

Financial Statements

Edmonton City Centre Church Corporation

December 31, 2022

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Grant Thornton LLP
1701 Rice Howard Place 2
10060 Jasper Avenue NW
Edmonton, AB
T5J 3R8
T +1 780 422 7114
F +1 780 426 3208

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, 2022, 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, 2022, and its results of 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 27, 2023

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 2022 2021

Assets

Current

Cash	\$ 13,326,031	\$ 12,743,670
Restricted cash (Note 7)	2,488,249	2,414,533
Short-term investments	333,766	153,378
Accounts receivable (Note 3)	<u>744,492</u>	<u>1,021,747</u>
	16,892,538	16,333,328

Long-term investments (Note 4)	1,408,216	1,274,753
Inner-City Youth Housing Project (Note 5)	137,360	140,701
Capital assets (Note 6)	<u>8,737,759</u>	<u>8,775,395</u>
	<u>\$ 27,175,873</u>	<u>\$ 26,524,177</u>

Liabilities

Current

Accounts payable and accrued liabilities	\$ 1,205,454	\$ 1,422,148
Funds held for others (Note 7)	2,488,249	2,414,533
Deferred contributions (Note 8)	2,027,285	1,894,149
Current portion of long-term debt (Note 9)	<u>209,202</u>	<u>207,025</u>
	5,930,190	5,937,855

Long-term debt (Note 9)	<u>1,185,784</u>	<u>1,394,986</u>
	<u>7,115,974</u>	<u>7,332,841</u>

Net assets

Unrestricted	3,109,741	2,774,578
Restricted (Note 14)	9,607,385	9,243,373
Investment in capital assets (Note 15)	<u>7,342,773</u>	<u>7,173,385</u>
	<u>20,059,899</u>	<u>19,191,336</u>
	<u>\$ 27,175,873</u>	<u>\$ 26,524,177</u>

Commitments and guarantees (Note 10)

Contingencies (Note 17)

On behalf of the Board:

Vikas Khullar

Director

Gord Johnston

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>2022</u>	<u>2021</u>
Revenues					
Contract income (Note 11)	\$ -	\$22,829,243	\$ -	\$22,829,243	\$21,791,694
Donations and grants (Note 16)	323,554	1,994,400	53,997	2,371,951	2,239,309
Rents and client fees	33,751	864,151	-	897,902	908,249
Management fees (Note 5)	170,503	-	-	170,503	170,728
Cafe operations	-	183,057	-	183,057	78,296
Interest	249,342	64,420	-	313,762	75,750
Other	11,646	30,589	-	42,235	45,403
	<u>788,796</u>	<u>25,965,860</u>	<u>53,997</u>	<u>26,808,653</u>	<u>25,309,429</u>
Expenditures					
Wages and benefits	2,434,385	13,728,060	-	16,162,445	16,164,466
Direct client costs	-	4,608,093	-	4,608,093	3,861,382
Facility, office and other	1,390,111	2,741,385	-	4,131,496	2,985,618
Amortization of capital assets	-	-	548,388	548,388	573,480
Professional fees	98,057	71,082	-	169,139	176,274
Cafe cost of sales	-	106,243	-	106,243	56,819
Mortgage interest	-	14,636	-	14,636	16,792
Administration fees and recovery (Note 13)	<u>(3,846,973)</u>	<u>3,846,973</u>	<u>-</u>	<u>-</u>	<u>-</u>
	<u>75,580</u>	<u>25,116,472</u>	<u>543,388</u>	<u>25,740,440</u>	<u>22,834,831</u>
Excess (deficiency) of revenues over expenditures before other items	<u>713,216</u>	<u>849,388</u>	<u>(494,391)</u>	<u>1,068,213</u>	<u>1,474,598</u>
Other items					
Inner City Youth Housing Project (Note 5)	<u>-</u>	<u>(3,341)</u>	<u>-</u>	<u>(3,341)</u>	<u>1,412</u>
Excess (deficiency) of revenues over expenditures	<u>\$ 713,216</u>	<u>\$ 846,047</u>	<u>\$ (494,391)</u>	<u>\$ 1,064,872</u>	<u>\$ 1,476,010</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 14)	<u>Capital</u> <u>Assets</u> (Note 15)	<u>2022</u> <u>Total</u>	<u>2021</u> <u>Total</u>
Net assets, beginning of year	\$ 2,774,578	\$ 7,800,937	\$ 8,615,821	\$ 19,191,336	\$ 17,830,855
Transfer (Note 15)	-	1,442,436	(1,442,436)	-	-
Net assets, beginning of year (adjusted)	2,774,578	9,243,373	7,173,385	19,191,336	17,830,855
Excess (deficiency) of revenues over expenditures	713,216	846,047	(494,391)	1,064,872	1,476,010
Internally imposed - restrictions (Note 14)	(378,053)	378,053	-	-	-
Externally restricted fund paid out (Note 14)	-	(196,309)	-	(196,309)	(115,529)
Interfund transfers (Note 15)	-	(663,779)	663,779	-	-
Net assets, end of year	<u>\$ 3,109,741</u>	<u>\$ 9,607,385</u>	<u>\$ 7,342,773</u>	<u>\$ 20,059,899</u>	<u>\$ 19,191,336</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Cash Flows

Year Ended December 31 2022 2021

Increase (decrease) in cash

Operating

Excess of revenues over expenditures	\$ 1,064,872	\$ 1,476,010
Non-cash items:		
Amortization of capital assets	548,388	573,480
Amortization of deferred conditional grants	-	(8,000)
Inner City Youth Housing Project (Note 5)	<u>3,341</u>	<u>(1,412)</u>
	<u>1,616,601</u>	2,040,078
Change in non-cash operating working capital:		
Accounts receivable	277,255	364,171
Prepaid expenses and deposits	-	6,960
Accounts payable and accrued liabilities	(216,353)	(44,613)
Externally restricted fund paid out	(196,309)	(115,529)
Deferred contributions	<u>133,136</u>	<u>(624,525)</u>
	<u>1,614,330</u>	<u>1,626,542</u>

Financing

Repayment of long-term debt	<u>(207,367)</u>	<u>(206,970)</u>
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Investing

Net purchase of long-term investments	(133,463)	(58,553)
Acquisition of capital assets	(510,751)	(147,389)
Net purchase of short-term investments	<u>(180,388)</u>	<u>(2,198)</u>
	<u>(824,602)</u>	<u>(208,140)</u>

Net increase in cash	582,361	1,211,432
Cash, beginning of year	<u>12,743,670</u>	<u>11,532,238</u>
Cash, end of year	<u>\$ 13,326,031</u>	<u>\$ 12,743,670</u>

Supplemental cash flow information

	<u>2022</u>	<u>2021</u>
Interest paid	<u>\$ 14,636</u>	<u>\$ 16,792</u>
Interest received	<u>\$ 313,762</u>	<u>\$ 75,750</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

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.

Fund accounting

Revenue and expenses relating to service delivery and administration are reported in the Restricted and Unrestricted Funds, the Organization's general funds.

Revenue and expenses related to capital assets are reported in the Capital Assets Fund.

Revenue recognition

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

Contributions restricted for operational purposes, including grants and donations, and restricted contract income are recognized as revenue in the Restricted Fund, in the year during which the related expenses are incurred.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

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

Revenue recognition (cont'd)

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 (Note 14).

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%

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

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

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.

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.

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

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

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.

Related party financial instruments:

Financial assets and financial liabilities in related party transactions are initially measured at cost, with the exception of certain instruments which are initially measured at fair value. Subsequent measurement is based on how the Association initially measured the instrument. The Association does not have any financial assets or financial liabilities in related party transactions measured at fair value.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

3. Accounts receivable

Accounts receivable include the following:

	<u>2022</u>	<u>2021</u>
Homeward Trust	\$ 229,488	\$ 130,872
Edmonton Public School	-	433,083
Alberta Health Services	39,796	91,688
Inner City Youth Housing Project (Note 5)	44,389	28,196
Canada Revenue Agency (GST)	296,118	168,731
Others	<u>134,701</u>	<u>169,177</u>
	<u>\$ 744,492</u>	<u>\$ 1,021,747</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 14). 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>2022</u>	<u>2021</u>
Women's Emergency Accommodation Centre	\$ 289,561	\$ 267,454
Our Place	91,423	87,890
Sorensen Place	158,064	154,169
Meadows 1	34,953	11,695
Meadows 2	78,963	76,253
Alex Taylor School	<u>226,381</u>	<u>200,359</u>
	<u>879,345</u>	<u>797,820</u>

Internally restricted funds

	<u>2022</u>	<u>2021</u>
General	<u>528,871</u>	<u>476,933</u>
	<u>\$ 1,408,216</u>	<u>\$ 1,274,753</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

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% (2021 - 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, 2022 is as follows:

	<u>2022</u> (33%)	<u>2021</u> (33%)
Total assets	\$ 225,044	\$ 246,773
Total liabilities and reserves	<u>87,684</u>	<u>106,072</u>
Net assets	<u>\$ 137,360</u>	<u>\$ 140,701</u>
	<u>2022</u> (33%)	<u>2021</u> (33%)
Revenues	\$ 81,893	\$ 83,728
Expenditures	<u>85,233</u>	<u>82,316</u>
(Deficiency) surplus of revenues over expenditures	<u>\$ (3,341)</u>	<u>\$ 1,412</u>
Cash provided from (used in):		
Operating activities	\$ 38,199	\$ 15,743
Financing activities	(35,941)	(35,091)
Investing activities	(7,834)	30,358

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 \$137,360 (2021 - \$140,701).

The Co-owners have guaranteed mortgages for the Project and are jointly and severally liable for balances totalling \$235,612 (2021 - \$271,553). 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 2022, the Organization charged the Project \$150,580 (2021 - \$151,075) for repair and maintenance services and \$19,653 (2021 - \$19,653) for accounting and administrative services provided to the five homes of the Project. At the year end, the Organization has accounts receivable of \$44,389 (2021 - \$28,196) and accounts payable of \$19,101 (2021 - \$nil) from the Project.

Subsequent to year end, the Co-Owners entered into an agreement, whereby the transfer and assignment of the Property and assumption of all liabilities and obligations shall be made by the Organization effective May 1, 2023 or upon registration of the transfers of land at the Alberta Land Titles Office.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

6. Capital assets

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2022 Net Book Value</u>	<u>2021 Net Book Value</u>
Land	\$ 1,467,093	\$ -	\$ 1,467,093	\$ 1,467,093
Buildings	14,616,138	7,640,976	6,975,162	6,744,068
Building equipment	1,042,279	787,171	255,108	282,255
Computer equipment	152,533	152,533	-	32,548
Furniture and equipment	530,596	523,837	6,759	88,194
Leaseholds	1,059,610	1,029,720	29,890	150,587
Motor vehicles	326,801	323,054	3,747	5,621
Office equipment	32,281	32,281	-	5,029
	<u>\$ 19,227,331</u>	<u>\$ 10,489,572</u>	<u>\$ 8,737,759</u>	<u>\$ 8,775,395</u>

7. Funds held for others

	<u>2022</u>	<u>2021</u>
Financial Management HUB participant funds held in trust	\$ 2,445,413	\$ 2,370,204
Tenant security deposits	<u>42,836</u>	<u>44,329</u>
	<u>\$ 2,488,249</u>	<u>\$ 2,414,533</u>

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.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

8. Deferred contributions

Details of the changes in deferred contributions are as follows:

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 1,894,149	\$ 2,518,674
Grants received during the year	6,440,272	5,051,165
Amounts recognized as revenue	<u>(6,307,134)</u>	<u>(5,675,690)</u>
Balance, end of year	<u>\$ 2,027,285</u>	<u>\$ 1,894,149</u>

The deferred contributions include the following:

	<u>2022</u>	<u>2021</u>
Alberta Community and Social Service	<u>\$ 121,922</u>	<u>\$ 121,922</u>
Homeward Trust:		
Intensive Case Management Team	224,060	182,179
Rapid Re-Housing	6,386	64,243
Financial Management HUB	273,319	377,423
Youth Housing First	9,291	114,242
Safe Spaces	<u>10,770</u>	<u>47,340</u>
Homeward Trust sub-total	<u>523,826</u>	<u>785,427</u>
Others		
Edmonton Oilers Community Foundation	-	250,000
Alberta Seniors and Housing	687,820	539,057
Public Health Agency of Canada	126,915	-
Alberta Education	500,000	-
Miscellaneous	<u>66,802</u>	<u>197,743</u>
	<u>1,381,537</u>	<u>986,800</u>
	<u>\$ 2,027,285</u>	<u>\$ 1,894,149</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

December 31, 2022

9. Long-term debt

	<u>2022</u>	<u>2021</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 \$175,770.	\$ 126,590	\$ 150,375
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 \$207,467.	319,506	363,923
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 \$685,090.	769,551	873,633
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 \$144,168.	40,000	48,000
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 \$307,062 and general assignment of rents and revenues. Subsequent to year end, the mortgage was renewed and payable in monthly payments of \$1,045, with interest at 3.12% and extended to January 1, 2028.	59,086	69,885
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 \$375,063 and general assignment of rents and revenues.	<u>80,253</u> 1,394,986	<u>96,195</u> 1,602,011
Less: current portion of long-term debt	<u>(209,202)</u>	<u>(207,025)</u>
	\$ 1,185,784	\$ 1,394,986

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9. Long-term debt (cont'd)

Interest on long-term debt incurred during the year was \$14,636 (2021 - \$16,792) 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, is as follows:

2023	\$	209,202
2024		211,395
2025		848,716
2026		62,322
2027		61,512
Thereafter		<u>1,839</u>
	\$	<u>1,394,986</u>

10. 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 signed an agreement to purchase natural gas for a three-year term, expiring December 31, 2025, 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:

2023	\$	138,622
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Notes to the Financial Statements

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11. Contract income

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

	<u>2022</u>	<u>2021</u>
Federal government	\$ 1,727,262	\$ 1,688,973
Provincial government	15,512,581	14,632,931
Municipal government	<u>506,655</u>	<u>609,687</u>
	<u>17,746,498</u>	<u>16,931,591</u>
Non-government		
Homeward Trust		
Intensive Case Management Team	1,272,294	1,332,831
Rapid Re-Housing	584,369	549,161
Financial Management HUB	800,440	535,264
Youth Housing First	370,858	308,281
Supported Referrals	11,380	27,076
Safe Spaces	<u>314,418</u>	<u>210,572</u>
	<u>3,353,759</u>	<u>2,963,185</u>
United Way	255,615	271,181
Edmonton Public School Board	1,300,000	1,460,876
Others	<u>173,371</u>	<u>164,861</u>
	<u>1,728,986</u>	<u>1,896,918</u>
	<u>\$ 22,829,243</u>	<u>\$ 21,791,694</u>

During the year, the Organization received \$459,688 (2021 - \$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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12. Endowment fund income

During the year, the Organization received \$9,772 (2021 - \$8,857) 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, 2022, the balance of the endowment funds that the Organization is specified as a recipient of the income earned is \$224,603 (2021 - \$244,310).

13. 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 17% 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.

14. Restricted funds

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

	<u>2022</u>	<u>2021</u>
Operating reserve	\$ 4,675,218	\$ 4,631,947
Inner City Youth Housing Project (Note 5)	137,360	140,701
Replacement reserves (Note 4)	1,408,216	1,274,753
Lila Lee Building reserve	65,000	315,000
Trust Fund (Note 18)	405,309	196,355
Program funds (Note 15(i))	<u>2,916,282</u>	<u>1,242,181</u>
	<u>\$ 9,607,385</u>	<u>\$ 7,800,937</u>

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14. Restricted funds (cont'd)

The replacement reserves are externally and internally restricted for use towards major capital repairs. During the year \$108,463 (2021 - \$78,278) was transferred from various programs within the restricted fund into this reserve and as well \$25,000 (2021 - \$25,000) was transferred from the unrestricted fund into this reserve. Of the restricted amounts included in the replacement reserves, \$528,871 (2021 - \$476,933) has been internally restricted by the Board of Directors for major capital repairs. Lastly, during the year, the Organization returned \$196,309 (2021 - \$115,529) of unused funds to Alberta Children Services

Regarding the operating reserve, during the current year, the Organization transferred \$353,053 (2021 - \$nil) into this reserve to be used towards maintaining the stability of the Organization's programs and funding ongoing operations, in line with the Organization's mission and vision.

15. Interfund transfers

The capital assets fund balance is internally restricted to represent net assets invested in capital assets. During 2022, \$663,779 (2021 - \$473,301) 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>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 8,615,821	\$ 8,560,612
Transfer (i)	<u>(1,442,436)</u>	<u>-</u>
Balance, beginning of year (adjusted)	7,173,385	8,560,612
Amortization of capital assets	(548,388)	(573,480)
Amortization of deferred capital contributions	-	8,000
Donations and grants	<u>53,997</u>	<u>147,388</u>
Deficiency of expenses over revenues	<u>(494,391)</u>	<u>(418,092)</u>
Other items:		
Net acquisition of capital assets (ii)	456,754	147,388
Repayment of long-term debt	207,025	206,091
Transfer from restricted funds	<u>-</u>	<u>119,822</u>
Increase in net assets invested in capital assets	<u>663,779</u>	<u>473,301</u>
Balance, end of year	<u>\$ 7,342,773</u>	<u>\$ 8,615,821</u>

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Notes to the Financial Statements

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15. Interfund transfers (cont'd)

(i) For the year ended December 31, 2021, the Organization reclassified \$1,442,436 from investment in capital assets to restricted funds on the Statement of Net Assets. This reclassification represents historical transfers in excess of the related capital asset addition. This change in presentation had no effect on the Organization's total net assets for the year previously reported.

(ii) Current year's total acquisition of capital assets was \$510,751, of which \$53,997 was supported through donations and grants and \$456,754 from restricted funds. The total acquisitions include Alex Taylor School improvements of \$nil (2021 - \$26,906); Lila Lee Centre improvements of \$422,841 (2021 - \$nil); Our Place improvements of \$11,948 (2021 - \$39,047); Women Emergency Accommodation Centre (WEAC) improvements of \$26,316 (2021 - \$nil); Meadows improvements of \$18,256 (2021 - \$53,193), Sorensen Place improvements of \$31,390 (2021 - \$nil); and Stollery Place improvements of \$nil (2021 - \$28,242).

16. Donations and grants

	<u>2022</u>	<u>2021</u>
Grants - invested in capital assets fund	\$ <u>53,997</u>	\$ <u>155,388</u>
Donations and grants – unrestricted fund	<u>323,554</u>	<u>462,272</u>
Donations	768,979	446,274
Grants	1,110,910	1,134,691
Fundraising events	<u>114,511</u>	<u>40,684</u>
Total restricted fund	<u>1,994,400</u>	<u>1,621,649</u>
Total	<u>\$ 2,371,951</u>	<u>\$ 2,239,309</u>

17. 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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Notes to the Financial Statements

December 31, 2022

18. 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 14). 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 eight 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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19. Fundraising activities

The total expenditures incurred for the fundraising events were \$32,213 (2021 - \$2,586) and the gross contributions received under such activities for fiscal 2022 were \$114,511 (2021 - \$40,684). 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 \$16,716 (2021 - \$16,388).

Total donations receipted for income tax purposes in the fiscal year 2022 were \$444,820 (2021 - \$323,358). The total amount of government grants and revenues recognized in the 2022 financial statements were \$17,746,498 (2021 - \$16,931,591) and the total amount of non-government grants and contributions recognized were \$7,009,877 which includes revenues received from contract funding (2021 - \$6,776,053).

20. 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 \$670,015 (2021 - \$994,061).