

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
FINANCIAL STATEMENTS
DECEMBER 31, 2008

Retzlaff & Wong

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AUDITORS' REPORT

To the Board of
Momentum Community Economic Development Society

We have audited the statement of financial position of Momentum Community Economic Development Society as at December 31, 2008 and the statements of revenues and expenses, changes in net assets and cash flows for the year then ended. These financial statements are the responsibility of the Society's management. Our responsibility is to express an opinion on these financial statements based on our audit.

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 misstatement. 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 not-for-profit organizations, the Society derives a portion of its revenues in the form of donations, the completeness of which is not susceptible to complete audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Society and we were not able to determine whether any adjustment might be necessary to revenues, excess of revenues over expenses, assets and net assets.

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 donations, as described in the above paragraph, these financial statements present fairly, in all material respects, the financial position of the Society as at December 31, 2008 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

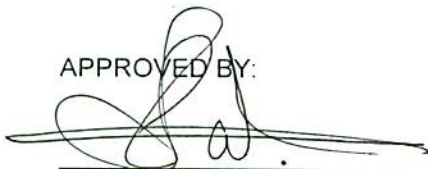
CALGARY, ALBERTA
February 6, 2009


CHARTERED ACCOUNTANTS

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
STATEMENT OF FINANCIAL POSITION
DECEMBER 31, 2008

	<u>2008</u>	(Note 15) <u>2007</u>
<u>ASSETS</u>		
CURRENT		
Cash and cash equivalents	\$ 2,391,129	\$ 2,160,767
Accounts receivable	392,121	272,419
Loans due within one year (Note 4)	256,406	213,259
Prepaid expenses and deposits	<u>23,105</u>	<u>41,489</u>
	3,062,761	2,687,934
Restricted cash and cash equivalents (Note 3)	425,099	348,038
Loans less amount due within one year (Note 4)	458,629	378,993
Endowment funds	126,509	160,741
Capital assets (Note 5)	<u>144,749</u>	<u>169,707</u>
	<u>\$ 4,217,747</u>	<u>\$ 3,745,413</u>
<u>LIABILITIES</u>		
CURRENT		
Accounts payable and accrued liabilities	\$ 654,017	\$ 701,691
Deferred revenue	<u>770,426</u>	<u>607,263</u>
	1,424,443	1,308,954
Deferred contributions related to capital assets (Note 6)	40,333	110,229
Externally restricted funds (Note 7)	<u>1,140,052</u>	<u>940,256</u>
	<u>2,604,828</u>	<u>2,359,439</u>
Commitments (Note 8)		
Guarantee (Note 9)		
<u>NET ASSETS</u>		
Invested in capital assets (Note 10)	104,416	59,478
Internally restricted (Note 11)	1,175,000	1,125,000
Restricted for endowment purposes (Note 12)	126,509	160,741
Unrestricted	<u>206,994</u>	<u>40,755</u>
	<u>1,612,919</u>	<u>1,385,974</u>
	<u>\$ 4,217,747</u>	<u>\$ 3,745,413</u>

APPROVED BY:



Treasurer



Chairperson

MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
STATEMENT OF REVENUES AND EXPENSES
YEAR ENDED DECEMBER 31, 2008

	2008	(Note 15) 2007
REVENUES		
Government contracts		
Alberta	\$ 1,273,520	\$ 1,033,686
Canada	418,727	418,186
City of Calgary	211,737	206,078
Community support (Note 13)		
United Way of Calgary and Area (Note 14)	1,450,595	1,282,537
Corporate	471,774	467,055
Foundations (Note 14)	560,173	499,500
Individuals	87,992	113,320
Fees and other revenue	196,899	263,345
Investment	<u>128,497</u>	<u>115,689</u>
	<u>4,799,914</u>	<u>4,399,396</u>
EXPENSES		
Salaries and benefits	2,280,095	2,043,515
Program expenses (Note 14)	1,353,309	1,228,629
Designated for loans and savings	206,729	202,371
Facilities	195,168	175,359
Office and general expenses	129,067	142,059
Staff and board development	137,005	114,206
Advertising	<u>109,248</u>	<u>76,383</u>
	<u>4,410,621</u>	<u>3,982,522</u>
Excess of operating revenues over expenses	389,293	416,874
Gain (loss) on investments in endowment fund	(24,442)	1,345
Amortization	<u>(137,906)</u>	<u>(203,188)</u>
Excess of revenues over expenses	<u>\$ 226,945</u>	<u>\$ 215,031</u>

**MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
STATEMENT OF CHANGES IN NET ASSETS
YEAR ENDED DECEMBER 31, 2008**

	<u>Invested in capital assets</u>	<u>Endowment Funds</u>	<u>Internally Restricted</u>	<u>Unrestricted</u>	<u>2008 Total</u>	<u>(Note 15) 2007 Total</u>
Net assets, beginning of year	\$ 59,478	\$ 160,741	\$ 1,125,000	\$ 40,755	\$ 1,385,974	\$ 1,170,943
Changes in endowment funds	-	(34,232)	-	34,232	-	-
Excess (deficiency) of revenues over expenses	(68,010) ¹	-	-	294,955	226,945	215,031
Investment in capital assets	112,948 ²	-	-	(112,948)	-	-
Internally imposed restrictions (Note 11)	<u>-</u>	<u>-</u>	<u>50,000</u>	<u>(50,000)</u>	<u>-</u>	<u>-</u>
Net assets, end of year	<u>\$ 104,416</u>	<u>\$ 126,509</u>	<u>\$ 1,175,000</u>	<u>\$ 206,994</u>	<u>\$ 1,612,919</u>	<u>\$ 1,385,974</u>

¹Consists of:

Amortization expense	\$(137,906)
Amortization of deferred contributions related to capital assets	<u>69,896</u>
Reduction in net assets invested in capital assets	<u>\$(68,010)</u>

²Consists of:

Purchase of capital assets from unrestricted resources	<u>\$ 112,948</u>
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MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
STATEMENT OF CASH FLOWS
YEAR ENDED DECEMBER 31, 2008

	<u>2008</u>	<u>(Note 15)</u> <u>2007</u>
CASH FLOWS PROVIDED BY (USED FOR):		
OPERATING ACTIVITIES		
Excess of revenues over expenses	\$ 226,945	\$ 215,031
Amortization	137,906	203,188
Loss (gain) on endowment fund	24,442	(1,345)
Amortization of deferred contributions	(69,896)	(96,997)
Net change in non-cash working capital balances related to operations		
Accounts receivable	(119,703)	(122,400)
Prepaid expenses and deposits	18,384	(34,536)
Changes in endowment funds	9,790	10,316
Accounts payable and accrued liabilities	(47,674)	192,547
Deferred revenue	<u>163,163</u>	<u>(69,506)</u>
	<u>343,357</u>	<u>296,298</u>
INVESTING ACTIVITIES		
Loan repayments, net	(122,783)	(20,917)
Purchase of capital assets	<u>(112,947)</u>	<u>(153,427)</u>
	<u>(235,730)</u>	<u>(174,344)</u>
FINANCING ACTIVITIES		
Increase in deferred contributions related to capital assets	-	70,000
Increase in externally restricted contributions	<u>199,796</u>	<u>140,173</u>
	<u>199,796</u>	<u>210,173</u>
Change in cash	307,423	332,127
Cash, beginning of year	<u>2,508,805</u>	<u>2,176,678</u>
Cash, end of year	<u>\$ 2,816,228</u>	<u>\$ 2,508,805</u>
Cash consists of:		
Cash and cash equivalents	\$ 2,391,129	\$ 2,160,767
Restricted cash and cash equivalents	<u>425,099</u>	<u>348,038</u>
	<u>\$ 2,816,228</u>	<u>\$ 2,508,805</u>

**MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008**

1. PURPOSE OF THE ORGANIZATION

Momentum Community Economic Development Society, hereafter referred to as "The Society", is an organization which partners with the underemployed to develop their productive futures with revenue realized through government contracts, corporate funding and private donations. The purpose of the Society is to reduce poverty through community economic development programs that aim at improving the capacity and self-reliance of persons and communities with low incomes. 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.

2. SIGNIFICANT ACCOUNTING POLICIES

These financial statements have been prepared by management in accordance with Canadian generally accepted accounting principles. The most significant accounting policies are summarized below:

a) Revenue recognition

The Society follows the deferral method of accounting for contributions.

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

Designated funds are recorded as deferred contributions until spent. Once spent, they are transferred to revenue on the same basis as the assets or expenses for the fund.

Endowment contributions are recognized as direct increases in net assets.

b) Capital assets

Capital assets are recorded at cost. Acquisitions with a per unit cost under \$1,000 are expensed in the year of acquisition. Amortization is recorded on a straight-line basis, beginning in the year of acquisition, at the following annual rates:

Leasehold improvements	5 years
Computer and office furniture	3 years

c) Contributed services

Volunteers assist the Society in carrying out certain activities. During the year, volunteers contributed an estimated 1,250 hours of services to assist the Society in carrying out its service delivery activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

d) Measurement uncertainty

The preparation of the financial statements of the Society is in conformity with Canadian generally accepted accounting principles that require management to make estimates and assumptions that affect the reported amount of assets and liabilities at the date of the financial statements and the reported amount of revenue and expenses during the reporting period. These estimates are subject to measurement uncertainty and may differ from actual results.

**MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008**

2. SIGNIFICANT ACCOUNTING POLICIES (cont'd)

e) Financial instruments

The Society's financial instruments consist mainly of cash and cash equivalents, accounts receivable, loans receivable, endowment funds 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 risks arising from these financial instruments. The fair value of these financial instruments approximate their carrying value.

3. RESTRICTED CASH AND CASH EQUIVALENTS

Cash and cash equivalents have been set aside to meet certain externally restricted obligations. Refer to Note 7 for externally restricted funds.

4. LOANS

Loans to qualified program participants are repayable on a monthly basis with interest at prime plus 1.5% to prime plus 2%. The loans mature between January 2009 and June 2013 and are externally restricted. Refer to Note 7 for externally restricted funds.

5. CAPITAL ASSETS

	<u>2008 Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 558,573	\$ 513,488	\$ 45,085
Computer and office furniture	<u>639,686</u>	<u>540,022</u>	<u>99,664</u>
	<u>\$ 1,198,259</u>	<u>\$ 1,053,510</u>	<u>\$ 144,749</u>
	<u>2007 Cost</u>	<u>Accumulated Amortization</u>	<u>Net Book Value</u>
Leasehold improvements	\$ 518,406	\$ 481,919	\$ 36,487
Computer and office furniture	<u>566,905</u>	<u>433,685</u>	<u>133,220</u>
	<u>\$ 1,085,311</u>	<u>\$ 915,604</u>	<u>\$ 169,707</u>

6. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the value of capital assets contributed to the Society by funders. These deferred contributions are recognized as revenue on the same basis as the amortization expense related to the acquired capital assets.

**MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008**

7. EXTERNALLY RESTRICTED FUNDS

	<u>2008</u>	<u>2007</u>
Micro Business loan fund	\$ 258,127	\$ 197,330
Rent Bank loan fund	260,936	317,898
Entrepreneurs with Disabilities loan fund	138,045	147,805
Emergency loan fund	22,462	24,321
Immigrant Access loan fund	<u>460,482</u>	<u>252,902</u>
	<u>\$ 1,140,052</u>	<u>\$ 940,256</u>

The externally restricted funds have been allocated as follows:

Restricted cash	\$ 425,099	\$ 348,038
Loans	<u>715,035</u>	<u>592,252</u>
	<u>\$ 1,140,134</u>	<u>\$ 940,290</u>

8. COMMITMENTS

The Society has entered into a seventy-four months operating leases for rental of its office premises. The lease agreements expire June 2013 and require monthly payments of \$8,893 plus operating costs for the first sixty months and monthly payments of \$10,671 plus operating costs for the remaining fourteen months.

9. GUARANTEE

The Society has a \$113,000 letter of guarantee in favour of Minister of Alberta Employment outstanding as of December 31, 2008. The guarantee expires on November 2, 2009.

10. INVESTED IN CAPITAL ASSETS

	<u>2008</u>	<u>2007</u>
Capital assets	\$ 144,749	\$ 169,707
Deferred contributions related to capital assets	<u>(40,333)</u>	<u>(110,229)</u>
	<u>\$ 104,416</u>	<u>\$ 59,478</u>

11. INTERNALLY RESTRICTED

The Society has a policy to restrict up to 25% of the upcoming year's budget in a Sustainability Fund. In 2008, \$50,000 has been allocated to this fund from the surplus.

**MOMENTUM COMMUNITY ECONOMIC DEVELOPMENT SOCIETY
NOTES TO THE FINANCIAL STATEMENTS
YEAR ENDED DECEMBER 31, 2008**

9.

12. ENDOWMENT FUND

The endowment fund is subject to externally imposed restrictions which requires that the investment be maintained permanently. 5% of the fund value is disbursed annually by The Calgary Foundation to the Society and is recognized as revenue. The fund value will fluctuate from year to year.

13. COMMUNITY SUPPORT

In order to raise the \$2,570,534 in community support, the Society spent \$101,177 on expenses incurred for the purposes of soliciting contributions. \$54,751 was paid as remuneration to employees whose principal duties involved fund-raising. These contributions were used to support the programs of the organization where needed.

14. VIBRANT COMMUNITIES CALGARY

The Society together with the United Way of Calgary and Area founded an independent corporation, Vibrant Communities Calgary Ltd. This corporation, through a contract with the Society, is carrying out initiatives that help reduce poverty in Calgary. During the year, \$350,988 (2007 - \$412,917) of the funds designated for this project have been spent for work in this area.

15. RESTATEMENT OF PRIOR YEAR FIGURES

In prior year, interest and dividends earned, operating costs charged, and changes in market value of the investments in the Endowment funds were not recognized. To correct the errors, for 2007, investment revenues should be decreased by \$9,549, from \$125,238 to \$115,689; office and general expenses should be increased by \$2,112, from \$139,947 to \$142,059; gain (loss) on investments in endowment fund should be increased by \$1,345, from \$nil to \$1,345. As a result of the restatements, unrestricted net assets for 2007 should be decreased by \$10,316, from \$51,071 to \$40,755. Certain comparative figures have been reclassified to agree with current year presentation.