

REGIONAL HIV/AIDS CONNECTION

Financial Statements

Year Ended March 31, 2015

REGIONAL HIV/AIDS CONNECTION

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Year Ended March 31, 2015

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INDEPENDENT AUDITOR'S REPORT

To the Members of Regional HIV/AIDS Connection

We have audited the accompanying financial statements of Regional HIV/AIDS Connection, which comprise the statement of financial position as at March 31, 2015 and the statements of operations and fund balances 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 entity'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 entity'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.

(continues)

Basis for Qualified Opinion

In common with many charitable organizations, the organization 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 the organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenses, current assets and fund balances. This issue also resulted in a qualified opinion of the financial statements for the year ended March 31, 2014.

Qualified Opinion

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of the revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of Regional HIV/AIDS Connection as at March 31, 2015 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.

London, Canada
June 17, 2015



NPT LLP
Chartered Accountants
Licensed Public Accountants

Regional HIV/AIDS Connection
Statement of Financial Position
March 31, 2015

	March 31 2015					March 31 2014	
	ACAP Fund	OODP Fund	Counterpoint Fund	OMOH Fund	General Fund	Contingency Working Capital Fund	Total
Assets							
Current							
Cash	\$ -	\$ -	\$ -	\$ -	\$ 134,606	\$ -	\$ 134,606
Guaranteed investment certificates (note 4)	-	-	-	-	319,514	80,486	400,000
Accounts receivable	-	-	-	-	85,346	-	85,346
Inventory of supplies	-	-	38,423	-	-	-	38,423
HST rebate recoverable	-	-	-	-	55,087	-	55,087
Due from other funds	5,759	14,245	-	29,237	17,105	-	40,090
Prepaid expenses	-	-	-	-	19,872	-	13,504
	5,759	14,245	38,423	29,237	631,530	80,486	733,334
Capital assets (note 5)	-	-	-	-	3,035	-	15,000
	\$ 5,759	\$ 14,245	\$ 38,423	\$ 29,237	\$ 634,565	\$ 80,486	\$ 736,369
							\$ 707,950

Liabilities

Current							
Accounts payable and accrued liabilities	\$ 4,489	\$ -	\$ -	\$ 29,237	\$ 222,219	\$ -	\$ 195,983
Amounts administered for other parties (note 6)	-	-	-	-	154,891	-	138,998
Due to other funds	-	-	17,105	-	49,241	-	-
Deferred contributions (note 7)	1,270	14,245	21,318	-	54,960	-	130,542
	5,759	14,245	38,423	29,237	481,311	-	465,523
Deferred contributions related to capital assets (note 7)	-	-	-	-	-	-	12,071
	5,759	14,245	38,423	29,237	481,311	-	502,629
							477,594

Fund balances

General Fund	-	-	-	-	153,254	-	163,120
Contingency Working Capital Fund - internally restricted	-	-	-	-	-	80,486	67,236
	-	-	-	-	153,254	80,486	230,556
	\$ 5,759	\$ 14,245	\$ 38,423	\$ 29,237	\$ 634,565	\$ 80,486	\$ 736,369
							\$ 707,950

Lease commitment (note 10)

Subsequent event (note 12)

ON BEHALF OF THE BOARD:



Director



Director

Regional HIV/AIDS Connection
Statement of Operations and Fund Balances
For the Year Ended March 31, 2015

	<i>March 31</i>						<i>March 31</i>	
	2015						2014	
	ACAP Fund	ODDP Fund	Counterpoint Fund	OMOH Fund	General Fund	Contingency Working Capital Fund	Total	Total
Revenues								
Government funding (<i>note 9</i>)	\$ 225,355	\$ 360,123	\$ 400,971	\$ 933,219	\$ 44,052	\$ -	\$ 1,963,720	\$ 1,903,578
Donations in-kind	-	-	434,070	-	-	-	434,070	336,041
Fundraising and special events	-	-	-	-	134,100	-	134,100	117,884
Administrative and other recoveries	-	-	-	-	121,488	-	121,488	112,308
Contract funding	-	-	-	-	14,788	-	14,788	20,810
Amortization of deferred contributions related to capital assets (<i>note 7</i>)	-	-	-	770	11,301	-	12,071	13,568
Donations	-	-	-	-	11,666	-	11,666	29,292
Interest	-	-	-	-	5,697	1,250	6,947	7,428
	225,355	360,123	835,041	933,989	343,092	1,250	2,698,850	2,540,909
Expenses (schedule of expenses)	225,355	360,123	835,041	933,989	340,958	-	2,695,466	2,493,015
Excess of revenues over expenses for the year	-	-	-	-	2,134	1,250	3,384	47,894
Fund balances, beginning of year	-	-	-	-	163,120	67,236	230,356	182,462
Interfund transfers (<i>note 8</i>)	-	-	-	-	(12,000)	12,000	-	-
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ 153,254	\$ 80,486	\$ 233,740	\$ 230,356

Regional HIV/AIDS Connection
Schedule of Expenses
For the Year Ended March 31, 2015

	March 31 2015					March 31 2014	
	ACAP Fund	ODDP Fund	Counterpoint Fund	OMOH Fund	General Fund	Contingency Working Capital Fund	Total
Expenses							
Salaries and benefits	\$ 185,497	\$ 85,382	\$ 63,782	\$ 656,717	\$ 171,169	\$ -	\$ 1,162,547
Program costs and resource materials	15,949	-	310,217	79,584	49,404	-	455,154
Donated materials	-	-	434,070	-	-	-	434,070
Subcontract	-	239,152	-	14,493	17,719	-	271,364
Office rent and maintenance	5,875	-	8,000	58,300	20,698	-	92,873
Administration	9,244	19,984	10,000	7,968	6,681	-	53,877
Computer maintenance and support	-	4,360	4,446	15,191	14,583	-	38,580
Office supplies	3,622	304	3,380	30,053	293	-	37,652
Advertising and promotion	414	437	300	15,203	7,952	-	24,306
Professional fees	-	-	-	11,829	10,701	-	22,530
Special events	-	-	-	-	21,308	-	21,308
Travel	2,391	9,595	246	4,167	916	-	17,315
Conference and staff development	-	-	-	14,090	3,171	-	17,261
Telephone	2,363	77	600	10,627	233	-	13,900
Amortization of capital assets	-	-	-	770	11,195	-	11,965
Volunteer development and appreciation	-	-	-	6,456	120	-	6,576
ODAP costs	-	-	-	4,780	-	-	4,780
Insurance	-	832	-	3,761	-	-	4,593
Bank charges and interest	-	-	-	-	2,329	-	2,329
Membership fees	-	-	-	-	1,245	-	1,245
Staff replacement costs	-	-	-	-	1,241	-	1,241
Bad debts	-	-	-	-	-	-	-
	\$ 225,355	\$ 360,123	\$ 835,041	\$ 933,989	\$ 340,958	\$ -	\$ 2,695,466
							\$ 2,493,015

REGIONAL HIV/AIDS CONNECTION

Statement of Cash Flows

Year Ended March 31, 2015

	2015	2014
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 3,384	\$ 47,894
Items not affecting cash:		
Amortization of capital assets	11,965	16,036
Amortization of deferred contributions related to capital assets	(12,071)	(13,568)
	3,278	50,362
Changes in non-cash working capital:		
Accounts receivable	(61,415)	9,438
Inventory of supplies	(8,162)	9,412
HST rebate recoverable	(14,997)	680
Prepaid expenses	(6,368)	24,367
Accounts payable and accrued liabilities	59,962	58,545
Amounts administered for other parties	15,893	76,114
Deferred contributions	(38,749)	(128,188)
	(53,836)	50,368
Cash flow from (used by) operating activities	(50,558)	100,730
INVESTING ACTIVITIES		
Purchase of guaranteed investment certificates	(25,000)	(927)
Proceeds on maturity of guaranteed investment certificates	25,927	-
Purchase of capital assets	-	(4,701)
Cash flow from (used by) investing activities	927	(5,628)
FINANCING ACTIVITY		
Repayment of long term debt	-	(1,853)
INCREASE (DECREASE) IN CASH	(49,631)	93,249
Cash - beginning of year	184,237	90,988
CASH - END OF YEAR	\$ 134,606	\$ 184,237

See accompanying notes to the financial statements.

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

1. NATURE OF OPERATIONS

The organization commenced operations on December 1, 1987 in order to provide information about Acquired Immuno-Deficiency Syndrome (AIDS) to the general public and to offer emotional support to those people affected by the disease. It was incorporated under the laws of the Province of Ontario in February 1990 as a not-for-profit organization.

The Regional HIV/AIDS Connection is a charitable organization registered under the Canadian Income Tax Act (the "Act") and as such is exempt from income taxes and is allowed to issue donation receipts for income tax purposes. In order to maintain its status as a charitable organization registered under the Act, the organization must meet certain requirements within the Act. In the opinion of management, these requirements have been met.

2. BASIS OF PRESENTATION

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO). ASNPO are part of Canadian generally accepted accounting principles (GAAP).

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Revenue recognition

The organization uses the deferral method of accounting for contributions. In accordance with this method, government grants, contracted funding, fundraising and donations are treated as revenue at the time they are received, unless they are specifically designated by the funder or donor as applying to a specific future program or are related to the funding of capital assets.

Interest income on guaranteed investment certificates is recognized as revenue with the passage of time.

Contributed materials, capital assets and services

Contributed materials are recorded as revenues and expenses at their fair market value determined as at the date of the donation. Donated assets of a capital nature are recorded as assets and deferred contributions at their fair market value and amortized to revenues and expenses in accordance with amortization policies of the organization.

Volunteers contribute many hours per year to enable the organization to carry out its objectives. Because of the difficulty of determining their fair value, contributed services of volunteers are not recognized in these financial statements.

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Fund accounting

In order to ensure observance of limitations and restrictions placed on the use of the resources available to the Regional HIV/AIDS Connection, the accounts are maintained in accordance with the principles of fund accounting. Accordingly, resources for various purposes are classified for accounting and reporting purposes into funds that are in accordance with activities or objectives specified. Separate accounts are maintained for each fund. Transfers between funds are made when it is considered appropriate and authorized by the Board of Directors.

The operations are organized into six funds as detailed below:

AIDS Community Action Plan (ACAP) - externally restricted fund sponsored by the Public Health Agency of Canada to provide funds for safer sex education.

Ontario Organizational Development Program (OODP) - externally restricted fund sponsored by Health Canada and the Ontario Ministry of Health. This program operates independently with funds being administered through the organization. OODP facilitates strategic planning and organizational development workshops and services to AIDS Service Organizations throughout Ontario.

Counterpoint Fund - externally restricted fund which receives operating funds from the Ontario Ministry of Health through the Middlesex-London Health Unit (MLHU) along with in-kind contributions of materials from the Ontario Harm Reduction Distribution Program (OHRDP) for operating the Counterpoint Needle Exchange Program and other related programs for London and surrounding area.

Ontario Ministry of Health (OMOH) - externally restricted fund sponsored by OMOH to provide core funding for operations such as salaries, rent and office supplies.

General Fund - derives its revenue from fundraising, donations and other short term programs to assist with funding operations.

Contingency Working Capital Fund - internally restricted fund established by the Board of Directors to be used for emergency operating expenses in the event that program funding for the organization was interrupted. These amounts are not available for other purposes without the approval of the Board of Directors.

Cash

Cash consists of cash on hand and on deposit, less cheques issued and outstanding at the reporting date.

Inventory of supplies

Inventory of supplies is measured at the lower of cost, determined using the first-in, first-out method, and net realizable value which is determined to be replacement cost.

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Capital assets

Capital assets are stated at cost less accumulated amortization. Capital assets are amortized over their estimated useful lives using the straight-line method at the following rates:

Leasehold improvements	5 years
Computer equipment	3 years
Furniture and office equipment	5 years

A full year of amortization is taken in the year of acquisition and none in the year of disposal. Upon disposition of a capital asset, the cost and related accumulated amortization thereon are removed from the records of the organization and the resulting gain or loss is recorded in operations.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

Measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in operations in the period in which they become known. Actual results could differ from these estimates.

4. GUARANTEED INVESTMENT CERTIFICATES

	2015	2014
TD Canada Trust Guaranteed Investment Certificates	\$ 375,000	\$ 400,927
CIBC Guaranteed Investment Certificate	25,000	-
	\$ 400,000	\$ 400,927

The above consists of various cashable GIC's with interest rates ranging from 1.3% to 1.8% and maturity dates ranging from June 2015 to December 2015.

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2015 Net book value	2014 Net book value
Leasehold improvements	\$ 214,385	\$ 213,072	\$ 1,313	\$ 11,095
Computer equipment	63,419	61,852	1,567	3,134
Furniture and office equipment	55,829	55,674	155	771
	\$ 333,633	\$ 330,598	\$ 3,035	\$ 15,000

6. AMOUNTS ADMINISTERED FOR OTHER PARTIES

The organization administers certain funds received from government grants and other sources on behalf of other parties external to the organization. The funds are held in trust and disbursed in accordance with the terms and conditions of each funder.

The following table summarizes the activity in such funds during the year:

	2015	2014
Cash receipts	\$ 331,114	\$ 215,060
Amounts receivable	51,129	-
Cash expenditures	(366,350)	(138,946)
Change during the year	15,893	76,114
Balance administered for other parties - beginning of the year	138,998	62,884
Balance administered for other parties - end of the year	\$ 154,891	\$ 138,998

7. DEFERRED CONTRIBUTIONS

The organization receives various grants which contain terms and conditions under which these funds may be used. Some of these grants extend beyond the fiscal year end. As a result, the following amounts have been deferred to match the expenses to which they relate.

	2015	2014
Deferred contributions - expenses of future periods		
General funds - externally restricted	\$ 54,960	\$ 90,658
ACAP fund - externally restricted	1,270	-
OODP fund - externally restricted	14,245	14,245
Counterpoint fund - externally restricted	21,318	25,639
	\$ 91,793	\$ 130,542

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

7. DEFERRED CONTRIBUTIONS *(continued)*

The organization also may receive funding related to capital assets. This funding is deferred and amortized over the same terms and conditions as the related asset.

	2015	2014
Deferred contributions related to capital assets		
Balance - beginning of the year	\$ 12,071	\$ 25,639
Amounts amortized to revenue during the year	(12,071)	(13,568)
Balance - end of the year	\$ -	\$ 12,071

8. INTERFUND TRANSFERS

During the year, the Board of Directors approved the transfer of \$12,000 (2014 - \$12,000) from the General Fund to the Contingency Working Capital Fund. Additionally, the Board approved the transfer of \$Nil (2014 - \$12,101) from the Contingency Working Capital Fund to the General Fund to fund specific expenses.

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

9. GOVERNMENT FUNDING

The organization receives funding from various government agencies to support the programs within the organization. Certain funders require that the organization spend the funding on specific program areas and on specific materials. Some of the funding received from these agencies related to items of a capital nature and therefore have been deferred to match the treatment of the expenditure of the funds. The funding received appears in the financial statements as follows:

	2015	2014
ACAP Fund		
HIV Prevention Services	\$ 71,099	\$ 71,428
Hepatitis C Prevention Program	85,000	82,186
HIV/AIDS Regional Coordination & Integration	75,015	74,664
Subtotal	231,114	228,278
Less: Unspent amounts repayable to funder	(4,489)	-
Less: Amounts deferred to a future year	(1,270)	-
Total revenue recognized in the year	\$ 225,355	\$ 228,278
OODP Fund		
Public Health Agency of Canada funding	\$ 91,477	\$ 103,784
Ontario Ministry of Health funding	204,076	204,076
Ontario Ministry of Health one-time funding	65,000	-
Subtotal	360,553	307,860
Less: Unspent amounts repayable to OMOH	(430)	-
Plus: Funding deferred from prior year	-	28,086
Total revenue recognized in the year	\$ 360,123	\$ 335,946
OMOH Fund		
Community-based AIDS Education and Support	\$ 823,264	\$ 823,264
HIV/IDU Outreach Project	91,131	91,131
One-time funding	25,000	-
Subtotal	939,395	914,395
Less: Unspent amounts repayable to OMOH	(6,176)	(22,574)
Total revenue recognized in the year	\$ 933,219	\$ 891,821

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

10. LEASE COMMITMENT

The organization has a long term lease with respect to premises which expires on June 30, 2018. Future minimum lease payments are as follows:

2016	\$ 71,000
2017	71,000
2018	71,000
2019	17,750
	<u>\$ 230,750</u>

11. FINANCIAL INSTRUMENTS

The organization is exposed to various risks through its financial instruments. The following analysis provides information about the organization's risk exposure and concentration. There have been no significant changes in the nature or concentration of the risk exposures from the prior year, unless otherwise noted.

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 organization is not exposed to significant credit risk as the majority of its funding comes from various government agencies and affiliates.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The organization manages its liquidity risk by forecasting its cash needs on a regular basis and seeking additional information based on those forecasts.

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

Currency risk

Currency risk is the risk to the organization's operations that arise from fluctuations of foreign exchange rates. The organization is not exposed to significant currency risk as it does not hold financial instruments denominated in a foreign currency.

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 organization is not exposed to interest rate risk in the short term. However, the organization will be exposed to interest rate risk upon the maturity of the guaranteed investment certificates if market rates vary from the rates currently being offered on these investments.

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2015

11. FINANCIAL INSTRUMENTS *(continued)*

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. In management's opinion, the organization is not exposed to significant other price risk.

12. SUBSEQUENT EVENT

On April 1, 2015 the organization amalgamated with London Regional AIDS Hospice. The combined organization continues to operate as Regional HIV / AIDS Connection.

Regional HIV/AIDS Connection
Schedule of OMOH Programs
For the Year Ended March 31, 2015

	March 31					March 31	
	2015					2014	
	OODP	One Time Grant	OODP	HIV/IDU Outreach	One Time Grant	Community Based Education	Total
Revenues							
Total funding received	\$ 204,076	\$ 65,000	\$ 91,131	\$ 25,000	\$ 823,264	\$ 1,208,471	\$ 1,118,471
Plus: amounts deferred from a past year	-	-	-	-	-	-	18,526
Less: unspent amounts repayable to OMOH	-	(430)	-	(10)	(6,166)	(6,606)	(22,574)
Amortization of deferred contributions related to capital assets	-	-	-	-	770	770	1,477
	204,076	64,570	91,131	24,990	817,868	1,202,635	1,115,900
Expenses							
Salaries and benefits	50,214	-	57,181	-	599,536	706,931	709,713
Subcontract	122,008	64,570	-	14,493	-	201,071	131,029
Program costs and resource materials	-	-	16,638	-	62,946	79,584	69,496
Office rent and maintenance	-	-	6,300	-	52,000	58,300	58,300
Office supplies	304	-	3,300	-	26,753	30,357	17,822
Administration	16,326	-	5,468	-	2,500	24,294	24,294
Computer maintenance and support	4,360	-	300	2,182	12,709	19,551	17,208
Advertising and promotion	437	-	-	8,315	6,888	15,640	4,234
Conference and staff development	-	-	-	-	14,090	14,090	7,783
Travel	9,595	-	66	-	4,101	13,762	26,217
Professional fees	-	-	-	-	11,829	11,829	15,916
Telephone	-	-	1,878	-	8,749	10,627	9,675
Volunteer development and appreciation	-	-	-	-	6,456	6,456	4,792
OAN costs	-	-	-	-	4,780	4,780	5,338
Insurance	832	-	-	-	3,761	4,593	8,620
Amortization of capital assets	-	-	-	-	770	770	1,477
Membership fees	-	-	-	-	-	-	2,847
Staff replacement costs	-	-	-	-	-	-	1,139
	204,076	64,570	91,131	24,990	817,868	1,202,635	1,115,900
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -