

**Edmonton City Centre
Church Corporation
Financial Statements**
December 31, 2005

Contents

	<u>Page</u>
Auditors' Report	1
Statement of Financial Position	2
Statement of Operations	3
Statement of Changes in Net Assets	4
Statement of Cash Flows	5
Notes to the Financial Statements	6 - 16

Auditors' Report

To the Members of
Edmonton City Centre Church Corporation

We have audited the statement of financial position of Edmonton City Centre Church Corporation as at December 31, 2005 and the statements of operations, changes in net assets, and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. 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 plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatements. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In common with many charitable organizations, Edmonton City Centre Church Corporation derives its revenues from the general public in the form of donations, rents and client fees, which are not susceptible to complete audit verification. Accordingly, our verification of the receipts from these sources was limited to the amounts recorded in the records of Edmonton City Centre Church Corporation and accordingly we were unable to determine whether any adjustments might be necessary to donations, rent and client fees and excess of revenues over expenditures, assets or designated fund balances.

In our opinion, except for the effect of adjustments, if any, which we might have determined to be necessary had we been able to satisfy ourselves concerning the completeness of donation and rent and client fees referred to in the preceding paragraph, these financial statements present fairly, in all material respects, the financial position of the Corporation as at December 31, 2005 and the results of its operations and cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

The financial statements as at December 31, 2004 and the year then ended were audited by another firm of Chartered Accountants who expressed a qualified opinion on these statements in their report dated March 31, 2005.



Edmonton, Canada
April 10, 2006

Chartered Accountants

Edmonton City Centre Church Corporation

Statement of Financial Position

December 31

2005

2004

Assets

Current

Cash and cash equivalents	\$ 800,287	\$ 1,349,607
Short term investments	127,683	68,863
Accounts receivable	445,553	440,208
Prepaid expenses and deposits	<u>9,311</u>	<u>5,337</u>
	1,382,834	1,864,015
Long term investments (Note 3)	335,900	305,844
Inner City Youth Housing Project (Note 4)	117,592	111,123
Capital assets (Note 5)	<u>8,607,880</u>	<u>7,827,082</u>
	\$ 10,444,206	\$ 10,108,064

Liabilities

Current

Accounts payable and accrued liabilities	\$ 870,826	\$ 1,029,347
Deferred revenue	439,126	630,113
Current portion of long term debt (Note 6)	106,755	76,776
Current portion of deferred conditional grant (Note 7)	<u>37,600</u>	<u>37,663</u>
	1,454,307	1,773,899
Long term debt (Note 6)	3,989,999	4,099,428
Deferred conditional grant (Note 7)	<u>422,600</u>	<u>460,937</u>
	5,866,906	6,334,264

Net assets

General	87,948	(12,797)
Restricted (Note 13)	478,349	405,069
Invested in capital assets	<u>4,011,003</u>	<u>3,381,528</u>
	4,577,300	3,773,800
	\$ 10,444,206	\$ 10,108,064

Commitments and guarantees (Note 9)

On behalf of the Board:

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Operations

Year Ended December 31

	General 2005	Restricted 2005	Invested in Capital Assets 2005	Total 2005	Total 2004
Revenues					
Contract income (Note 10)	\$ -	\$ 5,449,390	\$ -	\$ 5,449,390	\$ 4,876,816
Donations and grants	294,983	2,399,283	1,170,693	3,864,959	4,463,089
Bistro operations	-	306,179	-	306,179	238,251
Rents and client fees	-	305,627	-	305,627	290,790
Other	80,670	194,945	-	275,615	263,545
Interest	10,936	27,165	-	38,101	30,556
Member contributions	32,431	-	-	32,431	36,020
	<u>419,020</u>	<u>8,682,589</u>	<u>1,170,693</u>	<u>10,272,302</u>	<u>10,199,067</u>
Expenditures					
Wages and benefits	395,420	3,879,588	-	4,275,008	4,632,129
Client and other	332,960	2,287,721	35,265	2,655,946	2,326,520
Contracted supplies	-	878,389	-	878,389	792,002
Headstart expenses	-	647,254	-	647,254	589,225
Amortization	-	-	599,461	599,461	528,402
Mortgage interest	-	197,020	-	197,020	258,119
Administration fees and recovery (Note 12)	(434,505)	434,505	-	-	-
Nutrition snack school payments	-	164,618	-	164,618	181,656
Professional fees	30,000	27,576	-	57,576	86,850
	<u>323,875</u>	<u>8,516,671</u>	<u>634,726</u>	<u>9,475,272</u>	<u>9,394,903</u>
	95,145	165,918	535,967	797,031	804,164
Inner City Youth Housing Project (Note 4)	-	6,469	-	6,469	(28,024)
Excess of revenues over expenditures	<u>\$ 95,145</u>	<u>\$ 172,387</u>	<u>\$ 535,967</u>	<u>\$ 803,500</u>	<u>\$ 776,140</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Changes in Net Assets

Year Ended December 31

	<u>General</u> <u>2005</u>	<u>Restricted</u> <u>2005</u> (Note 12)	<u>Invested in</u> <u>Capital</u> <u>Assets</u> <u>2005</u>	<u>Total</u> <u>2005</u>	<u>Total</u> <u>2004</u>
Net assets, beginning of year	\$ (12,797)	\$ 405,069	\$3,381,528	\$3,773,800	\$2,997,660
Excess of revenues over expenditures	95,145	172,387	535,968	803,500	776,140
Interfund transfers (Note 14)					
General	29,000	(29,000)	-	-	-
Restricted	(23,400)	23,400	-	-	-
Capital	<u>-</u>	<u>(93,507)</u>	<u>93,507</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 87,948</u>	<u>\$ 478,349</u>	<u>\$4,011,003</u>	<u>\$4,577,300</u>	<u>\$3,773,800</u>

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Statement of Cash Flows

Year Ended December 31

2005

2004

Increase (decrease) in cash and cash equivalents

Operating

Excess of revenue over expenditures	\$ 803,500	\$ 776,140
Non cash items:		
Amortization of capital assets	599,461	528,402
Amortization of deferred conditional grants (Note 7)	<u>(38,400)</u>	<u>(29,658)</u>
	<u>1,364,561</u>	<u>1,274,884</u>

Change in non-cash operating working capital:

Accounts receivable	(5,345)	(54,320)
Prepaid expense and deposits	(3,974)	88,996
Inner City Youth Housing Project	(6,469)	28,024
Accounts payable and accrued liabilities	(158,521)	389,617
Deferred revenue	<u>(190,987)</u>	<u>276,933</u>
	<u>999,265</u>	<u>2,004,134</u>

Financing

Deferred conditional grants received	-	275,258
Proceeds from long term debt	-	361,233
Repayment of long term debt	<u>(79,450)</u>	<u>(72,747)</u>
	<u>(79,450)</u>	<u>563,744</u>

Investing

Acquisition of long term investments	(30,056)	(63,568)
Acquisition of capital assets	<u>(1,380,259)</u>	<u>(1,886,657)</u>
	<u>(1,410,315)</u>	<u>(1,950,225)</u>

(Decrease) increase in cash and cash equivalents (490,500) 617,653

Cash and cash equivalents, beginning of year 1,418,470 800,817

Cash and cash equivalents, end of year \$ 927,970 \$ 1,418,470

Supplemental cash flow information

2005

2004

Cash and cash equivalents consist of:

Cash	\$ 800,287	\$ 1,349,607
Short term investments	<u>127,683</u>	<u>68,863</u>
	<u>927,970</u>	<u>1,418,470</u>

Interest paid \$ 197,020 \$ 233,999

See accompanying notes to the financial statements

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

1. Purpose of the organization

Edmonton City Centre Church Corporation ("the Corporation") is incorporated under the Companies Act of the Province of Alberta, as a non-profit organization. It is a registered Canadian charitable organization, and therefore, is not subject to income taxes.

The Corporation responds to the needs of disadvantaged people through program delivery, coordination, and advocacy in partnership with other individuals and organizations in order to create healthier communities for all. For the past 36 years the Corporation has fed hungry children, sheltered the homeless, provided services for people with mental health problems, offered youth employment training and education, provided women and street kids with shelter and counselling and provided supports to change lives.

2. Summary of significant accounting policies

The financial statements have been prepared in accordance with Canadian generally accepted accounting principles and reflect the following significant accounting policies:

Fund accounting

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

The General Fund accounts for the Corporation's program delivery and administrative activities. This fund reports unrestricted resources and expenditures.

The Restricted Fund accounts for the Corporation's various projects and programs. This fund reports restricted resources and expenditures.

The Invested in Capital Assets Fund reports the assets, liabilities, revenues and expenses related to the Corporation's capital assets.

Cash and cash equivalents

Cash and cash equivalents consist of amounts on deposit in bank accounts and petty cash maintained by each program, and short term investments with original maturities of three months or less.

Long term investments

Long term investments are comprised of one month term deposits renewed monthly. These investments have been classified as long term as contracts with Alberta Seniors and the Muttart Foundation require they be held to fund replacement reserves.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

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

Capital assets

Capital assets are recorded at cost. Amortization is provided using the straight-line method over the estimated useful lives of the assets as follows:

Buildings	5%
Building equipment	10%
Office equipment	10%
Motor vehicles	20%
Furniture and equipment	20%
Computer equipment	33%
Leaseholds	33%

Revenue recognition

Restricted contributions are recognized as revenue of the appropriate restricted fund in the year the contributions are received or receivable. If the contributions are specified for use in a future period, they are deferred and recognized in the specific period.

Unrestricted contributions are recognized as revenue of the General 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 General Fund.

Revenues relating to rent and client fees, other, bistro 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 reasonable assured.

Contributed services

Volunteers assist the Corporation 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

Contributed materials are recorded at fair market value as determined on the date contributed. Contributed materials include program supplies and food donations used by the Corporation in its programs and projects.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

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

Inner City Youth Housing Project

The Corporation's investment in the Inner City Youth Housing Project is accounted for by the equity method.

Replacement reserves

Included in the restricted fund are eight replacement reserves.

The amount of the replacement reserve for each of Our Place – Alberta Seniors, 17 Unit Apartment Building (17 Unit), and Women's Emergency Accommodation Centre (WEAC), is determined by Alberta Ministry of Seniors and Community Supports ("Alberta Seniors"). The annual transfers for these reserves are charged to the related restricted program fund. Interest earned on the funds is credited directly to the respective replacement reserve restricted fund. Any withdrawal from replacement reserve funds is subject to the approval of Alberta Seniors.

The amount of the replacement reserve for the Alex Taylor Building is determined by the Muttart Foundation. Annual transfers for this reserve are charged to the general fund. Interest earned on the fund is credited directly to the replacement reserve restricted fund. Any withdrawal from the Alex Taylor Building replacement reserve is subject to approval by the Muttart Foundation.

All other replacement reserves' annual transfers and withdrawal approval are determined internally by the Corporation's Housing Department and the Board of Directors.

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.

Use of estimates

The preparation of financial statements in conformity with generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosures of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reported period. Actual results could differ from these estimates.

Employee future benefits

The Corporation maintains a defined contribution pension plan for employees, whereby the Corporation makes annual contributions to a group registered retirement savings plan for employees.

The Corporation's required contributions are recognized in the period in which they are incurred. Included in expenses for the period ending December 31, 2005 is \$1,720 (2004-\$7,426) in respect of contributions paid for eligible employees.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

3. Long term investments

Long term investments consist of externally and internally restricted term deposits held for major capital repairs on various properties that support the Replacement Reserve (Note 13). These term deposits are renewed on a monthly (2004 - annual) basis, but are considered long term due to their purpose and the Corporation's restricted access. Externally restricted funds are not controlled by the Corporation as approval must be obtained from Alberta Seniors or The Muttart Foundation prior to the use of these funds. Internally restricted funds require approval by appropriate officials within the Corporation prior to the use of these funds. The restricted funds relate to various programs and funds as follows:

	<u>2005</u>	<u>2004</u>
Externally Restricted Funds		
Women's Emergency Accommodation Centre	\$ 136,387	\$ 137,740
Our Place - AMA	43,983	39,598
17 Unit Apartment Building	73,385	65,075
Alex Taylor School (Administration Fund)	<u>41,829</u>	<u>23,400</u>
	<u>295,584</u>	<u>265,813</u>
Internally Restricted Funds		
Gold Nugget	35,974	35,571
Mental Health House	<u>4,342</u>	<u>4,460</u>
	<u>40,316</u>	<u>40,031</u>
	<u>\$ 335,900</u>	<u>\$ 305,844</u>

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

4. Inner City Youth Housing Project

The Corporation has a 25% interest in the Inner City Youth Housing Project ("the Project"), which is co-owned by Youth Emergency Shelter Society, Bissell Centre, Boyle Street Community Services Co-operative, and Edmonton City Centre Church Corporation. The Project was officially opened on July 9, 1993.

The co-ownership agreement provided that the property shall be owned equally by the four participants and provides that the participants will arrange for contracts and agreements with government agencies to provide the funding necessary to finance and operate six homes providing housing to inner city youths in need. The agreement further provides that on termination of the Project, any assets remaining shall be divided equally among the participants and used to provide social housing for people living in poverty.

The Corporation's share of the Project's assets, liabilities and operations are as follows:

	<u>2005</u> (12 months)	<u>2004</u> (9 months)
Total assets	\$ 332,973	\$ 324,523
Total liabilities and reserves	<u>215,381</u>	<u>213,400</u>
Net assets	<u>\$ 117,592</u>	<u>\$ 111,123</u>
Revenue	\$ 305,127	\$ 227,063
Expenses	<u>298,658</u>	<u>222,216</u>
Excess of revenue over expenses before the undernoted	\$ 6,469	\$ 4,847
Repayment of surplus retention from net assets	<u>-</u>	<u>(32,871)</u>
Change in fund balances	<u>\$ 6,469</u>	<u>\$ (28,024)</u>
Cash from (used in)		
Operating activities	\$ 9,367	\$ 26,486
Financing activities	(9,923)	(1,289)
Investing activities	(1,126)	(16,281)

The Project maintains certain cash and investments subject to externally and internally imposed restrictions.

The participants have guaranteed mortgages for the Project and are jointly and severally liable for balances totalling \$723,473 (2004 - \$741,359). The ultimate liability of the Corporation with respect to the mortgage would be reduced by proceeds on disposal of the mortgaged properties and contributions by the other participants.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

5. Capital assets

			<u>2005</u>	<u>2004</u>
	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>	<u>Net Book Value</u>
Land	\$ 764,136	\$ -	\$ 764,136	\$ 769,785
Buildings	10,516,984	3,017,464	7,499,520	6,655,038
Building equipment	491,811	178,940	312,871	362,054
Office equipment	62,683	62,554	129	258
Motor vehicles	119,429	106,967	12,462	6,599
Furniture and equipment	170,896	152,134	18,762	33,348
Computer equipment	23,703	23,703	-	-
Leaseholds	214,311	214,311	-	-
	<u>\$12,363,953</u>	<u>\$ 3,756,073</u>	<u>\$ 8,607,880</u>	<u>\$ 7,827,082</u>

6. Long term debt

	<u>2005</u>	<u>2004</u>
Canadian Mortgage and Housing Corporation (CHMC) mortgage, payable to December 1, 2027, in monthly instalments of \$2,668 principal and interest with interest at 4.53% per annum. Secured by the building and land occupied by Our Place, and a general assignment of rents and leases	\$ 448,789	\$ 458,755
CHMC mortgage, payable to December 1, 2029, in monthly instalments of \$4,930 principal and interest, with interest at 3.88% per annum. Secured by the building and land occupied by the 17 Unit Apartment Building.	928,611	947,864
CHMC mortgage, payable to January 1, 2030, in monthly instalments of \$11,556 principal and interest, with interest at 3.84% per annum. Secured by the building and land occupied by WEAC.	2,190,741	2,228,458
Muttart Foundation interest free loan payable to July 1, 2027, in semi-annual instalments of \$4,000. Secured by the building and land occupied by Crossroad House.	176,000	184,000
Royal Bank mortgage, payable to May 1, 2024, in monthly instalments of \$942, including interest at 4.127% per annum. Secured by the building and land occupied by Gold Nugget.	146,575	151,289

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

6. Long term debt (cont'd)

Caplink Financial Corporation mortgage, payable to February 1, 2029, in monthly instalments of \$1,926 principal and interest, with interest at 10.5% per annum. Secured by the building and land occupied by Our Other Place.

	206,038	205,838
	4,096,754	4,176,204
Less: current portion of long term debt	106,755	76,776
	\$ 3,989,999	\$ 4,099,428

Interest on long term debt incurred during the year is \$197,020 (2004 - \$258,118) 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:

2006	\$ 106,755
2007	110,976
2008	115,111
2009	117,303
2010	67,151
Thereafter	3,579,458

Subsequent to year-end, the Corporation paid \$206,072 to discharge the Caplink Mortgage. The Corporation entered into a new mortgage agreement with Canadian Alternative Investment Cooperative for the outstanding mortgage balance. The terms of the new loan are monthly payments of principal and interest of \$1,077 with interest at 5.25% per annum.

7. Deferred conditional grants

	<u>2005</u>	<u>2004</u>
CMHC Residential Rehabilitation Assistance Program forgivable mortgage bearing forgivable interest at 8.375%. Secured by Crossroads Duplex building and amortized over 15 years of the operating agreement.	\$ 96,000	\$ 96,000
CMHC Residential Rehabilitation Assistance Program forgivable mortgage bearing forgivable interest at 8.125%. Secured by Gold Nugget building and amortized over 15 years of the operating agreement.	180,000	180,000
CMHC Residential Rehabilitation Assistance Program forgivable mortgage bearing forgivable interest at 7.875%. Secured by Home for Healing building and amortized over 15 years of the operating agreement.	144,000	144,000

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

7. Deferred conditional grants (cont'd)

CMHC Residential Rehabilitation Assistance Program
forgivable mortgage bearing forgivable interest at 8.375%.
Secured by Our Other Place building and amortized over
15 years of the operating agreement.

	131,258	131,258
	551,258	551,258
Less: accumulated amortization	91,058	52,658
	460,200	498,600
Less: current portion of deferred conditional grants	37,600	37,663
	\$ 422,600	\$ 460,937

During the year, \$38,400 (2004 - \$29,658) of the deferred conditional grants was recognized as grant revenue. The above mortgages are forgivable if specific conditions as set out in the respective funding agreements are fulfilled by the Corporation.

8. Bank indebtedness

The Corporation has an overdraft protection agreement dated October 2004 with a limit of \$150,000. Collateral accounts on this protection totals \$151,604 and comprises \$103,204 from short-term investments and \$48,400 from long-term Alex Taylor School replacement reserves (Note 3). As of December 31, 2005 bank indebtedness was \$nil (2004 - \$nil).

9. Commitments and Guarantees

The Corporation has guaranteed the mortgage for the Prostitution Awareness and Action Foundation of Edmonton office building in the amount of \$177,000 (2004 - \$177,000). The amount is due by the lender on demand.

The Corporation has signed two irrevocable letters of guarantees with the City of Edmonton for an aggregate of \$21,270 representing the costs of required improvements for the back alley and landscaping for the Stollery Place Apartment Building. These letters are outstanding until the earlier of repayment demand or November 29, 2006.

10. Contract income

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

	<u>2005</u>	<u>2004</u>
Federal Government	\$ 996,632	\$ 928,443
Provincial Government	4,164,833	3,816,038
City of Edmonton	287,925	132,335
	\$ 5,449,390	\$ 4,876,816

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

10. Contract income (cont'd)

The Corporation is required to return any surplus over expenditures to Alberta Seniors relating to the Our Place – Alberta Seniors and 17 Unit Apartment Building projects. Any surplus over expenditures relating to the Crossroads House project is to be either returned to the Edmonton Child and Family Services Authority or pay part or the entire surplus into a Surplus Retention Reserve. During the current year, \$3,052 has been accrued and included in accounts payable and accrued liabilities as surplus repayment to Alberta Seniors

11. Endowment fund income

During the year, the Corporation received \$4,893 in income from endowment funds held and administered by the Edmonton Community Foundation (“ECF”). The Corporation is the specified recipient of the income earned on these funds, but has no access to the principal amount of the investment. The money received is included in the General Fund to be used at the discretion of the Corporation. As of December 31, 2005 the balance of the endowment funds that the Corporation is specified as a recipient of the income earned is \$155,787.

12. Related party transactions

The Corporation provides administrative services to many of its programs. The fees for these services are recorded as revenues to the General Fund and expenses to the related restricted programs' fund and are disclosed as administration fees and recovery in the statement of operations.

The revenue and expenses related to the above services are eliminated from total revenues and expenses for the Corporation in the statement of operations.

13. Restricted fund

The restricted fund recognizes any excess or deficiency of revenues over expenditures incurred for the delivery of a variety of programs where the programs contain funds both restricted at the funders' request (external) and by the Board of Directors (internal).

In addition to the fund balances for individual programs, the restricted fund includes the following fund balances:

	<u>2005</u>	<u>2004</u>
Housing Department Reserve (Note 14)	\$ 13,496	\$ -
Investment Fund	117,592	111,123
Replacement Reserve (Note 3)	385,008	359,289
School Lunch Reserve (Note 14)	256,752	-
Trust Fund	22,292	50,997

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

14. Interfund transfers

The invested in capital assets fund balance is internally restricted for the purpose of capital asset purchases. During 2005, \$93,507 (2004 - \$72,747) of these funds were transferred to various restricted program funds for the purpose of purchasing capital assets.

The replacement reserve fund balance is externally and internally restricted for use towards major capital repairs. During 2005, \$50,100 (2004 - \$50,000) of these funds were transferred to the general fund and the restricted Women's Emergency Accommodation Centre program in order to fund capital repairs. At the same time \$70,217 (2004 - \$70,341) was transferred from various programs into this reserve.

In 2005 the Board of Directors has internally restricted funds of \$256,752 for future operations of the School Lunch Program. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

In 2005 the Board of Directors has internally restricted funds of \$13,496 for future operating and emergency expenses, planned and budgeted program enhancements, capital acquisitions and planned new initiatives of the Housing Department. These internally restricted amounts are not available for other purposes without approval by the Board of Directors.

15. Fundraising activities

The following additional information has been included to comply with the Corporation's 2005 adoption of the Canadian Centre for Philanthropy "Ethical Fundraising and Financial Accountability Code."

The total expenses incurred for the fundraising events were \$67,070 and the gross contributions received under such activities for fiscal 2005 were \$203,503. Of the total expenditures recorded on the financial statements, no amounts represent expenditures paid to other charitable organizations or activities.

Total donations receipted for income tax purposes in fiscal 2005 were \$339,643, total amount of government grants recognized in the 2005 financial statements were \$5,449,391, and the total amount of non-government grants and contributions recognized were \$2,191,197.

Edmonton City Centre Church Corporation

Notes to the Financial Statements

Year Ended December 31, 2005

16. Financial instruments

The Corporation's financial instruments consist of cash and cash equivalents, short term investments, accounts receivables, long term investments, accounts payable and accrued liabilities, long term debt and deferred conditional grants. It is management's opinion that the Corporation is not exposed to significant interest, currency, or credit risk arising from these financial instruments.

Fair Value

The estimated fair value of cash and cash equivalents, short term investments, accounts receivables, long term investments, accounts payable and accrued liabilities approximates carrying value due to the relatively short-term nature of the instruments. The estimated fair value of the long term debt and the deferred conditional grants approximates the net carrying value, as management believes the respective interest rates are commensurate with the credit, interest rate, and prepayment risks involved.

17. Liability insurance

The Corporation has taken a comprehensive general liability insurance policy in the normal course of business. An insurance policy to cover the directors and officers against fiduciary liability has not been taken at this time.

18. Subsequent event

Subsequent to year-end management entered into discussions with the Innovative Housing Society to purchase of the Meadows Lodge program building and related land. An offer has been tendered in the amount of \$554,978.

19. Comparative figures

Certain of the prior year's figures have been reclassified to conform to current year presentation.