

Financial Statements

Edmonton City Centre Church Corporation

December 31, 2019

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Independent Auditor's Report

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, 2019, 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, 2019, 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

August 27, 2020

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

2019

2018

Assets

Current

Cash	\$ 3,574,714	\$ 2,688,768
Restricted cash (Note 7)	1,080,270	686,088
Short-term investments	142,237	141,055
Accounts receivable (Note 3)	1,556,484	1,348,315
Prepaid expenses and deposits	7,995	-
	<u>6,361,700</u>	<u>4,864,226</u>

Long-term investments (Note 4)	1,217,279	1,072,162
Inner City Youth Housing Project (Note 5)	136,445	133,597
Capital assets (Note 6)	<u>9,992,840</u>	<u>10,056,814</u>
	<u>\$ 17,708,264</u>	<u>\$ 16,126,799</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,402,193	\$ 1,425,595
Funds held for others (Note 7)	1,080,270	686,088
Deferred contributions (Note 8)	1,543,271	2,360,492
Current portion of long-term debt (Note 9)	227,240	196,788
Current portion of deferred conditional grants (Note 10)	16,000	16,000
	<u>4,268,974</u>	<u>4,684,963</u>

Long-term debt (Note 9)	1,784,496	2,012,081
Deferred conditional grants (Note 10)	8,000	24,000
	<u>6,061,470</u>	<u>6,721,044</u>

Net assets

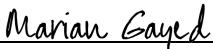
Unrestricted	888,164	516,120
Restricted (Note 16)	2,258,107	1,127,510
Investment in capital assets	8,500,523	7,762,125
	<u>11,646,794</u>	<u>9,405,755</u>
	<u>\$ 17,708,264</u>	<u>\$ 16,126,799</u>

Commitments and guarantees (Note 12)

Contingencies (Note 19)

Subsequent events (Note 24)

On behalf of the Board:

DocuSigned by:

 DD0654B38FA54ED... Director

DocuSigned by:

 125764B4F49C4C5... 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>2019</u>	<u>2018</u>
Revenues					
Contract income (Note 13)	\$ -	\$20,831,847	\$ -	\$20,831,847	\$17,926,502
Donations and grants (Note 18)	184,936	2,335,084	293,489	2,813,509	2,373,849
Rents and client fees	43,865	896,790	-	940,655	924,655
Cafe operations	-	264,870	-	264,870	190,484
Management fees (Note 5)	160,307	-	-	160,307	155,972
Interest	59,246	47,494	-	106,740	69,591
Other	5,844	12,303	-	18,147	36,226
	<u>454,198</u>	<u>24,388,388</u>	<u>293,489</u>	<u>25,136,075</u>	<u>21,677,279</u>
Expenditures					
Wages and benefits	2,459,466	12,997,523	-	15,456,989	13,967,918
Direct client costs	-	3,713,869	-	3,713,869	3,473,071
Facility, office and other	874,349	1,936,149	-	2,810,498	2,851,879
Amortization of capital assets	-	-	553,323	553,323	525,079
Professional fees	66,879	120,066	-	186,945	115,997
Cafe cost of sales	-	123,547	-	123,547	117,761
Mortgage interest	-	30,170	-	30,170	33,625
Administration fees and recovery (Note 15)	<u>(3,354,042)</u>	<u>3,354,042</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>46,652</u>	<u>22,275,366</u>	<u>553,323</u>	<u>22,875,341</u>	<u>21,085,330</u>
Excess (deficiency) of revenues over expenditures before other items	<u>407,546</u>	<u>2,113,022</u>	<u>(259,834)</u>	<u>2,260,734</u>	<u>591,949</u>
Other items					
Gain on disposal of capital Assets (Note 6)	-	-	85,791	85,791	-
Inner City Youth Housing Project (Note 5)	-	2,848	-	2,848	(11,934)
Excess (deficiency) of revenues over expenditures	<u>\$ 407,546</u>	<u>\$ 2,115,870</u>	<u>\$ (174,043)</u>	<u>\$ 2,349,373</u>	<u>\$ 580,015</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>2019</u> <u>Total</u>	<u>2018</u> <u>Total</u>
Net assets, beginning of year	\$ 516,120	\$ 1,127,510	\$ 7,762,125	\$ 9,405,755	\$ 8,825,740
Excess (deficiency) of revenues over expenditures	407,546	2,115,870	(174,043)	2,349,373	580,015
Internally imposed restrictions (Note 17)	(25,000)	25,000	-	-	-
Externally restricted fund paid out (Note 16)	-	(108,334)	-	(108,334)	-
Interfund transfers (Note 17)	(10,502)	(901,939)	912,441	-	-
Net assets, end of year	<u>\$ 888,164</u>	<u>\$ 2,258,107</u>	<u>\$ 8,500,523</u>	<u>\$ 11,646,794</u>	<u>\$ 9,405,755</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Cash Flows

Year Ended December 31

2019

2018

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$ 2,349,373	\$ 580,015
Non-cash items:		
Amortization of capital assets	553,323	525,079
Amortization of deferred conditional grants	(16,000)	(16,000)
Gain on disposal of capital assets	(85,791)	-
Inner City Youth Housing Project (Note 5)	<u>(2,848)</u>	<u>11,934</u>
	<u>2,798,057</u>	<u>1,101,028</u>
Change in non-cash operating working capital:		
Accounts receivable	(208,169)	(207,928)
Prepaid expenses and deposits	(7,995)	5,853
Accounts payable and accrued liabilities	(23,402)	(124,588)
Externally restricted fund paid out	(108,334)	-
Deferred contributions	<u>(817,221)</u>	<u>916,049</u>
	<u>1,632,936</u>	<u>1,690,414</u>

Financing

Repayment of long-term debt	<u>(197,133)</u>	<u>(230,243)</u>
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Investing

Purchase of long-term investments	(145,117)	(92,627)
Acquisition of capital assets	(604,920)	(748,767)
Proceeds from disposal of capital assets	201,362	-
Net purchase of short-term investments	<u>(1,182)</u>	<u>(442)</u>
	<u>(549,857)</u>	<u>(841,836)</u>

Net increase in cash	885,946	618,335
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Cash, beginning of year	<u>2,688,768</u>	<u>2,070,433</u>
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Cash, end of year	<u>\$ 3,574,714</u>	<u>\$ 2,688,768</u>
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Supplemental cash flow information

	<u>2019</u>	<u>2018</u>
Interest paid	<u>\$ 30,170</u>	<u>\$ 33,625</u>
Interest received	<u>\$ 106,740</u>	<u>\$ 69,591</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2019

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, 2019

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, 2019

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, 2019

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>2019</u>	<u>2018</u>
Alberta Education	\$ 256,694	\$ 271,042
Homeward Trust	208,808	404,176
City of Edmonton	600,000	-
Edmonton Public School	131	260,623
Alberta Community and Social Services	272,865	100,000
Inner City Youth Housing Project (Note 5)	2,150	122
Others	<u>215,836</u>	<u>312,352</u>
	<u>\$ 1,556,484</u>	<u>\$ 1,348,315</u>

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, 2019

4. Long-term investments (cont'd)

Externally restricted funds

	<u>2019</u>	<u>2018</u>
Women's Emergency Accommodation Centre	\$ 255,966	\$ 209,510
Our Place	89,619	84,630
Sorensen Place	161,785	152,242
Meadows 1	4,990	1,944
Meadows 2	69,298	65,264
Alex Taylor School	<u>173,472</u>	<u>145,063</u>
	<u>755,130</u>	<u>658,653</u>

Internally restricted funds

GC Place	77,745	74,006
Stollery Place	73,793	69,168
Our Other Place	60,982	57,138
Holmes Place	21,453	19,006
Laboucane House	42,986	40,778
Lila Lee Centre	34,295	33,508
Brigid's Place	28,964	26,345
Crossroads Downtown	14,141	6,000
Crossroads House	2,925	2,883
Innerways	14,333	-
Elizabeth House	4,000	-
General	<u>86,532</u>	<u>84,677</u>
	<u>462,149</u>	<u>413,509</u>
	<u>\$ 1,217,279</u>	<u>\$ 1,072,162</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% (2018 - 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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2019

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

The Organization's share of the Project's assets, liabilities as of December 31, 2019 is as follows:

	<u>2019</u> (33%)	<u>2018</u> (33%)
Total assets	\$ 260,061	\$ 267,932
Total liabilities and reserves	<u>123,616</u>	<u>134,335</u>
Net assets	<u>\$ 136,445</u>	<u>\$ 133,597</u>
	<u>2019</u> (33%)	<u>2018</u> (33%)
Revenues	\$ 82,888	\$ 80,973
Expenditures	<u>80,040</u>	<u>92,907</u>
Surplus (deficiency) of revenues over expenditures	<u>\$ 2,848</u>	<u>\$ (11,934)</u>
Cash from (used in):		
Operating activities	\$ 63,207	\$ (23,903)
Financing activities	(33,802)	(37,728)
Investing activities	36,144	(6,716)

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 \$136,445 (2018 - \$133,597).

The Co-owners have guaranteed mortgages for the Project and are jointly and severally liable for balances totalling \$340,860 (2018 - \$374,662). 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 2019, the Organization charged the Project \$140,166 (2018 - \$133,992) for repair and maintenance services and \$20,141 (2018 - \$19,000) for accounting and administrative services provided to the five homes of the Project. At the year end, the Organization has accounts receivables of \$2,150 (2018 - \$122) 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>2019 Net Book Value</u>	<u>2018 Net Book Value</u>
Land	\$ 1,687,592	\$ -	\$ 1,687,592	\$ 1,693,782
Buildings	14,176,999	6,927,474	7,249,525	7,417,925
Building equipment	1,006,944	683,687	323,257	121,214
Computer equipment	152,533	56,804	95,729	-
Furniture and equipment	530,596	304,145	226,451	299,085
Leaseholds	1,059,609	667,624	391,985	512,685
Motor vehicles	326,801	314,957	11,844	4,953
Office equipment	<u>32,281</u>	<u>25,824</u>	<u>6,457</u>	<u>7,170</u>
	<u>\$ 18,973,355</u>	<u>\$ 8,890,515</u>	<u>\$ 9,992,840</u>	<u>\$ 10,056,814</u>

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

7. Funds held for others

	<u>2019</u>	<u>2018</u>
Financial Management HUB participant funds held in trust	\$ 1,040,662	\$ 654,275
Tenant security deposits	<u>39,608</u>	<u>31,813</u>
	<u>\$ 1,080,270</u>	<u>\$ 686,088</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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 2,360,492	\$ 1,444,443
Grants received during the year	1,267,744	2,360,492
Amounts recognized as revenue	<u>(2,084,965)</u>	<u>(1,444,443)</u>
Balance, end of year	<u>\$ 1,543,271</u>	<u>\$ 2,360,492</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2019

8. Deferred contributions (cont'd)

The deferred contributions include the following:	<u>2019</u>	<u>2018</u>
Alberta Community and Social Service	<u>\$ 365,765</u>	<u>\$ 365,765</u>
Homeward Trust:		
Intensive Case Management Team	350,098	260,549
Rapid Re-Housing	34,183	163,271
Financial Management HUB	-	94,474
Youth Housing First	136,436	41,160
Safe Spaces	<u>48,452</u>	<u>67,356</u>
Homeward trust sub-total	<u>569,169</u>	<u>626,810</u>
Others		
Edmonton Oilers Community Foundation	250,000	250,000
Alberta Seniors	116,858	414,346
Edmonton Public School	-	136,605
Alberta Health Services	-	151,220
Public Health Agency of Canada	106,116	183,045
Miscellaneous	<u>135,363</u>	<u>232,701</u>
	<u>608,337</u>	<u>1,367,917</u>
	<u>\$ 1,543,271</u>	<u>\$ 2,360,492</u>

9. Long-term debt

	<u>2019</u>	<u>2018</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 \$125,142.	\$ 196,493	\$ 218,845
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; subsequently renewed on February 1, 2020 and August 1, 2020, for 5 years. Secured by the collateral mortgage over land and building occupied by Sorensen Place with a net book value of \$155,635.	\$ 451,228	\$ 493,643

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2019

9. Long-term debt (cont'd)

	<u>2019</u>	<u>2018</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; subsequently renewed on June 1, 2020, for 5 years. Secured by the collateral mortgage over land and building occupied by the Women's Emergency Accommodation Centre with a net book value of \$645,166.	1,082,159	1,181,465
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 \$156,401.	64,000	72,000
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 \$276,274 and general assignment of rents and revenues.	90,723	100,774
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 \$367,060 and general assignment of rents and revenues.	<u>127,133</u>	<u>142,142</u>
	2,011,736	2,208,869
Less: current portion of long-term debt	<u>(227,240)</u>	<u>(196,788)</u>
	<u>\$ 1,784,496</u>	<u>\$ 2,012,081</u>

Interest on long-term debt incurred during the year was \$30,170 (2018 - \$33,625) and is recorded in mortgage interest expense in the appropriate restricted funds.

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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:

2020	\$	227,240
2021		227,240
2022		227,240
2023		268,636
2024		214,908
Thereafter		<u>846,472</u>
	\$	<u>2,011,736</u>

10. Deferred conditional grants

	<u>2019</u>	<u>2018</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 \$452,501 and amortized over 15 years of the operating agreement.	\$ 24,000	\$ 40,000
Less: current portion of deferred conditional grants	<u>(16,000)</u>	<u>(16,000)</u>
	<u>\$ 8,000</u>	<u>\$ 24,000</u>

During the year, \$16,000 (2018 - \$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.

11. Bank indebtedness

The Organization has a line of credit agreement with a limit of \$600,000 (2018 – 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, 2019 the amount drawn on the line of credit was \$nil (2018 - \$nil).

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12. Commitments and guarantees

- i) The Organization had guaranteed the mortgage for the Centre to End all Sexual Exploitation (CEASE) office building until March 28, 2019 when the Organization was 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, expiring June 30, 2020, at a fixed rate. Renewal of the agreement is currently being negotiated.
- iii) The Organization has commitments related to the operation of various programs in leased space. Future expected lease commitments are as follows:

2020	98,181
2021	98,181
2022	98,181
2023	98,181

13. Contract income

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

	<u>2019</u>	<u>2018</u>
Federal government	\$ 1,104,086	\$ 1,095,291
Provincial government	15,238,833	13,118,210
Municipal government	<u>459,688</u>	<u>535,413</u>
	<u>16,802,607</u>	<u>14,748,914</u>
Non-government		
Homeward Trust		
Intensive Case Management Team	977,922	908,224
Rapid Re-Housing	614,129	618,760
Financial Management HUB	473,444	369,493
Youth Housing First	271,937	231,057
Supported Referrals	8,422	8,676
Safe Spaces	<u>245,445</u>	<u>229,856</u>
	<u>2,591,299</u>	<u>2,366,066</u>
United Way	286,753	302,098
Edmonton Public School Board	897,712	202,648
Others	<u>253,476</u>	<u>306,776</u>
	<u>1,437,941</u>	<u>811,522</u>
	<u>\$ 20,831,847</u>	<u>\$ 17,926,502</u>

During the year, the Organization received \$459,688 (2018 - \$459,688) from Family and Community Support Services (FCSS), included in Municipal government revenue.

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Notes to the Financial Statements

December 31, 2019

14. Endowment fund income

During the year, the Organization received \$8,266 (2018 - \$8,710) 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, 2019, the balance of the endowment funds that the Organization is specified as a recipient of the income earned is \$231,794 (2018 - \$223,528).

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>2019</u>	<u>2018</u>
Operating reserve	\$ 330,857	\$ 330,857
Inner City Youth Housing Project (Note 5)	136,445	133,597
Replacement Reserve (Note 4 – long-term investments)	1,217,279	1,072,162
Lila Lee Building Reserve	65,000	65,000
Trust Fund (Note 20)	174,778	104,425
Program funds	<u>333,748</u>	<u>(578,531)</u>
	<u>\$ 2,258,107</u>	<u>\$ 1,127,510</u>

Of the restricted amounts included in Replacement Reserve Fund, \$462,151 (2018 - \$413,509) has been internally restricted by the Board of Directors for major capital repairs (Note 4).

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Notes to the Financial Statements

December 31, 2019

16. Restricted funds (cont'd)

The replacement reserve fund balance is externally and internally restricted for use towards major capital repairs. During 2019, \$120,081 (2018 - \$75,675) was transferred from various programs within the restricted fund into this reserve. During the year, the Organization returned \$108,334 of unused funds to Alberta Children Services.

During the year, the Organization transferred \$nil (2018 - \$250,000) toward an operating reserve. The operating reserve is 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 2019, \$912,441 (2018 - \$890,681) 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>2019</u>	<u>2018</u>
Balance, beginning of year	\$ 7,762,125	\$ 7,225,693
Amortization of capital assets	(553,323)	(525,079)
Amortization of deferred capital contributions	16,000	16,000
Donations and grants	277,489	154,830
Gain on disposal of capital assets	<u>85,791</u>	<u>-</u>
Deficiency of expenses over revenues	<u>(174,043)</u>	<u>(354,249)</u>
Other items:		
Acquisition of capital assets (i)	604,920	748,767
Repayment of long-term debt	196,890	205,155
Transfer from (to) operating fund	311,993	(63,241)
Proceeds from disposition of capital assets	<u>(201,362)</u>	<u>-</u>
Increase in net assets invested in capital assets	<u>912,441</u>	<u>890,681</u>
Balance, end of year	<u>\$ 8,500,523</u>	<u>\$ 7,762,125</u>

The replacement reserve fund balance is externally and internally restricted for use towards major capital upgrades. During 2019, \$25,000 (2018 - \$23,400) was transferred from the unrestricted fund into this reserve.

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Notes to the Financial Statements

December 31, 2019

17. Interfund transfers (cont'd)

(i) Current year's acquisition of capital assets includes Alex Taylor School improvements of \$24,308 (2018 - \$nil), Women Emergency Accommodation Centre (WEAC) improvements of \$211,142 (2018 - \$nil), Elizabeth House improvement of \$207,906 (2018 - \$565,526), Kids in the Hall transformation of \$nil (2018 - \$183,241), Meadows improvements of \$45,251 (2018 - \$nil), Sorensen improvements of \$11,226 (2018 - \$nil), computer equipment purchases of \$95,729 (2018 - \$nil) for various programs, and Early Learning vehicle purchase of \$9,368 (2018 - \$nil).

18. Donations and grants

	<u>2019</u>	<u>2018</u>
Grants - invested in capital assets fund	\$ <u>293,489</u>	\$ <u>170,830</u>
Donations and grants	<u>184,936</u>	<u>296,637</u>
Total for the unrestricted fund	<u>184,936</u>	<u>296,637</u>
Donations	434,856	553,592
Grants	1,656,352	1,226,941
Fundraising events	<u>243,876</u>	<u>125,849</u>
Total for restricted fund	<u>2,335,084</u>	<u>1,906,382</u>
Total	\$ <u>2,813,509</u>	\$ <u>2,373,849</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. Homeward Trust did not request any repayment of its contribution when the contingency expired on March 31, 2019.

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.

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Notes to the Financial Statements

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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. 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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Notes to the Financial Statements

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21. Fundraising activities

The total expenses incurred for the fundraising events were \$28,639 (2018 - \$15,031) and the gross contributions received under such activities for fiscal 2019 were \$249,876 (2018 - \$125,849). 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 \$9,867 (2018 - \$9,872).

Total donations receipted for income tax purposes in the fiscal year 2019 were \$397,456 (2018 - \$349,569). The total amount of government grants and revenues recognized in the 2019 financial statements were \$16,816,047 (2018 - \$14,787,876), and the total amount of non-government grants and contributions recognized were \$6,431,853 which includes revenues received from contract funding (2018 - \$5,162,906).

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 \$729,590 (2018 - \$747,691). Effective April 1, 2018, United Way no longer provided annual funding to Kids in Hall Bistro program.

23. Comparative figures

Comparative figures have been adjusted to conform to changes in the current year presentation.

24. Subsequent events

Since December 31, 2019, the spread of COVID-19 has severely impacted many local economies around the globe. In many countries, including Canada, businesses and charities 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. Global stock markets have also experienced great volatility and a significant weakening. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

A number of school and community-based programs and service delivery sites of the Organization have been temporarily suspended, subject to the government restrictions relating to COVID-19 being reversed at some future date. However, the Organization's essential services (i.e. Housing, Early Learning and Financial Management HUB) and core business functions remained operational. The Organization has recently adjusted its revenue and expense forecast to ensure operational continuity in 2020 and beyond, and has secured clear revenue commitments by contractor funder of essential services. Management are presently developing reopening plans for operations that have been suspended under various sets of assumptions, including possible reopening dates as well as changes to operations which are expected to be directed by provincial health and other government authorities.

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Notes to the Financial Statements

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24. Subsequent events (cont'd)

The Organization has determined that these events are non-adjusting subsequent events. Accordingly, the financial position and results of operations as of and for the year ended December 31, 2019 have not been adjusted to reflect their impact. The duration and impact of the COVID-19 pandemic, as well as the effectiveness of government and central bank responses, remains 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 and results of the Organization for future periods.