

REGIONAL HIV/AIDS CONNECTION

Financial Statements

Year Ended March 31, 2017

REGIONAL HIV/AIDS CONNECTION
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Year Ended March 31, 2017

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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, 2017 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

As described in the notes to the financial statements in the summary of significant accounting policies, the organization's amortization policy for the building located at 596 Pall Mall Street is based on the amount of mortgage principal repaid during the year, as required by the Ontario Ministry of Health and Long Term Care: Housing. In this respect the financial statements are not in accordance with Canadian accounting standards for not-for-profit organizations.

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.

The above issues also resulted in a qualified opinion of the financial statements for the year ended March 31, 2016.

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, 2017 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, Ontario
June 21, 2017


BDO Canada LLP
Chartered Professional Accountants
Licensed Public Accountants

Regional HIV/AIDS Connection
Statement of Financial Position
March 31, 2017

	<i>March 31,</i> <i>2017</i>				<i>March 31</i> <i>2016</i>
	Operating Funds	Restricted Funds	Endowment Fund	Total	Total
Assets					
Current					
Cash	\$ 29,521	\$ 157,875	\$ 20,079	\$ 207,475	\$ 50,852
Investments (note 4)	400,515	-	-	400,515	400,375
Grants and other amounts receivable	154,714	2,300	-	157,014	159,372
HST rebate recoverable	63,369	-	-	63,369	63,791
Inventory of supplies	85,578	-	-	85,578	73,233
Due from other funds	-	106,382	-	-	-
Prepaid expenses	34,494	-	-	34,494	55,948
	768,191	266,557	20,079	948,445	803,571
Capital assets (note 5)	1,173,170	-	-	1,173,170	1,053,648
Investments (note 6)	-	-	-	-	426,262
Amounts administered for other parties (note 7)	294,428	-	-	294,428	244,442
	\$ 2,235,789	\$ 266,557	\$ 20,079	\$ 2,416,043	\$ 2,527,923
Liabilities					
Current					
Accounts payable and accrued liabilities	318,014	-	-	318,014	376,270
Due to other funds	106,382	-	-	-	-
Deferred contributions (note 8)	108,651	-	-	108,651	166,477
Current portion of long term debt (note 9)	36,372	-	-	36,372	35,503
	569,419	-	-	463,037	578,250
Long term debt (note 9)	626,131	-	-	626,131	662,503
Deferred capital contributions (note 10)	186,379	-	-	186,379	219,403
Amounts administered for other parties (note 7)	294,428	-	-	294,428	244,442
	1,676,357	-	-	1,569,975	1,704,598
Fund balances	559,432	266,557	20,079	846,068	823,325
	\$ 2,235,789	\$ 266,557	\$ 20,079	\$ 2,416,043	\$ 2,527,923

Lease commitment (note 11)

ON BEHALF OF THE BOARD:



 Director



 Director

Regional HIV/AIDS Connection
Statement of Operations and Fund Balances
For the Year Ended March 31, 2017

	<i>March 31,</i>			<i>March 31</i>	
	Operating Funds (Schedule 1)	Restricted Funds (Schedule 2)	Endowment Fund	Total	Total
Revenues					
Government funding <i>(note 12)</i>	\$ 2,576,362	\$ 5,717	\$ -	\$ 2,582,079	\$ 2,627,823
Donations	534,812	-	-	534,812	522,998
Occupancy charges <i>(note 13)</i>	143,318	-	-	143,318	137,579
Administrative and other recoveries	122,563	-	-	122,563	112,493
Fundraising and special events	69,647	-	-	69,647	91,955
Amortization of deferred capital contributions <i>(note 11)</i>	45,184	-	-	45,184	63,886
Interest and other	22,194	1,100	29	23,323	20,782
	3,514,080	6,817	29	3,520,926	3,577,516
Expenses					
Salaries and benefits	1,731,139	-	-	1,731,139	1,667,963
Program costs and resource materials	538,423	-	-	538,423	570,746
Donated materials	444,489	-	-	444,489	465,846
Subcontract	205,292	-	-	205,292	195,713
Amortization	107,131	-	-	107,131	98,871
Rent	96,236	-	-	96,236	103,706
Computer maintenance and support	66,591	-	-	66,591	41,810
Repairs and maintenance	65,314	-	-	65,314	63,996
Administration	57,296	-	-	57,296	52,294
Office	37,080	-	-	37,080	36,850
Professional fees	20,721	-	-	20,721	19,621
Advertising and promotion	18,505	-	-	18,505	21,095
Conference and staff development	17,242	-	-	17,242	15,077
Telephone	16,977	-	-	16,977	16,696
Interest on long term debt	16,433	-	-	16,433	17,283
Property taxes	14,427	-	-	14,427	13,643
Insurance	14,339	-	-	14,339	15,895
Travel	12,867	-	-	12,867	17,423
Volunteer development and appreciation	8,553	-	-	8,553	11,645
Bank charges and interest	1,722	2,927	250	4,899	6,712
OAN costs	2,000	-	-	2,000	2,000
Membership fees	1,945	-	-	1,945	1,527
Special events	284	-	-	284	4,588
	3,495,006	2,927	250	3,498,183	3,461,000
Excess of revenues over expenses for the year	19,074	3,890	(221)	22,743	116,516
Fund balances, beginning of year	330,799	472,226	20,300	823,325	706,809
Interfund transfers <i>(note 14)</i>	209,559	(209,559)	-	-	-
Fund balances, end of year	\$ 559,432	\$ 266,557	\$ 20,079	\$ 846,068	\$ 823,325

REGIONAL HIV/AIDS CONNECTION**Statement of Cash Flows****Year Ended March 31, 2017**

	2017	2016
OPERATING ACTIVITIES		
Excess of revenues over expenses for the year	\$ 22,743	\$ 116,516
Items not affecting cash:		
Amortization of capital assets	107,131	98,871
Amortization of deferred capital contributions	(45,184)	(63,886)
	84,690	151,501
Changes in non-cash working capital:		
Grants and other amounts receivable	2,358	32,621
HST rebate recoverable	422	28,055
Inventory of supplies	(12,345)	(34,810)
Prepaid expenses	21,454	(29,448)
Accounts payable and accrued liabilities	(58,256)	46,633
Deferred contributions	(57,826)	74,684
	(104,193)	117,735
Cash flow from (used by) operating activities	(19,503)	269,236
INVESTING ACTIVITIES		
Purchase of capital assets	(226,653)	(65,718)
Decrease (increase) in investments - general fund	(140)	(17,633)
Decrease (increase) in investments - restricted fund	426,262	(87,480)
Cash flow from (used by) investing activities	199,469	(170,831)
FINANCING ACTIVITIES		
Repayment of long term debt	(35,503)	(34,655)
Deferred capital contributions received	12,160	37,500
Cash flow from (used by) financing activities	(23,343)	2,845
INCREASE IN CASH	156,623	101,250
Cash (deficiency) - beginning of year	50,852	(50,398)
CASH - END OF YEAR	\$ 207,475	\$ 50,852

See accompanying notes to the financial statements.

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

1. NATURE OF OPERATIONS

The organization provides prevention, education, support and outreach services to those living with, affected by, and/or at risk for Human Immunodeficiency Virus ("HIV") and/or Acquired Immuno-Deficiency Syndrome ("AIDS"). In addition, they provide transitional care, palliative and respite care to those living with and affected by HIV, AIDS and Hepatitis C.

The organization is an amalgamation of Regional HIV/AIDS Connection (RHAC) and London Regional AIDS Hospice ("LRAH") (o/a John Gordon Home (JGH)) which became effective April 1, 2016. The combined organization continues to operate as Regional HIV/AIDS Connection.

RHAC was originally incorporated without share capital in the Province of Ontario in February 1990. LRAH was originally incorporated without share capital in the province of Ontario in December 1991.

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).

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

3. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

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 Fund (ACAP) - fund sponsored by the Public Health Agency of Canada to provide funds for safer sex education.

Ontario Organizational Development Program Fund (OODP) - fund sponsored by Health Canada and the Ontario Ministry of Health (OMOH). 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 - fund sponsored by 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 Fund (OMOH) - fund sponsored by OMOH to provide core funding for programs, and operations such as salaries, rent and office supplies.

John Gordon Home Fund - fund sponsored by OMOH, the Southwest Local Health Integration Network (SWLHIN) and the City of London to operate a nine unit community centred hospice for those living with and affected by HIV, AIDS, and Hepatitis C.

General Fund - derives its revenue from fundraising, donations and other short term programs to assist with funding operations. The General Fund reports unrestricted resources available for immediate purposes.

Restricted funds are detailed below:

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.

Capital Replacement Reserve Fund - externally restricted fund as required by OMOH to maintain a reserve fund for replacement of capital items and unanticipated future costs related to the John Gordon Home.

JGH Replacement Fund - internally restricted fund established by the Board of Directors to support the regular replacement of property, equipment, and furnishings of the John Gordon Home, and to fund or partially fund renovation projects.

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

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

Endowment Fund:

The Endowment Fund reports funds received where the donor has stipulated that such funds must be held as an endowment in perpetuity. Interest may be spent annually at the discretion of the organization.

Revenue recognition

The organization follows the restricted fund method of accounting for contributions.

Restricted contributions related to general operations are recognized as revenue in the appropriate Operating Fund in the year in which the related expenses are incurred. All other restricted contributions are recognized as revenue of the appropriate restricted fund.

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

Resident occupancy charges to tenants and the City of London are recognized as revenue in the month they are earned.

Contributions received for the purchase of capital assets are recorded as deferred capital contributions and amortized into revenue on the same terms as the related capital asset.

Endowment contributions are recognized as revenue in the Endowment Fund.

Investment income is recognized as earned. Investment income on restricted funds and endowment funds is recognized in the appropriate fund, depending on the nature of the restriction.

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.

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, 2017

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

Capital assets

Purchased capital assets are recorded at cost. Contributed capital assets are recorded at fair value at the date of contribution. Capital assets are stated at cost less accumulated amortization. Capital assets (except for the building located at 596 Pall Mall Street) are amortized over their estimated useful lives using the straight-line method at the following rates:

Building upgrades	15 years
Leasehold improvements	5 years
Furniture and office equipment	5 years
Computer equipment	3 years
Computer software	1-5 years

The building located at 596 Pall Mall Street is amortized annually by an amount equal to the mortgage principal repaid during the year.

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 Canadian 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. INVESTMENTS - GENERAL FUND

	2017	2016
TD Canada Trust Guaranteed Investment Certificates	\$ 375,000	\$ 375,000
CIBC Guaranteed Investment Certificate	25,515	25,375
	\$ 400,515	\$ 400,375

The above consists of various cashable GIC's with interest rates ranging from 0.4% to 0.55% and maturity dates ranging from June 2017 to December 2017.

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

5. CAPITAL ASSETS

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Land	\$ 105,893	\$ -	\$ 105,893	\$ 105,893
Building - 596 Pall Mall Street	1,089,336	426,834	662,502	698,005
Building upgrades	593,923	236,669	357,254	187,008
Furniture and office equipment	293,874	288,680	5,194	8,506
Leasehold improvements	214,385	214,385	-	-
Computer equipment	167,195	126,023	41,172	51,879
Computer software	30,316	29,161	1,155	2,357
	\$ 2,494,922	\$ 1,321,752	\$ 1,173,170	\$ 1,053,648

6. INVESTMENTS - RESTRICTED FUNDS

	2017	2016
Capital Replacement Reserve Fund	\$ -	\$ 372,367
JGH Replacement Fund	-	33,895
Endowment Fund	-	20,000
	\$ -	\$ 426,262

The above consisted of various Royal Bank cashable GIC's with interest rates ranging from 0.5% to 1.4%.

7. 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:

	2017	2016
Cash receipts	\$ 551,167	\$ 359,784
Cash expenditures	(501,181)	(270,233)
Change during the year	49,986	89,551
Balance administered for other parties - beginning of the year	244,442	154,891
Balance administered for other parties - end of the year	\$ 294,428	\$ 244,442

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

8. 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 of future periods.

	2017	2016
Deferred contributions - expenses of future periods		
General fund	\$ 59,588	\$ 75,517
OODP fund	8,398	14,245
Counterpoint fund - donated materials in inventory	40,665	25,778
Counterpoint fund - externally restricted	-	50,937
	\$ 108,651	\$ 166,477

9. LONG TERM DEBT

	2017	2016
Mortgage on 596 Pall Mall Street, repayable in monthly blended payments of principal and interest of \$4,334, bearing interest at 2.433% per annum. Due March 1, 2019. Secured by land and building.	\$ 662,503	\$ 698,006
Amounts payable within one year	(36,372)	(35,503)
	\$ 626,131	\$ 662,503

Principal repayment terms are approximately:

2018	\$ 36,372
2019	626,131
	<u>\$ 662,503</u>

10. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent funds received for the purpose of funding capital purchases. Such contributions are deferred and amortized into revenue over time in order to match the amortization of the related capital item. Changes in the deferred capital contributions balance are as follows:

	2017	2016
Balance, beginning of year	\$ 219,403	\$ 245,789
Contributions received during the year (Note 12)	12,160	37,500
Amount amortized to revenue in the year	(45,184)	(63,886)
	\$ 186,379	\$ 219,403

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

11. 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:

2018	\$ 71,000
2019	<u>17,750</u>
	<u>\$ 88,750</u>

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

12. 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:

	2017	2016
ACAP Fund		
HIV Prevention Services	\$ 70,732	\$ 71,099
Hepatitis C Prevention Program	81,759	85,000
HIV/AIDS Regional Coordination & Integration	75,022	75,015
Subtotal	227,513	231,114
Less: Unspent amounts repayable to funder	-	(3,873)
Total revenue recognized in the year	\$ 227,513	\$ 227,241
ODDP Fund		
Public Health Agency of Canada funding	\$ 91,477	\$ 91,477
Ontario Ministry of Health funding	204,076	204,076
Subtotal	295,553	295,553
Less: Unspent amounts repayable to OMOH	-	(145)
Total revenue recognized in the year	\$ 295,553	\$ 295,408
Counterpoint Fund		
Middlesex London Health Unit - funding received	\$ 504,719	\$ 518,385
Funding deferred to a future year	-	(29,618)
Total revenue recognized in the year	\$ 504,719	\$ 488,767
OMOH Fund		
Community-based AIDS Education and Support	\$ 823,264	\$ 823,264
HIV/IDU Outreach Project	91,131	91,131
Deferred capital contributions portion of one time funding (note 10)	(12,160)	-
Subtotal	902,235	914,395
Less: Unspent amounts repayable to OMOH	(8,216)	(7,995)
Total revenue recognized in the year	\$ 894,019	\$ 906,400

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

12. GOVERNMENT FUNDING *(continued)*

	2017	2016
John Gordon Home Fund		
South West Local Health Integration Network (LHIN)	\$ 439,652	\$ 436,959
South West LHIN one time funding	-	41,170
Ontario Ministry of Health: Housing	115,386	112,086
Deferred capital contributions portion of one time funding (note 10)	-	(37,500)
Total revenue recognized in the year	\$ 555,038	\$ 552,715
General Fund		
London Intercommunity Health Centre	\$ 71,039	\$ 52,153
City of London - Needle Collection Study	15,000	-
Ontario HIV Treatment Network (OHTN)	13,481	41,490
Funding deferred to future year	-	(16,591)
Total revenue recognized in the year	\$ 99,520	\$ 77,052
Capital Replacement Reserve Fund		
Ontario Ministry of Health: New fire code requirements	\$ -	\$ 76,823
Annual contribution	3,417	3,417
One-time Ontario Ministry of Health Funding	2,300	-
Total revenue recognized in the year	\$ 5,717	\$ 80,240

13. CITY OF LONDON

The organization receives funding from the City of London for the operations of the John Gordon Home. The amount received includes the Personal Needs Allowance (PNA) for those residents that qualify under the agreement. The PNA funds are administered by the organization on behalf of the residents. The net revenue represents the revenue to the organization based on the number of qualifying residents each month.

	2017	2016
Gross receipts from the City of London	\$ 105,864	\$ 83,090
Total Personal Needs Allowance disbursed to residents	(12,570)	(13,070)
Net revenue from the City of London	93,294	70,020
Resident occupancy charges	50,024	67,559
Occupancy charges	\$ 143,318	\$ 137,579

REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

14. INTERFUND TRANSFERS

During the year, the Board of Directors approved the transfer of \$12,000 (2016 - \$12,000) from the General Fund to the Contingency Working Capital Fund. Also during the year, \$221,559 (2016 - \$28,217) was transferred from the Capital Replacement Reserve Fund to the General Fund as those funds were expended on capital items.

15. 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 exposed to credit risk from its residents. In order to reduce its credit risk, the organization has adopted credit policies that include the regular review of outstanding accounts receivable. An allowance for doubtful accounts is established based upon factors surrounding the credit risk of specific accounts, historical trends and other information. The organization is not exposed to credit risk on the funding 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. The organization has a line of credit available to assist with cash requirements over the short term.

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.

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REGIONAL HIV/AIDS CONNECTION

Notes to Financial Statements

Year Ended March 31, 2017

15. FINANCIAL INSTRUMENTS *(continued)*

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's interest bearing assets and liabilities include its line of credit, investments and long term debt. The organization is exposed to interest rate risk primarily through its floating interest rate line of credit at those times when the line of credit is utilized. 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. The long term debt bears interest at a fixed rate and, as such, the organization is exposed to the risk associated with having a fixed rate, but has the security of a fixed rate for operational management purposes.

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.

**Regional HIV/AIDS Connection
Schedule of Operating Funds
For the Year Ended March 31, 2017**

	March 31 2017					March 31 2016	
	ACAP Fund	OODP Fund	Counterpoint Fund	OMOH Fund	John Gordon Home Fund	General Fund	Total
Revenues							
Government funding (note 12)	\$ 227,513	\$ 295,553	\$ 504,719	\$ 894,019	\$ 555,038	\$ 99,520	\$ 2,576,362
Donations	-	-	444,489	-	7,970	82,353	534,812
Occupancy charges (note 13)	-	-	-	-	143,318	-	143,318
Administrative and other recoveries	-	-	-	-	-	122,563	122,563
Fundraising and special events	-	-	-	-	6,240	63,407	69,647
Amortization of deferred capital contributions (note 10)	-	-	-	-	45,184	-	45,184
Interest and other	-	-	-	-	20,941	1,253	22,194
	227,513	295,553	949,208	894,019	778,691	369,096	3,514,080
Expenses							
Salaries and benefits	191,384	91,207	143,586	682,718	524,159	98,085	1,731,139
Program costs and resource materials	13,789	1,338	332,237	57,217	33,852	99,990	538,423
Donated materials	-	-	444,489	-	-	-	444,489
Subcontract	-	163,592	-	13,308	17,937	10,455	205,292
Amortization	-	-	-	-	101,863	5,268	107,131
Rent	5,875	-	8,000	58,550	-	23,811	96,236
Computer maintenance and support	-	2,336	5,691	12,885	9,635	36,044	66,591
Repairs and maintenance	-	-	10,000	7,968	-	10,099	57,296
Administration	9,244	118	4,165	14,862	3,128	11,518	37,080
Office	3,289	9,000	-	2,479	-	9,242	20,721
Professional fees	-	-	-	4,382	1,718	12,405	18,505
Advertising and promotion	621	1,400	90	10,521	2,805	1,805	17,242
Conference and staff development	2,363	41	656	8,404	3,384	2,129	16,977
Telephone	-	-	-	-	16,433	-	16,433
Interest on long term debt	-	-	-	-	14,427	-	14,427
Property Taxes	-	-	-	-	6,550	(233)	14,339
Insurance	-	1,022	-	7,000	1,138	2,454	12,867
Travel	948	5,514	294	2,519	439	244	8,553
Volunteer development and appreciation	-	-	-	7,870	-	-	11,645
OAN costs	-	-	-	2,000	-	-	2,000
Membership fees	-	-	-	1,336	524	85	1,945
Bank charges and interest	-	-	-	-	385	1,337	1,722
Special events	-	-	-	-	-	284	284
	227,513	295,553	949,208	894,019	803,691	325,022	3,495,006
Excess (deficiency) of revenues over expenses for the year	-	-	-	-	(25,000)	44,074	19,074
Fund balances, beginning of year	-	-	-	-	150,364	180,435	330,799
Interfund transfers (note 14)	-	-	-	-	221,559	(12,000)	209,559
Fund balances, end of year	\$ -	\$ -	\$ -	\$ -	\$ 346,923	\$ 212,509	\$ 559,432
							\$ 330,799

See accompanying notes to the financial statements.

**Regional HIV/AIDS Connection
Schedule of Restricted Funds
For the Year Ended March 31, 2017**

	March 31			March 31		
	2017			2016		
	Contingency Working Capital Fund	Capital Replacement Reserve Fund	JGH Replacement Fund	Total	Total	Total
Revenues						
Government funding (note 12)	\$ -	\$ 5,717	\$ -	\$ 5,717	\$ 5,717	\$ 80,240
Interest and other	416	631	53	1,100	1,100	5,935
	416	6,348	53	6,817	6,817	86,175
Expenses						
Bank charges and interest	-	2,615	312	2,927	2,927	-
Excess of revenues over expenses for the year	416	3,733	(259)	3,890	3,890	86,175
Fund balances, beginning of year	93,966	343,290	34,970	472,226	472,226	401,408
Interfund transfers (note 14)	12,000	(221,559)	-	(209,559)	(209,559)	(15,357)
Fund balances, end of year	\$ 106,382	\$ 125,464	\$ 34,711	\$ 266,557	\$ 266,557	\$ 472,226

**Regional HIV/AIDS Connection
Schedule of OMOH Programs
March 31, 2017**

	OODP	HIV/IDU Outreach	Community Based Education	JGH MOH: Housing	JGH South West LHIN	Total
Revenues						
Total funding received (note 12)	\$ 204,076	\$ 91,131	\$ 823,264	\$ 118,803	\$ 439,652	\$ 1,676,926
Less: amounts spent on capital items	-	-	(12,160)	-	-	(12,160)
Less: amounts for capital replacement reserve	-	-	-	(3,417)	-	(3,417)
Less: unspent amounts repayable to OMOH	-	(3,096)	(5,120)	-	-	(8,216)
	204,076	88,035	805,984	115,386	439,652	1,653,133
Expenses						
Salaries and benefits	55,610	59,258	625,939	23,000	439,652	1,203,459
Program costs and resource materials	-	14,784	42,432	-	-	57,216
Subcontract	121,868	-	4,308	-	-	126,176
Rent	-	6,300	52,250	-	-	58,550
Amortization	-	-	-	35,503	-	35,503
Repairs and maintenance	-	-	-	22,899	-	22,899
Administration	16,302	5,468	2,500	-	-	24,270
Computer maintenance and support	2,336	300	12,586	-	-	15,222
Office	-	800	14,061	-	-	14,861
Advertising and promotion	-	-	4,382	-	-	4,382
Professional fees	-	-	9,000	-	-	9,000
Travel	5,538	36	2,483	-	-	8,057
Interest on long term debt	-	-	-	16,433	-	16,433
Telephone	-	1,089	7,315	-	-	8,404
Insurance	1,022	-	7,000	6,150	-	14,172
Conference and staff development	1,400	-	10,521	-	-	11,921
Property Taxes	-	-	-	11,401	-	11,401
Volunteer development and appreciation	-	-	7,871	-	-	7,871
OAN costs	-	-	2,000	-	-	2,000
Membership fees	-	-	1,336	-	-	1,336
	204,076	88,035	805,984	115,386	439,652	1,653,133
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -