

Financial Statements

Edmonton City Centre Church Corporation

December 31, 2018

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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, 2018, 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, 2018, 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 25, 2019



Chartered Professional Accountants

Edmonton City Centre Church Corporation

Statement of Financial Position

December 31

2018

2017

Assets

Current

Cash	\$ 2,688,768	\$ 2,070,433
Restricted cash (Note 7)	686,088	701,097
Short-term investments	141,055	140,614
Accounts receivable (Note 3)	1,348,315	1,140,386
Prepaid expenses and deposits	-	5,853
	<u>4,864,226</u>	<u>4,058,383</u>

Long-term investments (Note 4)	1,072,162	979,535
Inner City Youth Housing Project (Note 5)	133,597	145,531
Capital assets (Note 6)	10,056,814	9,833,126
	<u>\$ 16,126,799</u>	<u>\$ 15,016,575</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,425,595	\$ 1,550,183
Funds held for others (Note 7)	686,088	701,097
Deferred contributions (Note 8)	2,360,492	1,444,443
Current portion of long-term debt (Note 9)	196,788	204,038
Current portion of deferred conditional grants (Note 10)	16,000	16,000
	<u>4,684,963</u>	<u>3,915,761</u>

Long-term debt (Note 9)	2,012,081	2,235,074
Deferred conditional grants (Note 10)	24,000	40,000
	<u>6,721,044</u>	<u>6,190,835</u>

Net assets

Unrestricted	516,120	400,367
Restricted (Note 16)	1,127,510	1,199,680
Investment in capital assets	7,762,125	7,225,693
	<u>9,405,755</u>	<u>8,825,740</u>
	<u>\$ 16,126,799</u>	<u>\$ 15,016,575</u>

Commitments and guarantees (Note 12)

Contingencies (Note 19)

On behalf of the Board:

 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>2018</u>	<u>2017</u>
Revenues					
Contract income (Note 13)	\$ -	\$17,926,502	\$ -	\$17,926,502	\$16,570,260
Donations and grants (Note 18)	296,637	1,906,382	170,830	2,373,849	3,924,609
Cafe operations	-	190,484	-	190,484	112,204
Rents and client fees	39,172	885,483	-	924,655	757,318
Management fees (Note 5)	155,972	-	-	155,972	156,355
Other	5,836	30,390	-	36,226	40,159
Member contributions	-	-	-	-	21,936
Interest	42,262	27,329	-	69,591	31,698
	<u>539,879</u>	<u>20,966,570</u>	<u>170,830</u>	<u>21,677,279</u>	<u>21,614,539</u>
Expenditures					
Wages and benefits	2,245,059	11,722,859	-	13,967,918	13,590,239
Direct client costs	102	3,472,969	-	3,473,071	3,397,736
Facility, office and other	1,112,820	1,739,059	-	2,851,879	3,316,278
Cafe cost of sales	-	117,761	-	117,761	41,421
Amortization of capital assets	-	-	525,079	525,079	421,881
Professional fees	59,793	56,204	-	115,997	162,548
Mortgage interest	-	33,625	-	33,625	34,460
Administration fees and recovery (Note 15)	(3,267,048)	3,267,048	-	-	-
	<u>150,726</u>	<u>20,409,525</u>	<u>525,079</u>	<u>21,085,330</u>	<u>20,964,563</u>
Excess (deficiency) of revenues over expenditures before other items	<u>389,153</u>	<u>557,045</u>	<u>(354,249)</u>	<u>591,949</u>	<u>649,976</u>
Other items					
Insurance proceeds (Note 3)	-	-	-	-	78,017
Gain on disposal of capital Assets (Note 6)	-	-	-	-	85,534
Inner City Youth Housing Project (Note 5)	-	(11,934)	-	(11,934)	(74,694)
	<u>-</u>	<u>(11,934)</u>	<u>-</u>	<u>(11,934)</u>	<u>88,857</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 389,153</u>	<u>\$ 545,111</u>	<u>\$ (354,249)</u>	<u>\$ 580,015</u>	<u>\$ 738,833</u>

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)	<u>2018</u> <u>Total</u>	<u>2017</u> <u>Total</u>
Net assets, beginning of year	\$ 400,367	\$ 1,199,680	\$ 7,225,693	\$ 8,825,740	\$ 8,174,800
Excess (deficiency) of revenues over expenditures	389,153	545,111	(354,249)	580,015	738,833
Internally imposed restrictions (Note 16)	(273,400)	273,400	-	-	-
Externally restricted fund paid out (Note 20)	-	-	-	-	(87,893)
Interfund transfers (Note 17)	-	(890,681)	890,681	-	-
Net assets, end of year	<u>\$ 516,120</u>	<u>\$ 1,127,510</u>	<u>\$ 7,762,125</u>	<u>\$ 9,405,755</u>	<u>\$ 8,174,800</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Cash Flows

Year Ended December 31

2018

2017

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$ 580,015	\$ 738,833
Non-cash items:		
Amortization of capital assets	525,079	421,881
Amortization of deferred conditional grants	(16,000)	(27,200)
Gain on disposal of capital assets	-	(85,534)
Inner City Youth Housing Project (Note 5)	<u>11,934</u>	<u>74,694</u>
	<u>1,101,028</u>	<u>1,122,674</u>
Change in non-cash operating working capital:		
Accounts receivable	(207,928)	1,342,114
Prepaid expenses and deposits	5,853	10,554
Accounts payable and accrued liabilities	(124,588)	(46,965)
Externally restricted fund paid out	-	(87,893)
Deferred contributions	<u>916,049</u>	<u>(581,245)</u>
	<u>1,690,414</u>	<u>1,759,239</u>

Financing

Repayment of long-term debt	<u>(230,243)</u>	<u>(203,311)</u>
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Investing

(Purchase) redemption of long-term investments	(92,627)	292,133
Acquisition of capital assets	(748,767)	(1,292,233)
Proceeds from disposal of capital assets	-	220,317
Net (purchase) proceed of short-term investments	<u>(442)</u>	<u>6,264</u>
	<u>(841,836)</u>	<u>(773,519)</u>

Net increase in cash	618,335	782,409
Cash, beginning of year	<u>2,070,433</u>	<u>1,288,024</u>
Cash, end of year	<u>\$ 2,688,768</u>	<u>\$ 2,070,433</u>

Supplemental cash flow information

	<u>2018</u>	<u>2017</u>
Interest paid	<u>\$ 33,625</u>	<u>\$ 34,460</u>
Interest received	<u>\$ 69,591</u>	<u>\$ 31,698</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

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.

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:

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 is 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 and donations, and restricted contract income is 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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

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

Revenue recognition (cont'd)

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.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

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

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

Included in the restricted fund are six replacement reserves.

The amount of the replacement reserves for each of Our Place, Sorensen Place, and Women's Emergency Accommodation Centre ("WEAC"), Meadows 1 and Meadows 2 is determined by Alberta Seniors and Housing. The annual transfers for these reserves are charged to the related restricted program fund. Interest earned on the funds is credited directly to the respective replacement reserve restricted fund. Any withdrawal from replacement reserve funds is subject to the approval of Alberta Seniors and Housing.

The amount of the replacement reserve for the Alex Taylor Building is determined by the Muttart Foundation. Annual transfers for this reserve are charged to the unrestricted fund. Interest earned on the fund is credited directly to the replacement reserve restricted fund. Any withdrawal from the Alex Taylor Building replacement reserve is subject to approval by the Muttart Foundation.

All other replacement reserves' annual transfers and withdrawal approval are determined internally through recommendation by management to the Board of Directors.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

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

Financial instruments (cont'd)

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, accounts receivable, accounts payable and accrued liabilities, and long-term debt. The carrying value of 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.

3. Accounts receivable

Accounts receivable include the following:

	<u>2018</u>	<u>2017</u>
Alberta Education	\$ 271,042	\$ 391,968
Homeward Trust	404,176	296,935
Insurance proceeds receivable	-	41,152
Edmonton Public School	260,623	-
Alberta Community and Social Services	100,000	-
Inner City Youth Housing Project (Note 5)	122	9,736
Others	<u>312,352</u>	<u>400,595</u>
	<u>\$ 1,348,315</u>	<u>\$ 1,140,386</u>

In 2018, the Organization recognized \$nil insurance proceeds income (2017 - \$78,017), of which \$nil (2017 - \$41,152) were receivable at the end of the year.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

4. Long-term investments (cont'd)

Externally restricted funds

	<u>2018</u>	<u>2017</u>
Women's Emergency Accommodation Centre	\$ 209,510	\$ 191,676
Our Place	84,630	80,265
Sorensen Place	152,242	143,832
Meadows 1	1,944	1,172
Meadows 2	65,264	61,963
Alex Taylor School	145,063	119,629
	<u>\$ 658,653</u>	<u>\$ 598,537</u>

Internally restricted funds

GC Place	74,006	71,253
Stollery Place	69,168	65,554
Our Other Place	57,138	54,217
Holmes Place	19,006	17,192
Laboucane House	40,778	38,621
Lila Lee Centre	33,508	23,115
Brigid's Place	26,345	24,950
Crossroads Downtown	6,000	-
Crossroads House	2,883	2,835
General	84,677	83,261
	<u>413,509</u>	<u>380,998</u>
	<u>\$ 1,072,162</u>	<u>\$ 979,535</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% (2017 - 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 inner city youths in need.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

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

The Organization's share of the Project's assets, liabilities as of December 31, 2018 is as follows:

	<u>2018</u> (33%)	<u>2017</u> (33%)
Total assets	\$ 267,932	\$ 288,028
Total liabilities and reserves	<u>134,335</u>	<u>142,497</u>
Net assets	<u>\$ 133,597</u>	<u>\$ 145,531</u>
	<u>2018</u> (33%)	<u>2017</u> (33%)
Revenues	\$ 80,973	\$ 79,076
Expenditures	<u>92,907</u>	<u>153,770</u>
Deficiency of revenues over expenditures	<u>\$ (11,934)</u>	<u>\$ (74,694)</u>
Cash from (used in):		
Operating activities	\$ (23,903)	\$ (132,671)
Financing activities	(37,728)	(26,832)
Investing activities	(6,716)	91,465

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 \$133,597 (2017 - \$145,531).

The Co-owners have guaranteed mortgages for the Project and are jointly and severally liable for balances totalling \$374,662 (2017 - \$408,803). 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 2018, the Organization charged the Project \$133,992 (2017 - \$135,644) for repair and maintenance services and \$19,000 (2017 - \$18,031) for accounting and administrative services, and \$nil (2017 - \$nil) for IT services provided to the five homes of the Project. At the year end, the Organization has accounts receivables of \$122 (2017 - \$9,736), and accounts payable of \$nil (2017 - \$nil) from the Project.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2018 Net Book Value</u>	<u>2017 Net Book Value</u>
Land	\$ 1,693,782	\$ -	\$ 1,693,782	\$ 1,693,782
Buildings	14,094,164	6,676,239	7,417,925	7,184,464
Building equipment	784,575	663,361	121,214	141,540
Computer equipment	56,804	56,804	-	-
Furniture and equipment	530,596	231,511	299,085	331,164
Leaseholds	1,059,609	546,924	512,685	466,861
Motor vehicles	317,433	312,480	4,953	7,431
Office equipment	32,281	25,111	7,170	7,884
	<u>\$ 18,569,244</u>	<u>\$ 8,512,430</u>	<u>\$ 10,056,814</u>	<u>\$ 9,833,126</u>

In 2017, two of the Chipman properties were sold with a gain on disposal of \$85,534.

7. Funds held for others

	<u>2018</u>	<u>2017</u>
Financial Management HUB participant funds held in trust	\$ 654,275	\$ 668,325
Tenant security deposits	<u>31,813</u>	<u>32,772</u>
	<u>\$ 686,088</u>	<u>\$ 701,097</u>

The funds held for others were 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 and to increase their financial literacy and housing stability. The program holds funds on behalf of its participants on a voluntary basis.

8. Deferred contributions

Details of the changes in deferred contributions are as follows:

	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 1,444,443	\$ 2,025,688
Grants received during the year	2,360,492	1,368,718
Amounts recognized as revenue	<u>(1,444,443)</u>	<u>(1,949,963)</u>
Balance, end of year	<u>\$ 2,360,492</u>	<u>\$ 1,444,443</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

8. Deferred contributions (cont'd)

	<u>2018</u>	<u>2017</u>
The deferred contributions include the following:		
City of Edmonton - FCSS	\$ -	\$ 114,032
Alberta Community and Social Service	<u>365,765</u>	<u>365,765</u>
	<u>365,765</u>	<u>479,797</u>
Homeward Trust:		
Intensive Case Management Team	260,549	310,742
Rapid Re-Housing	163,271	124,636
Financial Management HUB	94,474	81,966
Youth Housing First	41,160	60,000
Safe Spaces	<u>67,356</u>	<u>-</u>
Homeward trust sub-total	<u>626,810</u>	<u>577,344</u>
Others		
Edmonton Oilers Community Foundation	250,000	150,000
Alberta Seniors	414,346	-
Edmonton Public School	136,605	-
Alberta Health Services	151,220	-
Public Health Agency of Canada	183,045	-
Miscellaneous	<u>232,701</u>	<u>237,302</u>
	<u>1,367,917</u>	<u>387,302</u>
	<u>\$ 2,360,492</u>	<u>\$ 1,444,443</u>

9. Long-term debt

	<u>2018</u>	<u>2017</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 \$126,226.	\$ 218,845	\$ 240,741
CMHC mortgage, with a renewal date of February 1, 2020 payable in monthly blended instalments of \$3,972, with interest at 1.12% per annum. Secured by the collateral mortgage over land and building occupied by Sorensen Place with a net book value of \$177,265.	493,643	535,588

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

9. Long-term debt (cont'd)

	<u>2018</u>	<u>2017</u>
CMHC mortgage, with a renewal date of June 1, 2020 payable in monthly blended instalments of \$9,576, with interest at 1.39% 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 \$717,728.	1,181,465	1,279,339
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 \$160,478.	72,000	80,000
CMHC mortgage, with a renewal date of April 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 \$257,236 and general assignment of rents and revenues.	100,774	110,646
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 \$314,399 and general assignment of rents and revenues.	142,142	156,852
Canadian Alternative Investment Cooperative (CAIC) mortgage, repaid during the year.	<u>-</u>	<u>35,946</u>
	<u>2,208,869</u>	<u>2,439,112</u>
Less: current portion of long-term debt	<u>(196,788)</u>	<u>(204,038)</u>
	<u>\$ 2,012,087</u>	<u>\$ 2,235,074</u>

Interest on long-term debt incurred during the year was \$33,815 (2017 - \$34,460) and is recorded in mortgage interest expense in the appropriate restricted funds.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

9. Long-term debt (cont'd)

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:

	2019	\$	196,788
	2020		1,589,908
	2021		57,342
	2022		58,404
	2023		107,670
	Thereafter		198,757
			2,208,869

10. Deferred conditional grants

	<u>2018</u>	<u>2017</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 \$469,501 and amortized over 15 years of the operating agreement.	40,000	56,000
Less: current portion of deferred conditional grants	<u>(16,000)</u>	<u>(16,000)</u>
	<u>\$ 24,000</u>	<u>\$ 40,000</u>

During the year, \$16,000 (2017 - \$27,200) 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.

11. Bank indebtedness

The Organization has a line of credit agreement with a limit of \$600,000 (2017 – 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, 2018 the amount drawn on the line of credit was \$nil (2017 - \$nil).

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

12. Commitments and guarantees

- i) The Organization has guaranteed the mortgage for the Centre to End all Sexual Exploitation (CEASE) office building in the amount of \$75,539 (2017 - \$85,852). The amount is due to the lender on demand. The Organization has chosen to account for this guarantee by recording at fair value until the guarantee expires. As of December 31, 2018, the fair value of this guarantee was nominal and not reflected in these financial statements. As of March 28, 2019 the Organization is no longer a guarantor of the CEASE mortgage.
- ii) The Organization has signed an agreement to purchase natural gas and electricity for a five year term, commencing June 18, 2015, at a fixed rate.
- iii) The Organization has commitments related to the operation of various programs in leased space. Future expected lease commitments are as follows:

2019	98,181
2020	98,181
2021	98,181
2022	98,181

13. Contract income

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

	<u>2018</u>	<u>2017</u>
Federal government	\$ 1,095,291	\$ 1,013,394
Provincial government	13,118,210	11,977,246
Municipal government	<u>535,413</u>	<u>535,413</u>
	<u>14,748,914</u>	<u>13,526,053</u>
Non-government		
Homeward Trust		
Intensive Case Management Team	908,224	1,090,563
Rapid Re-Housing	618,760	595,141
Financial Management HUB	369,493	353,767
Youth Housing First	231,057	247,108
Supported Referrals	8,676	17,322
Safe Spaces	<u>229,856</u>	<u>8,845</u>
	<u>2,366,066</u>	<u>2,312,746</u>
United Way	302,098	318,574
Others	<u>509,424</u>	<u>412,887</u>
	<u>811,522</u>	<u>731,461</u>
	<u>\$ 17,926,502</u>	<u>\$ 16,570,260</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

14. Endowment fund income

During the year, the Organization received \$8,710 (2017 - \$8,262) 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, but 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, 2018, the balance of the endowment funds that the Organization is specified as a recipient of the income earned is \$223,528 (2017 - \$214,818).

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.

16. Restricted funds

Restricted funds recognizes any excess or deficiency of revenues over expenditures incurred for the delivery of a variety of programs where the programs contain funds both restricted at the funders' request (external) or by the Board of Directors (internal). In addition to the fund balances for individual programs, restricted funds includes reserves restricted for various purposes:

	<u>2018</u>	<u>2017</u>
Operating reserve	\$ 330,857	\$ 80,857
Inner City Youth Housing Project (Note 5)	133,597	145,531
Replacement Reserve (Note 4 – long-term investments)	1,072,162	979,535
Lila Lee Building Reserve	65,000	65,000
Trust Fund (Note 20)	104,425	133,474
Program funds	<u>(578,531)</u>	<u>(204,717)</u>
	<u>\$ 1,127,510</u>	<u>\$ 1,199,680</u>

Of the restricted amounts included in Replacement Reserve Fund, \$413,509 (2017 - \$380,998) has been internally restricted by the Board of Directors for major capital repairs (Note 4).

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

16. Restricted funds (cont'd)

The replacement reserve fund balance is externally and internally restricted for use towards major capital repairs. During 2018, \$75,675 (2017 - \$67,378) was transferred from various programs within the restricted fund into this reserve.

During the year, the Organization transferred \$250,000 toward an operating reserve. The operating reserve will be used to maintain the stability of the Organization's programs and ongoing operations. The operating reserve is intended to provide an internal source of funds for unanticipated situations requiring funding and/or uninsured losses.

17. Interfund transfers

The capital assets fund balance is internally restricted to represent net assets invested in capital assets. During 2018, \$1,045,511 (2017 - \$1,154,805) 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.

Investment in capital assets	<u>2018</u>	<u>2017</u>
Balance, beginning of year	\$ 7,225,693	\$ 6,380,035
Amortization of capital assets	(525,079)	(421,881)
Amortization of deferred capital contributions	16,000	27,200
Gain on disposal of capital assets	<u>-</u>	<u>85,534</u>
Deficiency of expenses over revenues	<u>(509,079)</u>	<u>(309,147)</u>
Other items:		
Acquisition of capital assets (i)	748,767	1,292,234
Repayment of long-term debt	205,155	203,311
Transfer from (to) operating fund	91,589	(120,423)
Proceeds from disposition of capital assets	<u>-</u>	<u>(220,317)</u>
Increase in net assets invested in capital assets	<u>1,045,511</u>	<u>1,154,805</u>
Balance, end of year	<u>\$ 7,762,125</u>	<u>\$ 7,225,693</u>

The replacement reserve fund balance is externally and internally restricted for use towards major capital upgrades. During 2018, \$23,400 (2017 - \$23,400) was transferred from the unrestricted fund into this reserve.

(i) Current year's acquisition of capital assets includes Lila Lee Centre developments of \$nil (2017 - \$71,819), Alex Taylor School roof replacement of \$nil (2017 - \$192,379), Women Emergency Accommodation Centre (WEAC) improvements of \$nil (2017 - \$153,893), Elizabeth House improvement of \$565,526 (2017 - \$95,940), and Kids in the Hall transformation of \$183,241 (2017 - \$778,202).

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

18. Donations and grants

	<u>2018</u>	<u>2017</u>
Grants - invested in capital assets fund	\$ 170,830	\$ 805,402
Donations and grants	<u>296,637</u>	<u>387,368</u>
Total for the unrestricted fund	<u>296,637</u>	<u>387,368</u>
Donations	553,592	510,920
Grants	1,226,941	2,077,973
Fundraising events	<u>125,849</u>	<u>142,946</u>
Total for restricted fund	<u>1,906,382</u>	<u>2,731,839</u>
Total	\$ <u>2,373,849</u>	\$ <u>3,924,609</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.

On October 1, 2013, the Organization entered into a funding agreement with Homeward Trust to receive \$117,461 for financing capital renovations at the WEAC. As a term of the agreement, if housing services at this location are discontinued at any time within a five year term to March 31, 2019, the funder may request repayment of all or a portion of the contribution calculated on a decreasing scale over the five year term.

Both facilities are registered as security for the above two agreements 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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

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. 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 10 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.

Mosaic Centre

Mosaic Centre is a collaborative partnership established in 2009 between Emmaus Lutheran Church, Trinity Christian Reformed Church, Steele Heights Baptist Church and the Organization. Mosaic Centre was created in response to the needs of people in the community of northeast Edmonton as a result of the increase in poverty, hunger and homelessness.

On June 15, 2017, the Organization transferred fiduciary and operational responsibility of the project to 'The Mustard Seed', and the Organization transferred the unused externally restricted fund of \$87,893 upon the termination of the collaborative partnership.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2018

21. Fundraising activities

The total expenses incurred for the fundraising events were \$15,031 (2017 - \$24,333) and the gross contributions received under such activities for fiscal 2018 were \$125,849 (2017 - \$142,946). 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 \$9,872 (2017 - \$28,111).

Total donations receipted for income tax purposes in the fiscal year 2018 were \$349,569 (2017 - \$489,455). The total amount of government grants and revenues recognized in the 2018 financial statements were \$14,787,876 (2017 - \$13,581,066), and the total amount of non-government grants and contributions recognized were \$5,162,906 which includes revenues received from contract funding (2017 - \$6,446,284).

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 \$747,691 (2017 - \$751,336). During the year, the United Way ceased to fund the Kids in the Hall Bistro program in the amount of \$28,091.

Edmonton City Centre Church Corporation
Schedule 1 - ArtStart Program
Statements of Operations and Changes in Fund Balance

Year Ended December 31 2018 2017

Revenues		
Grant – City of Edmonton FCSS	\$ 56,459	\$ 56,459
United Way	2,601	10,353
Fundraising and donations	<u>6,239</u>	<u>29,372</u>
	<u>65,299</u>	<u>96,184</u>
Expenditures		
Personnel	51,626	64,290
Administration	11,269	21,098
Material and supply	409	7,299
Travel and training	-	2,690
	<u>63,304</u>	<u>95,377</u>
Excess of revenues over expenditures	<u>\$ 1,995</u>	<u>\$ 807</u>

	2018	2017
	<u>Total</u>	<u>Total</u>
Fund balance		
Balance, beginning of year	\$ (72,767)	\$ (73,574)
Excess of revenues over expenditures	<u>1,995</u>	<u>807</u>
Balance, end of year	<u>\$ (70,772)</u>	<u>\$ (72,767)</u>

Edmonton City Centre Church Corporation
Schedule 2 - Early Learning Program
Statement of Operations and Changes in Fund Balances

Year Ended December 31

2018

2017

Revenues			
Other government funding	\$	4,970,778	\$ 4,652,414
Fundraising and donations		17,356	86,165
Grant – City of Edmonton FCSS		266,124	266,124
Interest and other		19,855	7,520
		<u>5,274,113</u>	<u>5,012,223</u>
Expenditures			
Personnel		3,403,160	3,486,229
External program services		446,476	435,077
Administration		559,770	469,270
Occupancy		431,770	392,423
Material and supply		158,708	237,414
Travel and training		93,129	61,196
		<u>5,093,013</u>	<u>5,081,609</u>
Excess (deficiency) of revenues over expenditures	\$	<u>181,100</u>	\$ <u>(69,386)</u>

	<u>Unrestricted</u>	<u>Internally Restricted</u>	<u>2018 Total</u>	<u>2017 Total</u>
Fund balances, beginning of year	\$ 187,207	\$ 65,000	\$ 252,207	\$ 286,494
Transfer from Edmonton City Centre Church Corporation	-	-	-	35,099
Excess of revenues over expenditures	<u>181,100</u>	<u>-</u>	<u>181,100</u>	<u>(69,386)</u>
Fund balances, end of year	<u>\$ 368,307</u>	<u>\$ 65,000</u>	<u>\$ 433,307</u>	<u>\$ 252,207</u>

Edmonton City Centre Church Corporation
Schedule 3 - School Nutrition Program
Statement of Operations Changes in Fund Balance

Year Ended December 31 2018 2017

Revenues		
Fundraising and donations	\$ 574,491	\$ 826,108
Other government grant	703,450	664,516
United Way or other campaigns	541,311	528,009
Parent payments	45,704	65,500
Grants – City of Edmonton FCSS	137,105	137,105
Interest and other	<u>11,295</u>	<u>20,084</u>
	<u>2,013,356</u>	<u>2,241,322</u>
Expenditures		
Materials and supply	918,427	1,034,180
Personnel	590,553	545,806
Administration	287,803	261,366
Occupancy	67,250	70,949
Travel and training	<u>17,625</u>	<u>8,470</u>
	<u>1,881,658</u>	<u>1,920,771</u>
Excess of revenues over expenditures	<u>\$ 131,698</u>	<u>\$ 320,551</u>

	2018	2017
	<u>Total</u>	<u>Total</u>
Fund balance, beginning of year	\$ 323,809	\$ 3,258
Excess of revenues over expenditures	<u>131,698</u>	<u>320,551</u>
Fund balance, end of year	<u>\$ 455,507</u>	<u>\$ 323,809</u>