

JERRY FORBES CENTRE FOUNDATION

EDMONTON, ALBERTA

FINANCIAL STATEMENTS

FOR THE YEAR ENDED AUGUST 31, 2022

INDEPENDENT AUDITORS' REPORT

To the Board of Jerry Forbes Centre Foundation

Qualified Opinion

We have audited the financial statements of the Jerry Forbes Centre Foundation (the "Foundation"), which comprise the statement of financial position as at August 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, except for the possible effects of the matter described in the Basis for Qualified Opinion section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2022, and the 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 Qualified Opinion

In common with many not-for-profit organizations, the Foundation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues was limited to the amounts recorded in the records of the Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, excess of revenues over expenses, and cash flows from operations for the year ended August 31, 2022, current assets and net assets as at August 31, 2022. Our audit opinion on the financial statements for the year ended August 31, 2021 was modified accordingly because of the possible effects of this limitation of scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditors' Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Foundation in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our ethical responsibilities in accordance with these requirements. We believe the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the 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 Foundation's ability to continue as a going concern, disclosing, as applicable, matters relating to going concern and using the going concern basis of accounting unless management either intends to liquidate the Foundation or to cease operations, or has no realistic alternative but to do so.

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Independent Auditors' Report to the Board of Jerry Forbes Centre Foundation (continued)

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

Auditor's Responsibility 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 auditors' report that includes our opinion. Reasonable assurance is a high level of assurance, but it 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 Foundation's internal control.
- Evaluate the appropriateness of accounting policies 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 Foundation's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' 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 auditors' report. However, future events or conditions may cause the Foundation 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.

METRIX GROUP LLP

Chartered Professional Accountants

Edmonton, Alberta
November 22, 2022

JERRY FORBES CENTRE FOUNDATION

STATEMENT OF FINANCIAL POSITION

AS AT AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents	\$ 133,747	\$ 321,472
Accounts receivable	8,912	4,503
Prepaid expenses	<u>14,955</u>	<u>13,582</u>
	157,614	339,557
Tangible Capital Assets (Note 3)	<u>12,943,438</u>	<u>13,195,513</u>
	<u>\$ 13,101,052</u>	<u>\$ 13,535,070</u>
 <u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 67,425	\$ 50,575
Employee payroll deductions payable	3,218	3,175
Goods and Services Tax payable	4,024	1,358
Vacation payable	8,695	8,964
Deferred contributions - operating	<u>-</u>	<u>3,703</u>
	83,362	67,775
Long Term Debt (Note 4)	3,000,000	3,000,000
Deferred Contributions - Tangible Capital Assets (Note 5)	<u>8,471,964</u>	<u>8,730,115</u>
	<u>11,555,326</u>	<u>11,797,890</u>
Net Assets		
Unrestricted	74,252	248,349
Contingency Reserve	-	23,433
Invested in Tangible Capital Assets	<u>1,471,474</u>	<u>1,465,398</u>
	<u>1,545,726</u>	<u>1,737,180</u>
	<u>\$ 13,101,052</u>	<u>\$ 13,535,070</u>

APPROVED ON BEHALF OF THE BOARD:

_____ Director

_____ Director

The accompanying notes are an integral part of these financial statements.

JERRY FORBES CENTRE FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2022

	<u>2022</u> <u>Foundation</u>	<u>2022</u> <u>Operations</u>	<u>2022</u> <u>Total</u>
Revenue			
Shared cost recoveries	\$ 12,148	\$ 576,567	\$ 588,715
Amortization of deferred contributions	258,151	-	258,151
Recovery from Foundation	-	50,701	50,701
Short term rentals	20,784	7,613	28,397
Donations	26,976	-	26,976
Grants	6,704	-	6,704
Interest	<u>1,001</u>	<u>-</u>	<u>1,001</u>
	<u>325,764</u>	<u>634,881</u>	<u>960,645</u>
Expenses			
Amortization	258,151	-	258,151
Utilities	-	137,295	137,295
Interest	135,362	-	135,362
Salaries and benefits	73,004	57,687	130,691
Professional fees	-	100,327	100,327
Janitorial	-	73,493	73,493
Repairs and maintenance	-	58,935	58,935
Information technology support	-	57,438	57,438
Foundation Centre costs	50,701	-	50,701
Landscaping and snow removal	-	48,862	48,862
Office	-	27,797	27,797
Telephone	-	27,629	27,629
Insurance	-	24,564	24,564
Photocopier and postage	-	16,101	16,101
Advertising and promotion	<u>-</u>	<u>4,753</u>	<u>4,753</u>
	<u>517,218</u>	<u>634,881</u>	<u>1,152,099</u>
Deficiency of Revenue over Expenses	\$ <u>(191,454)</u>	\$ <u>-</u>	\$ <u>(191,454)</u>

JERRY FORBES CENTRE FOUNDATION

STATEMENT OF OPERATIONS

FOR THE YEAR ENDED AUGUST 31, 2021

	<u>2021</u> <u>Foundation</u>	<u>2021</u> <u>Operations</u>	<u>2021</u> <u>Total</u>
Revenue			
Shared cost recoveries	\$ 11,911	\$ 573,646	\$ 585,557
Amortization of deferred contributions	257,690	-	257,690
Donations	29,789	-	29,789
Recovery from Foundation	-	26,843	26,843
Short term rentals	11,797	7,085	18,882
Grants	12,797	-	12,797
Interest	<u>1,488</u>	<u>-</u>	<u>1,488</u>
	<u>325,472</u>	<u>607,574</u>	<u>933,046</u>
Expenses			
Amortization	257,690	-	257,690
Interest	140,589	-	140,589
Salaries and benefits	81,449	51,830	133,279
Utilities	-	115,514	115,514
Professional fees	-	102,227	102,227
Office	120	64,041	64,161
Information technology support	-	57,244	57,244
Janitorial	-	52,450	52,450
Repairs and maintenance	-	48,553	48,553
Landscaping and snow removal	-	39,862	39,862
Telephone	-	31,935	31,935
Foundation Centre costs	26,843	-	26,843
Insurance	-	21,822	21,822
Photocopier and postage	-	16,120	16,120
Advertising and promotion	<u>1,659</u>	<u>5,976</u>	<u>7,635</u>
	<u>508,350</u>	<u>607,574</u>	<u>1,115,924</u>
Deficiency of Revenue over Expenses	\$ <u>(182,878)</u>	\$ <u>-</u>	\$ <u>(182,878)</u>

JERRY FORBES CENTRE FOUNDATION
STATEMENT OF CHANGES IN NET ASSETS
FOR THE YEAR ENDED AUGUST 31, 2022

	Contingency Reserve	Invested in Tangible Capital Assets	Unrestricted	2022 Total	2021 Total
Balance, Beginning of Year	\$ 23,433	\$ 1,465,398	\$ 248,349	\$ 1,737,180	\$ 1,920,058
Deficiency of revenue over expenses	-	-	(191,454)	(191,454)	(182,878)
Tangible capital asset purchases	-	6,076	(6,076)	-	-
Transfers	(23,433)	-	23,433	-	-
Amortization of tangible capital assets	-	(258,151)	258,151	-	-
Amortization of deferred contributions - tangible capital assets	<u>-</u>	<u>258,151</u>	<u>(258,151)</u>	<u>-</u>	<u>-</u>
Balance, End of Year	\$ <u>-</u>	\$ <u>1,471,474</u>	\$ <u>74,252</u>	\$ <u>1,545,726</u>	\$ <u>1,737,180</u>

JERRY FORBES CENTRE FOUNDATION

STATEMENT OF CASH FLOWS

FOR THE YEAR ENDED AUGUST 31, 2022

	<u>2022</u>	<u>2021</u>
Operating Activities		
Cash from operations		
Excess (deficiency) of revenue over expenses	\$ (191,454)	\$ (182,878)
Amortization of tangible capital assets	258,151	258,151
Amortization of deferred contributions - tangible capital assets	<u>(258,151)</u>	<u>(258,151)</u>
	(191,454)	(182,878)
Change in non-cash working capital:		
Accounts receivable	(4,409)	7,127
Goods and Services Tax receivable	2,666	(1,933)
Prepaid expenses	(1,373)	(2,340)
Accounts payable and accrued liabilities	16,850	(66,256)
Employee payroll deductions payable	43	2,028
Vacation payable	(269)	6,077
Deferred contributions - operating	<u>(3,703)</u>	<u>3,703</u>
	<u>(181,649)</u>	<u>(234,472)</u>
Investing Activities		
Purchase of tangible capital assets	<u>(6,076)</u>	<u>(38,206)</u>
Change in Cash and Cash Equivalents During the Year	(187,725)	(272,678)
Cash and Cash Equivalents, Beginning of Year	<u>321,472</u>	<u>594,150</u>
Cash and Cash Equivalents, End of Year	<u>\$ 133,747</u>	<u>\$ 321,472</u>

JERRY FORBES CENTRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

1. NATURE OF OPERATIONS

The Foundation was established to provide and operate a facility to house the operations of other registered charities. The Foundation was incorporated under the Societies Act of Alberta and is a registered charity under the *Income Tax Act*.

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES

Basis of Presentation

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations.

Cash and cash equivalents

Cash and cash equivalents include chequing and savings accounts. All amounts are readily converted into known amounts of cash and are subject to an insignificant change in value.

Tangible Capital Assets

Tangible capital assets are recorded at cost. Amortization is provided over the estimated useful lives of the assets at the following methods and rates:

Building	50 years straight-line basis
Furniture and equipment	3 - 10 years straight-line basis

Revenue Recognition

The Foundation follows the deferral method of accounting for contributions. Restricted contributions are recognized as revenue in the year in which the related expenses are incurred. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

The Foundation records donations on a cash basis. No amount for pledges has been recorded in these financial statements.

Rent and recoveries income and interest income is recognized as revenue when earned.

Contributed Services

Volunteers donate services throughout the year to assist the Foundation in carrying out its activities. Due to the difficulty of determining their fair value, contributed services are not recorded in the financial statements.

Measurement Uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the recorded amounts of assets and liabilities, the disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. All estimates are reviewed periodically and adjustments are made to the statements of operations as appropriate in the year they become known.

JERRY FORBES CENTRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

2. SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES (continued)

Financial Instruments

Measurement of financial instruments

The Foundation initially measures its financial assets and financial liabilities at fair value and subsequently measures all financial assets and financial liabilities at amortized cost.

Financial assets measured at amortized cost include cash and cash equivalents and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities and long term debt.

Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in the statement of operations. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in the statement of operations.

3. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2022</u>	<u>2021</u>
Land	\$ 2,240,000	\$ -	\$ 2,240,000	\$ 2,240,000
Building	11,869,834	1,298,066	10,571,768	10,809,164
Furniture and equipment	<u>210,584</u>	<u>78,914</u>	<u>131,670</u>	<u>146,349</u>
	<u>\$ 14,320,418</u>	<u>\$ 1,376,980</u>	<u>\$ 12,943,438</u>	<u>\$ 13,195,513</u>

JERRY FORBES CENTRE FOUNDATION

NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2022

4. LONG TERM DEBT

	<u>2022</u>	<u>2021</u>
Loan bearing interest at 4.5% per annum, with monthly interest only payments, principal due October 15, 2025, secured by property.	<u>\$ 3,000,000</u>	<u>\$ 3,000,000</u>

5. DEFERRED CONTRIBUTIONS - TANGIBLE CAPITAL ASSETS

Deferred contributions related to tangible capital assets include grant funding received from the Government of Alberta and the City of Edmonton to fund the purchase of property.

	<u>2022</u>	<u>2021</u>
Balance, beginning of year	\$ 8,730,115	\$ 8,987,805
Amortization	<u>(258,151)</u>	<u>(257,690)</u>
Balance, end of year	<u>\$ 8,471,964</u>	<u>\$ 8,730,115</u>

6. FINANCIAL INSTRUMENTS

It is management's opinion that the Foundation is not exposed to significant credit, liquidity, market, currency, interest rate or other price risk through its financial instruments which include cash and cash equivalents, accounts receivable, accounts payable and accrued liabilities and long term debt.

7. COMPARATIVE FIGURES

Some of the comparative figures have been reclassified to conform to the current year's presentation.