THE BLACK COALITION FOR AIDS PREVENTION OF METROPOLITAN TORONTO

FINANCIAL STATEMENTS

MARCH 31, 2020

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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, 2020, 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 paragraph, the 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, 2020, 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, 2020 and March 31, 2019, current assets as at March 31, 2020 and March 31, 2019, and fund balance as at the beginning and end of the years ended March 31, 2020 and March 31, 2019. Our audit opinion on the financial statements for the year ended March 31, 2020 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.

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.

KRIENS~LAROSE, LLP
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ACCOUNTANTS

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
October 19, 2020

THE BLACK COALITION FOR AIDS
PREVENTION OF METROPOLITAN TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020 $	2019 $
ASSETS		
CURRENT		
Cash	284,629	-
Grants receivable	15,894	228,214
Accounts receivable	16,500	69,507
Prepaid expenses	17,681	1,100
Government remittances receivable	54,460	79,173
	389,164	377,994
EQUIPMENT (Note 4)	148,945	150,722
	538,109	528,716

THE BLACK COALITION FOR AIDS
PREVENTION OF METROPOLITAN TORONTO
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2020

	2020 $	2019 $
LIABILITIES		
CURRENT		
Bank indebtedness	-	94,180
Accounts payable and accrued liabilities	47,381	33,485
Due to Ontario Ministry of Health and Long-Term Care (Note 5)	92,499	189,828
Government remittances payable	5,170	1,410
Deferred contributions (Note 6)	496,274	50,577
Deferred contributions related to equipment (Note 7)	25,794	36,611
	667,118	406,091
DEFERRED CONTRIBUTIONS RELATED TO EQUIPMENT (Note 7)	48,779	49,876
	715,897	455,967
NET ASSETS (DEFICIENCY)		
UNRESTRICTED NET ASSETS (DEFICIENCY)	(177,788)	72,749
	538,109	528,716

APPROVED ON BEHALF OF THE BOARD:

_______________,Director

_______________,Director

STATEMENT OF OPERATIONS AND CHANGES IN UNRESTRICTED NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2020

	Black CAP 2020 $	ACCHO 2020 $	Total 2020 $	Total 2019 $
REVENUES				
Ontario Ministry of Health and Long-Term Care (Note 5)	730,261	872,247	1,602,508	1,690,824
Ontario Ministry of Citizenship and Immigration	65,000	-	65,000	65,000
Citizenship and Immigration Canada	180,664	-	180,664	198,369
Deferred capital contributions (Note 7)	22,324	-	22,324	22,665
City of Toronto	211,156	-	211,156	314,660
Recoveries and other grants (Note 8)	198,842	-	198,842	162,353
Public Health Agency of Canada	249,273	-	249,273	172,997
Donations	105,265	-	105,265	30,847
Donation-in-kind	16,500	-	16,500	-
	1,779,285	872,247	2,651,532	2,657,715
EXPENSES				
Human resources (Note 10)	1,465,660	311,803	1,777,463	1,437,322
Program and workshops	205,267	473,944	679,211	701,637
Office administration (Note 10)	546	-	546	392
Professional fees	60,333	-	60,333	71,150
Rent (Note 10)	191,988	86,500	278,488	257,943
Communications campaign	39,932	-	39,932	28,520
Volunteer activities and development	12,465	-	12,465	5,028
Emergency funding to people with HIV/AIDS (Note 8)	3,730	-	3,730	9,350
Resource development	12,100	-	12,100	15,527
Amortization	37,801	-	37,801	31,501
	2,029,822	872,247	2,902,069	2,558,370
	2,029,822	872,247	2,902,069	2,558,370
(Deficiency) excess of revenues over expenses for the year	(250,537)	-	(250,537)	99,345
Unrestricted net assets (deficiency), beginning of year	35,187	37,562	72,749	(26,596)
Unrestricted net assets (deficiency), end of year	(215,350)	37,562	(177,788)	72,749

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2020

	2020 $	2019 $
CASH WAS PROVIDED BY (USED IN):		
OPERATING ACTIVITIES		
Cash receipts from grants	2,977,029	2,330,461
Cash receipts from donations and recoveries	304,107	193,200
Cash paid to suppliers and employees	(2,768,973)	(2,658,666)
Cash paid to Ontario Ministry of Health and Long-Term Care	(97,329)	2,088
	414,834	(132,917)
PURCHASE OF EQUIPMENT	(36,025)	(14,340)
Change in cash	378,809	(147,257)
Cash (bank indebtedness), beginning of year	(94,180)	53,077
Cash (bank indebtedness), end of year	284,629	(94,180)

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. OPERATIONS

A loss of $250,537 was incurred in the 2020 fiscal year, which resulted in the Organization having a net deficiency of $177,788 as at March 31, 2020, compared to net assets of $72,749 as at March 31, 2019.

These financial statements have been prepared based on the achievement of a positive 2021 fiscal year,, and using accounting principles applicable to a going concern, which assume that the Organization will achieve a balanced or surplus 2021 fiscal year and be able to realize its assets and satisfy its liabilities in the normal course of its operations.

The ability of the Organization to repay all or a portion of its liabilities is dependent on the Organization's 2021 operating results and in achieving a 2021 fiscal year surplus.

2. IMPACT OF THE NOVEL CORONAVIRUS (COVID-19)

In March 2020, the World Health Organization declared a global pandemic due to the outbreak of the novel Coronavirus ("COVID-19"). The situation is continuously developing and the economic impact has been substantial to both Canada and the globe. As at October 19, 2020, the Coalition is aware of the changes in its operations as a result of the COVID-19 pandemic, including parts of the staff being laid off and the inability to provide face to face services. As the result, services are currently provided online.

Management is closely monitoring the situation, and as at October 19, 2020, the Coalition is not able to fully estimate the impact of COVID-19 on operations at this time given the continuous evolution of the pandemic and the global responses thereon to mitigate the spread. The financial impacts will be accounted for when they are known and may be assessed.

Continued...

3. 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.

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.

Cash and Cash Equivalents

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

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.

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3. SIGNIFICANT ACCOUNTING POLICIES (Continued)

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, Public Health Agency of Canada, and other grants.

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...

3. 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 10.

4. EQUIPMENT

	2020 Cost $	2020 Accumulated amortization $	2019 Cost $	2019 Accumulated amortization $
Office equipment	28,990	23,046	28,175	17,374
Computer equipment	101,210	73,006	78,575	61,462
Leasehold improvements	374,508	268,506	373,647	250,839
Furniture	54,356	45,561	42,642	42,642
	559,064	410,119	523,039	372,317
Net book value	148,945		150,722	

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5. 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 (2019: $1,692,912) has been accounted for as revenue of $1,602,508 (2019: $1,690,824) and due to the Ministry of $90,404 (2019: $2,088).

6. DEFERRED CONTRIBUTIONS

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

	2020 $	2019 $
City of Toronto	123,963	50,577
Ryerson University	17,958	-
Ontario HIV Treatment Network	331,866	-
Public Health Agency of Canada	6,869	-
Immigration, Refugees and Citizenship Canada	15,618	-
	496,274	50,577

Continued...

7. 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:

	2020 $	2019 $
Balance, beginning of year	86,487	109,152
Restricted funds received for computers	10,410	-
Amounts amortized to revenue	(22,324)	(22,665)
Balance, end of year	74,573	86,487
Current portion	25,794	36,611
Long term portion	48,779	49,876

8. 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.

Continued...

9. 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 $638,000.

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:

2021	103,000
2022	103,000
2023	106,000
2024	106,000
2025	110,000
2026	110,000
Total	638,000

10. EXPENSE ALLOCATIONS

Salaries, benefits, rent, professional fee and administration expenses are allocated among the Black CAP and ACCHO programs based on the time staff dedicated to the programs, and the approximation of percentage of usage of the particular 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...

11. 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, 2020.

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 (2019 $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, and the results of their operations as outlined in note # 1. 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 a change in the risk assessment from the prior period due to the above. The Association has a moderate liquidity risk as outlined in note 1.

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 almost all transactions are 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...

12. 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 2020 $	Actual 2020 $
REVENUE		
Public Health Agency of Canada	256,142	249,273
EXPENSES		
Personnel	185,620	184,111
Rent/utilities	33,748	33,746
Workshops	15,616	15,221
Other	4,962	4,962
Evaluation	5,467	4,571
Resource development	800	500
Travel	5,156	5,156
Materials	1,006	1,006
Conferences	3,767	-
	256,142	249,273
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	-	-

Continued...

13. 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 2020 $
REVENUE	
Ontario Ministry of Health and Long-Term Care	730,261
EXPENSES	
Personnel	502,248
Rent/utilities	150,778
Program supplies	63,538
Other - Protected Allocations	8,400
Administration	5,297
	730,261
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	-

Continued...

12. ONTARIO MINISTRY OF HEALTH AND LONG-TERM CARE (Continued)

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 2020 $
REVENUE	
Ontario Ministry of Health and Long-Term Care	872,247
EXPENSES	
Personnel	311,803
Program supplies	459,429
Rent/utilities	86,500
Other - Protected Allocations	14,515
	872,247
EXCESS OF REVENUES OVER EXPENSES FOR THE YEAR	-