

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Financial Statements

December 31, 2022

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
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For the Year Ended December 31, 2022

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INDEPENDENT AUDITOR'S REPORT

To the Directors of Momentum Community Economic Development Society:

Opinion

We have audited the financial statements of Momentum Community Economic Development Society (the "Society"), 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 the Society as at December 31, 2022, and its financial performance 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 Society 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 those 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 controls 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 Society'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 Society or cease operations, or has no realistic alternative but to do so.

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

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Independent Auditor's Report to the Directors of Momentum Community Economic Development Society
(continued)

Auditor's Responsibilities for the Audit of 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 Society'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 Society'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 Society 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.

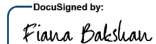

BDO Canada LLP

Chartered Professional Accountants
Calgary, Alberta
March 21, 2023

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
Statement of Financial Position
As at December 31

	2022	2021
Assets		
Current		
Cash and cash equivalents	\$ 6,686,708	\$ 3,578,603
Short term investments (Note 3)	1,060,844	3,233,182
Accounts receivable	318,598	265,420
Participant loans due within one year (Note 4)	52,117	82,466
Goods and services tax recoverable	67,136	54,346
Prepaid expenses	74,385	150,193
	8,259,788	7,364,210
Participant loans less amounts due within one year (Note 4)	26,365	46,983
Restricted cash and cash equivalents (Note 5)	518,644	463,578
Capital assets (Note 6)	591,127	755,895
Long term investments (Note 7)	1,640,544	198,994
	\$ 11,036,468	\$ 8,829,660
Liabilities and Net Assets		
Current		
Accounts payable and accrued liabilities	\$ 1,487,009	\$ 1,036,360
Current portion of obligations under capital lease	8,201	9,569
Deferred contributions related to operations (Note 8)	4,197,220	2,803,581
	5,692,430	3,849,510
Obligations under capital lease	-	7,495
Externally restricted funds (Note 9)	597,126	593,027
Deferred contributions related to capital assets (Note 10)	248,419	229,167
	6,537,975	4,679,199
Net Assets		
Invested in capital assets	334,507	509,664
Internally restricted (Note 12)	4,163,986	3,640,797
	4,498,493	4,150,461
	\$ 11,036,468	\$ 8,829,660

Approved on behalf of the Board

DocuSigned by:

 Fiana Baklian
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 Director
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MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY**Statement of Operations****For the Year Ended December 31**

	2022	2021
Revenue		
Government of Canada	\$ 569,631	\$ 744,376
Government of Alberta	2,607,585	2,167,277
City of Calgary		
Family & Community Support Services (FCSS)	1,069,745	1,044,745
Other (Note 13)	614,695	534,837
	<u>4,861,656</u>	<u>4,491,235</u>
Community support (Note 14)		
Foundations	2,068,631	1,825,535
United Way of Calgary and Area	1,762,788	1,637,924
Corporate	1,557,119	618,681
Individuals	856,792	794,149
	<u>6,245,330</u>	<u>4,876,289</u>
Investments and interest income	190,219	97,010
Fees and other revenues	116,019	60,174
	<u>11,413,224</u>	<u>9,524,708</u>
Expenses		
Salaries and wages	6,245,420	5,382,993
Program expenses	2,926,406	2,173,695
Facilities	800,214	749,423
Amortization	371,003	347,680
Designated for loans and savings	239,236	232,329
Office and general expenses	207,720	140,542
Staff and board development	146,252	64,423
Advertising	128,941	162,187
	<u>11,065,192</u>	<u>9,253,272</u>
Excess of revenue over expenses	<u>\$ 348,032</u>	<u>\$ 271,436</u>

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

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Statement of Changes in Net Assets

For the Year Ended December 31

	Invested in capital assets	Internally restricted	Unrestricted	2022 December 31
Net assets - beginning of year	\$ 509,664	\$ 3,640,797	\$ -	\$ 4,150,461
Excess of revenue over expenses	-	-	348,032	348,032
Capital assets purchased (Note 6)	206,235	-	(206,235)	-
Net change of deferred contributions related to capital assets	(19,252)	-	19,252	-
Amortization expense	(371,003)	-	371,003	-
Capital lease repayment	8,863	-	(8,863)	-
Transfers (Note 12)	-	523,189	(523,189)	-
Net assets - end of year	\$ 334,507	\$ 4,163,986	\$ -	\$ 4,498,493

	Invested in capital assets	Internally restricted	Unrestricted	2021 December 31
Net assets - beginning of year	\$ 669,458	\$ 3,209,567	\$ -	\$ 3,879,025
Excess of revenue over expenses	-	-	271,436	271,436
Capital assets purchased (Note 6)	186,939	-	(186,939)	-
Net change of deferred contributions related to capital assets	(9,167)	-	9,167	-
Amortization expense	(347,680)	-	347,680	-
Capital lease repayment	10,114	-	(10,114)	-
Transfers (Note 12)	-	431,230	(431,230)	-
Net assets - end of year	\$ 509,664	\$ 3,640,797	\$ -	\$ 4,150,461

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY**Statement of Cash Flows****For the Year Ended December 31**

	2022	2021
Operating activities		
Excess of revenue over expenses	\$ 348,032	\$ 271,436
Items not affecting cash:		
Amortization of capital assets	371,003	347,680
Bad debt	2,028	9,497
Net change of deferred contributions related to capital assets	19,252	9,167
	<u>740,315</u>	<u>637,780</u>
Changes in non-cash working capital:		
Accounts receivable	(55,206)	243,185
Inventory	-	3,696
Goods and services tax recoverable	(12,790)	7,714
Prepaid expenses	75,808	21,607
Accounts payable and accrued liabilities	450,649	124,090
Deferred contributions related to operations	1,393,639	59,750
	<u>1,852,100</u>	<u>460,042</u>
Cash flows from operating activities	<u>2,592,415</u>	<u>1,097,822</u>
Investing activities		
Net proceeds from (additions to) short term investments	2,172,338	(1,692,918)
Participant loans, advances	(40,163)	(34,451)
Participant loans, repayments	91,130	191,942
Purchase of capital assets (Note 6)	(206,235)	(186,939)
Net (additions to) proceeds from long term investments	(1,441,550)	1,023,923
Cash flows from (used by) investing activities	<u>575,520</u>	<u>(698,443)</u>
Financing activities		
Externally restricted contributions	4,099	7,633
Repayments of capital lease	(8,863)	(10,114)
Cash flow used by financing activities	<u>(4,764)</u>	<u>(2,481)</u>
Increase in cash flows	3,163,171	396,898
Cash and cash equivalents - beginning of year	<u>4,042,181</u>	<u>3,645,283</u>
Cash and cash equivalents - end of year	<u>7,205,352</u>	<u>4,042,181</u>
Cash and cash equivalents consist of:		
Cash and cash equivalents	\$ 6,686,708	\$ 3,578,603
Restricted cash and cash equivalents	518,644	463,578
	<u>\$ 7,205,352</u>	<u>\$ 4,042,181</u>

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

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

Purpose of the Organization

Momentum Community Economic Development Society (the "Society"), is an organization that works with people living on low incomes and partners in our community to create a thriving local economy for all. To advance this mission, revenue is realized through government contracts, corporate funding, private donations and fees for service activities. The purpose of the Society is to use social and economic approaches to reduce poverty and to advance education. The Society is a not-for-profit organization incorporated under the Societies Act of the Province of Alberta and is a registered charity under the Income Tax Act of Canada.

1. Basis of presentation

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations (ASNPO) and in management's opinion, have been properly prepared within reasonable limits of materiality and within the framework of the significant accounting policies summarized below.

2. Summary of significant accounting policies

Revenue recognition

The Society 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.

Fees and services related to the courses and programs are recognized as revenue when such courses and programs are delivered.

Restricted investment income is recognized as revenue in the year in which the related expenses are incurred. Unrestricted investment income is recognized as revenue when earned.

Cash and cash equivalents

Cash includes cash and cash equivalents. Cash equivalents are investments in money market funds and are valued at cost plus accrued interest. The carrying amounts approximate fair value because they have maturities at the date of purchase of less than ninety days.

(continues)

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

2. Summary of significant accounting policies (continued)

Capital assets

Capital assets are stated at cost or deemed cost less accumulated amortization. Capital assets are amortized over their estimated useful lives at the following rates and methods:

Equipment	3 years	straight-line method
Leasehold improvements	Over lease term	straight-line method

The Society regularly reviews its capital assets to eliminate obsolete items.

Capital assets acquired during the year but not placed into use are not amortized until they are placed into use.

Contributed capital assets are recorded at fair value at the date of contribution. Contributions received are deferred and amortized over the useful life of the asset.

Contributed materials and services

The Society recognizes contributed materials and services as assets or expenses to the extent the fair value of the contributed materials and services can be reasonably estimated, are used in the normal course of the Society's operations and would have otherwise been purchased.

The operations of the Society depend on the contribution of time by volunteers. The fair value of these services cannot be reasonably determined and is therefore not reflected in these financial statements.

Financial instruments policy

Financial instruments are recorded at fair value when acquired or issued. In subsequent periods, financial instruments which are actively traded are reported at fair value, with any unrealized gains and losses reported in income. All other financial assets and liabilities are reported at amortized cost. The Society's financial instruments consist mainly of cash and cash equivalents, accounts receivable, short term investments, loans receivable, restricted cash and cash equivalents, long term investments and accounts payable and accrued liabilities. Unless otherwise indicated, it is management's opinion that the Society is not exposed to significant interest or credit risk arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

Measurement uncertainty

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the period. Such estimates are periodically reviewed and any adjustments necessary are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

Significant estimates included in the financial statements are the estimated useful lives of capital assets, accrued liabilities, assessment of recoverability of participant loans and assessment of recoverability of accounts receivable.

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

3. Short term investments

Short term investments are comprised of Guaranteed Investment Certificates ("GICs") with a maturity date of less than one year. These GICs carry an interest rate of 0.3% to 5.2% (2021 - 0.2% to 2.8%). Other investments included with this balance consist of preferred shares and exchange-traded funds ("ETFs").

4. Participant loans

Loans to qualified program participants are repayable on a monthly basis with interest at prime plus 1.5% to 2% (2021 - prime plus 1.5% to 2%). During 2021, there are COVID emergency loans given on an interest free basis. The loans mature between January 2021 and September 2024 and are externally restricted. Refer to note 10 for externally restricted funds.

During the year a total of \$2,028 (2021 - \$9,497) was written off as bad debt and a provision of \$12,952 (2021 - \$11,372) was made for doubtful accounts.

5. Restricted cash and cash equivalents

Cash and cash equivalents have been set aside to meet certain externally restricted obligations. Refer to Note 10 for externally restricted funds.

6. Capital assets

	Cost	Accumulated amortization	2022 Net book value	2021 Net book value
Equipment	\$ 1,153,017	\$ 793,023	\$ 359,994	\$ 513,209
Leasehold improvements	308,483	77,350	231,133	242,686
	\$ 1,461,500	\$ 870,373	\$ 591,127	\$ 755,895

7. Long term investments

Long term investments are comprised of GICs with a maturity date greater than one year. The non-redeemable GICs carry an interest rate of 4.46% to 4.55% (2021 - 0.3%) with maturity dates of July 2023 to July 2024 (2021 - January 2023)

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

8. Deferred contributions related to operations

Contributions related to operations are funds received in the current and previous periods to be matched with expenses and recognized as revenue in future periods.

	2021	Additions	Utilizations	2022
Corporate, Foundations and Individuals	\$ 2,113,944	\$ 3,338,738	\$ 3,134,045	\$ 2,318,637
United Way	373,255	1,629,000	1,762,788	239,467
Government of Alberta	180,000	3,666,882	2,252,440	1,594,442
City of Calgary	130,719	1,553,745	1,684,440	24
Government of Canada	5,663	621,109	582,122	44,650
	<u>\$ 2,803,581</u>	<u>\$ 10,809,474</u>	<u>\$ 9,415,835</u>	<u>\$ 4,197,220</u>

9. Externally restricted funds

Externally restricted funds represent amounts designated by donors for a specific purpose as noted below:

	2022	2021
Micro-business loan fund	\$ 376,527	\$ 377,244
Bridging loan fund	184,161	179,969
Emergency loan fund	20,597	20,566
Entrepreneurs with disabilities loan fund	15,841	15,248
	<u>\$ 597,126</u>	<u>\$ 593,027</u>

The externally restricted funds have been allocated as follows:

Restricted cash	\$ 518,644	\$ 463,578
Participant loans	78,482	129,449
	<u>\$ 597,126</u>	<u>\$ 593,027</u>

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

10. Deferred contributions related to capital assets

Deferred contributions related to capital assets represent the funds contributed to the Society by funders to assist with the Society's renovations. These deferred contributions are recognized on the same basis as the amortization expense related to part of the property and equipment covered by these funds.

	<u>2022</u>	<u>2021</u>
Opening balance	\$ 229,167	\$ 200,000
Additions (utilizations) during the year	<u>19,252</u>	<u>9,167</u>
Ending balance	<u>\$ 248,419</u>	<u>\$ 209,167</u>

11. Commitments

Other

The Society has an outstanding letter of guarantee amounting to \$169,000 (2021 - \$169,000). This letter of guarantee is issued in favour of the Ministry of Advanced Education. A GIC amounting to \$199,501 (2021 - \$198,993), shown as a short term investment on the statement of financial position, is held as a deposit by Royal Bank of Canada against this letter of guarantee.

Leases

The Society entered into a lease agreement commencing October 1, 2020 which expires in September 2032. The lease contains a rent free period of 4 months and requires minimum monthly payments included in the schedule below.

The Society also has an equipment lease which requires quarterly payments. The lease expires in November 2023.

Total minimum payments related to the above commitments for the following five years and thereafter are as follows:

2023	\$ 333,287
2024	331,612
2025	349,065
2026	351,974
2027	363,609
Thereafter	1,826,768

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

12. Internally restricted net assets

In 2010 the Society made a decision to restrict a certain amount of funds from unrestricted net assets as well as any surpluses that might be achieved in a given year. The Society has created these funds to address future requirements: Sustainability Fund, Strategic Fund, Facility Operating Fund, and Capital Fund. The Sustainability Fund is set up to bridge the gaps in program funding and has a target goal of 25% of the upcoming year's budget. The Strategic Fund is set up to allow the Society to be proactive and seize new opportunities when they arise. The Facility Operating Fund is to cover future operating costs for Momentum's facilities. The Capital Fund is created to fund the upcoming capital requirements of the Society.

	<u>2022</u>	<u>2021</u>
Sustainability Fund	\$ 2,701,000	\$ 2,701,000
Strategic Fund	137,986	504,797
Facility Operating Fund	175,000	175,000
Capital Fund	1,150,000	260,000
	<u>\$ 4,163,986</u>	<u>\$ 3,640,797</u>

13. Designated funds for Vibrant Communities Calgary

A portion of the funds received from the City of Calgary and the United Way of Calgary and Area are designated for the work of Vibrant Communities Calgary ("VCC"). Through a contract with the Society, VCC is carrying out initiatives that help reduce poverty in Calgary. During the year, \$1,241,635 (2021 - \$1,030,970) of the funds designated for this project have been spent for work in this area. At the end of the year \$75,730 (2021 - \$333,365) of the funds received remained unspent.

14. Community support

In order to raise the \$6,245,330 (2021 - \$4,876,289) in community support, the Society spent \$644,708 (2021 - \$561,777) on staffing costs, facilities for the staff, general supplies and direct costs for the purposes of soliciting contributions. \$413,763 (2021 - \$341,812) was paid as remuneration to the employees whose principal duties involved fundraising. These contributions were used to support the programs of the Society where needed.

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY

Notes to Financial Statements

Year Ended December 31, 2022

15. Financial instruments

The Society is exposed to various risks through its financial instruments and has a risk management framework to monitor, evaluate and manage these risks. The following analysis provides information about the Society's risk exposure and concentration as of December 31, 2022.

(a) Interest rate risk

Interest rate risk is the risk that the value of a financial instrument might be adversely affected by a change in the interest rates. The following financial instruments bear interest rate risk as they are subject to variable interest rates:

- Participant loans at prime plus 1.5% to 2%

In seeking to minimize this risk, the Society manages exposure through investing in a combination of fixed and variable interest rate products. As of December 31, 2022 the proportion of fixed interest rate financial assets to variable interest rate financial assets is 99% (2021 - 97%).

(b) Credit risk

Credit risk arises from the potential that a counter party will fail to perform its obligations. One of the core activities of the Society is to provide loans to low income clients. These receivables are exposed to significant credit risk. The loans are of small individual value and have been given to large number of clients which minimizes the credit concentration. In order to reduce the credit risk, the Society monitors the collection of loans on a continuous basis and recognizes an allowance for any non-performing loans.

The other areas subject to credit risk are:

- Accounts receivable
- Cash and cash equivalents
- Short term investments
- Long term investments
- Restricted cash
- Participant loan

Accounts receivable are amounts recoverable from funders. Management considers risk related to these balances as low. For all other financial assets, management reduces the credit risk by using credit worthy banks and other financial institutions.

(c) Liquidity risk

Liquidity risk is the risk that an entity will encounter difficulty in meeting obligations associated with financial liabilities. Given the Society is well funded, management considers this risk to be low.

In management's opinion, the Society is not exposed to significant other price risks arising from these financial instruments.

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
Notes to Financial Statements
Year Ended December 31, 2022

16. Comparative figures

Some of the comparative figures have been reclassified to conform to the current year's presentation. This reclassification has no effect on prior year excess of revenues over expenses.
