

FINANCIAL STATEMENTS
For
THE ONTARIO HIV TREATMENT NETWORK
For year ended
MARCH 31, 2018

INDEPENDENT AUDITOR'S REPORT

To the Directors of

THE ONTARIO HIV TREATMENT NETWORK

We have audited the accompanying financial statements of The Ontario HIV Treatment Network, which comprise the statement of financial position as at March 31, 2018 and the statements of revenue and expenditures and changes in net assets 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 audit opinion.

Opinion

In our opinion, these financial statements present fairly, in all material respects, the financial position of The Ontario HIV Treatment Network as at March 31, 2018, 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.



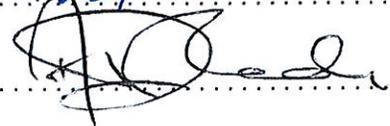
Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 22, 2018.

THE ONTARIO HIV TREATMENT NETWORK
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
<u>ASSETS</u>		
CURRENT ASSETS		
Cash	\$ 2,035,546	\$ 752,015
Accounts receivable (note 4)	311,389	489,114
Prepaid expenses	<u>124,565</u>	<u>113,097</u>
	2,471,500	1,354,226
 CAPITAL ASSETS (note 3)	 <u>179,364</u>	 <u>242,167</u>
	<u>\$ 2,650,864</u>	<u>\$ 1,596,393</u>
 <u>LIABILITIES AND NET ASSETS</u>		
CURRENT LIABILITIES		
Accounts payable and accrued liabilities (notes 4 and 5)	\$ 1,142,261	\$ 751,487
Deferred contributions (note 6)	<u>1,329,239</u>	<u>602,739</u>
	2,471,500	1,354,226
 DEFERRED CAPITAL CONTRIBUTIONS (note 7)	 <u>179,364</u>	 <u>242,167</u>
	<u>2,650,864</u>	<u>1,596,393</u>
 NET ASSETS	 <u>-</u>	 <u>-</u>
	<u>\$ 2,650,864</u>	<u>\$ 1,596,393</u>

Approved by the Board of Directors:


 Director

 Director

(See accompanying notes)

THE ONTARIO HIV TREATMENT NETWORK
STATEMENT OF REVENUE AND EXPENDITURES AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
Revenue		
Grants from AIDS Bureau (note 4)	\$ 10,463,112	\$ 10,233,077
CIHR funding (note 6)	1,269,634	1,037,871
Other funding (note 6)	188,147	284,265
Amortization of deferred capital contributions (note 7)	145,066	180,913
Interest	<u>10,203</u>	<u>4,489</u>
	<u>12,076,162</u>	<u>11,740,615</u>
Expenditures		
Salaries and benefits (note 8 and 11)	3,532,391	3,339,206
Building capacity	333,934	288,649
Funding and conducting research	4,247,385	3,528,877
Evidence to action	151,114	725,746
Organization integrity and accountability	478,642	681,459
ASO evaluation and community-based research (note 11)	1,292,578	1,344,972
Non-MOHLTC funded projects (note 11)	1,453,731	1,196,336
Rent and utilities	441,321	454,457
Amortization of tangible capital assets	<u>145,066</u>	<u>180,913</u>
	<u>12,076,162</u>	<u>11,740,615</u>
Excess of revenue over expenditures for the year and net assets, at the beginning and the end of the year	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

THE ONTARIO HIV TREATMENT NETWORK

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2018

	<u>2018</u>	<u>2017</u>
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenue over expenditures	\$ -	\$ -
Items not affecting cash:		
Amortization of deferred capital contributions	(145,066)	(180,913)
Amortization of capital assets	145,066	180,913
Changes in non-cash working capital:		
Accounts receivable	177,725	361,000
Prepaid expenses	(11,468)	36,174
Accounts payable and accrued liabilities	390,774	(677,971)
Deferred contributions	<u>726,500</u>	<u>246,740</u>
	<u>1,283,531</u>	<u>(34,057)</u>
CASH USED IN INVESTING ACTIVITIES		
Purchase of capital assets	<u>(82,263)</u>	<u>(43,737)</u>
CASH PROVIDED BY FINANCING ACTIVITIES		
Deferred capital contributions received	<u>82,263</u>	<u>43,737</u>
INCREASE (DECREASE) IN CASH DURING THE YEAR	1,283,531	(34,057)
CASH, BEGINNING OF YEAR	<u>752,015</u>	<u>786,072</u>
CASH, END OF YEAR	<u>\$ 2,035,546</u>	<u>\$ 752,015</u>

(See accompanying notes)

THE ONTARIO HIV TREATMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2018

1. ORGANIZATION

The Ontario HIV Treatment Network ("OHTN") was incorporated without share capital, effective December 3, 1998, under the Ontario Corporations Act to ensure excellence in care and treatment of people living with HIV. As a not-for-profit organization, OHTN is exempt from income taxes under the Income Tax Act (Canada).

2. SIGNIFICANT ACCOUNTING POLICIES

Basis of presentation

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

Revenue recognition

OHTN follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Capital assets

Capital assets consist of furniture and fixtures, computer hardware and software and leasehold improvements. Capital assets are recorded at cost in the year of acquisition and are amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and fixtures	5 years
Computer hardware and software	3 years
Leasehold improvements	over the term of the lease

Deferred capital contributions

Deferred capital contributions are grants used for the purchase of tangible capital assets. They are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization of the related assets.

Financial instruments

OHTN measures its financial instruments at the financial statement date as follows:

<u>Assets/liabilities</u>	<u>Measurement</u>
Cash	fair value
Accounts receivable	amortized cost
Accounts payable and accrued liabilities	amortized cost

Allocation of expenditures

OHTN works collaboratively with network partners to gather and analyze data, conduct targeted high-impact research and support users of the data and research to improve HIV prevention and care. The cost of performing this work includes the costs of salaries and benefits, and other expenses that are directly related to performing the work.

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2018

2. **SIGNIFICANT ACCOUNTING POLICIES - Cont'd.**

Allocation of expenditures - Cont'd.

Expenditures have been charged to programs according to the activity to which they relate or benefit. Expenditures relating to or benefiting more than one activity are allocated on a predetermined basis, which management reviews on an ongoing basis. Thus, certain salaries and benefits are allocated based on actual time spent.

Use of estimates

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations, which require the use of estimates and assumptions that affect the reported amounts of assets, liabilities, revenues and expenditures during the reporting period. Estimates are primarily used in determining the allowance for doubtful accounts, useful lives of capital assets, and certain accruals. Actual results could differ from those estimates.

3. **CAPITAL ASSETS**

Capital assets consist of the following:

	<u>2018</u>		<u>2017</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and fixtures	\$ 476,761	\$ 381,800	\$ 412,848	\$ 352,987
Computer hardware and software	459,830	418,986	441,480	358,628
Leasehold improvements	<u>681,527</u>	<u>637,968</u>	<u>681,527</u>	<u>582,073</u>
	1,618,118	<u>\$ 1,438,754</u>	1,535,855	<u>\$ 1,293,688</u>
Less: accumulated amortization	<u>1,438,754</u>		<u>1,293,688</u>	
	<u>\$ 179,364</u>		<u>\$ 242,167</u>	

4. **AIDS BUREAU FUNDING**

	<u>2018</u>	<u>2017</u>
Total grants received	\$ 10,574,700	\$ 10,432,300
Less:		
Grants received for capital assets (amount related to capital assets and recorded as deferred capital contributions)	(82,263)	(43,737)
Unspent grants repayable to AIDS Bureau	<u>(29,325)</u>	<u>(155,486)</u>
	<u>\$ 10,463,112</u>	<u>\$ 10,233,077</u>

Per the agreement with the AIDS Bureau, the cumulative overspent grant amount totaling \$8,206 is to be collected and, therefore, has been recorded as a component of accounts receivable. In the previous fiscal year, the cumulative unspent grant totaling \$112,694 was to be refunded and, therefore was included in accounts payable and accrued liabilities.

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2018

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are government remittances payable of \$36,490 (2017 - \$47,177).

6. DEFERRED CONTRIBUTIONS

Deferred contributions represent restricted project funding that relates to expenses to be incurred in subsequent years. Changes in deferred contributions are as follows:

	<u>2018</u>	<u>2017</u>
Deferred contributions, beginning of the year	\$ 602,739	\$ 355,999
Contributions received	2,184,281	1,568,876
Recognized as revenue in the period	<u>(1,457,781)</u>	<u>(1,322,136)</u>
Deferred contributions, end of the year	<u>\$ 1,329,239</u>	<u>\$ 602,739</u>

7. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent restricted contributions received from the AIDS Bureau used to acquire capital assets. The changes in the deferred capital contributions balance for the year are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of the year	\$ 242,167	\$ 379,343
Add: Contributions	82,263	43,737
Less: Amortization to revenue	<u>(145,066)</u>	<u>(180,913)</u>
Balance, end of the year	<u>\$ 179,364</u>	<u>\$ 242,167</u>

8. PENSION PLAN

Substantially all of the employees of OHTN are members of the Healthcare of Ontario Pension Plan. Contributions to the plan made during the year by OHTN on behalf of its employees are as required under the Healthcare of Ontario Pension Plan. Contributions made to the plan during the year by OHTN of \$298,859 (2017 - \$291,834) are included in the salaries and benefits expense in the statement of revenue and expenditures and changes in net assets.

The plan is a multi-employer defined benefit plan. The most recent actuarial valuation performed at December 31, 2017 indicates that the plan is fully funded.

9. COMMITMENTS

Lease

The lease agreements for the premises provide for aggregate minimum annual rental payments as follows:

2019	\$ 216,048
2020	234,306
2021	244,069
2022	247,323
2023 and thereafter	<u>1,725,838</u>
	<u>\$ 2,667,584</u>

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2018

9. **COMMITMENTS** - Cont'd.

Grants and awards

As at March 31, 2018, OHTN had agreements in place to provide grants and awards in future years. In addition to the those committed, OHTN has budgeted to provide further grants and awards which management anticipates will be provided. The committed and budgeted amounts are detailed below:

	<u>Committed</u>	<u>Further Budgeted</u>	<u>Total</u>
2019	2,940,000	60,000	3,000,000
2020	3,000,000	-	3,000,000
2021	3,000,000	-	3,000,000
2022 and thereafter	<u>3,000,000</u>	<u>-</u>	<u>3,000,000</u>
Total	<u>\$ 14,880,000</u>	<u>\$ 120,000</u>	<u>\$ 15,000,000</u>

10. **ECONOMIC DEPENDENCE**

The majority of OHTN's revenue is from the AIDS Bureau. In 2018, approximately 87% (2017 - 87%) of all funding was contributed by the AIDS Bureau.

11. **ALLOCATED EXPENSES**

	<u>2018</u>	<u>2017</u>
Building capacity	\$ -	\$ 350
Funding and conducting research	-	75,748
Evidence to action	-	1,018
ASO evaluation and community-based research	764,637	955,187
Non-MOHLTC funded projects	<u>340,830</u>	<u>391,761</u>
Total of allocated salaries and benefits	<u>\$ 1,105,467</u>	<u>\$ 1,424,064</u>

12. **FINANCIAL RISK MANAGEMENT**

OHTN is exposed to and manages various financial risks resulting from operations and does not use derivative financial instruments to manage its risks.

OHTN's main financial risk exposures and its financial risk management policies are as follows:

Credit risk

Credit risk is the risk one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a financial loss. OHTN's maximum exposure to credit risk represents the sum of the carrying value of its cash and accounts receivable. OHTN's cash is deposited with a Canadian chartered bank and as a result management believes the risk of loss on this item to be unlikely. Management of OHTN reviews and monitors the collection of the accounts receivable and is of the opinion OHTN is not exposed to any significant credit risk. Management believes the accounts receivable outstanding as at March 31, 2018 are collectible and an allowance is not warranted on the amounts due.

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2018

12. **FINANCIAL RISK MANAGEMENT - Cont'd.**

Liquidity risk

Liquidity risk is the risk that OHTN cannot meet a demand for cash or fund its obligations as they become due. Management ensures sufficient liquidity is maintained by regular monitoring of cash flow requirements. In managing capital, OHTN focuses on liquid resources available for operations. OHTN's objective is to have sufficient liquid resources to continue operating despite adverse events with financial consequences and to provide it with the flexibility to take advantage of opportunities that will advance its purposes. The need for sufficient liquid resources is considered in the preparation of an annual budget and in the monitoring of cash flows and actual operating results compared to budget. As at March 31, 2018, OHTN has met its objective of having sufficient liquid resources to meet its current obligations.

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 is comprised of currency risk, interest rate risk and other price risk.

i) Currency risk

Currency risk refers to the risk that the fair value of instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. OHTN's financial instruments are all denominated in Canadian dollars and it transacts primarily in Canadian dollars. As a result, management does not believe it is exposed to significant currency risk.

ii) Interest rate risk

Interest rate risk refers to the risk that the fair value or future cash flows of financial instruments will fluctuate due to changes in market interest rates. OHTN's cash earns interest at prevailing market rates and the interest rate exposure related to these financial instruments is negligible. As a result, management does not believe it is exposed to significant interest rate risk.

iii) Other price risk

Other price risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate because of the changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual instrument or its issuer or factors affecting all similar instruments traded in the market. Since OHTN does not have investments in publicly traded marketable securities, it is not exposed to other price risk.

Changes in risk

There are no significant changes in risk exposure from the previous year.

To the Directors of

THE ONTARIO HIV TREATMENT NETWORK

We have completed our examination of the financial statements of The Ontario HIV Treatment Network for the year ended March 31, 2018 and have reported to the members thereon. The Schedules attached, which reflect additional details not necessary to the fair presentation of the financial statements as a whole, have been drawn from the accounts for your information only.

We shall be glad to provide any further information that you may require.

Yours very truly,



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 22, 2018.

THE ONTARIO HIV TREATMENT NETWORK

SUPPLEMENTAL SCHEDULES

YEAR ENDED MARCH 31, 2018

(supplemental information - unaudited)

SCHEDULE I

CIHR FUNDING

	<u>2018</u>	<u>2017</u>
Directly to OHTN		
Community Champion	\$ 68,325	\$ 86,186
HIV Stigma Index	41,084	-
REACH CBR Collaborative 2.0 (i)	36,793	-
ACB	32,806	-
Drug Coverage	19,675	-
Drug Coverage MPD	14,226	249
Video Project	10,850	8,675
Catalyst Cultural Intervention	7,773	22,218
OISIS	2,025	-
Cafe Scientifique	-	3,483
New Investigator Award	-	22,375
Catalyst HEADS UP	-	10,895
Catalyst Wise Funding Pract-MR	-	1,418
ECHO	-	114
Total direct funding	<u>233,557</u>	<u>155,613</u>
Indirectly through St. Michael's Hospital		
REACH 2.0 (i)	708,648	658,334
REACH CBR Collaborative (i)	<u>306,876</u>	<u>156,521</u>
	1,015,524	814,855
Indirectly through Simon Fraser University		
CANOC	<u>20,553</u>	<u>67,403</u>
Total indirect funding	<u>1,036,077</u>	<u>882,258</u>
	<u>\$ 1,269,634</u>	<u>\$ 1,037,871</u>

(i) Funds were transferred to St. Michael's Hospital to be administered by St. Michael's Hospital.

SCHEDULE II

OTHER FUNDING

	<u>2018</u>	<u>2017</u>
PHAC - A/C Track Study	\$ 97,395	\$ 45,300
John Hopkins University - NA ACCORD	24,892	76,672
ACB & MSM Blood Donation	32,160	-
External Projects	10,488	-
PHAC - Ending HIV Stigma	17,187	-
OCN Meeting Contribution	4,000	-
Unrestricted Educational Contribution	998	1,397
Event Contributions	977	-
Research Conference	50	50
HIV Endgame Conference	-	125,751
PRA Workshop	-	18,647
University of Windsor - WeSpeak Doctorial Fellowship	-	10,000
Xchange Award - Microaggressions	-	5,437
PHAC - Best Practices Project	-	1,011
	<u>\$ 188,147</u>	<u>\$ 284,265</u>