

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
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**YEAR ENDED MARCH 31, 2021**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of: Sexual Health Options, Resources & Education Centre

### Qualified Opinion

We have audited the accompanying financial statements of Sexual Health Options, Resources & Education Centre, which comprise the statement of financial position as at March 31, 2021 and the statements of operations and 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 effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of Sexual Health Options, Resources & Education Centre 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 charitable organizations, the organization derives some of its revenues from donations and fundraising activities, 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 organization and we were not able to determine whether any adjustments might be necessary to revenues, excess of revenues over expenditures and cash flows from operations for the year ended March 31, 2021, current assets as at March 31, 2021, and net assets as at March 31, 2020 and March 31, 2021. Our audit opinion on the financial statements for the year ended March 31, 2020 was modified because of the possible effects of a similar 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 Sexual Health Options, Resources & Education Centre 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 organization's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the organization'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 judgement 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 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 organization'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 organization'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 organization 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.



Kitchener, Ontario  
June 28, 2021

Chartered Professional Accountants  
Licensed Public Accountants

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**STATEMENT OF FINANCIAL POSITION**  
**AS AT MARCH 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash	\$ 481,476	\$ 58,302
Investments (note 4)	207,631	203,631
Accounts receivable (note 7)	57,386	194,569
Prepaid expenses	<u>100,703</u>	<u>133,351</u>
	847,196	589,853
<b>CAPITAL ASSETS</b> (note 5)	<u>8,913</u>	<u>9,322</u>
	<u>\$ 856,109</u>	<u>\$ 599,175</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 9,209	\$ 123,197
Government remittances payable	20,453	9,796
Deferred revenue (note 8)	<u>537,612</u>	<u>301,809</u>
	567,274	434,802
<b>CANADA EMERGENCY BUSINESS ACCOUNT</b>		
<b>LOAN</b> (note 6)	<u>40,000</u>	<u>0</u>
	<u>607,274</u>	<u>434,802</u>
<b>NET ASSETS</b>		
<b>NET ASSETS (UNRESTRICTED)</b>	<u>248,835</u>	<u>164,373</u>
	<u>\$ 856,109</u>	<u>\$ 599,175</u>

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<b>2021</b>	<b>2020</b> (note 12)
<b>REVENUES</b>		
Government funding (note 6)	\$ 518,053	\$ 368,830
Foundation and other grants	212,512	199,619
Donations	159,430	130,271
Fees, events and other	<u>28,378</u>	<u>27,586</u>
	<u>918,373</u>	<u>726,306</u>
<b>EXPENDITURES</b>		
<b>SALARY</b>	<u>644,826</u>	<u>507,398</u>
<b>PROGRAM</b>		
Program and project expenses	92,932	94,377
Volunteer and staff support	8,490	9,949
Office	7,120	8,291
Printing and promotion	2,200	4,464
Travel	<u>804</u>	<u>666</u>
	<u>111,546</u>	<u>117,747</u>
<b>OVERHEAD</b>		
Communications	19,557	7,538
Occupancy	17,007	29,999
Contracted services	14,049	37,111
Professional fees	8,107	4,360
Equipment lease and maintenance	7,452	6,143
Bank and credit card charges	4,392	4,556
Insurance	4,061	5,944
Amortization	<u>2,914</u>	<u>2,663</u>
	<u>77,539</u>	<u>98,314</u>
	<u>833,911</u>	<u>723,459</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES for the year</b>	84,462	2,847
<b>NET ASSETS (UNRESTRICTED), beginning of year</b>	<u>164,373</u>	<u>161,526</u>
<b>NET ASSETS (UNRESTRICTED), end of year</b>	<u>\$ 248,835</u>	<u>\$ 164,373</u>

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

	<b>2021</b>	<b>2020</b>
<b>CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures for the year	\$ 84,462	\$ 2,847
Items not requiring an outlay of cash		
Amortization	<u>2,914</u>	<u>2,663</u>
	87,376	5,510
Changes in non-cash working capital		
Accounts receivable	137,183	(170,666)
Prepaid expenses	32,648	(123,299)
Accounts payable and accrued liabilities	(113,988)	79,365
Government remittances payable	10,657	179
Deferred revenue	<u>235,803</u>	<u>39,570</u>
	<u>389,679</u>	<u>(169,341)</u>
<b>CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES</b>		
Canada Emergency Business Account loan	<u>40,000</u>	<u>0</u>
<b>CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES</b>		
Additions to capital assets	(2,505)	0
Investments	<u>(4,000)</u>	<u>(2,961)</u>
	<u>(6,505)</u>	<u>(2,961)</u>
<b>NET INCREASE (DECREASE) IN CASH</b>	423,174	(172,302)
<b>NET CASH, BEGINNING OF YEAR</b>	<u>58,302</u>	<u>230,604</u>
<b>NET CASH, END OF YEAR</b>	<u>\$ 481,476</u>	<u>\$ 58,302</u>

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

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**1. NATURE OF BUSINESS**

Sexual Health Options, Resources & Education Centre is a not for profit Centre incorporated under the laws of Ontario without share capital and is a registered charity under the Income Tax Act. Sexual Health Options, Resources & Education Centre is exempt from income tax. Its purpose is to provide education, counselling and access to information in order to promote healthy and responsible sexuality throughout the life cycle.

**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES**

The financial statements have been prepared in accordance with Canadian accounting standards for not for profit organizations and include the following significant accounting policies:

(a) REVENUE RECOGNITION

The Centre follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received. Restricted contributions are recognized as revenue as the related expenditure occurs. Fees, event and other revenue are recognized as revenue as the event occurs or the service is provided and collection is reasonably assured. Government wage subsidies are recorded as revenue in the period the related wage expense occurs provided eligibility for subsidy has been determined and collection is reasonably assured.

(b) CAPITAL ASSETS

Capital assets are recorded at cost and amortized on the basis of their estimated useful life which is five years for equipment, computer hardware and computer software. Amortization is recorded at 50% of the above rates in the year of addition.

(c) 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, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the year. Significant areas requiring management's estimates include the useful life of capital assets and accrued liabilities. Actual results could differ from those estimates.

(d) FINANCIAL INSTRUMENTS

Measurement of financial instruments

The Centre initially measures its financial assets and liabilities at fair value.

The Centre subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments, which are measured at fair value. Changes in fair value are recognized in net surplus.



**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

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**2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)**

(d) FINANCIAL INSTRUMENTS (continued)

Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of impairment. If an impairment has occurred, the carrying amount of financial assets measured at amortized cost is reduced to the greater of the discounted future cash flows expected or the proceeds that could be realized from the sale of the financial asset. The amount of the write-down is recognized in net surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, 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 net surplus.

Transaction costs

The Centre recognizes its transaction costs in net income in the period incurred. However, financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

(e) CONTRIBUTED MATERIALS AND SERVICES

During the year, a number of organizations and individuals donate materials to the Centre and a number of volunteers contribute a significant amount of their time. Because of the difficulty in determining the fair value, contributed materials and services are not recorded in the financial statements.

**3. FINANCIAL INSTRUMENTS**

Unless otherwise noted, it is management's opinion that the Centre is not exposed to significant interest, credit, currency, liquidity, or other price risks arising from the financial instruments.

The extent of the Centre's exposure to these risks did not change in 2021 compared to the previous period.

The Centre does not have a significant exposure to any individual customer or counterpart.

**4. INVESTMENTS**

The following investments were on hand as at March 31, 2021:

	<b>2021</b>	<b>2020</b>
BMO Term Investment GIC (0.55%), due March 7, 2022	\$ 150,000	\$ 0
BMO Plus GIC (1.91%), due June 14, 2024	23,723	23,723
BMO Plus GIC (2.58%), due January 31, 2025	33,908	33,908
Matured during the current year	<u>0</u>	<u>146,000</u>
	<u>\$ 207,631</u>	<u>\$ 203,631</u>

**SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE**  
**NOTES TO THE FINANCIAL STATEMENTS**  
**FOR THE YEAR ENDED MARCH 31, 2021**

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**5. CAPITAL ASSETS**

	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net 2021</b>	<b>Net 2020</b>
Equipment	\$ 10,587	\$ 6,403	\$ 4,184	\$ 5,857
Computer hardware	34,885	30,156	4,729	3,465
Computer software	<u>8,319</u>	<u>8,319</u>	<u>0</u>	<u>0</u>
	<u>\$ 53,791</u>	<u>\$ 44,878</u>	<u>\$ 8,913</u>	<u>\$ 9,322</u>

**6. CANADA EMERGENCY BUSINESS ACCOUNT (CEBA) LOAN**

The CEBA loan is interest free, guaranteed by the Government of Canada, and due December 31, 2022. During the fiscal year, \$20,000 has been recorded in government funding as the forgivable portion of the loan as the Centre plans to repay the loan by December 31, 2022. If the loaned funds are not paid back by this date, the loan can be converted into a three year instalment loan with a 5% interest rate. Interest only payments are required until the full principal is due on December 31, 2025.

**7. ACCOUNTS RECEIVABLE**

Included in accounts receivable is government funding receivable of \$42,368 (2020 - \$160,245).

**8. DEFERRED REVENUE**

Deferred revenue, which consist of the unexpended portion of restricted government and other restricted funding received that relates to future periods less related expenditures, is as follows:

	<b>2021</b>	<b>2020</b>
Balance, beginning of the year	\$ 301,809	\$ 262,239
Less amount recognized as revenue in the year	(190,577)	(290,408)
Plus amount received related to the following year	<u>426,380</u>	<u>329,978</u>
Balance, end of year	<u>\$ 537,612</u>	<u>\$ 301,809</u>

## SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE

### NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2021

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#### 9. THE CHOICES FUND

On October 16, 2002, an agreement was entered into between a donor and the Kitchener Waterloo Community Foundation (KWCF) to establish a permanent donor designated fund within the KWCF to be known as The Choices Fund.

The income in The Choices Fund shall be requested by the Centre each year on or before March 31. The Centre will transfer to The Choices Fund all funds received by the Centre, which are designated for The Choices Fund.

Should the Centre cease to exist, and no other charity has been designated to receive such earnings, annual earnings may be used for similar charitable purposes as the Board of Directors of the KWCF may determine. The donor wishes for the funds to be used to support work in the area of sexual health. The donor is committed to sexual and reproductive choice and wishes to support informed decision making based upon information and education.

The Choices Fund is a KWCF endowment fund and, therefore, not reported as an investment of the Centre.

The net investment activity in The Choices Fund during the 2020 calendar year was \$7,811 (2019 - \$24,755). These amounts are reflected in the 2020 and 2019 figures respectively. The fair market value of The Choices Fund at the KWCF is \$201,350 as of December 31, 2020 (2019 - \$201,238).

Disbursements received for the 2020 calendar year were \$7,700 (2019 - \$7,400).

#### 10. COMMITMENTS

The Centre has an operating lease for the premise which \$75,000 is in prepaid expenses. Future minimum lease obligations are as follows:

2022	\$	20,765
2023		21,390
2024		22,690
2025		22,033
2026		<u>22,690</u>
	\$	<u>109,568</u>

#### 11. MATERIAL UNCERTAINTY DUE TO THE NOVEL CORONAVIRUS (COVID-19)

During the year and subsequent to year end, the Novel Coronavirus (COVID-19) significantly impacted the economy in Canada and globally. Although the disruption from the virus is expected to be temporary, given the dynamic nature of these circumstances, the duration of business disruption and the related financial impact cannot be reasonably estimated at this time. This may impact the timing and amounts realized on the Centre's assets and its future ability to deliver all services.

#### 12. CORRESPONDING FIGURES

Certain figures presented for corresponding purposes have been reclassified to conform to the current year's presentation.