

**Options for Sexual Health  
Financial Statements  
For the year ended March 31, 2019**

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For the year ended March 31, 2019**

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## Independent Auditor's Report

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### To the Members of Options for Sexual Health

#### Qualified Opinion

We have audited the accompanying financial statements of Options for Sexual Health (the "Society"), which comprise the statement of financial position as at March 31, 2019, and the statements of operations, changes in net assets and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2019, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not for profit organizations.

#### Basis for Qualified Opinion

In common with many not for profit organizations, the Society derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Society. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the years ended March 31, 2019 and 2018, current assets as at March 31, 2019 and 2018, and net assets as at April 1 and March 31 for both the 2019 and 2018 years. Our audit opinion on the financial statements for the year ended March 31, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of our report. We are independent of the Society in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

#### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



## Auditor's Responsibility for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit 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 Society's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Society to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.



## Report on Other Legal and Regulatory Requirements

As required by the Societies Act (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.

Chartered Professional Accountants

Vancouver, British Columbia  
July 30, 2019

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

**March 31** **2019** **2018**

**Assets**

**Current**

|                                |    |         |    |         |
|--------------------------------|----|---------|----|---------|
| Cash                           | \$ | 249,866 | \$ | 242,367 |
| Temporary investments (Note 2) |    | 224,369 |    | 196,449 |
| Accounts receivable (Note 3)   |    | 47,832  |    | 83,134  |
| Inventories                    |    | 184,497 |    | 143,999 |
| Prepaid expenses               |    | 12,905  |    | 8,743   |

**719,469** **674,692**

**Property and equipment (Note 4)**

**27,147** **44,101**

**\$ 746,616** **\$ 718,793**

**Liabilities and Net Assets**

**Liabilities**

**Current**

|  |    |         |    |         |
|--|----|---------|----|---------|
| Accounts payable and accrued liabilities                   | \$ | 146,659 | \$ | 122,159 |
| Deferred revenue (Note 7)                                  |    | 248,254 |    | 219,437 |
| Current portion of obligation under capital lease (Note 5) |    | 1,822   |    | 1,245   |

**396,735** **342,841**

**Obligation under capital lease (Note 5)**

**17,215** **18,525**

**413,950** **361,366**

**Net Assets**

|                                    |         |         |
|------------------------------------|---------|---------|
| Invested in property and equipment | 8,110   | 24,331  |
| Unrestricted                       | 286,704 | 295,244 |
| Internally Restricted Contingency  | 37,852  | 37,852  |

**332,666** **357,427**

**\$ 746,616** **\$ 718,793**

**Commitments (Note 10)**

Approved on behalf of the Board:

\_\_\_\_\_ Director \_\_\_\_\_ Director

## Options for Sexual Health Statement of Operations

| For the year ended March 31                         | 2019                      | 2018                    |
|---|---------------------------|-------------------------|
| <b>Revenues</b>                                     |                           |                         |
| Province of British Columbia - Clinics              | \$ 924,915                | \$ 924,915              |
| Province of British Columbia - Sex Sense program    | 255,150                   | 252,000                 |
| Province of British Columbia - PHSA - HIV & HCV     | 88,301                    | -                       |
|   | <u>1,268,366</u>          | <u>1,176,915</u>        |
| Grants revenue                                      |                           |                         |
| Gaming  | 100,000                   | 100,000                 |
| Province of British Columbia - Website              | 47,500                    | -                       |
| United Way  | 46,347                    | 47,188                  |
| Other grants  | 31,651                    | 9,997                   |
|   | <u>225,498</u>            | <u>157,185</u>          |
| Other revenues and services                         |                           |                         |
| Sale of medical supplies                            | 532,213                   | 537,814                 |
| Donations in-kind (Note 8)                          | 459,395                   | 459,395                 |
| Education fees                                      | 194,465                   | 193,198                 |
| MSP commissions and fees                            | 131,517                   | 145,435                 |
| Donations   | 22,743                    | 28,159                  |
| Clinic fees and services                            | 9,758                     | 13,511                  |
| Fundraising events                                  | 5,102                     | 32,890                  |
| Investment income                                   | 3,311                     | 2,195                   |
|   | <u>1,358,504</u>          | <u>1,412,597</u>        |
| <b>Total revenues</b>                               | <u><b>2,852,368</b></u>   | <u><b>2,746,697</b></u> |
| <b>Expenses</b>                                     |                           |                         |
| Advertising and promotion                           | 5,885                     | 5,742                   |
| Amortization of property and equipment              | 15,719                    | 17,456                  |
| Delivery  | 15,640                    | 15,070                  |
| Fundraising   | 3,987                     | 12,130                  |
| Insurance   | 16,448                    | 16,803                  |
| Interest on capital lease                           | 6,125                     | 1,418                   |
| Medical supplies                                    | 345,592                   | 336,430                 |
| Office and administration                           | 38,948                    | 39,248                  |
| Professional and consulting                         | 10,038                    | 9,600                   |
| Rent (Note 8)                                       | 358,244                   | 358,299                 |
| Repairs and maintenance                             | 14,021                    | 15,052                  |
| Salaries, wages and volunteer hours (Note 8)        | 1,674,726                 | 1,607,195               |
| Sex Sense program (Schedule 1)                      | 298,578                   | 250,364                 |
| Training and education                              | 68,272                    | 53,027                  |
| Travel  | 4,906                     | 5,219                   |
|   | <u>2,877,129</u>          | <u>2,743,053</u>        |
| Loss on disposal of equipment                       | -                         | 2,822                   |
| <b>Excess (deficiency) of revenue over expenses</b> | <u><b>\$ (24,761)</b></u> | <u><b>\$ 822</b></u>    |

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

**For the year ended March 31**

|  | Invested in<br>Property and<br>Equipment | Unrestricted      | Internally<br>Restricted | 2019              | 2018              |
|--|--|-------------------|--------------------------|-------------------|-------------------|
| <b>Balance, beginning of year</b>                | <b>\$ 24,331</b>                         | <b>\$ 295,244</b> | <b>\$ 37,852</b>         | <b>\$ 357,427</b> | <b>\$ 356,605</b> |
| Excess (deficiency) of revenue<br>over expenses  | (19,067)                                 | (5,694)           | -                        | (24,761)          | 822               |
| Acquisitions of assets and<br>financing payments | 2,846                                    | (2,846)           | -                        | -                 | -                 |
| <b>Balance, end of the year</b>                  | <b>\$ 8,110</b>                          | <b>\$ 286,704</b> | <b>\$ 37,852</b>         | <b>\$ 332,666</b> | <b>\$ 357,427</b> |



**Options for Sexual Health**  
**Statement of Cash Flows**

| For the year ended March 31                     | 2019              | 2018              |
|---|-------------------|-------------------|
| <b>Cash provided by (used in)</b>               |                   |                   |
| <b>Operating activities</b>                     |                   |                   |
| Excess (deficiency) of revenue over expenses    | \$ (24,761)       | \$ 822            |
| Adjustments for non-cash items                  |                   |                   |
| Amortization of property and equipment          | 19,067            | 20,804            |
| Loss on on disposal of equipment                | -                 | 2,822             |
|   | (5,694)           | 24,448            |
| Changes in non-cash working capital items       |                   |                   |
| Accounts receivable                             | 35,302            | 6,413             |
| Inventories                                     | (40,498)          | (5,426)           |
| Prepaid expenses                                | (4,162)           | (3,561)           |
| Accounts payable and accrued liabilities        | 24,501            | (40,091)          |
| Deferred revenues                               | 28,817            | 85,229            |
|   | 38,266            | 67,012            |
| <b>Investing activities</b>                     |                   |                   |
| Purchases of property and equipment             | (2,114)           | (2,515)           |
| Purchase of temporary investments               | (223,210)         | (194,883)         |
| Proceeds from maturity of temporary investments | 195,290           | 233,647           |
|   | (30,034)          | 36,249            |
| <b>Financing activities</b>                     |                   |                   |
| Repayment of bank indebtedness                  | -                 | (5,723)           |
| Repayment of capital lease                      | (733)             | (4,055)           |
|   | (733)             | (9,778)           |
| <b>Increase in cash during the year</b>         | <b>7,499</b>      | <b>93,483</b>     |
| <b>Cash, beginning of year</b>                  | <b>242,367</b>    | <b>148,884</b>    |
| <b>Cash, end of year</b>                        | <b>\$ 249,866</b> | <b>\$ 242,367</b> |

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# Options for Sexual Health

## Notes to Financial Statements

March 31, 2019

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### 1. Significant Accounting Policies

(a) Nature of Organization

Options for Sexual Health (the "Society") is incorporated under the Societies 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) Inventories

Inventories consist 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 and obligations under capital lease.

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## Options for Sexual Health Notes to Financial Statements

March 31, 2019

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### 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       |
| Furniture and equipment       | - 3 years       |
| Leasehold improvements        | - Term of lease |
| Computer software             | - 5 years       |
| Equipment under capital lease | - 3 years       |

(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 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, including commissions, are 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, 2019**

### 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

|   | 2019       | 2018       |
|---|------------|------------|
| Vancity term deposit<br>(Interest rate at 1.70% per annum,<br>term August 22, 2018 - August 22, 2019) | \$ 197,323 | \$ -       |
| Vancity term deposit<br>(Interest rate at 1.10% per annum,<br>term October 7, 2018 - January 7, 2018) | 25,000     | -          |
| Vancity term deposit<br>Interest rate at 1.10% per annum,<br>(term March 25, 2018 to March 25, 2019)  | -          | 60,000     |
| Vancity term deposit<br>Interest rate at 0.90% per annum,<br>(term April 25, 2017 to April 25, 2018)  | -          | 135,290    |
| Accrued interest  | 2,046      | 1,159      |
|   | \$ 224,369 | \$ 196,449 |

### 3. Accounts Receivable

|                                    | 2019      | 2018      |
|------------------------------------|-----------|-----------|
| Accounts receivable                | \$ 25,003 | \$ 60,573 |
| Accrued supplier credit receivable | 13,941    | 15,058    |
| GST receivable                     | 8,888     | 7,503     |
|                                    | \$ 47,832 | \$ 83,134 |

## Options for Sexual Health Notes to Financial Statements

March 31, 2019

### 4. Property and Equipment

|                               | 2019      |                             | 2018              |                   |
|-------------------------------|-----------|-----------------------------|-------------------|-------------------|
|                               | Cost      | Accumulated<br>Amortization | Net Book<br>Value | Net Book<br>Value |
| Computer equipment            | \$ 9,155  | \$ 5,654                    | \$ 3,501          | \$ 3,814          |
| Leasehold improvements        | 50,401    | 43,975                      | 6,426             | 16,506            |
| Computer software             | 10,045    | 8,371                       | 1,674             | 5,023             |
| Equipment under capital lease | 19,272    | 3,726                       | 15,546            | 18,758            |
|                               | \$ 88,873 | \$ 61,726                   | \$ 27,147         | \$ 44,101         |

### 5. Obligation Under Capital Lease

|   | 2019      |
|---|-----------|
| Capital lease for copier equipment at effective interest rate of 31.04% per annum, repayable with \$623 principal and interest monthly payments to April 1, 2024. | \$ 19,037 |
| Less current portion  | 1,822     |
|   | \$ 17,215 |

The future minimum lease payments until maturity are as follows:

|                        |           |
|------------------------|-----------|
| 2020                   | \$ 7,483  |
| 2021                   | 7,483     |
| 2022                   | 7,483     |
| 2023                   | 7,483     |
| 2024                   | 7,483     |
| Thereafter             | 623       |
| Total minimum payments | 38,038    |
| Less imputed interest  | 19,001    |
|                        | \$ 19,037 |

## Options for Sexual Health Notes to Financial Statements

**March 31, 2019**

### 6. Credit Facility

The Society has a credit facility agreement with a bank, which allows to borrow up to a maximum of \$35,000 (2018 - \$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

|   | 2018              |                     | 2019                                       |                   |
|---|-------------------|---------------------|--|-------------------|
|   | Opening           | Amounts<br>Received | Grants<br>Spent /<br>Revenue<br>Recognized | Closing           |
| Gaming  | \$ 100,000        | \$ 100,000          | \$ (100,000)                               | \$ 100,000        |
| Other projects  | 33,190            | 176,588             | (174,255)                                  | 35,523            |
| Provincial Health Services<br>Authority - operating     | -                 | 924,915             | (924,915)                                  | -                 |
| Provincial Health Services<br>Authority - Website & HIV | 47,500            | 150,000             | (135,801)                                  | 61,699            |
| Teaching programs/courses                               | 35,632            | 120,617             | (108,242)                                  | 48,007            |
| United Way  | 3,115             | 2,550               | (2,640)                                    | 3,025             |
|   | <b>\$ 219,437</b> | <b>\$ 1,474,670</b> | <b>\$(1,445,853)</b>                       | <b>\$ 248,254</b> |

### 8. Donations in-Kind

|                              | March 31<br>2019  | March 31<br>2018  |
|------------------------------|-------------------|-------------------|
| Donated rent of clinic space | \$ 266,895        | \$ 266,895        |
| Volunteer hours              | 192,500           | 192,500           |
|                              | <b>\$ 459,395</b> | <b>\$ 459,395</b> |

### 9. Economic Dependence

The Society receives approximately 47% (2018 - 42%) of its total revenues from the Provincial Health Services Authority.

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## Options for Sexual Health Notes to Financial Statements

March 31, 2019

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### 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. All other space is donated as disclosed in Note 6.

The future minimum lease payments until maturity are as follows:

| Year | Amount           |
|------|------------------|
| 2019 | \$ 62,082        |
|      | <u>\$ 62,082</u> |

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### 11. Remuneration of Directors, Employees and Contractors

Societies of British Columbia are required to 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, 2019 was \$105,637 (2018 - \$85,835.)

No remuneration was paid to members of the Board of Directors for the year ended March 31, 2019 or 2018.

**March 31, 2019**

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## **12. 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 the capital lease 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**

| <b>For the year ended March 31</b>     | <b>2019</b>        | <b>2018</b>     |
|--|--------------------|-----------------|
| <b>Revenue</b>                         |                    |                 |
| Province of British Columbia contracts | \$ 255,150         | \$ 252,000      |
| Yukon fee for service                  | 1,000              | 1,000           |
|  | <u>256,150</u>     | <u>253,000</u>  |
| <b>Expenses</b>                        |                    |                 |
| Accounting and audit                   | 3,000              | 2,895           |
| Advertising and promotion              | 36,383             | 34,112          |
| Amortization                           | 3,348              | 3,348           |
| Management salaries and benefits       | 54,963             | 43,787          |
| Office and miscellaneous               | 7,676              | 7,406           |
| Printing and mailouts                  | 461                | 83              |
| Professional development               | 263                | 287             |
| Rent                                   | 27,000             | 27,048          |
| Resource development                   | 54                 | 54              |
| Staff salaries and benefits            | 152,915            | 124,190         |
| Telephone                              | 5,806              | 5,718           |
|  | <u>291,869</u>     | <u>248,928</u>  |
|  | <u>\$ (35,719)</u> | <u>\$ 4,072</u> |