

mahmoud virani inc

chartered accountant

suite 711 - 402 west pender street

vancouver v6b 1t6

tel: 685-1150 fax: 685-1151

1

AUDITOR'S REPORT

To the members of Persons with AIDS Society of British Columbia

I have audited the statement of financial position of Persons with AIDS Society of British Columbia as at March 31 1998 and the statements of operations and changes in net assets for the year then ended. These financial statements are the responsibility of the Society's management. My responsibility is to express an opinion on these financial statements based on my audit.

Except as explained in the following paragraph, I conducted my audit in accordance with generally accepted auditing standards. These standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organisations, the Society derives revenue from donations and fundraising, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of this revenue was limited to the amounts recorded in the books of the Society and I was not able to determine whether any adjustments might be necessary to donations and fundraising revenue, excess of revenue over expenses, financial position and net assets.

In my opinion, except for the effect of adjustment, if any, which I might have determined to be necessary had I been able to satisfy myself concerning the completeness of the donations and fundraising revenues referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at March 31 1998 and the results of its operations for the year then ended in accordance with generally accepted accounting principles applied on a basis consistent with that of the preceding year.

Mahmoud Virani Inc

MAHMOUD VIRANI INC
CHARTERED ACCOUNTANT
Vancouver

July 14 1998

PERSONS WITH AIDS SOCIETY OF BRITISH COLUMBIA
(Incorporated under the Society Act of British Columbia)
STATEMENT OF FINANCIAL POSITION

March 31 1998 1997

Assets		
Current		
Accounts receivable	\$ 116,053	\$ 27,328
Advances to PARC	55,545	82,434
GST recoverable	10,960	5,446
Prepaid expenses	4,771	22,429
	187,329	137,637
Capital assets (note 3)	31,162	36,976
	\$ 218,491	\$ 174,613
Liabilities		
Current		
Accounts payable	\$ 81,347	\$ 38,226
Deferred revenue	4,000	2,000
Bank indebtedness	14,827	33,819
	100,174	74,045
Net assets		
Invested in capital assets	31,162	36,976
Internally restricted (note 6)	100,000	100,000
Unrestricted	(12,845)	(36,408)
	118,317	100,568
	\$ 218,491	\$ 174,613

Approved by the Board

 Director
 Director

PERSONS WITH AIDS SOCIETY OF BRITISH COLUMBIA

(Incorporated under the Society Act of British Columbia)

STATEMENT OF OPERATIONS

For the year ended March 31	1998	1997
Revenue		
Grants - Canada	\$ 130,698	\$ 130,021
- British Columbia	998,924	951,651
- City of Vancouver	41,800	83,538
Donations, fundraising and bequests	494,069	554,712
Recoveries	93,314	26,869
Memberships	235	280
Bank interest & other	3,461	6,744
	<u>\$ 1,762,501</u>	<u>\$ 1,753,815</u>
Expenses		
Advertising	38,124	22,781
Amortisation	27,800	20,961
Automobile	5,436	7,749
Bank charges and interest	12,309	11,499
Community organisation grants	26,441	32,185
Consulting	27,222	29,837
Counselling	4,320	3,850
Dues and insurance	7,876	7,088
Equipment rental	19,517	29,226
Mailing service	5,363	7,374
Health funds	342,848	271,728
Library	2,428	2,454
Occupancy costs (note 4)	248,439	268,414
Miscellaneous	4,330	9,848
Office supplies	23,494	32,600
Printing, postage and delivery	112,378	141,033
Professional	16,201	38,260
Rent and utilities	10,046	11,737
Repairs and maintenance	5,478	1,743
Security	12,993	4,078
Staff development	9,587	2,858
Subcontractors	78,144	210,272
Materials & supplies	38,027	105,602
Telephone and fax	9,198	15,227
Travel, conferences and meetings	53,544	74,864
Volunteer development	87,023	87,638
Wages and benefits	516,386	465,216
	<u>1,744,752</u>	<u>1,916,122</u>
Excess(deficiency) of revenue over expenses	<u>\$ 17,749</u>	<u>\$ (162,307)</u>

PERSONS WITH AIDS SOCIETY OF BRITISH COLUMBIA
(Incorporated under the Society Act of British Columbia)
STATEMENT OF CHANGES IN NET ASSETS

For the year ended March 31

	1998		1997	
	Invested in capital assets	Unrestricted	Internally restricted	Total
Balance beginning of year	\$ 36,976	(36,408)	100,000	262,875
Excess(deficiency) of revenue over expenses	(27,800)	45,549	0	(162,307)
Capital asset additions	<u>21,986</u>	<u>(21,986)</u>		
Balance end of year	\$ <u>31,162</u>	<u>(12,845)</u>	<u>100,000</u>	<u>118,317</u>

PERSONS WITH AIDS SOCIETY OF BRITISH COLUMBIA
(Incorporated under the Society Act of British Columbia)
NOTES TO THE FINANCIAL STATEMENTS

March 31 1998

1. Society operations

The Society is registered as a charitable organisation under the provisions of the Canadian Income Tax Act. The purpose of the Society is to promote and encourage the exclusively charitable activities of persons with HIV/AIDS in British Columbia including the following:

- to create a positive attitude and feeling of hope in persons with HIV and AIDS;
- to provide support services, activities and facilities to persons with HIV and AIDS for the purpose of self-help and self-care;
- to assist in creating a positive image of persons with HIV and AIDS to the general public.

2. Accounting Policies

Revenue recognition

The Society follows the deferral method of accounting for contributions. Restricted contributions are recognised as revenue in the year in which the related expenses are incurred.

Unrestricted contributions are recognised 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 are recorded at cost and amortised over the life of the assets. Computer equipment is amortised over 3 years on a straight line basis.

Contributed services

Volunteers contributed 36,500 hours of their time during the year to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services, the Society does not include the monetary value of these services in its financial statements.

3. Capital assets

	Cost	Accumulated amortisation	1998	1997
Furniture and equipment	\$ 33,880	17,401	16,479	19,524
Computer equipment	63,225	48,542	14,683	17,452
	<u>\$ 97,105</u>	<u>65,943</u>	<u>31,162</u>	<u>36,976</u>

PERSONS WITH AIDS SOCIETY OF BRITISH COLUMBIA

(Incorporated under the Society Act of British Columbia)

NOTES TO THE FINANCIAL STATEMENTS

March 31 1998

4. Related party transactions

During the year the Society paid occupancy costs representing its share of office premises, personnel and equipment lease costs of \$248,439 to PARC Society (1997 - \$264,114).

5. Contingent liability

The Society along with Vancouver AIDS Society and Positive Women's Network Society incorporated the Pacific AIDS Resource Centre Society (PARC). Under the terms of the premises and equipment leases, Persons with AIDS Society of British Columbia is contingently liable for the following lease payments plus operating costs:

1999	\$	276,678
2000		288,678
2001		265,049
2002		273,474
2003		137,742

The Society is also contingently liable for the following loan obtained by PARC:

North Shore Credit Union	\$	16,628
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6. Internally restricted net assets

The Society has set aside \$100,000 for the specific use of the Complementary Health Fund.

7. Statement of cash

A statement of cash has not been prepared as it would not provide additional meaningful information to the users of the financial statements.

PERSONS WITH AIDS SOCIETY OF BRITISH COLUMBIA

(Incorporated under the Society Act of British Columbia)

NOTES TO THE FINANCIAL STATEMENTS

March 31 1998

B. Walk fundraising

The following figures relate to Walk fundraising activities and are included in the Statement of Operations

	<u>1998</u>	<u>1997</u>
Revenue		
Donations and fundraising	\$ 254,071	326,966
Expenses		
Advertising	530	6,654
Automobile	193	493
Contract labour	43,458	57,288
Dues, licences and insurance	86	830
Equipment rental	18,948	28,196
Hospitality	281	168
Mailing service	301	743
Materials	3,905	344
Miscellaneous	379	2,057
Office	5,023	2,850
Postage and delivery	5,541	1,792
Printing and copying	2,061	4,007
Promotion	23,845	43,899
Room rental	7,705	3,575
Travel and taxis	746	259
Volunteer costs	200	924
	<u>113,201</u>	<u>154,078</u>
Net revenue before community organisation grants	140,871	172,889
Community organisation grants	<u>23,121</u>	<u>31,325</u>
Net Walk revenue	<u>\$ 117,750</u>	<u>141,563</u>