

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE
FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE

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INDEPENDENT AUDITOR'S REPORT

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, 2023 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 possible 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, 2023 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, 2023, current assets as at March 31, 2023, and net assets as at April 1, 2022 and March 31, 2023. Our audit opinion on the financial statements for the year ended March 31, 2022 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 26, 2023

Chartered Professional Accountants
Licensed Public Accountants

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE
STATEMENT OF FINANCIAL POSITION
AS AT MARCH 31, 2023

	2023	2022
ASSETS		
CURRENT		
Cash	\$ 567,623	\$ 452,788
Restricted cash (note 7)	19,239	0
Investments (note 4)	265,570	260,511
Accounts receivable (note 6)	42,151	35,083
Prepaid expenses	<u>37,219</u>	<u>61,640</u>
	931,802	810,022
TANGIBLE CAPITAL ASSETS (note 5)	<u>2,638</u>	<u>5,748</u>
	<u>\$ 934,440</u>	<u>\$ 815,770</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 24,943	\$ 29,033
Funds liability (note 7)	19,239	0
Deferred revenue (note 8)	<u>482,914</u>	<u>381,368</u>
	527,096	410,401
CANADA EMERGENCY BUSINESS ACCOUNT LOAN	<u>0</u>	<u>40,000</u>
	<u>527,096</u>	<u>450,401</u>
NET ASSETS		
NET ASSETS (UNRESTRICTED)	<u>407,344</u>	<u>365,369</u>
	<u>\$ 934,440</u>	<u>\$ 815,770</u>

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE
STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
REVENUES		
Foundation and other grants	\$ 446,803	\$ 321,404
Government funding	311,631	522,608
Donations	267,172	188,072
Fees, events and other	<u>101,263</u>	<u>51,001</u>
	<u>1,126,869</u>	<u>1,083,085</u>
EXPENDITURES		
SALARY	<u>859,600</u>	<u>744,049</u>
PROGRAM		
Program and project expenses	81,750	108,581
Printing and promotion	13,251	4,762
Office	10,936	10,522
Volunteer and staff support	9,510	8,662
Travel	<u>977</u>	<u>1,475</u>
	<u>116,424</u>	<u>134,002</u>
OVERHEAD		
Occupancy	34,986	30,901
Communications	33,114	22,997
Insurance	11,612	9,506
Professional fees	8,728	8,312
Bank and credit card charges	7,051	4,368
Equipment lease and maintenance	6,180	6,327
Contracted services	4,021	2,924
Amortization	<u>3,178</u>	<u>3,165</u>
	<u>108,870</u>	<u>88,500</u>
	<u>1,084,894</u>	<u>966,551</u>
EXCESS OF REVENUES OVER EXPENDITURES for the year	41,975	116,534
NET ASSETS (UNRESTRICTED), beginning of year	<u>365,369</u>	<u>248,835</u>
NET ASSETS (UNRESTRICTED), end of year	<u>\$ 407,344</u>	<u>\$ 365,369</u>

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED MARCH 31, 2023

	2023	2022
CASH PROVIDED BY (USED IN) OPERATING ACTIVITIES		
Excess of revenues over expenditures for the year	\$ 41,975	\$ 116,534
Items not requiring an outlay of cash		
Amortization	<u>3,178</u>	<u>3,165</u>
	45,153	119,699
Changes in non-cash working capital		
Accounts receivable	(7,068)	22,303
Prepaid expenses	24,421	39,063
Funds liability	19,239	0
Accounts payable and accrued liabilities	(4,090)	19,824
Government remittances payable	0	(20,453)
Deferred revenue	<u>101,546</u>	<u>(156,244)</u>
	<u>179,201</u>	<u>24,192</u>
CASH PROVIDED BY (USED IN) FINANCING ACTIVITIES		
Canada Emergency Business Account loan repayment	<u>(40,000)</u>	<u>0</u>
CASH PROVIDED BY (USED IN) INVESTING ACTIVITIES		
Additions to tangible capital assets	(68)	0
Investments	<u>(5,059)</u>	<u>(52,880)</u>
	<u>(5,127)</u>	<u>(52,880)</u>
NET INCREASE (DECREASE) IN CASH	134,074	(28,688)
NET CASH, BEGINNING OF YEAR	<u>452,788</u>	<u>481,476</u>
NET CASH, END OF YEAR	<u>\$ 586,862</u>	<u>\$ 452,788</u>
CASH CONSISTS OF:		
Cash	\$ 567,623	\$ 452,788
Restricted cash	<u>19,239</u>	<u>0</u>
	<u>\$ 586,862</u>	<u>\$ 452,788</u>

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

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) TANGIBLE CAPITAL ASSETS

Tangible 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 tangible 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. 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, 2023

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 2023 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, 2023:

	2023	2022
BMO Term Investment GIC (1.80%), due October 3, 2023	\$ 203,751	\$ 200,000
BMO Plus GIC (1.96%), due June 14, 2027	25,457	0
BMO Plus GIC (2.04%), due January 31, 2028	36,362	0
Matured during the current year	<u>0</u>	<u>60,511</u>
	<u>\$ 265,570</u>	<u>\$ 260,511</u>

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED MARCH 31, 2023

5. TANGIBLE CAPITAL ASSETS

	Cost	Accumulated Amortization	Net 2023	Net 2022
Equipment	\$ 10,655	\$ 9,764	\$ 891	\$ 2,510
Computer hardware	34,885	33,138	1,747	3,238
Computer software	<u>8,319</u>	<u>8,319</u>	<u>0</u>	<u>0</u>
	<u>\$ 53,859</u>	<u>\$ 51,221</u>	<u>\$ 2,638</u>	<u>\$ 5,748</u>

6. ACCOUNTS RECEIVABLE

Included in accounts receivable is government funding receivable of \$0 (2022 - \$21,838).

7. RESTRICTED FUNDS HELD FOR SEX WORKERS ACTION NETWORK WATERLOO REGION (SWAN)

During the year, the Centre and SWAN entered into an agreement where the Centre would be the fund holder for SWAN and maintain all funds received specifically for SWAN. The funds are held in a separate bank account and amount to \$19,239. SWAN retains the right to request the Centre to transfer funds to the chosen charitable organization if the Centre is no longer the fund holder. There is a fund liability outstanding in the year for \$19,239.

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:

	2023	2022
Balance, beginning of the year	\$ 381,368	\$ 537,612
Less amount recognized as revenue in the year	(362,520)	(551,046)
Plus amount received related to the following year	<u>464,066</u>	<u>394,802</u>
Balance, end of year	<u>\$ 482,914</u>	<u>\$ 381,368</u>

SEXUAL HEALTH OPTIONS, RESOURCES & EDUCATION CENTRE

NOTES TO THE FINANCIAL STATEMENTS

FOR THE YEAR ENDED MARCH 31, 2023

9. THE CHOICES FUND

On October 16, 2002 a donor established a permanent donor designated fund, known as The Choices Fund, with the Kitchener Waterloo Community Foundation (KWCF). During the current year, the KWCF amalgamated with another community foundation to form the Waterloo Region Community Foundation (WRCF). The Choices Fund is now held by WRCF.

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 WRCF 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 WRCF endowment fund and, therefore, not reported as an investment of the Centre.

The net investment activity in The Choices Fund during the 2022 calendar year was (\$16,403) (2021 - \$21,688). These amounts are reflected in the 2022 and 2021 figures respectively. The fair market value of The Choices Fund at the KWCF is \$191,260 as of December 31, 2022 (2021 - \$214,938).

Disbursements received for the 2022 calendar year were \$8,300 (2021 - \$8,100).

10. COMMITMENTS

The Centre has an operating lease for the premise which \$25,000 is in prepaid expenses. Rent for fiscal years 2024 and part of 2025 have already been paid. Future minimum lease obligations are as follows:

2024	\$	22,690
2025		22,033
2026		22,690
2027		<u>4,241</u>
	\$	<u>71,654</u>