

**FINANCIAL STATEMENTS**  
**For**  
**THE ONTARIO HIV TREATMENT NETWORK**  
**For year ended**  
**MARCH 31, 2017**

**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, 2017 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, 2017, 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 16, 2017.



THE ONTARIO HIV TREATMENT NETWORK

STATEMENT OF FINANCIAL POSITION

MARCH 31, 2017

	<u>2017</u>	<u>2016</u>
<b><u>ASSETS</u></b>		
<b>CURRENT ASSETS</b>		
Cash	\$ 752,015	\$ 786,072
Accounts receivable	489,114	850,114
Prepaid expenses and other assets	<u>113,097</u>	<u>149,271</u>
	<u>1,354,226</u>	<u>1,785,457</u>
<b>TANGIBLE CAPITAL ASSETS (note 3)</b>	<u>242,167</u>	<u>379,343</u>
	<u>\$ 1,596,393</u>	<u>\$ 2,164,800</u>
<b><u>LIABILITIES</u></b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities (notes 4 and 5)	\$ 751,487	\$ 1,429,458
Deferred contributions (note 6)	<u>602,739</u>	<u>355,999</u>
	<u>1,354,226</u>	<u>1,785,457</u>
<b>DEFERRED CAPITAL CONTRIBUTIONS (note 7)</b>	<u>242,167</u>	<u>379,343</u>
<b>NET ASSETS</b>	<u>-</u>	<u>-</u>
	<u>\$ 1,596,393</u>	<u>\$ 2,164,800</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, 2017**

	<u>2017</u>	<u>2016</u>
<b>Revenue</b>		
Grants from AIDS Bureau (note 4)	\$ 10,233,077	\$ 10,212,136
CIHR funding	1,037,871	1,795,476
Other funding	284,265	240,265
Amortization of deferred capital contributions (note 7)	180,913	181,997
Interest	<u>4,489</u>	<u>6,802</u>
	<u>11,740,615</u>	<u>12,436,676</u>
<b>Expenditures</b>		
Salaries and benefits (note 8)	3,339,206	3,609,590
Building capacity	288,649	187,416
Funding and conducting research	3,528,877	3,706,826
Evidence to action	725,746	288,153
Organization integrity and accountability	681,459	821,209
ASO evaluation and community based research	1,344,972	1,253,734
Non-MOHLTC funded projects	1,196,336	1,975,269
Rent and utilities	454,457	412,482
Amortization of tangible capital assets	<u>180,913</u>	<u>181,997</u>
	<u>11,740,615</u>	<u>12,436,676</u>
<b>Excess of revenue over expenditures for the year and net assets, at the beginning and the end of the year</b>	<u>\$ -</u>	<u>\$ -</u>

(See accompanying notes)

**THE ONTARIO HIV TREATMENT NETWORK**

**STATEMENT OF CASH FLOWS**

**YEAR ENDED MARCH 31, 2017**

	<u>2017</u>	<u>2016</u>
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATING ACTIVITIES</b>		
Excess of revenue over expenditures	\$ -	\$ -
Items not affecting cash:		
Amortization of deferred capital contributions	(180,913)	(181,997)
Amortization of tangible capital assets	180,913	181,997
Changes in non-cash working capital:		
Accounts receivable	361,000	(163,007)
Prepaid expenses and other assets	36,174	(42,956)
Accounts payable and accrued liabilities	(677,971)	862,186
Deferred contributions	<u>246,740</u>	<u>(272,687)</u>
	<u>(34,057)</u>	<u>383,536</u>
<b>INVESTING ACTIVITIES</b>		
Purchase of tangible capital assets	<u>(43,737)</u>	<u>(110,306)</u>
<b>FINANCING ACTIVITIES</b>		
Deferred capital contributions	<u>43,737</u>	<u>110,306</u>
<b>INCREASE (DECREASE) IN CASH DURING THE YEAR</b>	(34,057)	383,536
<b>CASH, BEGINNING OF YEAR</b>	<u>786,072</u>	<u>402,536</u>
<b>CASH, END OF YEAR</b>	\$ <u>752,015</u>	\$ <u>786,072</u>

(See accompanying notes)

THE ONTARIO HIV TREATMENT NETWORK

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2017

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. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

*Basis of presentation*

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

*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.

*Tangible capital assets*

Tangible capital assets consist of furniture and fixtures, computer hardware and software and leasehold improvements. Tangible 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

*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 tangible capital assets, and certain accruals. Actual results could differ from those estimates.

**THE ONTARIO HIV TREATMENT NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2017**

**3. TANGIBLE CAPITAL ASSETS**

	<u>2017</u>		<u>2016</u>	
	<u>Cost</u>	<u>Accumulated amortization</u>	<u>Cost</u>	<u>Accumulated amortization</u>
Furniture and fixtures	\$ 412,848	\$ 352,987	\$ 399,290	\$ 314,678
Computer hardware and software	441,480	358,628	411,301	272,943
Leasehold improvements	<u>681,527</u>	<u>582,073</u>	<u>681,527</u>	<u>525,154</u>
	1,535,855	<u>\$ 1,293,688</u>	1,492,118	<u>\$ 1,112,775</u>
Accumulated amortization		<u>(1,293,688)</u>		<u>(1,112,775)</u>
	<u>\$ 242,167</u>		<u>\$ 379,343</u>	

**4. AIDS BUREAU FUNDING**

	<u>2017</u>	<u>2016</u>
Total grants received	\$ 10,432,300	\$ 10,532,300
Less:		
Grants received for tangible capital assets (amount related to tangible capital assets and recorded as deferred capital contributions)	(43,737)	(110,306)
Unspent grants repayable to AIDS Bureau	<u>(155,486)</u>	<u>(209,858)</u>
	<u>\$ 10,233,077</u>	<u>\$ 10,212,136</u>

Per the agreement with the AIDS Bureau, the cumulative unspent grant amount totaling \$112,694 (2016 - \$374,480) is to be refunded and, therefore, has been recorded as a component of accounts payable and accrued liabilities. For the fiscal year ended March 31, 2017, the AIDS Bureau has combined the funding of the various initiatives as a part of its core grant.

**5. GOVERNMENT REMITTANCE PAYABLE**

Included in accounts payable and accrued liabilities are government remittances payable of \$47,177 (2016 - \$37,833).

**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>2017</u>	<u>2016</u>
Deferred contributions, beginning of the year	\$ 355,999	\$ 628,686
Contributions received	1,568,876	1,702,582
Recognized as revenue in the period	<u>(1,322,136)</u>	<u>(1,975,269)</u>
Deferred contributions, end of the year	<u>\$ 602,739</u>	<u>\$ 355,999</u>

**THE ONTARIO HIV TREATMENT NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2017**

**7. DEFERRED CAPITAL CONTRIBUTIONS**

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

	<u>2017</u>	<u>2016</u>
Balance, beginning of the year	\$ 379,343	\$ 451,034
Add: Contributions	43,737	110,306
Less: Amortization to revenue	<u>(180,913)</u>	<u>(181,997)</u>
Balance, end of year	<u>\$ 242,167</u>	<u>\$ 379,343</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 by the Healthcare of Ontario Pension Plan. Contributions made to the plan during the year by OHTN of \$291,834 (2016 - \$294,052) 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, 2016 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:

2018	\$ 161,273
2019	<u>40,318</u>
	<u>\$ 201,591</u>

*Grants and awards*

As at March 31, 2017, 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>
2018	\$ 2,601,794	\$ 304,500	\$ 2,906,294
2019	2,037,778	340,000	2,377,778
2020	1,212,501	340,000	1,552,501
2021	660,000	200,000	860,000
2022 and thereafter	<u>460,000</u>	<u>200,000</u>	<u>660,000</u>
Total	<u>\$ 6,972,073</u>	<u>\$ 1,384,500</u>	<u>\$ 8,356,573</u>



**THE ONTARIO HIV TREATMENT NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2017**

**10. ECONOMIC DEPENDENCE**

The majority of OHTN's revenue is from the AIDS Bureau. In 2017, approximately 87% (2016 - 82%) of all funding was contributed by the AIDS Bureau.

**11. FINANCIAL RISK MANAGEMENT**

OHTN is exposed to and manages various financial risk 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, 2017 are collectible and an allowance is not warranted on the amounts due.

*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, 2016, 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.

**THE ONTARIO HIV TREATMENT NETWORK**  
**NOTES TO THE FINANCIAL STATEMENTS - Cont'd.**  
**YEAR ENDED MARCH 31, 2017**

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

*Market risk - Cont'd.*

*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.

12. **COMPARATIVE FIGURES**

Comparative figures have been reclassified where necessary to conform to presentation adopted in the current year.

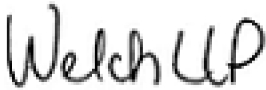
To the Directors of

**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, 2017 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,

A handwritten signature in black ink that reads "Welch LLP". The letters are cursive and slightly slanted to the right.

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Ontario  
June 16, 2017.

**THE ONTARIO HIV TREATMENT NETWORK**  
**SUPPLEMENTAL SCHEDULES**  
**YEAR ENDED MARCH 31, 2017**

**SCHEDULE I**

**CIHR FUNDING**

	<u>2017</u>	<u>2016</u>
Directly to OHTN		
Community Champion	\$ 86,186	\$ 148,878
New Investigator Award	22,375	67,100
Video Project	8,675	7,498
Café Scientifique	3,483	2,516
Syphilis Screening	<u>-</u>	<u>61,821</u>
Total direct funding	<u>120,719</u>	<u>287,813</u>
Indirectly through St. Michael's Hospital		
REACH 2.0 (i)	658,334	843,923
REACH CBR Collaborative (i)	156,521	248,350
Catalyst Cultural Intervention	22,218	3,002
Catalyst HEADS UP	10,895	16,638
Catalyst Wise Funding Pract-MR	1,418	17,967
Drug Coverage MPD	249	-
ECHO	114	-
University Without Walls	-	157,245
Research Evidence in Action for Community Health	-	80,047
NeuroAIDS (i)	-	51,395
Facilitator and Barriers (i)	-	42,173
Positive Spaces Healthy Places	<u>-</u>	<u>261</u>
	849,749	1,461,001
Indirectly through Simon Fraser University		
CANOC	<u>67,403</u>	<u>46,662</u>
Total indirect funding	<u>917,152</u>	<u>1,507,663</u>
	<u>\$ 1,037,871</u>	<u>\$ 1,795,476</u>

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

**SCHEDULE II**

**OTHER FUNDING**

	<u>2017</u>	<u>2016</u>
HIV Endgame Conference	\$ 125,751	\$ -
John Hopkins University - NA ACCORD	76,672	132,998
PHAC - A/C Track Study	45,300	-
PRA Workshop	18,647	-
University of Windsor - WeSpeak Doctoral Fellowship	10,000	10,000
Xchange Award - Microaggressions	5,437	9,519
Unrestricted Educational Contribution	1,397	1,457
PHAC - Best Practices Project	1,011	1,799
Industry (pharmaceuticals) - OHTN Research Conference	50	-
Housing Summit	-	52,473
Xchange Award - Cannabis	-	15,000
UBC Grant	-	8,157
Industry - Pharmacy Day Contributions	-	8,000
CIHR - Supporting PHA Project	<u>-</u>	<u>862</u>
	<u>\$ 284,265</u>	<u>\$ 240,265</u>