

**Options for Sexual Health
Financial Statements
For the year ended March 31, 2018**

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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, 2018 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 qualified audit opinion.

Basis for Qualified Opinion

In common with many charitable organizations, Options for Sexual Health derives revenue from donations and fundraising, 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 not able to determine whether any adjustments might be necessary to fundraising and donations revenue, excess of revenue over expenses and cash flows from operations for the year ended March 31, 2018, current assets as at March 31, 2018 and net assets as at April 1, 2017 and March 31, 2018.



Qualified Opinion

In our opinion, except for the possible 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, 2018 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.

Emphasis of Matter

Without modifying our opinion, we draw attention to Note 12 to the financial statements, which explains that certain comparative information for the year ended March 31, 2017 has been restated.

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
August 28, 2018

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

March 31 **2018** **2017**

Assets

Current

Cash	\$ 242,367	\$ 148,884
Temporary investments (Note 2)	196,449	235,213
Accounts receivable (Note 3)	83,134	89,547
Inventories	143,999	138,573
Prepaid expenses	8,743	5,182

674,692 **617,399**

Property and equipment (Note 4)

44,101 **68,108**

\$ 718,793 **\$ 685,507**

Liabilities and Net Assets

Liabilities

Current

Accounts payable and accrued liabilities	\$ 122,159	\$ 162,250
Bank indebtedness (Note 6)	-	5,723
Deferred revenue (Note 7)	219,437	134,208
Current portion of obligation under capital lease (Note 5)	6,859	5,984

348,455 **308,165**

Obligation under capital lease (Note 5)

12,911 **20,737**

361,366 **328,902**

Net Assets

Invested in property and equipment	24,331	41,387
Unrestricted	295,269	277,391
Internally Restricted Contingency Fund	37,827	37,827

357,427 **356,605**

\$ 718,793 **\$ 685,507**

Commitments (Note 10)

Approved on behalf of the Board:

_____ Director _____ Director

Options for Sexual Health Statement of Operations

For the year ended March 31

2018

2017

		Restated (Note 12)
Revenues		
Province of British Columbia	<u>\$ 1,176,915</u>	<u>\$ 1,176,914</u>
Grants revenue		
Gaming	100,000	100,000
United Way	47,188	45,304
Other grants	<u>9,997</u>	<u>17,984</u>
	<u>157,185</u>	<u>163,288</u>
Other revenues and services		
Sale of medical supplies	537,814	543,440
Education fees	193,198	171,800
Donations (Note 8)	487,554	489,870
MSP commissions and fees	145,435	144,184
Clinic fees and services	13,511	10,998
Conference fees	-	4,032
Fundraising events	32,890	22,625
Investment income	<u>2,195</u>	<u>3,634</u>
	<u>1,412,597</u>	<u>1,390,583</u>
Total revenues	<u>2,746,697</u>	<u>2,730,785</u>
Expenses		
Advertising and promotion	5,742	2,806
Amortization of property and equipment	17,456	19,647
Bank charges and interest	7,633	6,324
Delivery	13,861	15,163
Executive recruitment	-	29,447
Fundraising	12,130	12,202
Insurance	16,803	17,560
Interest on capital lease	1,418	2,173
Medical supplies	336,430	325,330
Office supplies	19,346	17,072
Professional and consulting	9,600	9,622
Rent (Note 8)	358,299	352,541
Repairs and maintenance	15,052	33,682
Salaries, wages and volunteer hours (Note 8)	1,607,195	1,583,691
Sex Sense program (Schedule 1)	250,364	242,464
Training and education	53,027	35,250
Telephone	13,478	14,070
Travel	<u>5,219</u>	<u>1,992</u>
	<u>2,743,053</u>	<u>2,721,036</u>
Loss on disposal of equipment	<u>2,822</u>	<u>-</u>
Excess of revenue over expenses	<u>\$ 822</u>	<u>\$ 9,749</u>

**Options for Sexual Health
Statement of Changes in Net Assets**

For the year ended March 31

	Invested in Property and Equipment	Unrestricted	Internally Restricted	2018	2017
Balance, beginning of year	\$ 41,387	\$ 277,391	\$ 37,827	\$ 356,605	\$ 346,856
Excess (deficiency) of revenue over expenses	(23,626)	24,448	-	822	9,749
Interfund transfers-acquisition and financing payments	6,570	(6,570)	-	-	-
Interfund transfers	-	-	-	-	-
Balance, end of the year	\$ 24,331	\$ 295,269	\$ 37,827	\$ 357,427	\$ 356,605

Options for Sexual Health
Statement of Cash Flows

For the year ended March 31	2018	2017
Cash provided by (used in)		
Operating activities		
Excess of revenue over expenses	\$ 822	\$ 9,749
Adjustments for non-cash items		
Amortization of property and equipment	20,804	21,321
Loss on on disposal of equipment	2,822	-
	24,448	31,070
Changes in non-cash working capital items		
Accounts receivable	6,413	29,364
Inventories	(5,426)	(31,541)
Prepaid expenses	(3,561)	(182)
Accounts payable and accrued liabilities	(40,091)	(13,423)
Deferred revenues	85,229	(275,494)
	67,012	(260,206)
Investing activities		
Purchases of property and equipment	(2,515)	(12,939)
Decrease in temporary investments, net	38,764	17,084
	36,249	4,145
Financing activities		
Repayment of bank indebtedness	(5,723)	(3,846)
Repayment of capital lease	(4,055)	(5,573)
	(9,778)	(9,419)
Increase (decrease) in cash during the year	93,483	(265,480)
Cash, beginning of year	148,884	414,364
Cash, end of year	\$ 242,367	\$ 148,884

March 31, 2018

1. Significant Accounting Policies

(a) Nature of Organization

Options for Sexual Health (the "Society") was incorporated under the Society Act of British Columbia and transitioned to the new Societies Act (British Columbia) during the year. 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 contraceptives and medical supplies, and are recorded at the lower of cost and net realizable value. The cost of inventories include all direct costs of purchase net of vendor rebates, and is determined on a first in, first out basis. Net realizable value is the estimated selling price in the ordinary course of business.

(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 instruments consist of cash, temporary investments, accounts receivable, accounts payable, bank indebtedness, and obligations under capital lease.

March 31, 2018

1. Significant Accounting Policies (Continued)

(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
Equipment under capital lease	- 3 years
Furniture and equipment	- 3 years
Leasehold improvements	- Term of lease

(g) Donations In-kind

The Society benefits greatly from contributed services in the form of volunteer time and rent. The Society recognizes contributions of goods and services when a fair market value can be reasonably estimated and the materials are used in the normal course of operations and would otherwise have been purchased. The Society has chosen to implement this policy as of April 1, 2016 to record volunteer time within the clinics and rent provided. Board volunteer time is not recorded.

(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 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.

Options for Sexual Health
Notes to Financial Statements

March 31, 2018

1. Significant Accounting Policies (Continued)

(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, net recoverability of inventories, and donations in-kind. 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.

2. Temporary Investments

	2018	2017
Vancity term deposit Interest rate at 1.10% (2017 - 0.90%) per annum, (term March 25, 2018 to March 25, 2019)	\$ 60,000	\$ 100,000
Vancity term deposit Interest rate at 0.90% (2017 - 1.10%) per annum, (term April 25, 2017 to April 25, 2018)	135,290	133,647
Accrued interest	1,159	1,566
	\$ 196,449	\$ 235,213

3. Accounts Receivable

	2018	2017
Accounts receivable	\$ 60,573	\$ 54,299
Accrued supplier credit receivable	15,058	28,187
GST receivable	7,503	7,061
	\$ 83,134	\$ 89,547

Options for Sexual Health
Notes to Financial Statements

March 31, 2018

4. Property and Equipment

	2018		2017	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 96,793	\$ 92,979	\$ 3,814	\$ 3,227
Furniture and equipment	41,597	41,597	-	248
Leasehold improvements	50,401	33,895	16,506	26,587
Computer software	10,045	5,022	5,023	8,371
Equipment under capital lease	19,272	514	18,758	29,675
	\$ 218,108	\$ 174,007	\$ 44,101	\$ 68,108

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

5. Obligation Under Capital Lease

	2018
Capital lease for copier equipment at effective interest rate of 34.8% per annum, repayable with \$683 principal and interest monthly payments to April 1, 2024.	\$ 19,770
Less current portion	6,859
	\$ 12,911

The future minimum lease payments until maturity are as follows:

2019	\$ 6,859
2020	7,483
2021	7,483
2022	7,483
2023	7,483
Thereafter	8,106
Total minimum payments	44,897
Less imputed interest	25,127
	\$ 19,770

Options for Sexual Health Notes to Financial Statements

March 31, 2018

6. Credit Facility

The Society has a credit facility agreement with a bank, which allows to borrow up to a maximum of \$35,000 (2017 - \$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).

7. Deferred Revenues

	2017		2018	
	Opening	Amounts Received	Grants Spent / Revenue Recognized	Closing
BC Gaming	\$ 100,000	\$ 100,000	\$ (100,000)	\$ 100,000
Other projects - develop education Provincial Health Services	18,306	22,363	(7,479)	33,190
Authority - operating Provincial Health Services	-	924,915	(924,915)	-
Authority - website	-	47,500	-	47,500
Teaching programs/courses	12,950	84,384	(61,702)	35,632
United Way	2,952	623	(460)	3,115
	\$ 134,208	\$ 1,179,785	\$ (1,094,556)	\$ 219,437

8. Donations

	March 31 2018	March 31 2017
Donated rent of clinic space	\$ 266,895	\$ 263,000
Volunteer hours	192,500	192,500
Other	28,159	34,370
	\$ 487,554	\$ 489,870

9. Economic Dependence

The Society receives approximately 34% (2017 - 34%) of its total revenues from the Provincial Health Services Authority.

March 31, 2018

10. Commitments

The Society has one office premise lease for its Vancouver office clinic. The term of the Vancouver office lease is from January 1, 2015 until December 31, 2019.

The future minimum lease payments until maturity are as follows:

Year	Amount
2018/2019	\$ 78,807
2019/2020	<u>\$ 60,570</u>
	<u>\$ 139,377</u>

11. 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 in salaries and benefits is one employee with remuneration over \$75,000. Total compensation to this individual for the year ended March 31, 2018 was \$85,835.

No remuneration was paid to members of the Board of Directors for the year ended March 31, 2018.

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

March 31, 2018

12. Prior Period Restatement

The prior year comparative amounts have been restated retroactively to account for the Society now recording donations in-kind and recognizing MSP commission revenues and expenses on a gross basis. The effect of the restatement on the financial statements is summarized below.

	2017		2017
	Originally Stated	Adjustments	Restated
Statement of Operations:			
Revenues:			
Donations	\$ 34,370	\$ 455,500	\$ 489,870
MSP commissions and fees	17,302	126,881	144,183
Expenses:			
Rent	89,541	263,000	352,541
Contractors, salaries and wages	1,264,309	319,381	1,583,691
Excess of revenue over expenses	\$ 9,749	\$ -	\$ 9,749

13. 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	2018	2017
Revenue		
Province of British Columbia contracts	\$ 252,000	\$ 252,000
Yukon fee for service	1,000	1,000
	<u>253,000</u>	<u>253,000</u>
Expenses		
Accounting and audit	2,895	2,970
Advertising and promotion	34,112	30,996
Amortization	3,348	1,674
Management salaries and benefits	43,787	41,564
Office and miscellaneous	7,406	8,355
Printing and mailouts	83	192
Professional development	287	693
Rent	27,048	26,987
Resource development	54	72
Staff salaries and benefits	124,190	124,084
Telephone	5,718	4,877
	<u>248,928</u>	<u>242,464</u>
	\$ 4,072	\$ 10,536