# CENTRE FOR SEXUALITY
## (formerly Calgary Sexual Health Centre Society)

## FINANCIAL STATEMENTS

## DECEMBER 31, 2019

# CENTRE FOR SEXUALITY
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## DECEMBER 31, 2019
## WITH COMPARATIVE INFORMATION FOR 2018

Catalyst LLP
Chartered Professional Accountants

## INDEPENDENT AUDITOR'S REPORT

**To the Directors of**
**Centre for Sexuality**

*Opinion*
We have audited the financial statements of Centre for Sexuality (the "Society"), which comprise the statement of financial position as at December 31, 2019, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2019, and the results of its operations, changes in fund balances, and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

*Basis for Opinion*
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 the Society 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 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 ASNPO, 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 Society's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Society or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Society's financial reporting process.



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## INDEPENDENT AUDITOR'S REPORT, continued

*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 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, 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 opinion. Our conclusions are based on the audit evidence obtained up to the date of auditor's report. However, future events or conditions may cause the Society 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.



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## INDEPENDENT AUDITOR'S REPORT, continued

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.

Catalyst LLP

**CALGARY, ALBERTA**
**MARCH 30, 2020**

**CHARTERED PROFESSIONAL ACCOUNTANTS**



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# CENTRE FOR SEXUALITY
## STATEMENT OF FINANCIAL POSITION
## DECEMBER 31, 2019
## WITH COMPARATIVE INFORMATION FOR 2018

| | 2019 | 2018 |
|---|---|---|
| **Assets** | | |
| **Current** | | |
| Cash (Note 4) | $ 449,075 | $ 268,267 |
| Short-term investments (Note 5) | 203,394 | 201,300 |
| Accounts receivable | 62,825 | 54,579 |
| Prepaid expenses | 5,903 | 4,303 |
| Goods and services tax receivable | 8,634 | 18,759 |
| | 729,831 | 547,208 |
| **Capital assets (Note 6)** | 265,048 | 288,982 |
| **Security deposit** | 11,624 | 11,624 |
| | $ 1,006,503 | $ 847,814 |
| **Liabilities and fund balances** | | |
| **Current** | | |
| Accounts payable and accrued liabilities | $ 45,518 | $ 45,257 |
| Salaries payable | 24,407 | 21,399 |
| Deferred contributions (Note 7) | 699,259 | 542,788 |
| Current portion of deferred lease inducement (Note 8) | 21,193 | 21,193 |
| | 790,377 | 630,637 |
| **Deferred lease inducement (Note 8)** | 169,539 | 190,732 |
| | 959,916 | 821,369 |
| Internally restricted reserve (Note 5) | 203,394 | 201,300 |
| Net equity invested in capital assets | 265,048 | 288,982 |
| Unrestricted net deficit | (421,855) | (463,837) |
| | 46,587 | 26,445 |
| | $ 1,006,503 | $ 847,814 |

**Commitments (Note 9)**

**Subsequent events (Note 11)**

Approved on behalf of the Board

Colin Mitchell ______ Director        Michel Bourque ______ Director

The accompanying notes are an integral part of the financial statements

# CENTRE FOR SEXUALITY
## STATEMENT OF OPERATIONS
## FOR THE YEAR ENDED DECEMBER 31, 2019
## WITH COMPARATIVE INFORMATION FOR 2018

| | Community Outreach | Education | WiseGuyz | Training Centre | Short-Term Projects | 2019 Total | 2018 Total |
|---|---|---|---|---|---|---|---|
| **Revenue** | | | | | | | |
| Contract funding | | | | | | | |
| Other Grants | $ 255,735 | $ 93,915 | $ 188,850 | $ 182,000 | $ - | $ 720,500 | $ 390,338 |
| Family and Community Support Services (Note 10) | 387,986 | 45,000 | 239,394 | - | - | 672,380 | 627,380 |
| United Way | - | 371,835 | 211,500 | - | - | 583,335 | 628,988 |
| Government of Alberta | 37,500 | - | 81,044 | 9,957 | 243,699 | 372,200 | 625,819 |
| Anonymous donor | - | - | - | 133,333 | - | 133,333 | 74,517 |
| ACHF | 120,000 | - | - | - | - | 120,000 | 146,198 |
| Calgary foundation | 40,218 | - | - | - | - | 40,218 | 40,774 |
| | 841,439 | 510,750 | 720,788 | 325,290 | 243,699 | 2,641,966 | 2,534,014 |
| Other revenue | | | | | | | |
| Fundraising and donations | 50,425 | 62,117 | 29,906 | 47,887 | - | 190,335 | 167,605 |
| Training and resource centre | - | - | - | 54,202 | - | 54,202 | 98,259 |
| Casino revenue | - | 24,722 | - | - | - | 24,722 | 42,440 |
| | 891,864 | 597,589 | 750,694 | 427,379 | 243,699 | 2,911,225 | 2,842,318 |
| **Expenditures** | | | | | | | |
| Salaries and benefits - Programs | 405,465 | 369,988 | 546,174 | 285,817 | 201,124 | 1,808,568 | 1,626,762 |
| Salaries and benefits - Administration | 163,868 | 104,192 | 49,630 | 52,806 | - | 370,496 | 295,478 |
| Program specific | 130,793 | 26,645 | 35,602 | 41,773 | 24,509 | 259,322 | 361,587 |
| Occupancy (Note 8) | 67,769 | 70,788 | - | 8,821 | - | 147,378 | 134,251 |
| Project development | 62,600 | - | 52,571 | - | 13,566 | 128,737 | 208,426 |
| General and administrative | 28,522 | 10,003 | 24,751 | 18,486 | 3,500 | 85,262 | 74,174 |
| Amortization | 5,642 | 4,635 | 21,397 | 7,324 | - | 38,998 | 39,791 |
| Professional development | 5,250 | 947 | 12,400 | 5,000 | 1,000 | 24,597 | 29,752 |
| Professional fees | 4,150 | 4,000 | 2,150 | 2,000 | - | 12,300 | 10,500 |
| Fundraising | 11,164 | - | - | - | - | 11,164 | 26,635 |
| Loss on disposal of capital assets | 1,671 | 1,435 | 490 | 665 | - | 4,261 | 10,729 |
| | 886,894 | 592,633 | 745,165 | 422,692 | 243,699 | 2,891,083 | 2,818,085 |
| **Excess of revenue over expenditures** | $ 4,970 | $ 4,956 | $ 5,529 | $ 4,687 | $ - | $ 20,142 | $ 24,233 |

The accompanying notes are an integral part of the financial statements

# CENTRE FOR SEXUALITY
## STATEMENT OF CHANGES IN FUND BALANCES
## FOR THE YEAR ENDED DECEMBER 31, 2019
## WITH COMPARATIVE INFORMATION FOR 2018

| | Invested in capital assets | Internally restricted reserve | Unrestricted | 2019 | 2018 |
|---|---|---|---|---|---|
| **Fund balances (deficiency), beginning of year** | $ 288,982 | $ 201,300 | $ (463,837) | $ 26,445 | $ 2,211 |
| **Excess (deficiency) of revenue over expenditures** | (43,259) | - | 63,401 | 20,142 | 24,234 |
| **Transfers between funds during the year** | 19,325 | 2,094 | (21,419) | - | - |
| **Fund balances (deficiency), end of year** | $ 265,048 | $ 203,394 | $ (421,855) | $ 46,587 | $ 26,445 |

The accompanying notes are an integral part of the financial statements

# CENTRE FOR SEXUALITY
## STATEMENT OF CASH FLOWS
## FOR THE YEAR ENDED DECEMBER 31, 2019
## WITH COMPARATIVE INFORMATION FOR 2018

| | 2019 | 2018 |
|---|---|---|
| **Cash flows from operating activities** | | |
| Excess of revenues over expenditures for the year | $ 20,142 | $ 24,234 |
| Adjustments for | | |
| Amortization of capital assets | 38,998 | 39,791 |
| Amortization of deferred lease inducement | (21,193) | (21,193) |
| Loss on disposal of capital assets | 4,261 | 10,729 |
| | 42,208 | 53,561 |
| Change in non-cash working capital items | | |
| Accounts receivable | (8,246) | 257,447 |
| Prepaid expenses | (1,600) | 16,133 |
| Accounts payable and accrued liabilities | 261 | (3,584) |
| Goods and services tax receivable | 10,125 | (14,709) |
| Salaries payable | 3,008 | 21,389 |
| Deferred contributions | 156,471 | (227,829) |
| | 202,227 | 102,408 |
| **Cash flows from investing activities** | | |
| Purchase of capital assets | (19,325) | (25,967) |
| Purchase of short-term investments | (2,094) | (101,300) |
| | (21,419) | (127,267) |
| **Increase (decrease) in cash** | 180,808 | (24,859) |
| **Cash, beginning of year** | 268,267 | 293,126 |
| **Cash, end of year** | $ 449,075 | $ 268,267 |
| **Represented by:** | | |
| Cash | $ 449,075 | $ 268,267 |

## 1. Nature of operations

Centre for Sexuality (the "Society"), formerly Calgary Sexual Health Centre Society, is a non-profit organization incorporated under the Societies Act of Alberta that provides programs and services that address sexual health issues in a comprehensive way, including sexual health education in schools, individual counseling, and specialized programming for specific populations. The Training Centre provides educational workshops to professionals to better equip them to integrate healthy sexuality policy and practice into their work.

## 2. Change in accounting policy

Section 4433 - Tangible Capital Assets Held by Not-for-Profit Organizations

In March 2018, the Accounting Standards Board (AcSB) introduced Section 4433 to increase consistency in the recognition, measurement, and disclosure of collections and capital assets by not-for-profit organizations. The new standard is effective for periods beginning on or after January 1, 2019.

These changes had no impact on the Society's financial statements.

## 3. 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 year-end.

### (b) Deferred contributions

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

3. **Significant accounting policies, continued**

(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.

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.

(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, WiseGuyz, Training Centre, 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 expenditures 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.

3. **Significant accounting policies, continued**

(f) **Allocated expenditures**

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

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

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

(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:

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

(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) **Deferred lease inducements**

Lease incentives received, including rent-free periods and tenant inducements for leasehold improvements, are recognized on a straight-line basis over the term of the lease as a reduction in occupancy expenditures.

## 3. Significant accounting policies, continued

### (j) Internally restricted reserve

The internally restricted reserve has been put in place by the Board of Directors of the Society to cover any unexpected costs to the Society in order to ensure its continued operations. The funds are internally restricted by means of deposit into Guaranteed Investment Certificates as described in Note 4 to these financial statements.

### (k) 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 expenditures during the period. Significant areas requiring the use of estimates include: useful lives of capital assets. Actual results may differ from management's best estimates as additional information becomes available in the future.

### (l) 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.

## 4. Line of credit

An operating line of credit has been authorized by the bank to a maximum of $50,000 and bears interest at the bank's prime lending rate plus 2.5% per annum. 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 (2018 - $nil).

## 5. Short-term investments

Short-term investments include 90-91 days Guaranteed Investment Certificate ("GIC") agreements with RBC for the amount of $203,394 (2018 - $201,300). The GICs bear interest at rates between 0.35% and 1.95% per annum and mature between January 7, 2020 and February 5, 2020.

These GICs were put in place as an internally restricted reserve by the Society to fund any unexpected costs that may arise in the future.

# CENTRE FOR SEXUALITY
## NOTES TO THE FINANCIAL STATEMENTS
## FOR THE YEAR ENDED DECEMBER 31, 2019
## WITH COMPARATIVE INFORMATION FOR 2018

6. **Capital assets**

| | Cost | Accumulated Amortization | 2019 Net Book Value | 2018 Net Book Value |
|---|---|---|---|---|
| Leasehold improvements | $ 280,270 | $ 69,814 | $ 210,456 | $ 233,719 |
| Computer equipment | 82,826 | 39,332 | 43,494 | 44,249 |
| Office equipment | 40,416 | 29,836 | 10,580 | 10,366 |
| Furniture and fixtures | 3,092 | 2,574 | 518 | 648 |
| | $ 406,604 | $ 141,556 | $ 265,048 | $ 288,982 |

7. **Deferred contributions**

| | Balance, Beginning | Contributions | Contributions Utilized | Balance, Ending |
|---|---|---|---|---|
| Government of Alberta - WG FCSP | $ - | $ 200,000 | $ (56,544) | $ 143,456 |
| CPHA | 62,448 | 130,000 | (122,000) | 70,448 |
| Casino | 24,706 | 68,333 | (24,740) | 68,299 |
| Anon - Training centre | - | 200,000 | (133,350) | 66,650 |
| Calgary Immigrant Women's Association - FSCP | - | 65,720 | - | 65,720 |
| RBC Silver Gummy | 95,917 | - | (32,438) | 63,479 |
| Government of Alberta - Calgary Gets Consent | 34,210 | 90,000 | (62,000) | 62,210 |
| Trico Foundation | - | 50,000 | - | 50,000 |
| Global Giving | - | 38,748 | - | 38,748 |
| U of C Wiseguyz | - | 150,000 | (113,850) | 36,150 |
| FYrefly | - | 74,500 | (53,900) | 20,600 |
| University of Western Ontario | - | 45,221 | (37,291) | 7,930 |
| GSA/FYrefly | 31,633 | 35,000 | (63,564) | 3,069 |
| Calgary Foundation | 40,218 | 2,500 | (40,218) | 2,500 |
| Alberta Health | 243,699 | - | (243,699) | - |
| Government of Alberta - LGBTQ | 9,957 | - | (9,957) | - |
| | $ 542,788 | $ 1,150,022 | $ (993,551) | $ 699,259 |

## 8. 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 (2018 - $21,193) was amortized against occupancy costs.

| | 2019 | 2018 |
|---|---|---|
| Balance, beginning of year | $ 211,925 | $ 233,118 |
| Amortization to reduce occupancy costs | (21,193) | (21,193) |
| | 190,732 | 211,925 |
| Less: current portion | (21,193) | (21,193) |
| Balance, end of year | $ 169,539 | $ 190,732 |

## 9. 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:

| | |
|---|---|
| 2020 | $ 83,968 |
| 2021 | 84,494 |
| 2022 | 81,808 |
| 2023 | 79,123 |
| 2024 | 79,123 |
| Thereafter | 427,906 |
| | $ 836,422 |

## 10. City of Calgary, Family and Community Support Services

During 2019, the Society recognized $672,380 (2018 - $627,380) 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.

## 11. Subsequent events

In January 2020, the World Health Organization declared the Coronavirus a global health emergency and on March 11, 2020, the Coronavirus was declared a global pandemic. There has been a significant drop in commodity prices and other market metrics. While the impact of these circumstances is not yet known, this subsequent event results in heightened risk related to the creditworthiness of the Society's counterparties and their future cash flows, as well as the Society's future operations.

## 12. 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 Company'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.

### (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 interest rate financial instruments. Fixed-rate financial instruments subject the Society to a fair value risk.

There has been no change to the risk exposures from 2018. 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.