CALGARY PREGNANCY CARE CENTRE ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2017

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Contents

ANDA FRUSESCU PROFESSIONAL CORPORATION
CHARTERED PROFESSIONAL ACCOUNTANT

INDEPENDENT AUDITOR'S REPORT

To the Members of:
Calgary Pregnancy Care Centre Association

I have audited the accompanying financial statements of Calgary Pregnancy Care Centre Association, which comprise the Statement of Financial Position as at June 30, 2017, and the Statement of Operations, Statement of Changes in Net Assets and Cash Flow statement for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements
Management is 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.

Auditor's Responsibility
My responsibility is to express an opinion on these financial statements based on my audit. Except as explained in the following paragraph, I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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

Basis for Qualified Opinion
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.

Qualified Opinion
In my opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Calgary Pregnancy Care Centre Association as at June 30, 2017, and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for profit organizations.

Anda Frusescu Prof. Corp.
CHARTERED PROFESSIONAL ACCOUNTANT

Calgary, Alberta
September 5, 2017

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2017

	2017	2016
ASSETS		
CURRENT		
Cash and cash equivalent	**$ 115,438**	$ 34,652
Accounts receivable	**10,582**	-
GST recoverable	**6,931**	5,704
Prepaid expenses	**41,500**	37,856
	174,451	78,212
INVESTMENTS (Note 6)	**473,784**	505,050
CAPITAL ASSETS (Note 3)	**48,580**	50,455
	$ 696,815	$ 633,717
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	**$ 48,710**	$ 15,622
Payroll deductions	**16,377**	15,586
Deferred operating revenues (Note 9)	**71,161**	70,245
	136,248	101,453
Deferred Capital Contributions (Note 5)	**51,126**	72,447
	187,374	173,900
NET ASSETS		
Invested in capital assets	**48,580**	50,455
Unrestricted	**460,861**	409,362
	509,441	459,817
	$ 696,815	$ 633,717

On behalf of the Board:

_______________________ Director

Gordon [illegible] _______________________ Director

See accompanying notes to financial statements.

STATEMENT OF CHANGES IN NET ASSETS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
INVESTED IN CAPITAL ASSETS		
Balance beginning of year	$ 50,455	$ 35,993
Purchase of capital assets	13,791	25,333
Disposing of equipment	-	(847)
Amortization of capital assets	(15,666)	(10,024)
Balance end of year	$ 48,580	$ 50,455
UNRESTRICTED		
Balance beginning of year	$ 409,362	$ 358,213
Excess of revenues over expenditures	49,624	65,611
Invested in capital assets	(13,791)	(25,333)
Loss from sale of capital assets	-	847
Amortization of capital assets	15,666	10,024
Net assets end of year	$ 460,861	$ 409,362

See accompanying notes to financial statements.

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
Revenue		
Donations (Note 4)	$ 821,579	$ 879,090
Fundraising	379,432	390,080
Investment income	6,380	1,736
Grants (Note 7)	27,047	12,787
Capital contribution (Note 5)	21,321	50,003
Other income	2,225	2,053
	1,257,984	1,335,749
Expenditures		
Salaries and benefits	713,082	728,801
Administrative	60,702	75,336
Client Services	80,662	91,142
Facility	184,698	182,556
Promotion and Fundraising	123,187	138,684
Volunteer Support	46,029	52,771
	1,208,360	1,269,290
Excess of revenues over expenditures, before the sale of assets	49,624	66,459
Loss on sale of assets	-	(848)
Excess of revenues over expenditures	$ 49,624	$ 65,611

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED JUNE 30, 2017

	2017	2016
Cash provided by (used in):		
OPERATING ACTIVITIES		
Cash received from operating activities	$ 1,219,390	$ 1,315,464
Cash payments to suppliers & employees	(1,162,459)	(1,252,284)
Investment income received	6,380	1,736
	63,311	64,916
CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(13,791)	(25,333)
Loss on disposal of capital assets	-	(848)
	(13,791)	(26,181)
NET INCREASE (DECREASE) IN CASH	49,520	38,735
CASH, beginning of year	539,702	500,967
CASH, end of year	$ 589,222	$ 539,702

Cash consists of:		
Cash and cash equivalent	$ 115,438	$ 34,652
Investments	473,784	505,050
	$ 589,222	$ 539,702

See accompanying notes to financial statements.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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	10 years

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

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 2017	Net Book Value 2016
Office Furniture	$ 71,045	$ 52,662	**$ 18,383**	$ 24,481
Computer Equipment	54,122	36,986	**17,136**	9,810
Computer Software	359	359	**-**	47
Leasehold Improvements	97,486	84,425	**13,061**	16,117
	$ 223,012	$ 174,432	**$ 48,580**	$ 50,455

Amortization expenses of $15,666 (2016-$10,024) is included in facility expenditures.

4. Donations

The donations received consist of the following:

	2017	2016
Unrestricted Donations	**$ 679,748**	$ 733,601
Donations in kind	**141,831**	145,489
Total	**$ 821,579**	$ 879,090

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

5. Deferred Capital Contributions (Continued)

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

	2016	Increase	Reported as income	**2017**
Foundation funding	$ 30,000	$ -	**$ 9,783**	**$ 20,217**
Donations received	29,427	-	**7,975**	**21,452**
Telephone system	13,020	-	**3,563**	**9,457**
Balance at year end	$ 72,447	$ -	**$ 21,321**	**$ 51,126**

6. Investments

At the year end, investments consisted of cash or near cash held by a brokerage house, a savings account and GIC.
Term deposit is comprised of guaranteed investment certificates with Royal Bank of Canada, which bear interest at rate of 2.25% in 2017 (1.75% - 2016), and maturing through January 26, 2019 (January 26, 2014 - January 26, 2019).
The term deposit is recorded at fair value, which includes accrued interest of $982.
Term deposit is comprised of guaranteed investment certificates with Canadian Western Bank, which bear interest at rate of 1.75% (1.75-2016), and maturing through December 14, 2017 (December 14, 2015 - December 14, 2017).
The term deposit is recorded at fair value, which includes interest of $2,721.
Tangerine Business Saving Account is recorded at fair value, which includes interest earned of $285.
Mutual funds held, consist of a money market account with and approximate annual return of 1.00%.

	2017	2016
GIC's, at fair value	**$ 206,572**	$ 202,869
Mutual funds, at fair value	**196,192**	191,448
Saving account	**71,020**	110,733
Total	**$ 473,784**	$ 505,050

7. Grants

Grants were approved and received in the current fiscal year from Alberta Labour for the Summer Temporary Employment Program, and from Service Canada.
The amount receivable from Alberta Labour at June 30, 2017 was $5,656 for the Summer Temporary Employment Program.

8. Contributed Services

The financial statements do not reflect the substantial value of services contributed by volunteers.
5,503 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.

9. Deferred Operating Revenues

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

	2016	Increase (Decrease)	**2017**
Video Production	$ 10,000	$ (8,764)	**$ 1,236**
Baby bottle campaign	60,245	9,680	**69,925**
Balance at year end	$ 70,245	$ 916	**$ 71,161**

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2017

10. 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.

11. Net changes in non-cash working capital balances

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

	2017	2016
Decrease (increase) in assets		
Accounts Receivables	$ (11,809)	$ (584)
Prepaid expenses	(3,644)	599
Inventory	-	1,423
Other	-	848
	(14,910)	2,286
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	33,880	4,111
Deferred revenue	6,572	(30,984)
	40,452	(26,873)
	$ 25,542	$ (24,587)

12. 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 January 1, 2015 until January 1, 2020.
Minimum payments due in each of the next two remaining years of the lease are as follows:

2018	$ 74,178
2019	74,178
	$ 148,356

13. 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.

14. 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.

15. 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.

16. 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 requirement are meet 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 rats.

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

17. Comparative Amounts

In certain instances the presented 2016 fiscal year corresponding amounts and disclosures have been reclassified to conform with the financial statements presentation and disclosures adopted for the 2017 fiscal year.