FINANCIAL STATEMENTS

AUGUST 31, 2022

TABLE OF CONTENTS AUGUST 31, 2022

	<u>Page</u>
Independent Auditors' Report	2 - 3
Financial Statements	
Statement of Financial Position	4
Statement of Changes in Net Assets	5
Statement of Operations	6
Statement of Cash Flows	7
Notes to Financial Statements	8 - 13
Schedule 1 - Schedule of Fundraising - Net	14
Schedule 2 - Schedule of Grant Revenue	15



Pivotal LLP

#201, 33 McKenzie Crescent Red Deer County, Alberta T4S 2H4

2.

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, 2022, 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, 2022, 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 donation and fundraising revenue, 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.

p: 403.347.2226

f: 403.343.6140

ff: 1.877.347.2226

e: office@pivotalcpa.ca

pivotalcpa.ca





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 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 21, 2022

Chartered Professional Accountants

Pirtal LLP

STATEMENT OF FINANCIAL POSITION AUGUST 31, 2022

		2022		2021
ASSETS				
CURRENT ASSETS	•		•	
Cash and cash equivalents Accounts receivable	\$	326,052	\$,
Government remittances receivable		20.206		21,748
Prepaid expenses and deposits		20,386 9,094		6,253 6,625
Tropala expenses and deposits	_	355,532	-	466,921
CAPITAL ASSETS (Note 3)				- 85
CAITTAL ASSETS (Note 3)	_	3,320,878	-	3,055,042
	\$ _	3,676,410	\$_	3,521,963
LIABILITIES				
CURRENT LIABILITIES				
Accounts payable and accrued liabilities	\$	74,551	\$	70,062
Government remittances payable		-		14,980
Deferred revenue		39,084		21,572
Current portion of long term debt (Note 5)	-	47,816	-	40,720
Callable median of least town data (No. 1. 5)		161,451		147,334
Callable portion of long term debt (Note 5)	-	751,667	-	519,821
TOTAL CURRENT AND CALLABLE LIABILITIES		913,118		667,155
LONG TERM DEBT (Note 5)		60,000		60,000
DEFERRED CAPITAL CONTRIBUTIONS (Note 6)	_	2,090,684		2,126,755
TOTAL LIABILITIES AND DEFERRED CAPITAL				
CONTRIBUTIONS	_	3,063,802	_	2,853,910
NET ASSETS				1,000
		400 744		00==10
NET INVESTMENT IN CAPITAL ASSETS		430,711		367,746
UNRESTRICTED NET ASSETS	-	181,897	_	300,307
	_	612,608	_	668,053
	\$_	3,676,410	\$_	3,521,963

COMMITMENTS (Note 7)

On Behalf of the Board of Directors:

Director

Director

STATEMENT OF CHANGES IN NET ASSETS YEAR ENDED AUGUST 31, 2022

Total Total 2022 2021	668,053 \$ 575,655	(55,445) 92,398						•	612,608 \$ 668,053
Net Unrestricted Investment Net Assets in Capital Assets	\$ 367,746 \$ 300,307 \$	- (55,445)	(109,671) 109,671	86,071 (86,071)	375,506 (375,506)	(283,000) 283,000	44,059 (44,059)	(20,000) 50,000	\$ 430,711 \$ 181,897 \$
	Balance, beginning of year	Excess (deficiency) of revenues over expenses	Amortization of capital assets	Amortization of deferred capital contributions	Purchase of capital assets	Proceeds from long term debt	Repayment of long term debt	Capital contributions received	Balance, end of year

STATEMENT OF OPERATIONS YEAR ENDED AUGUST 31, 2022

		2022		2021
REVENUE				
Amortization of deferred capital contributions (Note 6)	\$	86,071	\$	88,394
COVID-19 Wage Subsidy (Note 8)		-		165,017
Donations		698,763		729,332
Fundraising - net (Schedule 1)		173,865		87,399
Rent		163,690		130,644
Other		30,931		46,614
Other		4,874 1,158,194	-	2,765 1,250,165
	-	1,150,194	-	1,230,163
EXPENSES				
Advertising and promotion		38,089		37,458
Amortization of capital assets		109,671		108,299
Computer		13,858		12,574
Designated expenses		17,666		10,141
Donations		750		750
Housing expense		9,714		15,367
Insurance		11,396		9,456
Interest and bank charges		5,942		9,443
Interest on long term debt		14,138		14,285
Memberships		3,671		3,442
Office		12,857		17,692
Other program expenses				4,404
Professional fees		7,399		12,789
Property taxes		8,818		8,895
Rent		30,998		31,688
Repairs and maintenance		10,347		7,891
Telephone		18,674		18,510
Training Utilities		5,138		18,579
Vehicle operating		33,854		25,284
Wages and benefits		4,432		5,290
Workers' compensation insurance		847,687 8,540		778,848
TOTAL OF THE PROPERTY OF THE P	-1	,213,639	-	6,682
EVCECC (DEFICIENCY) OF BEVENIUS OVER TWO			_	1,157,767
EXCESS (DEFICIENCY) OF REVENUES OVER EXPENSES	\$	(55,445)	\$_	92,398

STATEMENT OF CASH FLOWS YEAR ENDED AUGUST 31, 2022

	2022			2021
CASH PROVIDED BY (USED FOR)				
OPERATIONS				
Excess (deficiency) of revenues over expenses Add (deduct) non-cash items:	\$	(55,445)	\$	92,398
Amortization of deferred capital contributions		(86,071)		(88,394)
Amortization of capital assets		109,671		108,299
		(31,845)		112,303
Net changes in non-cash working capital:				
Accounts receivable		21,748		(21,748)
Government remittances receivable		(14, 134)		3,992
Prepaid expenses and deposits		(2,470)		(1,623)
Accounts payable and accrued liabilities		4,491		9,652
Government remittances payable		(14,980)		(2,131)
Deferred revenue		17,512		(19,657)
Cash from (used for) operating activities		(19,678)		80,788
FINANCING Proceeds from long term debt		283,000		20,000
Repayment of long term debt		(44,059)		(40,720)
Capital contributions received	_	50,000		10,664
Cash from (used for) financing activities		288,941		(10,056)
INVESTMENTS		(075 506)		(00.400)
Purchase of capital assets	_	(375,506)		(22,129)
Cash used for investment activities	_	(375,506)	-	(22,129)
INCREASE (DECREASE) IN CASH AND CASH EQUIVALENTS		(106,243)		48,603
CASH AND CASH FOUNTALENTS DECINAING OF				
CASH AND CASH EQUIVALENTS, BEGINNING OF YEAR	_	432,295	·-	383,692
CASH AND CASH EQUIVALENTS, END OF YEAR	\$_	326,052	\$	432,295

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022

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 Society's 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.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022

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 \$2,692 (2021 - \$5,246) have been recorded in these financial statements.

Fundraising Wages

Staff are involved in the fundraising activities, as such, amounts paid to employees for duties involving fundraising is \$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.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022

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. Other revenue is recognized when earned.

3. CAPITAL ASSETS

		2022		2021
		Accumulated	Net Book	
	Cost	Amortization	Value	Value
Land	\$ 568,494	\$ -	\$ 568,494	\$ 468,494
Buildings	3,385,729	636,830	2,748,899	2,582,191
Equipment	<u>17,312</u>	13,827	3,485	4,357
	\$ <u>3,971,535</u>	\$650,657	\$ <u>3,320,878</u>	\$_3,055,042

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 received 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.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022

5. LONG TERM DEBT

LONG TEXM DED!		2022		2021
Mortgage repayable in monthly payments of \$3,826 plus interest at a fixed rate of 1.870% per annum (2021 - 1.892%) maturing on June 2035.	\$	523,353	\$	560,541
Mortgage repayable in monthly payments of \$1,479 including interest at a fixed rate of 2.349% per annum maturing on February 2042.		276,130		-
Canada Emergency Business Account	-	60,000 859,483	-	60,000 620,541
Current portion of long term debt		(47,816)		(40,720)
Callable portion of long term debt	_	(751,667)	_	(519,821)
	\$_	60,000	\$_	60,000

The mortgages are secured by land and buildings with a net book value of \$2,947,396 (2021 - \$3,050,685), 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 December 31, 2023. If the loan is repaid prior to December 31, 2023, \$20,000 of the principal will be forgiven. Any balance remaining at December 31, 2023, 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, 2025.

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

2023	\$	47,816
2024		48,774
2025		49,750
2026		110,747
2027		51,764
Thereafter	_	550,632
	\$	859,483

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, 2022.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022

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:

	2022		2021
Balance, beginning of year Contributions	\$ 2,126,755 50,000	\$	2,204,485 10,664
Amount amortized to revenue	(86,071	_	(88,394)
Balance, end of year	\$_2,090,684	\$_	2,126,755

7. COMMITMENTS

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

2023	\$	43,495
2024		34,470
2025		32,565
2026		16,210
2027	_	1,093
	\$	127.833

8. COVID-19 WAGE SUBSIDY

In the prior year, the Society received \$165,017 in funding from the Canada Emergency Wage Subsidy program, no amounts were received in the current year. This program was administered by the Government of Canada in response to COVID-19.

NOTES TO FINANCIAL STATEMENTS AUGUST 31, 2022

9. 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. 2022.

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.

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.

10. SUBSEQUENT EVENTS

Subsequent to year end, the Society will close down their Drumheller centre of operations. The impact of this change is not determinable at this point.

11. COMPARATIVE FIGURES

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

Schedule 1

CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY

SCHEDULE OF FUNDRAISING - NET YEAR ENDED AUGUST 31, 2022

		2022		2021
REVENUES				
Baby bottle campaign	\$	42,049	\$	25,563
Building project	Ψ.	560	Ψ	4,190
Drumheller fundraising		15,383		4,130
Fall fundraising		62,324		25,090
Garden project		457		382
Giving guide		8,810		6,742
Olds fundraising		15,407		6,500
Rocky Mountain House fundraising		21,801		7,455
Social enterprise		-		80
Spring production		-		2,080
Stettler fundraising		37,794		19,321
		203,671	_	97,403
EVERNOES				
EXPENSES Pale to be the second size of the second				50450000
Baby bottle campaign		687		865
Drumheller fundraising		1,423		
Fall fundraising		4,776		954
Garden project		672		536
Giving guide		1,348		2,770
Olds fundraising		5,944		604
Rocky Mountain House fundraising Spring production		3,310		406
Stettler fundraising		11 646		2,737
Could randraiding	_	11,646 29,806	_	1,132
	_	23,000	-	10,004
FUNDRAISING - NET	\$	173,865	\$_	87,399

Schedule 2

CENTRAL ALBERTA PREGNANCY CARE CENTRE SOCIETY

SCHEDULE OF GRANT REVENUE YEAR ENDED AUGUST 31, 2022

		2022		2021
Maternity Home Operations CrossRoads Church United Way of Central Alberta Second Harvest Food Rescue Our Lady of the Prairies Town of Drumheller TC Energy Servus Credit Union - Mental Health Other Canada-Alberta Job Grant	\$	80,000 30,000 26,212 11,600 10,000 2,704 1,300 1,000 874	\$	59,025 40,000 25,693 2,500 - - - 213 3,213
	\$_	163,690	\$_	130,644