

SEXUAL HEALTH CENTRE SASKATOON INC.

Auditor's Report

Financial Statements

March 31, 2024

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, 2024** 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, 2024**, and its financial performance 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 revenues, excess (deficiency) of revenues over expenditures, and net assets for the years ended **March 31, 2024** and **March 31, 2023**. Our audit opinion on the financial statements for the year ended March 31, 2023 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 Sexual Health Centre Saskatoon Inc. 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
September 25, 2024


Chartered Professional Accountants

SEXUAL HEALTH CENTRE SASKATOON INC.

STATEMENT OF FINANCIAL POSITION

March 31, 2024

with comparative figures for March 31, 2023

	<u>2024</u>	<u>2023</u>
<u>ASSETS</u>		
Cash	\$ 72,793	46,281
Term deposits (Note 5)	27,932	27,223
Accounts receivable	57,507	41,137
Inventory	19,365	12,757
Prepaid expenses	<u>-</u>	<u>23,921</u>
Total current assets	177,597	151,319
Capital assets (Note 6)	11,579	22,530
Rental deposit	<u>2,000</u>	<u>2,000</u>
	\$ <u>191,176</u>	<u>175,849</u>
<u>LIABILITIES AND NET ASSETS</u>		
Accounts payable and accrued liabilities	108,353	58,884
Accrued salaries and vacation payable	38,404	26,701
Deferred revenue (Note 7)	16,240	130,376
Current portion of long-term debt (Note 8)	<u>3,480</u>	<u>4,433</u>
Total current liabilities	166,477	220,394
Long-term debt (Note 8)	<u>-</u>	<u>3,589</u>
Total liabilities	<u>166,477</u>	<u>223,983</u>
Net assets:		
Invested in capital assets	7,170	14,509
Unrestricted	<u>17,529</u>	<u>(62,643)</u>
Total net assets	<u>24,699</u>	<u>(48,134)</u>
	\$ <u>191,176</u>	<u>175,849</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director
_____ 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, 2024
with comparative figures for the year ended March 31, 2023

	<u>2024</u>	<u>2023</u>
Revenues:		
Clinic	\$ 294,311	259,598
Clinic sales	27,670	26,356
Donations	85,271	38,513
Fundraising	55,915	21,193
Fundraising sales	2,950	4,270
Grants	427,080	274,530
Membership	160	140
Other	<u>784</u>	<u>2,334</u>
	894,141	626,934
Expenditures:		
Advertising and promotions	505	2,392
Amortization	15,236	14,705
Bad debt expense	1,120	-
Birth control purchases	19,199	19,167
Fundraising	14,569	3,937
Honorariums	2,820	1,775
Insurance	2,654	3,359
Interest and bank charges	2,700	2,476
Medical supplies	18,303	17,634
Miscellaneous	2,199	1,795
Office supplies	14,378	6,741
Pleasure management	1,316	1,421
Professional development	7,258	2,020
Professional fees	101,360	81,351
Rental	28,350	29,034
Supplies	23,237	7,073
Telephone	2,493	1,047
Travel allowance	17,989	2,070
Wages and employee benefits	<u>545,622</u>	<u>452,432</u>
	<u>821,308</u>	<u>650,429</u>
Excess (deficiency) of revenues over expenditures	72,833	(23,495)
Net assets, beginning of year	<u>(48,134)</u>	<u>(24,639)</u>
Net assets, end of year	<u>\$ 24,699</u>	<u>(48,134)</u>

See accompanying notes to the financial statements.

SEXUAL HEALTH CENTRE SASKATOON INC.

STATEMENT OF CASH FLOWS

Year ended March 31, 2024

with comparative figures for the year ended March 31, 2023

	Total <u>2024</u>	Total <u>2023</u>
Cash provided by (used in):		
Operating activities:		
Excess (deficiency) of revenues over expenditures	\$ 72,833	(23,495)
Item not involving an outlay of cash:		
Amortization	<u>15,236</u>	<u>14,705</u>
	88,069	(8,790)
Changes in non-cash working capital:		
Accounts receivable	(16,369)	(17,190)
Inventories	(6,608)	7,095
Prepaid expenses	23,921	(23,721)
Accounts payable and accrued liabilities	49,469	55,064
Accrued salaries and vacation payable	11,702	(139)
Deferred revenue	(114,136)	130,376
Deferred government assistance	<u>-</u>	<u>20,000</u>
	<u>36,048</u>	<u>162,695</u>
Investing activities:		
Additions to capital assets	<u>(4,285)</u>	<u>(1,520)</u>
Financing activities:		
Long-term debt repayment	<u>(4,542)</u>	<u>(64,433)</u>
Net change in cash during the year	27,221	96,742
Cash position, beginning of year	<u>73,504</u>	<u>(23,238)</u>
Cash position, end of year	<u>100,725</u>	<u>73,504</u>
Cash position consists of:		
Cash	72,793	46,281
Term deposits	27,932	27,223
Bank overdraft	<u>-</u>	<u>-</u>
	\$ <u>100,725</u>	<u>73,504</u>

See accompanying notes to the financial statements.

SEXUAL HEALTH CENTRE SASKATOON INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

1. DESCRIPTION OF OPERATIONS

The Organization was incorporated under The Non-Profit Corporations Act of Saskatchewan and is a registered charity under the Income Tax Act. 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 in Saskatoon, SK. 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

The Organization follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue 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.

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

Sales revenue is recorded when the related goods are provided and collection is reasonably assured.

(b) Inventory

Inventories available for sale are carried at the lesser of cost and net realizable value. Inventories held for distribution at no charge are carried at the lesser of cost and replacement cost. Cost is determined using the weighted average cost 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:

Furniture and fixtures	10 years	- straight line
Computers, software, and upgrades	5 years	- straight line
Leasehold improvements	4 years (lease term)	- 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 Organization's 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, 2024

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 Organization initially measures its financial assets and liabilities at fair value.

The Organization 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 excess (deficiency) of revenues over expenses.

Financial assets measured at amortized cost include cash, term deposits, accounts receivable, and rental deposits. Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, accrued salaries and vacation payable, and long-term debt.

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 Organization 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.

SEXUAL HEALTH CENTRE SASKATOON INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

3. FINANCIAL INSTRUMENTS

Risks and concentrations

The Organization is exposed to various risks through its financial instruments. The following analysis provides a measure of the Organization's risk exposure and concentrations at March 31, 2024.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its accounts payable, accrued salaries and vacation payable, and long-term debt.

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 carrying amounts of financial assets on the statement of financial position represent the Corporation's maximum exposure at the financial statement date. The credit risk on cash and investments is limited because the counterpart is a financial institution with high credit rating assigned by national credit-rating 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 Organization is mainly exposed to interest rate risk.

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 Organization is exposed to interest rate risk on its term deposits, and long-term debt.

4. LEASE COMMITMENTS

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

2025	\$	20,250
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5. TERM DEPOSITS

Term deposits consist of Flex Accounts and a Guaranteed Investment Certificate with interest rates between 3.00 - 3.45% and maturity dates between June 25, 2024 and January 13, 2025.

SEXUAL HEALTH CENTRE SASKATOON INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

6. CAPITAL ASSETS

		<u>2024</u>		<u>2023</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Furniture and equipment	\$ 3,254	-	3,254	-
Leasehold improvements	55,313	48,399	6,914	20,742
Computers, software, and upgrades	<u>5,413</u>	<u>4,002</u>	<u>1,411</u>	<u>1,788</u>
	<u>\$ 63,980</u>	<u>52,401</u>	<u>11,579</u>	<u>22,530</u>

7. DEFERRED REVENUE

Deferred revenue consists of funds received for specific projects where the intended purpose of these contributions had not yet been fulfilled.

	<u>2023</u>	<u>Funding Received</u>	<u>Recognized as Income</u>	<u>(Payable to) Receivable from Funder</u>	<u>2024</u>
- Federal					
Public Health Agency of Canada	\$ 1,240	179,676	(169,986)	-	10,930
- Provincial					
Saskatchewan Health Authority	-	131,548	(131,548)	-	-
- Other					
Affinity Credit Union	-	10,250	(10,250)	-	-
Art Auction	31,595	-	(31,595)	-	-
Community Initiatives Fund	-	22,080	(24,973)	2,893	-
Healthcare Excellence	30,400	19,778	(50,178)	-	-
RUH Foundation	-	25,000	(25,000)	-	-
Saskatoon Health Region	67,141	92,141	(153,972)	-	5,310
SPX Pharmacy	-	9,449	(56,693)	47,244	-
United Way	<u>-</u>	<u>90,000</u>	<u>(90,000)</u>	<u>-</u>	<u>-</u>
	<u>\$ 130,376</u>	<u>579,922</u>	<u>(744,195)</u>	<u>50,137</u>	<u>16,240</u>

SEXUAL HEALTH CENTRE SASKATOON INC.

NOTES TO THE FINANCIAL STATEMENTS

March 31, 2024

8. LONG-TERM DEBT

	<u>2024</u>	<u>2023</u>
Leasehold improvement note, repayable in monthly payments of \$391 including interest at 2.45% annually.	\$ 3,480	8,022
Less: current portion	<u>3,480</u>	<u>4,433</u>
	<u>\$ -</u>	<u>3,589</u>
Principal payments due within the next year is as follows:		
2025	\$ 3,480	