

# **EVANGEL HALL MISSION**

**Financial Statements**

**Year ended October 31, 2023**



**EVANGEL HALL MISSION**  
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**Year ended October 31, 2023**

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To the Members of  
Evangel Hall Mission

### *Qualified Opinion*

We have audited the financial statements of Evangel Hall Mission ("ehm"), which comprise the statement of financial position as at October 31, 2023, and the statements of operations, changes in fund balances and cash flows for the year ended October 31, 2023, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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 ehm as at October 31, 2023, and its results of operations and its cash flows for the year then ended in accordance with the Housing Services Act ("HSA") and the City of Toronto.

### *Basis for Qualified Opinion*

In common with many charitable organizations, ehm derives revenue from donations and contributions, 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 ehm. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the year ended October 31, 2023, current assets as at October 31, 2023, and fund balances as at November 1, 2022 and October 31, 2023. The predecessor's audit opinion on the financial statements for the year ended October 31, 2022 was modified accordingly because of the possible effects of this limitation in scope.

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 ehm in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

### *Other Matter*

The financial statements of ehm for the year ended October 31, 2022 were audited by another auditor who expressed a modified opinion on those financial statements on March 23, 2023.

### *Emphasis of Matter - Basis of Accounting and Restriction on Use*

We draw attention to Note 2 to the financial statements, which describes the basis of accounting. The financial statements are prepared to assist ehm to comply with the terms of the HSA and the implementation guidance issued by the City of Toronto. As a result, the financial statements may not be suitable for another purpose. Our report is intended solely for the Directors of ehm and the City of Toronto, and should not be used by parties other than these specific users. Our opinion is not modified in respect of this matter.

### *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 the basis of accounting described in Note 2 to the financial statements, 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.

## INDEPENDENT AUDITOR'S REPORT - cont'd

In preparing the financial statements, management is responsible for assessing ehm'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 ehm or to cease operations, or has no realistic alternative but to do so.

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

### *Auditor's Responsibilities 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 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 entity'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 entity'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 entity 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.

*Adams & Miles LLP*

Chartered Professional Accountants  
Licensed Public Accountants

Toronto, Canada  
February 5, 2024



**EVANGEL HALL MISSION**  
**Statement of Financial Position**  
**October 31, 2023**

	Program Fund	Adelaide Residence Fund	Portland Place Residence Fund	Adelaide Capital Fund	Portland Place Housing Capital Fund	Total 2023	Total 2022
<b>Assets</b>							
<b>Current</b>							
Cash	\$ 96,853	\$ -	\$ -	\$ -	\$ -	\$ 96,853	\$ 113,853
Accounts receivable	920	123,781	106,760	-	-	231,461	315,184
Harmonized Sales Tax receivable	37,420	12,553	20,019	-	-	69,992	171,346
Prepaid expenses	36,587	-	13,995	-	-	50,582	37,984
	171,780	136,334	140,775	-	-	448,889	638,367
Investments (Note 3)	496,257	856,377	-	-	457,497	1,810,131	2,013,194
Property and equipment (Note 4)	-	-	959,398	8,254,801	-	9,214,199	9,792,895
	\$ 668,037	\$ 992,711	1,100,173	\$ 8,254,801	\$ 457,497	\$ 11,473,218	\$ 12,444,456
<b>Liabilities</b>							
<b>Current</b>							
Accounts payable and accrued liabilities (Note 13)	99,168	48,979	136,734	-	-	284,881	363,270
Deferred revenue - grants, subsidies, and rent (Note 5)	178,693	4,423	4,041	-	-	187,157	32,983
Loan payable to The Presbyterian Church in Canada (Note 6)	-	-	-	-	-	-	200,000
Canada Emergency Business Account loan (Note 6)	40,000	-	-	-	-	40,000	80,000
Current portion of mortgages payable (Note 7)	-	-	775,599	168,113	-	943,712	419,608
	317,861	53,402	916,374	168,113	-	1,455,750	1,095,861
Mortgages payable (Note 7)	-	-	-	1,673,170	-	1,673,170	2,617,542
Loan payable to the City of Toronto (Note 6)	-	-	-	1,950,000	-	1,950,000	1,950,000
Deferred revenue - property and equipment (Note 5)	-	-	183,799	276,297	-	460,096	490,574
	317,861	53,402	1,100,173	4,067,580	-	5,539,016	6,153,977
<b>Fund balances</b>							
Invested in property and equipment (Note 8)	-	-	-	4,187,221	-	4,187,221	4,315,171
Internally restricted (Note 9)	350,176	-	-	-	-	350,176	591,609
Externally restricted (Note 9)	-	939,309	-	-	457,497	1,396,806	1,383,699
	350,176	939,309	-	4,187,221	457,497	5,934,203	6,290,479
	\$ 668,037	\$ 992,711	1,100,173	8,254,801	\$ 457,497	\$ 11,473,218	\$ 12,444,456

Approved on behalf of the Board:

\_\_\_\_\_  
 Director

\_\_\_\_\_  
 Director



**EVANGEL HALL MISSION**  
**Statement of Operations**  
**Year ended October 31, 2023**

	Program Fund	Adelaide Residence Fund	Portland Place Residence Fund	Adelaide Capital Fund	Portland Place Housing Capital Fund	Total 2023	Total 2022
<b>Revenue</b>							
Subsidy	\$ -	\$ 701,062	\$ 1,072,441	\$ -	\$ -	\$ 1,773,503	\$ 1,600,106
Donations and contributions	1,584,576	2,616	2,655	120	-	1,589,967	1,374,728
Subsidized rent	-	352,982	135,397	-	-	488,379	474,233
Government grants	185,307	-	179,657	-	-	364,964	850,138
Special events	100,933	-	-	-	-	100,933	93,139
Miscellaneous	26,145	8,679	541	-	-	35,365	36,571
Investment income	15,768	24,663	-	-	6,728	47,159	59,865
Amortization of deferred revenue for property and equipment (Note 5)	-	-	12,169	18,309	-	30,478	30,478
Fund subsidy allocation (Note 9(c))	-	-	-	-	35,730	35,730	34,247
	1,912,729	1,090,002	1,402,860	18,429	42,458	4,466,478	4,553,505
<b>Expenses</b>							
Salaries and benefits (Note 10)	1,110,644	383,720	287,878	-	-	1,782,242	2,042,981
Occupancy costs	141,516	396,978	827,984	-	-	1,366,478	1,350,042
Amortization of property and equipment	-	-	272,096	309,627	-	581,723	564,472
Professional and consulting fees	368,601	47,209	39,938	-	-	455,748	340,734
Interest on mortgage payable (Note 7)	-	99,104	53,948	-	-	153,052	138,630
Donated and purchased supplies	134,814	886	1,201	-	-	136,901	155,545
Office supplies and general	75,273	19,898	13,342	-	-	108,513	94,014
Education and training	68,120	4,073	3,220	-	-	75,413	14,964
Advertising and promotion	31,382	49	-	-	-	31,431	68,790
Licenses, memberships and dues	22,511	4,131	2,721	-	-	29,363	24,801
Interest and bank charges	13,690	640	1,461	-	-	15,791	14,164
Capital expenses	-	-	-	-	108,152	108,152	10,760
Fund subsidy allocation (Note 9(c))	-	-	35,730	-	-	35,730	34,247
	1,966,551	956,688	1,539,519	309,627	108,152	4,880,537	4,854,144
<b>Excess (deficiency) of revenue over expenses before undernoted items</b>	(53,822)	133,314	(136,659)	(291,198)	(65,694)	(414,059)	(300,639)
Unrealized gain (loss) on investments	20,472	32,019	-	-	5,292	57,783	(261,338)
<b>Excess (deficiency) of revenue over expenses</b>	(33,350)	165,333	(136,659)	(291,198)	(60,402)	(356,276)	(561,977)



**EVANGEL HALL MISSION**

**Statement of Changes in Fund Balances**

**Year ended October 31, 2023**

	Program Fund	Adelaide Residence Fund	Portland Place Residence Fund	Adelaide Capital Fund	Portland Place Housing Capital Fund	<b>Total 2023</b>	Total 2022
<b>Balances, beginning of fiscal year</b>	\$ 555,687	\$ 865,800	\$ 35,922	\$ 4,315,171	\$ 517,899	<b>\$ 6,290,479</b>	\$ 6,852,456
Excess (deficiency) of revenue over expenses	(33,350)	165,333	(136,659)	(291,198)	(60,402)	<b>(356,276)</b>	(561,977)
Interfund transfers (Note 9)							
Purchase of property and equipment	-	(3,027)	-	3,027	-	-	-
Contributions for the purchase of property and equipment	120	-	-	(120)	-	-	-
Repayment of mortgage payable	(160,341)	-	-	160,341	-	-	-
Transfer of internally restricted residence funds net of residence replacement reserve requirement	88,797	(88,797)	-	-	-	-	-
Transfer from Emergencies and Contingency reserve	(100,737)	-	100,737	-	-	-	-
<b>Balances, end of fiscal year</b>	\$ 350,176	\$ 939,309	\$ -	\$ 4,187,221	\$ 457,497	<b>\$ 5,934,203</b>	\$ 6,290,479



# EVANGEL HALL MISSION

## Statement of Cash Flows

October 31, 2023

	2023	2022
<b>Cash provided by (used in)</b>		
<b>Operating activities</b>		
Deficiency of revenue over expenses	\$ (356,276)	\$ (561,977)
Items not affecting cash		
Donated shares	(47,394)	(152,579)
Unrealized (gain) loss on investments	(57,783)	261,339
Realized (gain) loss on investments	-	(115,161)
Amortization of property and equipment	581,723	564,472
Recognition of deferred revenues - property and equipment	(30,478)	(30,478)
Loan forgiveness relating to CEBA loan	-	(20,000)
	<b>89,792</b>	<b>(54,384)</b>
Changes in		
Accounts receivable	83,723	(149,632)
Harmonized Sales Tax receivable	101,354	(74,650)
Prepaid expenses	(12,598)	1,502
Accounts payable and accrued liabilities	(78,389)	(96,527)
Deferred revenue - grants, subsidies, and rent	154,174	(113,160)
	<b>338,055</b>	<b>(486,851)</b>
<b>Financing activities</b>		
Proceeds from (repayment to) The Presbyterian Church in Canada	(200,000)	200,000
Repayment of mortgages payable	(420,269)	(415,812)
Repayment of CEBA loan	(40,000)	-
	<b>(660,269)</b>	<b>(215,812)</b>
<b>Investing activities</b>		
Proceeds from sale of investments	312,306	1,934,908
Purchase of investments	(4,066)	(1,776,684)
Purchase of property and equipment	(3,027)	(25,899)
	<b>305,213</b>	<b>132,325</b>
<b>Change in cash position</b>	<b>(17,000)</b>	<b>(570,338)</b>
<b>Cash, beginning of year</b>	<b>113,853</b>	<b>684,191</b>
<b>Cash, end of year</b>	<b>\$ 96,853</b>	<b>\$ 113,853</b>





## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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#### 1. Nature of operations

Evangel Hall Mission (“ehm”) was incorporated without share capital by Letters Patent under the Ontario Corporations Act and continued under the Ontario Not-for-Profit Corporations Act when it came to effect on October 19, 2021. ehm is a Christian ministry that exists to build community with poor, homeless, and socially isolated people in the inner-city of Toronto through support, housing, services, and advocacy. ehm is a registered charity under the Canadian Income Tax Act (charitable registration number 11890-3129-RR-0001) and, as such, is exempt from income tax.

Effective January 1, 2022, Evangel Hall Mission (the “Mission”) and Portland Place Non-Profit Housing Corporation (“Portland Place”) entered into an agreement through Articles of Amalgamation to combine their operations and form Evangel Hall Mission (“ehm”). The primary reason for the amalgamation was to consolidate and streamline the operations of the two amalgamating entities to further build community with poor, homeless, and socially isolated people in the inner-city of Toronto through support, housing, services, and advocacy. Prior year comparatives are for 12 months.

ehm’s volunteer Board of Directors (the “Board”) is accountable to the Presbytery of East Toronto (the “Presbytery”), the governing body for Presbyterian congregations in central Toronto. The Presbytery is accountable to the General Assembly of The Presbyterian Church in Canada (the “PCC”).

#### 2. Summary of significant accounting policies

ehm's management has prepared these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, subject to the significant exceptions set out below prescribed by the Housing Services Act (“HSA”) and the City of Toronto applicable to the Portland Place Residence Fund and the Portland Place Housing Capital Fund.

- (i) Amortization of property and equipment funded by the mortgage is determined to be equal to the principal of the mortgage repaid and is not based on the useful lives of the related assets.
- (ii) Replacements of property and equipment over \$2,500 may be charged to the Portland Place Housing Capital Fund rather than being capitalized and amortized over their estimated useful lives. With some exceptions, replacements of \$2,500 or under must be charged to operating funds when acquired.
- (iii) An appropriation is made to the Portland Place Housing Capital Fund from the Portland Place Residence Fund.
- (iv) The portion of the long-term lease relating to land has been recorded as a capital lease rather than as an operating lease.



## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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## 2. Summary of significant accounting policies - cont'd

### Use of estimates

Management reviews the carrying amounts of items in the financial statements at each statement of financial position date to assess the need for revision or any possibility of impairment. Certain items in the preparation of these financial statements require management's best estimate. Management determines these estimates based on assumptions that reflect the most probable set of economic conditions and planned courses of action. Significant estimates include the useful life of property and equipment and allocation of expenses.

These estimates are reviewed periodically and adjustments are made in the Statement of Operations as appropriate in the year they become known.

### Fund accounting

ehm uses fund accounting by which separate funds, as determined by resolution of the Board and restrictions imposed by contributors, are maintained to account for and report on ehm's operations.

The Program Fund reflects all unrestricted revenue, program disbursements, assets and liabilities with the exception of those related to the residences. The Program Fund also reflects all restricted revenue, disbursements, assets and liabilities for which there is not a separate fund.

The Adelaide Residence Fund reflects revenue, expenses, assets and liabilities associated with the operations of the residence on Adelaide, including interest on the mortgage payable, along with the restricted residence replacement reserve fund (Note 9(b)) required as a condition of the Affordable Housing Agreement with the City of Toronto.

The Portland Place Residence Fund reflects the shelter operations of the Portland Place location funded by the City of Toronto.

The Adelaide Capital Fund reflects amounts invested in property and equipment related to the Adelaide Capital Fund and amounts internally restricted by the Board.

The Portland Place Housing Capital Fund is externally restricted to finance future capital expenditures. It is augmented by an annual appropriation from the Portland Place Residence Fund plus investment earnings. To be chargeable to this fund, individual capital expenditures must be in excess of \$2,500, with some exceptions.



## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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## 2. Summary of significant accounting policies - cont'd

### Property and equipment

(a) Property and equipment funded by the City of Toronto

Land lease, building and furnishings in the Portland Place Residence Fund are amortized in the accounts equal to the principal portion of debt obligations repaid during the year.

(b) All other property and equipment

#### *Portland Place Residence Fund*

Elevator modernization	20 years
Make up air unit	20 years

#### *Adelaide Capital Fund*

Building and improvements	40 years
Equipment	3 - 5 years

### Impairment of long-lived assets

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the Statement of Operations. Any impairment recognized is not reversed.

### Revenue recognition

ehm follows the deferral method of accounting for restricted donations and contributions. Externally restricted contributions, which include government grants, restricted grants, and restricted donations, related to current year expenses are recognized as revenue in the current year. Externally restricted contributions received in the year for expenses to be incurred in the following year are recorded as deferred revenue – grants, subsidies, and rent. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Unrestricted contributions are recognized as revenue when received, or receivable if collectability is reasonably assured.



## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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## 2. Summary of significant accounting policies - cont'd

### Revenue recognition - cont'd

Subsidies, grants, rent, and miscellaneous revenue are recognized as earned. Grants restricted for the purchase of property and equipment are recognized on the same basis as the amortization of related assets.

Investment income is recognized as earned and includes distributions, dividends from investment funds, and realized gains and losses on sale of investments. Unrealized gains and losses are recognized in the appropriate Fund in the Statement of Operations.

### Gifts in kind

Donated property, equipment, and investments are recorded at fair market value as at the date of contribution when such value can be reasonably determined.

The value of food, services, and clothing donated is not recognized as revenue in the financial statements as their fair value cannot be reasonably estimated.

### Allocation of expenses

ehm allocates salaries and benefits to the Program Fund, the Adelaide Residence Fund, and the Portland Place Residence Fund based on an estimate of time spent by employees on each function. Professional and consulting fees, occupancy costs, and all other general administrative expenses are allocated based on an estimate of the usage by each program area.

### Financial instruments

#### *Initial measurement*

ehm's financial instruments are measured at fair value when issued or acquired, except for certain non-arm's length transactions.

#### *Subsequent measurement*

At each reporting date, ehm measures its financial assets and liabilities at cost or amortized cost (less impairment in the case of financial assets), except for investments which are measured at fair value. The financial instruments measured at amortized cost are cash, accounts receivable, accounts payable, loan payable to the City of Toronto, CEBA loan, and mortgages payable.



## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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## 2. Summary of significant accounting policies - cont'd

### Financial instruments - cont'd

For financial assets measured at cost or amortized cost, ehm regularly assesses whether there are any indications of impairment. If there is an indication of impairment, and ehm determines that there is a significant adverse change in the expected timing or amount of future cash flows from the financial asset, it recognizes an impairment loss in the Statement of Operations. Any reversals of previously recognized impairment losses are recognized in operations in the fiscal year the reversal occurs.

### Objectives and processes for managing capital

ehm's capital is comprised of the net amounts invested in property and equipment, internally restricted and externally restricted funds.

The Finance Committee monitors the status of these funds and makes recommendations to the Board on their usage. Where the funds are not required in the short-term, the balances are invested in accordance with ehm's investment policy.

ehm has invested in two properties which are located at 552 Adelaide Street West and 163 Portland Street in Toronto and which consists of:

- 130 rent-geared-to-income housing units for the homeless and hard to house;
- program space for ehm's drop-in and other service activities; and
- administrative space.

ehm also invests in other property and equipment required to provide services to its clients and to manage the organization. The Board approves an annual capital expenditures budget to add to, replace and/or maintain the amounts invested in property and equipment.

The internally restricted funds are set aside by resolution of the Board. The objectives of the restricted funds are described in Note 9.

The externally restricted funds are subject to the requirements described in Note 9.

It is ehm's objective to maintain unrestricted funds to provide a balance sufficient to meet the annual working capital requirements of ehm and to cover any unanticipated deficits in the annual operating budget. Staff prepare, and the Finance Committee reviews, an annual budget (including both operating and capital expenditure requirements) and a cash flow forecast which projects the unrestricted fund balance required. After the budget is approved by the Board, the Finance Committee monitors the actual results against the forecast and notifies the Board when changes to plans are required.



**EVANGEL HALL MISSION**  
**Notes to Financial Statements**  
**Year ended October 31, 2023**

**3. Investments**

	2023	2022
Investments held with The Presbyterian Church in Canada	\$ 1,346,520	\$ 1,529,299
Social Housing funds	463,611	451,590
Cash	-	32,305
	<b>\$ 1,810,131</b>	<b>\$ 2,013,194</b>

As per the PCC audited financial statements for year ended December 31, 2022, investments held in the consolidated portfolio of the PCC are comprised of fixed income securities (34%), Canadian equities (19%), US equities (38%), international equities (8%), and cash and cash equivalents (1%).

Social housing funds are held in fixed income securities (35%) and foreign equities (65%).

**4. Property and equipment**

*Portland Place Residence Fund*

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land lease, building and furnishings	\$ 4,451,499	\$ 3,675,567	\$ 775,932	\$ 1,035,525
Elevator modernization - SHIP	75,000	14,688	60,313	131,906
Make up air unit - Reaching Home	168,388	45,235	123,153	64,062
	<b>\$ 4,694,887</b>	<b>\$ 3,735,490</b>	<b>\$ 959,398</b>	<b>\$ 1,231,493</b>



**EVANGEL HALL MISSION**  
**Notes to Financial Statements**  
**Year ended October 31, 2023**

**4. Property and equipment - cont'd**

*Land Lease*

ehm entered into a lease agreement with the City of Toronto wherein the land has been leased by ehm for a term of forty (40) years commencing May 1, 1990 and ending April 30, 2030, with the option to renew for one term of ten (10) years.

The buildings, fixtures, permanent installations or other improvements constructed or installed on the land shall be, and, remain the property of the City of Toronto at the expiration of the lease. ehm is responsible to pay all renovation costs of the project, taxes, utilities and other costs incurred in and about the operation and management of the project.

Adelaide Capital Fund

	Cost	Accumulated Amortization	2023 Net Book Value	2022 Net Book Value
Land	\$ 2,270,386	\$ -	\$ 2,270,386	\$ 2,270,386
Building and improvements	10,607,553	4,714,092	5,893,461	6,158,923
Equipment	230,339	139,385	90,954	132,093
	<b>\$ 13,108,278</b>	<b>\$ 4,853,477</b>	<b>\$ 8,254,801</b>	<b>\$ 8,561,402</b>

**5. Deferred revenue**

Non-capital grants, subsidies, and rent

The continuity of deferred non-capital grants, subsidies, and rent is as follows:

	2023	2022
Deferred revenue, beginning of fiscal year	\$ 32,983	\$ 146,143
Amounts received during the fiscal year	844,992	804,195
Amounts recognized as revenue during the fiscal year	(690,818)	(917,355)
Deferred revenue, end of fiscal year	<b>\$ 187,157</b>	<b>\$ 32,983</b>



**EVANGEL HALL MISSION**  
**Notes to Financial Statements**  
**Year ended October 31, 2023**

**5. Deferred revenue - cont'd**

Capital grants

The continuity of deferred capital grants is as follows:

	2023	2022
Deferred revenue, beginning of fiscal year	\$ 490,574	\$ 521,052
Contributions for purchase of property and equipment	-	-
Amounts amortized and recognized as revenue during the fiscal year	(30,478)	(30,478)
<b>Deferred revenue, end of fiscal year</b>	<b>\$ 460,096</b>	<b>\$ 490,574</b>

Forgivable loan

ehm (formerly Portland Place) entered into an agreement (dated September 16, 2019) with the City of Toronto under the Reaching Home: Canada's Homelessness Strategy program (Reaching Home) for funding of up to \$75,000 for a rooftop make-up air unit. The project was completed in 2019 and a grant of \$75,000 was received in February 2020. The grant is forgiven by 20% on each anniversary of the grant receipt, as long as ehm meets certain criteria, including continuing to operate as a not-for-profit corporation. As at year end, \$30,000 remains unforgiven. Should ehm fail to meet the requirements, the City of Toronto may require repayment of the grant. The grant is classified as part of deferred capital grants above and is being amortized, along with the corresponding capital asset, over 20 years.

**6. Loans payable**

Loan payable to The Presbyterian Church in Canada

The loan was non-interest bearing and was originally due February 1, 2023 but was extended to April 1, 2023 and was repayable on demand. ehm repaid the loan when it came due on April 1, 2023.

Loan payable to the City of Toronto

During fiscal 2006, ehm received a construction loan from the City of Toronto Let's Build Program of \$1,950,000. The loan was interest-free from the date of the first advance, September 23, 2004, to the end of the third year. Beginning December 1, 2007, interest was charged at 3.5% per annum.





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**6. Loans payable - cont'd**

During fiscal 2016, interest payable for this loan in the amount of \$472,063 was reversed by an addendum to the loan agreement from the City of Toronto. Interest charges and repayments of the loan payable will be deferred until after the first mortgage is paid in full, which is expected to be in approximately the year 2033 (Note 7). In the event the program realizes a surplus for three consecutive years, subject to certain calculations, ehm may be required to make payments on the loan from a percentage of the surplus.

Canada Emergency Business Account ("CEBA") loan

In fiscal 2021, prior to the amalgamation, both ehm and Portland Place participated in the CEBA loan program borrowing \$60,000 each. The loans were interest-free and due no later than January 18, 2024. If the Organization could repay \$80,000 on or before January 18, 2024, the remaining \$40,000 would be forgiven. If the loans could not be repaid by January 18, 2024, the loans would have been converted into three-year term loans, with an interest rate of 5% per annum, due no later than December 31, 2026.

ehm recognized the forgivable portions of \$20,000 in fiscal 2022 and \$20,000 in fiscal 2021, respectively.

During the fiscal year, ehm repaid the CEBA loan for Portland Place and subsequent to year-end, the CEBA loan for ehm was also repaid.

**7. Mortgages payable**

Mortgage payable - Portland Place Residence Fund

	2023	2022
Mortgage loan, repayable in blended monthly payments of \$26,267, bearing interest at 6.1% per annum, due July 1, 2024, fully insured by Canada Mortgage and Housing Corporation	\$ 775,599	\$ 1,035,526
Less: current portion	(775,599)	(259,927)
	\$ -	\$ 775,599



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**7. Mortgages payable - cont'd**

During the fiscal year, interest on the mortgage loan was \$53,948 (2022 - \$69,185).

In fiscal 2024, ehm anticipates the renewal of the mortgage for the 163 Portland Street property. The upcoming renewal is a routine financing activity and management does not anticipate any significant changes in the terms of the mortgage renewal that would materially impact its financial position.

*Mortgage payable - Adelaide Capital Fund*

	2023	2022
Mortgage loan, repayable in blended monthly payments of \$21,678, bearing interest at 5.23% per annum, due August 1, 2027, secured by the property at 552 Adelaide Street West and a general security agreement	\$ 1,841,283	\$ 2,001,625
Less: current portion	(168,113)	(160,342)
	<b>\$ 1,673,170</b>	<b>\$ 1,841,283</b>

As at year end, future minimum principal payments are expected to be as follows:

	2023
2024	\$ 168,113
2025	177,783
2026	187,202
2027	1,308,185
	<b>\$ 1,841,283</b>

During the fiscal year, interest on the mortgage payable was \$99,104 (2022 - \$69,445).



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**8. Invested in property and equipment**

	2023	2022
Balance, beginning of fiscal year	\$ 4,315,171	\$ 4,407,454
Purchase of property and equipment	3,026	25,899
Amortization of property and equipment	(581,723)	(564,472)
Repayment of mortgages payable	420,269	415,812
Recognition of deferred revenue - property and equipment	30,478	30,478
<b>Balance, end of fiscal year</b>	<b>\$ 4,187,221</b>	<b>\$ 4,315,171</b>

**9. Fund balances**

	Opening balance	Net revenue over expenses and transfers	Closing Balance
<b>Internally restricted - Program Fund (a)</b>			
Emergencies and Contingency reserve	\$ 185,229	\$ (100,737)	\$ 84,492
Special Opportunities reserve	185,229	(104,774)	80,455
Housing reserve	185,229	-	185,229
	<b>\$ 555,687</b>	<b>\$ (205,511)</b>	<b>\$ 350,176</b>
<b>Externally restricted</b>			
Residence replacement – Adelaide (b)	\$ 865,800	\$ 73,509	\$ 939,309
Residence replacement – Portland Place (c)	\$ 517,899	\$ (60,402)	\$ 457,497



## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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#### 9. Fund balances - cont'd

(a) Internally restricted funds are set aside by resolution of the Board. The objectives of these funds are as follows:

- (i) The Emergencies and Contingency reserve is to cover sudden and unexpected expenses and/or loss of funds and to sustain operations during periods of economic recession or depressed fundraising where reducing expenses would (1) prevent ehm from delivering critical services, (2) create risk or instability, and/or (3) prevent important repairs and maintenance;
- (ii) Special Opportunities reserve is to cover one-time costs to create new, or to take advantage of existing opportunities, to support infrastructure and business planning; and
- (iii) Housing reserve is to cover expenses related to projects designed to grow ehm housing including feasibility studies, legal fees, architect and other professional fees.

(b) Externally restricted – Residence replacement – Adelaide

ehm entered into an Affordable Housing Agreement with the City of Toronto which sets out the rights and obligations of ehm for the operation of the buildings. As part of the agreement, ehm is required to establish a residence replacement reserve (“fund”). Annual contributions are to represent 8% of annual operating expenditures and the balance in the fund is ultimately to be maintained at 8% of the insured replacement cost of the constructed building and all significant capital items. Interest earned on the reserve is to accrue to the fund. The fund shall only be used for the replacement of capital items and not for ordinary maintenance and minor repairs to the building and grounds.

(c) Externally restricted – Residence replacement – Portland Place

The Portland Place Housing Capital Fund has been set aside to finance future capital expenditures. It is augmented by an annual appropriation from the Portland Place Residence Fund amounting to \$35,730 (2022 - \$34,247) plus investment earnings. To be chargeable to this fund, individual capital expenditures must be in excess of \$2,500, with some exceptions.



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### Notes to Financial Statements

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#### 10. Employee benefits

ehm provides pension benefits to employees who work half time or more, through contributions to the pension plan of The Presbyterian Church in Canada. Participation in the plan by such employees is compulsory after one year of service. The plan is a defined benefit pension plan. Participating employees contribute 8.0% of their salaries to the plan augmented by 11.0% contributed by ehm. As of August 31, 2021, the date of the most recent actuarial valuation of the plan, the assets of the plan totaled \$319,176,890 and the plan had a solvency excess of \$13,321,496. ehm is one employer contributing to this multi-employer pension plan.

Contributions made by ehm on behalf of its employees during fiscal 2023 was \$93,392 (2022 - \$108,044) and included in the Statement of Operations

ehm provides pension benefits to permanent employees with a package of medical and dental benefits at an annual cost per employee of \$4,684.

#### 11. Credit facilities

ehm has the following credit facilities available:

- (i) \$100,000 demand revolving operating facility;
- (ii) Corporate credit card with a total credit limit of \$35,000, increased to \$40,000 subsequent to year end; and
- (iii) Commercial mortgage loan for the property at 552 Adelaide Street West as disclosed in Note 7.

These credit facilities are secured by a General Security Agreement constituting a first ranking security interest in all personal property of ehm.

As at October 31, 2023, no amounts were withdrawn from the demand revolving operating facility.



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**12. Amounts held in trust on behalf of clients**

	2023	2022
Received from clients during the fiscal year	\$ 516,724	\$ 574,213
Distributed during the fiscal year	(527,078)	(481,872)
Bank charges	(576)	(516)
	(10,930)	91,825
Trust bank balance, beginning of fiscal year	349,833	258,008
Trust bank balance, end of fiscal year	\$ 338,903	\$ 349,833

ehm holds monies of various clients in trust. As the related assets and liabilities are not those of ehm, they are not reflected in these financial statements.

**13. Related party transactions**

ehm holds investments with the Presbyterian Church in Canada (“PCC”) (Note 3) and ehm employees participate in the PCC's group benefits and pension programs (Note 10).

Included in accounts payable at year-end is \$42,251 (2022 - \$47,598) payable to the PCC.

**14. Financial instrument risks**

ehm is exposed to various risks through its financial instruments. The following analysis provides information about ehm's risk exposure and concentration as at October 31, 2023.

*Credit risk*

Credit risk arises from the potential that accounts receivable are not paid. ehm is exposed to credit risk relating to its amounts receivable as failure of any of these parties to fulfill their obligation could result in significant financial losses. The majority of accounts receivable comprised of fund subsidies. The allowance for doubtful accounts in relation to accounts receivable are \$Nil.



## EVANGEL HALL MISSION

### Notes to Financial Statements

Year ended October 31, 2023

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#### 14. Financial instrument risks - cont'd

##### *Liquidity risk*

ehm's liquidity risk represents the risk that ehm could encounter difficulty in meeting obligations associated with financial liabilities. ehm is exposed to liquidity risk with respect to its accounts payable, loan payable to the City of Toronto, and mortgages payable. Included in accounts payable and accrued liabilities are government remittances owing of \$Nil.

##### *Interest rate risk*

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. ehm is exposed to interest rate risk on fixed income investments in pooled funds, the loan payable to the City of Toronto, and mortgages payable, as their value will change with market fluctuations.

##### *Currency risk*

Currency risk is the risk arising from the change in price of one currency against another. ehm is exposed to currency risk with respect to its investments held in international/foreign equities.

##### *Market price risk*

Market price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices whether those changes are caused by factors specific to the individual financial instrument issuer, or factors affecting all similar financial instruments traded in the market. ehm is exposed to market price risk on its investments in equities quoted in an active market since changes in market prices could result in changes in the fair value of these instruments.

#### 15. Subsequent event

Subsequent to year-end, ehm secured a temporary, non-interest bearing relief loan of \$240,000 from the PCC to address immediate cash flow requirements. The loan serves as a short-term measure to meet operational needs. ehm repaid the loan as of December 29, 2023 through a withdrawal from its investments portfolio after year-end.