



AFRICANS IN PARTNERSHIP AGAINST AIDS

FINANCIAL STATEMENTS

MARCH 31, 2019

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AFRICANS IN PARTNERSHIP AGAINST AIDS

FINANCIAL STATEMENTS

MARCH 31, 2019

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INDEPENDENT AUDITOR'S REPORT

To the Directors of
Africans in Partnership Against AIDS

Report on the Audit of the Financial Statements

Qualified Opinion

We have audited the financial statements of Africans in Partnership Against AIDS (the "Organization"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets 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 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 its 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, 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 fundraising 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 net assets as at April 1 and March 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.

INDEPENDENT AUDITOR'S REPORT (cont'd)

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 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 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.

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 the organization's internal control.

INDEPENDENT AUDITOR'S REPORT (cont'd)

- ♦ 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.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.



Toronto, Ontario
June 25, 2019

Chartered Accountants
Licensed Public Accountants

AFRICANS IN PARTNERSHIP AGAINST AIDS

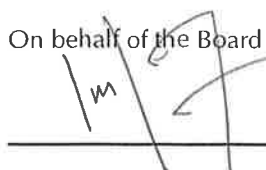
Statement of Financial Position

As at March 31, 2019

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| | 2019 | 2018 |
|--|------------|------------|
| ASSETS | | |
| CURRENT | | |
| Cash | \$ 153,498 | \$ 198,248 |
| Investments (note 6) | 110,151 | - |
| Restricted cash (note 4) | 33,614 | 24,752 |
| Restricted investment (note 4) | 10,053 | 10,053 |
| Government remittances recoverable | 15,650 | 11,361 |
| Grants receivable | 25,046 | 22,885 |
| Deferred expenses (note 2) | 153,327 | 33,775 |
| Prepaid and sundry assets | 10,818 | 3,952 |
| | 512,157 | 305,026 |
| NON-CURRENT | | |
| Rent deposit | 10,240 | 10,240 |
| | \$ 522,397 | \$ 315,266 |
| LIABILITIES | | |
| CURRENT | | |
| Accounts payable and accrued liabilities | \$ 23,679 | \$ 8,820 |
| Deferred revenue (note 5) | 59,912 | 59,027 |
| | 83,591 | 67,847 |
| NON-CURRENT | | |
| Deferred rent | 20,680 | 21,152 |
| | 104,271 | 88,999 |
| NET ASSETS | | |
| Externally Restricted (note 4) | 43,667 | 34,805 |
| Internally restricted fund (note 6) | 110,151 | 191,462 |
| Unrestricted | 264,308 | - |
| | 418,126 | 226,267 |
| | \$ 522,397 | \$ 315,266 |

On behalf of the Board



Director

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

AFRICANS IN PARTNERSHIP AGAINST AIDS

Statement of Operations

For the year ended March 31, 2019



| | 2019 | 2018 |
|--|-------------------|-------------------|
| REVENUE | | |
| Ministry of Health and Long-term care of Ontario: AIDS Bureau Funding Program, Schedule 1 | \$ 408,420 | \$ 402,420 |
| City of Toronto: | | |
| Community Support Program | 107,410 | 105,200 |
| Toronto Urban Health Fund | 62,398 | 50,840 |
| Investing in Neighbourhoods | 3,239 | 16,480 |
| Public Health Agency of Canada: | | |
| CHAMP in Action, Schedule 2 | 98,629 | 100,869 |
| Connected for Care, Schedule 3 | 128,388 | 132,413 |
| Government of Canada: HRDC | - | 10,121 |
| Bingo proceeds | 49,518 | 47,930 |
| Donations-in-kind | 124,611 | 33,775 |
| Donations and fundraising | 7,459 | 1,882 |
| Rental income | 25,600 | 18,450 |
| Interest income | 1,170 | 872 |
| | 1,016,842 | 921,252 |
| EXPENSES | | |
| Salaries and benefits | 560,470 | 474,527 |
| Occupancy costs | 143,803 | 140,970 |
| Professional fees | 55,607 | 28,956 |
| Administrative costs | 35,989 | 63,630 |
| Program expenses | 29,114 | 28,024 |
| | 824,983 | 736,107 |
| EXCESS OF REVENUE OVER EXPENSES | \$ 191,859 | \$ 185,145 |

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

AFRICANS IN PARTNERSHIP AGAINST AIDS

Statement of Changes in Net Assets

For the year ended March 31, 2019



| | Externally Restricted (note 4) | Internally restricted fund (note 6) | Unrestricted | Total 2019 | Total 2018 |
|---|--------------------------------------|---|--------------|---------------|---------------|
| BALANCE, BEGINNING OF YEAR | \$ 34,805 | \$ - | \$ 191,462 | \$ 226,267 | \$ 41,122 |
| Excess of revenue over expenses | 8,862 | 151 | 182,846 | 191,859 | 185,145 |
| Transfer to internally restricted fund (note 6) | - | 110,000 | (110,000) | - | - |
| BALANCE, END OF YEAR | \$ 43,667 | \$ 110,151 | \$ 264,308 | \$ 418,126 | \$ 226,267 |

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

AFRICANS IN PARTNERSHIP AGAINST AIDS

Statement of Cash Flows

For the year ended March 31, 2019



| | 2019 | 2018 |
|---|------------|------------|
| OPERATING ACTIVITIES | | |
| Excess of revenue over expenses | \$ 191,859 | \$ 185,145 |
| Adjustments for non-cash items: | | |
| Donations-in-kind received | (124,611) | (33,775) |
| Donations-in-kind utilized | 5,059 | - |
| | 72,307 | 151,370 |
| Change in non-cash working capital items: | | |
| Decrease (increase) in government remittances recoverable | (4,289) | 864 |
| Increase in grants receivable | (2,161) | (16,998) |
| Decrease (increase) in prepaid and sundry assets | (6,866) | 4,628 |
| Increase (decrease) in accounts payable and accrued liabilities | 14,859 | (11,228) |
| Increase in deferred revenue | 885 | 59,027 |
| | 74,735 | 187,663 |
| INVESTING ACTIVITIES | | |
| Increase in investments | (110,151) | - |
| Increase in restricted cash | (8,862) | (10,096) |
| | (119,013) | (10,096) |
| FINANCING ACTIVITIES | | |
| Decrease in advances to related party | - | (10,508) |
| Decrease in deferred rent | (472) | (313) |
| | (472) | (10,821) |
| NET INCREASE (DECREASE) IN CASH, DURING THE YEAR | (44,750) | 166,746 |
| CASH, BEGINNING OF YEAR | 198,248 | 31,502 |
| CASH, END OF YEAR | \$ 153,498 | \$ 198,248 |

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

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2019

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PURPOSE OF THE ORGANIZATION

Africans in Partnership Against AIDS ("APAA or the Organization") is a not-for-profit organization incorporated on March 15, 1994 under the laws of Ontario without share capital for the purposes of raising funds for HIV/AIDS to provide support to those suffering from the disease and their families.

APAA is a registered Canadian Charitable Organization under the Income Tax Act and is exempt from income taxes under Section 149 of the Income Tax Act provided certain requirements are met.

APAA is a community based organization whose overall goal is to provide education in order to stop the spread of HIV/AIDS and to give support to people infected or affected by HIV/AIDS. APAA raises funds by various means including government funding, soliciting direct gifts from the public, and other fundraising events as may be approved from time to time. The funds raised are used to support and develop outreach programs for people suffering from HIV/AIDS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements have been prepared in accordance with Canadian Accounting Standards for Non-for-Profit Organizations ("ASNPO") and are in accordance with Canadian generally accepted accounting principles. The significant accounting policies set out below have been applied in the preparation of the Organization's financial statements for the year ended March 31, 2019 and have been applied on a basis consistent with that of the previous year.

(a) Revenue Recognition

The Organization follows the deferral method of accounting for contributions and grants. Under this method, unrestricted contributions and grants are recognized as revenue when received or receivable if the amount to be received is reasonably estimable and collection is reasonably assured. Restricted contributions and grants are recognized as revenue in the period the related expenses are incurred.

The Organization receives unrestricted donations-in-kind periodically through the Trade Business Exchange (TBE). These donations are recognized as revenue when the TBE receives the donation. When the donations are utilized by the Organization, a corresponding expense is recorded and the unutilized balance recognized as deferred expenses.

Funding grants received from federal, provincial and municipal authorities are recognized as revenue in the period the grants are approved and collection is reasonably assured.

Fundraising revenue is recognized when the events are complete and when cash is received.

Interest income is recorded in the statement of operations when received or earned.

The Organization sublets a portion of its premises. Leases with its tenants are considered to be operating leases. Revenue is recognized pursuant to the contractual leasing arrangements and is earned on the straight-line basis over the term of the lease normally on a monthly basis. There were no differences between contractual and straight-line rent.

Revenue from bingo activities is recognized when the bingo sessions are completed.

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Notes to Financial Statements

March 31, 2019

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(b) Investments

Investments comprising term deposits with a maturity date of greater than 91 days and less than twelve months, are classified as short-term as it is not management's intention to utilize for operating cash requirements.

(c) Contributed Materials and Services

Volunteers contribute a significant amount of time each year to assist in carrying out the Organization's activities, however, the value of volunteer time is not recognized in these financial statements as fair market value cannot be reasonably determined.

The value of donated materials and services is recorded as revenue and a corresponding expense or asset in the financial statements when the fair value can be reasonably estimated and when the materials and services are normally purchased and would be paid for if not donated.

(d) 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 that are quoted in an active market, which are measured at fair value. Changes in fair value of financial instruments are recognized in net income.

Financial assets measured at amortized cost include grants receivable, restricted and unrestricted investments and rent deposit.

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

(e) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant items requiring estimates and assumptions include the fair value of donations-in-kind. These estimates are reviewed periodically and adjustments made to income in the period such adjustments occur.

(f) Leases

A lease which does not transfer substantially all the benefits and risks incidental to ownership of property is accounted for as an operating lease and rental payments are included in the statement of operations on the straight-line basis over the lease term. Any difference between contractual and straight-line rent, at inception, is recorded as deferred rent and subsequently adjusted to rent expense over the lease term.

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2019

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1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (cont'd)

(g) Impairment of Financial Assets

At the end of each year, the Organization assesses, for all its financial assets, whether there is an indication of impairment. When there is an indication of impairment, a write down is recognized as a charge to income by reducing the carrying amount of the asset to the highest of the following three amounts:

- (i) the present value of the cash flows expected to be generated by holding the asset, discounted using a current market rate of interest appropriate to the asset;
- (ii) the amount that could be realized by selling the asset at the balance sheet date; and
- (iii) the amount the Organization expects to realize by exercising its right to any collateral held to secure repayment of the asset, net of all costs necessary to exercise those rights.

A previously recognized write down may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of any reversal of write downs is recognized in net income in the period the reversal occurs.

(h) Expense Allocation

There were no expense allocations to the different programs during the year. All expenses incurred are specifically for those programs.

2. DEFERRED EXPENSES

Deferred expenses represent unutilized donations-in-kind held by the Trade Business Exchange ("TBE") on behalf of the Organization. The fair value of these TBE donations was determined at the date of the contribution. These donations have no expiration date and can be utilized towards the purchase of goods and services listed on the TBE network. During the year, \$5,059 TBE donations were utilized to host an event.

3. CREDIT FACILITY

On July 5th, 2016, the Organization entered into a credit facility with a financial institution up to a maximum of \$10,000, bearing interest at the lender's prime rate plus 1% per annum. The facility is secured specifically by the Organization's restricted short-term investment and also secured by a general security over all assets of the Organization. As of year-end, the Organization did not utilize the line of credit facility.

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4. RESTRICTED CASH AND SHORT-TERM INVESTMENT

Restricted cash and short-term investments represent amounts of fundraising through Bingo related activities. Disbursement of funds from the Bingo bank account requires pre-approval from the City of Toronto.

Restricted short-term investments represent a one year redeemable term deposit that was acquired from funds transferred from the Bingo bank account, matures on July 12, 2019, earning interest at 0.85% and is used to secure any amounts drawn down from the Organization's credit facility (Note 2).

As at March 31, 2019, externally restricted net assets are comprised of the following:

| | 2019 | 2018 |
|----------------------------------|-----------|-----------|
| Restricted cash | \$ 33,614 | \$ 24,752 |
| Restricted short-term investment | 10,053 | 10,053 |
| | \$ 43,667 | \$ 34,805 |

5. DEFERRED REVENUE

Deferred revenue represents externally restricted contributions received for which the related program expenses have not yet been incurred. \$16,947 (\$16,947 in 2018) has been deferred for the Toronto Urban Health Fund and \$42,965 (\$42,080 in 2018) has been deferred for the City of Toronto, Community Support Program funding.

6. INTERNALLY RESTRICTED FUND

During 2019, the Board of Directors approved a transfer of \$110,000 from the unrestricted fund to the internally restricted fund as a contingency reserve towards future working capital shortfall.

The funds were invested in two separate guaranteed investment certificates of \$100,000 and \$10,000 which mature on July 16 and November 16, 2019 and bear interest at 2.00% and 2.25% respectively. The Organization is permitted to utilize these funds upon approval by the Board of Directors.

7. COMMITMENTS

The Organization leases its premises under a lease expiring on July 31, 2024. Future minimum lease payments, excluding taxes, maintenance and insurance, over the next five years and thereafter are as follows:

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2019

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7. COMMITMENTS (cont'd)

| | | |
|------------|----|---------|
| 2020 | \$ | 78,955 |
| 2021 | | 82,764 |
| 2022 | | 83,110 |
| 2023 | | 83,110 |
| 2024 | | 83,110 |
| Thereafter | | 27,703 |
| | \$ | 438,752 |

8. FINANCIAL INSTRUMENTS

Risks and Concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2019 which did not change significantly from the previous period unless otherwise noted.

Liquidity Risk

Liquidity risk is the risk that the Organization will not be able to meet its financial obligations as they become due. The Organization is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Organization expects to meet these obligations as they come due and does not believe this risk was significant at the year-end.

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. At the year-end, the Organization held a fixed interest rate guaranteed investment certificate which subjects the Organization to a fair value risk. Management does not consider this risk to be significant given the Organization's sound financial position.

9. CONTINGENCY

The Organization is a defendant in a legal action where a former employee filed a complaint with the Human Rights Tribunal of Ontario ("HRTO"). On March 20, 2019, the application was dismissed by HRTO. On March 29, 2019, the employee made a request for reconsideration claiming an undetermined amount of human rights damages, which remains outstanding. It is management's assessment that the claim has no merit and intends to defend it. Management believes that the outcome of this action is uncertain, and the settlement amount is not reasonably determinable. Hence, no provision relating to this action has been recorded in these financial statements.

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2019



10. COMPARATIVE FIGURES

Certain comparative figures for 2018 have been reclassified to conform to the basis of presentation used in the current year's financial statements.

11. BUDGET

The budget amounts in the Schedules of Revenue and Expenses for the Ministry of Health and Long-Term Care AIDS Bureau Funding Program and Public Health Agency of Canada are unaudited and have been presented for information purposes only.

AFRICANS IN PARTNERSHIP AGAINST AIDS**Schedule of Ministry of Health and Long-Term Care of Ontario - AIDS Bureau Funding Program****For the year ended March 31, 2019**

| | 2019 Budget | 2019 Actual |
|--|----------------|----------------|
| REVENUE | \$ 408,420 | \$ 408,420 |
| EXPENSES | | |
| Salaries and wages | 259,641 | 259,641 |
| Rent and utilities | 103,715 | 103,715 |
| Materials | 29,911 | 29,911 |
| Insurance and administration | 6,000 | 6,000 |
| Travel | 5,613 | 5,613 |
| Protected allocations | | |
| Ontario AIDS Network | 3,540 | 3,540 |
| | 408,420 | 408,420 |
| EXCESS OF REVENUE OVER EXPENSES | \$ - | \$ - |

AFRICANS IN PARTNERSHIP AGAINST AIDS
Schedule of Public Health Agency of Canada - CHAMP in Action
For the year ended March 31, 2019



| | 2019 Budget | 2019 Actual |
|--|----------------|----------------|
| REVENUE | \$ 98,629 | \$ 98,629 |
| EXPENSES | | |
| Salaries and wages | 76,719 | 76,719 |
| Rent and utilities | 8,350 | 8,350 |
| Materials | 4,300 | 4,300 |
| Insurance and administration | 4,100 | 4,100 |
| Travel | 3,160 | 3,160 |
| Evaluation | 2,000 | 2,000 |
| | 98,629 | 98,629 |
| EXCESS OF REVENUE OVER EXPENSES | \$ - | \$ - |

AFRICANS IN PARTNERSHIP AGAINST AIDS
Schedule of Public Health Agency of Canada - Connected for Care
For the year ended March 31, 2019



| | 2019 Budget | 2019 Actual |
|--|-------------------|-------------------|
| REVENUE | \$ 128,388 | \$ 128,388 |
| EXPENSES | | |
| Salaries and wages | 77,500 | 77,500 |
| Materials | 15,000 | 15,000 |
| Rent and utilities | 11,300 | 11,300 |
| Equipment rental | 7,854 | 7,854 |
| Travel | 6,380 | 6,380 |
| Evaluation | 6,304 | 6,304 |
| Insurance and administration | 4,050 | 4,050 |
| | 128,388 | 128,388 |
| EXCESS OF REVENUE OVER EXPENSES | \$ - | \$ - |