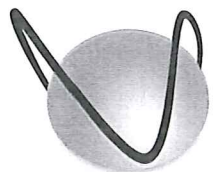
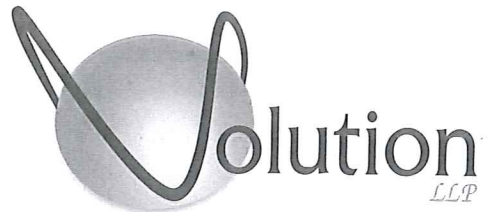


**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Financial Statements**  
Year Ended December 31, 2019





Tax Advisors and Chartered Professional Accountants

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## INDEPENDENT AUDITOR'S REPORT

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To the Members of Lethbridge Pregnancy Care Centre

### *Qualified Opinion*

We have audited the financial statements of Lethbridge Pregnancy Care Centre (the Organization), which comprise the statement of financial position as at December 31, 2019, and the statements of revenues and expenditures, changes in net assets and cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for Qualified Opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at December 31, 2019, 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.

### *Basis for Qualified Opinion*

In common with many not-for-profit organizations, the Organization 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 the Organization. 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, 2019, current assets and net assets as at December 31, 2019. Our audit opinion on the financial statements for the year ended December 31, 2018 was modified accordingly because of the possible effects of this limitation of scope.

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 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 those requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit 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 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.

In preparing the financial statements, management is responsible for assessing the Organization's ability to continue as a going concern, disclosing, as applicable, matters relating 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.

(continues)

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

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

*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:

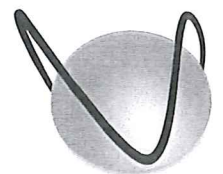
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 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 auditor's 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 auditor's 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.

Lethbridge, Alberta  
May 11, 2020

*Velocity* LLP

Chartered Professional Accountants



**LETHBRIDGE PREGNANCY CARE CENTRE**

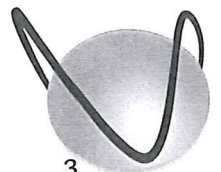
**Statement of Financial Position**

**December 31, 2019**

	2019	2018
<b>ASSETS</b>		
Current		
Cash	\$ 805,910	\$ 702,255
Accounts receivable	8,225	8,506
Inventory (Note 3)	5,610	5,676
Goods and services tax recoverable	534	902
Prepaid expenses	8,482	4,378
Deposits	11,759	1,759
Restricted cash (Note 4)	6,990	-
	847,510	723,476
Capital assets (Note 5)	47,902	58,660
Intangible assets (Note 6)	6,821	-
	\$ 902,233	\$ 782,136
<b>LIABILITIES AND NET ASSETS</b>		
Current		
Accounts payable	\$ 10,725	\$ 8,465
Restricted contributions (Note 4)	6,990	-
	17,715	8,465
Lease Commitments (Note 7)		
Net Assets		
Share capital (Note 8)	6	6
Unrestricted fund	836,610	715,006
Internally restricted fund	47,902	58,659
	884,518	773,671
	\$ 902,233	\$ 782,136

**ON BEHALF OF THE BOARD**

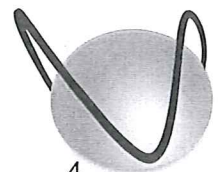
  
 \_\_\_\_\_ Director  
  
 \_\_\_\_\_ Director





**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Statement of Revenues and Expenditures**  
**Year Ended December 31, 2019**

	2019	2018
<b>REVENUES</b>		
Donations	\$ 262,732	\$ 260,794
Gala donations	129,710	128,100
Baby bottle campaign	30,251	26,096
Spring event	27,697	-
Fall event	16,160	11,467
Interest and other income	6,607	9,380
Community Foundation (CFLSA) grant	-	2,500
	<u>473,157</u>	<u>438,337</u>
<b>EXPENDITURES</b>		
Salaries and benefits	176,871	186,544
Fundraising costs	43,061	40,478
Client marketing	33,360	34,123
Occupancy costs	33,206	32,885
Staff and volunteer development	20,807	16,606
Office	15,349	20,095
Professional fees	10,200	5,742
Building investigation costs	10,153	-
GST expense	4,203	3,953
Repairs and maintenance	402	-
Bank charges	86	83
Amortization	14,612	13,320
	<u>362,310</u>	<u>353,829</u>
<b>EXCESS OF REVENUES OVER EXPENDITURES</b>	<u>\$ 110,847</u>	<u>\$ 84,508</u>

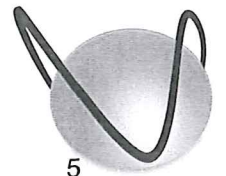


**LETHBRIDGE PREGNANCY CARE CENTRE**

**Statement of Changes in Net Assets**

**Year Ended December 31, 2019**

	Unrestricted Fund	Internally Restricted Fund	2019	2018
<b>NET ASSETS - BEGINNING OF YEAR</b>	\$ 715,006	\$ 58,659	\$ 773,665	\$ 689,157
Excess(deficiency) of revenues over expenditures	125,459	(14,612)	110,847	84,508
Interfund transfers (Note 9)	(3,855)	3,855	-	-
<b>NET ASSETS - END OF YEAR</b>	<b>\$ 836,610</b>	<b>\$ 47,902</b>	<b>\$ 884,512</b>	<b>\$ 773,665</b>

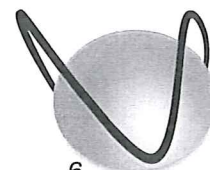


**LETHBRIDGE PREGNANCY CARE CENTRE**

**Statement of Cash Flow**

**Year Ended December 31, 2019**

	2019	2018
<b>OPERATING ACTIVITIES</b>		
Excess of revenues over expenditures	\$ 110,847	\$ 84,508
Item not affecting cash:		
Amortization of capital assets	14,612	13,320
	125,459	97,828
Changes in non-cash working capital:		
Accounts receivable	281	(8,209)
Inventory	66	(5,676)
Goods and services tax recoverable	368	97
Prepaid expenses	(4,104)	551
Deposits	(10,000)	-
Accounts payable	2,261	3,066
Restricted cash	(6,990)	-
Restricted contributions	6,990	-
	(11,128)	(10,171)
Cash flow from operating activities	114,331	87,657
<b>INVESTING ACTIVITIES</b>		
Purchase of capital assets	(3,855)	(7,157)
Purchase of intangible assets	(6,821)	-
Cash flow used by investing activities	(10,676)	(7,157)
<b>INCREASE IN CASH FLOW</b>	103,655	80,500
Cash - beginning of year	702,255	621,755
<b>CASH - END OF YEAR</b>	\$ 805,910	\$ 702,255



# LETHBRIDGE PREGNANCY CARE CENTRE

## Notes to Financial Statements

Year Ended December 31, 2019

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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 (ASNPO).

#### *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.

#### *Inventory*

Inventory is valued at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

#### *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.

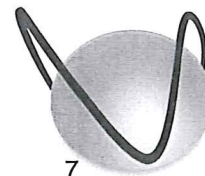
Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

#### *Intangible assets*

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

(continues)

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# LETHBRIDGE PREGNANCY CARE CENTRE

## Notes to Financial Statements

Year Ended December 31, 2019

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

#### *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 as it is accrued.

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

#### *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.

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### 3. Inventory

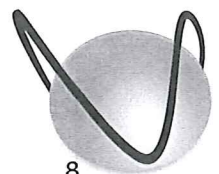
Inventory consists of fundraising materials for resale. During the year, \$66 in costs related to inventory was expensed.

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### 4. Restricted cash and contributions

During the year, funds raised from the capital campaign were deferred and internally restricted for spending on capital projects as the building purchase was not completed.

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**LETHBRIDGE PREGNANCY CARE CENTRE**

**Notes to Financial Statements**

**Year Ended December 31, 2019**

**5. Capital assets**

	Cost	Accumulated amortization	2019 Net book value	2018 Net book value
Computer equipment	\$ 14,403	\$ 10,064	\$ 4,339	\$ 2,896
Furniture and fixtures	19,056	13,376	5,680	7,100
Leasehold improvements	104,772	66,889	37,883	48,664
	<b>\$ 138,231</b>	<b>\$ 90,329</b>	<b>\$ 47,902</b>	<b>\$ 58,660</b>

**6. Intangible assets**

	2019	2018
Website	\$ 6,821	\$ -
Accumulated amortization	-	-
	<b>\$ 6,821</b>	<b>\$ -</b>

The organization operates a website at [www.lethbridgepregcentre.com](http://www.lethbridgepregcentre.com) which is in the process of being redesigned and upgraded as at December 31, 2019. The website costs are amortized on a straight-line basis over 5 years, no amortization was recorded this year.

**7. Lease commitments**

The organization has entered into a new three year lease as a result of expanding the occupied area in their current location. Under the terms of the lease, the organization is responsible for payment of certain triple net costs. The lease was renegotiated and signed subsequent to the year end and became effective March 1, 2020.

2020	\$ 29,588
2021	35,505
2022	35,505
2023	5,917
	<b>\$ 106,515</b>

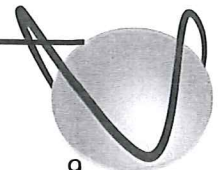
**8. Share capital**

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

	2019	2018
Issued:		
6 Common voting shares	\$ 6	\$ 6

**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.



**LETHBRIDGE PREGNANCY CARE CENTRE**  
**Notes to Financial Statements**  
**Year Ended December 31, 2019**

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**10. Related party transactions**

During the year the organization received donations and sponsorships of \$14,510 (\$27,532 - 2018) 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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**11. Subsequent events**

Subsequent to December 31, 2019, the COVID-19 outbreak was declared a pandemic by the World Health Organization which led to government imposed restrictions on business activities in Alberta. The duration and magnitude of the impact on the economy and on this organization is not known and cannot be estimated at this time. These impacts could include a temporary decline in fundraising activities and services offered to the community in the 2020 fiscal year.

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