

Options for Sexual Health
Financial Statements
For the year ended March 31, 2017

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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, 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

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, 2017 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 Societies 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 15, 2017

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

March 31 **2017** **2016**

Assets

Current

Cash	\$ 148,884	\$ 414,364
Temporary investments (Note 2)	235,213	252,297
Accounts receivable (Note 3)	89,514	118,878
Inventories	138,573	107,032
Prepaid expenses	5,182	5,000

617,366 **897,571**

Property and equipment (Note 4)

68,108 **76,490**

\$ 685,474 **\$ 974,061**

Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities	\$ 162,217	\$ 175,640
Bank indebtedness (Note 6)	5,723	9,569
Deferred revenue (Note 7)	134,208	409,702
Current portion of obligation under capital lease (Note 5)	5,984	5,573

308,132 **600,484**

Obligation under capital lease (Note 5)

20,737 **26,721**

328,869 **627,205**

Net Assets

Invested in property and equipment	41,387	44,196
Unrestricted	277,391	274,582
Internally Restricted Contingency Fund	37,827	28,078

356,605 **346,856**

\$ 685,474 **\$ 974,061**

Commitments (Note 9)

Approved on behalf of the Board:

_____ Director _____ Director

Options for Sexual Health Statement of Operations

For the year ended March 31	2017	2016
Revenues		
Province of British Columbia	\$ 1,176,914	\$ 1,167,913
Grants revenue		
Gaming	100,000	173,000
United Way	45,304	48,587
Other grants	17,984	45,973
	163,288	267,560
Other revenues and services		
Sale of medical supplies	543,440	553,454
Education fees	171,800	160,519
Donations	42,215	34,307
MSP processing fees	17,302	15,734
Clinic fees and services	10,998	8,266
Conference fees	4,032	5,440
Fundraising events	14,780	9,231
Investment income	3,634	4,798
	808,201	791,749
Total revenues	2,148,403	2,227,222
Expenses		
Advertising and promotion	2,806	4,397
Amortization of property and equipment	19,647	16,051
Bank charges and interest	6,324	7,311
Delivery	15,163	13,657
Executive recruitment	29,447	-
Fundraising	12,202	10,938
Insurance	17,560	17,094
Interest on capital lease	2,173	2,556
Medical supplies	325,330	392,897
Office supplies	17,072	23,469
Professional and consulting	9,622	-
Rent	89,541	102,010
Repairs and maintenance	33,682	53,286
Contractors, salaries and wages	1,264,309	1,259,944
Sex Sense program (Schedule 1)	242,464	214,868
Training and education	35,250	56,242
Telephone	14,070	19,292
Travel	1,992	5,132
	2,138,654	2,199,144
Excess of revenue over expenses	\$ 9,749	\$ 28,078

**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	2017	2016
Balance, beginning of year	\$ 44,196	\$ 274,582	\$ 28,078	\$ 346,856	\$ 318,778
Excess (deficiency) of revenue over expenses	(21,321)	31,070	-	9,749	28,078
Interfund transfers-acquisition and financing payments	18,512	(18,512)	-	-	-
Interfund transfers	-	(9,749)	9,749	-	-
Balance, end of the year	\$ 41,387	\$ 277,391	\$ 37,827	\$ 356,605	\$ 346,856

Options for Sexual Health
Statement of Cash Flows

For the year ended March 31

2017

2016

Cash provided by (used in)

Operating activities

Excess of revenue over expenses	\$ 9,749	\$ 28,078
Adjustments for non-cash items		
Amortization of property and equipment	21,321	16,051
	31,070	44,129
Changes in non-cash working capital items		
Accounts receivable	29,364	(87,276)
Inventories	(31,541)	48,733
Prepaid expenses	(182)	2,067
Accounts payable and accrued liabilities	(13,423)	43,066
Deferred revenues	(275,494)	(99,740)
	(260,206)	(49,021)

Investing activities

Purchase of property and equipment, net of financing	(12,939)	(8,563)
Decrease in short term investments, net	17,084	199,789
	4,145	191,226

Financing activities

Repayment of bank indebtedness	(3,846)	(2,415)
Repayment of capital lease	(5,573)	(5,190)
	(9,419)	(7,605)

Increase (decrease) in cash during the year	(265,480)	134,600
Cash, beginning of year	414,364	279,764
Cash, end of year	\$ 148,884	\$ 414,364

March 31, 2017

1. Significant Accounting Policies

(a) Nature of Organization

Options for Sexual Health (the "Society") is incorporated under the Society Act of British Columbia and has transitioned to the new Societies Act (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) Inventories

Inventory consists of pills and medical supplies. The inventories are 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, accounts receivable, 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
Computer software	- 5 years
Furniture and equipment	- 3 years
Leasehold improvements	- Term of lease

March 31, 2017

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.

Volunteers perform various services for the Society. The services are not reflected in the financial statements as there is no available objective basis to measure the value of such services.

(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, allowance for bad debts and net recoverability of inventories. 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, 2017

2. Temporary Investments

	2017	2016
Vancity term deposit (Interest rate at 0.90% per annum, term March 25, 2017 - March 25, 2018)	\$ 100,000	\$ -
Vancity term deposit (Interest rate at 1.10% per annum, term April 25, 2016 - April 25, 2017)	133,647	-
Vancity term deposit (Interest rate at 1.15% per annum, term March 25, 2016 - March 25, 2017)	-	100,000
RBC GIC (Interest rate at 1.1% per annum, term July 29, 2015 - April 24, 2016)	-	150,000
Accrued interest	1,566	2,297
	\$ 235,213	\$ 252,297

3. Accounts Receivable

	2017	2016
Accounts receivable	\$ 54,266	\$ 57,351
Unsaleable inventory receivable	28,187	51,491
GST receivable	7,061	10,036
	\$ 89,514	\$ 118,878

4. Property and Equipment

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 94,278	\$ 91,051	\$ 3,227	\$ 3,064
Furniture and equipment	43,685	43,437	248	837
Leasehold improvements	50,401	23,814	26,587	36,667
Computer software	10,045	1,674	8,371	-
Equipment under capital lease	37,484	7,809	29,675	35,922
	\$ 235,893	\$ 167,785	\$ 68,108	\$ 76,490

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, 2017

5. Obligation Under Capital Lease

	<u>2017</u>
Capital lease for copier equipment at effective interest rate of 7.19% per annum, repayable with \$1,773 principal and interest quarterly payments to February 1, 2021.	\$ 24,470
Capital lease for fax equipment at effective interest rate of 7.19% per annum, repayable with \$163 principal and interest quarterly payments to February 1, 2021	<u>2,251</u>
	26,721
Less current portion	<u>5,984</u>
	<u>\$ 20,737</u>

The future minimum lease payments until maturity are as follows:

2018	\$ 7,746
2019	7,746
2020	7,746
2021	<u>7,746</u>
Total minimum payments	30,984
Less imputed interest	<u>4,263</u>
	<u>\$ 26,721</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 (2016 - \$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, 2017

7. Deferred Revenues

	2016		2017	
	Deferred Revenues Opening	Amounts Received	Grants Spent / Revenue Recognized	Deferred Revenues Closing
Provincial Health Services Authority	\$ 250,000	\$ 674,949	\$ (924,949)	\$ -
BC Gaming	100,000	100,000	(100,000)	100,000
Other projects	28,661	7,913	(18,268)	18,306
Teaching programs	28,270	23,110	(38,430)	12,950
United Way	2,771	2,613	(2,432)	2,952
	\$ 409,702	\$ 808,585	\$(1,084,079)	\$ 134,208

8. Economic Dependence

The Society receives approximately 55% (2016 - 52%) of its total revenues from the Provincial Health Services Authority.

9. Commitments

The Society has 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
2018	\$ 79,584
2019	78,807
2020	60,570
	\$ 218,961

March 31, 2017

10. Remuneration of Directors, Employees and Contractors

On November 28, 2016 the Society Act (BC) was repealed and replaced with the Societies Act (BC) ("New Act"). The New Act required that all Societies transition to the New Act before November 28, 2018. As briefly outlined in Note 1 the Society has completed the transitioning process. The New Act requires that the Society disclose the total remuneration paid to the Directors, for either being a director or for acting in another capacity, as well as the total number of employees or contractors with annual remuneration equal to or greater than \$75,000 and the aggregate remuneration of those employees/contractors.

Included salaries and benefits is one employee with remuneration over \$75,000. Total compensation to this individual for the year ended March 31, 2017 was \$78,420.

No remuneration was paid to members of the Board of Directors for the year ended March 31, 2017.

11. Financial Risk Factors

The Society is primarily exposed to the following financial 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. The interest on capital leases is fixed for the term of the agreements.

(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.

The Society has invested its temporary investments with reputable institutions in low risk securities, which are subject to some insurance protection.

(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.

There has been no changes in these risks from prior year.

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

For the year ended March 31	2017	2016
Revenue		
Province of British Columbia contracts	\$ 252,000	\$ 243,000
Yukon fee for service	1,000	1,000
	<u>253,000</u>	<u>244,000</u>
Expenses		
Accounting and audit	2,970	-
Advertising and promotion	30,996	29,793
Amortization	1,674	-
Management salaries and benefits	41,564	33,740
Office and miscellaneous	8,355	10,052
Printing and mailouts	192	269
Professional development	693	-
Rent	26,987	12,400
Resource development	72	-
Staff salaries and benefits	124,084	123,439
Telephone	4,877	5,175
	<u>242,464</u>	<u>214,868</u>
	<u>\$ 10,536</u>	<u>\$ 29,132</u>