

THE TERESA GROUP - CHILD AND FAMILY AID
FINANCIAL STATEMENTS
YEAR ENDED MARCH 31, 2021

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HILBORN LLP

Independent Auditor's Report

To the Members of The Teresa Group - Child and Family Aid

Qualified Opinion

We have audited the financial statements of The Teresa Group - Child and Family Aid (the "Teresa Group"), which comprise the balance sheet as at March 31, 2021, and the statements of revenues and expenses, 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Teresa Group as at March 31, 2021, 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 Qualified Opinion

In common with many similar organizations, the Teresa Group derives revenue from fund-raising events and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recognized in the records of the Teresa Group. Therefore, we were not able to determine whether, as at and for the year ended March 31, 2021, any adjustments might be necessary to revenues, deficiency of revenues over expenses reported in the statement of operating fund revenues and expenses and assets and net assets reported in the balance sheets. This same matter also caused us to qualify our audit opinion on the financial statement as at and for the year ended March 31, 2020.

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 Teresa Group 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 qualified 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 ability of the Teresa Group 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 Teresa Group or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the financial reporting process of the Teresa Group.

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 the financial statements.

Independent Auditor's Report (continued)

Auditor's Responsibilities for the Audit of the Financial Statements (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 internal control of the Teresa Group.
- 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 ability of the Teresa Group 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 Teresa Group 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.

We also provide those charged with governance with a statement that we have complied with relevant ethical requirements regarding independence, and to communicate with them all relationships and other matters that may reasonably be thought to bear on our independence, and where applicable, related safeguards.



Toronto, Ontario
May 10, 2021

Chartered Professional Accountants
Licensed Public Accountants

THE TERESA GROUP - CHILD AND FAMILY AID

BALANCE SHEET

AS AT MARCH 31, 2021

	2021		2020		Total	General Operations	International Coordination Projects (note 3)	Total	General Operations	International Coordination Projects (note 3)	Total	
	General Operations	International Coordination Projects (note 3)	General Operations	International Coordination Projects (note 3)								
ASSETS												
Current assets												
Cash and cash equivalents (note 3)	\$	-	\$	176,661	\$	350,502	\$	166,252	\$	166,252	\$	516,754
Short-term investments (note 4)		341,926		-		-		-		-		-
Accounts receivable (note 3)		29,261		68,428		41,243		-		-		41,243
Prepaid expenses		7,295		-		26,721		-		-		26,721
		378,482		245,089		418,466		166,252		166,252		584,718
Property and equipment (note 5)		15,239		-		32,640		-		-		32,640
		393,721		245,089		451,106		166,252		166,252		617,358
LIABILITIES AND NET ASSETS												
Current liabilities												
Bank indebtedness (note 6)		47,516		-		-		-		-		-
Accounts payable and accrued liabilities (note 3)		59,391		4,742		118,757		15,777		15,777		134,534
Deferred contributions (note 7)		18,000		240,347		41,997		150,475		150,475		192,472
		124,907		245,089		160,754		166,252		166,252		327,006
Loan payable (note 8)		60,000		-		-		-		-		-
Deferred capital contributions (note 9)		7,915		-		13,897		-		-		13,897
		192,822		245,089		174,651		166,252		166,252		340,903
Net assets												
Operating fund		(91,426)		-		(237,288)		-		-		(237,288)
Invested in capital assets		7,325		-		18,743		-		-		18,743
Contingency reserve		285,000		-		285,000		-		-		285,000
Program reserve		-		-		210,000		-		-		210,000
		200,899		-		276,455		-		-		276,455
		393,721		245,089		451,106		166,252		166,252		617,358

The accompanying notes are an integral part of these financial statements

Approved on behalf of the Board:

Mlabanyama, President

Daniel Clow, Treasurer

THE TERESA GROUP - CHILD AND FAMILY AID

STATEMENT OF REVENUES AND EXPENSES

YEAR ENDED MARCH 31, 2021

	2021		2020		Total	Total
	General Operations	International Coordination Projects (note 3)	General Operations	International Coordination Projects (note 3)		
Revenues						
Funding from Ontario Ministry of Health						
General operations (note 10)	\$ 336,728	\$ -	\$ 336,728	\$ -	\$ 336,728	\$ 336,728
Infant formula (note 10)	283,226	-	283,226	-	283,226	283,226
Public Health Agency of Canada (Schedule)	147,795	-	147,795	-	145,879	145,879
Human Resources and Skills Development Canada	-	-	-	-	4,166	4,166
City of Toronto grant	31,980	-	31,980	-	31,330	31,330
Private sector donations	162,992	-	162,992	-	125,706	125,706
Government assistance (note 11)	9,446	-	9,446	-	-	-
Interest	2,859	-	2,859	-	9,658	9,658
Amortization of deferred capital contributions (note 9)	5,982	-	5,982	-	5,982	5,982
Other	52,638	-	52,638	-	37,230	37,230
CCABA International coordination projects (note 3)	-	323,445	-	367,425	367,425	367,425
	1,033,646	323,445	1,357,091	979,905	1,347,330	1,347,330
Expenses						
Program						
Family support	157,118	-	157,118	-	158,460	158,460
Counselling	250,421	-	250,421	-	263,299	263,299
Infant formula (note 10)	283,226	-	283,226	-	283,226	283,226
Volunteer Support Program	72,720	-	72,720	-	67,695	67,695
Summer and day camps	39,549	-	39,549	-	103,134	103,134
Scholarships	14,115	-	14,115	-	15,920	15,920
Women's exchange	-	-	-	-	887	887
Tutoring	9,971	-	9,971	-	-	-
CCABA Project	22,728	-	22,728	-	30,542	30,542
	849,848	-	849,848	923,163	923,163	923,163
Administrative support and fundraising						
Fundraising	127,830	-	127,830	-	154,020	154,020
General and administration (note 12)	114,009	-	114,009	-	146,067	146,067
Amortization of capital assets	17,400	-	17,400	-	17,288	17,288
Donated goods	-	-	-	-	3,095	3,095
Summer student	-	-	-	-	4,244	4,244
Board expenses	115	-	115	-	834	834
	259,354	-	259,354	325,548	325,548	325,548
CCABA International coordination projects (note 3)	-	323,445	-	367,425	367,425	367,425
	1,109,202	323,445	1,432,647	1,248,711	1,616,136	1,616,136
Deficiency of revenues over expenses for the year	\$ (75,556)	\$ -	\$ (75,556)	\$ (268,806)	\$ -	\$ (268,806)

The accompanying notes are an integral part of these financial statements

THE TERESA GROUP - CHILD AND FAMILY AID

STATEMENT OF CHANGES IN NET ASSETS

YEAR ENDED MARCH 31, 2021

2021	Operating Fund			Internally Restricted		Total
	Invested in Capital Assets	Unappropriated Balance	Total	Contingency Reserve	Program Reserve	
Balance - at beginning of year	\$ 18,743	\$ (237,288)	\$ (218,545)	\$ 285,000	\$ 210,000	\$ 276,455
Deficiency of revenues over expenses for the year	-	(75,556)	(75,556)	-	-	(75,556)
Inter-fund transfers represented by:						
Amortization of property and equipment	(17,400)	17,400	-	-	-	-
Amortization of deferred capital contributions	5,982	(5,982)	-	-	-	-
Inter-fund transfer (note 1)	-	210,000	210,000	-	(210,000)	-
Balance - at end of year	\$ 7,325	\$ (91,426)	\$ (84,101)	\$ 285,000	\$ -	\$ 200,899

2020	Operating Fund			Internally Restricted		Total
	Invested in Capital Assets	Unappropriated Balance	Total	Contingency Reserve	Program Reserve	
Balance - at beginning of year	\$ 30,049	\$ 20,212	\$ 50,261	\$ 285,000	\$ 210,000	\$ 545,261
Deficiency of revenues over expenses for the year	-	(268,806)	(268,806)	-	-	(268,806)
Inter-fund transfers represented by:						
Amortization of property and equipment	(17,288)	17,288	-	-	-	-
Amortization of deferred capital contributions	5,982	(5,982)	-	-	-	-
Balance - at end of year	\$ 18,743	\$ (237,288)	\$ (218,545)	\$ 285,000	\$ 210,000	\$ 276,455

The accompanying notes are an integral part of these financial statements

THE TERESA GROUP - CHILD AND FAMILY AID

STATEMENT OF CASH FLOWS

YEAR ENDED MARCH 31, 2021

	2021		2020		Total	Total
	CCABA		CCABA			
	General Operations	International Coordination Projects (note 3)	General Operations	International Coordination Projects (note 3)		
Cash flows from operating activities						
Cash received from government sources	\$ 799,729	\$ -	\$ 799,729	\$ -	\$ 801,529	\$ 801,529
Cash received from other contributors	203,560	344,889	548,449	185,888	157,357	343,245
Interest received	309	-	309	9,658	9,658	9,658
Cash paid to employees and suppliers	(1,119,690)	(334,480)	(1,454,170)	(377,306)	(1,169,010)	(1,546,316)
	(116,092)	10,409	(105,683)	(191,418)	(200,666)	(392,084)
Cash flows from investing and financing activities						
Purchase of short-term investments	(341,926)	-	(341,926)	-	-	-
Proceeds from loan payable	60,000	-	60,000	-	-	-
Proceeds from redemption of short-term investments	-	-	-	-	353,240	353,240
	(281,926)	-	(281,926)	-	353,240	353,240
Change in cash during the year	(398,018)	10,409	(387,609)	(191,418)	152,574	(38,844)
Cash and cash equivalents - at beginning of year	350,502	166,252	516,754	357,670	197,928	555,598
Cash and cash equivalents (bank indebtedness) - at end of year	\$ (47,516)	\$ 176,661	\$ 129,145	\$ 166,252	\$ 350,502	\$ 516,754

The accompanying notes are an integral part of these financial statements

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

The Teresa Group - Child and Family Aid (the "Teresa Group") is a registered charitable organization incorporated without share capital under the laws of Ontario. The Teresa Group advances the dignity and well-being of children and their families affected by HIV and AIDS.

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations and are in accordance with Canadian generally accepted accounting principles. These financial statements have been prepared within the framework of the significant accounting policies summarized below.

Basis of Accounting

General

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations using the accrual method of accounting. Under the accrual method of accounting, revenues are recorded when earned and expenses are recorded when incurred.

Operating Fund

The operating fund accounts for the day-to-day program delivery and administrative activities funded by various government and private sector organizations and includes the CCABA International co-ordination projects. All interest income earned is recognized in the operating fund.

Internally Restricted Funds

The Program Reserve Fund was established to maintain existing client service programs in the event of unanticipated funding shortfalls.

Contingency Reserve Fund was established to ensure the long term financial security of The Teresa Group.

These two internally restricted funds are financed by appropriations from the operating fund.

During the current fiscal year, the Board of Directors approved a transfer of \$210,000 (\$NIL - 2020) from the Program Reserve Fund to the Operating Fund Unappropriated Balance.

Financial Instruments

(i) Measurement

The Teresa Group initially measures its financial assets and liabilities at fair value adjusted by, in the case of a financial instrument that will not be measured subsequently at fair value, the amount of transaction costs directly attributable to the instrument. Amounts due to and from related parties are measured at the exchange amount, being the amount agreed upon by the related parties. The Teresa Group subsequently measures all of its financial assets and financial liabilities at amortized cost.

Financial assets and liabilities measured at amortized cost include cash and cash equivalents, short-term investments, accounts receivable, bank indebtedness, accounts payable and accrued liabilities and loan payable.

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments (continued)

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in net income. The write down reflects the difference between the carrying amount and the higher of:

- the present value of the cash flows expected to be generated by the asset or group of assets;
- the amount that could be realized by selling the assets or group of assets.

When the events occurring after the impairment confirm that a reversal is necessary, the reversal is recognized in net income up to the amount of the previously recognized impairment. The amount of the reversal is recognized in income in the period that the reversal occurs.

Cash and Cash Equivalents

Cash and cash equivalents include cash on hand with the Teresa Group and CCABA, as well as money market mutual funds.

Investments

Short-term investments include guaranteed investment certificates recorded at amortized cost.

Property and Equipment

The costs of property and equipment are capitalized upon meeting the criteria for recognition as property and equipment, otherwise, costs are expensed as incurred. The cost of property and equipment comprises its purchase price and any directly attributable cost of preparing the asset for its intended use.

Property and equipment is measured at cost less accumulated amortization and accumulated impairment losses.

Amortization is provided for, upon the commencement of the utilization of the assets, using methods and rates designed to amortize the cost of the property and equipment over their estimated useful lives. The annual amortization rates and methods are as follows:

Computers	- 25% straight line basis
Furniture and other equipment	- 10% straight line basis
Leasehold improvements	- over the term of the lease

Property and equipment is tested for impairment whenever events or changes in circumstances indicate that its carrying amount may not be recoverable. If any potential impairment is identified, the amount of the impairment is quantified by comparing the carrying value of the property and equipment to its fair value. Any impairment of property and equipment is recognized in income in the year in which the impairment occurs.

An impairment loss is not reversed if the fair value of the property and equipment subsequently increases. There were no impairment indicators in 2021.

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Revenue Recognition

The Teresa Group follows the deferral method of accounting for contributions. Contributions include funding from governments and other funding agencies. 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. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Externally restricted contributions for depreciable property and equipment are deferred and amortized over the life of the related capital assets. Externally restricted contributions for depreciable property and equipment that have not been expended are recorded as deferred capital contributions on the balance sheet.

Income from the CCABA International coordination projects is recognized as revenue when the event takes place or the service is provided.

Interest income is recognized as revenue when earned.

All other revenues are recognized when the service is provided.

Pledges receivable are not recorded in the accounts.

Government assistance is recognized as income when the related expenses are incurred or when there is reasonable assurance that the Teresa Group has complied or will comply with all of the conditions of the assistance, and collection is reasonably assured.

Funding from Ontario Ministry of Health

The Teresa Group receives its core funding from the Ontario Ministry of Health. Funds are advanced on the basis of an approved budget; actual expenses are reviewed by the Ministry after the end of the fiscal year and any unexpended funds are to be refunded. These financial statements reflect the expected settlement with the Ministry at the end of the fiscal year.

Donated Goods and Services

Donated goods are recorded in the financial statements provided that a reasonable estimate of fair value can be made.

Volunteers contribute significant amounts of time to assist the Teresa Group in carrying out its service delivery activities. Because of the difficulty in determining fair value, contributed services are not recorded in the financial statements.

Allocation of Expenses

The Teresa Group provides programs to assist children and families affected by HIV/AIDS. The cost of these services includes direct salaries and benefits and other expenses that are directly related to providing the programs and services. The Teresa Group also incurs general and administrative support services that are common to the administration and programs.

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

1. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Allocation of Expenses (continued)

The Teresa Group allocates certain general support expenses to the programs as follows:

- | | |
|--------------------------|--|
| Human resources | • Proportionately based on the direct salaries and benefits of the program |
| Occupancy | • Based on space occupied by the personnel and/or program |
| Other operating expenses | • Based on usage of the program |

The expenses reported in the Statement of Operating Fund Revenues and Expenses for programs include allocations of human resources of \$513,582 (\$577,545 - 2020), occupancy costs of \$121,940 (\$120,035 - 2020) and other operating costs of \$29,201 (\$25,848 - 2020).

Foreign Currency Translation

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange prevailing at the year end. Revenues and expenses are translated from foreign currencies at the rate of exchange prevailing on the transaction date. Any resulting gains or losses are included in income for the year.

Use of Estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, 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 these and other estimates, the impact of which would be recorded in future affected periods.

Estimates and underlying assumptions are reviewed on an ongoing basis. Revisions to accounting estimates are recognized in the year in which the estimates are revised and in any future years affected.

2. FINANCIAL INSTRUMENT RISK MANAGEMENT

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The following disclosures provide information to assist users of the financial statements in assessing the extent of risk related to the Teresa Group's financial instruments.

Credit Risk

Credit risk is the risk that one party to a transaction will fail to discharge an obligation and cause the other party to incur a financial loss. The Teresa Group's main credit risk relates to accounts receivable. The Teresa Group is not exposed to significant credit risk.

Liquidity Risk

Liquidity risk is the risk that the Teresa Group cannot repay its obligations when they become due to its creditors. The Teresa Group is exposed to this risk mainly in respect of its accounts payable and accrued liabilities and loan payable. The Teresa Group expects to meet these obligations as they come due by generating sufficient cash flow from operations.

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

2. FINANCIAL INSTRUMENT RISK MANAGEMENT (continued)

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 comprises three types of risk: currency risk, interest rate risk and other price risk. The Teresa Group is exposed to interest rate and currency risks. The Teresa Group is not exposed to significant other price risk.

Interest Rate Risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the financial instruments will fluctuate due to changes in market interest rates. The Teresa Group is exposed to interest rate risk on its short-term investments as described in note 4, revolving line of credit as described in note 6 and its loan payable as described in note 8.

Currency Risk

Currency risk is the risk that changes in foreign exchange rates will cause fluctuations to the fair values and cash flows of the Teresa Group's financial instrument holdings. The Teresa Group receives a portion of its funding for the CCABA projects in US dollars and pays some of its direct expenses in US dollars. Currency risk is minimized by monitoring foreign currency cash flows.

Changes in Risks

The Teresa Group's liquidity and interest rate risk increased from that of the prior year due to the new revolving line of credit and loan payable.

3. CCABA INTERNATIONAL CO-ORDINATION PROJECTS

The Teresa Group is a founding member and fiscal agent for The Coalition for Children Affected by Aids ("CCABA"). CCABA is an international project that is a voice and strong advocate for children affected by AIDS. The Teresa Group and CCABA co-organize an international symposium affiliated with each International AIDS Conference. CCABA pays the Teresa Group an administrative fee equal to 10% of the revenues it earns. The Teresa Group does not have rights to the funds earned by CCABA beyond the earned administrative fee.

The CCABA bank account has been pledged as security in the amount of \$50,000 for the revolving line of credit disclosed in note 6.

4. SHORT-TERM INVESTMENTS

The short-term investments includes guaranteed investment certificates with interest rates ranging from 0.73% to 2.55% and maturity dates ranging from April 1, 2021 to August 3, 2021.

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

5. PROPERTY AND EQUIPMENT

Details of property and equipment are as follows:

2021	Cost	Accumulated Amortization	Net Book Value
Computers	\$ 92,645	\$ 86,497	\$ 6,148
Furniture and other equipment	51,920	50,321	1,599
Leasehold improvements	100,032	92,540	7,492
	\$ 244,597	\$ 229,358	\$ 15,239

2020	Cost	Accumulated Amortization	Net Book Value
Computers	\$ 92,645	\$ 81,219	\$ 11,426
Furniture and other equipment	51,920	48,206	3,714
Leasehold improvements	100,032	82,532	17,500
	244,597	211,957	32,640

6. BANK INDEBTEDNESS

The Teresa Group has available a revolving line of credit in the amount of \$50,000 with interest payable at bank prime plus 1.00% per annum. The line of credit is secured by all present and after acquired personal property and a CIBC deposit account in the amount of \$50,000. The balance on the line of credit at March 31, 2021 is \$46,767 (\$NIL - 2020). Interest paid during the 2021 fiscal year was \$425 (\$NIL - 2020).

The Teresa Group also has a credit card facility to a maximum amount of \$50,000.

7. DEFERRED CONTRIBUTIONS

Deferred contributions represent the amount of funding received in the current fiscal year that is related to a subsequent fiscal year. Details of the deferred contributions balance are as follows:

	2021		2020	
	General Operations	CCABA International Coordination Project	General Operations	CCABA International Coordination Project
Deferred contributions - at beginning of year	\$ 41,997	\$ 150,475	\$ 62,283	\$ 333,585
Contributions received during the year:				
CCABA	-	413,317	-	184,315
City of Toronto	19,185	-	44,125	-
Private sector donations	151,790	-	89,530	-
	212,972	563,792	195,938	517,900
Transferred to revenue during the year:				
CCABA	-	(323,445)	-	(367,425)
City of Toronto	(31,980)	-	(31,330)	-
Private sector donations	(162,992)	-	(122,611)	-
Deferred contributions - at end of year	\$ 18,000	\$ 240,347	\$ 41,997	\$ 150,475

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

7. DEFERRED CONTRIBUTIONS (continued)

Deferred contributions consists of:

	2021	2020
CCABA	\$ 240,347	\$ 150,475
City of Toronto	-	12,795
Foundations		13,702
Other contributions	18,000	15,500
	<u>\$ 258,347</u>	<u>\$ 192,472</u>

8. LOAN PAYABLE

During the year, the Teresa Group received a loan under the Canadian Emergency Benefit Account program, totalling \$60,000, for the payment of non-deferrable expenses.

During the initial term ending December 31, 2022, the Teresa Group is not required to repay any portion of the loan and no interest shall accrue. If the Teresa Group repays 67% of the loan by December 31, 2022, the remainder of the loan is eligible to be forgiven if certain terms and conditions are met.

During the extended term ending December 31, 2025, the loan will bear interest at a rate of 5% per annum payable monthly.

9. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized amount of contributions received for the purchase of property and equipment. The changes in deferred capital contributions are as follows:

	2021	2020
Balance - at beginning of year	\$ 13,897	\$ 19,879
Amortization of deferred capital contributions	(5,982)	(5,982)
Balance - at end of year	<u>\$ 7,915</u>	<u>\$ 13,897</u>

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

10. FUNDING FROM ONTARIO MINISTRY OF HEALTH

In the 2021 and 2020 fiscal years, actual expenses were equal to or exceeded the approved funding from the Ontario Ministry of Health, and it is not anticipated that any portion will be refundable to the Ministry. Details of the approved funding and amounts spent are as follows:

	2021		2020	
	Approved Funding	Expenses Incurred	Approved Funding	Expenses Incurred
General operations				
Salaries	\$ 254,042	\$ 254,042	\$ 254,042	\$ 254,042
Benefits	19,378	19,378	19,378	19,378
Rent and utilities	49,302	49,302	49,302	49,302
Supplies and other expenses	11,006	11,006	11,006	11,006
Protected allocations - staff development	3,000	3,000	3,000	3,000
	<u>336,728</u>	<u>336,728</u>	<u>336,728</u>	<u>336,728</u>
Infant formula	\$ 283,226	\$ 283,226	\$ 283,226	\$ 283,226

11. GOVERNMENT ASSISTANCE

During the year, the Teresa Group received \$9,446 in government assistance through the 10% Temporary Wage Subsidy for Employers program.

The government assistance is not subject to any specific future terms or conditions, however, the Canada Revenue Agency may require additional reporting in a future period to verify the eligibility and compliance of the Organization with the terms and conditions of the programs.

12. GENERAL AND ADMINISTRATION EXPENSE

Details of these expenses are as follows:

	2021	2020
Salaries and benefits	\$ 37,112	\$ 47,358
Rent and hydro	13,867	13,727
Telephone and fax	3,662	2,545
Office supplies	7,066	6,046
Professional fees	17,337	40,160
Strategic planning	-	11,712
Equipment maintenance	22,481	15,388
Insurance and bonding	7,528	6,897
Postage	231	216
Staff development	3,118	1,189
Miscellaneous	1,607	829
	<u>\$ 114,009</u>	<u>\$ 146,067</u>

THE TERESA GROUP - CHILD AND FAMILY AID

NOTES TO THE FINANCIAL STATEMENTS

YEAR ENDED MARCH 31, 2021

13. LEASE COMMITMENT

The Teresa Group's current office lease expires on December 31, 2021. Subsequent to year end, the Teresa Group entered into a new office premise lease, which expires on August 31, 2026. The minimum future annual lease payments are as follows:

2022	\$	68,991
2023		73,076
2024		73,794
2025		75,361
2026		77,097
2027		32,425

In addition, the Teresa Group is liable to pay for its share of operating costs which amounted to \$57,900 in 2021 (\$56,000 - 2020).

14. GUARANTEES AND INDEMNIFICATION OF OFFICERS AND DIRECTORS

The Teresa Group has indemnified its past, present and future directors, officers and employees and volunteers against expenses (including legal expenses), judgments, suits or proceedings in which they are sued as a result of their involvement with the Teresa Group, if they acted honestly and in good faith with a view to the best interest of the Teresa Group. The Teresa Group has purchased directors' and officers' liability insurance with respect to this indemnification. The maximum amount of any potential future payment cannot be reasonably estimated; however, there have been no claims against the Teresa Group's liability insurance in the past.

In the normal course of business, the Teresa Group has entered into agreements that include indemnities in favour of third parties, either express or implied, such as in service contracts, lease agreements or sales and purchase contracts. In these agreements, the Teresa Group agrees to indemnify the counterparties in certain circumstances against losses or liabilities arising from the acts or omissions of the Teresa Group. The maximum amount of any potential liability cannot be reasonably estimated.

15. IMPACT OF GLOBAL PANDEMIC

The global pandemic of the virus known as COVID-19 led the Canadian Federal government, as well as provincial and local governments, to impose measures, such as restricting foreign travel, mandating self-isolations and physical distancing and the closure of non-essential businesses. These measures have temporarily reduced certain operations of the Teresa Group. However, the Teresa Group continues to provide support remotely to its members despite the restrictions imposed.

To aid with cash flows, the Teresa Group applied for the Canada Emergency Business Account Program ("CEBA") as described in note 8. The Teresa Group was also approved for the Canadian Federal Temporary Wage Subsidy as described in note 11.

Because of the high level of uncertainty related to the outcome of this pandemic, it is difficult to estimate the financial effect on the Teresa Group. No adjustments have been made in the financial statements as a result of these events.

THE TERESA GROUP - CHILD AND FAMILY AID

**SCHEDULE OF REVENUE AND EXPENDITURES
HIV AND HEPATITIS C COMMUNITY ACTION FUND
PROJECT NUMBER 1718-HQ-000680**

FUNDED BY THE PUBLIC HEALTH AGENCY OF CANADA

YEAR ENDED MARCH 31, 2021

	2021		2020	
	Budget	Actual	Budget	Actual
Revenue				
Public Health Agency of Canada				
- funding for operations	\$ 147,795	\$ 147,795	\$ 145,879	\$ 145,879
Expenditures				
Personnel	123,763	119,424	122,168	119,667
Travel	4,110	-	4,000	-
Materials and equipment costs	2,659	6,437	2,609	6,820
Rent and utilities	12,076	16,867	12,067	16,642
Evaluation	3,932	5,067	3,865	2,750
Other	1,255	-	1,170	-
	147,795	147,795	145,879	145,879
Excess of revenue over expenditures for the year	\$ -	\$ -	\$ -	\$ -

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