
**OPTIONS FOR SEXUAL HEALTH
FINANCIAL STATEMENTS
FOR THE YEARS ENDED
MARCH 31, 2013 AND 2012**



INDEPENDENT AUDITORS' REPORT

To the Members of:
Options for Sexual Health

Report on the Financial Statements

We have audited the accompanying financial statements of Options for Sexual Health (the "Society") which comprise the statements of financial position as at March 31, 2013, March 31, 2012 and April 1, 2011 and the statements of revenue and expenses, changes in net assets and cash flows for the years ended March 31, 2013 and March 31, 2012, and the related notes comprising 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.

Auditors' 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 our 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, we consider 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 in our audit is sufficient and appropriate to provide a basis for our audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, the Society derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were unable to determine whether any adjustments might be necessary to donation revenue, excess of revenue over expenses, and cash flows from operations, assets, and changes in net assets as at March 31, 2013, March 31, 2012 and April 1, 2011 and for the years ended March 31, 2013 and March 31, 2012. Our audit opinion on the financial statements for the year ended March 31, 2012 also contained a qualification because of the possible effects of this limitation in scope.



MANNING ELLIOTT
CHARTERED ACCOUNTANTS

11th floor, 1050 West Pender Street, Vancouver BC, Canada V6E 3S7
Phone: 604.714.3600 Fax: 604.714.3669 Web: manningelliott.com

INDEPENDENT AUDITORS' REPORT

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Options for Sexual Health as at March 31, 2013, March 31, 2012 and April 1, 2011 and the results of its operations and its cash flows for the years ended March 31, 2013 and March 31, 2012 in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the British Columbia Society Act, we report that, in our opinion, the Society's financial statements have been prepared following Canadian accounting standards for not-for-profit organizations applied on a consistent basis.

Manning Elliott LLP

Chartered Accountants

Vancouver, British Columbia

July 25, 2013

**OPTIONS FOR SEXUAL HEALTH
STATEMENTS OF FINANCIAL POSITION
AS AT MARCH 31, 2013, 2012 AND APRIL 1, 2011**

	March 31 2013	March 31 2012	April 1 2011 (Note 2)
ASSETS			
CURRENT ASSETS			
Cash	\$ 436,402	\$ 562,901	\$ 281,854
Accounts receivable	14,080	21,844	103,612
GST receivable	22,284	24,241	19,749
Government grant receivable	250,000	-	-
Inventory	132,374	115,476	156,965
Prepaid expenses and deposits	18,236	19,113	56,958
	873,376	743,575	619,138
CAPITAL ASSETS (Note 4)	5,431	5,878	10,201
	\$ 878,807	\$ 749,453	\$ 629,339

LIABILITIES

CURRENT LIABILITIES

Accounts payable and accrued liabilities	\$ 128,945	\$ 141,628	\$ 241,703
Deferred revenue (Note 5)	554,782	515,590	270,669
	683,727	657,218	512,372

COMMITMENTS (Note 6)

NET ASSETS

INVESTED IN CAPITAL ASSETS	5,431	5,878	10,201
UNRESTRICTED	189,649	86,357	106,766
	195,080	92,235	116,967
	\$ 878,807	\$ 749,453	\$ 629,339

Approved by the Board:

_____ Director

_____ Director

OPTIONS FOR SEXUAL HEALTH
STATEMENTS OF CHANGES IN NET ASSETS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

				2013		2012 (Note 2)	
	Invested in capital assets	Unrestricted	Total	Total	Total	Total	Total
BALANCE, BEGINNING OF YEAR	\$ 5,878	\$ 86,357	\$ 92,235	\$ 116,967			
Excess (deficiency) of revenue over expenses for the year	(4,892)	107,737	102,845	(24,732)			
Acquisition of capital assets	4,445	(4,445)	-	-			
BALANCE, END OF YEAR	\$ 5,431	\$ 189,649	\$ 195,080	\$ 92,235			

**OPTIONS FOR SEXUAL HEALTH
STATEMENTS OF REVENUE AND EXPENSES
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

	2013	2012 (Note 2)
REVENUE		
Fundraising:		
Province of British Columbia contracts	\$ 1,200,096	\$ 1,165,056
Gaming and other	210,833	187,448
United Way	48,418	56,365
Grants	33,364	74,322
Donations and memberships	23,667	40,732
Services:		
Sale of medical supplies	670,071	747,395
Education fees	126,266	165,472
Conference fees	27,707	46,890
MSP commissions	12,988	12,846
Clinic fees and services	4,657	3,515
Education supplies - sales	258	567
Investment income	431	58
	2,358,756	2,500,666
EXPENSES		
Human Resources:		
Salaries and benefits	1,243,369	1,292,558
Services:		
Medical supplies	415,953	476,449
Sex sense program (Schedule)	219,832	210,634
Training / education	35,730	103,857
Outreach publicity	8,297	8,154
Administration:		
Travel	6,248	9,556
Office	151,749	231,972
Fundraising	13,523	176
Special programs	9,171	19,685
Operations:		
Rent	103,009	108,961
Telephone	34,932	42,207
Professional fees	9,206	14,826
Amortization	4,892	6,363
	2,255,911	2,525,398
EXCESS (DEFICIENCY) OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 102,845	\$ (24,732)

**OPTIONS FOR SEXUAL HEALTH
STATEMENTS OF CASH FLOWS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012**

	2013	2012 (Note 2)
CASH FROM (USED IN):		
OPERATING ACTIVITIES		
Excess (deficiency) of revenue over expenses for the year	\$ 102,845	\$ (24,732)
Items not involving cash:		
Amortization	4,892	6,363
	107,737	(18,369)
Change in non-cash working capital items:		
Accounts receivable	7,764	81,767
GST receivable	1,957	(4,491)
Government grant receivable	(250,000)	-
Inventory	(16,898)	41,489
Prepaid expenses and deposits	877	37,845
Accounts payable and accrued liabilities	(12,683)	(100,075)
Deferred revenue	39,192	244,921
	(122,054)	283,087
INVESTING ACTIVITIES		
Acquisition of capital assets	(4,445)	(2,040)
INCREASE (DECREASE) IN CASH DURING THE YEAR	(126,499)	281,047
CASH, BEGINNING OF YEAR	562,901	281,854
CASH, END OF YEAR	\$ 436,402	\$ 562,901

OPTIONS FOR SEXUAL HEALTH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

PURPOSE AND HISTORY OF THE SOCIETY

The Society's mission is to prevent unplanned pregnancies and promote optimal reproductive health by providing quality education, information, and clinic services to individuals, groups and communities in B.C.

The Society is a non-profit organization incorporated under the British Columbia Society Act and is a charitable organization under the Income Tax Act. Accordingly, the Society is not subject to income taxes.

1. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") under Part III of the CICA Handbook - Accounting. Financial statements prepared in accordance with ASNPO are also in accordance with Canadian generally accepted accounting principles (GAAP). See Note 2 for information regarding the Society's adoption of ASNPO.

These financial statements have, in management's opinion, been prepared within reasonable limits of materiality using the significant accounting policies noted below:

a) Financial instruments

i) Measurement

The Society's financial instruments consist of cash, accounts receivable and accounts payable. The Society initially measures all of its financial assets and liabilities at fair value, except for certain non-arm's length transactions. The Society subsequently measures all of its financial assets and liabilities at amortized cost.

ii) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of any write-down that is determined is recognized in the statement of revenue and expenses. A previously recognized impairment loss may be reversed to the extent of any improvement, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of revenue and expenses in the period in which it is determined.

b) Cash

Cash consists of cash on hand and cash on deposit.

c) Inventory

Inventory is stated at the lower of cost and estimated net realizable value. Cost has been determined on a first-in, first-out basis. All inventory consists of retail products available for resale.

d) Capital assets

Capital assets are stated at cost less accumulated amortization which is recorded over the useful lives of the assets on the straight-line method using the following annual rates:

Computer equipment	33%
Furniture and equipment	33%

OPTIONS FOR SEXUAL HEALTH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

1. SIGNIFICANT ACCOUNTING POLICIES (Continued)

e) Long-lived assets

The Society's policy is to record a write-down to residual value when it is determined that a long-lived asset no longer has any long-term service potential.

f) Revenue recognition

The Society follows the deferral method of accounting for contributions. Grants are recorded when notice of approval is received or conditions for receipt are fulfilled. Where grants are to be applied over given periods, portions relating to periods beyond the fiscal year are recorded as deferred revenue.

Revenue from memberships, donations and fundraising is recorded when received.

Revenue from the sale of goods and services is recorded at the time of sale or provision of service if the amount to be received can be reasonably estimated and collection is reasonably assured.

g) Donated services

The Society benefits greatly from donated services in the form of volunteer time. The value of volunteer time is not recognized in these financial statements. Other contributed materials and services are recognized only when their fair value can be reasonably estimated and when the materials and services are used in the normal course of operations and would otherwise have been purchased.

h) Allocation of expenses

The Society reports its expenses under one of the following functions: human resources, services, outreach, administration, fundraising, special programs, and operations.

The Society's total salaries and benefit expense is allocated between the human resources and services functions. This allocation is based on the relative amount of time the Society's employees work on each function. Details of the amounts allocated are disclosed in Note 7.

i) Use of estimates

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions about future events that affect the reported amounts of assets, liabilities, revenues and expenses as at the end of or during the reporting period. Management believes that the estimates used are reasonable and prudent, however, actual results could differ from those estimates. Significant areas requiring the use of management estimates relate to the determination of the useful lives of capital assets, the valuation of inventory, the measurement of accrued liabilities, and the recognition of deferred revenue.

OPTIONS FOR SEXUAL HEALTH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

2. ADOPTION OF CANADIAN ACCOUNTING STANDARDS FOR NOT-FOR-PROFIT ORGANIZATIONS

The Society adopted Canadian accounting standards for not-for-profit organizations ("ASNPO") on April 1, 2012 for its year ended March 31, 2013. As these are the Society's first set of ASNPO financial statements, they have been prepared retrospectively as at the opening statement of financial position date of April 1, 2011. Retrospective preparation upon first-time adoption of ASNPO allows for the use of certain exemptions and elections. The Society has not made use of any exemptions or elections.

The adoption of ASNPO resulted in a change in accounting policy with respect to the Society's financial instruments. Under ASNPO, the Society accounts for its financial instruments following the policies described in Note 1(a). The Society previously followed the accounting policies for financial instruments set out in Sections 3855 and 3861 of Part V of the CICA Handbook - Accounting. Although there has been a change in accounting policy, there has been no effect on the carrying amounts of the Society's financial instruments.

The adoption of ASNPO did not result in any other changes in accounting policy or changes in the carrying amounts of the Society's assets and liabilities.

Accordingly, the adoption of ASNPO had no effect on the Society's opening statement of financial position as at April 1, 2011, the comparative statement of financial position as at March 31, 2012 its statement of revenue and expenses, changes in net assets, or cash flows for the year ended March 31, 2012.

3. FINANCIAL INSTRUMENTS RISKS

The Society's financial instruments are described in Note 1(a). In management's opinion, the Society is not exposed to significant currency, credit, liquidity, interest rate or other market risks. In addition, the Society is not exposed to any material concentrations of risk and there has been no change in risk exposures from the prior year.

OPTIONS FOR SEXUAL HEALTH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

4. CAPITAL ASSETS

			2013			2012
	Cost	Accumulated Amortization	Net Book Value			Net Book Value
Computer equipment	\$ 80,176	\$ 76,990	\$ 3,186	\$		4,822
Furniture and equipment	42,784	40,539	2,245			1,056
	\$ 122,960	\$ 117,529	\$ 5,431	\$		5,878

5. DEFERRED REVENUE

			2013			2012
Provincial Health Services Authority			\$ 310,000	\$		285,000
BC Gaming			173,000			192,000
Other projects			58,832			21,733
Professional education workshops			10,000			7,500
Teaching programs			2,200			4,840
United Way			750			540
BC Cancer Agency community grants			-			3,977
			\$ 554,782	\$		515,590

6. COMMITMENTS

The Society leases equipment and premises under agreements expiring between December 2013 and March 2018. Minimum payments under these agreements during the next five years are anticipated to be as follows:

2014	\$ 72,930
2015	35,662
2016	35,662
2017	11,342
2018	6,478
	\$ 162,074

7. ALLOCATION OF SALARIES AND BENEFITS EXPENSE

Pursuant to the policy described in Note 1(h), the Society's expenditures for the year on salaries and benefits are allocated as follows:

			2013			2012
Human Resources	\$ 1,243,369	\$	1,292,558			118,894
Services - Sex Sense Program			122,323			118,894
			\$ 1,365,692	\$		1,411,452

OPTIONS FOR SEXUAL HEALTH
NOTES TO FINANCIAL STATEMENTS
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

8. BANK CREDIT FACILITY

The Society has a \$30,000 demand revolving credit facility with the Royal Bank of Canada secured by a general security agreement creating a first charge over all property of the Society. Advances under this facility bear interest at 2.7% over the bank's prime lending rate. The facility was not in use as at March 31, 2013 (2012 - \$Nil).

9. ECONOMIC DEPENDENCE

The Society receives approximately 47% (2012 - 47%) of its annual operating revenue from provincial grants. The Society is dependent upon this funding to continue its operations.

OPTIONS FOR SEXUAL HEALTH
SCHEDULE OF SEX SENSE PROGRAM REVENUE AND EXPENSES
FOR THE YEARS ENDED MARCH 31, 2013 AND 2012

	2013	2012
REVENUE		
Province of British Columbia	\$ 240,000	\$ 240,000
EXPENSES		
Accounting and audit	6,903	6,523
Advertising and promotion	50,548	44,177
Management salaries and benefits	24,134	25,938
Office supplies	134	500
Printing and mailouts	460	366
Rent	11,232	9,580
Resource development	166	130
Staff salaries and benefits	122,323	118,879
Telephone	3,932	4,541
	219,832	210,634
EXCESS OF REVENUE OVER EXPENSES FOR THE YEAR	\$ 20,168	\$ 29,366