

**REGIONAL HIV/AIDS CONNECTION**

**Financial Statements**

**Year Ended March 31, 2016**

**REGIONAL HIV/AIDS CONNECTION**  
**Index to Financial Statements**  
**Year Ended March 31, 2016**

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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, 2016 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: 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, 2015.

### *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, 2016 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.

### *Other Matter*

The financial statements for the year ended March 31, 2015 were audited by the firm of NPT LLP, whose practice now operates under BDO Canada LLP.

London, Ontario  
June 15, 2016

*BDO Canada LLP*

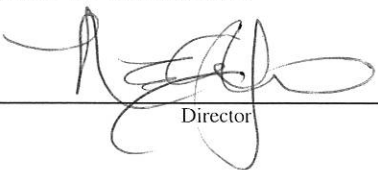
Chartered Professional Accountants  
Licensed Public Accountants

**Regional HIV/AIDS Connection**  
**Statement of Financial Position**  
**March 31, 2016**

	March 31, 2016				March 31 2015
	Operating Funds	Restricted Funds	Endowment Fund	Total	Total
<b>Assets</b>					
Current					
Cash	\$ 295,294	\$ -	\$ -	\$ 295,294	\$ 134,606
Investments (note 4)	400,375	-	-	400,375	403,027
Grants and other amounts receivable	159,372	-	-	159,372	191,993
HST rebate recoverable	63,791	-	-	63,791	91,846
Inventory of supplies	73,233	-	-	73,233	38,423
Due from other funds	28,002	93,966	300	-	-
Prepaid expenses	55,948	-	-	55,948	26,500
	1,076,015	93,966	300	1,048,013	886,395
Capital assets (note 5)	1,053,648	-	-	1,053,648	1,086,801
Investments (note 6)	-	406,262	20,000	426,262	338,782
	\$ 2,129,663	\$ 500,228	\$ 20,300	\$ 2,527,923	\$ 2,311,978
<b>Liabilities</b>					
Current					
Bank indebtedness (note 7)	\$ -	\$ -	\$ -	\$ -	\$ 50,398
Accounts payable and accrued liabilities	376,270	-	-	376,270	329,637
Due to other funds	94,266	28,002	-	-	-
Amounts administered for other parties (note 8)	244,442	-	-	244,442	154,891
Deferred contributions (note 9)	166,477	-	-	166,477	91,793
Current portion of long term debt (note 10)	35,503	-	-	35,503	34,655
	916,958	28,002	-	822,692	661,374
Long term debt (note 10)	662,503	-	-	662,503	698,006
Deferred capital contributions (note 11)	219,403	-	-	219,403	245,789
	1,798,864	28,002	-	1,704,598	1,605,169
<b>Fund balances</b>	330,799	472,226	20,300	823,325	706,809
	\$ 2,129,663	\$ 500,228	\$ 20,300	\$ 2,527,923	\$ 2,311,978

Lease commitment (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, 2016**

	March 31, 2016				March 31 2015
	Operating Funds (Schedule 1)	Restricted Funds (Schedule 2)	Endowment Fund	Total	Total
<b>Revenues</b>					
Government funding (note 13)	\$ 2,547,583	\$ 80,240	\$ -	\$ 2,627,823	\$ 2,703,535
Donations	522,998	-	-	522,998	468,050
Administrative and other recoveries	112,493	-	-	112,493	121,488
Fundraising and special events	91,955	-	-	91,955	151,535
Occupancy charges (note 14)	137,579	-	-	137,579	127,593
Amortization of deferred capital contributions (note 11)	63,886	-	-	63,886	48,671
Interest and other	14,547	5,935	300	20,782	56,109
	<b>3,491,041</b>	<b>86,175</b>	<b>300</b>	<b>3,577,516</b>	<b>3,676,981</b>
<b>Expenses</b>					
Salaries and benefits	1,667,963	-	-	1,667,963	1,663,570
Program costs and resource materials	570,746	-	-	570,746	490,089
Donated materials	465,846	-	-	465,846	434,070
Subcontract	195,713	-	-	195,713	271,364
Rent	103,706	-	-	103,706	92,873
Amortization	98,871	-	-	98,871	87,602
Repairs and maintenance	63,996	-	-	63,996	55,124
Administration	52,294	-	-	52,294	47,309
Computer maintenance and support	41,810	-	-	41,810	40,559
Office	36,850	-	-	36,850	63,389
Advertising and promotion	21,095	-	-	21,095	16,724
Professional fees	19,621	-	-	19,621	18,530
Travel	17,423	-	-	17,423	26,173
Interest on long term debt	17,283	-	-	17,283	48,010
Telephone	16,696	-	-	16,696	18,114
Insurance	15,895	-	-	15,895	9,950
Conference and staff development	15,077	-	-	15,077	34,961
Property taxes	13,643	-	-	13,643	12,489
Volunteer development and appreciation	11,645	-	-	11,645	9,945
Bank charges and interest	6,712	-	-	6,712	3,364
Special events	4,588	-	-	4,588	21,308
OAN costs	2,000	-	-	2,000	4,780
Membership fees	1,527	-	-	1,527	10,124
	<b>3,461,000</b>	<b>-</b>	<b>-</b>	<b>3,461,000</b>	<b>3,480,421</b>
<b>Excess of revenues over expenses for the year</b>	<b>30,041</b>	<b>86,175</b>	<b>300</b>	<b>116,516</b>	<b>196,560</b>
<b>Fund balances, beginning of year</b>	<b>285,401</b>	<b>401,408</b>	<b>20,000</b>	<b>706,809</b>	<b>510,249</b>
Interfund transfers (note 15)	15,357	(15,357)	-	-	-
<b>Fund balances, end of year</b>	<b>\$ 330,799</b>	<b>\$ 472,226</b>	<b>\$ 20,300</b>	<b>\$ 823,325</b>	<b>\$ 706,809</b>

**REGIONAL HIV/AIDS CONNECTION****Statement of Cash Flows****Year Ended March 31, 2016**

	2016	2015
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenses for the year	\$ 116,516	\$ 196,560
Items not affecting cash:		
Amortization of capital assets	98,871	87,602
Amortization of deferred capital contributions	(63,886)	(48,670)
	151,501	235,492
Changes in non-cash working capital:		
Grants and other amounts receivable	32,621	(147,265)
HST rebate recoverable	28,055	(34,526)
Inventory of supplies	(34,810)	(8,162)
Prepaid expenses	(29,448)	(6,526)
Accounts payable and accrued liabilities	46,633	34,425
Amounts administered for other parties	89,551	15,893
Deferred contributions	74,684	(38,749)
	207,286	(184,910)
Cash flow from operating activities	358,787	50,582
<b>INVESTING ACTIVITIES</b>		
Purchase of guaranteed investment certificates	-	(25,000)
Proceeds on maturity of guaranteed investment certificates	-	25,927
Purchase of capital assets	(65,718)	(96,920)
Decrease (increase) in investments - general fund	2,652	(26)
Increase in investments - restricted fund	(87,480)	(184,719)
Cash flow used by investing activities	(150,546)	(280,738)
<b>FINANCING ACTIVITIES</b>		
Repayment of long term debt	(34,655)	(33,826)
Deferred capital contributions received	37,500	94,644
Cash flow from financing activities	2,845	60,818
<b>INCREASE (DECREASE) IN CASH</b>	211,086	(169,338)
Cash - beginning of year	84,208	253,546
<b>CASH - END OF YEAR</b>	\$ 295,294	\$ 84,208
<b>CASH CONSISTS OF:</b>		
Cash	\$ 295,294	\$ 134,606
Bank indebtedness	-	(50,398)
	\$ 295,294	\$ 84,208

See accompanying notes to the financial statements.

## **REGIONAL HIV/AIDS CONNECTION**

### **Notes to Financial Statements**

**Year Ended March 31, 2016**

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#### **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, 2016

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#### 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.

*(continues)*

## REGIONAL HIV/AIDS CONNECTION

### Notes to Financial Statements

Year Ended March 31, 2016

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#### 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, 2016

#### 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

	2016	2015
TD Canada Trust Guaranteed Investment Certificates	\$ 375,000	\$ 375,000
CIBC Guaranteed Investment Certificate	25,375	25,000
Royal Bank Guaranteed Investment Certificate	-	3,027
	<b>\$ 400,375</b>	<b>\$ 403,027</b>

The above consists of various cashable GIC's with interest rates ranging from 0.4% to 1.8% and maturity dates ranging from June 2016 to December 2016.

## REGIONAL HIV/AIDS CONNECTION

### Notes to Financial Statements

Year Ended March 31, 2016

#### 5. CAPITAL ASSETS

	Cost	Accumulated amortization	2016 Net book value	2015 Net book value
Land	\$ 105,893	\$ -	\$ 105,893	\$ 105,893
Building - 596 Pall Mall Street	1,089,336	391,331	698,005	732,660
Building upgrades	384,948	197,940	187,008	178,176
Furniture and office equipment	291,999	283,493	8,506	15,529
Leasehold improvements	214,385	214,385	-	1,313
Computer equipment	151,392	99,513	51,879	31,317
Computer software	30,316	27,959	2,357	21,913
	\$ 2,268,269	\$ 1,214,621	\$ 1,053,648	\$ 1,086,801

#### 6. INVESTMENTS - RESTRICTED FUNDS

	2016	2015
Capital Replacement Reserve Fund	\$ 372,367	\$ 284,887
JGH Replacement Fund	33,895	33,895
Endowment Fund	20,000	20,000
	\$ 426,262	\$ 338,782

The above consists of various Royal Bank cashable GIC's with interest rates ranging from 0.5% to 1.4% and maturity dates ranging from March 2017 to March 2020.

#### 7. LINE OF CREDIT

The organization has an operating line of credit with a limit of \$50,000. The interest rate on the operating line of credit is prime plus 2.5%. As of March 31, 2016, there was an outstanding balance payable on the line of credit of \$Nil (2015 - \$Nil). The line of credit is secured by a general security agreement constituting a first ranking security interest on all property, other than the land and building which is secured by the mortgage detailed in Note 10.

The bank indebtedness at the prior year end resulted from outstanding cheques in excess of the bank balance.

## REGIONAL HIV/AIDS CONNECTION

### Notes to Financial Statements

Year Ended March 31, 2016

#### 8. 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:

	2016	2015
Cash receipts	\$ 359,784	\$ 331,114
Amounts receivable	-	51,129
Cash expenditures	(270,233)	(366,350)
Change during the year	89,551	15,893
Balance administered for other parties - beginning of the year	154,891	138,998
Balance administered for other parties - end of the year	\$ 244,442	\$ 154,891

#### 9. 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.

	2016	2015
<b>Deferred contributions - expenses of future periods</b>		
General fund	\$ 75,517	\$ 54,960
ACAP fund	-	1,270
OODP fund	14,245	14,245
Counterpoint fund - externally restricted	50,937	21,318
Counterpoint fund - donated materials in inventory	25,778	-
	\$ 166,477	\$ 91,793

**REGIONAL HIV/AIDS CONNECTION****Notes to Financial Statements****Year Ended March 31, 2016****10. LONG TERM DEBT**

	<b>2016</b>	2015
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.	\$ 698,006	\$ 732,661
Amounts payable within one year	(35,503)	(34,655)
	<b>\$ 662,503</b>	<b>\$ 698,006</b>

Principal repayment terms are approximately:

2017	\$ 35,503
2018	36,372
2019	626,131
	<u>\$ 698,006</u>

**11. 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:

	<b>2016</b>	2015
Balance, beginning of year	\$ 245,789	\$ 199,816
Contributions received during the year (Note 13)	37,500	94,644
Amount amortized to revenue in the year	(63,886)	(48,671)
	<b>\$ 219,403</b>	<b>\$ 245,789</b>

**12. 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:

2017	\$ 71,000
2018	71,000
2019	17,750
	<u>\$ 159,750</u>

## REGIONAL HIV/AIDS CONNECTION

### Notes to Financial Statements

Year Ended March 31, 2016

#### 13. 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:

	2016	2015
<b>ACAP Fund</b>		
HIV Prevention Services	\$ 71,099	\$ 71,099
Hepatitis C Prevention Program	85,000	85,000
HIV/AIDS Regional Coordination & Integration	75,015	75,015
Subtotal	231,114	231,114
Less: Unspent amounts repayable to funder	(3,873)	(4,489)
Less: Amounts deferred to a future year	-	(1,270)
Total revenue recognized in the year	\$ 227,241	\$ 225,355
<b>OODP Fund</b>		
Public Health Agency of Canada funding	\$ 91,477	\$ 91,477
Ontario Ministry of Health funding	204,076	204,076
Ontario Ministry of Health one-time funding	-	65,000
Subtotal	295,553	360,553
Less: Unspent amounts repayable to OMOH	(145)	(430)
Total revenue recognized in the year	\$ 295,408	\$ 360,123
<b>Counterpoint Fund</b>		
Middlesex London Health Unit - funding received	\$ 518,385	\$ 396,650
Prior year funding recognized	-	25,639
Funding deferred to a future year	(29,618)	(21,318)
Total revenue recognized in the year	\$ 488,767	\$ 400,971
<b>OMOH Fund</b>		
Community-based AIDS Education and Support	\$ 823,264	\$ 823,264
HIV/IDU Outreach Project	91,131	91,131
One-time funding	-	25,000
Subtotal	914,395	939,395
Less: Unspent amounts repayable to OMOH	(7,995)	(6,176)
Total revenue recognized in the year	\$ 906,400	\$ 933,219

(continues)

# REGIONAL HIV/AIDS CONNECTION

## Notes to Financial Statements

Year Ended March 31, 2016

### 13. GOVERNMENT FUNDING (continued)

	2016	2015
<b>John Gordon Home Fund</b>		
South West Local Health Integration Network (LHIN)	\$ 436,959	\$ 425,762
South West LHIN one time funding	41,170	127,734
Ontario Ministry of Health: Housing	112,086	111,886
Ontario Ministry of Health: AIDS Bureau	-	2,360
Deferred capital contributions portion of one time funding (note 11)	(37,500)	(94,644)
Total revenue recognized in the year	\$ 552,715	\$ 573,098
<b>General Fund</b>		
London Intercommunity Health Centre	\$ 52,153	\$ 32,693
Ontario HIV Treatment Network (OHTN)	41,490	6,295
City of London - Managed Alcohol Program	-	5,064
Funding deferred to future year	(16,591)	-
Total revenue recognized in the year	\$ 77,052	\$ 44,052
<b>Capital Replacement Reserve Fund</b>		
Ontario Ministry of Health: New fire code requirements	\$ 76,823	\$ 160,300
Annual contribution	3,417	6,417
Total revenue recognized in the year	\$ 80,240	\$ 166,717

### 14. 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.

	2016	2015
Gross receipts from the City of London	\$ 83,090	\$ 87,527
Total Personal Needs Allowance disbursed to residents	(13,070)	(13,908)
Net revenue from the City of London	70,020	73,619
Resident occupancy charges	67,559	53,974
Occupancy charges	\$ 137,579	\$ 127,593



## REGIONAL HIV/AIDS CONNECTION

### Notes to Financial Statements

Year Ended March 31, 2016

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#### 15. INTERFUND TRANSFERS

During the year, the Board of Directors approved the transfer of \$12,000 (2015 - \$12,000) from the General Fund to the Contingency Working Capital Fund. Also during the year, \$28,217 (2014 - \$nil) was transferred from the Capital Replacement Reserve Fund to the General Fund as those funds were expended on capital items. Finally, \$860 was transferred from the General Fund to the Capital Replacement Reserve Fund as required by the Ontario Ministry of Health: Housing.

#### 16. 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.

*(continues)*

## REGIONAL HIV/AIDS CONNECTION

### Notes to Financial Statements

Year Ended March 31, 2016

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#### 16. 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.

#### 17. COMPARATIVE FIGURES

The prior year figures reflect the combined operations of Regional HIV/AIDS Connection and London Regional AIDS Hospice as though they had been operating as an amalgamated organization in the prior year. Some of the comparative figures have been reclassified to conform to the current year's presentation.

The prior year financial statements of Regional HIV/AIDS Connection and London Regional AIDS Hospice for the year ended March 31, 2015 were audited by NPT LLP, whose practice now operates under BDO Canada LLP.

**Regional HIV/AIDS Connection**  
**Schedule of Operating Funds**  
**For the Year Ended March 31, 2016**

	March 31 2016					March 31 2015	
	ACAP Fund	OODP Fund	Counterpoint Fund	OMOH Fund	John Gordon Home Fund	General Fund	Total
<b>Revenues</b>							
Government funding (note 13)	\$ 227,241	\$ 295,408	\$ 488,767	\$ 906,400	\$ 552,715	\$ 77,052	\$ 2,547,583
Donations	-	-	465,846	-	2,489	54,663	522,998
Administrative and other recoveries	-	-	-	-	-	112,493	121,488
Fundraising and special events	-	-	-	540	3,500	87,915	91,955
Occupancy charges (note 14)	-	-	-	-	137,579	-	137,579
Amortization of deferred capital contributions (note 11)	-	-	-	-	63,886	-	63,886
Interest and other	-	-	-	-	9,152	5,395	14,547
	227,241	295,408	954,613	906,940	769,321	337,518	3,491,041
<b>Expenses</b>							
Salaries and benefits	188,558	85,125	72,903	684,353	508,998	128,026	1,663,963
Program costs and resource materials	13,745	588	390,052	65,296	33,848	67,217	570,746
Donated materials	-	-	465,846	-	-	-	465,846
Subcontract	-	173,877	-	4,677	-	17,159	195,713
Rent	5,875	-	8,000	58,300	-	31,531	103,706
Amortization	-	-	-	-	95,836	3,035	98,871
Repairs and maintenance	-	-	-	-	63,996	-	63,996
Administration	9,244	19,985	10,000	7,968	-	5,097	52,294
Computer maintenance and support	-	2,750	3,735	12,795	13,998	8,532	41,810
Office	4,961	201	3,316	15,061	3,981	9,330	36,850
Advertising and promotion	-	-	-	7,254	1,608	12,233	21,095
Professional fees	-	667	-	11,323	6,964	667	19,621
Travel	1,619	9,840	141	4,074	879	870	17,423
Interest on long term debt	-	-	-	-	17,283	-	17,283
Telephone	2,363	35	600	9,127	3,390	1,181	16,696
Insurance	-	940	-	7,000	6,114	1,841	15,895
Conference and staff development	876	1,400	20	9,170	1,423	2,188	15,077
Property Taxes	-	-	-	-	13,643	-	13,643
Volunteer development and appreciation	-	-	-	7,842	1,823	1,980	11,645
Bank charges and interest	-	-	-	-	5,120	1,592	6,712
Special events	-	-	-	-	-	4,588	4,588
OAN costs	-	-	-	2,000	-	-	2,000
Membership fees	-	-	-	700	417	410	1,527
	227,241	295,408	954,613	906,940	779,321	297,477	3,461,000
<b>Excess (deficiency) of revenues over expenses for the year</b>	-	-	-	-	(10,000)	40,041	30,041
<b>Fund balances, beginning of year</b>	-	-	-	-	132,147	153,254	285,401
Interfund transfers (note 15)	-	-	-	-	28,217	(12,860)	15,357
<b>Fund balances, end of year</b>	\$ -	\$ -	\$ -	\$ -	\$ 150,364	\$ 180,435	\$ 330,799
							\$ 285,401

See accompanying notes to the financial statements.

**Regional HIV/AIDS Connection**  
**Schedule of Restricted Funds**  
**For the Year Ended March 31, 2016**

	March 31 2016			March 31 2015		
	Contingency Working Capital Fund	Capital Replacement Reserve Fund	JGH Replacement Fund	Total	Total	Total
<b>Revenues</b>						
Government funding (note 13)	\$ -	\$ 80,240	\$ -	\$ 80,240	\$ 166,717	
Interest and other	1,480	3,980	475	5,935	2,639	
	1,480	84,220	475	86,175	169,356	
<b>Expenses</b>						
Repairs and maintenance	\$ -	\$ -	\$ -	\$ -	\$ 1,247	
<b>Excess of revenues over expenses for the year</b>	1,480	84,220	475	86,175	168,109	
<b>Fund balances, beginning of year</b>	80,486	286,427	34,495	401,408	221,299	
Interfund transfers (note 15)	12,000	(27,357)	-	(15,357)	12,000	
<b>Fund balances, end of year</b>	\$ 93,966	\$ 343,290	\$ 34,970	\$ 472,226	\$ 401,408	

**Regional HIV/AIDS Connection**  
**Schedule of OMOH Programs**  
**March 31, 2016**

	OODP	HIV/IDU Outreach	Community Based Education	JGH MOH: Housing	JGH One Time Grant	JGH South West LHIN	JGH SWLHIN One Time Grant	Total
<b>Revenues</b>								
Total funding received (note 13)	\$ 204,076	\$ 91,131	\$ 823,264	\$ 115,503	\$ 76,823	\$ 436,959	\$ 41,170	\$ 1,788,926
Less: amounts spent on capital items	-	-	-	-	-	-	(37,500)	(37,500)
Less: amounts for capital replacement reserve	-	-	-	(3,417)	(76,823)	-	-	(80,240)
Less: unspent amounts repayable to OMOH	(145)	-	(7,995)	-	-	-	-	(8,140)
	203,931	91,131	815,269	112,086	-	436,959	3,670	1,663,046
<b>Expenses</b>								
Salaries and benefits	48,642	60,958	623,395	23,000	-	436,959	-	1,192,954
Program costs and resource materials	588	15,691	49,065	-	-	-	-	65,344
Subcontract	123,370	-	4,677	-	-	-	-	128,047
Rent	-	6,300	52,000	-	-	-	-	58,300
Amortization	-	-	-	34,655	-	-	-	34,655
Repairs and maintenance	-	-	-	20,548	-	-	3,670	24,218
Administration	16,326	5,468	2,500	-	-	-	-	24,294
Computer maintenance and support	2,750	300	12,495	-	-	-	-	15,545
Office	75	800	14,261	-	-	-	-	15,136
Advertising and promotion	-	-	7,254	-	-	-	-	7,254
Professional fees	-	-	11,323	-	-	-	-	11,323
Travel	9,840	314	3,760	-	-	-	-	13,914
Interest on long term debt	-	-	-	17,283	-	-	-	17,283
Telephone	-	900	8,227	-	-	-	-	9,127
Insurance	940	-	7,000	5,500	-	-	-	13,440
Conference and staff development	1,400	400	8,770	-	-	-	-	10,570
Property Taxes	-	-	-	11,100	-	-	-	11,100
Volunteer development and appreciation	-	-	7,842	-	-	-	-	7,842
OGAN costs	-	-	2,000	-	-	-	-	2,000
Membership fees	-	-	700	-	-	-	-	700
	203,931	91,131	815,269	112,086	-	436,959	3,670	1,663,046
	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -