

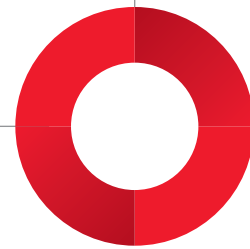


HIV Network of Edmonton

Network:

- A group of people or organizations who are closely connected and who work with each other
- A system of lines that are connected to each other
- We'll get to Zero together

Finances
2018 - 2019



Financial Statement 2018 - 2019

HIV NETWORK OF EDMONTON SOCIETY
Financial Statements
Year Ended March 31, 2019

HIV NETWORK OF EDMONTON SOCIETY
Index to Financial Statements
Year Ended March 31, 2019

	Page
AUDITOR'S REPORT	3 - 4
FINANCIAL STATEMENTS	
Statement of Financial Position	5
Statement of Operations	6
Statement of Changes in Net Assets	7
Statement of Cash Flows	8
Notes to Financial Statements	9 - 14

INDEPENDENT AUDITOR'S REPORT

To the Members of
HIV Network of Edmonton Society

Qualified Opinion

We have audited the financial statements of HIV Network of Edmonton Society (the Society), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society 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

In common with many charitable organizations, the Society derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to operations, assets or net assets.

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 Society 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.

(continues)

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Society'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 Society'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 Society 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.


Edmonton, Alberta
May 22, 2019



CHARTERED ACCOUNTANTS

HIV NETWORK OF EDMONTON SOCIETY
Statement of Financial Position
March 31, 2019

	2019	2018
ASSETS		
CURRENT		
Cash and short-term investments (Note 3)	\$ 400,658	\$ 576,061
Accounts receivable	68,452	71,091
Prepaid expenses	22,357	23,754
	<u>491,467</u>	670,906
PROPERTY AND EQUIPMENT (Note 5)	<u>10,722</u>	15,177
	<u>\$ 502,189</u>	<u>\$ 686,083</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 61,177	\$ 126,947
Deferred contributions (Note 6)	134,419	280,711
	<u>195,596</u>	407,658
NET ASSETS		
Invested in property and equipment	10,722	15,177
Internally restricted (Note 7)	214,593	211,190
Unrestricted	81,278	52,058
	<u>306,593</u>	278,425
	<u>\$ 502,189</u>	<u>\$ 686,083</u>
LEASE COMMITMENTS (Note 9)		

APPROVED BY THE BOARD


 _____ Director


 _____ Director

HIV NETWORK OF EDMONTON SOCIETY
Statement of Operations
Year Ended March 31, 2019

	2019	2018
REVENUE		
Alberta Community HIV Fund <i>(Note 10)</i>	\$ 858,000	\$ 858,000
Fund development <i>(Note 11)</i>	349,016	283,414
AMSISE project <i>(Note 12)</i>	258,646	558,055
Other <i>(Note 13)</i>	9,606	9,815
	<u>1,475,268</u>	<u>1,709,284</u>
EXPENSES		
Personnel	809,791	749,508
AMSISE project	213,123	530,500
Rent	95,222	88,121
Project costs	50,575	47,373
Telephone and utilities	43,776	37,638
Evaluation	43,247	39,869
Materials	36,670	33,347
Contract services	27,689	15,993
Ross Armstrong purchases	24,074	20,362
Fund development	16,254	15,703
Travel	15,842	10,380
Insurance	13,861	14,082
Equipment	10,882	9,914
Professional fees	10,441	9,015
Communications	10,242	8,963
Goods and Services Tax	6,769	6,444
Repairs and maintenance	3,532	4,211
Board meetings and insurance	3,295	2,374
Organizational memberships	1,825	2,430
Other administration	1,165	1,067
Interest and bank charges	1,055	955
	<u>1,439,330</u>	<u>1,648,249</u>
REVENUE OVER EXPENSES BEFORE AMORTIZATION	35,938	61,035
Amortization	<u>(7,770)</u>	<u>(6,810)</u>
REVENUE OVER EXPENSES	\$ 28,168	\$ 54,225

HIV NETWORK OF EDMONTON SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2019

	Invested in Property and Equipment	Internally Restricted	Unrestricted	2019	2018
NET ASSETS - BEGINNING OF YEAR	\$ 15,177	\$ 211,190	\$ 52,058	\$ 278,425	\$ 224,200
Revenue over (under) expenses	(7,770)	3,403	32,535	28,168	54,225
Purchase of equipment	3,315	-	(3,315)	-	-
NET ASSETS - END OF YEAR	\$ 10,722	\$ 214,593	\$ 81,278	\$ 306,593	\$ 278,425

HIV NETWORK OF EDMONTON SOCIETY
Statement of Cash Flows
Year Ended March 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Revenue over expenses	\$ 28,168	\$ 54,225
Item not affecting cash:		
Amortization	7,770	6,810
	35,938	61,035
Changes in non-cash working capital (<i>Note 14</i>)	(208,026)	165,153
	(172,088)	226,188
INVESTING ACTIVITY		
Purchase of equipment	(3,315)	(11,964)
(DECREASE) INCREASE IN CASH	(175,403)	214,224
Cash and short-term investments - beginning of year	576,061	361,837
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	\$ 400,658	\$ 576,061
CASH FLOWS SUPPLEMENTARY INFORMATION		
Interest received	\$ 3,459	\$ 3,112

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

1. NATURE OF OPERATIONS

HIV Network of Edmonton Society is a charitable organization incorporated under the Societies Act (Alberta). The Society serves Edmonton and the surrounding area by educating, providing support to and advocating on behalf of those living with and affected by HIV, and engaging in health promotion and harm reduction strategies with all populations.

The Society is a registered charity under the Income Tax Act (Canada) and is not subject to income taxes.

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and short-term investments

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at the reporting date and short-term investments with maturity dates of less than one year.

Property and equipment

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

Furniture and equipment	25%
Computer equipment	33%
Leasehold improvements	5 years

Leases

Leases are classified as either capital or operating leases. A lease that transfers substantially all of the benefits and risks of ownership is classified as a capital lease; all other leases are accounted for as operating leases. At the inception of a capital lease, an asset and a payment obligation are recorded at an amount equal to the lesser of the present value of the minimum lease payments and the property's fair market value. Assets under capital leases are amortized on a straight-line basis, over their estimated useful lives. Rental payments under operating leases are expensed as incurred.

Contributed goods and services

The Society receives a substantial amount of volunteer time and effort as well as donated goods to carry out its activities. Due to difficulty in determining the fair value of these contributed amounts, they have not been recognized in these financial statements.

(continues)

HIV NETWORK OF EDMONTON SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

2. SIGNIFICANT ACCOUNTING POLICIES *(continued)*

Revenue recognition

The Society follows the deferral method of accounting for contributions. Contributions, including donations and operating grants, are included in revenue in the year in which they are received or receivable, with the exception that contributions to fund a specific future period's operating expenses are included in revenue of that later period. Grants and contributions received for the acquisition of property and equipment are deferred and amortized to revenue on the same basis as the related property and equipment.

Investment, rental and other income are recognized as revenue as they are earned.

Financial instruments

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.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include allowance for doubtful accounts, amortization, accrued liabilities and deferred contributions. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. CASH AND SHORT-TERM INVESTMENTS

Cash and short-term investments consist of the following:

	<u>2019</u>	<u>2018</u>
Cash	\$ 186,064	\$ 263,463
Guaranteed Investment Certificates	<u>214,594</u>	<u>312,598</u>
	<u>\$ 400,658</u>	<u>\$ 576,061</u>

Cash balance includes \$5,189 (2018—\$41,476) in casino proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

The guaranteed investment certificates bear interest ranging from 1.20% to 1.45% per annum.

HIV NETWORK OF EDMONTON SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

4. REVOLVING LINE OF CREDIT

The Society has a revolving line of credit to a maximum of \$150,000. The revolving line of credit, at prime plus 1.75%, is repayable on demand and is secured by a cash collateral agreement on the guaranteed investment certificates.

As at the year end, no amount was drawn against the revolving line of credit.

5. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Furniture and equipment	\$ 21,810	\$ 19,499	\$ 2,311	\$ 2,672
Computer equipment	43,249	37,831	5,418	8,016
Leasehold improvements	284,187	281,194	2,993	4,489
	\$ 349,246	\$ 338,524	\$ 10,722	\$ 15,177

6. DEFERRED CONTRIBUTIONS

A portion of receipts received in the year are deferred to be recognized as revenue in future years as the related expenses are incurred. Deferred contributions consist of the following:

	2019	2018
Community Initiatives Program (CIP)	\$ 58,500	\$ -
Edmonton Community Foundation	26,500	45,000
City of Edmonton	16,500	-
AMSISE project - Alberta Health	15,000	175,235
Peer Mentorship - ViiV Healthcare	7,730	-
Casino	5,189	41,476
A Taste for Life sponsorship	5,000	5,000
Ross Armstrong food program - ATB Financial	-	10,000
Other	-	3,000
Muttart Foundation	-	1,000
	\$ 134,419	\$ 280,711

7. INTERNALLY RESTRICTED NET ASSETS

The Board established a Contingency Fund to provide for unexpected loss of revenue, emergency expenditures, projects and program development. The minimum fund balance should not be lower than 10% of the prior year's operating expenses. The Contingency Fund has been invested in a guaranteed investment certificate and the interest earned on the investment is to remain in the Contingency Fund.

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

8. RELATED PARTY

The Society owns 25% of the shares in Streetworks Edmonton Association. Streetworks Edmonton Association is an inactive not-for-profit organization. There were no transactions between the Society and Streetworks Edmonton Association in the current year.

9. LEASE COMMITMENTS

The Society leases office space and equipment expiring between August 2020 and April 2021. The minimum lease payments are as follows:

2019/20	\$	69,688
2020/21		54,394
	\$	<u>124,082</u>

10. ALBERTA COMMUNITY HIV FUND

The Alberta Community HIV Fund is a joint community, provincial and federal government fund disbursement model developed through consultation with representatives from Alberta community-based HIV organizations, persons living with HIV/AIDS, the regional health authorities, and provincial and federal health departments. The Society receives 58% of its revenue (2018--50%) from the Alberta Community HIV Fund and is dependent on continued funding from this source to provide for its ongoing operations.

11. FUND DEVELOPMENT

	<u>2019</u>	<u>2018</u>
Grants and sponsors	\$ 177,755	\$ 129,339
Fund Development Events	83,997	73,732
Casino	36,287	36,858
Donations from individuals	26,450	30,266
Third party events	13,150	8,989
Donations from corporations (non-event)	11,377	4,230
	<u>\$ 349,016</u>	<u>\$ 283,414</u>

12. AMSISE PROJECT

	<u>2019</u>	<u>2018</u>
Alberta Health - Phase II start up grant	\$ 258,646	\$ 367,765
Alberta Health - Phase I start up grant	-	190,290
	<u>\$ 258,646</u>	<u>\$ 558,055</u>

HIV NETWORK OF EDMONTON SOCIETY
Notes to Financial Statements
Year Ended March 31, 2019

13. OTHER REVENUE

	<u>2019</u>	<u>2018</u>
Fees for service	\$ 4,209	\$ 1,474
Investment	2,893	3,982
Miscellaneous	1,579	2,909
Memberships	500	450
Rental	425	1,000
	<u>\$ 9,606</u>	<u>\$ 9,815</u>

14. CHANGES IN NON-CASH WORKING CAPITAL

Changes in non-cash working capital items and their effect of increasing (decreasing) cash are as follows:

	<u>2019</u>	<u>2018</u>
Accounts receivable	\$ 2,639	\$ (29,968)
Prepaid expenses	1,397	(4,257)
Accounts payable and accrued liabilities	(65,770)	20,670
Deferred contributions	(146,292)	178,708
	<u>\$ (208,026)</u>	<u>\$ 165,153</u>

15. ENDOWMENT FUNDS

The HIV Edmonton Endowment Fund is one of the designated funds currently managed and operated by the Edmonton Community Foundation. The fund was established several years ago to support the operations of the Society and is permanently invested with the Edmonton Community Foundation. The Society does not have access to the principal of the fund, but rather each year a percentage of the fund is distributed by the Edmonton Community Foundation to help the Society achieve its goals. As such, the Fund is not recorded in the accounts of the Society.

The Society received \$638 (2018--\$568) in the current year and it is recorded in fund development.

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2019

16. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash and short-term investments, accounts receivable and accounts payable and accrued liabilities.

The Society is exposed to the following risks through its financial instruments:

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 Society's main credit risk relates to accounts receivable. Accounts receivable consist of the Goods and Services Tax rebate and receivable from other funding agencies. It is management's opinion that there is no significant credit risk as of March 31, 2019.

Liquidity risk

Liquidity risk is the risk that the Society will not be able to meet its obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and lease commitments. It is management's opinion that there is no significant liquidity risk as of March 31, 2019.
