

**SEXUAL HEALTH CENTRE SASKATOON INC.**

**Auditor's Report**

**Financial Statements**

**March 31, 2020**

## INDEPENDENT AUDITOR'S REPORT

To the Directors of **Sexual Health Centre Saskatoon Inc.**

### *Qualified Opinion*

We have audited the financial statements of **Sexual Health Centre Saskatoon Inc.**, which comprise the statement of financial position as at **March 31, 2020** 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.

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 **Sexual Health Centre Saskatoon Inc.** as at **March 31, 2020**, and the statements of operations, changes in net assets and 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 non-profit organizations, the organization derives a portion of its revenue from the general public in the form of donations, sales, programs, memberships and funding activities, the completeness of which are not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from these sources was limited to those amounts recorded in the organization's records and we were not able to determine whether any related adjustments might be necessary to contributions, financial operations, current assets and net assets for the years ended **March 31, 2019** and **March 31, 2018**. Our audit opinion on the financial statements for the year ended March 31, 2018 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 Responsibility for the Audit of the Financial Statements* section of our report. We are independent of March 31, 2020 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 of 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 entity's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and the use of the going concern basis of accounting unless management either intends to liquidate the entity or cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the entity'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 entity'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 entity'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 entity 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.

Saskatoon, Saskatchewan  
July 16, 2020

  
Chartered Professional Accountants

# SEXUAL HEALTH CENTRE SASKATOON INC.

## STATEMENT OF FINANCIAL POSITION

March 31, 2020

with comparative figures for March 31, 2019

	<u>2020</u>	<u>2019</u>
<b><u>ASSETS</u></b>		
Term deposits	14,461	14,318
Restricted term deposits - Bingo	12,241	12,120
Accounts receivable	4,866	2,086
Inventory	6,250	12,546
Prepaid expenses	<u>925</u>	<u>626</u>
Total current assets	38,743	41,696
Capital assets (Note 6)	2,290	5,226
Rental deposit	<u>3,580</u>	<u>2,460</u>
	<u>\$ 44,613</u>	<u>49,382</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Bank overdraft (Note 4)	\$ 34,529	62,105
Accounts payable and accrued liabilities	8,869	22
Accrued salaries and vacation payable	23,310	29,574
Deferred revenue (Note 7)	<u>20,000</u>	<u>-</u>
Total current liabilities	86,708	91,701
Accumulated surplus:		
Externally restricted	12,241	12,120
Internally restricted	2,290	5,226
Unrestricted	<u>(56,626)</u>	<u>(59,665)</u>
Total accumulated surplus	<u>(42,095)</u>	<u>(42,319)</u>
	<u>\$ 44,613</u>	<u>49,382</u>

### APPROVED ON BEHALF OF THE BOARD:

Geoffrey Peters Director  
[Signature] Director

See accompanying notes to the financial statements.

# SEXUAL HEALTH CENTRE SASKATOON INC.

## STATEMENT OF OPERATIONS AND CHANGES IN NET ASSETS

**Year ended March 31, 2020**

with comparative figures for the year ended March 31, 2019

	<u>2020</u>	<u>2019</u>
Revenues:		
Clinic	\$ 269,122	249,470
Donations	44,317	21,841
Fundraising	17,722	44,943
Gaming	319	384
Grants	156,744	178,018
Other	<u>16,917</u>	<u>15,977</u>
	505,141	510,633
Expenditures:		
Advertising and promotions	2,216	5,871
Birth control purchases	38,157	36,819
Cleaning and supplies	728	743
Fundraising	5,344	25,221
Honorariums	450	470
Insurance	4,934	6,439
Interest and bank charges	2,466	3,132
Medical supplies	13,614	11,788
Office supplies	11,446	9,547
Pleasure management	2,127	3,175
Professional development	2,698	2,920
Professional fees	23,536	30,128
Rental	47,575	39,290
Supplies	15,309	47,080
Telephone	4,282	4,687
Travel allowance	2,752	1,067
Utilities	6,629	5,708
Wages and employee benefits	314,595	283,894
Amortization	573	-
Miscellaneous	<u>260</u>	<u>132</u>
	<u>499,691</u>	<u>518,111</u>
Earnings from operations	5,450	(7,478)
Gain (loss) on disposal of capital assets	<u>(5,226)</u>	<u>-</u>
Deficiency of revenues over expenditures	224	(7,478)
Accumulated surplus, beginning of year	<u>(42,319)</u>	<u>(34,841)</u>
Accumulated surplus, end of year	<u>\$ (42,095)</u>	<u>(42,319)</u>

See accompanying notes to the financial statements.

# SEXUAL HEALTH CENTRE SASKATOON INC.

## STATEMENT OF CASH FLOWS

Year ended March 31, 2020

with comparative figures for the year ended March 31, 2019

	<u>Total 2020</u>	<u>Total 2019</u>
<b>Cash provided by (used in):</b>		
Operating activities:		
Excess (deficiency) of revenues over expenditures	\$ 224	(7,478)
Items not involving an outlay of cash:		
Amortization	573	-
Loss on disposal of capital assets	<u>5,226</u>	<u>-</u>
	6,023	(7,478)
Changes in non-cash working capital:		
Accounts receivable	(2,780)	1,822
Inventories	6,297	2,021
Prepaid expenses	(1,419)	1,934
Accounts payable and accrued liabilities	8,847	(2,842)
Accrued salaries and vacation payable	(6,263)	11,094
Deferred revenue	<u>20,000</u>	<u>(3,000)</u>
	<u>30,705</u>	<u>3,551</u>
Investing activities:		
Additions to capital assets	<u>(2,863)</u>	<u>-</u>
Financing activities:		
Long-term debt	<u>-</u>	<u>(35,000)</u>
Net change in cash during the year	27,842	(31,449)
Cash position, beginning of year	<u>(35,669)</u>	<u>(4,220)</u>
Cash position, end of year	<u>(7,827)</u>	<u>(35,669)</u>
Cash position consists of:		
Cash	-	-
Term deposits	26,702	26,438
Bank overdraft	<u>(34,529)</u>	<u>(62,105)</u>
	<u>\$ (7,827)</u>	<u>(35,667)</u>

See accompanying notes to the financial statements.

# SEXUAL HEALTH CENTRE SASKATOON INC.

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 1. DESCRIPTION OF OPERATIONS

The Organization was incorporated under The Non-Profit Corporations Act of Saskatchewan. The Sexual Health Centre Saskatoon Inc. is a community-based, non-profit, volunteer organization that provides information, education, and counselling on reproductive health and sexuality issues to the general public. Sexual Health Centre Saskatoon Inc. also operates a Sexual Health Clinic with access to pregnancy testing, STI/HIV testing, PAP screening, and contraceptives.

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations.

#### (a) Revenue

Unrestricted contributions are recognized as revenue in the operating fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recognized as revenue in the year in which related expenses are incurred.

Funds earned from bingo fundraising are restricted and must be used for specific purposes. The net assets relating to these restricted amounts is shown as externally restricted net assets.

Donations of materials and services are recorded at fair market value when received if the amount can be reasonably estimated.

#### (b) Inventory

Inventory is carried at the lesser of cost and net realizable value. Cost is determined using the first in, first out method.

#### (c) Capital Assets

Capital assets are recorded at cost. Amortization is calculated using the following annual rates and methods and is designed to amortize the assets over their useful lives:

Computers, software, and upgrades      5 years - straight line

#### (d) Income Taxes

The organization is exempt from income taxes as it is a non-profit organization.

#### (e) Contributed Services

Directors and members volunteer their time to assist in the organizations activities. While their services benefit the organization considerably, a reasonable estimate of their amount and fair value cannot be made and, accordingly, these contributed services are not recognized in these financial statements.



# SEXUAL HEALTH CENTRE SASKATOON INC.

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (CONTINUED)

#### (f) Measurement uncertainty

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of income and expenses during the year. Actual results could differ from those estimates.

#### (g) Financial Instruments

##### Measurement of financial instruments

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

The entity subsequently measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments that are quoted in an active market, which are measured at fair value. Changes in fair value are recognized in deficiency of revenues over expenses.

##### Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in net income. 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 income.

##### Transaction costs

The entity 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.

### 3. FINANCIAL INSTRUMENTS

#### Risks and concentrations

The entity is exposed to various risks through its financial instruments. The following analysis provides a measure of the entity's risk exposure and concentrations at March 31, 2020.

#### Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The entity is exposed to this risk mainly in respect of its accounts payable.

#### Credit Risk

The Company is exposed to minimal credit risks on the accounts receivable as the receivables are due from government agencies.

#### Market risk

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market price. Market risk comprises of three types of risk : currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.



# SEXUAL HEALTH CENTRE SASKATOON INC.

## NOTES TO THE FINANCIAL STATEMENTS

March 31, 2020

### 3. FINANCIAL INSTRUMENTS (CONTINUED)

#### 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 entity is exposed to interest rate risk on its term deposits and bank indebtedness.

### 4. BANK INDEBTEDNESS

Bank indebtedness consists of cheques issued in excess of funds on deposit and is secured by all investment and bank balances held by Affinity Credit Union. There is an approved overdraft limit in the amount of \$45,000 bearing interest at 6.70%.

### 5. LEASE COMMITMENTS

The company has operating lease commitments for office and clinic rent. Minimum annual rentals are as follows:

2021	\$	26,250
2022		27,000
2023		27,000
2024		27,000

### 6. CAPITAL ASSETS

		<u>2020</u>		<u>2019</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ -	-	-	5,226
Computers, software, and upgrades	2,863	573	2,290	-
	<u>\$ 2,863</u>	<u>573</u>	<u>2,290</u>	<u>5,226</u>

### 7. DEFERRED REVENUE

Deferred revenue at March 31, 2020 consists of funds from The Community Initiatives Fund in the amount of \$20,000. The intended purpose of this contribution has not been fulfilled in the current year.

### 8. IMPACT OF COVID-19

On March 11, 2020, the World Health Organization categorized COVID-19 as a pandemic. The COVID-19 outbreak has caused disruption of non-profit entities due to measures being introduced at various levels of government to curtail the spread of the virus (such as travel restrictions, closures of non-essential municipal and private operations, imposition of quarantines, and social distancing). While the disruption is currently expected to be temporary, there is considerable uncertainty around the duration of the closings. Therefore, the Organization expects this matter to negatively impact its operating results in a material way. However, the related financial impact and duration cannot be reasonably estimated at this time and is expected to effect the subsequent period.