

CALGARY SEXUAL HEALTH CENTRE SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2016

CALGARY SEXUAL HEALTH CENTRE SOCIETY
TABLE OF CONTENTS
DECEMBER 31, 2016

| | Page |
|---------------------------------------|-------------|
| Independent Auditor's Report | 1 |
| Financial Statements | |
| Statement of Financial Position | 3 |
| Statement of Operations | 4 |
| Statement of Changes in Fund Balances | 5 |
| Statement of Cash Flows | 6 |
| Notes to the Financial Statements | 7 |

INDEPENDENT AUDITOR'S REPORT

**To: The Directors of
Calgary Sexual Health Centre Society**

Report on the Financial Statements

We have audited the accompanying financial statements of Calgary Sexual Health Centre Society (the "Society"), which comprise the statement of financial position as at December 31, 2016, and the statements of operations, changes in fund balances and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility 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.

Auditor's Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Society's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

INDEPENDENT AUDITOR'S REPORT, continued

Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of Calgary Sexual Health Centre Society as at December 31, 2016, and the results of its operations and its cash flows for the year in accordance with Canadian accounting standards for not-for-profit organizations.

**CALGARY, ALBERTA
MARCH 13, 2017**

Catalyst LLP
**CHARTERED PROFESSIONAL
ACCOUNTANTS**

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

| | <u>2016</u> | <u>2015</u> |
|---|-------------------|-------------------|
| Assets | | |
| Current | | |
| Cash | \$ 489,142 | \$ 528,715 |
| Accounts receivable | 19,696 | 18,545 |
| Prepaid expenses | 9,683 | 2,122 |
| Goods and services tax receivable | 13,137 | 11,234 |
| | 531,658 | 560,616 |
| Capital assets (Note 5) | <u>52,083</u> | <u>42,712</u> |
| | \$ 583,741 | \$ 603,328 |
| Liabilities and fund balances (deficiencies) | | |
| Current | | |
| Accounts payable and accrued liabilities | \$ 32,309 | \$ 10,013 |
| Salaries payable | 5,408 | 4,418 |
| Deferred contributions (Note 6) | 578,062 | 644,538 |
| | 615,779 | 658,969 |
| Net equity invested in capital assets | 37,558 | 24,447 |
| Unrestricted net deficit | (69,596) | (80,088) |
| | (32,038) | (55,641) |
| | \$ 583,741 | \$ 603,328 |

Commitments (Note 7)

Approved on behalf of the Board



Treasurer, Board of Directors



President, Board of Directors

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

| | Community Outreach | Education | WiseGuyz | Training Centre | Short-Term Projects | Provincial Scalling | 2016 Total | 2015 Total |
|---|--------------------|-----------|------------|-----------------|---------------------|---------------------|------------|------------|
| Revenue | | | | | | | | |
| Contract funding | \$ 427,566 | \$ - | \$ 165,894 | \$ - | \$ - | \$ - | \$ 593,460 | \$ 450,800 |
| Family and Community Support Services (Note 8) | - | 72,958 | 142,772 | 98,708 | 19,850 | 155,180 | 489,468 | 178,275 |
| Other grants | 60,000 | 347,236 | 4,727 | - | - | - | 411,963 | 477,236 |
| United Way | - | - | 187,500 | - | - | - | 187,500 | 212,893 |
| Anonymous donor | - | - | - | - | 33,700 | - | 33,700 | 76,300 |
| ACHF | 5,017 | - | - | - | 5,646 | - | 10,663 | 45,589 |
| Calgary Foundation | 492,583 | 420,194 | 500,893 | 98,708 | 59,196 | 155,180 | 1,726,754 | 1,441,093 |
| Other revenue | 8,089 | 64,487 | 64,710 | 25,697 | 50,652 | - | 213,635 | 134,227 |
| Fundraising and donations | - | 44,721 | - | - | - | - | 44,721 | 63,637 |
| Casino revenue | - | - | - | 34,205 | - | - | 34,205 | 56,851 |
| Training & resource centre | 500,672 | 529,402 | 565,603 | 158,610 | 109,848 | 155,180 | 2,019,315 | 1,695,808 |
| Expenses | | | | | | | | |
| Salaries & benefits - Programs | 263,480 | 305,942 | 337,831 | 63,406 | 45,861 | 76,384 | 1,092,904 | 871,889 |
| Salaries & benefits - Administration | 118,000 | 100,079 | 89,636 | - | - | 27,981 | 335,696 | 263,370 |
| Program-specific | 26,500 | 19,699 | 85,924 | 39,000 | 45,385 | 36,308 | 252,816 | 199,643 |
| Occupancy | 56,385 | 62,199 | 28,000 | 17,489 | 4,146 | 8,741 | 176,960 | 172,000 |
| General & administrative | 15,700 | 18,745 | 10,250 | 28,729 | 6,200 | - | 79,624 | 63,199 |
| Professional development | 4,500 | 8,179 | 7,857 | - | - | - | 20,536 | 16,955 |
| Amortization | 10,643 | 2,661 | - | - | - | - | 13,304 | 11,403 |
| Project development | 1,000 | 2,000 | - | - | 750 | 5,766 | 9,516 | 29,329 |
| Professional fees | 2,000 | 3,500 | 1,725 | 2,000 | - | - | 9,225 | 10,000 |
| Fundraising | - | 4,531 | 600 | - | - | - | 5,131 | 20,000 |
| | 498,208 | 527,535 | 561,823 | 150,624 | 102,342 | 155,180 | 1,995,712 | 1,657,788 |
| Excess (deficiency) of revenue over expenses | \$ 2,464 | \$ 1,867 | \$ 3,780 | \$ 7,986 | \$ 7,506 | \$ - | \$ 23,603 | \$ 38,020 |

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

| | Invested in capital assets | Unrestricted | 2016 | 2015 |
|--|---|---------------------|--------------------|--------------------|
| Fund balances (deficiencies), beginning of year | \$ 24,447 | \$ (80,088) | \$ (55,641) | \$ (93,661) |
| Excess (deficiency) of revenue over expenditures | (9,564) | 33,167 | \$ 23,603 | 38,020 |
| Transfers between funds during the year | 22,675 | (22,675) | - | - |
| Fund balances (deficiencies), end of year | <u>\$ 37,558</u> | <u>\$ (69,596)</u> | <u>\$ (32,038)</u> | <u>\$ (55,641)</u> |

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2016

| | 2016 | 2015 |
|---|-------------------|-------------------|
| Cash flows from operating activities | | |
| Excess of revenues over expenses for the year | \$ 23,604 | \$ 38,020 |
| Adjustment for Amortization | <u>13,304</u> | <u>11,403</u> |
| | 36,908 | 49,423 |
| Change in non-cash working capital items | | |
| Accounts receivable | (1,151) | (6,960) |
| Prepaid expenses | (7,561) | 8,321 |
| Goods and services tax receivable | (1,903) | (359) |
| Accounts payable and accrued liabilities | 22,295 | (18,302) |
| Salaries payable | 990 | 4,418 |
| Deferred contributions | <u>(66,476)</u> | <u>274,168</u> |
| | (16,898) | 310,709 |
| Cash flows from investing activity | | |
| Purchase of capital assets | <u>(22,675)</u> | <u>(8,000)</u> |
| Increase (decrease) in cash | (39,573) | 302,709 |
| Cash, beginning of year | <u>528,715</u> | <u>226,006</u> |
| Cash, end of year | <u>\$ 489,142</u> | <u>\$ 528,715</u> |

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

1. Nature of operations

Calgary Sexual Health Centre Society ("the Society") is a non-profit organization operating under the Societies Act of Alberta whose purpose is to offer counseling and education services that help people consider their sexual and reproductive choices in informed and responsible ways.

The Society is incorporated under the Canada Business Corporations Act as a not-for-profit organization and is a registered charitable organization under Section 149(1)(f) of the Income Tax Act and, accordingly, is exempt from income taxes. Therefore, no provision for income taxes is recorded in the financial statements.

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The significant policies are detailed as follows:

(a) Cash

Cash is defined as cash on hand and cash on deposit, net of cheques issued and outstanding at report date.

(b) Deferred Contributions

Deferred contributions represents donations received in advance, intended for use with specific programs in the subsequent fiscal year.

(c) Financial instruments

(i) Measurement of financial instruments

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

The Society subsequently measures all its financial assets and financial liabilities or amortized cost.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, operating leases, and salaries payable.

The Society has not designated any financial assets or financial liabilities to be measured at fair value.

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

2. Significant accounting policies, continued

(c) Financial instruments, continued

(ii) Impairment

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

(d) Fund accounting

The Society uses fund accounting to represent the core programs that the Society operates and includes: Community Outreach, Education, Wise Guyz, Training Centre, Provincial Scaling, Girls Program, and Short Term Projects.

(e) Revenue recognition

The Society follows the deferral method of accounting for contributions. Externally restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable when the amount to be received can be reasonably estimated and collection is reasonably assured.

(f) Allocated expenses

The Society engages in education and fundraising activities. The costs of each activity consist of salaries and consulting expenses directly related to the activity.

The Society allocates certain of its salary and consulting expenses by identifying the appropriate basis of allocating each component expense, and applies that basis consistently each year.

Management and administration salaries, and consulting expenses are allocated proportionately, based on an estimate of time spent on the activity.

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

2. Significant accounting policies, continued

(g) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the declining balance method at rates designed to amortize the cost of the capital assets over their estimated useful lives. One half of the year's amortization is recorded in the year of acquisition. The annual amortization rates are as follows:

| | |
|------------------------|-----|
| Computer equipment | 30% |
| Office equipment | 8% |
| Furniture and fixtures | 20% |

The website is amortized on a straight-line basis over five years.

(h) Impairment of long-lived assets

The Society tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected undiscounted future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent carrying value exceeds its fair value.

(i) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amount of revenues and expenses during the reporting period. The significant area requiring the use of estimates includes amortization. These estimates are reviewed periodically, and as adjustments become necessary they are reported in operations in the period in which they become known.

3. Contributed services

A substantial number of volunteers contribute a significant amount of time each year. Due to the difficulty of determining the fair value, contributed services are not recognized in the financial statements.

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

4. Line of credit

An operating line of credit has been authorized by the bank to a maximum of \$30,000 and bears interest at the bank's prime lending rate plus 5.5%. A general security agreement covering all assets of the Society has been pledged as security. No amount is outstanding on the line of credit as at the year end.

5. Capital assets

| | | | 2016 | | | 2015 |
|------------------------|-------------------|-------------------------------------|---------------------------|---------------------------|---------------------------|---------------------------|
| | Cost | Accumulated Amortization | Net Book Value | Net Book Value | Net Book Value | Net Book Value |
| Computer equipment | \$ 110,922 | \$ 75,002 | \$ 35,920 | \$ | 23,779 | 23,779 |
| Office equipment | 39,329 | 27,082 | 12,247 | \$ | 13,312 | 13,312 |
| Website | 7,257 | 4,354 | 2,903 | \$ | 4,354 | 4,354 |
| Furniture and fixtures | 3,092 | 2,079 | 1,013 | \$ | 1,267 | 1,267 |
| | \$ 160,600 | \$ 108,517 | \$ 52,083 | \$ | 42,712 | 42,712 |

6. Deferred contributions

| | Balance, Beginning | Contributions | Contributions Utilized | Balance Ending |
|-------------------------------------|-------------------------------|----------------------|-----------------------------------|---------------------------|
| Government of Alberta | \$ 312,987 | \$ 312,987 | \$ (297,952) | \$ 328,022 |
| Anonymous WiseGuyz | 99,516 | 175,000 | (187,500) | 87,017 |
| Calgary Foundation Girls Program | - | 42,500 | (5,646) | 36,854 |
| Casino | 11,285 | 67,613 | (44,721) | 34,176 |
| GSA/Fyrefly | 15,000 | 25,000 | (18,588) | 21,412 |
| General grant - Telus | - | 20,000 | - | 20,000 |
| United Way WiseGuyz | 24,000 | - | (4,727) | 19,273 |
| Calgary Foundation - Technology | 18,264 | - | (3,739) | 14,525 |
| Government of Alberta - LGBTQ | - | 50,000 | (40,000) | 10,000 |
| CPHA | 22,302 | 38,000 | (53,519) | 6,783 |
| FCSS WiseGuyz | 21,250 | 144,644 | (165,894) | - |
| WiseGuyz other | 25,000 | - | (25,000) | - |
| ACHIF HIV | 5,984 | - | (5,984) | - |
| FCSS Deferred Revenue | 88,950 | 338,616 | (427,566) | - |
| | \$ 644,538 | \$ 1,214,360 | \$ (1,280,836) | \$ 578,062 |

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2016
WITH COMPARATIVE INFORMATION FOR 2015

7. Commitments

The Society is committed under a lease on premises as well as monthly payments for office equipment leases.

The estimated minimum annual payments, exclusive of occupancy costs, of the above commitments are as follows:

| | | |
|------|----|----------------|
| 2017 | \$ | 111,024 |
| 2018 | | <u>61,569</u> |
| | \$ | <u>172,593</u> |

8. City of Calgary, Family & Community Support Services

During 2016, the Society recognized \$593,460 (2015: \$450,800) from the City of Calgary, Family and Community Support Services. Expenses were mainly related to salaries and benefits and other expenses including professional services, transportation, office expenses, and insurance.

9. Financial instruments

The Society is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Society's exposure to these risks.

(a) 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 Society's main credit risk relates to its accounts receivable.

(b) Liquidity risk

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, operating leases and salaries payable.

There has been no change to the risk exposures from 2015. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant credit risk or other price risks arising from these financial instruments.