
**CANADIAN TREATMENT ACTION
COUNCIL INC.**

FINANCIAL STATEMENTS

MARCH 31, 2019

INDEPENDENT AUDITOR'S REPORT

To the Members of Canadian Treatment Action Council Inc.,

Opinion

We have audited the financial statements of Canadian Treatment Action Council Inc. (the organization), which comprise the statement of financial position as at March 31, 2019, and the statements of operations and 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, the accompanying financial statements present fairly, in all material respects, the financial position of Canadian Treatment Action Council Inc. 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 Opinion

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 organization 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 these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

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

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.

INDEPENDENT AUDITOR'S REPORT (continued)

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 organization'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 organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw your 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 organization 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.

Pennyjean Chung LLP

Chartered Professional Accountants
Licensed Public Accountants

July 17, 2019
Toronto, Ontario

CANADIAN TREATMENT ACTION COUNCIL INC.

STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2019

	2019	2018
ASSETS		
Current assets		
Cash	\$ 68,206	\$ 51,588
Guaranteed investment certificate (note 3)	100,000	140,000
Accounts receivable	-	117,778
HST receivable	1,917	19,606
Prepaid expenses	<u>11,461</u>	<u>20,599</u>
	<u>\$ 181,584</u>	<u>\$ 349,571</u>
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities	\$ 28,044	\$ 41,812
Deferred contributions (note 4)	<u>91,250</u>	<u>86,343</u>
	<u>119,294</u>	<u>128,155</u>
Net assets		
Internally restricted (note 6)	61,719	140,000
Unrestricted	<u>571</u>	<u>81,416</u>
	<u>62,290</u>	<u>221,416</u>
	<u>\$ 181,584</u>	<u>\$ 349,571</u>

Approved on behalf of the Board:

_____, Director

_____, Director

see accompanying notes

CANADIAN TREATMENT ACTION COUNCIL INC.**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS****FOR THE YEAR ENDED MARCH 31, 2019**

	2019	2018
REVENUE		
Corporate contributions (note 5)	\$ 142,750	\$ 75,917
Rental	63,195	-
Other	14,131	25,439
Public Health Agency of Canada grant	<u>-</u>	<u>591,095</u>
	<u>220,076</u>	<u>692,451</u>
EXPENSES		
Salaries and benefits	262,211	536,893
Rent, telephone and utilities	89,214	77,779
Administrative	4,362	6,079
Travel and accommodation	8,108	30,233
Professional fees	7,463	24,049
Materials	6,511	12,313
Evaluation	<u>1,333</u>	<u>5,000</u>
	<u>379,202</u>	<u>692,346</u>
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	(159,126)	105
Net assets, beginning of year	<u>221,416</u>	<u>221,311</u>
NET ASSETS, END OF YEAR	<u>\$ 62,290</u>	<u>\$ 221,416</u>

see accompanying notes

CANADIAN TREATMENT ACTION COUNCIL INC.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED MARCH 31, 2019

	2019	2018
OPERATING ACTIVITIES		
Excess of revenue over expenses for the year	\$ (159,126)	\$ 105
Net change in non-cash working capital items (see below)	<u>135,744</u>	<u>206,194</u>
Net cash generated from (used for) operating activities	(23,382)	206,299
INVESTING ACTIVITIES		
Redemption (purchase) of guaranteed investment certificate	<u>40,000</u>	<u>(140,000)</u>
NET INCREASE IN CASH IN THE YEAR	16,618	66,299
Cash (bank indebtedness), beginning of year	<u>51,588</u>	<u>(14,711)</u>
CASH, END OF YEAR	<u>\$ 68,206</u>	<u>\$ 51,588</u>

Net change in non-cash working capital items:

Decrease (increase) in current assets-		
Accounts receivable	\$ 117,777	\$ 96,174
HST receivable	17,689	4,766
Prepaid expenses	9,138	20,630
Increase (decrease) in current liabilities-		
Accounts payable and accrued liabilities	(13,767)	18,541
Deferred contributions	<u>4,907</u>	<u>66,083</u>
	<u>\$ 135,744</u>	<u>\$ 206,194</u>

see accompanying notes

CANADIAN TREATMENT ACTION COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

Canadian Treatment Action Council Inc./Conseil Canadien de Surveillance et d'Accès aux Traitements Inc (the organization) is incorporated under the Canada Not-for-profit Corporations Act without share capital. The organization is exempt from income tax in Canada as a not-for-profit organization under Section 149(1)(L) of the Income Tax Act (Canada).

The objectives of the organization are to secure and ensure access to therapies and treatments for people living with HIV/AIDS or who are co-infected with the viral Hepatitis by working with the public, private and not-for-profit sectors. The organization serves to:

- i) Inform research and public policy, and promote public awareness;
- ii) Provide mentoring and skill building in these areas to people living with HIV/AIDS or who are co-infected with the viral Hepatitis;
- iii) Encourage and facilitate the exchange of related information to stakeholders; and
- iv) Build and work with coalitions to address broader health care issues impacting access to therapies and treatments.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Management is responsible for preparation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations. Outlined below are those policies considered particularly significant:

Revenue recognition

The principal sources of revenue and recognition of these revenues for financial statement purposes are as follows:

- i) The organization follows the deferral method of revenue recognition for contributions, which includes grants. Contributions related to current expenses are reflected in the accounts as revenue in the current year. Contributions received in the year for expenses to be incurred in the following fiscal year are recorded as deferred contributions. Contributions related to the purchase of capital assets are recorded as revenue in the same period the related assets are charged to operations.
- ii) Fundraising and donation revenue is recorded when funds are received. Donated materials and services which are purchased on behalf of the organization are not recorded in the accounts.

2. FINANCIAL INSTRUMENTS

The organization records financial instruments, which include cash, guaranteed investment certificates, accounts receivable, accounts payable and accrued liabilities, initially at fair value. Guaranteed investment certificates are subsequently recorded at cost plus accrued interest income. All other financial instruments are subsequently recorded net of any provisions for impairment in value.

3. GUARANTEED INVESTMENT CERTIFICATE

The guaranteed investment certificate is issued by a major Canadian chartered bank, bears an interest rate of 1.80% and matures in January 2020.

CANADIAN TREATMENT ACTION COUNCIL INC.

NOTES TO THE FINANCIAL STATEMENTS

MARCH 31, 2019

4. DEFERRED CONTRIBUTIONS

Continuity of deferred contributions for the year is as follows:

	2019	2018
Deferred contributions, beginning of year	\$ 86,343	\$ 20,260
Add cash received from contributions	147,657	142,000
Less contribution revenue recognized	<u>(142,750)</u>	<u>(75,917)</u>
Deferred contributions, end of year	<u>\$ 91,250</u>	<u>\$ 86,343</u>

5. CORPORATE CONTRIBUTIONS

Corporate contributions are as follows:

	2019	2018
AbbVie Corporation	\$ 58,500	\$ 13,657
Gilead Sciences	31,750	60,500
Viiv Healthcare	30,000	1,760
MAC	<u>22,500</u>	<u>-</u>
	<u>\$ 142,750</u>	<u>\$ 75,917</u>

6. INTERNALLY RESTRICTED NET ASSETS

Internally restricted net assets are reserved in the event of an operational wind-up. The organization may not use these net assets for any other purpose without the approval of the Board of Directors. During the year, the Board of Directors approved a transfer of \$78,281 from internally restricted net assets to unrestricted net assets.

7. COMMITMENT

The organization leases office space in Toronto, Ontario. Minimum annual payments under the terms of the lease, which expires on July 31, 2020, are as follows:

2020	\$ 32,800
2021	8,200