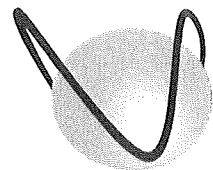
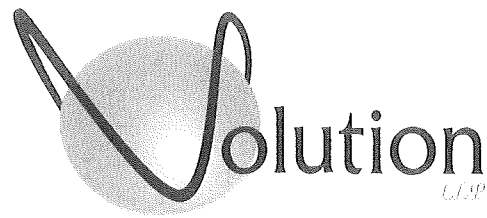


LETHBRIDGE PREGNANCY CARE CENTRE
Financial Statements
Year Ended December 31, 2020





Tax Advisors and Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

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, 2020, and the statements of revenues and expenditures, 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, 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, 2020, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO).

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, 2020, current assets and net assets as at December 31, 2020. Our audit opinion on the financial statements for the year ended December 31, 2019 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 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 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 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 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.

(continues)

Independent Auditor's Report to the Members of Lethbridge Pregnancy Care Centre (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:

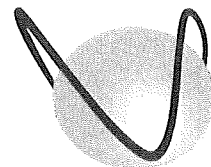
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 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
June 7, 2021

Volution LLP

Chartered Professional Accountants



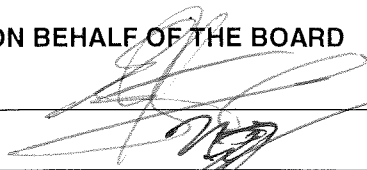

LETHBRIDGE PREGNANCY CARE CENTRE

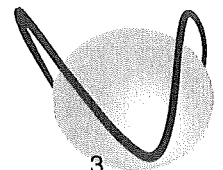
Statement of Financial Position

December 31, 2020

	2020	2019
ASSETS		
Current		
Cash	\$ 944,375	\$ 805,910
Accounts receivable	-	8,225
Inventory (Note 3)	5,610	5,610
Goods and services tax recoverable	3,472	534
Prepaid expenses	4,778	8,482
Deposits	1,759	11,759
Restricted cash (Note 4)	39,625	6,990
	999,619	847,510
Capital assets (Note 5)	101,309	47,902
Intangible assets (Note 6)	5,457	6,821
	\$ 1,106,385	\$ 902,233
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 7,043	\$ 10,725
Deferred income (Note 4)	39,625	6,990
	46,668	17,715
Long term debt (Note 7)	40,000	-
Deferred capital contributions (Note 8)	29,598	-
	116,266	17,715
Lease Commitments (Note 9)		
Net Assets		
Share capital (Note 10)	6	6
Unrestricted net assets	918,402	836,610
Investment in capital assets (Note 11)	71,711	47,902
	990,119	884,518
	\$ 1,106,385	\$ 902,233

ON BEHALF OF THE BOARD


 _____ Director

 _____ Director

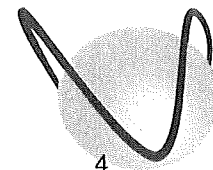


LETHBRIDGE PREGNANCY CARE CENTRE

Statement of Revenues and Expenditures

Year Ended December 31, 2020

	2020	2019
REVENUES		
Donations	\$ 397,009	\$ 262,732
Government assistance <i>(Note 12)</i>	47,008	-
Baby bottle campaign	23,781	30,251
Gala donations	6,443	129,710
Amortization of deferred capital contributions	4,775	-
Interest and other income	3,529	7,245
Spring event	250	27,697
Fall event	-	15,522
	482,795	473,157
EXPENDITURES		
Salaries and benefits	198,853	176,871
Occupancy costs	40,207	33,206
Client engagement	30,020	33,360
Interim director and recruiting costs	29,449	-
Office	19,966	15,349
Staff and volunteer development	11,179	20,807
Fundraising costs	11,127	43,061
Professional fees	10,045	10,200
GST expense	4,527	4,203
Bank charges	81	86
Building investigation costs	-	10,153
Repairs and maintenance	-	402
Amortization	20,376	14,612
Amortization of website	1,364	-
	377,194	362,310
EXCESS OF REVENUES OVER EXPENDITURES	\$ 105,601	\$ 110,847

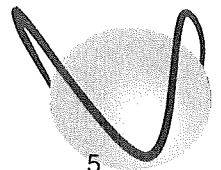


LETHBRIDGE PREGNANCY CARE CENTRE

Statement of Changes in Net Assets

Year Ended December 31, 2020

	Unrestricted Net Assets	Investment in Capital Assets	2020	2019
NET ASSETS - BEGINNING OF YEAR	\$ 836,610	\$ 47,902	\$ 884,512	\$ 773,665
Excess of revenues over expenditures	105,601	-	105,601	110,847
Amortization of deferred capital contributions	(4,775)	4,775	-	-
Amortization of capital assets	20,376	(20,376)	-	-
Inter-fund transfers (<i>Note 13</i>)	(39,410)	39,410	-	-
NET ASSETS - END OF YEAR	\$ 918,402	\$ 71,711	\$ 990,113	\$ 884,512

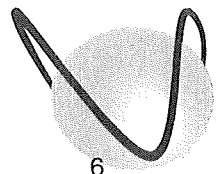


LETHBRIDGE PREGNANCY CARE CENTRE

Statement of Cash Flows

Year Ended December 31, 2020

	2020	2019
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 105,601	\$ 110,847
Items not affecting cash:		
Amortization of capital assets	20,376	14,612
Amortization of website	1,364	-
	127,341	125,459
Changes in non-cash working capital:		
Accounts receivable	8,225	281
Inventory	-	66
Accounts payable	(3,680)	2,261
Deferred income	32,635	6,990
Prepaid expenses	3,704	(4,104)
Goods and services tax payable	(2,938)	368
Deposits	10,000	(10,000)
Restricted cash	(32,635)	(6,990)
Deferred capital contributions	29,598	-
	44,909	(11,128)
Cash flow from operating activities	172,250	114,331
INVESTING ACTIVITIES		
Purchase of capital assets	(73,785)	(3,855)
Purchase of intangible assets	-	(6,821)
	(73,785)	(10,676)
Cash flow used by investing activities	(73,785)	(10,676)
FINANCING ACTIVITY		
Proceeds from long term financing	40,000	-
INCREASE IN CASH FLOW	138,465	103,655
Cash - beginning of year	805,910	702,255
CASH - END OF YEAR	\$ 944,375	\$ 805,910



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2020

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.

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 on deposit at a financial institution.

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	5 - 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.

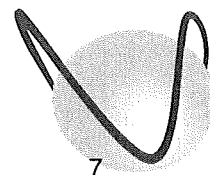
Fund accounting

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

Revenues and expenditures related to program delivery and administrative activities are reported in unrestricted net assets.

The restricted fund or Investment in Capital Assets reports the assets, liabilities, revenues, and expenditures related to Lethbridge Pregnancy Care Centre's capital assets.

(continues)



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2020

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 event fees are recognized as revenue when the events are held. Donations and pledges are not recognized as revenue until they are received.

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

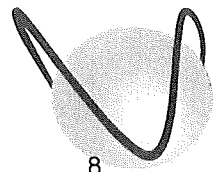
Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested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

Financial instruments measured at amortized cost include cash, accounts receivable, accounts payable and long term debt.

Use of estimates

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. 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.

Significant areas requiring the use of estimates relate to the value of inventory and to the useful life of capital assets for amortization purposes.



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2020

3. Inventory

Inventory consists of fundraising materials for resale. Due to the cancellation of all in-person fundraising events during 2020, no inventory was sold in the year.

4. Restricted cash and deferred income

	2020	2019
Capital campaign contributions	\$ -	\$ 6,990
Gala Dinner sponsorships	30,000	-
Spring Concert ticket sales	6,375	-
Spring Concert sponsorships	3,250	-
	\$ 39,625	\$ 6,990

During the year, funds raised for the sponsorship of the 2020 Gala Fundraising Dinner which was cancelled were deferred as the sponsors have agreed to allow their donations to be carried forward and used to fund the next Gala Dinner. As the 2021 Gala was held online, these funds will go towards the sponsorship of the 2022 Gala Dinner.

Since the Spring Concert was cancelled in March 2020, the tickets sold for the concert will be honoured when it is eventually held and the sponsorships toward the concert will also be recognized at that time.

The restricted cash in 2019 related to capital donations. These funds were used in the renovation of the new rental space and have been transferred to Deferred Capital Contributions (see Note 8).

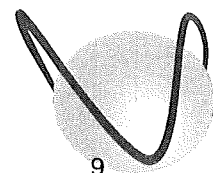
5. Capital assets

	Cost	Accumulated amortization	2020 Net book value	2019 Net book value
Computer equipment	\$ 15,028	\$ 12,390	\$ 2,638	\$ 4,339
Furniture and fixtures	21,270	14,734	6,536	5,680
Leasehold improvements	175,717	83,582	92,135	37,883
	\$ 212,015	\$ 110,706	\$ 101,309	\$ 47,902

6. Intangible assets

	2020	2019
Website	\$ 6,821	\$ 6,821
Accumulated amortization	(1,364)	-
	\$ 5,457	\$ 6,821

The organization operates a website at www.lethbridgepregcentre.com which was redesigned and upgraded in December 2019. The website costs are amortized on a straight-line basis over 5 years. As the website was not finalized until late 2019, no amortization was recorded in 2019.



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2020

7. Canada Emergency Business Account loan

During the year, the organization acquired financing through the Canada Emergency Business Account (CEBA) program issued in response to the COVID-19 pandemic. This has provided the organization with \$40,000 in loan financing to continue operations and is interest-free until December 31, 2022. \$10,000 of the loan is forgivable if the other \$30,000 is repaid before December 31, 2022. Otherwise, the unpaid principal balance converts to a 3-year term loan at an annual interest rate of 5%, effective January 1, 2023.

8. Deferred capital contributions

Deferred capital contributions represent externally restricted contributions used to purchase or renovate the capital assets of the organization.

	<u>2020</u>	<u>2019</u>
Contributions towards capital assets		
Transfer from prior year capital contributions	\$ 6,990	\$ -
Contributions for capital purposes received in the year	<u>27,383</u>	-
Subtotal	<u>34,373</u>	-
Less amortization for the year	<u>(4,775)</u>	-
	<u>\$ 29,598</u>	<u>\$ -</u>

During the year, these funds were put towards the cost of renovating the additional rental space. Amortization is taken at the same rate as the assets purchased by the funds.

9. Lease commitments

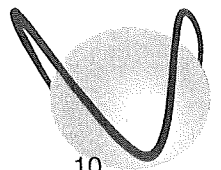
Effective March 1, 2020, the organization entered into a new three year lease by way of expanding the occupied area in their current location. Under the terms of the lease, the organization is responsible for payment of certain triple net costs. The agreement allows for a 3-year renewal at the end of the current term.

2021	\$ 35,505
2022	35,505
2023	<u>5,917</u>
	<u>\$ 76,927</u>

10. Share capital

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

	<u>2020</u>	<u>2019</u>
Issued:		
6 Common voting shares	<u>\$ 6</u>	<u>\$ 6</u>



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2020

11. Investment in capital assets

	<u>2020</u>	<u>2019</u>
Net capital assets		
Capital assets	\$ 101,309	\$ 47,902
Less deferred capital contributions	(29,598)	-
Investment in capital assets	<u>\$ 71,711</u>	<u>\$ 95,804</u>

12. Government assistance

During the year, the organization received government assistance totalling \$37,314 under the Canada Emergency Wage Subsidy (CEWS) and Temporary Wage Subsidy (TWS) programs. These subsidies are to help cover payroll expenses due to declining revenues during the COVID-19 pandemic. This assistance has been recognized in revenues during the year. There are no relevant terms or conditions relating to the assistance.

The organization received a Government of Alberta Small and Medium Enterprise Relaunch Grant of \$5,000 to offset some of the costs incurred to implement the new public health measures due to COVID-19.

The organization received funding under the Canada Summer Jobs program in the amount of \$4,694 to assist in hiring young Canadians to help them develop skills and gain paid work experience to successfully transition into the labour market.

13. Interfund transfers

The transfers between the Unrestricted Fund and the Investment in Capital Assets, comprised of the following items, were approved by the Board of Directors to cover capital asset additions.

	<u>2020</u>	<u>2019</u>
Current year transactions		
Purchase of capital assets	\$ 73,785	\$ 3,855
Paid by external contributions (See note 8)	(34,375)	-
	<u>\$ 39,410</u>	<u>\$ 3,855</u>

14. Related party transactions

During the year the organization received donations and sponsorships of \$28,768 (2019 - \$12,610) 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.

LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2020

15. Measurement uncertainty

In March 2020, the World Health Organization declared a global pandemic due to the novel coronavirus (COVID-19) which led to government imposed restrictions on business activities. The situation is constantly evolving, and the measures put in place are having multiple impacts on local, provincial, national and global economies.

The overall effect of these events on the organization and its operations is too uncertain to be estimated at this time. The impacts will be accounted for when they are known and may be assessed.

