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THE BLACK COALITION FOR AIDS PREVENTION OF METROPOLITAN TORONTO

FINANCIAL STATEMENTS

MARCH 31, 2019

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of
The Black Coalition for AIDS Prevention of Metropolitan Toronto
Report on the Audit of the Financial Statements

Qualified Opinion
We have audited the financial statements of The Black Coalition for AIDS Prevention of Metropolitan Toronto, which comprise the statement of financial position as at March 31, 2019, and the statements of operations and changes in net assets and cash flows for the years then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of revenues described in the Basis for Qualified Opinion paragraphthe accompanying financial statements present fairly, in all material respects, the financial position of The Black Coalition for AIDS Prevention of Metropolitan Toronto as at March 31, 2019, and the results of its operations and its cash flows for the year then ended, in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for Qualified Opinion
The Organization derives certain of its revenues from donations, the completeness of which is not susceptible to satisfactory audit procedures. Accordingly, our verification of this revenue 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 operating revenue, excess (deficiency) of revenues over expenses and cash flows for the years ended March 31, 2019 and March 31, 2018 , current assets as at March 31, 2019 and March, 2018 , and fund balance as at the beginning and end of the years ended March 31, 2019 and March 31, 2018 . Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly.

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 Black Coalition for AIDS Prevention of Metropolitan Toronto 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 opinion.

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INDEPENDENT AUDITORS' REPORT (Continued)

Responsibilities of Management and Those Charged with Governance 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.

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.

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INDEPENDENT AUDITORS' REPORT (Continued)

- 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.

- 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.

KRIENS~LAROSE, LLP

Kriens ~ LaRose LLP

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
September 17, 2019

THE BLACK COALITION FOR AIDS
PREVENTION OF METROPOLITAN TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019 $	2018 $
ASSETS		
CURRENT		
Cash	-	53,077
Grants receivable	228,214	116,825
Accounts receivable	69,507	25,311
Prepaid expenses	1,100	2,132
Government remittances receivable	80,583	66,157
	379,404	263,502
EQUIPMENT (Note 2)	150,722	167,882
	530,126	431,384

THE BLACK COALITION FOR AIDS
PREVENTION OF METROPOLITAN TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2019

	2019 $	2018 $
LIABILITIES		
CURRENT		
Bank indebtedness	94,180	-
Accounts payable and accrued liabilities	34,895	110,511
Due to Ontario Ministry of Health and Long-Term Care (Note 3)	189,828	187,740
Government remittances payable	1,410	-
Deferred contributions related to equipment (Note 5)	36,611	36,611
Deferred contributions (Note 4)	50,577	50,577
	407,501	385,439
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT (Note 5)	49,876	72,541
	457,377	457,980
NET ASSETS (DEFICIENCY)		
UNRESTRICTED NET ASSETS (DEFICIENCY)	72,749	(26,596)
	530,126	431,384

APPROVED ON BEHALF OF THE BOARD:

Gail [signature] ,Director

________________________,Director

THE BLACK COALITION FOR AIDS
PREVENTION OF METROPOLITAN TORONTO
STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2019

	Black CAP 2019 $	ACCHO 2019 $	Total 2019 $	Total 2018 $
REVENUES				
Ontario Ministry of Health and Long-Term Care (Note 3)	730,721	960,103	1,690,824	1,473,283
Ontario Ministry of Citizenship and Immigration	65,000	-	65,000	65,000
Citizenship and Immigration Canada	198,369	-	198,369	196,248
Deferred capital contributions (Note 5)	22,665	-	22,665	6,419
City of Toronto	314,660	-	314,660	339,171
Recoveries and other grants (Note 6)	130,669	31,684	162,353	24,396
Public Health Agency of Canada	172,997	-	172,997	132,595
Donations	30,847	-	30,847	38,586
	1,665,928	991,787	2,657,715	2,275,698
EXPENSES				
Human resources (Note 8)	1,137,707	299,615	1,437,322	1,300,865
Program and workshops	125,606	576,031	701,637	387,319
Office administration (Note 8)	-	392	392	39,883
Professional fees	71,150	-	71,150	79,805
Rent	171,345	86,598	257,943	265,181
Communications campaign	28,520	-	28,520	51,435
Volunteer activities and development	5,028	-	5,028	6,537
Emergency funding to people with HIV/AIDS (Note 6)	9,350	-	9,350	4,044
Resource development	15,527	-	15,527	79,084
Advertising and promotion	-	-	-	2,300
Amortization	31,501	-	31,501	6,909
	1,595,734	962,636	2,558,370	2,223,362
	1,595,734	962,636	2,558,370	2,223,362
Excess of revenues over expenses for the year	70,194	29,151	99,345	52,336
Unrestricted net assets (deficiency), beginning of year	(35,007)	8,411	(26,596)	(78,932)
Unrestricted net assets (deficiency), end of year	35,187	37,562	72,749	(26,596)

See accompanying notes to the financial statements

THE BLACK COALITION FOR AIDS
PREVENTION OF METROPOLITAN TORONTO
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2019

	2019 $	2018 $
CASH WAS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Cash receipts from grants	2,330,461	2,312,887
Cash receipts from donations and recoveries	193,200	69,401
Cash paid to suppliers	(2,658,666)	(2,235,225)
Cash paid to Ontario Ministry of Health and Long-Term Care	2,088	31,961
	(132,917)	179,024
PURCHASE OF EQUIPMENT	(14,340)	(116,528)
Change in cash	(147,257)	62,496
Cash (bank indebtedness), beginning of year	53,077	(9,419)
Cash (bank indebtedness), end of year	(94,180)	53,077

PURPOSE OF THE ORGANIZATION

The Black Coalition for AIDS Prevention of Metropolitan Toronto ("the Coalition") was incorporated without share capital on March 31, 1991 under the Ontario Business Corporations Act and is a registered charity under the Income Tax Act (Canada). The purpose of the coalition is to reduce the spread of HIV infection in black communities and to enhance the quality of life of black people living with or affected by HIV/AIDS.

The Coalition is a registered charity under the Income Tax Act (Canada), and as such is exempt from the payment of corporate income taxes.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CPA Handbook and include the following significant accounting policies:

Basis of Presentation

The accounting policies of the Coalition are in accordance with accounting principles that apply to a going concern. The continued ability of the Coalition to operate its programs is dependent on its ability to obtain sufficient funding, as the majority of the Coalition's revenue is funded revenue.

Financial Instruments

The Coalition initially measures its financial assets and financial liabilities at fair value. The Coalition subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in the statement of operations.

Financial assets measured at amortized cost include cash, grants receivable and accounts receivable.

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

Cash and Cash Equivalents

Cash and cash equivalents consist of cash on hand and fixed income investments with maturities of less than 90 days.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Prepaid Expenses

Prepaid expenses are recorded for goods and services to be received in the next fiscal year, which were paid for in the current fiscal year.

Equipment and Amortization

Equipment is stated at acquisition cost. Amortization is provided on a straight-line basis at the following annual rates:

Office equipment	3 years
Computer equipment	3 years
Furniture	3 years

Leasehold improvements are amortized over the term of the premises lease

Where equipment no longer has any long-term service potential to the Coalition, the excess of their net carrying amount over any residual value is recognized as an expense in the statement of operations.

Revenue Recognition

The Coalition follows the deferral method of accounting for contributions.

Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Externally restricted contributions includes funds from Ontario Ministry of Health, Ontario Ministry of Citizenship and Immigration, Citizen and Immigration Canada, Ontario Trillium Foundation, City of Toronto, other grants, Public Health Agency of Canada, and MAC Aids.

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Unrestricted contributions includes recoveries.

Restricted contributions related to equipment is recognized as revenue as the equipment is amortized over their useful lives. Restricted contributions related to equipment includes funds received from Ontario Trillium Foundation.

Donations are recognized as revenue when received.

Interest is recognized when received.

Continued...

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

Donated Property and Services

During the year, voluntary services were provided. Because these services are not normally purchased by the Coalition, and because of the difficulty of determining their fair value, donated services are not recognized in these statements.

Allocation of Expenses

The Coalition engages in various service programs. The cost of these programs include the expenses that are directly related to providing the services. The Coalition also incurs general administration expenses that are common to the Coalition and each of its programs. The Coalition allocates certain of its general administration expenses on the basis as disclosed in note 8.

Use of Estimates

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the reporting date and the reported amounts of revenues and expenses for the reporting period. Actual results could differ from these estimates. These estimates are reviewed periodically and adjustments are made, as appropriate, in the statement of operations in the year they become known.

Continued...

2. EQUIPMENT

	2019 Cost $	2019 Accumulated amortization $	2018 Cost $	2018 Accumulated amortization $
Office equipment	28,175	17,374	28,175	11,974
Computer equipment	78,575	61,462	78,575	52,906
Leasehold improvements	373,647	250,839	359,307	233,295
Furniture	42,642	42,642	42,642	42,642
	523,039	372,317	508,699	340,817
Net book value	150,722		167,882	

3. DUE TO ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE

The amount owing to the Ministry represents the excess of funding received from the Ministry over the expenses incurred for the program in the fiscal year. The total funding received from the Ministry of $1,692,912 (2018: $1,569,412) has been accounted for as revenue of $ 1,690,824 (2018: $1,473,283) and due to the Ministry of $2,088 (2018: $96,129).

Continued...

4. DEFERRED CONTRIBUTIONS

Deferred contributions represent externally restricted amounts received in the current year that are earmarked for future specific programs.

5. DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT

Deferred contributions related to equipment represent restricted contributions with which the Coalition's assets were originally purchased. The changes in the deferred contributions balance for the year are as follows:

	2019 $	2018 $
Balance, beginning of year	109,152	6,760
Restricted funds received for equipment	-	108,811
Amounts amortized to revenue	(22,665)	(6,419)
Balance, end of year	86,487	109,152
Current portion	36,611	36,611
Long term portion	49,876	72,541

Continued...

6. PRIVATE FUNDING

Private funding received by Black Coalition for AIDS Prevention is used to maintain and enhance programs and services, and to provide emergency financial assistance to people living with HIV/AIDS.

7. COMMITMENTS

The Coalition entered into a premises lease on May 6, 2010. The term of the lease is December 1, 2010 to February 28, 2016. The lease was extended in the 2015 fiscal year to February 28, 2026. The total remaining minimum rental commitment under the lease is approximately $738,000.

In addition to the minimum rent, the Coalition is required to make payments for its share of operating costs, taxes and utilities. These annual costs are estimated at $140,000.

The annual minimum rental commitments under the lease are as follows:

2020	100,000
2021	103,000
2022	103,000
2023	106,000
2024	106,000
2025	110,000
2026	110,000
Total	738,000

8. EXPENSE ALLOCATIONS

Salaries, benefits and administration expenses are allocated among the Black CAP and ACCHO programs based on the time staff dedicated to the programs, and the percentage of usage of the administration expenses. The dollar amount of salaries, benefits and general administrative expenses allocated to various services programs have been disclosed in the statement of operations.

Continued...

9. FINANCIAL INSTRUMENTS

The Coalition is exposed to various risks through its financial instruments. The following presents the Coalition's risk exposure and concentrations at March 31, 2019.

Credit Risk
Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Coalition's main credit risk relate to accounts receivable. Actual exposure to credit losses has been minimal in prior years. The allowance for doubtful accounts is $0 (2018: $0).

Liquidity Risk
Liquidity risk is the risk that the Coalition will encounter difficulty in meeting obligations associated with financial liabilities. The Coalition is exposed to this risk as it depends on Government assistance and funding for its operations. In order to reduce its liquidity risk, the Coalition seeks to continue to receive funding on an annual basis, and manages its cash flow and set aside idle funds to fulfill its obligations. There has been no change in the risk assessment from the prior period.

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 risks: currency risk, interest rate risk and other price risk.

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 rates. The Coalition does not have a currency risk, as it has no transactionsare in Canadian dollars.

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 Coalition has a low interest rate risk.

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 Coalition is not exposed to other price risk.

Continued...

10. PUBLIC HEALTH AGENCY OF CANADA

The funding received from the Public Health Agency of Canada and the expenses related to the funding are summarized as follows:

Black CAP

	Budget 2019 $	Actual 2019 $
REVENUE		
Public Health Agency of Canada	131,155	172,997
EXPENSES		
Personnel	91,376	113,098
Rent/utilities	16,948	21,049
Workshops	8,333	9,280
Other	2,330	8,980
Evaluation	3,767	7,534
Resource development	-	6,510
Travel	4,292	3,835
Materials	342	2,807
Conferences	3,767	1,190
	131,155	174,283
EXCESS (DEFICIECNY) OF REVENUES OVER OVER EXPENSES FOR THE YEAR	-	(1,286)

Continued...

11. ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE

The funding received by Black CAP from the Ontario Ministry of Health and Long-Term Care and the expenses related to the funding are summarized as follows:

	Actual 2019 $
REVENUE	
Ontario Ministry of Health and Long-Term Care	730,721
EXPENSES	
Personnel	456,233
Rent/utilities	152,000
Program supplies	111,588
Other - Protected Allocations	10,900
	730,721
EXCESS (DEFICIENCY) OF REVENUES OVER OVER EXPENSES FOR THE YEAR	-

Continued...

12. ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE

The funding received by ACCHO from the Ontario Ministry of Health and Long-Term Care and the expenses related to the funding are summarized as follows:

	Actual 2019 $
REVENUE	
Ontario Ministry of Health and Long-Term Care	960,103
EXPENSES	
Personnel	294,264
Special projects	427,014
Program supplies	142,527
Rent/utilities	86,598
Other - Protected Allocations	9,700
	960,103
EXCESS OF REVENUES OVER OVER EXPENSES FOR THE YEAR	-