

EVANGEL HALL MISSION

Financial Statements

Year ended October 31, 2025

EVANGEL HALL MISSION
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Year ended October 31, 2025

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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, 2025, and the statements of operations, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the 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, 2025, 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, and other fundraising activities, 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 years ended October 31, 2025 and 2024, current assets as at October 31, 2025 and 2024, and fund balances as at November 1, 2024 and 2023 and October 31, 2025 and 2024. Our opinion on the financial statements for the year ended October 31, 2024 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.

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
January 20, 2026



EVANGEL HALL MISSION
Statement of Financial Position
October 31, 2025

| | Program Fund | Adelaide Residence Fund | Portland Place Residence Fund | Adelaide Capital Fund | Portland Place Housing Capital Fund | Total 2025 | Total 2024 |
|---|-----------------|-------------------------------|-------------------------------------|-----------------------------|---|---------------|---------------|
| Assets | | | | | | | |
| Current | | | | | | | |
| Cash | \$ 332,679 | \$ - | \$ - | \$ - | \$ - | \$ 332,679 | \$ 212,171 |
| Accounts receivable (Note 14) | 30,134 | 86,171 | 32,484 | - | - | 148,789 | 164,307 |
| Harmonized Sales Tax receivable | 49,704 | 16,848 | 20,432 | - | - | 86,984 | 69,492 |
| Prepaid expenses | 37,140 | - | - | - | - | 37,140 | 51,960 |
| | 449,657 | 103,019 | 52,916 | - | - | 605,592 | 497,930 |
| Investments (Note 3) | 115,976 | 1,069,255 | - | - | 695,889 | 1,881,120 | 1,795,903 |
| Property and equipment (Note 4) | - | - | 365,179 | 7,760,795 | - | 8,125,974 | 8,727,096 |
| | \$ 565,633 | \$ 1,172,274 | \$ 418,095 | \$ 7,760,795 | \$ 695,889 | \$ 10,612,686 | \$ 11,020,929 |
| Liabilities | | | | | | | |
| Current | | | | | | | |
| Accounts payable and accrued liabilities (Note 14) | \$ 79,115 | \$ 93,990 | \$ 48,542 | \$ - | \$ - | \$ 221,647 | \$ 253,241 |
| Deferred revenue - grants, subsidies, and rent (Note 5) | 166,441 | 9,029 | 4,374 | - | - | 179,844 | 56,325 |
| Current portion of mortgages payable (Note 7) | - | - | 205,719 | 187,203 | - | 392,922 | 470,463 |
| | 245,556 | 103,019 | 258,635 | 187,203 | - | 794,413 | 780,029 |
| Mortgages payable (Note 7) | - | - | - | 1,307,459 | - | 1,307,459 | 1,701,336 |
| 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) | - | - | 159,460 | 314,619 | - | 474,079 | 518,966 |
| | 245,556 | 103,019 | 418,095 | 3,759,281 | - | 4,525,951 | 4,950,331 |
| Fund balances | | | | | | | |
| Invested in property and equipment | - | - | - | 4,001,514 | - | 4,001,514 | 4,086,331 |
| Internally restricted (Note 8) | 320,077 | - | - | - | - | 320,077 | 419,520 |
| Externally restricted (Note 8) | - | 1,069,255 | - | - | 695,889 | 1,765,144 | 1,564,747 |
| | 320,077 | 1,069,255 | - | 4,001,514 | 695,889 | 6,086,735 | 6,070,598 |
| | \$ 565,633 | \$ 1,172,274 | \$ 418,095 | \$ 7,760,795 | \$ 695,889 | \$ 10,612,686 | \$ 11,020,929 |

Approved on behalf of the Board:

Director

Director

EVANGEL HALL MISSION

Statement of Operations

Year ended October 31, 2025

| | Program Fund | Adelaide Residence Fund | Portland Place Residence Fund | Adelaide Capital Fund | Portland Place Housing Capital Fund | Total 2025 | Total 2024 |
|---|-----------------|-------------------------------|-------------------------------------|-----------------------------|---|---------------|---------------|
| Revenue | | | | | | | |
| Subsidy | \$ - | \$ 826,604 | \$ 929,675 | \$ - | \$ - | \$ 1,756,279 | \$ 1,503,369 |
| Donations and contributions (Note 5) | 1,230,451 | 850 | 8,000 | 3,118 | - | 1,242,419 | 1,415,464 |
| Subsidized rent | - | 372,853 | 170,804 | - | - | 543,657 | 556,355 |
| Government grants | 269,689 | - | 73,281 | - | - | 342,970 | 210,698 |
| Investment income | 81,830 | 127,990 | - | - | 47,585 | 257,405 | 76,077 |
| Contracted services (Note 14) | 100,000 | - | - | - | - | 100,000 | 8,333 |
| Special events | 85,365 | - | - | - | - | 85,365 | 112,238 |
| Miscellaneous | 29,322 | 10,590 | 6,840 | - | - | 46,752 | 46,567 |
| Amortization of deferred revenue for property and equipment (Note 5) | - | - | 12,169 | 29,600 | - | 41,769 | 43,152 |
| Fund subsidy allocation (Note 8(c)) | - | - | - | - | 39,712 | 39,712 | 38,510 |
| | 1,796,657 | 1,338,887 | 1,200,769 | 32,718 | 87,297 | 4,456,328 | 4,010,763 |
| Expenses | | | | | | | |
| Salaries and benefits (Note 11) | 965,511 | 356,166 | 215,922 | - | - | 1,537,599 | 1,604,135 |
| Occupancy costs | 194,545 | 388,079 | 541,308 | - | - | 1,123,932 | 1,015,216 |
| Amortization of property and equipment | - | - | 305,804 | 295,318 | - | 601,122 | 595,452 |
| Professional and consulting fees | 401,997 | 42,890 | 59,741 | - | - | 504,628 | 374,819 |
| Donated and purchased supplies | 101,436 | 1,544 | 600 | - | - | 103,580 | 88,061 |
| Office supplies and general | 78,916 | 15,371 | 7,468 | - | - | 101,755 | 117,367 |
| Interest on mortgages payable (Note 7) | - | 81,588 | 19,942 | - | - | 101,530 | 127,954 |
| Advertising and promotion | 35,916 | 1,200 | - | - | - | 37,116 | 32,083 |
| Education and training | 28,663 | 4,672 | 1,940 | - | - | 35,275 | 20,039 |
| Licenses, memberships and dues | 18,450 | 10,926 | 2,224 | - | - | 31,600 | 25,024 |
| Interest and bank charges | 13,202 | 1,355 | 24 | - | - | 14,581 | 18,432 |
| Fund subsidy allocation (Note 8(c)) | - | - | 39,712 | - | - | 39,712 | 38,510 |
| | 1,838,636 | 903,791 | 1,194,685 | 295,318 | - | 4,232,430 | 4,057,092 |
| Excess (deficiency) of revenue over expenses from operations | (41,979) | 435,096 | 6,084 | (262,600) | 87,297 | 223,898 | (46,329) |
| Residence replacement costs (Note 9) | - | (150,054) | - | - | (33,786) | (183,840) | (126,623) |
| Housing growth costs, net (Note 10) | (19,867) | - | - | - | - | (19,867) | - |
| Unrealized gain (loss) on investments | (30,669) | (47,968) | - | - | 74,583 | (4,054) | 309,347 |
| Excess (deficiency) of revenue over expenses | \$ (92,515) | \$ 237,074 | \$ 6,084 | \$ (262,600) | \$ 128,094 | \$ 16,137 | \$ 136,395 |

EVANGEL HALL MISSION

Statement of Changes in Fund Balances

Year ended October 31, 2025

| | Program Fund | Adelaide Residence Fund | Portland Place Residence Fund | Adelaide Capital Fund | Portland Place Housing Capital Fund | Total 2025 |
|--|-----------------|-------------------------------|-------------------------------------|-----------------------------|--|---------------------|
| Balances, November 1, 2024 | \$ 419,520 | \$ 996,952 | \$ - | \$ 4,086,331 | \$ 567,795 | \$ 6,070,598 |
| Excess (deficiency) of revenue over expenses | (92,515) | 237,074 | 6,084 | (262,600) | 128,094 | 16,137 |
| Interfund transfers (Note 8) | | | | | | |
| Repayment of mortgage payable | (177,783) | - | - | 177,783 | - | - |
| Transfer of internally restricted residence funds net of residence replacement reserve requirement | 164,771 | (164,771) | - | - | - | - |
| Transfer from (to) operations | 6,084 | - | (6,084) | - | - | - |
| Balances, October 31, 2025 | \$ 320,077 | \$ 1,069,255 | \$ - | \$ 4,001,514 | \$ 695,889 | \$ 6,086,735 |

| | Program Fund | Adelaide Residence Fund | Portland Place Residence Fund | Adelaide Capital Fund | Portland Place Housing Capital Fund | Total 2024 |
|--|-----------------|-------------------------------|-------------------------------------|-----------------------------|--|---------------------|
| Balances, November 1, 2023 | \$ 350,176 | \$ 939,309 | \$ - | \$ 4,187,221 | \$ 457,497 | \$ 5,934,203 |
| Excess (deficiency) of revenue over expenses | (2,385) | 361,435 | (57,015) | (275,938) | 110,298 | 136,395 |
| Interfund transfers (Note 8) | | | | | | |
| Transfer to cover unfunded portion of purchase of equipment | - | (7,655) | - | 7,655 | - | - |
| Purchase of property and equipment | (100,698) | - | - | 100,698 | - | - |
| Contributions for the purchase of property and equipment | 102,143 | - | - | (102,143) | - | - |
| Repayment of mortgage payable | (168,838) | - | - | 168,838 | - | - |
| Transfer of internally restricted residence funds net of residence replacement reserve requirement | 296,137 | (296,137) | - | - | - | - |
| Transfer from (to) operations | (57,015) | - | 57,015 | - | - | - |
| Balances, October 31, 2024 | \$ 419,520 | \$ 996,952 | \$ - | \$ 4,086,331 | \$ 567,795 | \$ 6,070,598 |

EVANGEL HALL MISSION
Statement of Cash Flows
October 31, 2025

| | 2025 | 2024 |
|---|-------------------|-------------------|
| Cash provided by (used in) | | |
| Operating activities | | |
| Excess of revenue over expenses | \$ 16,137 | \$ 136,395 |
| Items not affecting cash | | |
| Donated shares | (31,866) | (45,367) |
| Unrealized loss (gain) on investments | 4,054 | (309,347) |
| Amortization of property and equipment | 601,122 | 595,452 |
| Recognition of deferred revenues - property and equipment | (44,887) | (43,152) |
| | 544,560 | 333,981 |
| Changes in | | |
| Accounts receivable | 15,518 | 67,154 |
| Harmonized Sales Tax receivable | (17,492) | 500 |
| Prepaid expenses | 14,820 | (1,378) |
| Accounts payable and accrued liabilities | (31,594) | (31,640) |
| Deferred revenue - grants, subsidies, and rent | 123,519 | (53,400) |
| | 649,331 | 315,218 |
| Financing activities | | |
| Contributions received for purchase of property and equipment | - | 24,590 |
| Repayment of mortgages payable | (471,418) | (445,083) |
| Repayment of Canada Emergency Business Account loan | - | (40,000) |
| | (471,418) | (460,493) |
| Investing activities | | |
| Proceeds from sale of investments | 200,000 | 440,000 |
| Purchase of investments | (257,405) | (71,058) |
| Purchase of property and equipment | - | (108,349) |
| | (57,405) | 260,593 |
| Change in cash position | 120,508 | 115,318 |
| Cash, beginning of year | 212,171 | 96,853 |
| Cash, end of year | \$ 332,679 | \$ 212,171 |

EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2025

1. Nature of operations

Evangel Hall Mission (“ehm”) was incorporated without share capital by Letters Patent under the Ontario Corporations Act in February 1989 and continued under the Ontario Not-for-Profit Corporations Act when it came into effect on October 19, 2021. ehm is a Presbyterian 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.

ehm owns and operates two properties which are located at 552 Adelaide Street West and 163 Portland Street in Toronto and which consist 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'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 related 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, 2025

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 8(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, 2025

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 is amortized over estimated useful lives on a straight-line basis, as follows:

Portland Place Residence Fund

| | |
|------------------------|----------|
| Elevator modernization | 20 years |
| Make up air unit | 20 years |

Adelaide Capital Fund

| | |
|---------------------------|--------------|
| Building and improvements | 40 years |
| Equipment | 3 - 15 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.

Subsidies, subsidized rent, special events, contracted services, 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.

EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2025

2. Summary of significant accounting policies - cont'd

Revenue recognition - cont'd

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, and would otherwise have been purchased.

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.

Employee future benefits

Defined contribution plan accounting is applied to a multi-employer plan, whereby contributions are expensed when due as ehm has insufficient information to apply defined benefit plan accounting.

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, and mortgages payable.

EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2025

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.

3. Investments

| | 2025 | 2024 |
|--|---------------------|---------------------|
| Investments held with The Presbyterian Church in Canada | \$ 1,097,034 | \$ 1,167,324 |
| Social Housing funds | 709,059 | 586,891 |
| Cash | 75,027 | 41,688 |
| | \$ 1,881,120 | \$ 1,795,903 |

As per the most recently available PCC audited financial statements for the year ended December 31, 2024, investments held in the consolidated portfolio of the PCC are comprised of fixed income securities (32% (2023 - 35%)), Canadian equities (21% (2023 - 18%)), Canadian, US, and international equities traded in US dollars (14% (2023 - 25%)), international equities (32% (2023 - 21%)), and cash and cash equivalents (1% (2023 - 1%)).

Social housing funds are held in fixed income securities (26% (2024 - 30%)) and foreign equities (74% (2024 - 70%)).

EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2025

4. Property and equipment

Portland Place Residence Fund

| | Cost | Accumulated Amortization | 2025 Net Book Value | 2024 Net Book Value |
|---|---------------------|-----------------------------|---------------------------|---------------------------|
| Land lease, building and furnishings | \$ 4,451,499 | \$ 4,245,780 | \$ 205,719 | \$ 499,354 |
| Elevator modernization - SHIP | 75,000 | 22,187 | 52,813 | 56,563 |
| Make up air unit - Reaching Home | 168,388 | 61,741 | 106,647 | 115,066 |
| | \$ 4,694,887 | \$ 4,329,708 | \$ 365,179 | \$ 670,983 |

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 | 2025 Net Book Value | 2024 Net Book Value |
|---------------------------|----------------------|-----------------------------|---------------------------|---------------------------|
| Land | \$ 2,270,386 | \$ - | \$ 2,270,386 | \$ 2,270,386 |
| Building and improvements | 10,607,553 | 5,245,020 | 5,362,533 | 5,627,996 |
| Equipment | 338,693 | 210,817 | 127,876 | 157,731 |
| | \$ 13,216,632 | \$ 5,455,837 | \$ 7,760,795 | \$ 8,056,113 |

EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2025

5. Deferred revenue

Non-capital grants, subsidies, and rent

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

| | 2025 | 2024 |
|--|-------------------|------------------|
| Deferred revenue, beginning of fiscal year | \$ 56,325 | \$ 187,157 |
| Amounts received during the fiscal year | 1,018,294 | 846,993 |
| Amounts recognized as revenue during the fiscal year | (894,775) | (977,825) |
| <u>Deferred revenue, end of fiscal year</u> | <u>\$ 179,844</u> | <u>\$ 56,325</u> |

Capital grants for property and equipment

The continuity of deferred capital grants is as follows:

| | 2025 | 2024 |
|--|-------------------|-------------------|
| Deferred revenue, beginning of fiscal year | \$ 518,966 | \$ 460,096 |
| Contributions for purchase of property and equipment | - | 102,022 |
| Amounts amortized and recognized as revenue during the fiscal year | (44,887) | (43,152) |
| <u>Deferred revenue, end of fiscal year</u> | <u>\$ 474,079</u> | <u>\$ 518,966</u> |

Under the Adelaide Capital Fund, donations and contributions include \$3,118 related to the amortization of a non-government funded grant for the purchase of property and equipment.

6. 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.

EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2025

6. Loan payable to the City of Toronto - 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 in the Adelaide Capital Fund (Note 7) is paid in full, which is expected to be in approximately the year 2033. 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.

7. Mortgages payable

Mortgage payable - Portland Place Residence Fund

| | 2025 | 2024 |
|--|------------|------------|
| Mortgage, repayable in blended monthly payments of \$26,251, bearing interest at 5.89% per annum, due June 1, 2026, fully insured by Canada Mortgage and Housing Corporation | \$ 205,719 | \$ 499,354 |
| Less: current portion | (205,719) | (293,635) |
| | \$ - | \$ 205,719 |

During the fiscal year, interest on the mortgage was \$19,942 (2024 - \$37,382).

Mortgage payable - Adelaide Capital Fund

| | 2025 | 2024 |
|--|--------------|--------------|
| Mortgage, 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 | \$ 1,494,662 | \$ 1,672,445 |
| Less: current portion | (187,203) | (177,783) |
| | \$ 1,307,459 | \$ 1,494,662 |

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Notes to Financial Statements
Year ended October 31, 2025

7. Mortgages payable - cont'd

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

| | |
|------|---------------------|
| 2026 | \$ 187,203 |
| 2027 | 1,307,459 |
| | \$ 1,494,662 |

During the fiscal year, interest on the mortgage was \$81,588 (2024 - \$90,572).

8. Fund balances

| | Balance, November 1, 2024 | Net revenue over expenses and transfers | Balance, October 31, 2025 |
|---|---------------------------------|--|---------------------------------|
| Internally restricted - Program Fund (a) | | | |
| Emergencies and Contingency reserve | \$ 119,164 | \$ (20,513) | \$ 98,651 |
| Special Opportunities reserve | 115,127 | (59,063) | 56,064 |
| Housing reserve | 185,229 | (19,867) | 165,362 |
| | \$ 419,520 | \$ (99,443) | \$ 320,077 |
| Externally restricted | | | |
| Residence replacement – Adelaide (b) | \$ 996,952 | \$ 72,303 | \$ 1,069,255 |
| Residence replacement – Portland Place (c) | \$ 567,795 | \$ 128,094 | \$ 695,889 |

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Notes to Financial Statements

Year ended October 31, 2025

8. 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) The 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. During fiscal 2025, the Board approved \$59,063 in one-time costs for strategic planning and other projects to align operations with ehm's strategic priorities;
 - (iii) The Housing reserve is to cover expenses related to projects designed to grow ehm's housing including feasibility studies, legal fees, architect, and other professional fees. During fiscal 2025, the reserve funded net housing growth project costs (Note 10).
- (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 \$39,712 (2024 - \$38,510) 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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9. Residence replacement costs

Residence replacement costs consist of expenditures related to the major repair, upgrading, or replacement of original or existing building and site components. These non-operational costs are not capital in nature and are separately funded by the City of Toronto's required residence replacement reserve and capital reserve in the Adelaide Residence Fund and Portland Place Housing Capital Fund, respectively.

10. Housing Growth projects

During the year, ehm received two grants for a total of \$137,700 from the PCC, of which \$28,821 was spent and \$108,879 is in deferred revenue - grants, as well as other grants, for housing growth projects. The grants are intended to fund expenditures related to potential redevelopment initiatives supporting affordable housing. Eligible costs incurred during the year include feasibility assessments, legal fees, and other pre-acquisition expenditures.

Total revenues and expenses related to the housing growth projects incurred during the year are as follows:

| | 2025 |
|--|-------------------|
| Revenue | |
| The Presbyterian Church in Canada - Redevelopment grants | \$ 28,821 |
| Community Housing Transformation Centre - Sector Transformation Fund and other | 29,635 |
| | <hr/> 58,456 |
| Expenses | |
| Program costs | 63,610 |
| Personnel | 14,713 |
| | <hr/> 88,323 |
| Net activity | <hr/> \$ (19,867) |

Net activity was funded by the internally restricted housing reserve fund (Note 8(a)).

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Notes to Financial Statements
Year ended October 31, 2025

11. 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 7.5% of their salaries to the plan augmented by 10% contributed by ehm. As of December 31, 2023, the date of the most recent actuarial valuation of the plan, the assets of the plan totaled \$349,654,636 and the plan had a solvency excess of \$35,665,612. ehm is one employer contributing to this multi-employer pension plan.

Contributions made by ehm on behalf of its employees during fiscal 2025 were \$75,278 (2024 - \$87,732), 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 \$5,680 (2024 - \$5,164).

12. 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 \$40,000; 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, 2025, no amounts were withdrawn from the demand revolving operating facility.

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Notes to Financial Statements

Year ended October 31, 2025

13. Amounts held in trust on behalf of clients

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.

| | 2025 | 2024 |
|--|------------|------------|
| Received from clients during the fiscal year | \$ 798,562 | \$ 648,024 |
| Distributed during the fiscal year | (597,397) | (556,546) |
| Outstanding cheques | (23,917) | (17,941) |
| Bank charges | (776) | (763) |
| Trust bank balance, beginning of fiscal year | 176,472 | 72,774 |
| Trust bank balance, end of fiscal year | \$ 588,149 | \$ 411,677 |

14. Related party transactions

ehm holds investments with the Presbyterian Church in Canada (Note 3) and ehm employees participate in the PCC's group benefits and pension programs (Note 11).

Included in accounts payable at year-end is \$9,713 (2024 - \$14,582) payable to the PCC.

On September 1, 2024, ehm entered into a Memorandum of Understanding with The Presbyterian Church in Canada - Life and Mission Agency ("PCC-LMA") to collaborate on addressing homelessness and the housing crisis in Canada. Under this agreement, ehm provides data, facilitates meetings, and supports congregations, while PCC-LMA offers staffing, funding and grants, and access to other congregations. ehm will receive \$8,333 monthly until December 31, 2028.

Included in accounts receivable as at year-end is \$Nil (2024 - \$8,333) from the PCC-LMA related to this agreement.

During the year, ehm received two redevelopment grants from the PCC for the Portland Place and Queen St. East Presbyterian Church in the amounts of \$62,700 and \$75,000, respectively (Note 10).

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Notes to Financial Statements

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15. 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, 2025, which is consistent with the prior year.

Credit risk

Credit risk arises from the potential that accounts receivable are not paid. ehm is exposed to credit risk relating to its accounts receivable as failure of any of these parties to fulfill their obligation could result in significant financial losses. The majority of accounts receivable are comprised of fund subsidies. The allowance for doubtful accounts in relation to accounts receivable are \$Nil (2024 - \$Nil).

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 and accrued liabilities, loan payable to the City of Toronto, and mortgages payable. Included in accounts payable and accrued liabilities are government remittances owing of \$Nil (2024 - \$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.

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16. Comparative amounts

Certain comparative amounts have been reclassified to conform to the current year's financial statement presentation.