

FINANCIAL STATEMENTS
For
THE ONTARIO HIV TREATMENT NETWORK
For year ended
MARCH 31, 2020

INDEPENDENT AUDITOR'S REPORT

To the Directors of

THE ONTARIO HIV TREATMENT NETWORK

Opinion

We have audited the financial statements of The Ontario HIV Treatment Network (the "OHTN"), which comprise the financial position as at March 31, 2020, 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 the OHTN as at March 31, 2020 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 OHTN in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our 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 OHTN'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 OHTN or to cease operations, or has no realistic alternative but to do so.

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

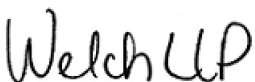
Auditor's Responsibilities for the Audit of the Financial Statements

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.

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 OHTN'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 OHTN'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 OHTN 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.



Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 19, 2020.

THE ONTARIO HIV TREATMENT NETWORK
STATEMENT OF FINANCIAL POSITION
MARCH 31, 2020

| | <u>2020</u> | <u>2019</u> |
|--|----------------------------|----------------------------|
| <u>ASSETS</u> | | |
| CURRENT ASSETS | | |
| Cash | \$ 1,742,658 | \$ 2,885,022 |
| Accounts receivable | 158,444 | 94,324 |
| Prepaid expenses | <u>36,079</u> | <u>31,198</u> |
| | 1,937,181 | 3,010,544 |
| CAPITAL ASSETS (note 3) | <u>239,812</u> | <u>163,826</u> |
| | <u>\$ 2,176,993</u> | <u>\$ 3,174,370</u> |
| <u>LIABILITIES AND NET ASSETS</u> | | |
| CURRENT LIABILITIES | | |
| Accounts payable and accrued liabilities (notes 4 and 5) | \$ 1,625,248 | \$ 2,419,405 |
| Deferred contributions (note 6) | <u>311,933</u> | <u>591,139</u> |
| | 1,937,181 | 3,010,544 |
| DEFERRED CAPITAL CONTRIBUTIONS (note 7) | <u>239,812</u> | <u>163,826</u> |
| | <u>2,176,993</u> | <u>3,174,370</u> |
| NET ASSETS | <u>-</u> | <u>-</u> |
| | <u>\$ 2,176,993</u> | <u>\$ 3,174,370</u> |

Approved by the Board of Directors:


..... Director


..... Director

(See accompanying notes)

THE ONTARIO HIV TREATMENT NETWORK
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
YEAR ENDED MARCH 31, 2020

| | <u>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Revenue | | |
| AIDS Bureau funding (note 4) | \$ 11,627,164 | \$ 12,397,172 |
| CIHR funding (note 6) | 208,038 | 216,109 |
| Other funding (note 6) | 111,273 | 398,766 |
| Amortization of deferred capital contributions (note 7) | 55,865 | 104,624 |
| Interest | <u>46,707</u> | <u>40,761</u> |
| | <u>12,049,047</u> | <u>13,157,432</u> |
| Expenditures | | |
| Salaries and benefits (notes 8 and 11) | 3,301,790 | 3,154,045 |
| Evidence impact | 4,907,784 | 4,465,082 |
| Collective impact | 221,319 | 885,125 |
| Operational | 262,012 | 378,408 |
| ASO and community initiatives (note 11) | 2,458,959 | 3,126,970 |
| Non-MOHLTC funded projects (note 11) | 306,706 | 614,874 |
| Rent and utilities | 534,612 | 428,304 |
| Amortization of tangible capital assets | <u>55,865</u> | <u>104,624</u> |
| | <u>12,049,047</u> | <u>13,157,432</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, 2020

| | <u>2020</u> | <u>2019</u> |
|--|---------------------|---------------------|
| CASH FLOWS FROM OPERATING ACTIVITIES | | |
| Excess of revenue over expenditures | \$ - | \$ - |
| Items not affecting cash: | | |
| Amortization of deferred capital contributions | (55,865) | (104,624) |
| Amortization of capital assets | 55,865 | 104,624 |
| Changes in non-cash working capital: | | |
| Accounts receivable | (64,120) | 217,065 |
| Prepaid expenses | (4,881) | 93,367 |
| Accounts payable and accrued liabilities | (794,157) | 1,277,144 |
| Deferred contributions | <u>(279,206)</u> | <u>(738,100)</u> |
| | <u>(1,142,364)</u> | <u>849,476</u> |
| CASH FLOWS USED IN INVESTING ACTIVITIES | | |
| Purchase of capital assets | <u>(131,851)</u> | <u>(89,086)</u> |
| CASH FLOWS FROM FINANCING ACTIVITIES | | |
| Deferred capital contributions received | <u>131,851</u> | <u>89,086</u> |
| INCREASE (DECREASE) IN CASH | (1,142,364) | 849,476 |
| CASH, BEGINNING OF YEAR | <u>2,885,022</u> | <u>2,035,546</u> |
| CASH, END OF YEAR | <u>\$ 1,742,658</u> | <u>\$ 2,885,022</u> |

(See accompanying notes)

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2020

1. NATURE OF OPERATIONS

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 |

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

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

Employee related costs

OHTN has adopted the following policies with respect to employee benefit plans:

The Healthcare of Ontario Pension Plan ("HOOPP") offers a multi-employer defined benefit pension plan. Due to the nature of the plan, OHTN does not have sufficient information to account for the plan as a defined benefit plan; therefore the multi-employer defined benefit pension plan is accounted for in the same manner as a defined contribution plan. An expense is recorded in the period in which contributions are made.

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.

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>2020</u> | | <u>2019</u> | |
|--------------------------------|--------------------|-------------------------------------|--------------------|-------------------------------------|
| | <u>Cost</u> | <u>Accumulated amortization</u> | <u>Cost</u> | <u>Accumulated amortization</u> |
| Furniture and fixtures | \$ 500,177 | \$ 438,120 | \$ 491,317 | \$ 415,549 |
| Computer hardware and software | 527,913 | 471,118 | 504,360 | 447,870 |
| Leasehold improvements | <u>810,965</u> | <u>690,005</u> | <u>711,527</u> | <u>679,959</u> |
| | 1,839,055 | <u>\$ 1,599,243</u> | 1,707,204 | <u>\$ 1,543,378</u> |
| Less: accumulated amortization | <u>(1,599,243)</u> | | <u>(1,543,378)</u> | |
| | <u>\$ 239,812</u> | | <u>\$ 163,826</u> | |

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

4. AIDS BUREAU FUNDING

AIDS Bureau funding consists of the following:

| | <u>2020</u> | <u>2019</u> |
|--|----------------------|----------------------|
| Total grants received | \$ 11,985,100 | \$ 12,540,100 |
| Less: | | |
| Grants received for capital assets (amount related to capital assets and recorded as deferred capital contributions) | (131,851) | (89,086) |
| Unspent grants repayable to AIDS Bureau | <u>(226,085)</u> | <u>(53,842)</u> |
| | <u>\$ 11,627,164</u> | <u>\$ 12,397,172</u> |

Per the agreement with the AIDS Bureau, the cumulative underspent grant amount totaling \$226,085 is to be repaid and, therefore, has been recorded as a component of accounts payable and accrued liabilities. In the previous fiscal year, the cumulative underspent grant totaling \$45,636 was to be repaid and, therefore was included in accounts payable.

5. GOVERNMENT REMITTANCES PAYABLE

Included in accounts payable and accrued liabilities are government remittances payable of \$46,014 (2019 - \$46,350).

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>2020</u> | <u>2019</u> |
|---|-------------------|-------------------|
| Deferred contributions, beginning of the year | \$ 591,139 | \$ 1,329,239 |
| Add: contributions received | 40,105 | 672,430 |
| Less: CIHR funding recognized as revenue | (208,038) | (216,109) |
| Less: other funding recognized as revenue | (111,273) | (398,766) |
| Less: contributions repaid to funder | <u>-</u> | <u>(795,655)</u> |
| Deferred contributions, end of the year | <u>\$ 311,933</u> | <u>\$ 591,139</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>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Balance, beginning of the year | \$ 163,826 | \$ 179,364 |
| Add: contributions received | 131,851 | 89,086 |
| Less: amortization of deferred capital contributions | <u>(55,865)</u> | <u>(104,624)</u> |
| Balance, end of the year | <u>\$ 239,812</u> | <u>\$ 163,826</u> |

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

8. PENSION PLAN

Substantially all of the employees of OHTN are members of the Healthcare of Ontario Pension Plan ("HOOPP"). 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 \$313,280 (2019 - \$270,997) are included in the salaries and benefits expense.

The plan is a multi-employer defined benefit plan. The most recent actuarial valuation performed at December 31, 2019 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:

| | |
|--------------|----------------------------|
| 2021 | \$ 244,069 |
| 2022 | 247,323 |
| 2023 | 257,086 |
| 2024 | 260,340 |
| 2025 | 270,103 |
| Thereafter | <u>914,444</u> |
| Total | <u>\$ 2,193,365</u> |

Grants and awards

As at March 31, 2020, OHTN had agreements in place to provide grants and awards in future years. In addition to 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> |
|--------------|----------------------------|-----------------------------|----------------------------|
| 2021 | \$ 1,484,952 | \$ 1,715,048 | \$ 3,200,000 |
| 2022 | 140,297 | 3,059,703 | 3,200,000 |
| 2023 | <u>-</u> | <u>3,200,000</u> | <u>3,200,000</u> |
| Total | <u>\$ 1,625,249</u> | <u>\$ 7,974,751</u> | <u>\$ 9,600,000</u> |

10. ECONOMIC DEPENDENCE

The majority of OHTN's revenue is from the AIDS Bureau. In 2020, approximately 96% (2019 - 94%) of all funding was contributed by the AIDS Bureau.

11. ALLOCATED EXPENSES

Allocated expenses are as follows:

| | <u>2020</u> | <u>2019</u> |
|---|--------------------------|--------------------------|
| ASO and community initiatives | \$ 812,673 | \$ 702,246 |
| Non-MOHLTC funded projects | <u>159,357</u> | <u>183,547</u> |
| Total of allocated salaries and benefits | <u>\$ 972,030</u> | <u>\$ 885,793</u> |

THE ONTARIO HIV TREATMENT NETWORK
NOTES TO THE FINANCIAL STATEMENTS - Cont'd.
YEAR ENDED MARCH 31, 2020

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, 2020 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, 2020, 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.

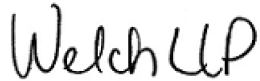
To the Directors of

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, 2020 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 fluid, with the "W" and "L" being particularly prominent.

Chartered Professional Accountants
Licensed Public Accountants

Toronto, Ontario
June 19, 2020.

THE ONTARIO HIV TREATMENT NETWORK

SUPPLEMENTAL SCHEDULES

YEAR ENDED MARCH 31, 2020

(supplemental information - unaudited)

SCHEDULE I

CIHR FUNDING

| | <u>2020</u> | <u>2019</u> |
|--|-------------------|-------------------|
| Directly to OHTN | | |
| Community Champion | \$ 109,940 | \$ 75,859 |
| Video Project | 384 | 3,002 |
| Food Securities | 83 | 1,211 |
| Cafe Scientifique | - | 18 |
| ECHO | - | 1,656 |
| Flow Through Funding | <u>39,990</u> | <u>57,500</u> |
| Total direct funding | <u>150,397</u> | <u>139,246</u> |
| Indirectly through St. Michael's Hospital | | |
| REACH 2.0 (i) | <u>-</u> | <u>49,123</u> |
| Indirectly through Simon Fraser University | | |
| CANOC | <u>57,641</u> | <u>27,740</u> |
| Total indirect funding | <u>57,641</u> | <u>76,863</u> |
| | <u>\$ 208,038</u> | <u>\$ 216,109</u> |

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

SCHEDULE II

OTHER FUNDING

| | <u>2020</u> | <u>2019</u> |
|---------------------------------------|-------------------|-------------------|
| PHAC - A/C Track Study | \$ - | \$ 159,238 |
| John Hopkins University - NA ACCORD | - | 32,372 |
| ACB & MSM Blood Donation | 88,758 | 152,770 |
| External Projects | 5,415 | 11,072 |
| OCN Meeting Contribution | 12,605 | - |
| Unrestricted Educational Contribution | - | 16 |
| Event Contributions | - | 63 |
| Research Conference | 4,495 | 41,641 |
| Xchange Award - Microaggressions | - | 43 |
| PHAC - Best Practices Project | <u>-</u> | <u>1,551</u> |
| | <u>\$ 111,273</u> | <u>\$ 398,766</u> |