

AFRICANS IN PARTNERSHIP AGAINST AIDS

FINANCIAL STATEMENTS

MARCH 31, 2020

AFRICANS IN PARTNERSHIP AGAINST AIDS

FINANCIAL STATEMENTS

MARCH 31, 2020

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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, 2020, 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, 2020, 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.

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 and donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2020 and 2019, current assets as at March 31, 2020 and 2019, and net assets as at April 1 and March 31 for both the 2020 and 2019 years. Our audit opinion on the financial statements for the year ended March 31, 2019 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 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.

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
July 30, 2020

Chartered Professional Accountants
Licensed Public Accountants

AFRICANS IN PARTNERSHIP AGAINST AIDS

Statement of Financial Position

As at March 31, 2020



	2020	2019
ASSETS		
CURRENT		
Cash	\$ 291,861	\$ 153,498
Investments (note 6)	113,770	110,151
Restricted cash (note 4)	32,863	33,614
Restricted investment (note 4)	10,364	10,053
Government remittances recoverable	13,439	15,650
Grants receivable	40,554	25,046
Deferred expenses (note 2)	217,512	153,327
Prepaid and sundry assets	10,818	10,818
	731,181	512,157
NON-CURRENT		
Rent deposit	10,240	10,240
	\$ 741,421	\$ 522,397
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 22,080	\$ 23,679
Deferred revenue (note 5)	44,810	59,912
	66,890	83,591
NON-CURRENT		
Deferred rent	20,114	20,680
	87,004	104,271
NET ASSETS		
Externally Restricted (note 4)	43,227	43,667
Internally restricted fund (note 6)	113,770	110,151
Unrestricted	497,420	264,308
	654,417	418,126
	\$ 741,421	\$ 522,397

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, 2020



	2020	2019
REVENUE		
Ministry of Health and Long-term care of Ontario:		
AIDS Bureau Funding Program, Schedule 1	\$ 408,420	\$ 408,420
City of Toronto:		
Community Support Program	109,755	107,410
Toronto Urban Health Fund	48,489	62,398
Salary subsidies	63,530	3,239
Public Health Agency of Canada:		
CHAMP in Action, Schedule 2	99,326	98,629
Connected for Care, Schedule 3	128,865	128,388
Bingo proceeds	54,215	49,518
Donations-in-kind	72,700	124,611
Donations and fundraising	8,099	7,459
Rental income	33,800	25,600
Interest income	5,440	1,170
Other revenue	4,500	-
	1,037,139	1,016,842
EXPENSES		
Salaries and benefits	491,946	560,470
Occupancy costs	158,691	143,803
Professional fees	57,906	55,607
Program expenses	47,909	29,114
Administrative costs	44,396	35,989
	800,848	824,983
EXCESS OF REVENUE OVER EXPENSES	\$ 236,291	\$ 191,859

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, 2020



		Externally Restricted (note 4)	Internally restricted fund (note 6)	Unrestricted	Total 2020	Total 2019
BALANCE, BEGINNING OF YEAR	\$	43,667 \$	110,151 \$	264,308 \$	418,126 \$	226,267
Excess (deficiency) of revenue over expenses		(440)	3,619	233,112	236,291	191,859
BALANCE, END OF YEAR	\$	43,227 \$	113,770 \$	497,420 \$	654,417 \$	418,126

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, 2020



	2020	2019
OPERATING ACTIVITIES		
Excess of revenue over expenses	\$ 236,291	\$ 191,859
Adjustments for non-cash items:		
Donations-in-kind received	(72,700)	(124,611)
Donations-in-kind utilized	8,515	5,059
	172,106	72,307
Change in non-cash working capital items:		
Decrease (increase) in government remittances recoverable	2,211	(4,289)
Increase in grants receivable	(15,508)	(2,161)
Increase in prepaid and sundry assets	-	(6,866)
Increase (decrease) in accounts payable and accrued liabilities	(1,599)	14,859
Increase (decrease) in deferred revenue	(15,102)	885
	142,108	74,735
INVESTING ACTIVITIES		
Increase in investments	(3,619)	(110,151)
Decrease (Increase) in restricted cash	751	(8,862)
Increase in restricted investment	(311)	-
	(3,179)	(119,013)
FINANCING ACTIVITY		
Decrease in deferred rent	(566)	(472)
NET INCREASE (DECREASE) IN CASH, DURING THE YEAR	138,363	(44,750)
CASH, BEGINNING OF YEAR	153,498	198,248
CASH, END OF YEAR	\$ 291,861	\$ 153,498

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

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2020



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, 2020 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.

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2020



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, 2020



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, \$4,515 (\$5,059 in 2019) 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.

AFRICANS IN PARTNERSHIP AGAINST AIDS

Notes to Financial Statements

March 31, 2020



4. RESTRICTED CASH AND SHORT-TERM INVESTMENT

Restricted cash and short-term investments represent proceeds from Bingo fundraising 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, 2020, earning interest at 0.85% and is used to secure any amounts drawn down from the Organization's credit facility (Note 3).

As at March 31, 2020, externally restricted net assets are comprised of the following:

	2020	2019
Restricted cash	\$ 32,863	\$ 33,614
Restricted short-term investment	10,364	10,053
	\$ 43,227	\$ 43,667

5. DEFERRED REVENUE

Deferred revenue represents externally restricted contributions received for which the related program expenses have not yet been incurred. \$nil (\$16,947 in 2019) has been deferred for the Toronto Urban Health Fund and \$44,810 (\$42,965 in 2019) has been deferred for the City of Toronto, Community Support Program funding.

6. INTERNALLY RESTRICTED FUND

Internally restricted funds are held as a reserve towards future working capital shortfall.

The funds were invested in two separate guaranteed investment certificates of \$102,000 and \$10,303 which mature on July 16, 2020 and March 16, 2021 and bear interest at 2.00% and 1.60% respectively. The Organization is permitted to utilize these funds upon approval by the Board of Directors. Interest income on guaranteed investment certificates amounted to \$1,533 (\$151 in 2019)

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, 2020



7. COMMITMENTS (cont'd)

2021	\$	82,764
2022		83,110
2023		83,110
2024		83,110
Thereafter		27,703
	\$	359,797

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, 2020 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 wrongful dismissal 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.

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Notes to Financial Statements

March 31, 2020



10. 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.

11. SUBSEQUENT EVENTS

a) During the year, the Organization dismissed an employee who later filed a complaint for wrongful dismissal, requesting a payment for damages. The parties reached a settlement subsequent to the year end for a total of \$18,000 payable in three equal quarterly instalments of \$6,000 per quarter commencing on June 30, 2020. As the matter was settled subsequent to the year-end, no amounts related to this settlement have been accrued at year-end.

b) On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic, which has had a significant impact on non-for-profit organizations through the restrictions put in place by the Governments of Canada and Ontario. At this time, the extent of the effect of the COVID-19 pandemic on the Organization is uncertain and unknown as this will depend on the timing and easing of the government restrictions and the duration of the continuing public health and safety measures put in place. The Organization continues to monitor and assess the impact of the COVID-19 outbreak on its operations.

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, 2020**

	2020 Budget	2020 Actual
REVENUE - PROVINCIAL GRANT FUNDING	\$ 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, 2020



	2020 Budget	2020 Actual
REVENUE - FEDERAL GRANT FUNDING	\$ 99,326	\$ 99,326
EXPENSES		
Salaries and wages	77,416	77,416
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
	99,326	99,326
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, 2020



	2020 Budget	2020 Actual
REVENUE - FEDERAL GRANT FUNDING	\$ 128,865	\$ 128,865
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
Evaluation	6,781	6,781
Travel	6,380	6,380
Insurance and administration	4,050	4,050
	128,865	128,865
EXCESS OF REVENUE OVER EXPENSES	\$ -	\$ -