

**JERRY FORBES CENTRE FOUNDATION**

**EDMONTON, ALBERTA**

**FINANCIAL STATEMENTS**

**FOR THE YEAR ENDED AUGUST 31, 2021**

## **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, 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, 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, 2021, 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, 2021, current assets and net assets as at August 31, 2021. Our audit opinion on the financial statements for the year ended August 31, 2020 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 29, 2021

**JERRY FORBES CENTRE FOUNDATION**

**STATEMENT OF FINANCIAL POSITION**

**AS AT AUGUST 31, 2021**

	<u>2021</u>	<u>2020</u>
<b><u>ASSETS</u></b>		
Current Assets		
Cash and cash equivalents (Note 3)	\$ 321,472	\$ 594,150
Accounts receivable	4,503	11,630
Prepaid expenses	<u>13,582</u>	<u>11,242</u>
	339,557	617,022
Tangible Capital Assets (Note 4)	<u>13,195,513</u>	<u>13,414,997</u>
	<u>\$ 13,535,070</u>	<u>\$ 14,032,019</u>
<b><u>LIABILITIES AND NET ASSETS</u></b>		
Current Liabilities		
Accounts payable and accrued liabilities	\$ 50,575	\$ 116,831
Employee payroll deductions payable	3,175	1,147
Goods and Services Tax payable	1,358	3,291
Vacation payable	8,964	2,887
Deferred contributions - operating	<u>3,703</u>	<u>-</u>
	67,775	124,156
Long Term Debt (Note 5)	3,000,000	3,000,000
Deferred Contributions - Tangible Capital Assets (Note 6)	<u>8,730,115</u>	<u>8,987,805</u>
	<u>11,797,890</u>	<u>12,111,961</u>
Net Assets		
Unrestricted	248,349	492,866
Contingency Reserve	23,433	-
Invested in Tangible Capital Assets	<u>1,465,398</u>	<u>1,427,192</u>
	<u>1,737,180</u>	<u>1,920,058</u>
	<u>\$ 13,535,070</u>	<u>\$ 14,032,019</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, 2021**

	<u>2021</u>	<u>2020</u>
<b>Revenue</b>		
Shared cost recoveries	\$ 585,557	\$ 531,757
Amortization of deferred contributions - tangible capital assets	257,690	256,068
Donations	29,789	14,135
Short term rentals	18,882	10,085
Grants	12,797	1,161
Interest	<u>1,488</u>	<u>6,006</u>
	<u>906,203</u>	<u>819,212</u>
<b>Expenses</b>		
Amortization	257,690	256,068
Interest	140,589	180,210
Salaries and benefits	133,279	48,706
Utilities	115,514	100,146
Professional fees	102,227	101,148
Office	64,161	37,885
Information technology support	57,244	58,244
Janitorial	52,450	46,628
Repairs and maintenance	48,553	56,297
Landscaping and snow removal	39,862	40,090
Telephone	31,935	28,908
Insurance	21,822	19,620
Photocopier and postage	16,120	14,759
Advertising and promotion	7,635	18,376
Property management	<u>-</u>	<u>24,385</u>
	<u>1,089,081</u>	<u>1,031,470</u>
<b>Deficiency of Revenue over Expenses</b>	<u>\$ (182,878)</u>	<u>\$ (212,258)</u>

**JERRY FORBES CENTRE FOUNDATION**  
**STATEMENT OF CHANGES IN NET ASSETS**  
**FOR THE YEAR ENDED AUGUST 31, 2021**

	<b>Contingency</b>	<b>Invested in</b>		<b>2021</b>	<b>2020</b>
	<b><u>Reserve</u></b>	<b><u>Capital Assets</u></b>	<b><u>Unrestricted</u></b>	<b><u>Total</u></b>	<b><u>Total</u></b>
<b>Balance, Beginning of Year</b>	\$ -	\$ 1,427,192	\$ 492,866	\$ 1,920,058	\$ 2,132,316
Deficiency of revenue over expenses	-	-	(182,878)	<b>(182,878)</b>	(212,258)
Tangible capital asset purchases	-	38,206	(38,206)	-	-
Transfers	23,433	-	(23,433)	-	-
Amortization of tangible capital assets	-	(257,690)	257,690	-	-
Amortization of deferred contributions - tangible capital assets	<u>-</u>	<u>257,690</u>	<u>(257,690)</u>	<u>-</u>	<u>-</u>
<b>Balance, End of Year</b>	<b><u>\$ 23,433</u></b>	<b><u>\$ 1,465,398</u></b>	<b><u>\$ 248,349</u></b>	<b><u>\$ 1,737,180</u></b>	<b><u>\$ 1,920,058</u></b>

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

**JERRY FORBES CENTRE FOUNDATION**

**STATEMENT OF CASH FLOWS**

**FOR THE YEAR ENDED AUGUST 31, 2021**

	<u>2021</u>	<u>2020</u>
<b>Operating Activities</b>		
Cash from operations		
Excess (deficiency) of revenue over expenses	\$ (182,878)	\$ (212,258)
Amortization of tangible capital assets	257,690	256,068
Amortization of deferred contributions - tangible capital assets	<u>(257,690)</u>	<u>(256,068)</u>
	(182,878)	(212,258)
 Change in non-cash working capital:		
Accounts receivable	7,127	17,324
Goods and Services Tax receivable	(1,933)	145,299
Prepaid expenses	(2,340)	(367)
Accounts payable and accrued liabilities	(66,256)	59,462
Employee payroll deductions payable	2,028	114
Vacation payable	6,077	982
Deferred contributions - operating	<u>3,703</u>	<u>(1,161)</u>
	<u>(234,472)</u>	<u>9,395</u>
 <b>Investing Activities</b>		
Purchase of tangible capital assets	<u>(38,206)</u>	<u>(11,612)</u>
 <b>Change in Cash and Cash Equivalents During the Year</b>	<b>(272,678)</b>	<b>(2,217)</b>
 <b>Cash and Cash Equivalents, Beginning of Year</b>	<u>594,150</u>	<u>596,367</u>
 <b>Cash and Cash Equivalents, End of Year</b>	<b>\$ <u>321,472</u></b>	<b>\$ <u>594,150</u></b>

# JERRY FORBES CENTRE FOUNDATION

## NOTES TO FINANCIAL STATEMENTS

AUGUST 31, 2021

### 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, 2021

### 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 \$83,934 (2020 - \$83,934). These funds are derived from private grant funding and are restricted in their use, subject to the terms and conditions of the grant funding agreement.

### 4. TANGIBLE CAPITAL ASSETS

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	
			<u>2021</u>	<u>2020</u>
Land	\$ 2,240,000	\$ -	\$ 2,240,000	\$ 2,240,000
Building	11,869,834	1,060,669	10,809,165	11,023,091
Furniture and equipment	<u>204,507</u>	<u>58,159</u>	<u>146,348</u>	<u>151,906</u>
	<u>\$ 14,314,341</u>	<u>\$ 1,118,828</u>	<u>\$ 13,195,513</u>	<u>\$ 13,414,997</u>

**JERRY FORBES CENTRE FOUNDATION**

**NOTES TO FINANCIAL STATEMENTS**

**AUGUST 31, 2021**

**5. LONG TERM DEBT**

	<u>2021</u>	<u>2020</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>

**6. 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>2021</u>	<u>2020</u>
Balance, beginning of year	\$ 8,987,805	\$ 9,243,873
Amortization	<u>(257,690)</u>	<u>(256,068)</u>
Balance, end of year	<u>\$ 8,730,115</u>	<u>\$ 8,987,805</u>

**7. 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.

**8. UNCERTAINTY DUE TO COVID-19**

On March 17, 2020, the Government of Alberta declared a public health emergency in response to the COVID-19 pandemic. The measures implemented to combat the spread of the virus have had an impact on the Foundation; however, an estimate of the financial impact cannot be made at this time.

The Foundation is closely monitoring the recommendations from public health agencies and government authorities while implementing its operational plan to reduce any adverse financial impact and continue operations.