

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

FINANCIAL STATEMENTS

JUNE 30, 2018

**CALGARY PREGNANCY CARE CENTRE ASSOCIATION
FINANCIAL STATEMENTS
JUNE 30, 2018**

	Contents
Independent Auditor's Report	1
Financial Statements	
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flow	5
Notes to the Financial Statements	6-10

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, 2018, 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, 2018, 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.

Calgary, Alberta
September 6, 2018

Anda Frutescu Prof. Corp.

CHARTERED PROFESSIONAL ACCOUNTANT

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

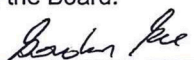
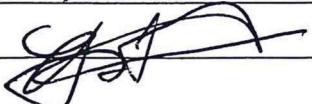
2

STATEMENT OF FINANCIAL POSITION

AS AT JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
ASSETS		RESTATED
CURRENT		
Cash and cash equivalent	\$ 102,269	\$ 115,438
Accounts receivable	1,372	10,582
GST recoverable	3,574	6,931
Prepaid expenses	<u>17,308</u>	<u>41,500</u>
	<u>124,523</u>	<u>174,451</u>
INVESTMENTS (Note 6)	<u>563,123</u>	<u>473,784</u>
CAPITAL ASSETS (Note 3)	<u>43,414</u>	<u>48,580</u>
	<u>\$ 731,060</u>	<u>\$ 696,815</u>
LIABILITIES		
CURRENT		
Accounts payable and accrued liabilities	\$ 21,411	\$ 48,710
Payroll deductions	17,393	16,377
Vacation payable	64	-
Deferred operating revenues (Note 9)	<u>91,665</u>	<u>101,778</u>
	<u>130,533</u>	<u>166,865</u>
Deferred Capital Contributions (Note 5)	<u>35,093</u>	<u>30,909</u>
	<u>165,626</u>	<u>197,774</u>
NET ASSETS		
Invested in capital assets	43,413	48,580
Net assets	<u>522,021</u>	<u>450,461</u>
	<u>565,434</u>	<u>499,041</u>
	<u>\$ 731,060</u>	<u>\$ 696,815</u>

On behalf of the Board:


 _____ Director

 _____ Director

See accompanying notes to financial statements.

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

3

STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
		<u>RESTATED</u>
INVESTED IN CAPITAL ASSETS		
Balance beginning of year	\$ <u>48,580</u>	\$ 50,455
Purchase of capital assets	7,958	13,791
Amortization of capital assets	<u>(13,125)</u>	<u>(15,666)</u>
Balance end of year	\$ <u>43,413</u>	\$ <u>48,580</u>
 UNRESTRICTED		
Balance beginning of year	\$ 450,461	\$ 409,362
Excess of revenues over expenditures	66,393	39,224
Invested in capital assets	<u>(7,958)</u>	<u>(13,791)</u>
Amortization of capital assets	<u>13,125</u>	<u>15,666</u>
Net assets end of year	\$ <u>522,021</u>	\$ <u>450,461</u>

See accompanying notes to financial statements.

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

4

STATEMENT OF OPERATIONS
FOR THE YEAR ENDED JUNE 30, 2018

	<u>2018</u>	<u>2017</u>
Revenue		<u>RESTATED</u>
Donations (Note 4)	\$ 786,100	\$ 811,179
Fundraising	449,873	379,432
Investment income	6,908	6,380
Grants (Note 7)	4,587	27,047
Deferred capital contribution	10,816	21,321
Other deferred contributions	1,292	-
Other income	<u>934</u>	<u>2,225</u>
	<u>1,260,510</u>	<u>1,247,584</u>
Expenditures		
Salaries and benefits	742,408	713,082
Administrative	59,513	60,702
Client Services	66,090	80,662
Facility	182,837	184,698
Promotion and Fundraising	99,528	123,187
Volunteer Support	<u>43,320</u>	<u>46,029</u>
	<u>1,193,696</u>	<u>1,208,360</u>
Excess of revenues over expenditures, before the sale of assets	66,814	39,224
Loss on sale of assets	<u>(420)</u>	<u>-</u>
Excess of revenues over expenditures	\$ <u>66,394</u>	\$ <u>39,224</u>

See accompanying notes to financial statements.

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

5

**STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED JUNE 30, 2018**

	<u>2018</u>	<u>2017</u>
Cash provided by (used in):		<u>RESTATED</u>
OPERATING ACTIVITIES		
Cash received from operating activities	\$ 1,260,239	\$ 1,219,390
Cash payments to suppliers & employees	(1,182,599)	(1,162,459)
Investment income received	<u>6,908</u>	<u>6,380</u>
	<u>84,548</u>	<u>63,311</u>
 CASH FLOWS FROM INVESTING ACTIVITIES		
Purchase of capital assets	(7,958)	(13,791)
Loss on disposal of investments - net	<u>(420)</u>	<u>-</u>
	<u>(8,378)</u>	<u>(13,791)</u>
 NET INCREASE IN CASH	 76,170	 49,520
CASH, beginning of year	<u>589,222</u>	<u>539,702</u>
CASH, end of year	<u>\$ 665,392</u>	<u>\$ 589,222</u>
 Cash consists of:		
Cash and cash equivalent	\$ 102,269	\$ 115,438
Investments	<u>563,123</u>	<u>473,784</u>
	<u>\$ 665,392</u>	<u>\$ 589,222</u>

See accompanying notes to financial statements.

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

6

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

7

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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>2018</u>	<u>2017</u>
Office Furniture	\$ 71,045	\$ 56,396	\$ 14,649	\$ 18,383
Computer Equipment	62,080	43,321	18,759	17,136
Computer Software	359	359	-	-
Leasehold Improvements	<u>97,486</u>	<u>87,480</u>	<u>10,006</u>	<u>13,061</u>
	<u>\$ 230,970</u>	<u>\$ 187,556</u>	<u>\$ 43,414</u>	<u>\$ 48,580</u>

Amortization expenses of \$13,125 (2017-\$15,666) is included in facility expenditures.

4. Donations

The donations received consist of the following:

	<u>2018</u>	<u>2017</u>
Unrestricted Donations	\$ 682,935	\$ 669,347
Donations in kind	<u>103,165</u>	<u>141,831</u>
Total	<u>\$ 786,100</u>	<u>\$ 811,178</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.

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

8

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

5. Deferred Capital Contributions (Continued)

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

	<u>2017</u> RESTATED	Increase	Reported as income	<u>2018</u>
Office Equipment contributions	\$ 21,452	\$ -	\$ 7,762	\$ 13,690
Telephone system	9,457	-	2,851	6,606
Technology expansion	-	15,000	203	14,797
Balance at year end	<u>\$ 30,909</u>	<u>\$ 15,000</u>	<u>\$ 10,816</u>	<u>\$ 35,093</u>

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 4.0% in 2017 (2.25% - 2017), 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 \$1,747.

Term deposit is comprised of guaranteed investment certificates with Canadian Western Bank, which bear interest at rate of 0.5% (1.75%-2017), and maturing through July 12, 2018 (June 12, 2018 - July 12, 2018).

The term deposit is recorded at fair value, which includes interest of \$25.67.

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>2018</u>	<u>2017</u>
GIC's, at fair value	\$ 208,744	\$ 206,572
Mutual funds, at fair value	207,690	196,192
Tangerine Saving account	49,338	71,019
Tangerine Restricted funds	97,351	-
Total	<u>\$ 563,123</u>	<u>\$ 473,783</u>

7. Grants

A grant of \$10,243 was received from Alberta Labour for the 2017 Summer Temporary Employment Program (STEP). Of the amounts received for the 2017 STEP, \$5,656 was receivable at June 30, 2017 and \$4,587 was recorded as grant revenue in the current fiscal year. Grants applied for under the 2018 Alberta STEP and the 2018 Canada Summer Job Program were not approved.

8. Contributed Services

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

5,864 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.

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

	<u>2017</u> RESTATED	Increase	Reported as income	<u>2018</u>
Gamma Leading Training	\$ 20,217	\$ -	\$ 56	\$ 20,161
Living in Colour	10,400	-	2,700	7,700
Fundraising Baby bottle campaign	69,925	-	69,925	-
Summer Student Program	-	77,035	13,231	63,804
Video Production	1,236	-	1,236	-
Balance at year end	<u>\$ 101,778</u>	<u>\$ 77,035</u>	<u>\$ 87,148</u>	<u>\$ 91,665</u>

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

9

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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:

	<u>2018</u>	<u>2017</u>
Decrease/(increase) in assets		RESTATED
Accounts Receivables	\$ 12,567	\$ (11,809)
Prepaid expenses	24,192	(3,644)
Other	<u>5,166</u>	<u>543</u>
	<u>37,302</u>	<u>(14,910)</u>
Increase (decrease) in liabilities		
Accounts payable and accrued liabilities	(26,219)	33,880
Deferred revenue	<u>(5,929)</u>	<u>(20,405)</u>
	<u>(32,148)</u>	<u>13,475</u>
	<u>\$ 5,154</u>	<u>\$ (1,435)</u>

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:

2019	\$ 74,178
2020	<u>37,089</u>
	<u>\$ 111,267</u>

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.

NOTES TO THE FINANCIAL STATEMENTS

JUNE 30, 2018

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 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.

17. Comparative Amounts

In certain instances the presented 2017 fiscal year corresponding amounts and disclosures have been reclassified to conform with the financial statements presentation and disclosures adopted for the 2018 fiscal year.