

**CENTRAL ALBERTA  
PREGNANCY CARE CENTRE  
SOCIETY**

**FINANCIAL STATEMENTS**

**AUGUST 31, 2023**

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AUGUST 31, 2023**

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## INDEPENDENT AUDITORS' REPORT

To the Board of Directors of:  
Central Alberta Pregnancy Care Centre Society

### Qualified Opinion

We have audited the accompanying financial statements of Central Alberta Pregnancy Care Centre Society ("the Society") which comprise of the statement of financial position as at August 31, 2023, and the statements of operations, changes in net assets, and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

In our 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 the Society as at August 31, 2023, 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.

### Basis for Qualified Opinion

In common with many not-for-profit organizations, the Society derives a material amount of revenue from donations and 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 Society. Therefore, we were not able to determine whether any adjustments might be necessary to donations, and fundraising revenues, excess revenues over expenses, and cash flows from operations.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Society in accordance with the 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 opinion.

### Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditors' report thereon.

Our opinion on the financial statements does not cover the other information and we do not express any form of assurance conclusion thereon.

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

### Responsibilities of Management and Those Charged with Governance 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.

In preparing the financial statements, management is responsible for assessing the Society'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 Society or to cease operations, or has no realistic alternative but to do so.

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

3.

### **Auditors' 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 auditors' 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 qualified 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 Society'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 Society's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Society 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.

Red Deer County, Alberta  
November 13, 2023

*Pivotal LLP*

Chartered Professional Accountants

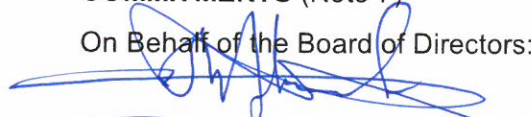
## CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY

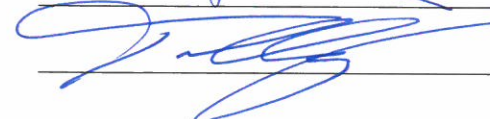
STATEMENT OF FINANCIAL POSITION  
AUGUST 31, 2023

	2023	2022
<b>ASSETS</b>		
<b>CURRENT ASSETS</b>		
Cash and cash equivalents .....	\$ 295,316	\$ 326,052
Accounts receivable .....	100	-
Government remittances receivable .....	7,720	20,386
Prepaid expenses and deposits .....	<u>11,102</u>	<u>9,094</u>
	<b>314,238</b>	<b>355,532</b>
<b>CAPITAL ASSETS</b> (Note 3) .....	<u>3,210,223</u>	<u>3,320,878</u>
	<b>\$ 3,524,461</b>	<b>\$ 3,676,410</b>
<b>LIABILITIES</b>		
<b>CURRENT LIABILITIES</b>		
Accounts payable and accrued liabilities .....	\$ 71,110	\$ 74,551
Government remittances payable .....	14,558	-
Deferred revenue .....	37,077	39,084
Current portion of long term debt (Note 5) .....	<u>36,890</u>	<u>47,816</u>
	<b>159,635</b>	<b>161,451</b>
Callable portion of long term debt (Note 5) .....	<u>722,656</u>	<u>751,667</u>
<b>TOTAL CURRENT AND CALLABLE LIABILITIES</b> .....	<b>882,291</b>	<b>913,118</b>
<b>LONG TERM DEBT</b> (Note 5) .....	<b>60,000</b>	<b>60,000</b>
<b>DEFERRED CAPITAL CONTRIBUTIONS</b> (Note 6) .....	<u>2,007,058</u>	<u>2,090,684</u>
<b>TOTAL LIABILITIES AND DEFERRED CAPITAL CONTRIBUTIONS</b> .....	<u>2,949,349</u>	<u>3,063,802</u>
<b>NET ASSETS</b>		
<b>NET INVESTMENT IN CAPITAL ASSETS</b> .....	<b>443,619</b>	<b>430,711</b>
<b>UNRESTRICTED NET ASSETS</b> .....	<u>131,493</u>	<u>181,897</u>
	<b>575,112</b>	<b>612,608</b>
	<b>\$ 3,524,461</b>	<b>\$ 3,676,410</b>

**COMMITMENTS** (Note 7)

On Behalf of the Board of Directors:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

See accompanying notes to financial statements

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY**

**STATEMENT OF CHANGES IN NET ASSETS  
YEAR ENDED AUGUST 31, 2023**

	Net Investment in Capital Assets	Unrestricted Net Assets	Total 2023	Total 2022
Balance, beginning of year	\$ 430,711	\$ 181,897	\$ 612,608	\$ 668,053
Deficiency of revenues over expenses	-	(37,496)	(37,496)	(55,445)
Amortization of capital assets	(110,655)	110,655	-	-
Amortization of deferred capital contributions	83,626	(83,626)	-	-
Repayment of long term debt	39,937	(39,937)	-	-
Balance, end of year	<u>\$ 443,619</u>	<u>\$ 131,493</u>	<u>\$ 575,112</u>	<u>\$ 612,608</u>

See accompanying notes to financial statements

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY**

**STATEMENT OF OPERATIONS  
YEAR ENDED AUGUST 31, 2023**

	2023	2022
<b>REVENUE</b>		
Donations .....	\$ 721,078	\$ 698,763
Fundraising .....	310,846	173,865
Amortization of deferred capital contributions (Note 6) .....	83,626	86,071
Grant revenue (Schedule 1) .....	83,557	163,690
Rent .....	30,048	30,931
Interest and other .....	15,198	4,874
	<u>1,244,353</u>	<u>1,158,194</u>
<b>EXPENSES</b>		
Wages and benefits .....	803,394	847,687
Amortization of capital assets .....	110,655	109,671
Advertising and promotion .....	52,627	38,089
Utilities .....	48,289	33,854
Interest on long term debt .....	40,321	14,138
Designated expenses .....	30,205	17,666
Rent .....	29,793	30,998
Telephone .....	25,071	18,674
Repairs and maintenance .....	18,889	10,347
Computer .....	16,404	13,858
Housing expense .....	15,539	8,812
Workers' compensation insurance .....	14,160	8,540
Insurance .....	13,127	11,396
Office .....	13,006	12,857
Professional fees .....	12,289	7,399
Interest and bank charges .....	10,423	5,942
Training .....	10,111	6,040
Property taxes .....	8,175	8,818
Vehicle operating .....	5,829	4,432
Memberships .....	3,542	3,671
Donations .....	-	750
	<u>1,281,849</u>	<u>1,213,639</u>
<b>DEFICIENCY OF REVENUES OVER EXPENSES</b> .....	<b>\$ (37,496)</b>	<b>\$ (55,445)</b>

*See accompanying notes to financial statements*

## CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY

STATEMENT OF CASH FLOWS  
YEAR ENDED AUGUST 31, 2023

	2023	2022
<b>CASH PROVIDED BY (USED FOR)</b>		
<b>OPERATIONS</b>		
Deficiency of revenues over expenses .....	\$ (37,496)	\$ (55,445)
Add (deduct) non-cash items:		
Amortization of deferred capital contributions .....	(83,626)	(86,071)
Amortization of capital assets .....	<u>110,655</u>	<u>109,671</u>
	(10,467)	(31,845)
Net changes in non-cash working capital:		
Accounts receivable .....	(100)	21,748
Government remittances receivable .....	12,666	(14,134)
Prepaid expenses and deposits .....	(2,008)	(2,470)
Accounts payable and accrued liabilities .....	(3,441)	4,491
Government remittances payable .....	14,558	(14,980)
Deferred revenue .....	<u>(2,007)</u>	<u>17,512</u>
Cash from (used for) operating activities .....	<u>9,201</u>	<u>(19,678)</u>
<b>FINANCING</b>		
Proceeds from long term debt .....	-	283,000
Repayment of long term debt .....	(39,937)	(44,059)
Capital contributions received .....	<u>-</u>	<u>50,000</u>
Cash from (used for) financing activities .....	<u>(39,937)</u>	<u>288,941</u>
<b>INVESTMENTS</b>		
Purchase of capital assets .....	<u>-</u>	<u>(375,506)</u>
Cash used for investment activities .....	<u>-</u>	<u>(375,506)</u>
<b>DECREASE IN CASH AND CASH EQUIVALENTS .....</b>	<b>(30,736)</b>	<b>(106,243)</b>
<b>CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR .....</b>	<b><u>326,052</u></b>	<b><u>432,295</u></b>
<b>CASH AND CASH EQUIVALENTS, END OF YEAR .....</b>	<b>\$ <u>295,316</u></b>	<b>\$ <u>326,052</u></b>

See accompanying notes to financial statements



**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY****NOTES TO FINANCIAL STATEMENTS****AUGUST 31, 2023****1. STATUS AND PURPOSE OF THE ORGANIZATION**

Central Alberta Pregnancy Care Centre Society is a not-for-profit organization with the mission to equip and empower individuals and their families seeking pregnancy-related resources. This is achieved by delivering accurate information to those facing an unexpected pregnancy; offering support and healing to those affected by a pregnancy; educating about healthy relationships, positive parenting, and life skills development for men and women; providing a nurturing maternity home; and connecting clients with community resources.

The Society is incorporated under the Societies Act of Alberta. It is a registered charity under the Income Tax Act and is exempt from income tax under Section 149 of the Income Tax Act.

**2. SIGNIFICANT ACCOUNTING POLICIES**

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the *CPA Canada Handbook* and include the following significant accounting policies:

***Cash and Cash Equivalents***

The policy of the Society is to disclose bank balances and temporary investments under cash and cash equivalents.

***Capital Assets***

Capital assets are accounted for at cost. Contributed capital assets are recorded at fair value at the date of contribution, unless fair value cannot be reasonably determined, in which case the asset is recorded at a nominal value. Amortization is based on the estimated useful life of each asset, using the following rates and methods:

Buildings	- 4% reducing balance
Equipment	- 20% reducing balance

One half amortization is calculated in the year of acquisition. No amortization is calculated in the year of disposition.

***Contributed Services***

The Society would not be able to carry out its activities without the services of the many volunteers who donate a considerable number of hours. Due to the difficulty of compiling these hours, contributed services are not recognized in the financial statements.

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY****NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023****2. SIGNIFICANT ACCOUNTING POLICIES (Continued)*****Donated Materials***

Donated materials are recorded in the financial statements at fair market value when fair market value can be reasonably estimated and when the Society would otherwise have purchased these items. Donations in kind of \$10,202 (2022 - \$2,692) have been recorded in these financial statements.

***Fundraising Wages***

Amounts paid to employees for duties involving fundraising is \$54,224 (2022 - \$48,047).

***Estimates***

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 amount of assets and liabilities and the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the current year. Significant items subject to such estimates and assumptions include the estimated useful lives of capital assets, and deferred capital contributions. Actual results could differ from those estimates.

***Financial Instruments******Measurement of financial instruments***

The Society initially measures its financial assets and liabilities at fair value, except for certain non-arm's length transactions.

The Society subsequently measures all its financial assets and financial liabilities at amortized cost.

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

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities, and long term debt.

The Society does not currently hold any financial assets measured at fair value.

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY**

**NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023**

**2. SIGNIFICANT ACCOUNTING POLICIES (Continued)**

***Revenue Recognition***

The Society 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 contributions related to capital assets are deferred and recognized as revenue as the related capital assets are amortized. Rent income is recognized as the rent becomes due in accordance with the lease agreements. Interest and other revenue is recognized when earned.

Grant revenues are recognized based on the terms of the agreement.

**3. CAPITAL ASSETS**

	<b>2023</b>			<b>2022</b>
	<b>Cost</b>	<b>Accumulated Amortization</b>	<b>Net Book Value</b>	<b>Net Book Value</b>
Land	\$ 568,494	\$ -	\$ 568,494	\$ 568,494
Buildings	3,385,729	746,787	2,638,942	2,748,899
Equipment	17,312	14,525	2,787	3,485
	<u>\$ 3,971,535</u>	<u>\$ 761,312</u>	<u>\$ 3,210,223</u>	<u>\$ 3,320,878</u>

**4. RELATED PARTY TRANSACTIONS**

During the year, the Society entered into transactions with related parties. Related parties consist of individuals on the Board of Directors, key employees and their immediate families. The related parties were entitled to receive expense reimbursements for out-of-pocket expenses.

These transactions are in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY**  
**NOTES TO FINANCIAL STATEMENTS**  
**AUGUST 31, 2023**

**5. LONG TERM DEBT**

	2023	2022
CIBC mortgage repayable in monthly payments of \$4,995 including interest at a fixed rate of 6.497% per annum (2022 - 1.892%), maturing June 2035.	\$ 492,985	\$ 523,353
CIBC mortgage repayable in monthly payments of \$2,007 including interest at a fixed rate of 6.061% per annum (2022 - 2.349%), maturing February 2042.	266,561	276,130
Canada Emergency Business Account	<u>60,000</u>	<u>60,000</u>
	<b>819,546</b>	<b>859,483</b>
Current portion of long term debt	<b>(36,890)</b>	<b>(47,816)</b>
Callable portion of long term debt	<u><b>(722,656)</b></u>	<u><b>(751,667)</b></u>
	<b>\$ <u>60,000</u></b>	<b>\$ <u>60,000</u></b>

The CIBC mortgages are secured by land and buildings with a net book value of \$2,848,239 (2022 - \$2,947,396), a general security agreement over all assets of the Society, and assignment of rents.

The Canada Emergency Business Account is a non-interest-bearing loan with no required principal payments until January 18, 2024. If the loan is repaid prior to January 18, 2024, \$20,000 of the principal will be forgiven. Any balance remaining at January 18, 2024, will be converted into a three-year term loan with an interest rate of 5.00% per annum, with interest-only payments required until full principal is due on December 31, 2026.

Notwithstanding the demand nature of the loan, the estimated principal repayments are:

2024	\$ 36,890
2025	39,321
2026	101,914
2027	44,677
2028	47,622
Thereafter	<u>549,122</u>
	<b>\$ <u>819,546</u></b>

Under the provisions of the credit facility with CIBC, the Society must maintain a debt service ratio of 1.10 to 1.00 or more. The Society is in compliance with the bank covenants as of August 31, 2023.

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY**

**NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023**

**6. DEFERRED CAPITAL CONTRIBUTIONS**

Deferred capital contributions represent restricted contributions for the purchase of capital assets. The balances are amortized on the same basis as the capital assets acquired. The change in the deferred capital contributions balance during the year is as follows:

	2023	2022
Balance, beginning of year	\$ 2,090,684	\$ 2,126,755
Capital contributions received	-	50,000
Amount amortized to revenue	<u>(83,626)</u>	<u>(86,071)</u>
Balance, end of year	<u>\$ 2,007,058</u>	<u>\$ 2,090,684</u>

**7. COMMITMENTS**

The Society has entered into operating leases for office equipment and services, and for premises, which require the following annual payments:

2024	\$ 47,214
2025	45,309
2026	19,396
2027	<u>1,093</u>
	<u>\$ 113,012</u>

**8. FINANCIAL INSTRUMENTS**

The Society is exposed to various risks through its financial instruments. The following analysis provides a measure of the Society's risk exposure and concentrations at August 31, 2023.

***Credit Risk***

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Society's main credit risks relate to its accounts receivable. The Society provides credit to its clients in the normal course of its operations.

***Liquidity Risk***

Liquidity risk is the risk that the Society will encounter difficulty in meeting obligations associated with financial liabilities. The Society is exposed to this risk mainly in respect of its accounts payable and accrued liabilities, and long term debt.

***Market Risk***

Market risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk and other price risk. The entity is mainly exposed to interest rate risk.

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY****NOTES TO FINANCIAL STATEMENTS  
AUGUST 31, 2023****8. FINANCIAL INSTRUMENTS (Continued)*****Interest Rate Risk***

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Society is exposed to interest rate risk on its fixed interest rate financial instruments. Given the current composition of long term debt, fixed rate instruments subject the Society to a fair value risk.

**9. COMPARATIVE FIGURES**

Certain comparative figures have been reclassified to conform with the current year method of presentation.

**CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY**

**SCHEDULE OF GRANT REVENUE  
YEAR ENDED AUGUST 31, 2023**

	<b>2023</b>	2022
Maternity Home Operations .....	\$ <b>60,000</b>	\$ 80,000
CrossRoads Church .....	-	30,000
United Way Central Alberta .....	<b>22,607</b>	26,212
Second Harvest Food Rescue .....	-	11,600
Our Lady of the Prairies .....	-	10,000
Town of Drumheller .....	-	2,704
TC Energy .....	-	1,300
Servus Credit Union - Mental Health .....	-	1,000
Other .....	<u>950</u>	<u>874</u>
	<u>\$ <b>83,557</b></u>	<u>\$ 163,690</u>

