



**AFRICAN IN PARTNERSHIP AGAINST AIDS**

**FINANCIAL STATEMENTS**

**MARCH 31, 2018**

**THIS COPY TO BE SIGNED AND RETURNED FOR OUR FILES**



# AFRICAN IN PARTNERSHIP AGAINST AIDS

## FINANCIAL STATEMENTS

MARCH 31, 2018

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## INDEPENDENT AUDITOR'S REPORT

To the Members of  
African in Partnership Against AIDS

We have audited the accompanying financial statements of African in Partnership Against AIDS, which comprise the statement of financial position as at March 31, 2018, and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### **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.

### **Auditor's 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 auditor's judgment, 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 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. 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.



## INDEPENDENT AUDITOR'S REPORT (cont'd)

### **Basis for Qualified Opinion**

In common with many charitable organizations, African in Partnership Against AIDS derives revenue from donations and fundraising activities, 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 African in Partnership Against AIDS and we were not able to determine whether any adjustments might be necessary to donation and fundraising revenues, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2018 and March 31, 2017, current assets as at March 31, 2018 and March 31, 2017 and net assets as at April 1 and March 31 for both the 2018 and 2017 years. Our audit opinion on the financial statements for the year ended March 31, 2017 was modified accordingly, because of the possible effects of this scope limitation.

### **Opinion**

In our opinion, except for the possible 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 African in Partnership Against AIDS as at March 31, 2018, 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.

### **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.

A handwritten signature in black ink that reads "Schwartz Levisky Feldman LLP". The signature is written in a cursive, flowing style.

Toronto, Ontario  
June 29, 2018

Chartered Accountants  
Licensed Public Accountants

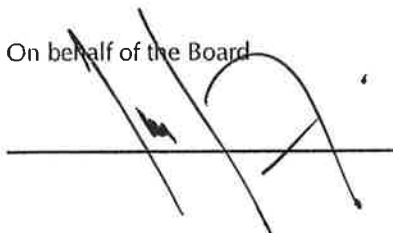
# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Statement of Financial Position

As at March 31, 2018



	2018	2017
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 198,248	\$ 31,502
Restricted cash	24,752	14,656
Restricted short-term investment (note 5)	10,053	10,053
Grants receivable	22,885	5,887
Government remittances receivable	11,361	12,225
Prepaid expenses and sundry assets	37,727	8,580
	305,026	82,903
<b>NON-CURRENT</b>		
Rent deposit	10,240	10,240
	\$ 315,266	\$ 93,143
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 8,820	\$ 20,048
Due to related party (note 4)	-	10,508
Deferred revenue (note 3)	59,027	-
	67,847	30,556
<b>NON-CURRENT</b>		
Deferred rent	21,152	21,465
	88,999	52,021
<b>NET ASSETS</b>		
Externally Restricted	34,805	24,709
Unrestricted	191,462	16,413
	226,267	41,122
	\$ 315,266	\$ 93,143

On behalf of the Board  
  
Member

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

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Statement of Operations

For the year ended March 31, 2018



	2018	2017
<b>REVENUE</b>		
Ministry of Health and Long-term care of Ontario, Schedule 3	\$ 402,420	\$ 360,920
City of Toronto: Community Support Program	105,200	103,135
City of Toronto: Toronto Urban Health Fund	50,840	-
City of Toronto: Investing in Neighbourhoods	16,480	-
City of Toronto: AIDS Program	-	14,736
Public Health Agency of Canada, Schedule 1 and 2	233,282	83,500
Government of Canada: HRDC	10,121	11,859
Bingo proceeds	47,930	37,877
Donations-in-kind	33,775	-
Donations	1,220	984
Other agencies	-	16,707
Other Foundations	-	12,452
Rental income	18,450	8,100
Interest income	872	54
Other	662	21,353
	<b>921,252</b>	<b>671,677</b>
<b>EXPENSES</b>		
Salaries and benefits	461,966	433,649
Occupancy costs	153,531	148,290
Administrative costs	63,630	30,785
Professional fees	28,956	21,153
Program expenses	28,024	17,780
	<b>736,107</b>	<b>651,657</b>
<b>EXCESS OF REVENUE OVER EXPENSES</b>	<b>\$ 185,145</b>	<b>\$ 20,020</b>

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

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Statement of Changes in Net Assets For the year ended March 31, 2018



		Externally Restricted (note 5)	Unrestricted	Total 2018	Total 2017
<b>BALANCE, BEGINNING OF YEAR</b>	\$	24,709	\$ 16,413	\$ 41,122	\$ 21,102
Excess of revenue over expenses		10,096	175,049	185,145	20,020
<b>BALANCE, END OF YEAR</b>	\$	34,805	\$ 191,462	\$ 226,267	\$ 41,122

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

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Statement of Cash Flows

For the year ended March 31, 2018



	2018	2017
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenses	\$ 185,145	\$ 20,020
Change in non-cash working capital items		
Increase in grants receivable	(16,998)	(3,009)
Decrease (increase) in prepaid expenses and sundry assets	(29,147)	208
Increase (decrease) in accounts payable and accrued liabilities	(11,228)	186
Decrease (increase) in government remittances receivable	864	(5,370)
Increase (decrease) in deferred revenue	59,027	(26,374)
	187,663	(14,339)
<b>INVESTING ACTIVITIES</b>		
Restricted cash	(10,096)	5,331
Restricted short-term investment	-	(10,053)
	(10,096)	(4,722)
<b>FINANCING ACTIVITIES</b>		
Advances from (to) related party	(10,508)	20,472
Deferred rent	(313)	21,465
	(10,821)	41,937
<b>NET INCREASE IN CASH, DURING THE YEAR</b>	166,746	22,876
<b>CASH, BEGINNING OF YEAR</b>	31,502	8,626
<b>CASH, END OF YEAR</b>	\$ 198,248	\$ 31,502

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



# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Notes to Financial Statements

### March 31, 2018

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#### PURPOSE OF THE ORGANIZATION

African 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 and 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, 2018 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.

Revenue from donations is recognized on a cash basis.

Funding grants received from federal, provincial and municipal authorities are recognized as revenue based in the period the grants were approved and received.

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.

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Notes to Financial Statements

March 31, 2018

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

#### (b) Short-term investments

Investments comprising term deposits with a maturity date of greater than 91 days and less than 12 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 goods and services, including capital assets, 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 goods and services are normally purchased and would be paid for if not donated. Donated furniture was received in a prior year and has not been recognized in these financial statements since their value is nominal.

#### (d) Financial instruments

##### Measurement of 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, short-term 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 Organization 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.

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Notes to Financial Statements

March 31, 2018

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

#### (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.

#### (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 Company 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) Expenses allocation

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

### 2. 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.

### 3. DEFERRED REVENUE

Deferred revenue represents externally restricted contributions received for which the related program expenses have not yet been incurred.

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Notes to Financial Statements

March 31, 2018

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### 4. DUE TO RELATED PARTY

The advances to the Director were repaid in the current year and were non-interest bearing.

### 5. RESTRICTED CASH AND SHORT-TERM INVESTMENTS

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, 2018, earning interest at 0.75% and is used to secure any amounts drawn down from the Organization's credit facility (Note 2).

As at March 31, 2018, externally restricted net assets are comprised of the following:

	2018	2017
Restricted cash	\$ 24,752	\$ 14,656
Restricted short-term investments	10,053	10,053
	\$ 34,805	\$ 24,709

### 6. COMMITMENTS

The Organization leases its premises under a lease expiring on May 31, 2024. Future minimum lease payments total \$504,548 and include the following payments over the next five years:

	2018
2019	\$ 78,955
2020	79,301
2021	83,110
2022	83,110
2023	83,110
Thereafter	96,962
	\$ 504,548

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Notes to Financial Statements

March 31, 2018

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### 7. 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, 2018 which did not change significantly from the previous period unless otherwise noted.

#### (a) 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 by generating sufficient cash flow from contribution and grant revenues. The Organization is not exposed to this risk due to its positive cash flows.

#### (b) 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.

### 8. CONTINGENCY

During the year, a former employee of the Organization filed a complaint for unfair dismissal. The employee is seeking an amount of \$40,901 in lost wage compensation and general damages. It is management's opinion that the complaint has no merit and intends to defend it.

The parties are currently going through a mediation process. According to the management, 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.

### 9. COMPARATIVE FIGURES

Certain comparative figures for 2017 have been reclassified to conform to the basis of presentation used in the current year's financial statements.

# AFRICAN IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2018

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10. BUDGET

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

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Schedules to Financial Statements

For the year ended March 31, 2018

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### SCHEDULE OF PUBLIC HEALTH AGENCY OF CANADA - CHAMP IN ACTION

Schedule 1

	2018 Budget	2018 Actual
<b>REVENUE</b>	\$ 100,869	\$ 100,869
<b>EXPENSES</b>		
Salaries and wages	76,259	76,259
Rent and utilities	8,350	8,350
Materials	4,300	4,300
Insurance and administration	4,100	4,100
Travel	3,160	3,160
Equipment rental	2,700	2,700
Evaluation	2,000	2,000
	100,869	100,869
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ -	\$ -

### SCHEDULE OF PUBLIC HEALTH AGENCY OF CANADA - CONNECTED FOR CARE

Schedule 2

	2018 Budget	2018 Actual
<b>REVENUE</b>	\$ 132,413	\$ 132,413
<b>EXPENSES</b>		
Salaries and wages	75,400	75,400
Materials	16,183	16,183
Rent and utilities	11,300	11,300
Equipment rental	10,566	10,566
Evaluation	8,534	8,534
Travel	6,380	6,380
Insurance and administration	4,050	4,050
	132,413	132,413
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ -	\$ -

# AFRICAN IN PARTNERSHIP AGAINST AIDS

## Schedules to Financial Statements

For the year ended March 31, 2018



SCHEDULE OF MINISTRY OF HEALTH AND LONG TERM CARE - AIDS BUREAU  
FUNDED PROGRAM

Schedule 3

	2018 Budget	2018 Actual
<b>REVENUE</b>	\$ 402,420	\$ 402,420
<b>EXPENSES</b>		
Salaries and wages	239,641	239,641
Rent and utilities	119,911	119,911
Benefits	24,328	24,328
Supplies and other expenses	15,000	15,000
Protected allocations		
Ontario AIDS Network	3,540	3,540
	402,420	402,420
<b>EXCESS OF REVENUE OVER EXPENSES</b>	\$ -	\$ -