

# Financial Statements

Edmonton City Centre Church Corporation

December 31, 2020

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# Independent Auditor's Report

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To the Members of the Edmonton City Centre Church Corporation

## Opinion

We have audited the financial statements of Edmonton City Centre Church Corporation ("the Organization"), which comprise the statement of financial position as at December 31, 2020, 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, the accompanying financial statements present fairly, in all material respects, the financial position of Edmonton City Centre Church Corporation as at December 31, 2020, and its 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 Opinion

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 Organization 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 opinion.

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

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

## 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 Organization'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 Organization'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 Organization 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.

Edmonton, Canada

April 22, 2021

A handwritten signature in black ink that reads "Grant Thornton LLP".

Chartered Professional Accountants

## Edmonton City Centre Church Corporation

### Statement of Financial Position

December 31 2020 2019

#### Assets

##### Current

Cash	\$ 11,532,238	\$ 3,574,714
Restricted cash (Note 7)	1,572,551	1,080,270
Short-term investments	151,180	142,237
Accounts receivable (Note 3)	1,385,918	1,556,484
Prepaid expenses and deposits	<u>6,960</u>	<u>7,995</u>
	<b>14,648,847</b>	<b>6,361,700</b>

Long-term investments (Note 4)	1,216,200	1,217,279
Inner City Youth Housing Project (Note 5)	139,289	136,445
Capital assets (Note 6)	<u>9,201,487</u>	<u>9,992,840</u>
	<b>\$ 25,205,823</b>	<b>\$ 17,708,264</b>

#### Liabilities

##### Current

Accounts payable and accrued liabilities	\$ 1,466,761	\$ 1,402,193
Funds held for others (Note 7)	1,572,551	1,080,270
Deferred contributions (Note 8)	2,518,674	1,543,271
Current portion of long-term debt (Note 9)	206,971	227,240
Current portion of deferred conditional grants (Note 10)	<u>8,000</u>	<u>16,000</u>
	<b>5,772,957</b>	<b>4,268,974</b>

Long-term debt (Note 9)	1,602,011	1,784,496
Deferred conditional grants (Note 10)	<u>-</u>	<u>8,000</u>
	<b>7,374,968</b>	<b>6,061,470</b>

##### Net assets

Unrestricted	2,062,323	888,164
Restricted (Note 16)	7,207,920	2,258,107
Investment in capital assets	<u>8,560,612</u>	<u>8,500,523</u>
	<b>17,830,855</b>	<b>11,646,794</b>
	<b>\$ 25,205,823</b>	<b>\$ 17,708,264</b>

Commitments and guarantees (Note 12)

Contingencies (Note 19)

On behalf of the Board:

*Gord Johnston*

Director



Director

See accompanying notes to the financial statements

## Edmonton City Centre Church Corporation

### Statement of Operations

Year Ended December 31

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Capital Assets</u>	<u>2020</u>	<u>2019</u>
<b>Revenues</b>					
Contract income (Note 13)	\$ 4,563,148	\$21,077,314	\$ -	<b>\$25,640,462</b>	\$20,831,847
Donations and grants (Note 18)	319,929	1,321,413	212,054	<b>1,853,396</b>	2,813,509
Rents and client fees	43,084	878,647	-	<b>921,731</b>	940,655
Cafe operations	-	60,768	-	<b>60,768</b>	264,870
Management fees (Note 5)	162,084	-	-	<b>162,084</b>	160,307
Interest	43,777	31,510	-	<b>75,287</b>	106,740
Other	7,584	6,114	-	<b>13,698</b>	18,147
	<u>5,139,606</u>	<u>23,375,766</u>	<u>212,054</u>	<b><u>28,727,426</u></b>	<u>25,136,075</u>
<b>Expenditures</b>					
Wages and benefits	2,225,578	12,859,118	-	<b>15,084,696</b>	15,456,989
Direct client costs	-	3,527,894	-	<b>3,527,894</b>	3,713,869
Facility, office and other	808,040	2,059,970	-	<b>2,868,010</b>	2,810,498
Amortization of capital assets	-	-	549,689	<b>549,689</b>	553,323
Professional fees	102,414	97,445	-	<b>199,859</b>	186,945
Cafe cost of sales	-	39,606	-	<b>39,606</b>	123,547
Mortgage interest	-	22,987	-	<b>22,987</b>	30,170
Administration fees and recovery (Note 15)	<u>(3,501,840)</u>	<u>3,501,840</u>	<u>-</u>	<b><u>-</u></b>	<u>-</u>
	<u>(365,808)</u>	<u>22,108,860</u>	<u>549,689</u>	<b><u>22,292,741</u></b>	<u>22,875,341</u>
Excess (deficiency) of revenues over expenditures before other items	<u>5,505,414</u>	<u>1,266,906</u>	<u>(337,635)</u>	<b><u>6,434,685</u></b>	<u>2,260,734</u>
<b>Other items</b>					
(Loss) gain on disposal of capital Assets (Note 6)	-	-	(240,377)	<b>(240,377)</b>	85,791
Inner City Youth Housing Project (Note 5)	-	2,844	-	<b>2,844</b>	2,848
Excess (deficiency) of revenues over expenditures	<b><u>\$ 5,505,414</u></b>	<b><u>\$ 1,269,750</u></b>	<b><u>\$ (578,012)</u></b>	<b><u>\$ 6,197,152</u></b>	<b><u>\$ 2,349,373</u></b>

See accompanying notes to the financial statements

## Edmonton City Centre Church Corporation Statement of Changes in Net Assets

Year Ended December 31

	<u>Unrestricted</u>	<u>Restricted</u> (Note 16)	<u>Capital</u> <u>Assets</u> (Note 17)	<b><u>2020</u></b> <b><u>Total</u></b>	<u>2019</u> <u>Total</u>
Net assets, beginning of year	\$ 888,164	\$ 2,258,107	\$ 8,500,523	<b>\$ 11,646,794</b>	\$ 9,405,755
Excess (deficiency) of revenues over expenditures	5,505,414	1,269,750	(578,012)	<b>6,197,152</b>	2,349,373
Internally imposed - restrictions (Note 16)	(4,326,090)	4,326,090	-	-	-
Externally restricted fund paid out (Note 16)	-	(13,091)	-	<b>(13,091)</b>	(108,334)
Interfund transfers (Note 17)	(5,165)	(632,936)	638,101	-	-
Net assets, end of year	<b><u>\$ 2,062,323</u></b>	<b><u>\$ 7,207,920</u></b>	<b><u>\$ 8,560,612</u></b>	<b><u>\$ 17,830,855</u></b>	<b><u>\$ 11,646,794</u></b>

See accompanying notes to the financial statements

## Edmonton City Centre Church Corporation

### Statement of Cash Flows

Year Ended December 31

2020

2019

Increase (decrease) in cash

**Operating**

Excess of revenues over expenditures	\$ 6,197,152	\$ 2,349,373
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Non-cash items:

Amortization of capital assets	549,689	553,323
Amortization of deferred conditional grants	(16,000)	(16,000)
Loss (gain) on disposal of capital assets	240,377	(85,791)
Inner City Youth Housing Project (Note 5)	<u>(2,844)</u>	<u>(2,848)</u>
	<b>6,968,374</b>	<b>2,798,057</b>

Change in non-cash operating working capital:

Accounts receivable	170,566	(208,169)
Prepaid expenses and deposits	1,035	(7,995)
Accounts payable and accrued liabilities	64,568	(23,402)
Externally restricted fund paid out	(13,091)	(108,334)
Deferred contributions	<u>975,403</u>	<u>(817,221)</u>
	<b>8,166,855</b>	<b>1,632,936</b>

**Financing**

Repayment of long-term debt	<u>(202,754)</u>	<u>(197,133)</u>
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**Investing**

Net sale (purchase) of long-term investments	1,079	(145,117)
Acquisition of capital assets	(316,336)	(604,920)
Proceeds from disposal of capital assets	317,623	201,362
Net purchase of short-term investments	<u>(8,943)</u>	<u>(1,182)</u>
	<b>(6,577)</b>	<b>(549,857)</b>

Net increase in cash	7,957,524	885,946
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Cash, beginning of year	<u>3,574,714</u>	<u>2,688,768</u>
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Cash, end of year	<b><u>\$ 11,532,238</u></b>	<b><u>\$ 3,574,714</u></b>
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**Supplemental cash flow information**20202019

Interest paid	<u>\$ 22,987</u>	<u>\$ 30,170</u>
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Interest received	<u>\$ 75,288</u>	<u>\$ 106,740</u>
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See accompanying notes to the financial statements



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# Edmonton City Centre Church Corporation

## Notes to the Financial Statements

December 31, 2020

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### 1. Purpose of the organization

Edmonton City Centre Church Corporation (operating as E4C) is incorporated under the Companies Act of the Province of Alberta, as a non-profit organization (the "Organization"). It is a registered Canadian charitable organization, and therefore, is not subject to income taxes.

The Organization exists to limit, alleviate and ultimately eliminate poverty. Through the expression of the Organization's values – courage, compassion, connection, commitment, the programs and services address the fundamental causes of vulnerability for children, youth, families, individuals and communities. The Organization currently focuses work in four areas: food security, housing and shelter, education and skill development, and community and connection.

In March 2020, the World Health Organization declared a global pandemic related to the COVID-19 virus. The spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, organizations are being forced to cease or limit operations for long or indefinite periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing and closures of non-essential services have triggered significant disruptions to operations worldwide, resulting in an economic slowdown. Governments and central banks have responded with monetary and fiscal interventions to stabilize the economic conditions. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, continue to remain unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Organization for future periods.

As a result of the COVID-19 pandemic, a number of school and community-based programs and service delivery sites of the Organization were closed to in-person services temporarily, subject to the government restrictions. However, the Organization's essential services (i.e. Housing and Financial Management HUB) and core business functions remained operational. Upon resumption of in-person services that were suspended, the Organization implemented various health and safety measures as directed by the Government of Alberta.

During the year, the Organization was eligible to receive funding from the Federal government under the Canada Emergency Wage Subsidy (CEWS) program. Under the CEWS program, the Organization was entitled to receive a subsidy equal to a percentage of an employee's wage – up to a set amount per week. During 2020, the Organization has recognized contribution revenue of \$4,563,148 which has been included in Federal government income (Note 13) in the statement of operations.

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### 2. Summary of significant accounting policies

These financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO") and include the following significant accounting policies:

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# Edmonton City Centre Church Corporation

## Notes to the Financial Statements

December 31, 2020

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### 2. Summary of significant accounting policies (cont'd)

#### Use of estimates and measurement uncertainty

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that effect the reported amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and reported amounts of revenues and expenses during the period. Management reviews the carrying amounts of items in the financial statements at each balance sheet date to assess the need for revision or any possibility of impairment. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Actual results could differ from those estimates.

Significant estimates included in these financial statements are the amortization basis for capital assets, and valuation of allowance for doubtful accounts receivable.

#### Revenue recognition

The Organization follows the restricted fund method of accounting for contributions.

Restricted contributions for operational purposes, including grants and donations, and restricted contract income are recognized as revenue of the appropriate restricted fund in the year the contributions are received or receivable. If the contributions are restricted for use in a future period, they are deferred and recognized in the specific period.

Restricted contributions for capital projects including grants, donations, and restricted contract income are recognized as revenue of the capital asset fund in the year the contributions are received or receivable.

Unrestricted contributions are recognized as revenue of the unrestricted fund in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Restricted investment income earned is recognized as revenue of the related fund. Unrestricted investment income earned is recognized as revenue in the unrestricted fund.

Revenues relating to rent and client fees, other, Bistro operations, and interest are recognized as revenue in the appropriate fund once received or receivable if the amount to be received can be reasonably estimated and collection is reasonable assured.

#### Cash

Cash is comprised of cash on hand, and bank balances including bank savings accounts, net of bank overdrafts.

#### Short-term investments

Short-term investments are comprised of cashable guaranteed investment certificates and term deposits with maturity of less than a year.

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## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

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December 31, 2020

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#### 2. Summary of significant accounting policies (cont'd)

##### Long-term investments

Long-term investments are comprised of one-year term deposits renewed annually. These investments have been classified as long-term, based on contracts with Alberta Seniors and Housing, and the Muttart Foundation that require that the Organization hold fund replacement reserves for the buildings.

##### Inner City Youth Housing Project

The Organization's investment in the Inner City Youth Housing Project is accounted for using the equity method.

##### Capital assets

Capital assets are recorded at cost less accumulated amortization. The capital assets not available for use are not amortized. Amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	2.5%
Building equipment	10%
Furniture and equipment	20%
Leaseholds	over the term of the lease
Motor vehicles	20%
Office equipment	10%

##### Impairment of long-lived assets

The Organization tests for impairment when events or changes in circumstances indicate the carrying amount of an item or class of capital assets may not be recoverable. Recoverability is determined by comparing the carrying amount of the asset to the undiscounted future cash flows expected from use and eventual disposition of the asset. In such situations, the asset is measured at its fair value and presented in the balance sheet at the lower of the fair value or carrying amount.

##### Deferred conditional grants

Conditional grants received are deferred and recognized as revenue of the restricted fund over the term of the agreement with the funder.

##### Restricted funds

Restricted funds recognize any excess or deficiency of revenues over expenditures incurred for the delivery of a variety of programs where the programs contain funds either restricted at the funders' request (external restriction) or by the Board of Directors (internal restriction).

Restricted funds also include replacement reserves held for major capital repairs. The annual approved transfers for any replacement reserves are charged to the related restricted program fund. Interest earned on these funds is credited directly to the respective replacement reserve restricted fund. Any withdrawal from an externally replacement reserve fund is subject to the approval of Alberta Seniors and Housing or the Muttart Foundation.

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# Edmonton City Centre Church Corporation

## Notes to the Financial Statements

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December 31, 2020

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### 2. Summary of significant accounting policies (cont'd)

#### Restricted funds (cont'd)

Any other replacement reserves' annual transfers or withdrawals are determined internally through recommendation by management to the Board of Directors who would need to approve.

#### Contributed services

Volunteers assist the Organization in carrying out certain activities. Because of the difficulty of determining the fair value and the fact that such assistance is generally not otherwise purchased, contributed services are not recognized in the financial statements.

#### Contributed materials

The Organization receives contributions in the form of supplies or property. Contributed materials and property are recorded at fair market value as determined on the date contributed, if fair value can be reasonably determined.

#### Financial instruments

##### Initial measurement:

The Organization's financial instruments are measured at fair value when issued or acquired. For financial instruments subsequently measured at cost or amortized cost, fair value is adjusted by the amount of the related financing fees and transaction costs. Transaction costs and financing fees relating to financial instruments that are measured subsequently at fair value are recognized in operations in the year in which they are incurred.

##### Subsequent measurement:

At each reporting date, the Organization measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for equities quoted in an active market, which must be measured at fair value. All changes in fair value of the Organization's investments in equities quoted in an active market are recorded in the statement of operations. The Organization uses the effective interest method to amortize any premiums, discounts, transaction fees and financing fees to the statement of operations. The financial instruments measured at amortized cost are cash, restricted cash, short term investments, accounts receivable, long term investments, accounts payable and accrued liabilities, and long-term debt. The carrying value of these financial instruments approximates their fair value due to the short-term nature, unless otherwise noted.

For financial assets measured at cost or amortized cost, the Organization regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and the Organization determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the statement of operations. Any reversals of previously recognized impairment losses are recognized in operations in the year the reversal occurs.

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 3. Accounts receivable

Accounts receivable include the following:

	<u>2020</u>	<u>2019</u>
Alberta Education	\$ -	\$ 256,694
Homeward Trust	219,090	208,808
City of Edmonton	743	600,000
Edmonton Public School	-	131
Alberta Community and Social Services	-	272,865
Inner City Youth Housing Project (Note 5)	-	2,150
Edmonton Catholic School	40,000	-
Alberta Seniors and Housing	79,146	-
Canada Emergency Wage Subsidy	775,777	-
Others	<u>271,162</u>	<u>215,836</u>
	<b>\$ 1,385,918</b>	<b>\$ 1,556,484</b>

#### 4. Long-term investments

Long-term investments consist of externally and internally restricted term deposits held for major capital repairs on various properties that support Restricted Net Assets (Note 16). These term deposits are one year term deposits renewed annually. Use of the externally restricted funds requires approval by Alberta Seniors and Housing, or the Muttart Foundation prior to the use of these funds. Internally restricted funds require approval by the Board of Directors of the Organization prior to the use of these funds.

##### Externally restricted funds

	<u>2020</u>	<u>2019</u>
Women's Emergency Accommodation Centre	\$ 247,042	\$ 255,966
Our Place	82,919	89,619
Sorensen Place	144,851	161,785
Meadows 1	8,290	4,990
Meadows 2	72,048	69,298
Alex Taylor School	<u>198,472</u>	<u>173,472</u>
	<b><u>753,622</u></b>	<b><u>755,130</u></b>

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 4. Long-term investments (cont'd)

Internally restricted funds	<u>2020</u>	<u>2019</u>
GC Place	\$ 79,745	\$ 77,745
Stollery Place	75,793	73,793
Our Other Place	62,982	60,982
Holmes Place	5,216	21,453
Laboucane House	42,986	42,986
Lila Lee Centre	34,793	34,295
Brigid's Place	12,464	28,964
Crossroads Downtown	20,141	14,141
Crossroads House	7,207	2,925
Innerways	24,500	14,333
Elizabeth House	10,000	4,000
General	<u>86,751</u>	<u>86,532</u>
	<u>462,578</u>	<u>462,149</u>
	<u>\$ 1,216,200</u>	<u>\$ 1,217,279</u>

#### 5. Inner City Youth Housing Project

The Project is owned equally by three not-for-profit organizations (the Organization, Bissell Centre, and Boyle Street Community Services, collectively the "Co-owners"), therefore has a 33% (2019 - 33%) interest in the Project's assets, liabilities and net assets. The Organization, on behalf of the Co-owners, arranges for contracts and agreements with government agencies to provide the funding necessary to finance and operate five homes, which provides housing to high risk youths in need.

The Organization's share of the Project's assets, liabilities as of December 31, 2020 is as follows:

	<u>2020</u> (33%)	<u>2019</u> (33%)
Total assets	\$ 249,068	\$ 260,061
Total liabilities and reserves	<u>109,779</u>	<u>123,616</u>
Net assets	<u>\$ 139,289</u>	<u>\$ 136,445</u>
	<u>2020</u> (33%)	<u>2019</u> (33%)
Revenues	\$ 84,443	\$ 82,888
Expenditures	<u>81,599</u>	<u>80,040</u>
Surplus of revenues over expenditures	<u>\$ 2,844</u>	<u>\$ 2,848</u>
Cash from (used in):		
Operating activities	\$ 17,061	\$ 63,207
Financing activities	(34,216)	(33,802)
Investing activities	(7,817)	36,144

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 5. Inner City Youth Housing Project (cont'd)

The Project maintains certain cash and investments subject to externally and internally imposed restrictions. This results in the Organization's share of the net asset balance of \$139,289 (2019 - \$136,445).

The Co-owners have guaranteed mortgages for the Project and are jointly and severally liable for balances totalling \$306,645 (2019 - \$340,860). The ultimate liability of the Organization with respect to the mortgage would be reduced by proceeds on disposal of the mortgaged properties and contributions by the other participants.

The Organization is the managing partner of the Project, thus is related to the Project through significant influence. During 2020, the Organization charged the Project \$140,586 (2019 - \$140,166) for repair and maintenance services and \$21,498 (2019 - \$20,141) for accounting and administrative services provided to the five homes of the Project. At the year end, the Organization has accounts receivables of \$nil (2019 - \$2,150) and accounts payable of \$2,449 (2019 - \$nil) from the Project.

#### 6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2020 Net Book Value</u>	<u>2019 Net Book Value</u>
Land	\$ 1,467,093	\$ -	\$ 1,467,093	\$ 1,687,592
Buildings	13,981,854	7,063,369	6,918,485	7,249,525
Building equipment	1,018,424	708,500	309,924	323,257
Computer equipment	152,533	88,394	64,139	95,729
Furniture and equipment	530,596	373,273	157,323	226,451
Leaseholds	1,059,609	788,323	271,286	391,985
Motor vehicles	326,801	319,307	7,494	11,844
Office equipment	<u>32,281</u>	<u>26,538</u>	<u>5,743</u>	<u>6,457</u>
	<u>\$ 18,569,191</u>	<u>\$ 9,367,704</u>	<u>\$ 9,201,487</u>	<u>\$ 9,992,840</u>

In 2020, land and building associated with the NE Teen Community was sold resulting in a loss on disposal of \$240,377.

In 2019, the remaining two Chipman properties were sold resulting in a gain on disposal of \$85,791.

#### 7. Funds held for others

	<u>2020</u>	<u>2019</u>
Financial Management HUB participant funds held in trust	\$ 1,530,141	\$ 1,040,662
Tenant security deposits	<u>42,410</u>	<u>39,608</u>
	<u>\$ 1,572,551</u>	<u>\$ 1,080,270</u>

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 7. Funds held for others (cont'd)

The funds held for others are recorded as restricted cash on the statement of financial position.

The Financial Management HUB program helps formerly homeless people and health care patients to manage their money, on a voluntary basis, and to increase their financial literacy and housing stability. The program holds funds on behalf of its participants.

#### 8. Deferred contributions

Details of the changes in deferred contributions are as follows:

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 1,543,271	\$ 2,360,492
Grants received during the year	2,167,526	1,267,744
Amounts recognized as revenue	<u>(1,192,123)</u>	<u>(2,084,965)</u>
Balance, end of year	<u>\$ 2,518,674</u>	<u>\$ 1,543,271</u>

The deferred contributions include the following:

	<u>2020</u>	<u>2019</u>
Alberta Community and Social Service	<u>\$ 121,922</u>	<u>\$ 365,765</u>
Homeward Trust:		
Intensive Case Management Team	455,510	350,098
Rapid Re-Housing	79,200	34,183
Financial Management HUB	360,269	-
Youth Housing First	245,521	136,436
Safe Spaces	<u>121,312</u>	<u>48,452</u>
Homeward Trust sub-total	<u>1,261,812</u>	<u>569,169</u>
Others		
Edmonton Oilers Community Foundation	250,000	250,000
Alberta Seniors	-	116,858
Edmonton Public School	157,000	-
Alberta Children and Family Social Services	205,312	-
Public Health Agency of Canada	174,351	106,116
Alberta Education	200,000	-
Miscellaneous	<u>148,277</u>	<u>135,363</u>
	<u>1,134,940</u>	<u>608,337</u>
	<u>\$ 2,518,674</u>	<u>\$ 1,543,271</u>



## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 9. Long-term debt

	<u>2020</u>	<u>2019</u>
Canadian Mortgage and Housing Corporation (CMHC) mortgage, with a renewal date of December 1, 2027 payable in monthly blended instalments of \$2,219 with interest at 2.08% per annum. Secured by the collateral mortgage over land and building occupied by Our Place with a net book value of \$140,699.	\$ 173,673	\$ 196,493
CMHC mortgage, with a renewal date of August 1, 2025 payable in monthly blended instalments of \$3,894, with interest at 0.68% per annum. Secured by the collateral mortgage over land and building occupied by Sorensen Place with a net book value of \$178,096.	408,040	451,228
CMHC mortgage, with a renewal date of June 1, 2025 payable in monthly blended instalments of \$9,292, with interest at 0.76% per annum. Secured by the collateral mortgage over land and building occupied by the Women's Emergency Accommodation Centre with a net book value of \$746,662.	979,020	1,082,159
Muttart Foundation interest free loan maturing on July 1, 2027, payable in semi-annual instalments of \$4,000. Secured by the collateral mortgage over land and building occupied by Crossroads House with a net book value of \$152,323.	56,000	64,000
CMHC mortgage, with a renewal date of April 1, 2023 payable in monthly blended instalments of \$1,028, with interest at 2.41% per annum. Secured by the collateral mortgage over land and building occupied by Meadows 1 with a net book value of \$274,571 and general assignment of rents and revenues.	80,429	90,723
CMHC mortgage, with a renewal date of September 1, 2027, payable in monthly blended instalments of \$1,475, with interest at 2.02% per annum. Secured by the collateral mortgage over building and land occupied by Meadows 2 with a net book value of \$365,110 and general assignment of rents and revenues.	<u>111,820</u> <b>1,808,982</b>	<u>127,133</u> 2,011,736
Less: current portion of long-term debt	<u>(206,971)</u>	<u>(227,240)</u>
	<b>\$ 1,602,011</b>	<b>\$ 1,784,496</b>

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## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

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#### 9. Long-term debt (cont'd)

Interest on long-term debt incurred during the year was \$22,987 (2019 - \$30,170) and is recorded in mortgage interest expense in the appropriate restricted funds.

The principal portion of long-term debt due in each of the next five years and thereafter, assuming refinancing under similar terms, is as follows:

2021	\$	206,971
2022		209,117
2023		259,774
2024		202,645
2025		829,385
Thereafter		<u>101,090</u>
		<u>\$ 1,808,982</u>

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#### 10. Deferred conditional grants

	<u>2020</u>	<u>2019</u>
CMHC Residential Rehabilitation Assistance Program forgivable mortgage, maturing on July 1, 2021, bearing forgivable instalments of \$16,000 per annum with interest at 7.25%. Secured by Holmes Place building with a net book value of \$454,201 and amortized over 15 years of the operating agreement.	\$ 8,000	\$ 24,000
Less: current portion of deferred conditional grants	<u>(8,000)</u>	<u>(16,000)</u>
	<u>\$ -</u>	<u>\$ 8,000</u>

During the year, \$16,000 (2019 - \$16,000) of the deferred conditional grants were recognized as grant revenue. The above conditional grants continue to be forgivable if specific conditions as set out in the respective funding agreements are fulfilled by the Organization.

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#### 11. Bank indebtedness

The Organization has a line of credit agreement with a limit of \$600,000 (2019 – limit of \$600,000) at an interest rate at prime. Collateral accounts on this protection totals \$600,000 and comprises from Organization's land and building. As of December 31, 2020, the amount drawn on the line of credit was \$nil (2019 - \$nil).

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 12. Commitments and guarantees

- i) The Organization signed an agreement to purchase electricity for a five year term, expiring October 31, 2021, at a fixed rate.
- ii) The Organization has commitments related to the operation of various programs in leased space. Future expected lease commitments are as follows:

2021	98,181
2022	98,181
2023	98,181

#### 13. Contract income

Included in contract income are contributions received from the following sources:

	<u>2020</u>	<u>2019</u>
Federal government	\$ 5,862,776	\$ 1,104,086
Provincial government	14,338,850	15,238,833
Municipal government	<u>459,688</u>	<u>459,688</u>
	<u>20,661,314</u>	<u>16,802,607</u>
Non-government		
Homeward Trust		
Intensive Case Management Team	1,356,718	977,922
Rapid Re-Housing	571,824	614,129
Financial Management HUB	394,474	473,444
Youth Housing First	234,899	271,937
Supported Referrals	1,210	8,422
Safe Spaces	<u>199,765</u>	<u>245,445</u>
	<u>2,758,890</u>	<u>2,591,299</u>
United Way	276,446	286,753
Edmonton Public School Board	1,479,497	897,712
Others	<u>464,315</u>	<u>253,476</u>
	<u>2,220,258</u>	<u>1,437,941</u>
	<u>\$ 25,640,462</u>	<u>\$ 20,831,847</u>

During the year, the Organization received \$4,563,148 (2019 - \$nil) from the Canada Emergency Wage Subsidy (CEWS), included in Federal government revenue above (Note 1).

During the year, the Organization received \$459,688 (2019 - \$459,688) from Family and Community Support Services (FCSS), included in Municipal government revenue above.

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## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

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#### 14. Endowment fund income

During the year, the Organization received \$8,800 (2019 - \$8,266) in income from endowment funds held and administered by the Edmonton Community Foundation. The Organization is the specified recipient of the interest income earned on these funds however has no access to the principal amount of the investment. Any money received is included in the unrestricted fund in the Statement of Operations to be used at the discretion of the Organization. As of December 31, 2020, the balance of the endowment funds that the Organization is specified as a recipient of the income earned is \$240,594 (2019 - \$231,794).

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#### 15. Allocated expenditures

The Organization provides administrative services to many of its programs. The fees for these services are recorded as a recovery in the Unrestricted Fund and as expenditures to the related restricted programs' fund and are disclosed as administration fees and recovery in the statement of operations.

The administration fees are based on funder approved budgets, size of programs, and uses of administrative resources. The fees range from 6% to 14% of total program revenues. Administrative services include accounting, human resources, information technology, facility management, communications and development, planning and evaluation, leadership and governance.

The recovery and expenditures related to the above services are eliminated from total revenues and expenditures for the Organization in the statement of operations.

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#### 16. Restricted funds

Included in restricted funds are six replacement reserves, fund balances for individual programs and reserves restricted for various purposes.

	<u>2020</u>	<u>2019</u>
Operating reserve	\$ 4,631,947	\$ 330,857
Inner City Youth Housing Project (Note 5)	139,289	136,445
Replacement reserves (Note 4)	1,216,200	1,217,279
Lila Lee Building reserve	315,000	65,000
Trust Fund (Note 20)	214,355	174,778
Program funds	<u>691,129</u>	<u>333,748</u>
	<u>\$ 7,207,920</u>	<u>\$ 2,258,107</u>

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 16. Restricted funds (cont'd)

The replacement reserves are externally and internally restricted for use towards major capital repairs. During the year \$91,298 (2019 - \$120,081) was transferred from various programs within the restricted fund into this reserve and as well \$25,000 (2019 - \$25,000) was transferred from the unrestricted fund into this reserve. Of the restricted amounts included in the replacement reserves, \$462,578 (2019 - \$462,149) has been internally restricted by the Board of Directors for major capital repairs. Lastly, during the year, the Organization returned \$13,091 (2019 - \$108,334) of unused funds to Alberta Children Services

Regarding the operating reserve, during the current year, the Organization transferred \$4,301,090 (2019 - \$nil) into this reserve to be used towards maintaining the stability of the Organization's programs and funding ongoing operations, in line with the Organization's mission and vision.

#### 17. Interfund transfers

The capital assets fund balance is internally restricted to represent net assets invested in capital assets. During 2020, \$638,101 (2019 - \$912,441) of these funds were transferred from various restricted program funds representing the purchase of capital assets, and the repayment of the related debt on those assets.

	<u>2020</u>	<u>2019</u>
Balance, beginning of year	\$ 8,500,523	\$ 7,762,125
Amortization of capital assets	(549,689)	(553,323)
Amortization of deferred capital contributions	16,000	16,000
Donations and grants	196,054	277,489
(Loss) gain on disposal of capital assets	<u>(240,377)</u>	<u>85,791</u>
Deficiency of expenses over revenues	<u>(578,012)</u>	<u>(174,043)</u>
Other items:		
Acquisition of capital assets (i)	316,336	604,920
Repayment of long-term debt	202,691	196,890
Transfer from operating fund	436,697	311,993
Proceeds from disposal of capital assets	<u>(317,623)</u>	<u>(201,362)</u>
Increase in net assets invested in capital assets	<u>638,101</u>	<u>912,441</u>
Balance, end of year	<u>\$ 8,560,612</u>	<u>\$ 8,500,523</u>

## Edmonton City Centre Church Corporation

### Notes to the Financial Statements

December 31, 2020

#### 17. Interfund transfers (cont'd)

(i) Current year's acquisition of capital assets includes Alex Taylor School improvements of \$nil (2019 - \$24,308); Women Emergency Accommodation Centre (WEAC) improvements of \$174,214 (2019 - \$211,142); Elizabeth House improvements of \$52,620 (2019 - \$207,906); Our Place improvements of \$16,642 (2019 - \$nil); Holmes Place improvements of \$18,237 (2019 - \$nil); Brigid's Place improvements of \$31,724 (2019 - \$nil); Meadows improvements of \$nil (2019 - \$45,251), Sorensen Place improvements of \$22,899 (2019 - \$11,226), computer equipment purchases of \$nil (2019 - \$95,729) for various programs, and Early Learning vehicle purchase of \$nil (2019 - \$9,368).

#### 18. Donations and grants

	<u>2020</u>	<u>2019</u>
Grants - invested in capital assets fund	<u>\$ 212,054</u>	<u>\$ 293,489</u>
Donations and grants	<u>319,929</u>	<u>184,936</u>
Total for the unrestricted fund	<u>319,929</u>	<u>184,936</u>
Donations	<u>437,517</u>	434,856
Grants	<u>805,639</u>	1,656,352
Fundraising events	<u>78,257</u>	<u>243,876</u>
Total for restricted fund	<u>1,321,413</u>	<u>2,335,084</u>
Total	<u>\$ 1,853,396</u>	<u>\$ 2,813,509</u>

#### 19. Contingencies

On October 1, 2013, the Organization entered into a funding agreement with Homeward Trust to receive \$241,905 for financing renovations at the Brigid's Place. As a term of the agreement, if housing services at this location are discontinued at any time within a sixteen year term from August 29, 2014, the funder may request repayment of all or a portion of the contribution calculated on a decreasing scale over the sixteen year term.

Both facilities are registered as security for the above agreement and the Organization has agreed not to mortgage, charge or otherwise encumber the properties for the related conditional periods without the prior written approval of Homeward Trust.

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# Edmonton City Centre Church Corporation

## Notes to the Financial Statements

December 31, 2020

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### 20. Collaborative projects

Included in the financial statements of the Organization are the results of operating several collaborative projects where the Organization is acting in the role of fiscal agent. These projects have been accounted for as controlled organizations and the financial position and results of operations have been consolidated in the financial statements. Funds associated with these projects have been set aside as Trust Funds (Note 16). Descriptions of the major projects are as follows:

#### **Edmonton Head Start**

Edmonton Head Start is a project that is co-ordinated by the Organization to deliver half-day Head Start programming by three not-for-profit organizations; ABC Head Start Society, the Organization and Oliver Centre, to across 8 locations in the City of Edmonton. The three participant organizations in the project have a common mission to prepare children for a successful educational experience in partnership with their family and community.

Funding to the project is provided from the Public Health Agency of Canada through a Contribution Agreement. The Contribution Agreement names the Organization as the Sponsoring Organization, where ultimate responsibility to implement the project's operating budget and to ensure that programs are fulfilling their obligations to the funder and to the community rests with the Organization. The Organization guarantees all liabilities of the collaboration.

#### **Allies for Youth Conference (A4YC)**

The Allies for Youth Conference brings together youth, service providers, researchers, and experts to focus on the growing population of youth with increasingly complex needs, who may be involved with gangs, struggling with mental illness and addictions, sexually exploited and/or chronically homeless. The Conference aims to build understanding, skill and resources to address these specialized needs with emerging knowledge and methodology such as: harm reduction, attachment theory, trauma and brain development, relationship-based practice, and resiliency/strength-based approaches.

Since 2013, the Conference has been organized by an interagency steering committee with staff from Alberta Children's Services, Alberta Health Services Addiction and Mental Health, Boyle Street Community Services, Edmonton Police Services, Edmonton John Howard Society, E4C, iHuman Youth Society, MacEwan University, Justice and Solicitor General (Youth Probation and Edmonton Young Offenders Centre), McMan Youth Family and Community Services Association, Old Strathcona Youth Society and Youth Empowerment Support Services. E4C acts the fiscal agent for the Conference.

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## **Edmonton City Centre Church Corporation**

### **Notes to the Financial Statements**

December 31, 2020

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#### **21. Fundraising activities**

The total expenditures incurred for the fundraising events were \$17,170 (2019 - \$28,639) and the gross contributions received under such activities for fiscal 2020 were \$78,257 (2019 - \$249,876). Of the total expenditures recorded in the financial statements, no amounts represent expenditures paid to other charitable organizations or activities. The total amounts paid to staff that are involved in fundraising activities amounted to \$8,185 (2019 - \$9,867).

Total donations receipted for income tax purposes in the fiscal year 2020 were \$227,217 (2019 - \$397,456). The total amount of government grants and revenues recognized in the 2020 financial statements were \$20,615,191 (2019 - \$16,816,047) and the total amount of non-government grants and contributions recognized were \$6,605,327 which includes revenues received from contract funding (2019 - \$6,431,853).

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#### **22. United Way funding**

United Way of the Alberta Capital Region ("United Way") provided funding to the Organization and its programs through designated maintenance funding, special mailings, donor designations, and special projects funding in the amount of \$290,236 (2019 - \$729,590).