

**CALGARY PREGNANCY CARE CENTRE ASSOCIATION**

**FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**CALGARY PREGNANCY CARE CENTRE ASSOCIATION  
FINANCIAL STATEMENTS  
JUNE 30, 2020**

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## **INDEPENDENT AUDITOR'S REPORT**

To the Members of:  
Calgary Pregnancy Care Centre Association

### **Qualified Opinion**

I have audited the financial statements of Calgary Pregnancy Care Centre Association, which comprise the statement of financial position as at June 30, 2020, and the statement of changes in net assets, statement of operations, and statement of cash flow for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Association as at June 30, 2020, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

### **Basis for Qualified Opinion**

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of the Association in accordance with the ethical requirements that are relevant to my audit of the financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

In common with many charitable organizations, the Association derives revenues from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, my verification of these revenues was limited to the amount recorded in the records of the Association, and I was not able to determine whether any adjustments might be necessary to donations, statement of operations and financial position.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my opinion.

### **Responsibilities of Management and Those Charged with Governance for the Financial Statements**

Management and Those Charged with Governance are responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, Management and Those Charged with Governance are responsible for assessing the Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those Charged with Governance are responsible for overseeing the Association financial reporting process.

### **Auditor's Responsibilities for the Audit of the Financial Statements**

My 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 my 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 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I 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 my opinion. The risk of not detecting a material misstatement, 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 Association'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 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 Association's ability to continue as going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause the Association 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.

I 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 I identify during my audit.

Calgary, Alberta  
September 21, 2020

*Auda Frusseru Prof-Corp.*  
CHARTERED PROFESSIONAL ACCOUNTANT



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**CALGARY PREGNANCY CARE CENTRE ASSOCIATION**

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**STATEMENT OF FINANCIAL POSITION****AS AT JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
<b>ASSETS</b>		
<b>CURRENT</b>		
Cash and cash equivalent	\$ 176,120	\$ 99,895
Accounts receivable	-	6,497
Inventory	2,076	17,962
GST recoverable	9,986	8,243
Prepaid expenses	<u>17,315</u>	<u>9,782</u>
	<u>203,421</u>	<u>142,379</u>
<b>INVESTMENTS ( Note 6)</b>	<u>510,042</u>	<u>587,019</u>
<b>CAPITAL ASSETS (Note 3)</b>	<u>99,830</u>	<u>63,765</u>
	<u>\$ 813,293</u>	<u>\$ 793,163</u>
<b>LIABILITIES</b>		
<b>CURRENT</b>		
Accounts payable and accrued liabilities	\$ 34,127	\$ 31,957
Payroll deductions	(4,736)	19,112
Vacation payable	1,730	342
Deferred operating revenues (Note 8)	<u>54,334</u>	<u>71,362</u>
	<u>85,455</u>	<u>122,773</u>
<b>Deferred Capital Contributions (Note 5)</b>	<u>23,207</u>	<u>24,455</u>
	<u>108,662</u>	<u>147,228</u>
<b>NET ASSETS</b>		
Invested in capital assets	95,947	63,755
Net assets	<u>608,684</u>	<u>582,180</u>
	<u>704,631</u>	<u>645,935</u>
	<u>\$ 813,293</u>	<u>\$ 793,163</u>

On behalf of the Board:

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

See accompanying notes to financial statements.

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CALGARY PREGNANCY CARE CENTRE ASSOCIATION

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STATEMENT OF CHANGES IN NET ASSETS  
FOR THE YEAR ENDED JUNE 30, 2020

	<u>2020</u>	<u>2019</u>
<b>INVESTED IN CAPITAL ASSETS</b>		
Balance beginning of year	\$ <u>63,755</u>	\$ <u>43,413</u>
Purchase of capital assets	95,947	37,332
Disposing of equipment	-	(1,855)
Amortization of capital assets	<u>(59,108)</u>	<u>(15,135)</u>
Balance end of year	\$ <u>100,594</u>	\$ <u>63,755</u>
<b>UNRESTRICTED</b>		
Balance beginning of year	\$ 582,180	\$ 522,021
Excess of revenues over expenditures	63,343	80,501
Invested in capital assets	(95,947)	(37,332)
Proceed from sale of capital assets	-	1,855
Amortization of capital assets	<u>59,108</u>	<u>15,135</u>
Net assets end of year	\$ <u>608,684</u>	\$ <u>582,180</u>

See accompanying notes to financial statements.

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**STATEMENT OF OPERATIONS****FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
<b>Revenue</b>		
Donations (Note 4)	\$ 1,044,137	\$ 854,786
Fundraising	363,768	430,639
Investment income	5,193	9,545
Deferred capital contribution	21,056	10,638
Other deferred contributions	17,028	20,303
Other income	<u>9,534</u>	<u>1,720</u>
	<u>1,460,716</u>	<u>1,327,631</u>
<b>Expenditures</b>		
Salaries and benefits	911,982	768,465
Administrative	117,260	90,799
Client Services	44,596	52,351
Facility	228,140	184,457
Promotion and Fundraising	56,366	109,681
Volunteer Support	<u>39,029</u>	<u>42,010</u>
	<u>1,397,373</u>	<u>1,247,763</u>
<b>Excess of revenues over expenditures, before the sale of assets</b>	63,343	79,868
Proceed on sale of assets	<u>-</u>	<u>633</u>
<b>Excess of revenues over expenditures</b>	<u>\$ 63,343</u>	<u>\$ 80,501</u>

See accompanying notes to financial statements.

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**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED JUNE 30, 2020**

	<u>2020</u>	<u>2019</u>
Cash provided by (used in):		
<b>OPERATING ACTIVITIES</b>		
Cash received from operating activities	\$ 1,441,345	\$ 1,277,351
Cash payments to suppliers & employees	(1,375,117)	(1,230,530)
Investment income received	<u>5,193</u>	<u>9,545</u>
	<u>71,421</u>	<u>56,366</u>
<b>CASH FLOWS FROM INVESTING ACTIVITIES</b>		
Purchase of capital assets	(66,053)	(37,332)
Proceed on disposal of capital assets	-	1,855
Change in investments	(6,120)	-
Proceed (Loss) on disposal of investments - net	<u>-</u>	<u>633</u>
	<u>(72,173)</u>	<u>(34,844)</u>
<b>NET (DECREASE)/INCREASE IN CASH</b>	(752)	21,522
<b>CASH, beginning of year</b>	<u>686,914</u>	<u>665,392</u>
<b>CASH, end of year</b>	<u>\$ 686,162</u>	<u>\$ 686,914</u>
Cash consists of:		
Cash and cash equivalent	\$ 176,120	\$ 99,895
Investments	<u>510,042</u>	<u>587,019</u>
	<u>\$ 686,162</u>	<u>\$ 686,914</u>

See accompanying notes to financial statements.



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# CALGARY PREGNANCY CARE CENTRE ASSOCIATION

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## NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2020

### 1. Nature and Purpose of Organization

The Calgary Pregnancy Care Centre Association, (CPCCA) is a Christian charity that seeks to care for those impacted by crisis pregnancy and any resulting challenges, and to educate individuals concerning sexual realities.

CPCCA is a registered charity within the meaning of the Income Tax Act of Canada and is exempt from income taxes.

### 2. Significant Accounting Policies

#### (a) Basis of Presentation

The financial statements have been prepared in accordance with Canadian Accounting Standards for Not-for-Profit Organizations, which are part of Canadian generally accepted accounting principles.

#### (b) Cash and Cash Equivalents

For purposes of the CPCCA's statement of cash flow, cash and cash equivalents are defined as bank balances and short-term liquid investments that are readily convertible to known amounts of cash and which are subject to an insignificant risk of changes in value.

#### (c) Revenue Recognition

CPCCA is using the deferral method of reporting restricted contributions. Contributions consist of donations and special events, fundraising revenues, investment income, government and other funding.

Under this method, contributions restricted for future periods are deferred and are reported as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received.

Donations in-kind are recorded in the accounts at fair market values where such value can be reasonably estimated. CPCCA received base rent for the year in the amount of \$93,000.

Receipts are recognized in the financial statements at the point of deposit.

Pledged donations are recorded when received.

The continued support of donors is required for the organization to continue. CPCCA's objective when managing capital is to ensure it has adequate cash flows to maintain operations and fund capital projects which meet the short and long-term objectives. CPCCA makes adjustments due to changes in economic conditions which affect donations and funding.

#### (d) Capital Assets

Purchased capital assets are recognized at acquisition cost. Donated capital assets are recorded at their fair value at the date of acquisition. Capital assets are amortized over their estimated useful lives.

Amortization rates and methods for capital assets are as follows:

Office Furniture and Equipment	20%
Computer Equipment	30%
Software	30%
Leasehold Improvements, Calgary	10 years
Leasehold Improvements, Strathmore	5 years

**CALGARY PREGNANCY CARE CENTRE ASSOCIATION**

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**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**2. Significant Accounting Policies (Continued)**

**(e) Financial instruments**

CPCCA's financial instruments consist of cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities.

CPCCA measures all its financial assets and financial liabilities at amortized cost, except for investments in equity instruments and certain fixed income securities that are quoted in active market, which are measured at fair value. Changes in fair value are recognized in operations.

Financial assets measured at amortized cost include cash, accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities.

**(f) Impairment**

The carrying amount of the asset is reduced directly or through the use of an allowance account. The amount of reduction is recognized as an impairment loss in the statement of operations.

**(g) Transaction costs**

Transactions costs are recognized in the statement of operations in the period incurred, except for financial instruments that will be subsequently measured at amortized cost.

**3. Capital Assets**

	Cost	Accumulated Amortization	Net Book Value	
			<u>2020</u>	<u>2019</u>
Office Furniture	\$ 119,476	\$ 67,624	\$ 51,852	\$ 25,977
Computer Equipment	69,839	54,042	15,797	18,311
Leasehold Improvements	<u>60,453</u>	<u>28,272</u>	<u>32,181</u>	<u>19,477</u>
	<u>\$ 249,768</u>	<u>\$ 149,938</u>	<u>\$ 99,830</u>	<u>\$ 63,765</u>

Amortization expenses of \$59,108 (2019-\$13,125) is included in facility expenditures.

**4. Donations**

The donations received consist of the following:

	<u>2020</u>	<u>2019</u>
Unrestricted Donations	\$ 668,393	\$ 683,612
Donations in kind	95,078	171,174
Designated donation	<u>3,600</u>	<u>-</u>
Total	<u>\$ 767,071</u>	<u>\$ 854,786</u>

**5. Deferred Capital Contributions**

Deferred Capital Contributions represent the unamortized and unspent amounts of restricted contributions received for the purchase of capital assets.

Externally restricted contributions are comprised of restricted cash related to funds provided by a Foundation and individual donors that stipulated various terms and conditions related to use of cash provided. Funds received with external restrictions are allocated to Deferred Capital Contribution. Income from the funds received is included into current income over the same period of time as the assets addition or improvement is amortized into expenses.



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**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**5. Deferred Capital Contributions (Continued)**

The changes in the Deferred Capital Contribution balance were as follows:

	<u>2019</u>	Increase	Reported as income	<u>2020</u>
Office Equipment contributions	\$ 6,790	\$ -	\$ 6,790	\$ -
Telephone system	4,325	-	2,280	4,325
Technology expansion	<u>13,340</u>	-	<u>1,458</u>	<u>18,882</u>
Balance at year end	<u>\$ 24,455</u>	<u>\$ -</u>	<u>\$ 10,528</u>	<u>\$ 23,207</u>

**6. Investments**

At the year end, investments consisted of cash or near cash held by a brokerage house, one saving account, and 2 GIC's.

Term deposit is comprised of guaranteed investment certificates with Royal Bank of Canada, which bear interest at rate of 2.00% in 2020 (0.7% - 2019), and maturing through January 26, 2024 ( January 26, 2019 - January 26, 2024). The term deposit is recorded at fair value, which includes accrued interest .

Term deposit is comprised of guaranteed investment certificates with Canadian Western Bank, which bear interest at rate of 1.919% (1.919%-2019), and matured July 7, 2019 ( April 7, 2019 - July 7, 2019).

The term deposit is recorded at fair value, which includes interest .

Tangerine Business Saving Account is recorded at fair value.

Mutual funds held, consist of a money market account with and approximate annual return of 1.00%.

	<u>2020</u>	<u>2019</u>
GIC's, at fair value	\$ 210,560	\$ 209,097
Mutual funds, at fair value	225,073	204,205
Tangerine Saving account	-	99,718
Tangerine Restricted funds	<u>74,410</u>	<u>73,998</u>
Total	<u>\$ 510,043</u>	<u>\$ 587,018</u>

**7. Contributed Services**

The financial statements do not reflect the substantial value of services contributed by volunteers.

4696 number of hours were contributed by volunteers in the current fiscal year. However, because of the difficulty of determining the fair value, contributed services are not recognized in these financial statements.

**8. Deferred Operating Revenues**

Deferred contributions represent funding which was received but relates to subsequent years.

The reported income in the Statement of Operations, is recorded into different categories of income, as donations, fundraising and other deferred contributions.

	<u>2019</u>	Increase	Reported as income	<u>2020</u>
Gamma Leading Training	\$ 20,161	\$ -	\$ -	\$ 20,161
Living in Colour	7,700	-	-	7,700
Summer Student Program	<u>43,501</u>	-	<u>17,028</u>	<u>26,473</u>
Balance at year end	<u>\$ 71,362</u>	<u>\$ -</u>	<u>\$ 17,028</u>	<u>\$ 54,334</u>

**CALGARY PREGNANCY CARE CENTRE ASSOCIATION**

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**NOTES TO THE FINANCIAL STATEMENTS**

**JUNE 30, 2020**

**9. Related Party Transactions**

CPCCA has received donations from its board members and organizations controlled by its Board members during the year.

During this fiscal period, there have been supplies for fundraising events provided by related parties, and being disclosed during the audit.

**10. Net changes in non-cash working capital balances**

The net change in non-cash working capital balances related to operations consists of the followings:

	<u>2020</u>	<u>2019</u>
Decrease/(increase) in assets		
Accounts Receivables	\$ (192)	\$ (9,794)
Prepaid expenses	7,533	7,526
Inventory	(15,886)	(17,962)
Other	-	-
	<u>(8,545)</u>	<u>(20,230)</u>
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	30,346	12,543
Deferred revenue	(18,276)	(30,941)
	<u>12,070</u>	<u>(18,398)</u>
	<u>\$ 3,525</u>	<u>\$ (38,628)</u>

**11. Lease Commitments**

CPCCA entered into office lease agreements at 925 - 7th Avenue SW. The lease agreement for space on the second floor was renewed on July 1, 2018 until July 1, 2025.

Minimum payments due for the remaining period of the lease are as follows:

2021	\$ 11,700
2022	11,700
2023	11,700
2024	<u>11,700</u>
2025	<u>11,700</u>
	<u>\$ 58,500</u>

**12. Measurement Uncertainty**

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the reporting period. By their nature, these estimates are subject to measurement uncertainty and the effect on the financial statements of changes in such estimates in future periods could be significant. Actual result could differ from those estimates.

**13. Additional information to comply with the disclosure requirements of the charitable fund-raising act and regulations**

\$ NIL was paid as remuneration to employees whose principal duties involve fund raising.



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## CALGARY PREGNANCY CARE CENTRE ASSOCIATION

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### NOTES TO THE FINANCIAL STATEMENTS

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JUNE 30, 2020

#### 14. Capital management

As a not-for-profit entity, the CPCCA's operations are reliant on revenues generated annually. CPCCA has accumulated unrestricted net assets over its history. The surplus is available for the use of CPCCA at the discretion of the Board.

#### 15. Financial Instruments

CPCCA is exposed to various risks through its financial instruments. The exposure to the risks associated with financial instruments that have the potential to affect its operating and financial performance are managed in accordance with the Risk Management Policy. The objective of the policy is to reduce volatility in cash flow and earnings. The Board of Directors monitors compliance with risk management policies and reviews risk management policies on an annual basis.

a) Credit risk

CPCCA is exposed to credit risk resulting from the possibility that parties may default on their financial obligations, or if there is a concentration of transactions carried on with the same party. Management follows a program of credit evaluation of customers and a limit of the amount of credit extended.

b) Liquidity risk

Liquidity risk is the risk that CPCCA will not be able to meet a demand for cash or fund its obligations as they come due. Liquidity requirements are met by preparing and monitoring forecasts of cash flows from operations and maintaining a line of credit.

c) Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk is comprised of currency risk and interest rate risk.

d) Currency risk

Currency risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate relative to the Canadian dollar due to changes in foreign exchange rates. CPCCA does not deal in foreign currency.

e) Interest rate risk

Interest rate risk refers to the risk that the fair value of financial instruments or future cash flows associated with the instruments will fluctuate due to changes in market interest rates.

f) Changes in risk

There have been no changes in CPCCA's risk exposure from the prior year.

#### 16. Comparative Amounts

In certain instances the presented 201<sup>9</sup> fiscal year corresponding amounts and disclosures have been reclassified to conform with the financial statements presentation and disclosures adopted for the 201<sup>9</sup> fiscal year.

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