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**PACIFIC AIDS NETWORK SOCIETY**

**FINANCIAL STATEMENTS**

March 31 2017

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mahmoud virani inc  
chartered professional accountant

## INDEPENDENT AUDITOR'S REPORT

To the members of Pacific AIDS Network Society

I have audited the accompanying financial statements of Pacific AIDS Network Society, which comprise the statement of financial position as at March 31 2017, and the statements of operations, 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**

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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.

I believe the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

### **Basis for Qualified Opinion**

In common with many charitable organizations, the Society derives revenue from donations and fundraising, 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 Pacific AIDS Network Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31 2017 and 2016, current assets as at March 31 2017 and 2016, and net assets as at April 1 and March 31 for both the 2017 and 2016 years. Our audit opinion on the financial statements for the year ended March 31 2016 was modified accordingly because of the possible effects of the limitation in scope.

**Qualified Opinion**

In my opinion, except for the effect of adjustments, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the fundraising revenues referred to in the preceding paragraph, the financial statements present fairly, in all material respects, the financial position of Pacific AIDS Network Society 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. As required by the Society Act of British Columbia, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

**Report on other Legal and Regulatory Requirements**

As required by the BC Societies Act, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

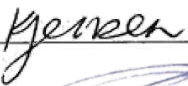


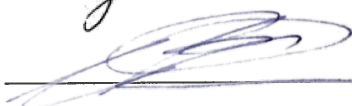
mahmoud virani inc  
chartered professional accountant  
Vancouver  
October 2017

**PACIFIC AIDS NETWORK SOCIETY**  
**STATEMENT OF FINANCIAL POSITION**

March 31		2017	2016 (restated)
	notes	\$	\$
<b>Assets</b>			
Current			
Cash & cash equivalents	3	72,907	395,667
Investments	4	50,554	50,554
Accounts receivable		173,543	41,399
GST recoverable		13,063	6,937
Prepaid expenses		12,136	8,336
		<u>322,203</u>	<u>502,893</u>
Capital assets	5	1,445	1,554
		<u>323,648</u>	<u>504,447</u>
<b>Liabilities</b>			
Current			
Accounts payable & accruals		29,521	38,204
Deferred contributions	7	202,279	377,961
Deferred contributions related to capital assets	8	530	1,554
		<u>232,330</u>	<u>417,719</u>
<b>Net assets</b>			
Invested in capital assets		915	-
Internally restricted net assets	9	42,541	42,541
Unrestricted		47,862	44,187
		<u>91,318</u>	<u>86,728</u>
		<u>323,648</u>	<u>504,447</u>

Approved by the Board

 Director

 Director

**PACIFIC AIDS NETWORK SOCIETY**

**STATEMENT OF OPERATIONS**

For the year ended March 31	2017	2016	
		(restated)	
	notes	\$	\$
<b>Revenue</b>			
Contributions	6	865,487	799,113
Fundraising		30,323	27,342
Amortization of deferred contributions related to capital assets		1,024	1,911
Interest & other		3,314	1,673
		<b>900,148</b>	<b>830,039</b>
<b>Expenses</b>			
Human resources		625,455	599,976
Meetings		20,927	25,162
Fall PHA forum & AGM		24,171	18,798
Spring Skills Building		29,844	23,917
Positive Leadership Development Institute		34,620	49,287
CBR Program		23,133	16,154
Workforce Development		42,395	32,273
E-Learning		1,438	2,282
Materials		8,278	10,417
Rent & utilities		30,901	28,339
Evaluation		21,792	8,762
Administration		31,122	19,712
Amortization		1,482	1,911
		<b>895,558</b>	<b>836,990</b>
<b>Excess/(deficiency) of revenue over expenses for the year</b>		<b>4,590</b>	<b>(6,951)</b>

**PACIFIC AIDS NETWORK SOCIETY**  
**STATEMENT OF CHANGES IN NET ASSETS**

For the year ended March 31

	Invested in capital assets	Internally restricted	Unrestricted	Total (restated)
	\$		\$	\$
<b>2017</b>				
Balance, beginning of year as originally stated	-	42,541	44,187	86,728
Investment in capital assets	1,373	-	(1,373)	-
Amortization of deferred contributions relating to capital assets	1,024	-	(1,024)	-
Excess/(deficiency) of revenue over expenses for the year	(1,482)	-	6,072	4,590
<b>Balance, end of year</b>	<b>915</b>	<b>42,541</b>	<b>47,862</b>	<b>91,318</b>
<b>2016</b>				
Balance, beginning of year	-	-	93,679	93,679
Transfer of funds		50,000	(50,000)	-
Investment in capital assets	1,588	-	(1,588)	-
Capital assets acquired with restricted funds	(1,588)	-	1,588	-
Amortization of deferred contributions relating to capital assets	1,911	-	(1,911)	-
Excess/(deficiency) of revenue over expenses for the year - as restated	(1,911)	(7,459)	2,419	(6,951)
<b>Balance, end of year</b>	<b>-</b>	<b>42,541</b>	<b>44,187</b>	<b>86,728</b>

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**PACIFIC AIDS NETWORK SOCIETY**
**STATEMENT OF CASH FLOWS**

For the year ended March 31	2017	2016
		<u>(restated)</u>
	\$	\$
<b>Cash provided by operating activities</b>		
Excess/(deficiency) of revenue over expenses for the year	4,590	(6,951)
Amortization of deferred contributions related to capital assets	(1,024)	(1,911)
Amortization	1,482	1,911
	<u>5,048</u>	<u>(6,951)</u>
<b>Non-cash working capital items</b>		
Accounts receivable	(132,144)	20,422
GST recoverable	(6,126)	16,356
Prepaid expenses	(3,800)	(1,054)
Accounts payable & accruals	(8,683)	(20,691)
Deferred contributions	(175,682)	(8,528)
Net cash from operating activities	<u>(321,387)</u>	<u>(446)</u>
<b>Investing activities</b>		
Purchase of capital assets	(1,373)	(1,588)
<b>Financing activities</b>		
Funds received for the purchase of capital assets	-	1,588
Decrease in cash & cash equivalents during the year	(322,760)	(446)
Cash & cash equivalents, beginning of the year	<u>395,667</u>	<u>396,113</u>
Cash & cash equivalents, end of the year	<u>72,907</u>	<u>395,667</u>
<b>Represented by:</b>		
Cash & cash equivalents	<u>72,907</u>	<u>395,667</u>

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**PACIFIC AIDS NETWORK SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**

March 31 2017

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1. Society operations

The Pacific AIDS Network Society's primary purpose is to provide a network for communication, education, mutual support, collective advocacy and action for HIV related issues throughout British Columbia.

The Pacific AIDS Network Society was incorporated on July 18 2003 under the Society Act of British Columbia and is a registered charity under the Canadian Income Tax Act.

2. Accounting policies

The Society prepares its financial statements in accordance with Canadian accounting standards for not-for-profit organizations.

Use of estimates

In conformity with Canadian accounting standards for not-for-profit organizations, management is required to make estimates and assumptions that could affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the year. Actual results could differ from those reported.

Revenue recognition

The Society 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.

Fundraising, interest and other income are recognized as revenue when received.

Restricted cash and cash equivalents

Restricted cash and cash equivalents represent cash and a 30 day cashable term deposit which have been segregated based upon external restrictions.

Capital assets

Capital assets are recorded at cost and amortized over the life of the asset.  
Computer equipment is amortized over 3 years on a straight line basis.  
Software is amortized over 3 years on a straight line basis

Financial instruments

The Society initially measures its financial assets and financial liabilities at fair value.  
The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash & cash equivalents, investments and accounts receivable.  
Financial liabilities measured at amortized cost include accounts payable & accruals.

Economic dependence

The Society is economically dependent on funding from the Federal and Provincial Government as well as other contributors for its ongoing operations.



**PACIFIC AIDS NETWORK SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**

March 31 2017

**3. Cash & cash equivalents**

Cash & cash equivalents consist of cash on hand and short term redeemable term deposits held at fair value.

	<u>2017</u>	<u>2016</u>
Cash	\$ 47,907	370,667
30-day cashable term deposit - interest at 1.10% per annum, maturing October 3 2017	<u>25,000</u>	<u>25,000</u>
	<u>\$ 72,907</u>	<u>395,667</u>

**4. Investments**

Term deposit - interest at 1.55% escalating to 3.05% per annum, maturing January 17 2020	\$ 25,000	25,000
Term deposit - interest at 1.55% escalating to 3.15% per annum, maturing February 21 2020	<u>25,554</u>	<u>25,554</u>
	<u>\$ 50,554</u>	<u>50,554</u>

**5. Capital assets**

	Cost \$	Accumulated amortization \$	Net book value \$
<b>2017</b>			
Computer equipment	1,588	1,058	530
Software	1,373	458	915
	<u>2,961</u>	<u>1,516</u>	<u>1,445</u>
<b>2016</b>			
Computer equipment	3,074	1,520	1,554

**PACIFIC AIDS NETWORK SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**

March 31 2017

**6. Contributions**

The contributions are made up as follows:

	<u>2017</u>	<u>2016</u>
Public Health Agency of Canada	\$ 275,732	280,115
Provincial Health Services Authority	220,365	146,397
Canadian Institutes of Health Research	122,138	115,009
Ontario HIV/AIDS Treatment Network	106,265	-
Gay Men's Project	21,367	43,740
Foundations	91,643	22,714
Centre for REACH	11,709	130,777
CATIE	6,445	-
Northern Health	2,050	-
MAC AIDS	2,293	22,707
ViiV Healthcare	480	10,909
Vancouver Coastal Health Authority	-	7,308
Gilead	-	15,000
Other	5,000	4,437
	<u>\$ 865,487</u>	<u>799,113</u>

**7. Deferred contributions**

The deferred contributions are made up as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 377,961	386,489
Add: restricted funds received during the year	689,805	790,585
Less: amounts utilized during the year	(865,487)	(799,113)
Balance, end of year	<u>\$ 202,279</u>	<u>377,961</u>

The deferred contributions represent unspent funds which are externally restricted for specific projects. All the projects are operational.

**8. Deferred contributions related to capital assets**

Deferred contributions related to capital assets consist of grants received that are restricted for the purpose of the purchase of capital assets. The balance in the account is made up as follows:

	<u>2017</u>	<u>2016</u>
Balance, beginning of year	\$ 1,554	1,877
Add: capital assets acquired	-	1,588
Less: amounts amortized to revenue	(1,024)	(1,911)
Balance, end of year	<u>\$ 530</u>	<u>1,554</u>

**PACIFIC AIDS NETWORK SOCIETY**  
**NOTES TO THE FINANCIAL STATEMENTS**

March 31 2017

9. Internally restricted net assets

The Board of Directors passed a resolution in the fiscal year 2016 to transfer \$50,000 to an internally restricted net asset account. The purpose of this fund is to pay for consulting for organizational review and other costs at the discretion of the Board. The fund balance now stands at \$42,541.

10. Commitments

The Society has signed a lease for its premises from February 1 2017 to January 31 2020 at a monthly rent plus its share of common operating costs as follows:

	\$
Year 1	429
Year 2	442
Year 3	455

11. BC Societies Act

The Society is in the process of transitioning to the Societies Act of British Columbia.

This Act requires the Society to disclose total remuneration paid to Directors and the number of employees with annual remuneration greater than \$75,000. During the year ended March 31 2017, one employee was paid \$80,000. (2016 - none)

12. Restatement of prior year's figures

The Society spent funds from its internally restricted fund in the year ended March 31 2016. These were incorrectly recorded in the books of account. This error has now been corrected on the statement of financial position, operations, net assets and cash flows. This restatement does not affect the overall financial position or the net asset position of the Society.