

CENTRE FOR SEXUALITY
(formerly Calgary Sexual Health Centre Society)

FINANCIAL STATEMENTS

DECEMBER 31, 2020

CENTRE FOR SEXUALITY
TABLE OF CONTENTS
DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

	Page
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	4
Statement of Operations	5
Statement of Changes in Fund Balances	6
Statement of Cash Flows	7
Notes to the Financial Statements	8

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, 2020, 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, 2020, 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.

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.

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.

**CALGARY, ALBERTA
MARCH 17, 2021**

Catalyst LLP
**CHARTERED PROFESSIONAL
ACCOUNTANTS**

CENTRE FOR SEXUALITY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

	2020	2019
Assets		
Current		
Cash (Note 3)	\$ 367,455	\$ 449,075
Short-term investments (Note 4)	205,718	203,394
Accounts receivable	131,001	62,825
Prepaid expenses	15,754	5,903
Goods and services tax receivable	7,738	8,634
	727,666	729,831
Capital assets (Note 5)	232,833	265,048
Security deposit	11,624	11,624
	\$ 972,123	\$ 1,006,503

Liabilities and fund balances

Current		
Accounts payable and accrued liabilities	\$ 79,380	\$ 45,517
Salaries payable	7,849	24,407
Deferred contributions (Note 6)	584,680	699,259
Current portion of deferred lease inducement (Note 7)	21,193	21,193
	693,102	790,376
Deferred lease inducement (Note 7)	148,346	169,540
	841,448	959,916
Internally restricted reserve (Note 4)	205,718	203,394
Net equity invested in capital assets	232,833	265,048
Unrestricted net deficit	(307,876)	(421,855)
	130,675	46,587
	\$ 972,123	\$ 1,006,503

Commitments (Note 8)

COVID-19 impact (Note 12)

Approved on behalf of the Board

Zach Little Director

Michel Paugue

Director

The accompanying notes are an integral part of the financial statements

CENTRE FOR SEXUALITY
STATEMENT OF OPERATIONS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

	Community Outreach	Education	WiseGuyz	Training Centre	2020 Total	2019 Total
Revenue						
Contract funding						
Family and Community Support Services (Note 9)	\$ 387,986	\$ 42,740	\$ 239,394	\$ -	\$ 670,120	\$ 672,380
United Way	-	348,101	198,000	-	546,101	583,335
Government of Alberta	65,723	-	143,456	62,210	271,389	372,200
Other Grants	-	134,602	-	133,803	268,405	560,500
City of Calgary	85,000	-	75,000	-	160,000	160,000
ACHF	92,290	-	-	-	92,290	120,000
Anonymous donor	-	-	-	66,667	66,667	133,333
Calgary foundation	-	-	-	-	-	40,218
	630,999	525,443	655,850	262,680	2,074,972	2,641,966
Other revenue						
Fundraising and donations	124,010	60,165	44,214	45,019	273,408	190,335
Training and resource centre	-	-	-	62,774	62,774	54,202
Casino revenue	-	36,199	-	-	36,199	24,722
	755,009	621,807	700,064	370,473	2,447,353	2,911,225
Expenditures						
Salaries and benefits - Programs	436,379	415,979	564,074	229,859	1,646,291	1,808,568
Salaries and benefits - Administration	118,000	90,000	49,371	34,955	292,326	370,496
Occupancy (Note 7)	59,783	64,014	10,450	13,982	148,229	147,378
Program specific	28,167	27,858	48,653	46,402	151,080	259,322
General and administrative	24,240	20,954	14,001	30,698	89,893	85,262
Fundraising	80,080	-	-	-	80,080	12,835
Project development	23,713	15,686	30,189	3,500	73,088	128,737
Amortization	16,600	6,600	800	14,153	38,153	38,998
Professional fees	2,000	4,000	5,000	2,000	13,000	12,300
Professional development	4,500	-	3,000	2,983	10,483	24,597
Loss on disposal of capital assets	-	-	-	-	-	2,590
	793,462	645,091	725,538	378,532	2,542,623	2,891,083
Other income						
Government assistance (Note 10)	59,548	44,330	46,495	28,985	179,358	-
Excess of revenue over expenditures	\$ 21,095	\$ 21,046	\$ 21,021	\$ 20,926	\$ 84,088	\$ 20,142

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, 2020
WITH COMPARATIVE INFORMATION FOR 2019

	Invested in capital assets	Internally restricted reserve	Unrestricted	2020	2019
Fund balances (deficiency), beginning of year	\$ 265,048	\$ 203,394	\$ (421,855)	\$ 46,587	\$ 26,445
Excess (deficiency) of revenue over expenditures	(38,153)	-	122,241	84,088	20,142
Transfers between funds during the year (Note 11)	5,938	2,324	(8,262)	-	-
Fund balances (deficiency), end of year	<u>\$ 232,833</u>	<u>\$ 205,718</u>	<u>\$ (307,876)</u>	<u>\$ 130,675</u>	<u>\$ 46,587</u>

The accompanying notes are an integral part of the financial statements

CENTRE FOR SEXUALITY
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

	2020	2019
Cash flows from operating activities		
Excess of revenues over expenditures for the year	\$ 84,088	\$ 20,142
Adjustments for		
Amortization of capital assets	38,153	38,998
Amortization of deferred lease inducement	(21,193)	(21,193)
Loss on disposal of capital assets	-	4,261
	101,048	42,208
 Change in non-cash working capital items		
Accounts receivable	(68,176)	(8,246)
Prepaid expenses	(9,851)	(1,600)
Accounts payable and accrued liabilities	33,863	261
Goods and services tax receivable	896	10,125
Salaries payable	(16,559)	3,008
Deferred contributions	(114,579)	156,471
	(73,358)	202,227
 Cash flows from investing activities		
Purchase of capital assets	(5,938)	(19,325)
Purchase of short-term investments	(205,718)	(2,094)
Proceeds on sale of short-term investments	203,394	-
	(8,262)	(21,419)
 Increase (decrease) in cash	(81,620)	180,808
Cash, beginning of year	449,075	268,267
 Cash, end of year	\$ 367,455	\$ 449,075

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

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 counselling, 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. 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.

(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.

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

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, WiseGuyz, and Training Centre.

(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.

(f) Government assistance

Government assistance includes subsidies associated with the COVID-19 pandemic support initiatives, and is recognized when there is reasonable assurance that the assistance will be received.

Government assistance related to an expenditure item is recognized as other income in the period in which the subsidy is approved.

Government assistance recorded in current and prior periods is subject to government review, which could result in future adjustments to income.

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

2. Significant accounting policies, continued

(g) 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.

(h) 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%

(i) 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.

(j) 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.

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

2. Significant accounting policies, continued

(k) 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.

(l) 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.

(m) 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.

3. 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 (2019 - \$nil).

4. Short-term investments

Short-term investments include 90 days - 12 months Guaranteed Investment Certificate ("GIC") agreements and a low-interest savings account with RBC for the amount of \$205,718 (2019 - \$203,394). The GICs and savings account bear interest at the rate of 0.45% per annum. The GICs mature between March 30, 2021 and November 5, 2021.

These investments 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, 2020
WITH COMPARATIVE INFORMATION FOR 2019

5. **Capital assets**

	Cost	Accumulated Amortization	2020 Net Book Value	2019 Net Book Value
Leasehold improvements	\$ 280,270	\$ 93,077	\$ 187,193	\$ 210,456
Computer equipment	88,764	53,272	35,492	43,494
Office equipment	40,416	30,682	9,734	10,580
Furniture and fixtures	3,092	2,678	414	518
	\$ 412,542	\$ 179,709	\$ 232,833	\$ 265,048

6. **Deferred contributions**

	Balance, Beginning	Contributions	Contributions Utilized	Balance, Ending
CPHA	\$ 70,448	\$ 95,000	\$ (40,014)	\$ 125,434
Calgary Foundation	2,500	100,000	(13,900)	88,600
RBC Silver Gummy	63,479	62,500	(61,212)	64,767
Trico Foundation	50,000	-	-	50,000
U of C Wiseguyz	36,150	12,774	-	48,924
University of Western Ontario	7,930	32,271	-	40,201
United Way	-	40,000	-	40,000
Canadian Women's Foundation	-	33,407	-	33,407
Casino	68,299	-	(36,199)	32,100
FYrefly	20,600	24,407	(13,219)	31,788
Global Giving	38,748	-	(20,500)	18,248
Investment Readiness Pro	-	45,000	(33,789)	11,211
GSA/FYrefly	3,069	-	(3,069)	-
Government of Alberta - WG FCSP	143,456	-	(143,456)	-
Calgary Immigrant Women's Association - FSCP	65,720	-	(65,720)	-
Government of Alberta - Calgary Gets Consent	62,210	-	(62,210)	-
Anon - Training centre	66,650	-	(66,650)	-
	\$ 699,259	\$ 445,359	\$ (559,938)	\$ 584,680

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

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 (2019 - \$21,193) was amortized against occupancy costs.

	2020	2019
Balance, beginning of year	\$ 190,732	\$ 211,925
Amortization to reduce occupancy costs	(21,193)	(21,193)
	169,539	190,732
Less: current portion	(21,193)	(21,193)
Balance, end of year	\$ 148,346	\$ 169,539

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:

2021	\$ 84,494
2022	81,808
2023	79,123
2024	79,123
2025	80,132
Thereafter	347,774
	\$ 752,454

9. City of Calgary, Family and Community Support Services

During 2020, the Society recognized \$670,120 (2019 - \$672,380) 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.

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

10. COVID relief subsidies

In an attempt to mitigate the impact of the COVID-19 pandemic, the Canadian government has introduced several grants and subsidies. The Society has taken advantage of the Canada Emergency Wage Subsidy and the Temporary Wage Subsidy, which relate to wage assistance for Canadian companies and not-for-profit entities experiencing decreases in revenues as a result of the pandemic. These subsidies have been recorded in the Statement of Operations for the year.

	2020
Canada Emergency Wage Subsidy	\$ 154,358
Temporary Wage Subsidy	25,000
	\$ 179,358

11. Interfund transfers

The unrestricted fund transferred \$2,324 to the internally restricted reserve for interest earned. The unrestricted fund transferred \$5,938 to the capital fund for the purchase of capital assets.

12. COVID-19 impact

In fiscal 2020, the Society was impacted by the COVID-19 pandemic due to the crowd restrictions put into place. However, the future impact of the pandemic, if any, cannot be reasonably determined at the time of the release of these financial statements.

13. 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.

CENTRE FOR SEXUALITY
NOTES TO THE FINANCIAL STATEMENTS
FOR THE YEAR ENDED DECEMBER 31, 2020
WITH COMPARATIVE INFORMATION FOR 2019

13. Financial instruments, continued

(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 2019. 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.