	570
Bank charges and interest	3,547	2,189
Depreciation	12,445	16,242
Insurance	4,333	4,333
Meeting expenses	-	2,023
Miscellaneous	-	13,549
Office supplies and printing	44,860	33,014
Organizational review	75,000	-
Postage	1,855	4,633
Professional and consulting fees (Note 9)	102,940	89,497
Rent	99,852	89,033
Resource materials	43,661	42,626
Staff Restructuring	150,878	-
Telephone	43,359	39,213
Travel	94,522	60,999
Wages and benefits	796,913	1,042,913
	<u>1,475,243</u>	<u>1,440,834</u>
Excess of revenue over expenses (expenses over revenue)	<u>\$ 3,768</u>	<u>\$ (10,707)</u>

See accompanying notes to the financial statements

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## Ontario Aboriginal HIV/AIDS Strategy Statement of Changes in Reserve Funds

For the Year Ended March 31

2018

2017

**General Reserve Fund**

Fundraising revenue	\$	6,917	\$	7,187
Expenses		<u>-</u>		<u>-</u>
Excess of revenue over expenses	\$	<u>6,917</u>	\$	<u>7,187</u>

**Aboriginal People Living with HIV and AIDS Fund**

Fundraising revenue	\$	-	\$	-
Expenses		<u>953</u>		<u>-</u>
Excess of revenue over expenses (expenses over revenue)	\$	<u>(953)</u>	\$	<u>-</u>

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See accompanying notes to the financial statements



## Ontario Aboriginal HIV/AIDS Strategy

### Statement of Cash Flows

For the Year Ended March 31

2018

2017

**Cash flows from (for) operating activities**

Excess of revenue over expenses (expenses over revenue)

- Operating Fund	\$ 3,768	\$ (10,707)
- General Reserve Fund	6,917	7,187
- Aboriginal People Living with HIV and AIDS Fund	(953)	-

Item not requiring an outlay of cash:

Depreciation	12,445	16,242
	<u>22,177</u>	<u>12,722</u>

Changes in non-cash working capital balances related to operations:

Accounts receivable	384	7,211
Prepaid expenses	(13,307)	(1,763)
Accounts payable and accrued liabilities	(20,388)	(36,591)
Deferred revenue	4,459	(6,674)
	<u>(6,675)</u>	<u>(25,095)</u>

**Cash flows for investing activity**

Purchase of equipment and leasehold improvements	<u>(52,003)</u>	<u>(7,171)</u>
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**Cash flows from (for) financing activities**

Repayment of prior year surplus	-	(2,890)
Deferred capital contributions	50,610	(1,991)
	<u>50,610</u>	<u>(4,881)</u>

Decrease in cash for the year (8,068) (37,147)

Cash, beginning of the year 119,447 156,594

Cash, end of the year \$ 111,379 \$ 119,447

## Supplementary Information

Interest paid \$ - \$ -

See accompanying notes to the financial statements

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# Ontario Aboriginal HIV/AIDS Strategy

## Notes to Financial Statements

March 31, 2018

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### 1. Organization

Ontario Aboriginal HIV/AIDS Strategy ("OAHAS" or the "Organization") is an incorporated organization in Toronto, Ontario, providing culturally appropriate services and support for those Aboriginal people living with and affected by HIV/AIDS.

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### 2. Significant Accounting Policies

#### (a) Basis of Presentation

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

#### (b) Fund Description

The Operating Fund accounts for the Organization's operating and administration activities. This fund reports the unrestricted resources and operating grants.

The Aboriginal Women and Youth Reserve Fund was established by the Board to fund development and delivery of programs and services exclusively to Aboriginal women and youth.

The General Reserve Fund was established by the board to fund development and delivery of programs and services.

The Aboriginal People Living with HIV and AIDS Fund was established by the board to support individuals receiving medical treatment for HIV and AIDS.

#### (c) Revenue Recognition

The Organization follows the deferral method of accounting for contributions which include donations and government grants.

Restricted contributions related to general operations are recognized as revenue of the Operating Fund in the year in which the related expenses are incurred. Contributions received for which related expenses have not been incurred are classified as deferred revenue.

Unrestricted contributions are recognized as revenue of the Operating Fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Revenue from donations is recognized on a cash basis, with no accrual being made for amounts pledged but not received.

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# Ontario Aboriginal HIV/AIDS Strategy

## Notes to Financial Statements

March 31, 2018

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### 2. Significant Accounting Policies (continued)

#### (d) Equipment and Leasehold Improvements and Deferred Capital Contributions

Equipment and leasehold improvements are recorded at cost. Contributed equipment is recorded at fair value at the date of the gift.

Depreciation is provided on a basis designed to amortize equipment and leasehold improvements over their estimated useful life. The annual amortization rates are as follows:

Equipment	-	30% diminishing balance
Leasehold improvements	-	straight-line over five years

Grants received for the purpose of funding property and equipment acquisitions are recorded as deferred capital contributions. The amortization of deferred capital contributions is recorded as revenue in the Statement of Operations and Changes in Reserve Fund in an amount equal to amortization recorded on the equipment and leasehold improvements funded.

Long-lived assets are reviewed for impairment at least annually, or whenever events or changes in circumstances indicate that their carrying amount may not be recoverable. An impairment loss is recognized when the carrying amount of an asset exceeds its fair value and is not recoverable. The fair amount of an asset is defined as the estimated undiscounted future cash flows expected to result from the use of the asset. Other factors that may indicate impairment are expected future asset utilization and economic outlook.

#### (e) Donated Materials and Services

Donations of materials and services, including volunteer services, not normally paid for by the Organization are not recorded in the accounts, as it would be difficult to determine their fair value.

#### (f) 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 amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the period. Actual results could differ from these estimates.

Significant estimates made by management include allowance for doubtful accounts, and amortization and impairment of equipment and leasehold improvements.

#### (g) Cash

Cash and cash equivalents consist of bank deposits. There are no restrictions on cash held by the Organization.

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# Ontario Aboriginal HIV/AIDS Strategy

## Notes to Financial Statements

March 31, 2018

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### 2. Significant Accounting Policies (continued)

#### (h) Financial Instruments

The Organization initially measures its financial assets and liabilities at fair value. The Organization subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in operations.

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### 3. Financial Risk Management

The significant financial risks to which the Organization is exposed to are credit risk, market risk, currency risk, interest rate risk, and other price risk.

#### (a) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss or the other party by failing to discharge an obligation. The Organization is subject to credit risk through accounts receivable. Accounts receivable are subject to normal industry credit risks.

The Organization performs regular credit assessments of its customers and provides allowances for potentially uncollectible accounts receivable, when considered appropriate.

#### (b) 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 rate. The Organization is not subject to foreign exchange risk as none of its financial instruments are denominated in foreign currencies.

##### (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. The Organization is not exposed to interest rate risk arising from fluctuations in interest rates as its cash is held as deposits in a financial institution bearing a nominal rate of interest.

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## Ontario Aboriginal HIV/AIDS Strategy

### Notes to Financial Statements

March 31, 2018

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#### 3. Financial Risk Management (continued)

##### (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 risk or currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Organization is not subject to other price risk.

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#### 4. Equipment and Leasehold Improvements

	2018		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Equipment	\$ 215,396	\$ 134,356	\$ 81,040
Leasehold improvements	43,826	43,826	-
	<u>\$ 259,222</u>	<u>\$ 178,182</u>	<u>\$ 81,040</u>
	2017		
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Equipment	\$ 163,394	\$ 121,912	\$ 41,482
Leasehold improvements	43,826	43,826	-
	<u>\$ 207,220</u>	<u>\$ 165,738</u>	<u>\$ 41,482</u>

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## Ontario Aboriginal HIV/AIDS Strategy

### Notes to Financial Statements

March 31, 2018

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#### 5. Contingency

The Organization receives funding from government agencies based on specific program needs and budgets. In certain circumstances, the Organization provides allocations from current year general program funding to ensure programs do not generate a deficit. In addition, management makes estimates to allocate certain administrative expenses according to the activity to which they benefit. The funding agent has the right to review the accounting records to ensure compliance with the terms and conditions of their programs. The management of the Organization feels that their expenses are fair and accurate in the circumstances. At this time no estimate of the requirements to reimburse the agencies can be made.

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#### 6. Accounts Payable and Accrued Liabilities

Accounts payable and accrued liabilities consist of:

	<u>2018</u>	<u>2017</u>
Accounts payable and accrued liabilities	\$ 71,294	\$ 107,638
Government remittances	<u>15,956</u>	<u>-</u>
	<u>\$ 87,250</u>	<u>\$ 107,638</u>

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#### 7. Deferred Capital Contributions

Deferred capital contributions consist of:

	<u>2018</u>	<u>2017</u>
Opening balance	\$ 4,645	\$ 6,636
Current year additions	52,003	-
Amortization	<u>(1,393)</u>	<u>(1,991)</u>
Closing balance	<u>\$ 55,255</u>	<u>\$ 4,645</u>

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## Ontario Aboriginal HIV/AIDS Strategy

### Notes to Financial Statements

March 31, 2018

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#### 8. Commitments

The Organization leases its offices and equipment under operating leases that expire on various dates to March 2023. Future minimum annual payments (excluding taxes, insurance and maintenance costs) under the leases are as follows:

2019	\$71,676
2020	52,842
2021	44,640
2022	44,160
2023	45,000

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#### 9. Professional and Consulting Fees

	<u>2018</u>		<u>Total</u>
	<u>Core</u>	<u>IDU Outreach</u>	
Audit fees	\$ 9,000	\$ -	\$ 9,000
Leadership support	7,762	-	7,762
Ontario Aids Network membership	2,000	-	2,000
Professional development	3,200	1,000	4,200
Professional fees	55,123	15,185	70,308
Staff retreat	9,670	-	9,670
	<u>\$ 86,755</u>	<u>\$ 16,185</u>	<u>\$ 102,940</u>

	<u>2017</u>		<u>Total</u>
	<u>Core</u>	<u>IDU Outreach</u>	
Audit fees	\$ 20,749	\$ -	\$ 20,749
Ontario Aids Network membership	2,000	-	2,000
Professional development	3,200	1,000	4,200
Professional fees	39,372	7,569	46,941
Staff retreat	15,607	-	15,607
	<u>\$ 80,928</u>	<u>\$ 8,569</u>	<u>\$ 89,497</u>

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# Ontario Aboriginal HIV/AIDS Strategy

## Notes to Financial Statements

March 31, 2018

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### 10. Capital Disclosures

The Organization considers its Capital to be the balance maintained in its Operating Fund and General Fund accounts. The balance on March 31, 2018 is \$84,158 (2017 - \$74,426). The primary objective of the Organization is to invest its Capital in a manner that will allow it to continue as a going concern and comply with its stated objectives. Capital is invested under the direction of the Board of Directors of the Organization with the objective of providing a reasonable rate of return, minimizing risk and ensuring adequate liquid investments are on hand for current cash flow requirements. The Organization is not subject to any externally imposed requirements on its Capital.

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### 11. Economic Dependency

The future viability of the Organization is dependent upon its ability to generate revenues in excess of expenditures. The Organization is dependent on the Ontario Ministry of Health and Long-Term Care for their continuing support for the operations of the Organization.



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# Millard, DesLauriers & Shoemaker LLP

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## ADDITIONAL COMMENTS OF AUDITORS ON SUPPLEMENTARY INFORMATION

The accompanying schedules are presented as supplementary information only and are intended to provide readers with detailed information regarding revenue and expenses on a program basis. In this respect, they do not form part of the financial statements of Ontario Aboriginal HIV/AIDS Strategy as at March 31, 2018 and for the year then ended and hence is excluded from the opinion in our report dated June 26, 2018 to the directors on such financial statements. The information in these schedules have been subject to audit procedures only to the extent necessary to express an opinion on the financial statements of Ontario Aboriginal HIV/AIDS Strategy and, in our opinion, are fairly presented in all respects material to those financial statements.

Toronto, Canada  
June 29, 2018

Chartered Professional Accountants, Licensed Public Accountants

## Ontario Aboriginal HIV/AIDS Strategy Schedule of Revenue and Expenses by Program

For the Year Ended March 31

	IDU			2018	2017
	Core	Outreach	Other		
<b>Revenue</b>					
Ontario Ministry of Health and Long-Term Care	\$ 1,374,519	\$ 99,860	\$ -	\$ 1,474,379	\$ 1,368,982
Miziwe Biik	-	-	3,239	3,239	49,987
OHTN Research Grant Funding	-	-	-	-	6,434
Other	-	-	-	-	2,733
Amortization of deferred capital contributions	1,393	-	-	1,393	1,991
	<u>1,375,912</u>	<u>99,860</u>	<u>3,239</u>	<u>1,479,011</u>	<u>1,430,127</u>
<b>Expenses</b>					
Advertising and community relations	1,078	-	-	1,078	570
Bank charges and interest	3,547	-	-	3,547	2,189
Depreciation	12,445	-	-	12,445	16,242
Insurance	3,733	600	-	4,333	4,333
Meeting expenses	-	-	-	-	2,023
Miscellaneous	-	-	-	-	13,549
Office supplies and printing	39,641	5,219	-	44,860	33,014
Organizational review	75,000	-	-	75,000	-
Postage	1,855	-	-	1,855	4,633
Professional and consulting fees	86,755	16,185	-	102,940	89,497
Rent	93,952	5,900	-	99,852	89,033
Resource materials	35,217	8,444	-	43,661	42,626
Staff restructuring	150,878	-	-	150,878	-
Telephone	42,502	857	-	43,359	39,213
Travel	91,015	3,507	-	94,522	60,999
Wages and benefits	736,246	59,163	1,504	796,913	1,042,913
	<u>1,373,864</u>	<u>99,875</u>	<u>1,504</u>	<u>1,475,243</u>	<u>1,440,834</u>
Excess of revenue over expenses (expenses over revenue)	\$ 2,048	\$ (15)	\$ 1,735	\$ 3,768	\$ (10,707)

See accompanying notes to the financial statements