

LETHBRIDGE PREGNANCY CARE CENTRE

Financial Statements

Year Ended December 31, 2022





VOLUTION LLP

Tax Advisors and Chartered Professional Accountants

INDEPENDENT AUDITOR'S REPORT

To the Directors 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, 2022, 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, 2022, 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 expenditures, and cash flows from operations for the year ended December 31, 2022, current assets and net assets as at December 31, 2022. Our audit opinion on the financial statements for the year ended December 31, 2021 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.

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Independent Auditor's Report to the Directors 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.

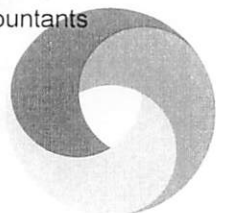
As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- 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
June 15, 2023

Evolution LLP
Chartered Professional Accountants



LETHBRIDGE PREGNANCY CARE CENTRE
Statement of Financial Position
December 31, 2022

	2022	2021
ASSETS		
Current		
Cash	\$ 1,034,775	\$ 371,420
Term deposits (Note 3)	4,082	550,000
Accounts receivable	3,681	2,485
Inventory	1,683	2,805
Goods and services tax recoverable	1,820	1,549
Prepaid expenses	10,092	7,809
Restricted cash (Note 4)	-	39,375
	<u>1,056,133</u>	<u>975,443</u>
Capital assets (Note 5)	124,145	92,619
Intangible assets (Note 6)	2,729	4,093
Restricted cash (Note 4)	<u>250,000</u>	<u>250,000</u>
	<u>\$ 1,433,007</u>	<u>\$ 1,322,155</u>
LIABILITIES AND NET ASSETS		
Current		
Accounts payable	\$ 15,987	\$ 15,050
Deferred income	-	6,375
Current portion of long term debt (Note 7)	<u>60,000</u>	<u>-</u>
	75,987	21,425
Long term debt (Note 7)	<u>-</u>	<u>60,000</u>
	<u>75,987</u>	<u>81,425</u>
Lease Commitments (Note 8)		
Net Assets		
Share capital (Note 9)	6	6
Unrestricted	982,870	865,105
Internally restricted	250,000	250,000
Investment in capital assets	124,144	92,619
Externally restricted	<u>-</u>	<u>33,000</u>
	<u>1,357,020</u>	<u>1,240,730</u>
	<u>\$ 1,433,007</u>	<u>\$ 1,322,155</u>

ON BEHALF OF THE BOARD

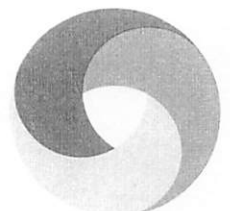
 Director
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See notes to financial statements



LETHBRIDGE PREGNANCY CARE CENTRE
Statement of Changes in Net Assets
Year Ended December 31, 2022

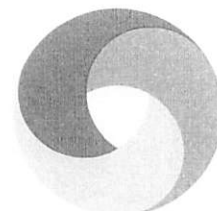
	Unrestricted Net Assets	Internally Restricted	Investment in Capital Assets	Externally Restricted	2022 Net Assets	2021 Net Assets
NET ASSETS - BEGINNING OF YEAR						
As previously reported	\$ 865,105	\$ 250,000	\$ 68,750	\$ -	\$ 1,183,855	\$ 990,114
Change in accounting policy for restricted fund accounting - Investment in Capital Assets <i>(note 2)</i>	-	-	23,869	-	23,869	29,597
Change in accounting policy for restricted fund accounting - Externally Restricted <i>(note 2)</i>	(6,737)	-	-	39,737	33,000	33,000
Change in accounting policy for restricted fund accounting - adjustment to interfund transfers <i>(note 2)</i>	6,737	-	-	(6,737)	-	-
As restated	865,105	250,000	92,619	33,000	1,240,724	1,052,714
Excess (deficiency) of revenues over expenditures <i>(note 10)</i>	164,925	-	(24,666)	(23,969)	116,290	188,014
Interfund transfers <i>(note 11)</i>	(47,160)	-	56,191	(9,031)	-	-
NET ASSETS - END OF YEAR	\$ 982,870	\$ 250,000	\$ 124,144	\$ -	\$ 1,357,014	\$ 1,240,728



LETHBRIDGE PREGNANCY CARE CENTRE
Statement of Revenues and Expenditures
Year Ended December 31, 2022

	2022	2021
REVENUES		
Donations and fundraising	\$ 572,127	\$ 531,609
Interest and other income	9,297	3,495
Government assistance	-	34,160
	<u>581,424</u>	<u>569,264</u>
EXPENDITURES		
Salaries and benefits	246,644	207,771
Occupancy	58,860	45,358
Client engagement	40,459	30,360
Office	26,322	19,831
Fundraising	15,333	13,920
Staff and volunteer development	14,776	16,267
Professional fees	8,451	13,723
Unrecovered GST	4,209	2,974
Bank charges	81	68
Amortization	34,666	28,984
Amortization of website	1,364	1,364
	<u>451,165</u>	<u>380,620</u>
EXCESS OF REVENUES OVER EXPENDITURES FROM OPERATIONS	<u>130,259</u>	<u>188,644</u>
Other revenues (expenditures)		
Loss on disposal of capital assets	-	(707)
Restricted contributions - capital <i>(Note 10)</i>	10,000	-
Restricted contributions - special purpose <i>(Note 10)</i>	5,000	250
Expenditures from restricted funds <i>(Note 10)</i>	<u>(28,969)</u>	<u>(174)</u>
	<u>(13,969)</u>	<u>(631)</u>
EXCESS OF REVENUES OVER EXPENDITURES	<u>\$ 116,290</u>	<u>\$ 188,013</u>

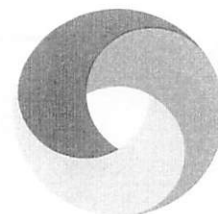
See notes to financial statements



LETHBRIDGE PREGNANCY CARE CENTRE
Statement of Cash Flows
Year Ended December 31, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenditures	\$ 116,290	\$ 188,013
Items not affecting cash:		
Amortization of capital assets	34,666	28,984
Amortization of website	1,364	1,364
Loss on disposal of capital assets	-	707
	<u>152,320</u>	<u>219,068</u>
Changes in non-cash working capital:		
Accounts receivable	(1,196)	(2,485)
Inventory	1,122	2,805
Goods and services tax recoverable	(271)	1,923
Prepaid expenses	(2,283)	(1,273)
Accounts payable	936	8,007
Deferred income	(6,375)	(250)
Restricted cash	39,375	250
	<u>31,308</u>	<u>8,977</u>
Cash flow from operating activities	<u>183,628</u>	<u>228,045</u>
INVESTING ACTIVITIES		
Purchase of capital assets	(66,191)	(21,000)
Restricted cash	-	(250,000)
Cash flow used by investing activities	<u>(66,191)</u>	<u>(271,000)</u>
FINANCING ACTIVITY		
Proceeds from long term financing	-	20,000
INCREASE (DECREASE) IN CASH FLOW	<u>117,437</u>	<u>(22,955)</u>
Cash - beginning of year	<u>921,420</u>	<u>944,375</u>
CASH - END OF YEAR	<u>\$ 1,038,857</u>	<u>\$ 921,420</u>
CASH CONSISTS OF:		
Cash	\$ 1,034,775	\$ 371,420
Term deposits	4,082	550,000
	<u>\$ 1,038,857</u>	<u>\$ 921,420</u>

See notes to financial statements



LETHBRIDGE PREGNANCY CARE CENTRE
Notes to Financial Statements
Year Ended December 31, 2022

1. Purpose of the organization

Lethbridge Pregnancy Care Centre (the "organization") is a not-for-profit organization, incorporated with share capital under the Companies Act of Alberta. 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

Change in accounting policy

Effective January 1, 2022, the organization changed their accounting policy related to revenue recognition from the deferral method to the restricted fund method. It was determined that the restricted fund method would provide more relevant and understandable information to the readers of the financial statements who wish to see contributions reported in the appropriate funds in the year in which they have been contributed.

As a result of this change in policy, which has been applied retrospectively, the following changes have been made to the financial statements:

Deferred income decreased by \$33,000 in 2021 (\$33,250 - 2020) as the deferred sponsorships for the Gala and the Spring concert were moved to externally restricted net assets. The contributions were received in 2020 so they show as an increase of \$33,000 in the opening balance of externally restricted net assets and not as income in 2021 or 2022.

Deferred capital contributions have been eliminated and the contributions moved to Investment in Capital Assets. This also results in the elimination of the amortization of deferred capital contributions and a reduction of revenues in unrestricted net assets of \$5,729 in 2021 (\$4,775 - 2020). The contributions were received in 2020 so they show as an increase of \$34,373 in the opening balance of Investment in Capital Assets and not as income in 2021 or 2022.

Expenses of \$174 in 2021 (\$946 - 2020) related to holding various special events have been moved from unrestricted to externally restricted net assets. The 2020 costs are reflected in the opening balance of externally restricted net assets, the 2021 costs are shown as other expense on the statement of operations. The net surplus from the events has been transferred to unrestricted net assets.

The opening balance of Investment in Capital Assets for 2021 has increased by \$29,598 (2020 - \$34,373) to reflect the contributions made towards the building renovations in prior years. The effect of these changes has affected the amount of interfund transfers from unrestricted net assets to Investment in Capital Assets, so the 2021 transfer was increased by \$10,504, the amount of the amortization of deferred capital contributions taken under the deferral method.

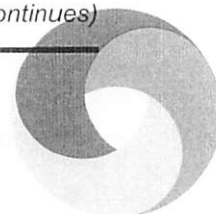
The opening balance of Unrestricted Net Assets as a result of the above transactions has not been affected as the overall changes and transfers net to nil.

The internally restricted fund created in 2021 has not been affected by the change in accounting policy.

Basis of presentation

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

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LETHBRIDGE PREGNANCY CARE CENTRE
Notes to Financial Statements
Year Ended December 31, 2022

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

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:

Leasehold improvements	5 - 10 years	straight-line method
Computer equipment	50%	declining balance method
Furniture and fixtures	20%	declining balance 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 restricted fund method of accounting for contributions.

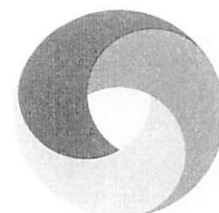
Unrestricted Net Assets accounts for the organization's program delivery and administrative activities. This fund reports unrestricted assets, liabilities, revenues and expenditures related to Lethbridge Pregnancy Care Centre's general operations.

Investment in Capital Assets reports the assets, liabilities, revenues and expenditures related to Lethbridge Pregnancy Care Centre's capital assets and building project campaigns.

Internally Restricted Net Assets is the contingency reserve set aside by the Board of Directors to ensure future operations of the organization remain viable.

Externally Restricted Net Assets consists of restricted contributions received towards special events or projects less expenditures incurred on these event or projects. Once the special event or project has been completed, the net surplus or deficit is transferred to unrestricted net assets.

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LETHBRIDGE PREGNANCY CARE CENTRE
Notes to Financial Statements
Year Ended December 31, 2022

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

Revenue recognition

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

Restricted contributions are recognized as revenue of the appropriate restricted fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue in general operations in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Gifts in kind are recorded at estimated fair market value on the date of their donation. If a fair market value cannot be reasonably determined the gifts are not recognized in the financial statements.

Contributed services

Volunteers contribute a significant amount of time each year to assist in the organization's activities. Because of the time required and difficulty in determining the fair value, contributed services are not recognized in the financial statements.

Financial instruments policy

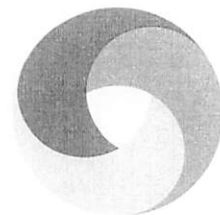
Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial assets with actively traded markets are reported at fair value, with any unrealized gains and losses reported in income. All other financial instruments are reported at amortized cost, and tested 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, 2022

3. Term deposits

	2022	2021
Term deposits	\$ 254,082	\$ 800,000
Restricted cash	(250,000)	(250,000)
	\$ 4,082	\$ 550,000

4. Restricted cash

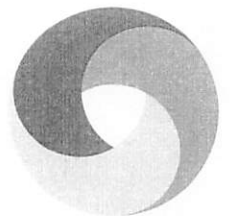
	2022	2021
Contingency Reserve	\$ 250,000	\$ 250,000
Gala Dinner sponsorships	-	30,000
Spring Concert sponsorships and ticket sales	-	9,375
	250,000	289,375
Long term portion relating to internally restricted net assets	(250,000)	(250,000)
	\$ -	\$ 39,375

5. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Leasehold improvements	\$ 236,251	\$ 132,390	\$ 103,861	\$ 74,964
Furniture and fixtures	30,301	17,990	12,311	5,229
Computer equipment	30,211	22,238	7,973	12,426
	\$ 296,763	\$ 172,618	\$ 124,145	\$ 92,619

6. Intangible assets

	2022	2021
Website	\$ 6,821	\$ 6,821
Accumulated amortization	(4,092)	(2,728)
	\$ 2,729	\$ 4,093



LETHBRIDGE PREGNANCY CARE CENTRE
Notes to Financial Statements
Year Ended December 31, 2022

7. Canada Emergency Business Account loan

In prior years, 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 \$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. As the loan is repayable on or before December 31, 2023, it has been shown as a current liability.

8. 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.

	2023	\$ 45,288
	2024	45,288
	2025	45,288
	2026	41,514
		<u>\$ 177,378</u>

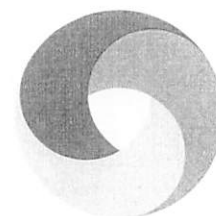
9. Share capital

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

	2022	2021
Issued:		
6 Common voting shares	<u>\$ 6</u>	<u>\$ 6</u>

10. Excess (deficiency) of revenues over expenditures - restricted funds

	Internally Restricted	Investment in Capital Assets	Externally Restricted	2022	2021
Contributions					
Restricted					
contributions	\$ -	\$ 10,000	\$ 5,000	\$ 15,000	\$ 250
Expenditures					
Special purpose					
expenditures	-	-	(28,969)	(28,969)	(174)
Amortization	-	(34,666)	-	(34,666)	(28,984)
Loss on disposal					
of assets	-	-	-	-	(707)
	-	(34,666)	(28,969)	(63,635)	(29,865)
	<u>\$ -</u>	<u>\$ (24,666)</u>	<u>\$ (23,969)</u>	<u>\$ (48,635)</u>	<u>\$ (29,615)</u>



LETHBRIDGE PREGNANCY CARE CENTRE
Notes to Financial Statements
Year Ended December 31, 2022

11. Interfund transfers

The transfers between Unrestricted Net Assets, Investment in Capital Assets and the restricted funds, comprised of the following items, were approved by the Board of Directors.

	<u>2022</u>	<u>2021</u>
Purchase of capital assets	\$ 66,191	\$ 21,001
Paid by external contributions (Note 10)	(10,000)	-
Transfer to internally restricted net assets	-	250,000
Transfer from externally restricted net assets	(9,031)	(6,737)
	<u>\$ 47,160</u>	<u>\$ 264,264</u>

12. Related party transactions

During the year the organization received donations and sponsorships of \$14,313 (2021 - \$42,779) 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.

13. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation.

