

**JERRY FORBES CENTRE  
FOUNDATION**

**EDMONTON, ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2017**

## INDEPENDENT AUDITORS' REPORT

To the Board of Jerry Forbes Centre Foundation  
Edmonton, Alberta

We have audited the accompanying financial statements of Jerry Forbes Centre Foundation (the "Foundation"), which comprise the statement of financial position as at August 31, 2017 and the statements of operations, changes in net assets and cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

### *Management's Responsibility 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.

### *Auditor's Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. Except as explained in the following paragraph, we conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our audit opinion.

### *Basis for Qualified Opinion*

The Foundation derives revenue from fundraising and donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of revenue from this source was limited to the amounts recorded in the records of the Foundation, and we were not able to determine whether any adjustments might be necessary to revenue, excess of revenue over expenses, assets and net assets.

### *Qualified Opinion*

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, these financial statements present fairly, in all material respects, the financial position of the Foundation as at August 31, 2017 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.

**METRIX GROUP LLP**

Chartered Professional Accountants



February 22, 2018  
Edmonton, Alberta



**JERRY FORBES CENTRE FOUNDATION**  
**STATEMENT OF FINANCIAL POSITION**  
AS AT AUGUST 31, 2017

	<u>2017</u>	<u>2016</u>
<u>ASSETS</u>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 1,377,319	\$ 1,305,929
Accounts receivable	111,193	245,943
Goods and Services Tax receivable	-	206,460
Prepaid expenses	<u>54,363</u>	<u>50,765</u>
	1,542,875	1,809,097
Tangible Capital Assets (Note 4)	<u>8,116,039</u>	<u>8,376,333</u>
	<u>\$ 9,658,914</u>	<u>\$10,185,430</u>
<u>LIABILITIES AND NET ASSETS</u>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 83,646	\$ 557,635
Employee payroll deductions payable	2,107	5,736
Vacation payable	1,548	1,706
Deferred contributions - operating	<u>52,100</u>	<u>20,350</u>
	139,401	585,427
Long-term Debt (Note 5)	1,500,000	1,500,000
Deferred Contributions - Tangible Capital Assets (Note 6)	<u>5,577,401</u>	<u>5,688,806</u>
	<u>7,216,802</u>	<u>7,774,233</u>
Net Assets		
Unrestricted	1,403,474	1,223,670
Invested in Tangible Capital Assets	<u>1,038,638</u>	<u>1,187,527</u>
	<u>2,442,112</u>	<u>2,411,197</u>
	<u>\$ 9,658,914</u>	<u>\$10,185,430</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, 2017**

	<u>2017</u>	<u>2016</u>
Revenue		
Rent	\$ 529,914	\$ 160,521
Amortization of deferred contributions - tangible capital assets	115,200	119,200
Grants	18,250	58,900
Donations	3,000	267,618
Interest	<u>1,279</u>	<u>1,915</u>
	<u>667,643</u>	<u>608,154</u>
Expenses		
Salaries and benefits	167,739	121,773
Property taxes	149,244	67,299
Amortization	115,200	119,200
Interest on long-term debt	74,931	47,675
Fundraising	58,897	-
Professional fees	38,961	13,021
Advertising and promotion	12,492	19,729
Office	8,945	8,770
Insurance	7,359	8,828
Repairs and maintenance	2,202	-
Meetings	676	487
Bank charges	82	430
Staff development	<u>-</u>	<u>1,449</u>
	<u>636,728</u>	<u>408,661</u>
Excess of Revenue over Expenses	<u>\$ 30,915</u>	<u>\$ 199,493</u>

**JERRY FORBES CENTRE FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	Invested in Tangible Capital Assets	Unrestricted	<u>2017</u> Total	<u>2016</u> Total
Balance, Beginning of Year	1,187,527	1,223,670	2,411,197	(28,296)
Excess of revenue over expenses	-	30,915	30,915	199,493
Tangible capital asset purchases	(145,094)	145,094	-	-
Deferred contributions related to tangible capital asset purchases	(3,795)	3,795	-	-
Deferred contributions related to land purchase	-	-	-	2,240,000
Amortization of tangible capital assets	(115,200)	115,200	-	-
Amortization of deferred contributions - tangible capital assets	<u>115,200</u>	<u>(115,200)</u>	<u>-</u>	<u>-</u>
Balance, End of Year	<u>\$ 1,038,638</u>	<u>\$ 1,403,474</u>	<u>\$ 2,442,112</u>	<u>\$ 2,411,197</u>

**JERRY FORBES CENTRE FOUNDATION**  
**STATEMENT OF CASH FLOWS**  
**FOR THE YEAR ENDED AUGUST 31, 2017**

	<u>2017</u>	<u>2016</u>
Operating Activities		
Cash from operations		
Excess of revenue over expenses	\$ 30,915	\$ 199,493
Amortization of tangible capital assets	115,200	119,200
Amortization of deferred contributions - tangible capital assets	<u>(115,200)</u>	<u>(119,200)</u>
	30,915	199,493
Change in non-cash working capital:		
Accounts receivable	134,750	(245,943)
Goods and Services Tax receivable	206,460	(205,904)
Prepaid expenses	(3,598)	(49,705)
Accounts payable and accrued liabilities	(473,989)	551,673
Employee payroll deductions payable	(3,629)	3,959
Vacation payable	(158)	(2,643)
Deferred contributions - operating	<u>31,750</u>	<u>20,350</u>
	<u>(77,499)</u>	<u>271,280</u>
Financing Activities		
Deferred contributions for tangible capital assets received	3,795	6,002,299
Proceeds on long-term debt	<u>-</u>	<u>1,500,000</u>
	<u>3,795</u>	<u>7,502,299</u>
Investing Activities		
Purchase of tangible capital assets	<u>145,094</u>	<u>(8,495,533)</u>
Change in Cash and Cash Equivalents During the Year	71,390	(721,954)
Cash and Cash Equivalents, Beginning of Year	<u>1,305,929</u>	<u>2,027,883</u>
Cash and Cash Equivalents, End of Year	<u>\$ 1,377,319</u>	<u>\$ 1,305,929</u>

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

# JERRY FORBES CENTRE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2017

### 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
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#### 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.

Rental 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, 2017

**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. CASH AND CASH EQUIVALENTS**

Cash and cash equivalents includes restricted funds of \$776,880 (2015 - \$772,583). These funds are derived from government grant funding which are restricted in their use, subject to the terms and conditions of the grant funding agreements.

**4. TANGIBLE CAPITAL ASSETS**

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2017</u>	<u>2016</u>
Land	\$ 2,240,000	\$ -	\$ 2,240,000	\$ 2,240,000
Building	<u>6,110,439</u>	<u>234,400</u>	<u>5,876,039</u>	<u>6,136,333</u>
	<u>\$ 8,350,439</u>	<u>\$ 234,400</u>	<u>\$ 8,116,039</u>	<u>\$ 8,376,333</u>

Building costs include ongoing renovation costs of \$350,439 (2016 - \$295,533) on which no amortization expense has been recorded. Amortization will commence when the work is complete and the asset is in use.