

CALGARY SEXUAL HEALTH CENTRE SOCIETY

FINANCIAL STATEMENTS

DECEMBER 31, 2017

CALGARY SEXUAL HEALTH CENTRE SOCIETY
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DECEMBER 31, 2017

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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, which comprise the statement of financial position as at December 31, 2017, 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, 2017, 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
APRIL 3, 2018

Catalyst LLP
CHARTERED PROFESSIONAL
ACCOUNTANTS

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

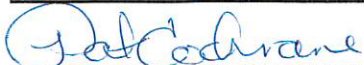
	2017	2016
Assets		
Current		
Cash	\$ 293,126	\$ 489,142
Short-term investments (Note 4)	100,000	-
Accounts receivable	312,026	19,696
Prepaid expenses	20,436	9,683
Goods and services tax receivable	4,050	13,137
	<u>729,638</u>	<u>531,658</u>
Capital assets (Note 5)	313,535	52,083
Security deposit	<u>11,624</u>	<u>-</u>
	<u>\$ 1,054,797</u>	<u>\$ 583,741</u>
Liabilities and fund balances		
Current		
Accounts payable and accrued liabilities	\$ 48,840	\$ 32,309
Salaries payable	10	5,408
Deferred contributions (Note 6)	770,618	578,062
Current portion of deferred lease inducement (Note 7)	<u>21,193</u>	<u>-</u>
	840,661	615,779
Deferred lease inducement (Note 7)	<u>211,925</u>	<u>-</u>
	<u>1,052,586</u>	<u>615,779</u>
Internally restricted reserve	100,000	-
Net equity invested in capital assets	280,432	37,558
Unrestricted net deficit	<u>(378,221)</u>	<u>(69,596)</u>
	<u>2,211</u>	<u>(32,038)</u>
	<u>\$ 1,054,797</u>	<u>\$ 583,741</u>

Commitments (Note 8)

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, 2017
WITH COMPARATIVE INFORMATION FOR 2016

	Community Outreach	Education	WiseGuyz	Training Centre	Short-Term Projects	Provincial Scaling	2017 Total	2016 Total
Revenue								
Contract funding								
Family and Community Support Services (Note 8)	\$ 387,986	\$ -	\$ 239,394	\$ -	\$ 69,000	\$ -	\$ 696,380	\$ 593,460
Other grants	23,084	113,871	146,320	100,783	145,842	125,096	654,996	489,468
United Way	60,000	347,236	131,773	-	-	-	539,009	411,963
Anonymous donor	-	-	162,500	-	-	-	162,500	187,500
ACHF	73,402	-	-	-	-	-	73,402	33,700
Calgary Foundation	-	-	-	1,333	69,354	-	70,687	10,663
	544,472	461,107	679,987	102,116	284,196	125,096	2,196,974	1,726,754
Other revenue								
Fundraising and donations	41,801	74,676	50,000	35,000	25,000	-	226,477	213,635
Training & resource centre	-	-	-	60,999	-	-	60,999	34,205
Casino revenue	-	32,997	-	-	-	-	32,997	44,721
	586,273	568,780	729,987	198,115	309,196	125,096	2,517,447	2,019,315
Expenses								
Salaries & benefits - Programs	275,790	325,350	483,532	137,748	189,773	72,916	1,485,109	1,092,904
Salaries & benefits - Administration	118,000	100,590	59,130	-	24,000	22,500	324,220	335,696
Program-specific	43,591	40,930	34,145	22,000	18,026	22,559	181,251	252,816
Occupancy (Note 7)	41,339	40,469	36,032	16,916	9,357	-	144,113	176,960
Project development	16,000	-	70,773	-	39,000	7,121	132,894	9,516
General & administrative	28,701	8,336	16,175	2,491	13,635	-	69,338	79,624
Fundraising	23,084	10,000	15,000	6,210	-	-	54,294	5,131
Professional development	4,500	18,369	8,200	-	9,761	-	40,830	20,536
Amortization	28,198	10,451	2,000	-	-	-	40,649	13,304
Professional fees	2,000	3,500	5,000	-	-	-	10,500	9,225
	581,203	557,995	729,987	185,365	303,552	125,096	2,483,198	1,995,712
Excess of revenue over expenses	\$ 5,070	\$ 10,785	\$ -	\$ 12,750	\$ 5,644	\$ -	\$ 34,249	\$ 23,603

The accompanying notes are an integral part of these financial statements

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF CHANGES IN FUND BALANCES
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

	Invested in capital assets	Internally restricted reserve	Unrestricted	2017	2016
Fund balances (deficiencies), beginning of year	\$ 37,558	\$ -	\$ (69,596)	\$ (32,038)	\$ (55,641)
Excess (deficiency) of revenue over expenditures	(59,226)	-	93,475	\$ 34,249	23,603
Transfers between funds during the year	302,100	100,000	(402,100)	-	-
Fund balances (deficiencies), end of year	\$ 280,432	\$ 100,000	\$ (378,221)	\$ 2,211	\$ (32,038)

CALGARY SEXUAL HEALTH CENTRE SOCIETY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2017

	2017	2016
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ 34,249	\$ 23,603
Adjustment for		
Amortization	19,457	13,304
	53,706	36,907
Change in non-cash working capital items		
Accounts receivable	(292,330)	(1,151)
Prepaid expenses	(10,753)	(7,561)
Goods and services tax receivable	9,087	(1,903)
Accounts payable and accrued liabilities	16,530	22,295
Salaries payable	(5,398)	990
Deferred contributions	192,556	(66,476)
	(36,602)	(16,899)
Cash flows from investing activities		
Purchase of capital assets	(302,100)	(22,674)
Security deposit	(11,624)	-
Purchase of short-term investments	(100,000)	-
	(413,724)	(22,674)
Cash flows from financing activity		
Deferred lease inducement	254,310	-
Decrease in cash	(196,016)	(39,573)
Cash, beginning of year	489,142	528,715
Cash, end of year	\$ 293,126	\$ 489,142
Represented by:		
Cash	\$ 293,126	\$ 489,142

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

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.

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 represent 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 at amortized cost. Changes in fair value are recognized in the statement of operations in the period incurred.

Financial assets measured at amortized cost include cash, short-term investments, and accounts receivable.

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

The Society has not designated any financial asset or financial liability to be measured at fair value.

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

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, 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, 2017
WITH COMPARATIVE INFORMATION FOR 2016

2. Significant accounting policies, continued

(g) Capital assets

Capital assets are recorded at cost. The Society provides for amortization using the following methods 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. No amortization is recorded in the year of disposal. The annual amortization rates and methods are as follows:

Computer equipment	30% Declining balance
Leasehold improvements	12 years Straight-line
Office equipment	8% Declining balance
Website	5 years Straight-line
Furniture and fixtures	20% Declining balance

(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 amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the period. Significant areas requiring the use of estimates include: amortization of capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

(j) 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, 2017
WITH COMPARATIVE INFORMATION FOR 2016

3. 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 (2016 - \$nil).

4. Short-term investments

Short-term investments include a one-year Guaranteed Investment Certificate (GIC) agreement with RBC for the amount of \$100,000. The GIC bears interest at 1.3% and matures on October 5, 2018.

5. Capital assets

	2017		2016	
	Cost	Accumulated Amortization	Net Book Value	Net Book Value
Computer equipment	\$ 136,289	\$ 89,581	\$ 46,708	\$ 35,920
Leasehold improvements	276,733	23,435	253,298	-
Office equipment	39,329	28,062	11,267	12,247
Website	7,257	5,805	1,452	2,903
Furniture and fixtures	3,092	2,282	810	1,013
	\$ 462,700	\$ 149,165	\$ 313,535	\$ 52,083

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

6. Deferred contributions

	Balance, Beginning	Contributions	Contributions Utilized	Balance Ending
Alberta Health	\$ -	\$ 368,344	\$ (66,316)	\$ 302,028
FCSS - Community Outreach	-	484,982	(387,986)	96,996
Anonymous WiseGuyz	87,017	150,000	(162,500)	74,517
FCSS - Wiseguyz	-	299,242	(239,394)	59,848
Government of Alberta - CIP	-	62,500	(4,526)	57,974
Government of Alberta - scaling	328,022	-	(271,416)	56,606
Government of Alberta - LGBTQ	10,000	30,000	(10,000)	30,000
ACHF	-	99,600	(73,402)	26,198
Government of Alberta - Calgary gets consent	-	47,300	(23,084)	24,216
GSA/Fyrefly	21,412	35,000	(41,348)	15,064
Calgary Foundation - Technology	14,525	-	(2,616)	11,911
Calgary Foundation - Girls Program	36,854	43,000	(70,688)	9,166
Calgary Foundation - GSA	-	4,915	-	4,915
Casino	34,176	-	(32,997)	1,179
CPHA	6,783	34,000	(40,783)	-
General grant - Telus	20,000	-	(20,000)	-
United Way WiseGuyz	19,273	-	(19,273)	-
	<u>\$ 578,062</u>	<u>\$ 1,658,883</u>	<u>\$ (1,466,329)</u>	<u>\$ 770,618</u>

7. Deferred lease inducement

In 2017, the Society received \$254,310 of leasehold improvements as an inducement to enter into a lease for office premises. The \$254,310 was recorded as a deferred lease inducement. The deferred lease inducement is being recognized on a straight-line basis over twelve years as a reduction of occupancy costs.

During the year, \$21,193 was amortized against occupancy costs.

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

8. 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:

2018	\$ 78,032
2019	78,032
2020	78,032
2021	84,087
2022	84,087
Subsequent years	<u>575,225</u>
	<u>\$ 977,495</u>

9. City of Calgary, Family & Community Support Services

During 2017, the Society recognized \$696,380 (2016 - \$593,460) 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.

10. 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. The increase in accounts receivable for 2017 relates to the tenant improvement allowance which was confirmed as received after year end.

(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.

CALGARY SEXUAL HEALTH CENTRE SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2017
WITH COMPARATIVE INFORMATION FOR 2016

10. Financial instruments, continued

(c) 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 Society is exposed to interest rate risk on its fixed and floating interest rate financial instruments. Fixed-rate financial instruments subject the Society to a fair value risk, while the floating-rate financial instruments subject the Society to a cash flow risk.

There has been no change to the risk exposures from 2016. Unless otherwise noted, it is management's opinion that the Society is not exposed to significant currency risk or other price risks arising from these financial instruments.