

**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Financial Statements**  
**Year Ended December 31, 2017**

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## INDEPENDENT AUDITOR'S REPORT

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To the Directors of Lethbridge Pregnancy Care Centre

We have audited the accompanying financial statements of Lethbridge Pregnancy Care Centre, which comprise the statement of financial position as at December 31, 2017 and the statements of revenues and expenditures, changes in net assets and cash flow 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 entity'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 entity'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 qualified audit opinion.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, Lethbridge Pregnancy Care Centre derives revenue from fundraising activities the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of Lethbridge Pregnancy Care Centre. Therefore, we were not able to determine whether any adjustments might be necessary to fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended December 31, 2017, current assets and net assets as at December 31, 2017.

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Independent Auditor's Report to the Directors of Lethbridge Pregnancy Care Centre *(continued)*

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Lethbridge Pregnancy Care Centre as at December 31, 2017 and the results of its operations and its cash flow for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Lethbridge, Alberta  
April 9, 2018

**Velocity LLP**  
Chartered Professional Accountants

**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Statement of Financial Position**  
**December 31, 2017**

	2017	2016
<b>ASSETS</b>		
Current		
Cash (Note 4)	\$ 621,755	\$ 468,492
Accounts receivable	297	144
Goods and services tax recoverable	999	975
Prepaid expenses	4,929	6,373
Security deposits	1,759	2,759
	629,739	478,743
Capital assets (Note 5)	64,822	75,055
Intangible assets	-	1,436
	\$ 694,561	\$ 555,234
<b>LIABILITIES AND NET ASSETS</b>		
Current		
Accounts payable	\$ 5,398	\$ 5,821
Lease Commitments (Note 6)		
Net Assets		
Share capital (Note 7)	6	6
Unrestricted fund	624,334	474,352
Internally restricted fund	64,823	75,055
	689,163	549,413
	\$ 694,561	\$ 555,234

**ON BEHALF OF THE BOARD**

\_\_\_\_\_ Director

\_\_\_\_\_ Director

**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2017**

	2017	2016
<b>REVENUES</b>		
Donations	\$ 248,798	\$ 199,261
Gala donations	100,080	103,850
Fall event	29,797	11,068
Baby bottle campaign	28,213	26,506
Government grants (Note 8)	13,794	12,848
Other income	2,853	1,529
	<u>423,535</u>	<u>355,062</u>
<b>EXPENDITURES</b>		
Salaries and benefits	136,923	121,523
Fundraising costs	37,866	28,977
Client marketing	32,367	36,317
Occupancy costs	28,330	28,047
Office	14,340	11,199
Staff and volunteer development	12,000	23,260
Professional fees	3,551	4,799
GST expense	2,675	(5,680)
Interest and bank charges	1,820	1,880
Donations	-	5,000
Amortization	12,477	13,104
Amortization of website	1,436	1,436
	<u>283,785</u>	<u>269,862</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<b>\$ 139,750</b>	<b>\$ 85,200</b>

**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Statement of Changes in Net Assets**  
**Year Ended December 31, 2017**

	Unrestricted Fund	Internally Restricted Fund	<b>2017</b>	2016
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 474,352	\$ 75,055	<b>\$ 549,407</b>	\$ 464,207
Excess(deficiency) of revenues over expenditures	152,227	(12,477)	<b>139,750</b>	85,200
Interfund transfers ( <i>Note 9</i> )	(2,245)	2,245	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 624,334</b>	<b>\$ 64,823</b>	<b>\$ 689,157</b>	<b>\$ 549,407</b>

**LETHBRIDGE PREGNANCY CARE CENTRE****Statement of Cash Flow****Year Ended December 31, 2017**

	2017	2016
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 139,750	\$ 85,200
Items not affecting cash:		
Amortization of capital assets	12,477	13,104
Amortization of website	1,436	1,436
	<u>153,663</u>	<u>99,740</u>
Changes in non-cash working capital:		
Accounts receivable	(153)	4,749
Accounts payable	(422)	196
Prepaid expenses	1,444	11,629
Goods and services tax payable	(24)	(123)
Security deposits	1,000	-
Deferred income	-	(5,000)
	<u>1,845</u>	<u>11,451</u>
Cash flow from operating activities	<u>155,508</u>	<u>111,191</u>
<b>INVESTING ACTIVITY</b>		
Purchase of capital assets	<u>(2,245)</u>	<u>(584)</u>
<b>INCREASE IN CASH FLOW</b>	<b>153,263</b>	<b>110,607</b>
Cash - beginning of year	<u>468,492</u>	<u>357,885</u>
<b>CASH - END OF YEAR</b>	<u><b>\$ 621,755</b></u>	<u><b>\$ 468,492</b></u>

# LETHBRIDGE PREGNANCY CARE CENTRE

## Notes to Financial Statements

Year Ended December 31, 2017

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### 1. Purpose of the organization

Lethbridge Pregnancy Care Centre (the "organization") is a not-for-profit organization, incorporated with share capital under the Alberta Companies Act. The organization's principal operations are to provide support, guidance and practical help and assistance to women in distress over unexpected pregnancy or other pregnancy related concerns. As the organization is a registered charity it is exempt from income tax under paragraph 149(1)(f) of the Income Tax Act.

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### 2. Summary of significant accounting policies

#### *Basis of presentation*

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNFPO).

#### *Cash and cash equivalents*

Cash includes cash and cash equivalents. Cash includes cash on deposit at a financial institution. Cash equivalents include guaranteed investment certificates and are measured at cost.

#### *Capital assets*

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Computer equipment	50%	declining balance method
Furniture and fixtures	20%	declining balance method
Leasehold improvements	10 years	straight-line method

The organization regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### *Intangible assets*

The organization's website is being amortized on a straight-line basis over its estimated useful life of five years.

#### *Revenue recognition*

Lethbridge Pregnancy Care Centre follows the deferral method of accounting for contributions.

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 if the amount to be received can be reasonably estimated and collection is reasonably assured. Endowment contributions are recognized as direct increases in net assets.

Restricted investment income is recognized as revenue in the year in which the related expenditures are incurred. Unrestricted investment income is recognized as revenue when services provided.

Ticket sales and seminar fees are recognized as revenue when the events are held.

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# LETHBRIDGE PREGNANCY CARE CENTRE

## Notes to Financial Statements

Year Ended December 31, 2017

### 2. Summary of significant accounting policies (continued)

#### *Contributed goods and services*

Volunteers contribute a significant amount of their time each year and numerous new and used goods are contributed to the organization throughout the year. Because of the time required and difficulty in determining their fair value, contributed services are not recognized in the financial statements. When market value can be reasonably attained for goods contributed a gift in kind receipt will be issued.

#### *Financial instruments policy*

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested for impairment at each reporting date. Transaction costs on the acquisition, sale, or issue of financial instruments are expensed when incurred.

#### *Measurement uncertainty*

The preparation of financial statements in conformity 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 amounts of revenues and expenses during the period. Amortization is based on the estimated useful life of property and equipment. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

### 3. Dissoluton of trust

During the 2017 year, the Board of Directors dissolved the original trust and combined the assets and liabilities remaining in the trust with the corporate branch. As a result, the financial statements are no longer consolidated. There is no change to the comparative financial statements arising from the combination of the predecessor organizations.

### 4. Guaranteed Investment Certificates

The guaranteed investment certificates (GICs) of the organization bear interest at 0.90% and mature on December 5, 2018. Their market value at December 31, 2017 was \$463,571.

### 5. Capital assets

	Cost	Accumulated amortization	2017 Net book value	2016 Net book value
Computer equipment	\$ 7,046	\$ 6,507	\$ 539	\$ 1,079
Furniture and fixtures	18,436	10,259	8,177	7,696
Leasehold improvements	101,737	45,631	56,106	66,280
	<u>\$ 127,219</u>	<u>\$ 62,397</u>	<u>\$ 64,822</u>	<u>\$ 75,055</u>

**LETHBRIDGE PREGNANCY CARE CENTRE**

**Notes to Financial Statements**

**Year Ended December 31, 2017**

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**6. Lease commitments**

The organization has signed a five year lease with respect to its premises. The lease provides for a five year renewal option. Under the lease contract the organization is responsible for payment of utilities, property taxes and maintenance costs. Future minimum lease payments as at December 31, 2017, are as follows:

2018	\$	22,160
2019		<u>18,467</u>
	\$	<u>40,627</u>

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**7. Share capital**

Authorized:

1,000 Common voting shares, par value \$1 per share

Issued:

6 Common voting shares

	<u>2017</u>	<u>2016</u>
	<u>\$ 6</u>	<u>\$ 6</u>

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**8. Government grants**

	<u>2017</u>	<u>2016</u>
Grants		
Canada Summer Jobs Grant	\$ 13,794	\$ 6,893
Canada Alberta Job Training Grant	-	5,955
	<u>\$ 13,794</u>	<u>\$ 12,848</u>

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These are the total government grants received by the Lethbridge Pregnancy Care Centre.

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**9. Interfund transfers**

The transfers between the Unrestricted Fund and the Restricted Fund were approved by the Board of Directors to cover capital asset additions.

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**10. Related party transactions**

During the year the organization received donations of \$30,590 (\$23,465 - 2016) from staff and members of its board of directors as well as from companies controlled by members of its board of directors.

These transactions were in the normal course of operations and are measured at their carrying amounts.

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