

Options for Sexual Health
Financial Statements
For the year ended March 31, 2016

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Independent Auditor's Report

To the Members of Options for Sexual Health

We have audited the accompanying financial statements of Options for Sexual Health which comprise the Statement of Financial Position as at March 31, 2016 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

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, the financial statements present fairly, in all material respects, the financial position of Options for Sexual Health as at March 31, 2016 and the results of its operations, changes in net assets and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.



Report on Other Legal and Regulatory Requirements

As required by the Society Act of British Columbia, we report that, in our opinion, the accounting principles in Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

BDO Canada LLP

Chartered Professional Accountants

Vancouver, British Columbia

July 12, 2016

**Options for Sexual Health
Statement of Financial Position**

March 31 **2016** **2015**

Assets

Current

Cash	\$ 414,364	\$ 279,764
Temporary investments (Note 2)	252,297	452,086
Accounts receivable (Note 3)	118,878	31,602
Inventory	107,032	155,765
Prepaid expenses	5,000	7,067

897,571 **926,284**

Property and equipment (Note 4)

76,490 **46,494**

\$ 974,061 **\$ 972,778**

Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities	\$ 175,640	\$ 132,574
Bank indebtedness (Note 6)	9,569	11,984
Deferred revenue (Note 7)	409,702	509,442
Current portion of obligation under capital lease (Note 5)	5,573	-

600,484 **654,000**

Obligation under capital lease (Note 5)

26,721 **-**

627,205 **654,000**

Net Assets

Invested in property and equipment	44,196	46,494
Unrestricted net assets	274,582	272,284
Internally Restricted Contingency Fund	28,078	-

346,856 **318,778**

\$ 974,061 **\$ 972,778**

Commitments (Note 9)

Approved on behalf of the Board:

_____ Director _____ Director

Options for Sexual Health Statement of Operations

For the year ended March 31	2016	2015
Revenues		
Province of British Columbia	\$ 1,167,913	\$ 1,164,914
Grants revenue		
Gaming	173,000	173,000
United Way	48,587	47,887
Other grants	47,885	70,298
	269,472	291,185
Other revenues and services		
Sale of medical supplies	553,454	564,644
Education fees	160,519	150,809
Donation	34,307	38,209
MSP processing fees	15,734	8,535
Clinic fees and services	6,354	6,510
Conference fees	5,440	18,175
Fundraising events	9,231	8,257
Investment income	4,798	4,233
	789,837	799,372
Total Revenues	\$ 2,227,222	\$ 2,255,471
Expenses		
Advertising and promotion	4,397	11,861
Amortization of property and equipment	16,051	10,009
Bank charges and interest	7,311	7,937
Fundraising	10,938	15,466
Insurance	17,094	12,561
Interest under capital lease	2,556	-
Medical supplies	392,897	325,141
Office supplies	23,469	33,516
Professional and consulting	-	12,000
Rent	102,010	99,560
Repairs and maintenance	53,286	67,380
Contractors, salaries and wages	1,259,944	1,286,062
Sex Sense program (Schedule 1)	214,868	199,762
Training and education	56,242	83,426
Telephone	32,949	32,655
Travel	5,132	2,537
	2,199,144	2,199,873
Excess of revenue over expenses	\$ 28,078	\$ 55,598

Options for Sexual Health
Statement of Changes in Net Assets

For the year ended March 31

	Invested in Property and Equipment	Unrestricted	Internally Restricted Contingency	2016	2015
Balance, beginning of year	\$ 46,494	\$ 272,284	\$ -	\$ 318,778	\$ 263,180
Excess (deficiency) of revenue over expenses	(16,051)	16,051	28,078	28,078	55,598
Interfund transfers-acquisition less financing liability	13,753	(13,753)	-	-	-
Balance, end of the year	\$ 44,196	\$ 274,582	\$ 28,078	\$ 346,856	\$ 318,778

Options for Sexual Health
Statement of Cash Flows

For the year ended March 31

2016

2015

Cash provided by (used in)

Operating activities

Excess of revenue over expenses	\$ 28,078	\$ 55,598
Adjustments for non-cash items		
Amortization of property and equipment	16,051	10,009
	44,129	65,607
Changes in non-cash working capital items		
Accounts receivable	(87,276)	10,281
Inventory	48,733	(38,759)
Prepaid expenses	2,067	7,341
Accounts payable and accrued liabilities	43,066	(2,270)
Deferred revenues	(99,740)	11,270
	(49,021)	53,470

Investing activities

Purchase of property and equipment	(46,047)	(44,962)
Redemption of short term investments	199,789	278
	153,742	(44,684)

Financing activities

Advances from bank	(2,415)	5,874
Financing on capital leases	37,484	-
Repayment of principal portion of capital lease	(5,190)	-
	29,879	5,874

Increase (decrease) in cash during the year

134,600 14,660

Cash, beginning of year

279,764 265,104

Cash, end of year

\$ 414,364 \$ 279,764

March 31, 2016

1. Significant Accounting Policies

(a) Nature of Organization

Options for Sexual Health (the "Society") is incorporated under the Society Act of British Columbia. The Society, a registered charity, is exempt from income taxes under section 149 of the Income Tax Act. The purpose of the Society is to prevent unplanned pregnancies and promote optimal reproductive health by providing quality education, information, and clinic services to individuals, groups and communities in BC.

(b) Basis of Accounting

The Society has prepared its financial statements in accordance with the Canadian accounting standards for not-for-profit organizations ("ASNPO").

(c) Net Assets

Net assets invested in property and equipment represents the Society's investment in property and equipment.

Internally restricted net assets represents those funds restricted by Board designation for contingency purposes. These amounts are not available for purposes other than those designated by the Board of Directors.

(d) Inventory

Inventory consists of pills and medical supplies. The inventory is stated at the lower of cost and net realizable value.

(e) Financial Instruments

Financial instruments are recorded at fair value when acquired or issued. Subsequently, financial instruments are reported at cost or amortized cost less impairment, if applicable. Financial assets are tested for impairment when changes in circumstances indicate asset could be impaired. Transaction costs on the acquisition, sale or issue of financial instruments charged to the financial instrument for those measured amortized cost and amortized over the term. Financial instrument consist of cash, receivables, temporary investments and accounts payable and accrued liabilities.

(f) Property and Equipment

Property and equipment are recorded at cost less accumulated amortization. Amortization commences once the asset is put into use. Amortization is provided on a straight line basis over the following periods:

Computer equipment	- 3 years
Furniture and equipment	- 3 years
Leasehold improvements	- Term of lease

March 31, 2016

1. Significant Accounting Policies (Continued)

(g) Donations In-kind

The Society recognizes contributions of goods and services when a fair market value can be reasonably estimated and when the donated goods or services would otherwise have been purchased for use in the normal course of operations. The Society has free rent for some of the clinics during the year. Due to the difficulty in determining the fair value of the rents, free rents are not recognized in these financial statements.

(h) 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. Restricted contributions for the acquisition of property and equipment are deferred and amortized over the remaining useful life of the asset acquired.

Unrestricted contributions are recognized as revenue when received or receivable if the amount can be reasonably estimated and collection is reasonably assured.

Sale of services is recognized on an accrual basis as the services are performed. Sale of goods is recognized when the goods are transferred. Donation revenue is recognized when the donation is received. Other income is recognized as revenue when earned.

(i) Leased Assets

Leases entered into that transfer substantially all the benefits and risks associated with ownership are recorded as the acquisition of a tangible capital asset and the incurrence of an obligation. The asset is amortized in a manner consistent with tangible capital assets owned by the Society and the obligation, including interest thereon, is repaid over the term of the lease. All other leases are accounted for as operating leases and the rental costs are expensed as incurred.

(j) Use of Estimates

The preparation of financial statements in accordance 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 at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Management is also required to make estimates with respect to the collectability of accounts receivable and allowance for bad debts. As well, management makes estimates for required provisions for contingencies. Actual results could differ from management's best estimates as additional information becomes available in the future.

Options for Sexual Health
Notes to Financial Statements

March 31, 2016

2. Temporary Investments

	2016	2015
Vancity term deposit (Interest rate at 1.15% per annum, term March 25, 2016 - March 25, 2017)	\$ 100,000	\$ -
Vancity term deposit (Interest rate at 1.60% per annum, term July 29, 2015 - April 24, 2016)	150,000	-
Vancity term deposit (Interest rate at 1.15% per annum, term March 25, 2015 - March 25, 2016)	-	250,000
RBC GIC (Interest rate at 1.1% per annum, term April 23, 2014 - April 23, 2015)	-	200,000
Accrued interest	2,297	2,086
	\$ 252,297	\$ 452,086

3. Accounts Receivable

	2016	2015
Accounts Receivable	\$ 57,351	\$ 21,407
Unsaleable Inventory Receivable	51,491	-
GST Receivable	10,036	10,195
	\$ 118,878	\$ 31,602

4. Property and Equipment

	2016		2015	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 91,385	\$ 88,321	\$ 3,064	\$ 5,504
Furniture and equipment	43,685	42,848	837	1,866
Leasehold improvements	50,401	13,734	36,667	39,124
Equipment under capital lease	37,484	1,562	35,922	-
	\$ 222,955	\$ 146,465	\$ 76,490	\$ 46,494

Costs incurred for leasehold improvements are related to the renovations on the leased office space.

Options for Sexual Health
Notes to Financial Statements

March 31, 2016

5. Obligation Under Capital Lease

	<u>2016</u>
Capital lease for copier equipment at effective interest rate of 7.19% per annum, repayable \$1,773 principal and interest quarterly to February 1, 2021.	\$ 29,573
Capital lease for fax equipment at effective interest rate of 7.19% per annum, repayable \$163 principal and interest quarterly to February 1, 2021	<u>2,721</u>
	32,294
Less current portion	<u>5,573</u>
	<u>\$ 26,721</u>

The future minimum lease payments until maturity are as follows:

2017	\$ 7,746
2018	7,746
2019	7,746
2020	7,746
2021	<u>7,746</u>
Total minimum payments	38,730
Less imputed interest	<u>6,436</u>
	<u>\$ 32,294</u>

6. Credit Facility

The Society has a credit facility agreement with a bank, which allows to borrow up to a maximum of \$35,000 (2015 - \$35,000) at an interest rate of 19.99% for purchases and 21.99% for cash advances (0% interest rate if it is paid before 30 days).

**Options for Sexual Health
Notes to Financial Statements**

March 31, 2016

7. Deferred Revenues

	2016			2015	
	Deferred Revenues Opening	Revenue Received	Grants Spent / Revenue Recognized	Deferred Revenues Closing	Deferred Revenues Closing
Provincial Health Services Authority	\$ 250,000	\$ 1,417,913	\$(1,167,913)	\$ 250,000	\$ 250,000
BC Gaming	173,000	100,000	(173,000)	100,000	173,000
Other projects	54,702	15,293	(41,334)	28,661	54,702
Teaching programs	29,365	60,179	(61,274)	28,270	29,365
United Way	2,375	931	(535)	2,771	2,375
	\$ 509,442	\$ 1,594,316	\$(1,444,056)	\$ 409,702	\$ 509,442

8. Economic Dependence

The Society receives approximately 52% (2015 - 52%) of its total revenues from the Provincial Health Services Authority.

9. Commitments

During 2015 the Society signed two office premises leases for its Vancouver office and Maple Ridge clinic. The term of the Vancouver office lease is from January 1, 2015 until December 31, 2019, and the term of the Maple Ridge clinic is from March 15, 2015 until March 14, 2018.

The future minimum lease payments until maturity are as follows:

Year	Amount
2017	\$ 77,460
2018	79,584
2019	78,807
2020	60,570
	<u>\$ 296,421</u>

March 31, 2016

10. Financial Risk Factors

Risk management relates to the understanding and active management of risks associated with all areas of the Society and the associated operating environment. The Society is primarily exposed to the following risks:

(a) Interest Rate Risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society's exposure to interest risk is outlined in Note 2 where the interest rates and terms to maturity of the investments are listed. The risk is mitigated by the relative short terms to maturity.

(b) Credit Risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society is exposed to credit risk arising from its accounts receivable. The risk is managed by actively following up on past due accounts to minimize exposure.

(c) Liquidity Risk

Liquidity risk is the risk that the Society will not be able to meet its obligations as they fall due. The Society maintains a contingency fund and adequate levels of working capital to ensure all its obligations can be met when they fall due.

Options for Sexual Health
Schedule 1 - Sex Sense Program Revenue and Expenses

For the year ended March 31	2016	2015
Revenue		
Province of British Columbia contracts	\$ 243,000	\$ 240,000
Yukon fee for service	1,000	1,128
	<u>244,000</u>	<u>241,128</u>
Expenses		
Staff salaries and benefits	123,439	125,232
Advertising and promotion	29,793	29,673
Management salaries and benefits	33,740	21,108
Rent	12,400	11,232
Office and miscellaneous	10,052	6,193
Telephone	5,175	4,770
Accounting and audit	-	1,000
Resource development	-	380
Printing and mailouts	269	174
	<u>214,868</u>	<u>199,762</u>
	<u>\$ 29,132</u>	<u>\$ 41,366</u>