CALGARY PREGNANCY CARE CENTRE ASSOCIATION

Financial Statements

Year Ended June 30, 2022

CALGARY PREGNANCY CARE CENTRE ASSOCIATION
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Year Ended June 30, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Members of Calgary Pregnancy Care Centre Association

Qualified Opinion

We have audited the financial statements of Calgary Pregnancy Care Centre Association (the Association), which comprise the statement of financial position as at June 30, 2022, and the statements of operations, changes in net assets 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 Association as at June 30, 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.

Basis for Qualified Opinion

In common with many not-for-profit organizations, the Association derives revenue from donations & 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 Association. Therefore, we were not able to determine whether any adjustments might be necessary to donations & fundraising revenue, excess of revenues over expenses, and cash flows from operations for the year ended June 30, 2022, current assets and net assets as at June 30, 2022. Our audit opinion on the financial statements for the year ended June 30, 2022 was modified accordingly because of the possible effects of this limitation of scope. Consequently, we were unable to determine whether any adjustments to these amounts were necessary.

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 Association 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 Association'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 Association or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Association's financial reporting process.

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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 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 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 Association'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 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.

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.

Dart Bryant LLP

September 19, 2022

Chartered Professional Accountant

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

Statement of Financial Position

June 30, 2022

	2022	2021
ASSETS		
CURRENT		
Cash and cash equivalent	$ 556,856	$ 453,733
Investments *(Note 3)*	24,120	24,000
Inventory	1,305	1,549
Goods and services tax recoverable	3,401	2,776
Prepaid expenses	9,653	9,722
	595,335	491,780
INVESTMENTS *(Note 3)*	357,106	332,380
PROPERTY AND EQUIPMENT *(Note 4)*	33,827	89,136
	$ 986,268	$ 913,296
LIABILITIES AND NET ASSETS		
CURRENT		
Accounts payable and accrued liabilities	$ 72,562	$ 85,596
Employee deductions payable	20,160	9,031
Deferred contributions - Operations *(Note 5)*	28,784	36,534
	121,506	131,161
DEFERRED CAPITAL CONTRIBUTIONS *(Note 6)*	312	2,643
	121,818	133,804
NET ASSETS		
Unrestricted	143,602	693,000
Internally restricted *(Note 7)*	690,000	-
Internally restricted - property and equipment	30,848	86,492
	864,450	779,492
	$ 986,268	$ 913,296

LEASE COMMITMENTS *(Note 10)*

ON BEHALF OF THE BOARD

_____ *Director*

_____ *Director*

See notes to financial statements

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

Statement of Changes in Net Assets

Year Ended June 30, 2022

	Unrestricted Net Assets	Internally Restricted	2022	2021
NET ASSETS - BEGINNING OF YEAR	$ 693,000	$ 86,492	$ **779,492**	$ 706,708
Excess of revenues over expenses	84,958	-	**84,958**	72,784
Purchase of property and equipment	(4,099)	4,099	-	-
Disposal of property and equipment	2,666	(2,666)	-	-
Amortization	59,409	(59,409)	-	-
Deferred capital contributions recognized	(2,332)	2,332	-	-
Transfer to reserve funds *(Note 7)*	(690,000)	690,000	-	-
NET ASSETS - END OF YEAR	$ 143,602	$ 720,848	$ **864,450**	$ 779,492

See notes to financial statements

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

Statement of Operations

Year Ended June 30, 2022

	2022	2021
REVENUES		
Donations *(Note 8)*	$ 1,110,625	$ 1,008,954
Fundraising	232,484	251,365
Investment income	3,029	2,033
Deferred capital contribution	2,332	20,563
Other deferred contributions	23,735	36,883
Other income	405	-
	1,372,610	1,319,798
EXPENSES		
Salaries & benefits	914,365	915,890
Administrative	89,684	85,458
Client services	59,919	47,752
Promotion & fundraising *(Note 9)*	28,987	30,002
Volunteer support	956	1,302
Facility	134,332	140,550
Amortization	59,409	26,060
	1,287,652	1,247,014
EXCESS OF REVENUES OVER EXPENSES	$ 84,958	$ 72,784

See notes to financial statements

CALGARY PREGNANCY CARE CENTRE ASSOCIATION

Statement of Cash Flows

Year Ended June 30, 2022

	2022	2021
OPERATING ACTIVITIES		
Excess of revenues over expenses	$ 84,958	$ 72,784
Item not affecting cash:		
Amortization	59,409	26,060
	144,367	98,844
Changes in non-cash working capital:		
Inventory	245	526
Accounts payable and accrued liabilities	(13,036)	54,477
Deferred capital contribution	(2,331)	(20,564)
Prepaid expenses	69	7,593
Goods and services tax payable	(625)	7,210
Deferred contribution - operating	(7,750)	(17,800)
Employee deductions payable	11,129	9,031
	(12,299)	40,473
Cash flow from operating activities	132,068	139,317
INVESTING ACTIVITIES		
Purchase of property and equipment	(4,099)	(15,366)
Short term investments	(120)	(24,000)
Long term investments	(24,726)	(4,438)
Cash flow used by investing activities	(28,945)	(43,804)
INCREASE IN CASH FLOW	103,123	95,513
Cash - beginning of year	453,733	358,220
CASH - END OF YEAR	$ 556,856	$ 453,733
CASH CONSISTS OF:		
Cash in operating accounts	$ 490,040	$ 312,444
Savings accounts	66,816	141,289
	$ 556,856	$ 453,733

See notes to financial statements

1. PURPOSE OF THE ASSOCIATION

Calgary Pregnancy Care Centre Association (the "Association") is a not-for-profit organization incorporated under the Societies Act of Alberta on July 24, 1984.The Association operates to provide on-going practical, emotional and educational support for people facing obstacles related to pregnancy and parenting, achieving positive outcomes for individuals and families. As a registered charity the Association is exempt from the payment of income tax under Section 149(1) of the Income Tax Act.

The continued operations of the Association are dependent upon the ongoing support of concerned individuals and organizations.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations and, in management's opinion, with consideration of materiality and within the framework of the following accounting policies:

(a) Financial instruments

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 assets measured at amortized cost include cash and cash equivalents, current and long-term investments (see Note 3, certain other long-term investments are measured at fair value) and accounts receivable.

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

(b) Cash and cash equivalents

Cash includes cash and cash equivalents which consist of deposits in Canadian financial institutions and investments with original maturities of less than ninety days.

(c) Inventory

Inventory, which consists of book inventory, is measured at the lower of cost and net realizable value with the cost being determined on a first-in, first-out basis.

(d) Property and equipment

Property and equipment purchases greater than $2,500 are recorded at cost. Contributed property and equipment are recorded at fair value at the date of contribution. Property and equipment is amortized over its estimated useful life at the following rates and methods:

Equipment	5 years	straight-line method
Computer equipment	3 years	straight-line method
Leasehold improvements	5-10 years	straight-line method

The Association regularly reviews its property and equipment to eliminate obsolete items. Government grants are treated as a reduction of property and equipment cost.

Property and equipment acquired during the year but not placed into use are not amortized until they are placed into use.

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2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES *(continued)*

(e) Impairment of long lived assets

The Association tests for impairment whenever events or changes in circumstances indicate that the carrying amount of the assets may not be recoverable. Recoverability is assessed by comparing the carrying amount to the projected future net cash flows the long-lived assets are expected to generate through their direct use and eventual disposition. When a test for impairment indicates that the carrying amount of an asset is not recoverable, an impairment loss is recognized to the extent the carrying value exceeds its fair value.

(f) Revenue recognition

Calgary Pregnancy Care Centre Association follows the deferral method of accounting for contributions.

Restricted contributions are recognized as revenue in the year in which the related expenses 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.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Donations in-kind are recorded in the accounts at fair market values where such value can be reasonably estimated.

(g) Contributed services and materials

The operations of the organization depend on both the contribution of time by volunteers and donated materials from various sources. The fair value of donated services cannot be reasonably determined and are therefore not reflected in these financial statements.

Contributions of materials are recognized in the financial statements at fair value at the date of contribution, when fair value can be reasonably estimated and when the materials are used in the normal course of operations, and would otherwise have been purchased (Note 8).

(h) Measurement uncertainty

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. Estimates include the valuation of inventory including management's estimate of obsolete inventory, amortization and impairment of property and equipment, accrued liabilities, and gifts in-kind.

3. INVESTMENTS

		2022		2021
Mutual funds, measured at fair market value	$	**254,238**	$	229,511
Guaranteed Investment certificates (GIC), measured at amortized cost		**126,989**		126,869
Less current portion of GIC investments		**(24,120)**		(24,000)
	$	**357,107**	$	332,380

Guaranteed investment certificates have interest rates from 0.7%-2.75% (2021 - 0.5%-1.4%) and will mature between fiscal 2023 and 2024 (2021 - 2022 and 2024).

4. PROPERTY AND EQUIPMENT

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	$ 117,318	$ 101,372	$ **15,946**	$ 40,790
Computer equipment	89,660	85,453	**4,207**	25,146
Leasehold improvements	65,625	51,951	**13,674**	23,200
	$ 272,603	$ 238,776	$ **33,827**	$ 89,136

5. DEFERRED CONTRIBUTIONS RELATED TO OPERATIONS

Deferred contributions related to operations represent unspent resources received which have been restricted by the contributors to be used to fund specific programs to be conducted in future years. Changes in the deferred contributions balance are as follows:

	Opening balance	Additions	Utilizations	**Closing balance**
Gamma Leading Training	$ 20,161	$ -	$ -	$ **20,161**
Living in Colour	7,700	-	-	**7,700**
Summer Student program	8,673	5,400	13,150	**923**
	$ 36,534	$ 5,400	$ 13,150	$ **28,784**

During the year, the Association received $5,400 from the Government of Canada as part of the summer jobs program.

6. DEFERRED CAPITAL CONTRIBUTIONS

Deferred capital contributions represent the unamortized portion of restricted contributions received for the purchase of capital assets.

	Opening balance	Additions	Utilizations	Closing balance
Technology expansion	$ 2,643	$ -	$ 2,331	$ 312

7. INTERNALLY RESTRICTED FUNDS

	2021	Contributions (utilization)	Transfer in (out)	2022
Operating Reserve (1)	$ -	$ -	$ 650,000	$ 650,000
Rebranding Reserve	-	-	40,000	40,000
	$ -	$ -	$ 690,000	$ 690,000

(1) The Board of Directors has established a policy to have an operating reserve of approximately six month of annual expenses.

8. CONTRIBUTED MATERIALS

During the year the Association received contributed materials valued at $49,225 (2021 - $22,806) which were recognized in revenues and expenses. Included in this are share securities that were valued at $23,582. Other contributed materials include baby and new mothers clothing items, gift cards and other household supplies.

9. FUNDRAISING EXPENSES

In accordance with the requirement of the Charitable Fund-raising Act and Regulation, the Association is required to disclose the following information:

Total expenses incurred on fundraising activities during the year was $14,257 (2021 - $22,523). Of this amount, remuneration paid to employees during the year whose principal duties involved fundraising was $nil (2021 - $nil).

10. LEASE COMMITMENTS

The Association has a long term lease with respect to its premises. The lease terms requires that the Association makes the following minimum lease payments.

2023	$ 74,178
2024	74,178
2025	37,089
	$ 185,445

11. FINANCIAL INSTRUMENTS

The Association is exposed to various risks through its financial instruments and has a comprehensive risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Association's risk exposure and concentration as of June 30, 2022.

Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. The Association is exposed to this risk mainly in respect of its accounts payable and accrued liabilities. The Centre has sufficient cash to discharge its liabilities.

Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. In seeking to minimize the risks from interest rate fluctuations, the Association manages exposure through its normal operating and financing activities. The Association is exposed to interest rate risk primarily through its long term investments

Unless otherwise noted, it is management's opinion that the Association is not exposed to significant other price risks arising from these financial instruments.

12. CONTINGENCIES

The World Health Organization categorized the outbreak of a strain of the novel coronavirus (COVID-19) as a pandemic which has lead to a number of public health and emergency measures which have been put in place by various levels of government to attempt to combat the spread of the virus. At this time, the duration and potential impact of COVID-19 is unknown and it is not possible to reliably estimate the impact these events may have on the financial results and condition of the organization in future periods.

At the end of the fiscal year end, the majority of public health measures were lifted in Alberta and management has implemented appropriate actions to return to more normal operations in fiscal 2023.