

Sexuality Education Resource Centre Manitoba, Inc.
Financial Statements
March 31, 2021

Contents

	<u>Page</u>
Independent Auditors' Report	1 - 2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Financial Position	5
Statement of Cash Flows	6
Notes to the Financial Statements	7 - 12
Schedule of Operations	13



200 - 900 Lorimer Boulevard
Winnipeg, Manitoba R3P 2V4
Tel: (204) 284-7060
Fax: (204) 284-7105
www.bookeandpartners.ca

Independent Auditors' Report

To the Members of
Sexuality Education Resource Centre Manitoba, Inc.

Opinion

We have audited the accompanying financial statements of Sexuality Education Resource Centre Manitoba, Inc. (the "Organization"), which comprise the statement of financial position as at March 31, 2021 and the statements of operations, changes in net assets 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 financial statements present fairly, in all material respects, the financial position of the Organization as at March 31, 2021, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

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 *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Organization 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 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 are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

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

Auditors' 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 auditors' 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.

Independent Auditors' Report - continued

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 Organization'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 Organization's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Organization 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.



Winnipeg, Canada
May 27, 2021

Chartered Professional Accountants

Sexuality Education Resource Centre Manitoba, Inc.
Statement of Operations

Year Ended March 31	2021	2020
Revenues (Page 13)	\$ 2,694,521	\$ 3,360,703
Expenditures (Page 13)	<u>2,659,343</u>	<u>3,477,824</u>
Excess (deficiency) of revenues over expenditures from operations	35,178	(117,121)
Pre-retirement leave (Note 7)	<u>(4,240)</u>	<u>11,204</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 30,938</u>	<u>\$ (105,917)</u>

See accompanying notes to the financial statements.

Sexuality Education Resource Centre Manitoba, Inc.
Statement of Changes in Net Assets

Year Ended March 31

	<u>Unrestricted</u>	<u>Donation Fund</u>	<u>Internally Restricted</u>	<u>2021</u>	<u>2020</u>
Net assets (deficiency), beginning of year	\$ (22,729)	\$ 90,230	\$ 168,615	\$ 236,116	\$ 342,033
Excess (deficiency) of revenues over expenditures	<u>30,938</u>	<u>-</u>	<u>-</u>	<u>30,938</u>	<u>(105,917)</u>
Net assets, end of year	<u>\$ 8,209</u>	<u>\$ 90,230</u>	<u>\$ 168,615</u>	<u>\$ 267,054</u>	<u>\$ 236,116</u>

See accompanying notes to the financial statements.

Sexuality Education Resource Centre Manitoba, Inc.
Statement of Financial Position

March 31 2021 2020

Assets

Current		
Cash	\$ 707,216	\$ 571,991
Receivables (Note 3)	492,083	576,026
Prepays	<u>14,899</u>	<u>20,343</u>
	1,214,198	1,168,360
Pre-retirement leave receivable from Winnipeg Regional Health Authority (Note 7)	24,904	12,034
Capital assets (Note 4)	<u>280,845</u>	<u>81,614</u>
	<u>\$ 1,519,947</u>	<u>\$ 1,262,008</u>

Liabilities

Current		
Payables and accruals (Note 5)	\$ 901,396	\$ 528,040
Deferred revenue (Note 6)	<u>248,833</u>	<u>433,646</u>
	1,150,229	961,686
Pre-retirement leave (Note 7)	70,055	52,945
Deferred contributions related to capital assets (Note 8)	<u>32,609</u>	<u>11,261</u>
	<u>1,252,893</u>	<u>1,025,892</u>

Net Assets (Deficiency)

Unrestricted	8,209	(22,729)
Donation Fund	90,230	90,230
Internally restricted	<u>168,615</u>	<u>168,615</u>
	<u>267,054</u>	<u>236,116</u>
	<u>\$ 1,519,947</u>	<u>\$ 1,262,008</u>

Commitments (Note 10)

Approved by the Board

Nathan C. Nickel Director

Kristen Willis Director

Chairperson, Board

See accompanying notes to the financial statements.

Sexuality Education Resource Centre Manitoba, Inc.
Statement of Cash Flows

March 31	2021	2020
Cash flows from operating activities		
Cash received from:		
Winnipeg Regional Health Authority	\$ 1,615,931	\$ 1,105,399
Northern Manitoba Regional Health Authority	-	135,067
Interlake Regional Health Authority	-	26,178
Prairie Mountain Regional Health Authority	-	82,916
Province of Manitoba	144,000	234,200
Government of Canada	609,496	1,088,838
United Way	183,917	133,486
Foundations	39,620	21,833
Donations	6,028	1,650
Interest	2,711	7,215
Other sources	13,263	622,516
Cash paid for:		
Human resources and benefits	(1,708,974)	(2,591,526)
Materials and services	(728,645)	(833,104)
Interest	(482)	(272)
Net cash generated from operating activities	<u>176,865</u>	<u>34,396</u>
Cash flows used in financing and investing activities		
Purchase of capital assets	<u>(41,640)</u>	<u>(20,650)</u>
Net increase in cash	135,225	13,746
Cash, beginning of year	<u>571,991</u>	<u>558,245</u>
Cash, end of year	<u>\$ 707,216</u>	<u>\$ 571,991</u>

See accompanying notes to the financial statements.

Sexuality Education Resource Centre Manitoba, Inc.

Notes to the Financial Statements

March 31, 2021

1. Purpose of the organization

Sexuality Education Resource Centre Manitoba, Inc. (the Organization) is committed to promoting universal access to comprehensive, reliable information and services by fostering awareness, understanding and support through education on sexuality and related health issues.

The Organization is an incorporated not-for-profit organization and is a registered charity under the Income Tax Act.

2. Summary of significant accounting policies

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

a) Fund accounting

The Unrestricted Fund reports all revenues and expenses related to program delivery and administrative activities. The Unrestricted Fund reports the assets, liabilities, revenues and expenses related to the Organization's activities.

The Internally Restricted Fund represents funds designated by the Board of Directors for the purpose of website development and future operations.

The Donation Fund reports assets, liabilities, receipts and disbursements related to all donations. The Donation Fund is used to support existing programs.

b) Revenue recognition

The Organization follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses are incurred.

Unrestricted contributions, consisting of grants, are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

c) Capital assets

Purchased capital assets are recorded at cost. Amortization is provided at annual rates estimated to write off the assets over their estimated useful lives as follows:

Computers	20% Declining balance
Furniture and equipment	20% Declining balance
Leasehold improvements	Over the life of the lease

Sexuality Education Resource Centre Manitoba, Inc.**Notes to the Financial Statements**March 31, 2021

2. Summary of significant accounting policies - continued**d) Allocation of expenses**

The Organization classifies its expenses by program and allocates its salaries and benefits expense to a number of programs to which the expenses relate. Salaries and benefits expense has been allocated based on the number of hours incurred directly in the undertaking of the programs.

e) Pre-retirement leave benefits

The cost of the Organization's employee pre-retirement leave benefits is accrued as earned based on an actuarial estimation.

The estimation of the future pre-retirement benefits has been performed using the projected unit credit service pro-rated on service actuarial cost method. The significant actuarial assumptions used in measuring the Organization's future employee benefit payable include retirement, termination and mortality rates, a discount rate of 2.7% (2020 - 3.5%), a rate of salary increase of 3.5% (2020 - 3.5%) plus an age-related merit/promotion scale with provision for disability.

f) Accounting estimates

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, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

g) Financial instruments

The Organization recognizes its financial instruments when the Organization becomes party to the contractual provisions of the financial instrument. Financial instruments are initially recorded at fair value with subsequent reporting at amortized cost.

It is management's opinion that the Organization is not exposed to significant credit, currency, interest rate, liquidity, market, or price risks arising from its financial instruments.

Sexuality Education Resource Centre Manitoba, Inc.
Notes to the Financial Statements
 March 31, 2021

3. Receivables

	<u>2021</u>	<u>2020</u>
Winnipeg Regional Health Authority	\$ 41,239	\$ 56,408
Grants	287,030	404,232
GST	9,285	9,296
Other	<u>154,529</u>	<u>106,090</u>
	<u>\$ 492,083</u>	<u>\$ 576,026</u>

4. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>
Winnipeg			
Computers	\$ 94,128	\$ 41,361	\$ 52,767
Furniture and equipment	143,318	115,036	28,282
Leasehold improvements	216,724	23,399	193,325
Brandon			
Computers	13,706	11,872	1,834
Furniture and equipment	10,315	8,099	2,216
Leasehold improvements	<u>3,301</u>	<u>880</u>	<u>2,421</u>
	<u>\$ 481,492</u>	<u>\$ 200,647</u>	<u>\$ 280,845</u>

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>
Winnipeg			
Computers	\$ 86,760	\$ 47,245	\$ 39,515
Furniture and equipment	136,163	107,965	28,198
Leasehold improvements	13,010	7,253	5,757
Brandon			
Computers	13,706	11,413	2,293
Furniture and equipment	10,315	7,545	2,770
Leasehold improvements	<u>3,301</u>	<u>220</u>	<u>3,081</u>
	<u>\$ 263,255</u>	<u>\$ 181,641</u>	<u>\$ 81,614</u>

Sexuality Education Resource Centre Manitoba, Inc.
Notes to the Financial Statements
March 31, 2021

5. Payables and accruals

	<u>2021</u>	<u>2020</u>
Vacation pay and salary accrual	\$ 218,731	\$ 177,745
Trade	682,665	350,174
Payable to Winnipeg Regional Health Authority	<u>-</u>	<u>121</u>
	<u>\$ 901,396</u>	<u>\$ 528,040</u>

6. Deferred revenue

Deferred revenue relates to restricted funding received in the current year that is related to the subsequent year.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 433,646	\$ 468,340
Less amount recognized as revenue in the year	(603,625)	(204,012)
Add amount received related to the following year	<u>418,812</u>	<u>169,318</u>
Balance, end of year	<u>\$ 248,833</u>	<u>\$ 433,646</u>

7. Pre-retirement leave benefits

The Organization has a contractual commitment for the pre-retirement benefits for the members of the pension plan based on years of service before retirement. During the year ended March 31, 2006, the Organization was instructed by the Winnipeg Regional Health Authority to record the full obligation. The Winnipeg Regional Health Authority calculated and advised the Organization of the amount of the obligation. Pre-retirement leave benefits are considered an out-of-globe funding item, of which the Winnipeg Regional Health Authority has instructed the Organization to set up a receivable for the percentage of the change in the pre-retirement leave obligation that belongs to Winnipeg Regional Health Authority programs. The change in the accrued pre-retirement leave benefits are recorded as an expense in the current year. Actual expenditures for pre-retirement payouts are recorded in operations.

Change in obligation	<u>2021</u>	<u>2020</u>
Opening balance	\$ 52,945	\$ 97,216
Increase (decrease) in obligation	<u>17,110</u>	<u>(44,271)</u>
	<u>\$ 70,055</u>	<u>\$ 52,945</u>
Pre-retirement leave		
(Increase) decrease in obligation	\$ (17,110)	\$ 44,271
Increase (decrease) in receivable	<u>12,870</u>	<u>(33,067)</u>
	<u>\$ (4,240)</u>	<u>\$ 11,204</u>

Sexuality Education Resource Centre Manitoba, Inc.
Notes to the Financial Statements
March 31, 2021

8. Deferred contributions related to capital assets

Deferred contributions related to property and equipment represent grants and contributions for computers, furniture and equipment and leasehold improvements. Deferred contributions are amortized on the schedule of operations. Amortization was provided in the current year for \$1,510 (2020 - \$1,809).

Included in deferred contributions related to capital assets is \$5,382 (2020 - \$7,145) from the WRHA.

9. Transfers

During the year, a transfer was made of \$NIL (2020 - \$128,343) to unrestricted net assets from the Donation Fund.

10. Lease commitments

The Organization leases office space at Unit 2 - 345 10th Street in Brandon, Manitoba. The lease is for five years and expires November 30, 2024. The monthly rental lease payment is \$2,350 plus GST.

The Organization leases office space at 167 Sherbrook Street in Winnipeg, Manitoba commencing July 1, 2020. The lease is for ten years and expires June 30, 2030. The annual rental lease payment is \$59,200, with an additional annual rent payment for the first 5 years of \$53,800 to cover a share of operating costs and taxes.

The Organization leases office space at 226 Osborne Street North in Winnipeg, Manitoba. The lease is for fifteen years and expires August 31, 2024. The annual rental lease payment is \$40,000, with annual increases of \$3,200.

The Winnipeg Regional Health Authority committed to subsidize a portion of the 226 Osborne Street North lease starting in year two of the lease term in the amount of approximately \$4,000 per year, to be increased by 2% annually. The Winnipeg Regional Health Authority will cover the lease payments for 167 Sherbrook Street until the 226 Osborne Street North space is sublet.

11. Pension

Effective January 1, 2008, the Organization adopted a defined benefit pension plan under a participation agreement with Healthcare Employees Pension Plan - Manitoba (the Plan). As part of the agreement, the Organization's liability for pension benefits during the term of its participation in the Plan is limited to the contributions made to the Plan as required from time to time. As a result, contributions to the Plan are expensed as incurred and no liability or asset is recognized for any potential Plan funding shortfall or excess. During the year, \$130,199 (2020 - \$161,184) was expensed for the purpose of the Plan.

Pension contributions are included in employee benefits expense of the applicable programs.

Sexuality Education Resource Centre Manitoba, Inc.
Notes to the Financial Statements

March 31, 2021

12. Economic dependence

The volume of financial activity undertaken by the Organization with its main funding bodies is of sufficient magnitude that the discontinuance of their funding would endanger the ability of the Organization to continue as a going concern.

13. Discontinued operations

In 2020, it was announced that the Manitoba Harm Reduction Network program would no longer operate under the Organization. The operations were transferred to a separate entity.

Sexuality Education Resource Centre Manitoba, Inc.
Schedule of Operations
Year Ended March 31

								2021	2020
	General Operations	WRHA	KIA	Our Daughters	OFTA	(Note 13) Manitoba Harm Reduction Network	Justice	Total	Total
Revenues									
Grants									
Winnipeg Regional Health Authority									
Fixed payments	\$ -	\$ 1,580,170	\$ -	\$ -	\$ -	\$ 20,000	\$ -	\$ 1,600,170	\$ 1,121,903
Other funding	-	-	-	-	-	-	-	-	147
Capital grant (Note 8)	-	2,125	-	-	-	-	-	2,125	5,319
Government of Canada									
Health Canada	-	-	109,752	-	-	-	-	109,752	598,146
Canadian Immigration Citizenship	-	-	-	-	131,385	-	-	131,385	108,653
Justice Partnership and Innovation Program	-	-	-	-	-	-	274,187	274,187	277,498
Province of Manitoba									
Children and Youth Opportunities	-	-	-	-	-	-	-	-	40,200
Health, Seniors and Active Living	99,000	-	-	45,000	-	-	-	144,000	194,000
United Way									
Winnipeg (Note 8)	147,445	-	-	-	-	-	-	147,445	122,834
Brandon	13,000	-	-	-	-	-	-	13,000	10,833
Winnipeg Foundation	-	-	-	-	-	-	-	-	1,000
Canadian Women's Foundation	34,620	-	-	-	-	-	-	34,620	20,833
Northern Manitoba Regional Health Authority	-	-	-	-	-	-	-	-	121,482
Donations	6,028	-	-	-	-	-	-	6,028	1,650
Fundraising	19,272	-	-	-	-	-	-	19,272	20,497
Interest	2,711	-	-	-	-	-	-	2,711	7,215
Administrative fee recoveries and other	109,525	100,301	-	-	-	-	-	209,826	708,493
Total revenues	431,601	1,682,596	109,752	45,000	131,385	20,000	274,187	2,694,521	3,360,703
Expenditures									
Salaries	101,460	974,967	81,388	35,205	85,436	-	211,559	1,490,015	1,924,333
Contract fees	1,400	-	5,830	11,538	3,825	-	-	22,593	202,751
Honoraria	4,631	-	6,160	-	471	-	-	11,262	63,233
Benefits (Note 11)	18,969	175,449	13,192	6,354	14,692	-	14,544	243,200	364,825
Amortization	-	34,266	-	-	-	-	-	34,266	19,282
Bank charges and interest	-	482	-	-	-	-	-	482	272
Evaluation	-	-	-	-	-	-	-	-	9,738
Fundraising	1,310	-	-	-	-	-	-	1,310	22,421
Insurance	-	2,529	-	-	-	-	-	2,529	7,515
Loss on disposal of capital assets	-	-	-	-	-	-	-	-	2,482
Membership and dues	4,904	-	-	-	-	-	-	4,904	6,818
Office supplies and services	65,173	10,026	290	47	87	20,000	3,373	98,996	155,664
Postage and delivery	223	3,207	-	-	-	-	-	3,430	4,679
Professional development	450	-	-	-	-	-	22	472	4,033
Professional fees	-	43,941	-	-	-	-	1,500	45,441	19,343
Program costs	78,239	7,443	2,244	399	19,314	-	40,889	148,528	235,489
Promotion	2,513	-	-	-	-	-	-	2,513	19,553
Occupancy	-	139,049	426	-	-	-	1,800	141,275	225,766
Other	10,231	316,660	-	-	-	-	-	326,891	3,964
Repairs and maintenance	-	54,638	-	-	-	-	-	54,638	47,969
Travel	116	896	222	-	298	-	500	2,032	92,569
Telephone	-	21,727	-	-	-	-	-	21,727	34,590
Website	-	2,839	-	-	-	-	-	2,839	10,535
Total expenditures	289,619	1,788,119	109,752	53,543	124,123	20,000	274,187	2,659,343	3,477,824
Excess (deficiency) of revenues over expenditures	\$ 141,982	\$ (105,523)	\$ -	\$ (8,543)	\$ 7,262	\$ -	\$ -	\$ 35,178	\$ (117,121)

See accompanying notes to the financial statements.