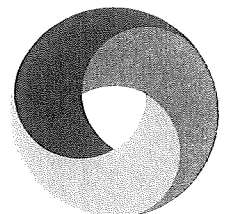
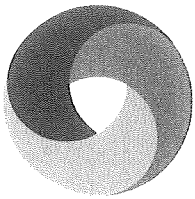


**LETHBRIDGE PREGNANCY
CARE CENTRE**

Financial Statements

Year Ended December 31, 2021





VOLUTION LLP

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, 2021, and the statements of changes in net assets, revenues and expenditures 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, 2021, 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 charitable organizations, the organization derives revenue from various cash donations the completeness of which is not susceptible of satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the organization and we were not able to determine whether any adjustments might be necessary to contributions, excess of revenues over expenses, current assets and net assets. Our audit opinion on the financial statements for the year ended December 31, 2020 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)

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:

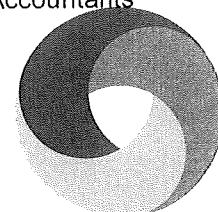
- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting 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 5, 2022

Velocity LLP

Chartered Professional Accountants



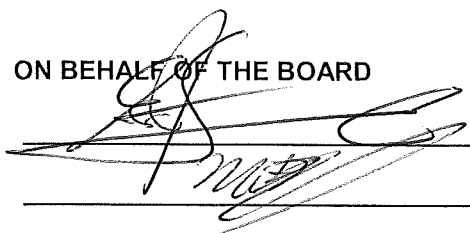
LETHBRIDGE PREGNANCY CARE CENTRE

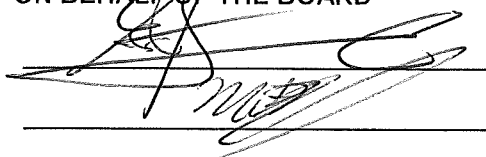
Statement of Financial Position

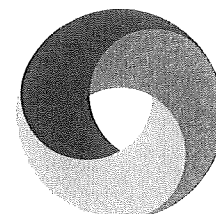
December 31, 2021

	2021	2020
ASSETS		
Current		
Cash	\$ 371,420	\$ 944,375
Term deposits (Note 3)	550,000	-
Accounts receivable	2,485	-
Inventory (Note 4)	2,805	5,610
Goods and services tax recoverable	1,549	3,472
Prepaid expenses	7,809	6,536
Restricted cash (Note 5)	289,375	39,625
	<u>1,225,443</u>	999,618
Capital assets (Note 6)	92,619	101,309
Intangible assets (Note 7)	4,093	5,457
	<u>\$ 1,322,155</u>	<u>\$ 1,106,384</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 15,049	\$ 7,041
Deferred income (Note 5)	39,375	39,625
	<u>54,424</u>	46,666
Long term debt (Note 8)	60,000	40,000
Deferred capital contributions (Note 9)	23,869	29,598
	<u>138,293</u>	116,264
Lease commitments (Note 10)		
Net Assets		
Share capital (Note 11)	6	6
Unrestricted net assets	865,106	918,403
Contingency reserve	250,000	-
Investment in capital assets (Note 12)	68,750	71,711
	<u>1,183,862</u>	990,120
	<u>\$ 1,322,155</u>	<u>\$ 1,106,384</u>

ON BEHALF OF THE BOARD

 Director

 Director

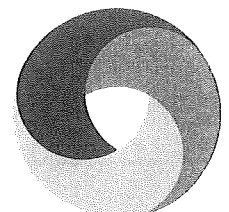


LETHBRIDGE PREGNANCY CARE CENTRE

Statement of Changes in Net Assets

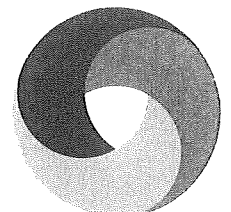
Year Ended December 31, 2021

	Unrestricted Net Assets	Contingency Reserve	Investment in Capital Assets	2021	2020
NET ASSETS - BEGINNING OF YEAR	\$ 918,403	\$ -	\$ 71,711	\$ 990,114	\$ 884,513
Excess of revenues over expenditures	193,742	-	-	193,742	105,601
Amortization of deferred capital contributions	(5,729)	-	5,729	-	-
Amortization of capital assets	28,984	-	(28,984)	-	-
Loss on disposal of assets	707	-	(707)	-	-
Inter-fund transfers (Note 14)	(271,001)	250,000	21,001	-	-
NET ASSETS - END OF YEAR	\$ 865,106	\$ 250,000	\$ 68,750	\$ 1,183,856	\$ 990,114



LETHBRIDGE PREGNANCY CARE CENTRE
Statement of Revenues and Expenditures
Year Ended December 31, 2021

	2021	2020
REVENUES		
Donations	\$ 433,247	\$ 397,009
Gala donations	77,520	6,443
Government assistance (Note 13)	34,160	47,008
Baby bottle campaign	20,637	23,781
Amortization of deferred capital contributions (Note 9)	5,729	4,775
Interest and other income	3,495	3,529
Spring event	455	250
	<u>575,243</u>	<u>482,795</u>
EXPENDITURES		
Salaries and benefits	207,771	198,853
Occupancy costs	45,358	40,207
Client engagement	30,360	30,020
Office	19,831	19,965
Staff and volunteer development	16,267	11,179
Fundraising costs	14,095	11,127
Professional fees	13,723	10,045
GST expense	2,974	4,527
Bank charges	67	82
Interim director and recruiting costs	-	29,449
Amortization	28,984	20,376
Amortization of website	1,364	1,364
	<u>380,794</u>	<u>377,194</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	194,449	105,601
Other income (expenses)	<u>(707)</u>	<u>-</u>
EXCESS OF REVENUES OVER EXPENDITURES	\$ 193,742	\$ 105,601

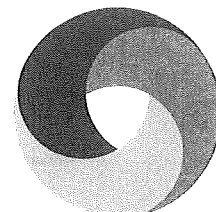


LETHBRIDGE PREGNANCY CARE CENTRE

Statement of Cash Flows

Year Ended December 31, 2021

	2021	2020
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 193,742	\$ 105,601
Items not affecting cash:		
Amortization of capital assets	28,984	20,376
Amortization of website	1,364	1,364
Amortization of deferred capital contributions	(5,729)	(4,775)
Loss on disposal of capital assets	707	-
	219,068	122,566
Changes in non-cash working capital:		
Accounts receivable	(2,485)	8,225
Inventory	2,805	-
Goods and services tax recoverable	1,923	(2,938)
Prepaid expenses	(1,273)	13,705
Restricted cash	(249,750)	(32,635)
Accounts payable	8,007	(3,681)
Deferred income	(250)	32,635
Deferred capital contributions	-	34,373
	(241,023)	49,684
Cash flow from (used by) operating activities	(21,955)	172,250
INVESTING ACTIVITY		
Purchase of capital assets	(21,000)	(73,785)
FINANCING ACTIVITY		
Proceeds from long term financing	20,000	40,000
INCREASE (DECREASE) IN CASH FLOW	(22,955)	138,465
Cash - beginning of year	944,375	805,910
CASH - END OF YEAR	\$ 921,420	\$ 944,375
CASH CONSISTS OF:		
Cash	\$ 371,420	\$ 944,375
Term deposits	550,000	-
	\$ 921,420	\$ 944,375



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2021

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 compassionate support and education to anyone experiencing unexpected pregnancy and pregnancy related losses, as well as programs encouraging healthy relationships. 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 and term deposits 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 Investment in Capital Assets reports the assets, liabilities, revenues, and expenditures related to Lethbridge Pregnancy Care Centre's capital assets.

The Contingency Reserve has been created by setting aside approximately 50% of annual budgeted operating costs to ensure future operations remain viable.

(continues)



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2021

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

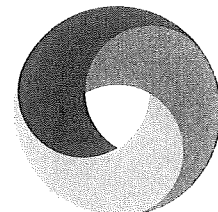
Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested 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, 2021

3. Term deposits

	2021	2020
Term deposits	\$ 800,000	\$ -
Restricted for Contingency Reserve	(250,000)	-
	\$ 550,000	\$ -

4. Inventory

Inventory consists of fundraising materials for resale. Due to the cancellation of all in-person fundraising events during 2021, no inventory was sold in the year and an allowance equal to 50% of the value of the inventory has been taken.

5. Restricted cash and deferred income

	2021	2020
Contingency Reserve	\$ 250,000	\$ -
Gala Dinner sponsorships	30,000	30,000
Spring Concert ticket sales	6,375	6,375
Spring Concert sponsorships	3,000	3,250
	\$ 289,375	\$ 39,625

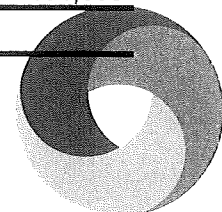
During the year, the Board of Directors decided to set aside an amount approximately equal to 50% of annual budgeted operating costs as a reserve for future use. The funds are to be maintained in a separate bank account or deposit certificates apart from the general chequing account.

During the prior 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 which is set for June 2022.

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.

6. Capital assets

	Cost	Accumulated amortization	2021 Net book value	2020 Net book value
Computer equipment	\$ 27,864	\$ 15,438	\$ 12,426	\$ 2,638
Furniture and fixtures	21,270	16,041	5,229	6,536
Leasehold improvements	181,437	106,473	74,964	92,135
	\$ 230,571	\$ 137,952	\$ 92,619	\$ 101,309



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2021

7. Intangible assets

	2021	2020
Website	\$ 6,821	\$ 6,821
Accumulated amortization	(2,728)	(1,364)
	\$ 4,093	\$ 5,457

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.

8. Canada Emergency Business Account loan

During the year, the organization acquired additional financing through the Canada Emergency Business Account (CEBA) program issued in response to the COVID-19 pandemic. This has provided the organization with \$60,000 in loan financing to continue operations and is interest-free until December 31, 2023. \$20,000 of the loan is forgivable if the other \$40,000 is repaid before December 31, 2023. Otherwise, the unpaid principal balance converts to a 3-year term loan at an annual interest rate of 5%, effective January 1, 2024.

9. Deferred capital contributions

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

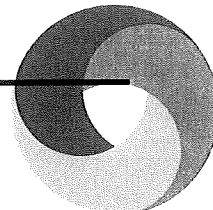
	2021	2020
Contributions towards capital assets		
Balance, beginning of the year	\$ 29,598	\$ -
Transfer from prior year capital contributions	-	6,990
Contributions for capital purposes received in the year	-	27,383
Subtotal	29,598	34,373
Less amortization for the year	(5,729)	(4,775)
	\$ 23,869	\$ 29,598

In prior years, funds donated for capital assets 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.

10. Lease commitments

Effective December 1, 2021, the organization entered into a new five year lease as they expanded 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 5 year renewal at the end of the current term at which time the base rent payment will be reviewed.

2022	\$ 45,288
2023	45,288
2024	45,288
2025	45,288
2026	41,514
	\$ 222,666



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2021

11. Share capital

Authorized:

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

Issued:

6 Common voting shares

	2021	2020
	\$ 6	\$ 6

12. Investment in capital assets

	2021	2020
Net capital assets		
Capital assets	\$ 92,619	\$ 101,309
Less deferred capital contributions	(23,869)	(29,598)
Investment in capital assets	\$ 68,750	\$ 71,711

13. Government assistance

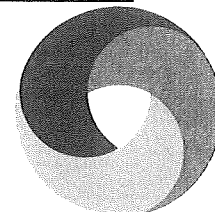
During the year, the organization received government assistance totalling \$28,760 under the Canada Emergency Wage Subsidy (CEWS) and Canada Emergency Rental Subsidy (CERS) programs. These subsidies are to help cover payroll expenses and office rental costs due to declining revenues during the COVID-19 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 funding from 5th on 5th Youth Services in the amount of \$5,400 to assist in hiring young Canadians to help them develop skills and gain paid work experience to successfully transition into the labour market.

14. Interfund transfers

The transfers between the Unrestricted Fund and the internally restricted funds, comprised of the following items, were approved by the Board of Directors.

	2021	2020
Current year transactions		
Purchase of capital assets	\$ 21,001	\$ 73,785
Paid by external contributions (Note 9)	-	(34,375)
Allocation to Contingency Reserve	250,000	-
	\$ 271,001	\$ 39,410



LETHBRIDGE PREGNANCY CARE CENTRE

Notes to Financial Statements

Year Ended December 31, 2021

15. Related party transactions

During the year the organization received donations and sponsorships of \$42,779 (2020 - \$28,768) 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.

16. Subsequent event

In early 2022, the organization undertook a renovation of the additional leased area in the building they occupy. The renovations were completed in April and cost approximately \$61,000 including furnishings.

