

FINANCIAL STATEMENTS

**OPTIONS FOR SEXUAL
HEALTH**

March 31, 2021



INDEPENDENT AUDITOR'S REPORT

To the Members of
Options for Sexual Health

Qualified Opinion

We have audited the financial statements of Options for Sexual Health (the "Society"), which comprise the statement of financial position as at March 31, 2021, 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 the report, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at March 31, 2021, and the results of its 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 donations and 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 donations and fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended March 31, 2021, current assets as at March 31, 2021, and net assets as at April 1 and March 31 for the 2021 year. The 2020 audit report was also qualified in respect to this matter.

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 the 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 Responsibilities 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.

INDEPENDENT AUDITOR'S REPORT

- 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 British Columbia Societies Act, we report that, in our opinion, the accounting principles used in these financial statements, Canadian accounting standards for not-for-profit organizations, have been applied on a basis consistent with that of the preceding year.

Vancouver, Canada
August 30, 2021

Tompkins Wozny LLP

Chartered Professional Accountants



Options for Sexual Health

STATEMENT OF FINANCIAL POSITION

As at March 31

	2021	2020
	\$	\$
ASSETS		
Current		
Cash	310,065	306,437
Temporary investments <i>[note 3]</i>	166,058	164,212
Accounts receivable <i>[note 4]</i>	45,852	58,032
Inventories	138,680	168,565
Prepaid expenses	22,545	12,141
	683,200	709,387
Capital assets <i>[note 5]</i>	4,834	6,323
	688,034	715,710
LIABILITIES AND NET ASSETS		
Current liabilities		
Accounts payable and accrued liabilities <i>[note 6]</i>	118,359	118,975
Deferred revenue <i>[note 8]</i>	225,423	244,747
Current portion of obligation under capital lease <i>[note 9]</i>	3,362	2,475
	347,144	366,197
Obligation under capital lease <i>[note 9]</i>	11,378	14,740
	358,522	380,937
NET ASSETS	329,512	334,773
	688,034	715,710

Commitments *[note 14]*

Other *[note 17]*

See accompanying notes to the financial statements

On behalf of the Board:

Director

Director



STATEMENT OF CHANGES IN NET ASSETS

As at March 31

	Invested in Capital Assets \$	Internally Restricted \$	Unrestricted \$	Total \$
2021		[note 2]		
Balance, beginning of year	(10,892)	35,745	309,920	334,773
Excess of expenses for the year	(6,189)	—	928	(5,261)
Acquisition of capital assets	4,700	—	(4,700)	—
Repayment of capital lease	2,475	—	(2,475)	—
Balance, end of year	(9,906)	35,745	303,673	329,512
2020				
Balance, beginning of year	8,111	37,852	286,703	332,666
Excess of revenue for the year	(21,954)	—	24,061	2,107
Acquisition of capital assets	1,129	—	(1,129)	—
Repayment of capital lease	1,822	—	(1,822)	—
Transfer from internally restricted	—	(2,107)	2,107	—
Balance, end of year	(10,892)	35,745	309,920	334,773

See accompanying notes to the financial statements

Options for Sexual Health

STATEMENT OF OPERATIONS

Year ended March 31

	2021	2020
	\$	\$
REVENUE		
Provincial government contracts <i>[note 10]</i>	1,330,495	1,401,214
Fee for service <i>[note 12]</i>	388,235	726,774
Donations and fundraising <i>[note 13]</i>	280,628	523,517
Grants <i>[note 11]</i>	173,545	158,668
Investment income	1,931	3,705
	2,174,834	2,813,878
EXPENSES		
Salaries, benefits and volunteer hours	1,479,666	1,823,331
Rent	297,896	389,333
Medical supplies	228,761	335,030
Advertising and promotion	38,199	52,652
Office and administration	37,802	45,824
Equipment and leases	26,246	20,871
Professional and consulting	20,353	24,005
Delivery	14,994	16,413
Insurance	12,361	12,425
Training and education	11,399	50,811
Amortization of capital assets	6,189	21,954
Interest on capital lease	5,008	5,660
Travel	1,062	5,741
Fundraising	159	7,721
	2,180,095	2,811,771
Excess of revenues (expenses) for the year	(5,261)	2,107

See accompanying notes to the financial statements

STATEMENT OF CASH FLOWS

Year ended March 31

	2021 \$	2020 \$
OPERATING ACTIVITIES		
Excess of revenues (expenses) for the year	(5,261)	2,107
Item not affecting cash		
Amortization of capital assets	6,189	21,954
Changes in other non-cash working capital items		
Accounts receivable	12,180	(7,416)
Inventories	29,885	15,932
Prepaid expenses	(10,404)	764
Accounts payable and accrued liabilities	(616)	(30,469)
Deferred revenue	(19,324)	(3,507)
Cash provided by (used in) operating activities	12,649	(635)
INVESTING ACTIVITIES		
Purchase of capital assets	(4,700)	(1,129)
Net proceeds (purchase) of temporary investments	(1,846)	60,157
Cash provided by (used in) investing activities	(6,546)	59,028
FINANCING ACTIVITIES		
Repayment of capital lease	(2,475)	(1,822)
Cash used in financing activities	(2,475)	(1,822)
Increase in cash during the year	3,628	56,571
Cash, beginning of year	306,437	249,866
Cash, end of year	310,065	306,437

See accompanying notes to the financial statements

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

1. PURPOSE

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 British Columbia.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and include the following significant accounting policies:

Use of Estimates

The preparation of financial statements in conformity 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 and disclosure of contingent assets and liabilities at the date of the financial statements and the amounts of revenues and expenses reported during the year. Significant areas requiring the use of management estimates relate to the useful lives of capital assets and the allocation of expenses to various programs and grants. Actual results could differ from these estimates.

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 purchase of capital assets are deferred and amortized over the remaining useful life of the capital asset acquired. Unrestricted contributions are recognized as revenue when they are received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Interest revenue is recognized as revenue is earned.

Rental, counselling, memberships and miscellaneous revenue are recognized when the service is provided and collection is reasonably assured.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

Measurement of Financial Instruments

The Society initially measures its financial assets and financial liabilities at fair value. The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash, temporary investments, and accounts receivable. Financial liabilities measured at amortized cost includes accounts payable and accrued liabilities and the obligation under capital lease.

Inventories

Inventories consist of contraceptive 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.

Capital Assets

Capital assets are recorded at cost. Amortization is provided as follows under a straight line basis:

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

Leased Asset

Leases entered into that transfer substantially all the benefit 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.

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.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

2. SIGNIFICANT ACCOUNTING POLICIES (CONT'D)

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 [note 13] would otherwise have been purchased for use in the normal course of operations.

Board member volunteers contribute their time to assist the Society in carrying out its activities. Due to the difficulty in determining the fair value of such services their value is not recognized in these financial statements.

3. TEMPORARY INVESTMENTS

	2021	2020
	\$	\$
Term deposits	166,058	164,212

Interest rates on term deposits range from 0.45% to 2.00% [2020 - 1.70% to 2.00%] and have maturity dates varying from July 8, 2021 to August 22, 2021 and are reported at cost.

4. ACCOUNTS RECEIVABLE

	2021	2020
	\$	\$
Operations	25,179	29,499
Accrued supplier credit	14,090	20,164
GST receivable	6,583	8,369
	45,852	58,032
Allowance for doubtful accounts	—	—
	45,852	58,032

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

5. CAPITAL ASSETS

	Cost \$	Accumulated Amortization \$	Net Book Value \$
2021			
Computer equipment	11,386	7,454	3,932
Equipment and furniture	1,083	181	902
	12,469	7,635	4,834
2020			
Computer equipment	10,284	7,866	2,418
Leasehold improvements	50,401	49,708	693
Computer software	10,045	10,045	—
Equipment under capital lease	19,272	16,060	3,212
	90,002	83,679	6,323

6. ACCOUNTS PAYABLE AND ACCRUED LIABILITIES

	2021 \$	2020 \$
Operations	53,836	63,350
Government remittances - WorkSafeBC	2,836	2,430
Wages, vacation and benefits	61,687	53,195
	118,359	118,975

7. CREDIT FACILITY

The Society has a \$35,000 [2020 - \$35,000] overdraft agreement with a bank with an interest rate of 19.99% per annum. At March 31, 2021 there was no [2020 - Nil] outstanding balance on this facility.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

8. DEFERRED REVENUE

	Opening Deferred	Amounts Received	Earned As Revenue	Ending Deferred
	\$	\$	\$	\$
Province of British Columbia - Operating	—	924,915	924,915	—
Ministry of Health - Sex Sense	66,150	266,560	265,580	67,130
Province of British Columbia - HIV	—	150,000	140,000	10,000
Gaming	114,000	105,000	105,000	114,000
United Way	742	11	11	742
Teaching programs/courses	18,990	43,384	56,115	6,259
Other	44,865	50,961	68,534	27,292
	244,747	1,540,831	1,560,155	225,423

9. OBLIGATIONS UNDER CAPITAL LEASE

	2021	2020
	\$	\$
Capital lease for a copier in monthly instalments of \$623, including an effective interest at 31.04% and matures on April 1, 2024.	14,740	17,215
Less: current portion	3,362	2,475
	11,378	14,740

The future minimum lease payments until maturity are as follows:

	\$
2022	7,483
2023	7,483
2024	7,483
2025	623
	23,072
Less: imputed interest	8,332
	14,740

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

10. ECONOMIC DEPENDENCE

The Province of BC provided 61% [2020 - 50%] of the Society's revenues. As a result, the Society is economically dependent on the Provincial Government of British Columbia for the funding required to deliver its services and programs.

Provincial government funding is comprised of:

	2021	2020
	\$	\$
Province of British Columbia - PHSA - Clinics	924,915	924,915
Province of British Columbia - MOH - Sex Sense Program	265,580	264,600
Province of British Columbia - PHSA - HIV & HVC	140,000	211,699
	1,330,495	1,401,214

11. GRANTS

Grant revenue is comprised of:

	2021	2020
	\$	\$
Gaming	105,000	100,000
Other	68,534	35,010
United Way	11	23,658
	173,545	158,668

12. FEE FOR SERVICE

Fee for service is comprised of:

	2021	2020
	\$	\$
Sale of medical supplies	290,617	465,962
Education training fees	95,823	184,364
Clinic fees and services	1,454	11,464
MSP commissions and fees	341	64,984
	388,235	726,774

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

13. DONATIONS AND FUNDRAISING

Donations and fundraising is comprised of:

	2021	2020
	\$	\$
Donations in-kind - clinic space [<i>rent</i>]	186,684	266,895
Donations in-kind - volunteer hours [<i>salaries and benefits</i>]	20,087	192,500
Donations in-kind - clinic supplies [<i>medical supplies</i>]	5,608	—
Donations	31,557	27,454
Fundraising events	36,692	36,668
	280,628	523,517

14. COMMITMENTS

The Society has entered into a lease agreement for its Vancouver clinic office clinic from January 1, 2020 to December 31, 2024 for which minimum lease payments over the next four years are as follows:

	\$
2022	89,175
2023	92,204
2024	95,350
2025	73,339
	350,068

15. FINANCIAL INSTRUMENTS

The Society is exposed to various risks through its financial instruments. The following analysis presents the Society's exposures to financial risks as at March 31, 2021.

Credit Risk

The Society is exposed to credit risk with respect to its cash, investments and accounts receivable. The Society assesses, on a continuous basis, accounts receivable on the basis of amounts it is virtually certain to receive based on their net realizable value. Cash and investments are held by a reputable Canadian financial institution.

NOTES TO FINANCIAL STATEMENTS

March 31, 2021

15. FINANCIAL INSTRUMENTS CONT'D)

Liquidity Risk

Liquidity risk is the risk of being unable to meet cash requirements or fund obligations as they become due. It stems from the possibility of a delay in realizing the fair value of financial instruments.

The Society manages its liquidity risk by constantly monitoring forecasted and actual cash flows and financial liability maturities, and by holding assets that can be readily converted into cash.

Interest Rate Risk

The Society has interest rate risk on its temporary investments and obligation under lease. Changes in the bank's prime lending rate or other rates can cause fluctuations in interest payments and cash flows. The risk is mitigated by the short-term maturity dates as outlines in note 3 and the fixed rate on the capital lease.

16. DISCLOSURE OF REMUNERATION

Pursuant to the British Columbia Societies Act, the Society is required to disclose remuneration and benefits paid to employees and contractors who are paid \$75,000 or more during the fiscal year. No remuneration was paid to any members of the Board.

Salaries and benefits expense includes:

	2021	2020
Number of employees	1	1
Total remuneration	\$109,968	\$109,971

17. OTHER - COVID-19

During this past year clinic closures were more than usual due to the competing needs for our staff to work in public health care due to COVID-19. Telehealth which was implemented just days before this last fiscal year began, became our most accessed clinic operating four evenings each week. The Education team pivoted to provide all training, education sessions and workshops online and more youth than ever have received sexual health education.

During the 2021 fiscal year, the Society claimed \$19,640 [2020 - \$5,360] of assistance under the Canada Revenue Agency's temporary wages subsidy for employers program.

SCHEDULE - SEX SENSE PROGRAM

Year ended March 31

	2021	2020
	\$	\$
REVENUE		
Provincial government contracts <i>[note 10]</i>	265,580	264,600
Donations	2,000	—
Yukon fee for service	1,000	1,000
Grants	—	3,109
	268,580	268,709
EXPENSES		
Salaries and benefits	204,282	195,966
Advertising and promotion	27,684	39,208
Rent	27,000	27,000
Professional and consulting	10,284	10,577
Office and administration	6,333	6,765
Amortization of capital assets	—	1,674
	275,583	281,190
Excess of expenses for the year	(7,003)	(12,481)

See accompanying notes to the financial statements