

HIV NETWORK OF EDMONTON SOCIETY
Financial Statements
Year Ended March 31, 2024

HIV NETWORK OF EDMONTON SOCIETY
Index to Financial Statements
Year Ended March 31, 2024

	Page
INDEPENDENT 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, 2024, 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, 2024, 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.

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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
June 19, 2024


CHARTERED PROFESSIONAL ACCOUNTANTS

HIV NETWORK OF EDMONTON SOCIETY
Statement of Financial Position
March 31, 2024

	2024	2023
ASSETS		
CURRENT		
Cash (Note 3)	\$ 155,868	\$ 245,879
Short-term investments (Note 4)	228,566	251,422
Accounts receivable	284,911	241,788
Promissory note receivable (Note 5)	18,308	-
Prepaid expenses	19,583	26,562
	<u>707,236</u>	<u>765,651</u>
PROPERTY AND EQUIPMENT (Note 7)	8,223	13,252
	<u>\$ 715,459</u>	<u>\$ 778,903</u>
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	\$ 190,460	\$ 116,480
Deferred contributions (Note 8)	269,030	372,870
	<u>459,490</u>	<u>489,350</u>
NET ASSETS		
Invested in property and equipment	8,223	13,252
Internally restricted (Note 9)	228,566	251,422
Unrestricted	19,180	24,879
	<u>255,969</u>	<u>289,553</u>
	<u>\$ 715,459</u>	<u>\$ 778,903</u>
LEASE COMMITMENTS (Note 10)		

APPROVED BY THE BOARD

 Director
 Director

HIV NETWORK OF EDMONTON SOCIETY

Statement of Operations

Year Ended March 31, 2024

	2024	2023
REVENUE		
Grants (Note 11)	\$ 1,912,672	\$ 1,563,109
Partnership projects (Note 12)	1,215,153	1,042,604
Fund development (Note 13)	100,994	87,495
Other (Note 14)	21,693	23,856
	<u>3,250,512</u>	<u>2,717,064</u>
EXPENSES		
Personnel	1,302,300	1,075,379
Partnership projects (Note 12)	1,215,153	1,042,604
Contract services	280,223	160,511
Rent	124,970	117,486
Materials	63,556	44,833
Telephone and utilities	52,335	52,862
Travel	39,672	25,814
Project costs	36,261	28,920
Ross Armstrong purchases	35,048	52,145
Professional fees	26,518	30,689
Communications	24,984	6,619
Insurance	20,694	16,596
Equipment	16,767	8,872
Fund development	13,263	16,230
Evaluation	11,016	25,039
Repairs and maintenance	6,258	5,705
Other administration	3,918	6,297
Organizational memberships	1,434	1,335
Board meetings and insurance	3,627	5,226
Interest and bank charges	1,070	1,128
Ken McDonald Memorial Fund	-	1,100
	<u>3,279,067</u>	<u>2,725,390</u>
REVENUE UNDER EXPENSES BEFORE AMORTIZATION	(28,555)	(8,326)
Amortization	(5,029)	(7,302)
REVENUE UNDER EXPENSES	<u>\$ (33,584)</u>	<u>\$ (15,628)</u>

HIV NETWORK OF EDMONTON SOCIETY
Statement of Changes in Net Assets
Year Ended March 31, 2024

	Invested in Property and Equipment	Internally Restricted	Unrestricted	2024	2023
NET ASSETS - BEGINNING OF YEAR	\$ 13,252	\$ 251,422	\$ 24,879	\$ 289,553	\$ 305,181
Revenue over (under) expenses	(5,029)	6,423	(34,978)	(33,584)	(15,628)
Transfer (Note 9)	-	(29,279)	29,279	-	-
NET ASSETS - END OF YEAR	\$ 8,223	\$ 228,566	\$ 19,180	\$ 255,969	\$ 289,553

HIV NETWORK OF EDMONTON SOCIETY
Statement of Cash Flows
Year Ended March 31, 2024

	2024	2023
OPERATING ACTIVITIES		
Revenue under expenses	\$ (33,584)	\$ (15,628)
Item not affecting cash:		
Amortization	5,029	7,302
	(28,555)	(8,326)
Changes in non-cash working capital (Note 15)	(84,312)	329,989
	(112,867)	321,663
INVESTING ACTIVITY		
Purchase of equipment	-	(18,280)
(DECREASE) INCREASE IN CASH AND SHORT-TERM INVESTMENTS	(112,867)	303,383
Cash and short-term investments - beginning of year	497,301	193,918
CASH AND SHORT-TERM INVESTMENTS - END OF YEAR	\$ 384,434	\$ 497,301
CASH AND SHORT-TERM INVESTMENTS CONSISTS OF:		
Cash	\$ 155,868	\$ 245,879
Short-term investments	228,566	251,422
	\$ 384,434	\$ 497,301

HIV NETWORK OF EDMONTON SOCIETY
Notes to Financial Statements
Year Ended March 31, 2024

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 and short-term investments are 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 six months.

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.

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HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2024

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 standards for not-for-profit organizations requires management to make estimates and assumptions that affect the amounts reported in the financial statements. Significant estimates include useful life of property and equipment, accrued liabilities and deferred contributions. By their nature, these estimates are subject to measurement uncertainty and actual results could differ.

3. RESTRICTED CASH

Cash balance includes \$27,474 (2023--\$65,129) in casino and raffle proceeds which can only be used in accordance with the licensing agreement with the Alberta Gaming, Liquor and Cannabis Commission.

4. SHORT-TERM INVESTMENTS

Short-term investments consists of non-redeemable guaranteed investment certificates which bear interest at 3.0% to 3.25% per annum and are due within six months.

5. PROMISSORY NOTE

The promissory note is unsecured, non-interest bearing due as a lump sum \$4,000 payment in April 2024 and monthly installments of \$2,385 from October 2024 to March 2025.

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2024

6. 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, \$0 (2023--\$0) was drawn against the revolving line of credit. Interest paid on the line of credit totalled \$0 (2023--\$38).

7. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2024 Net book value	2023 Net book value
Furniture and equipment	\$ 32,233	\$ 25,959	\$ 6,274	\$ 9,410
Computer equipment	50,484	48,535	1,949	3,842
Leasehold improvements	285,282	285,282	-	-
	\$ 367,999	\$ 359,776	\$ 8,223	\$ 13,252

8. 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:

	2023	Contributions Received	Amounts Recognized as Revenue	2024
Provincial government grants	\$ 131,311	\$ 701,625	\$ (685,380)	\$ 147,556
Gaming proceeds	65,129	27,342	(64,997)	27,474
Municipal government grants	75,525	-	(52,525)	23,000
Ken McDonald Memorial fund	8,760	17,156	(12,916)	13,000
Other grants	45,274	58,000	(45,274)	58,000
Federal government grants	46,871	127,500	(174,371)	-
	\$ 372,870	\$ 931,623	\$ (1,035,463)	\$ 269,030

9. 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 guaranteed investment certificates and the interest earned on the investment is to remain in the Contingency Fund. During the year, the board approved the transfer of \$29,279 from the Contingency Fund to the unrestricted fund.

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2024

10. LEASE COMMITMENTS

The Society lease office space which expires December 2026. The Society leases office equipment under agreements which expire October 2025. The Society has entered into a consulting agreement which expires October 2024. The Society has entered into a licensing agreement for HR consulting and software portal which expires March 2025. The future lease payments are approximately as follows:

2025	\$ 112,860
2026	81,082
2027	61,846
	<u>\$ 255,788</u>

11. GRANTS

	2024	2023
Federal government grants	\$ 1,122,835	\$ 872,529
Provincial government grants	709,302	592,731
Foundation grants	56,932	14,068
Other grants	18,428	67,281
Municipal government grants	5,175	16,500
	<u>\$ 1,912,672</u>	<u>\$ 1,563,109</u>

12. PARTNERSHIP PROJECTS

The Society participates in partnership projects with other not-for-profit organizations whereby the Society functions as the fiscal agent and the participating agency functions as the implementation partner. These partnership projects align with the charitable purposes of the Society.

	2024	2023
Alberta Health collaborative partners	\$ 770,931	\$ 770,931
Federal government collaborative partners	257,428	-
Provincial government collaborative partners	139,444	-
Municipal government collaborative partners	47,350	-
ANSWER Society	-	127,673
Ribbon Rouge Foundation	-	100,000
RRF - SCUBA	-	44,000
	<u>\$ 1,215,153</u>	<u>\$ 1,042,604</u>

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2024

13. FUND DEVELOPMENT

	2024	2023
Fund development events	\$ 90,232	\$ 67,764
Donations from individuals	5,762	15,387
Donations from corporations (non-event)	5,000	4,344
	<u>\$ 100,994</u>	<u>\$ 87,495</u>

14. OTHER REVENUE

	2024	2023
Ken McDonald Memorial Fund	\$ 12,916	\$ 4,000
Investment	6,423	3,194
Fees for service	2,029	16,345
Presentations	300	-
Memberships	25	317
	<u>\$ 21,693</u>	<u>\$ 23,856</u>

15. CHANGES IN NON-CASH WORKING CAPITAL

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

	2024	2023
Accounts receivable	\$ (43,123)	\$ 73,013
Promissory note receivable	(18,308)	-
Prepaid expenses	6,979	(10,009)
Accounts payable and accrued liabilities	73,980	(18,990)
Deferred contributions	(103,840)	285,975
	<u>\$ (84,312)</u>	<u>\$ 329,989</u>

16. 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 \$666 (2023--\$712) in the current year and it is recorded in fund development.

HIV NETWORK OF EDMONTON SOCIETY

Notes to Financial Statements

Year Ended March 31, 2024

17. FINANCIAL INSTRUMENTS

The Society's financial instruments consist of cash, 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 amounts receivable from other funding agencies. The concentration of accounts receivable due from one funder is 83%, however, because this amount is due from a government agency, it is management's opinion that there is no significant credit risk as of March 31, 2024.

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, 2024.

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 Society is exposed to interest rate risk arising on its interest bearing short-term investments and revolving line of credit.
