

Financial Statements

Edmonton City Centre Church Corporation

December 31, 2021

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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, 2021, 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, 2021, 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 28, 2022

A handwritten signature in cursive script that reads "Grant Thornton LLP".

Chartered Professional Accountants

Edmonton City Centre Church Corporation

Statement of Financial Position

December 31 2021 2020

Assets

Current

Cash	\$ 12,743,670	\$ 11,532,238
Restricted cash (Note 7)	2,414,533	1,572,551
Short-term investments	153,378	151,180
Accounts receivable (Note 3)	1,021,747	1,385,918
Prepaid expenses and deposit	-	6,960
	16,333,328	14,648,847

Long-term investments (Note 4)	1,274,753	1,216,200
Inner-City Youth Housing Project (Note 5)	140,701	139,289
Capital assets (Note 6)	8,775,395	9,201,487
	\$ 26,524,177	\$ 25,205,823

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,422,148	\$ 1,466,761
Funds held for others (Note 7)	2,414,533	1,572,551
Deferred contributions (Note 8)	1,894,149	2,518,674
Current portion of long-term debt (Note 9)	207,025	206,971
Current portion of deferred conditional grants (Note 10)	-	8,000
	5,937,855	5,772,957

Long-term debt (Note 9)	1,394,986	1,602,011
	7,332,841	7,374,968

Net assets

Unrestricted	2,774,578	2,062,323
Restricted (Note 16)	7,800,937	7,207,920
Investment in capital assets	8,615,821	8,560,612
	19,191,336	17,830,855
	\$ 26,524,177	\$ 25,205,823

Commitments and guarantees (Note 12)
Contingencies (Note 19)

On behalf of the Board:

Gord Johnston

Director



Director

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Operations

Year Ended December 31

	<u>Unrestricted</u>	<u>Restricted</u>	<u>Capital Assets</u>	<u>2021</u>	<u>2020</u>
Revenues					
Contract income (Note 13)	\$ -	\$21,791,694	\$ -	\$21,791,694	\$25,640,462
Donations and grants (Note 18)	462,272	1,621,649	155,388	2,239,309	1,853,396
Rents and client fees	40,602	867,647	-	908,249	921,731
Management fees (Note 5)	170,728	-	-	170,728	162,084
Cafe operations	-	78,296	-	78,296	60,768
Interest	28,878	46,872	-	75,750	75,287
Other	44,563	840	-	45,403	13,698
	<u>747,043</u>	<u>24,406,998</u>	<u>155,388</u>	<u>25,309,429</u>	<u>28,727,426</u>
Expenditures					
Wages and benefits	2,588,547	13,575,919	-	16,164,466	15,084,696
Direct client costs	-	3,861,382	-	3,861,382	3,527,894
Facility, office and other	896,898	2,088,720	-	2,985,618	2,868,010
Amortization of capital assets	-	-	573,480	573,480	549,689
Professional fees	108,374	67,900	-	176,274	199,859
Cafe cost of sales	-	56,819	-	56,819	39,606
Mortgage interest	-	16,792	-	16,792	22,987
Administration fees and recovery (Note 15)	<u>(3,584,031)</u>	<u>3,584,031</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>9,788</u>	<u>23,251,563</u>	<u>573,480</u>	<u>23,834,831</u>	<u>22,292,741</u>
Excess (deficiency) of revenues over expenditures before other items	<u>737,255</u>	<u>1,155,435</u>	<u>(418,092)</u>	<u>1,474,598</u>	<u>6,434,685</u>
Other items					
Loss on disposal of capital assets (Note 6)	-	-	-	-	(240,377)
Inner City Youth Housing Project (Note 5)	<u>-</u>	<u>1,412</u>	<u>-</u>	<u>1,412</u>	<u>2,844</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 737,255</u>	<u>\$ 1,156,847</u>	<u>\$ (418,092)</u>	<u>\$ 1,476,010</u>	<u>\$ 6,197,152</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>2021</u> <u>Total</u>	<u>2020</u> <u>Total</u>
Net assets, beginning of year	\$ 2,062,323	\$ 7,207,920	\$ 8,560,612	\$ 17,830,855	\$ 11,646,794
Excess (deficiency) of revenues over expenditures	737,255	1,156,847	(418,092)	1,476,010	6,197,152
Internally imposed - restrictions (Note 16)	(25,000)	25,000	-	-	-
Externally restricted fund paid out (Note 16)	-	(115,529)	-	(115,529)	(13,091)
Interfund transfers (Note 17)	-	(473,301)	473,301	-	-
Net assets, end of year	<u>\$ 2,774,578</u>	<u>\$ 7,800,937</u>	<u>\$ 8,615,821</u>	<u>\$ 19,191,336</u>	<u>\$ 17,830,855</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Cash Flows

Year Ended December 31 2021 2020

Increase (decrease) in cash

Operating

Excess of revenues over expenditures \$ 1,476,010 \$ 6,197,152

Non-cash items:

Amortization of capital assets	573,480	549,689
Amortization of deferred conditional grants	(8,000)	(16,000)
Loss on disposal of capital assets	-	240,377
Inner City Youth Housing Project (Note 5)	<u>(1,412)</u>	<u>(2,844)</u>
	2,040,078	6,968,374

Change in non-cash operating working capital:

Accounts receivable	364,171	170,566
Prepaid expenses and deposits	6,960	1,035
Accounts payable and accrued liabilities	(44,613)	64,568
Externally restricted fund paid out	(115,529)	(13,091)
Deferred contributions	<u>(624,525)</u>	<u>975,403</u>
	1,626,542	8,166,855

Financing

Repayment of long-term debt	<u>(206,970)</u>	<u>(202,754)</u>
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Investing

Net (purchase) sale of long-term investments	(58,553)	1,079
Acquisition of capital assets	(147,389)	(316,336)
Proceeds from disposal of capital assets	-	317,623
Net purchase of short-term investments	<u>(2,198)</u>	<u>(8,943)</u>
	(208,140)	(6,577)

Net increase in cash 1,211,432 7,957,524

Cash, beginning of year 11,532,238 3,574,714

Cash, end of year **\$ 12,743,670** **\$ 11,532,238**

Supplemental cash flow information

	<u>2021</u>	<u>2020</u>
Interest paid	<u>\$ 16,792</u>	<u>\$ 22,987</u>
Interest received	<u>\$ 75,750</u>	<u>\$ 75,288</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

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.

As a result of the COVID-19 pandemic, a number of non-essential school and community-based programs and service delivery sites of the Organization were temporarily closed in 2020 to in-person services, subject to the government restrictions. Upon resumption of in-person services that were suspended, the Organization implemented various health and safety measures as directed by the Government of Alberta. In 2021, all the Organization's programs remained operational.

In 2020, the Organization received \$4,563,148 from the Federal government under the Canada Emergency Wage Subsidy (CEWS) program. No amounts were received from the CEWS program in 2021.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

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

Revenue recognition

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

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

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

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

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

Revenues relating to rent and client fees, other, Cafe 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 reasonably 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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

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

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%
Computer equipment	33%
Furniture and equipment	20%
Leaseholds	over the term of the lease
Motor vehicles	20%
Office equipment	10%

Impairment of long-lived assets

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

Deferred conditional grants

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

Restricted funds

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

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

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

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

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

Contributed services

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

Contributed materials

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

Financial instruments

Initial measurement:

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

Subsequent measurement:

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

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

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

3. Accounts receivable

Accounts receivable include the following:

	<u>2021</u>	<u>2020</u>
Homeward Trust	\$ 130,872	\$ 219,090
City of Edmonton	-	743
Edmonton Public School	433,083	-
Alberta Health Services	91,688	-
Inner City Youth Housing Project (Note 5)	28,196	-
Edmonton Catholic School	-	40,000
Alberta Seniors and Housing	-	79,146
Canada Emergency Wage Subsidy	-	775,777
Canada Revenue Agency	168,731	83,539
Others	<u>169,177</u>	<u>187,623</u>
	<u>\$ 1,021,747</u>	<u>\$ 1,385,918</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.

Externally restricted funds

	<u>2021</u>	<u>2020</u>
Women's Emergency Accommodation Centre	\$ 267,454	\$ 247,042
Our Place	87,890	82,919
Sorensen Place	154,169	144,851
Meadows 1	11,695	8,290
Meadows 2	76,253	72,048
Alex Taylor School	<u>200,359</u>	<u>198,472</u>
	<u>797,820</u>	<u>753,622</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

4. Long-term investments (cont'd)

Internally restricted funds	<u>2021</u>	<u>2020</u>
GC Place	\$ 80,595	\$ 79,745
Stollery Place	76,643	75,793
Our Other Place	63,832	62,982
Holmes Place	6,066	5,216
Laboucane House	42,986	42,986
Lila Lee Centre	34,793	34,793
Brigid's Place	13,284	12,464
Crossroads Downtown	14,946	20,141
Crossroads House	14,384	7,207
Innerways	30,500	24,500
Elizabeth House	10,000	10,000
General	<u>88,904</u>	<u>86,751</u>
	<u>476,933</u>	<u>462,578</u>
	<u>\$ 1,274,753</u>	<u>\$ 1,216,200</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% (2020 - 33%) interest in the Project's assets, liabilities and net assets. The Organization, on behalf of the Co-owners, arranges for contracts and agreements with government agencies to provide the funding necessary to finance and operate five homes, which provides housing to high risk youths in need.

The Organization's share of the Project's assets, liabilities as of December 31, 2021 is as follows:

	<u>2021</u> (33%)	<u>2020</u> (33%)
Total assets	\$ 246,773	\$ 249,068
Total liabilities and reserves	<u>106,072</u>	<u>109,779</u>
Net assets	<u>\$ 140,701</u>	<u>\$ 139,289</u>
	<u>2021</u> (33%)	<u>2020</u> (33%)
Revenues	\$ 83,728	\$ 84,443
Expenditures	<u>82,316</u>	<u>81,599</u>
Surplus of revenues over expenditures	<u>\$ 1,412</u>	<u>\$ 2,844</u>
Cash from (used in):		
Operating activities	\$ 15,743	\$ 17,061
Financing activities	(35,091)	(34,216)
Investing activities	30,358	(7,817)

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

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

The Project maintains certain cash and investments subject to externally and internally imposed restrictions. This results in the Organization's share of the net asset balance of \$140,701 (2020 - \$139,289).

The Co-owners have guaranteed mortgages for the Project and are jointly and severally liable for balances totalling \$271,553 (2020 - \$306,645). 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 2021, the Organization charged the Project \$151,075 (2020 - \$140,586) for repair and maintenance services and \$19,653 (2020 - \$21,498) for accounting and administrative services provided to the five homes of the Project. At the year end, the Organization has accounts receivable of \$28,196 (2020 - \$nil) and accounts payable of \$nil (2020 - \$2,449) from the Project.

6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Land	\$ 1,467,093	\$ -	\$ 1,467,093	\$ 1,467,093
Buildings	14,117,336	7,373,268	6,744,068	6,918,485
Building equipment	1,030,331	748,076	282,255	309,924
Computer equipment	152,533	119,985	32,548	64,139
Furniture and equipment	530,596	442,402	88,194	157,323
Leaseholds	1,059,609	909,022	150,587	271,286
Motor vehicles	326,801	321,180	5,621	7,494
Office equipment	32,281	27,252	5,029	5,743
	<u>\$ 18,716,580</u>	<u>\$ 9,941,185</u>	<u>\$ 8,775,395</u>	<u>\$ 9,201,487</u>

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

7. Funds held for others

	<u>2021</u>	<u>2020</u>
Financial Management HUB participant funds held in trust	\$ 2,370,204	\$ 1,530,141
Tenant security deposits	<u>44,329</u>	<u>42,410</u>
	<u>\$ 2,414,533</u>	<u>\$ 1,572,551</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

7. Funds held for others (cont'd)

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

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

8. Deferred contributions

Details of the changes in deferred contributions are as follows:

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 2,518,674	\$ 1,543,271
Grants received during the year	5,051,165	5,928,618
Amounts recognized as revenue	<u>(5,675,690)</u>	<u>(4,953,215)</u>
Balance, end of year	<u>\$ 1,894,149</u>	<u>\$ 2,518,674</u>

The deferred contributions include the following:

	<u>2021</u>	<u>2020</u>
Alberta Community and Social Service	<u>\$ 121,922</u>	<u>\$ 121,922</u>
Homeward Trust:		
Intensive Case Management Team	182,179	455,510
Rapid Re-Housing	64,243	79,200
Financial Management HUB	377,423	360,269
Youth Housing First	114,242	245,521
Safe Spaces	<u>47,340</u>	<u>121,312</u>
Homeward Trust sub-total	<u>785,427</u>	<u>1,261,812</u>
Others		
Edmonton Oilers Community Foundation	250,000	250,000
Alberta Seniors and Housing	539,057	-
Edmonton Public School	-	157,000
Alberta Children and Family Social Services	-	205,312
Public Health Agency of Canada	-	174,351
Alberta Education	-	200,000
Miscellaneous	<u>197,743</u>	<u>148,277</u>
	<u>986,800</u>	<u>1,134,940</u>
	<u>\$ 1,894,149</u>	<u>\$ 2,518,674</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2021

9. Long-term debt

	<u>2021</u>	<u>2020</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 \$178,246.	\$ 150,375	\$ 173,673
CMHC mortgage, with a renewal date of August 1, 2025 payable in monthly blended instalments of \$3,894, with interest at 0.68% per annum. Secured by the collateral mortgage over land and building occupied by Sorensen Place with a net book value of \$177,086.	363,923	408,040
CMHC mortgage, with a renewal date of June 1, 2025 payable in monthly blended instalments of \$9,292, with interest at 0.76% per annum. Secured by the collateral mortgage over land and building occupied by the Women's Emergency Accommodation Centre with a net book value of \$681,354.	873,633	979,020
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 \$148,246.	48,000	56,000
CMHC mortgage, with a renewal date of April 1, 2023 payable in monthly blended instalments of \$1,028, with interest at 2.41% per annum. Secured by the collateral mortgage over land and building occupied by Meadows 1 with a net book value of \$291,438 and general assignment of rents and revenues.	69,885	80,429
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 \$382,694 and general assignment of rents and revenues.	<u>96,195</u> 1,602,011	<u>111,820</u> 1,808,982
Less: current portion of long-term debt	<u>(207,025)</u>	<u>(206,971)</u>
	<u>\$ 1,394,986</u>	<u>\$ 1,602,011</u>

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9. Long-term debt (cont'd)

Interest on long-term debt incurred during the year was \$16,792 (2020 - \$22,987) and is recorded in mortgage interest expense in the appropriate restricted funds.

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

2022	\$	207,025
2023		257,514
2024		200,209
2025		837,542
2026		50,595
Thereafter		<u>49,126</u>
	\$	<u>1,602,011</u>

10. Deferred conditional grants

	<u>2021</u>	<u>2020</u>
CMHC Residential Rehabilitation Assistance Program forgivable mortgage, repaid during the year	\$ -	\$ 8,000
Less: current portion of deferred conditional grants	<u>-</u>	<u>(8,000)</u>
	<u>\$ -</u>	<u>\$ -</u>

During the year, \$8,000 (2020 - \$16,000) of the deferred conditional grants were recognized as grant revenue and the above conditional grant was fully forgiven.

11. Bank indebtedness

During the year, the Organization had a line of credit agreement with a limit of \$600,000 (2020 – limit of \$600,000) at an interest rate at prime. Collateral for the line of credit totals \$600,000 and is comprised of the Organization's land and buildings. As of December 31, 2021, the amount drawn on the line of credit was \$nil (2020 - \$nil). In January 2022, this line of credit agreement was terminated.

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12. Commitments and guarantees

- i) The Organization signed an agreement to purchase electricity for a five-year term, expiring October 31, 2025, at a fixed rate.
- ii) The Organization has commitments related to the operation of various programs in leased space. Future expected lease commitments are as follows:

2022	138,622
2023	138,622

13. Contract income

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

	<u>2021</u>	<u>2020</u>
Federal government	\$ 1,688,973	\$ 5,862,776
Provincial government	14,632,931	14,338,850
Municipal government	<u>609,687</u>	<u>459,688</u>
	<u>16,931,591</u>	<u>20,661,314</u>
Non-government		
Homeward Trust		
Intensive Case Management Team	1,332,831	1,356,718
Rapid Re-Housing	549,161	571,824
Financial Management HUB	535,264	394,474
Youth Housing First	308,281	234,899
Supported Referrals	27,076	1,210
Safe Spaces	<u>210,572</u>	<u>199,765</u>
	<u>2,963,185</u>	<u>2,758,890</u>
United Way	271,181	276,446
Edmonton Public School Board	1,460,876	1,479,497
Others	<u>164,861</u>	<u>464,315</u>
	<u>1,896,918</u>	<u>2,220,258</u>
	<u>\$ 21,791,694</u>	<u>\$ 25,640,462</u>

During 2020, the Organization received \$4,563,148 from the Canada Emergency Wage Subsidy (CEWS), which was included in Federal government revenue above. No amounts were received from the CEWS program in 2021.

During the year, the Organization received \$459,688 (2020 - \$459,688) from Family and Community Support Services (FCSS), included in Municipal government revenue above.

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Notes to the Financial Statements

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14. Endowment fund income

During the year, the Organization received \$8,857 (2020 - \$8,800) in income from endowment funds held and administered by the Edmonton Community Foundation. The Organization is the specified recipient of the interest income earned on these funds however has no access to the principal amount of the investment. Any money received is included in the unrestricted fund in the Statement of Operations to be used at the discretion of the Organization. As of December 31, 2021, the balance of the endowment funds that the Organization is specified as a recipient of the income earned is \$244,310 (2020 - \$240,594).

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 16% 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

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

	<u>2021</u>	<u>2020</u>
Operating reserve	\$ 4,631,947	\$ 4,631,947
Inner City Youth Housing Project (Note 5)	140,701	139,289
Replacement reserves (Note 4)	1,274,753	1,216,200
Lila Lee Building reserve	315,000	315,000
Trust Fund (Note 20)	196,355	214,355
Program funds	<u>1,242,181</u>	<u>691,129</u>
	<u>\$ 7,800,937</u>	<u>\$ 7,207,920</u>

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16. Restricted funds (cont'd)

The replacement reserves are externally and internally restricted for use towards major capital repairs. During the year \$78,278 (2020 - \$91,298) was transferred from various programs within the restricted fund into this reserve and as well \$25,000 (2020 - \$25,000) was transferred from the unrestricted fund into this reserve. Of the restricted amounts included in the replacement reserves, \$476,933 (2020 - \$462,578) has been internally restricted by the Board of Directors for major capital repairs. Lastly, during the year, the Organization returned \$115,529 (2020 - \$13,091) of unused funds to Alberta Children Services

Regarding the operating reserve, during the current year, the Organization transferred \$nil (2020 - \$4,301,090) into this reserve to be used towards maintaining the stability of the Organization's programs and funding ongoing operations, in line with the Organization's mission and vision.

17. Interfund transfers

The capital assets fund balance is internally restricted to represent net assets invested in capital assets. During 2021, \$473,301 (2020 - \$638,101) of these funds were transferred from various restricted program funds representing the purchase of capital assets, and the repayment of the related debt on those assets.

	<u>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 8,560,612	\$ 8,500,523
Amortization of capital assets	(573,480)	(549,689)
Amortization of deferred capital contributions	8,000	16,000
Donations and grants	147,388	196,054
Loss on disposal of capital assets	-	(240,377)
Deficiency of expenses over revenues	(418,092)	(578,012)
Other items:		
Acquisition of capital assets (i)	147,388	316,336
Repayment of long-term debt	206,091	202,691
Transfer from operating fund	119,822	436,697
Proceeds from disposal of capital assets	-	(317,623)
Increase in net assets invested in capital assets	473,301	638,101
Balance, end of year	\$ 8,615,821	\$ 8,560,612

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17. Interfund transfers (cont'd)

(i) Current year's acquisition of capital assets includes Alex Taylor School improvements of \$26,906 (2020 - \$nil); Our Place improvements of \$39,047 (2020 - \$nil); Women Emergency Accommodation Centre (WEAC) improvements of \$nil (2020 - \$174,214); Elizabeth House improvements of \$nil (2020 - \$52,620); Our Place improvements of \$nil (2020 - \$16,642); Holmes Place improvements of \$nil (2020 - \$18,237); Brigid's Place improvements of \$nil (2020 - \$31,724); Meadows improvements of \$53,193 (2020 - \$nil), Sorensen Place improvements of \$nil (2020 - \$22,899); and Stollery Place improvements of \$28,242 (2020 - \$nil).

18. Donations and grants

	<u>2021</u>	<u>2020</u>
Grants - invested in capital assets fund	\$ <u>155,388</u>	\$ <u>212,054</u>
Donations and grants	<u>462,272</u>	<u>319,929</u>
Total for the unrestricted fund	<u>462,272</u>	<u>319,929</u>
Donations	446,274	437,517
Grants	1,134,691	805,639
Fundraising events	<u>40,684</u>	<u>78,257</u>
Total for restricted fund	<u>1,621,649</u>	<u>1,321,413</u>
Total	<u>\$ 2,239,309</u>	<u>\$ 1,853,396</u>

19. Contingencies

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

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

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20. Collaborative projects

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

Edmonton Head Start

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

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

Allies for Youth Conference (A4YC)

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

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

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21. Fundraising activities

The total expenditures incurred for the fundraising events were \$2,586 (2020 - \$17,170) and the gross contributions received under such activities for fiscal 2021 were \$40,684 (2020 - \$78,257). 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 \$16,388 (2020 - \$8,185)

Total donations receipted for income tax purposes in the fiscal year 2021 were \$323,358 (2020 - \$227,217). The total amount of government grants and revenues recognized in the 2021 financial statements were \$16,931,591 (2020 - \$20,615,191) and the total amount of non-government grants and contributions recognized were \$6,776,053 which includes revenues received from contract funding (2020 - \$6,605,327).

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 \$994,061 (2020 - \$290,236).

23. Comparative figures

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