

EVANGEL HALL MISSION

Financial Statements

Year ended October 31, 2024



EVANGEL HALL MISSION
Index to Financial Statements
Year ended October 31, 2024

	PAGE
INDEPENDENT AUDITOR'S REPORT.....	1 - 2
STATEMENT OF FINANCIAL POSITION.....	3
STATEMENT OF OPERATIONS.....	4
STATEMENT OF CHANGES IN FUND BALANCES	5
STATEMENT OF CASH FLOWS	6
NOTES TO FINANCIAL STATEMENTS.....	7 - 21



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, 2024, 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, 2024, 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, 2024 and 2023, current assets as at October 31, 2024 and 2023, and fund balances as at November 1, 2023 and 2022 and October 31, 2024 and 2023. Our opinion on the financial statements for the year ended October 31, 2023 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 21, 2025



EVANGEL HALL MISSION
Statement of Financial Position
October 31, 2024

	Program Fund	Adelaide Residence Fund	Portland Place Residence Fund	Adelaide Capital Fund	Portland Place Housing Capital Fund	Total 2024	Total 2023
Assets							
Current							
Cash	\$ 212,171	\$ -	\$ -	\$ -	\$ -	\$ 212,171	\$ 96,853
Accounts receivable (Note 14)	57,582	48,705	58,020	-	-	164,307	231,461
Harmonized Sales Tax receivable	33,598	17,396	18,498	-	-	69,492	69,992
Prepaid expenses	38,036	-	13,924	-	-	51,960	50,582
	341,387	66,101	90,442	-	-	497,930	448,888
Investments (Note 3)	244,255	983,853	-	-	567,795	1,795,903	1,810,131
Property and equipment (Note 4)	-	-	670,983	8,056,113	-	8,727,096	9,214,199
	\$ 585,642	\$ 1,049,954	\$ 761,425	\$ 8,056,113	\$ 567,795	\$ 11,020,929	\$ 11,473,218
Liabilities							
Current							
Accounts payable and accrued liabilities (Note 14)	\$ 117,896	\$ 49,225	\$ 86,120	\$ -	\$ -	\$ 253,241	\$ 284,881
Deferred revenue - grants, subsidies, and rent (Note 5)	48,226	3,777	4,322	-	-	56,325	187,157
Canada Emergency Business Account loan payable	-	-	-	-	-	-	40,000
Current portion of mortgages payable (Note 7)	-	-	293,443	177,020	-	470,463	943,712
	166,122	53,002	383,885	177,020	-	780,029	1,455,749
Mortgages payable (Note 7)	-	-	205,911	1,495,425	-	1,701,336	1,673,170
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)	-	-	171,629	347,337	-	518,966	460,096
	166,122	53,002	761,425	3,969,782	-	4,950,331	5,539,015
Fund balances							
Invested in property and equipment (Note 8)	-	-	-	4,086,331	-	4,086,331	4,187,221
Internally restricted (Note 9)	419,520	-	-	-	-	419,520	350,176
Externally restricted (Note 9)	-	996,952	-	-	567,795	1,564,747	1,396,806
	419,520	996,952	-	4,086,331	567,795	6,070,598	5,934,203
	\$ 585,642	\$ 1,049,954	\$ 761,425	\$ 8,056,113	\$ 567,795	\$ 11,020,929	\$ 11,473,218

Approved on behalf of the Board:



Director

Brock Winterton

Board President



Director

Feite Kraay

Board Treasurer



EVANGEL HALL MISSION
Statement of Operations
Year ended October 31, 2024

	Program Fund	Adelaide Residence Fund	Portland Place Residence Fund	Adelaide Capital Fund	Portland Place Housing Capital Fund	Total 2024	Total 2023
Revenue							
Subsidy	\$ -	\$ 682,476	\$ 820,893	\$ -	\$ -	\$ 1,503,369	\$ 1,773,503
Donations and contributions	1,401,844	-	13,500	120	-	1,415,464	1,589,967
Subsidized rent	-	395,556	160,799	-	-	556,355	488,379
Government grants	210,698	-	-	-	-	210,698	364,964
Special events	112,238	-	-	-	-	112,238	100,933
Investment income	26,944	42,145	-	-	6,988	76,077	47,159
Miscellaneous	28,289	14,833	3,445	-	-	46,567	35,365
Contracted services (Note 14)	8,333	-	-	-	-	8,333	-
Amortization of deferred revenue for property and equipment (Note 5)	-	-	12,169	30,983	-	43,152	30,478
Fund subsidy allocation (Note 9(c))	-	-	-	-	38,510	38,510	35,730
	1,788,346	1,135,010	1,010,806	31,103	45,498	4,010,763	4,466,478
Expenses							
Salaries and benefits (Note 11)	1,060,443	317,339	226,353	-	-	1,604,135	1,782,242
Occupancy costs	247,118	342,562	425,536	-	-	1,015,216	1,366,478
Amortization of property and equipment	-	-	288,411	307,041	-	595,452	581,723
Professional and consulting fees	297,480	38,089	39,250	-	-	374,819	455,748
Interest on mortgage payable (Note 7)	-	90,572	37,382	-	-	127,954	153,052
Office supplies and general	88,176	21,282	7,909	-	-	117,367	108,513
Donated and purchased supplies	87,224	573	264	-	-	88,061	136,901
Advertising and promotion	32,083	-	-	-	-	32,083	31,431
Licenses, memberships and dues	21,353	2,140	1,531	-	-	25,024	29,363
Education and training	15,328	2,851	1,860	-	-	20,039	75,413
Interest and bank charges	16,817	800	815	-	-	18,432	15,791
Fund subsidy allocation (Note 9(c))	-	-	38,510	-	-	38,510	35,730
	1,866,022	816,208	1,067,821	307,041	-	4,057,092	4,772,385
Excess (deficiency) of revenue over expenses from operations	(77,676)	318,802	(57,015)	(275,938)	45,498	(46,329)	(305,907)
Residence replacement costs (Note 10)	-	(75,130)	-	-	(51,493)	(126,623)	(108,152)
Unrealized gain on investments	75,291	117,763	-	-	116,293	309,347	57,783
Excess (deficiency) of revenue over expenses	\$ (2,385)	\$ 361,435	\$ (57,015)	\$ (275,938)	\$ 110,298	\$ 136,395	\$ (356,276)



EVANGEL HALL MISSION

Statement of Changes in Fund Balances

Year ended October 31, 2024

	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 9)						
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 operations	(57,015)	-	57,015	-	-	-
Balances, October 31, 2024	\$ 419,520	\$ 996,952	\$ -	\$ 4,086,331	\$ 567,795	\$ 6,070,598

	Program Fund	Adelaide Residence Fund	Portland Place Residence Fund	Adelaide Capital Fund	Portland Place Housing Capital Fund	Total 2023
Balances, November 1, 2022	\$ 555,687	\$ 865,800	\$ 35,922	\$ 4,315,171	\$ 517,899	\$ 6,290,479
Excess (deficiency) of revenue over expenses	(33,350)	165,333	(136,659)	(291,198)	(60,402)	(356,276)
Interfund transfers						
Transfer to cover unfunded portion of purchase of 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	-	-	-
Balances, October 31, 2023	\$ 350,176	\$ 939,309	\$ -	\$ 4,187,221	\$ 457,497	\$ 5,934,203



EVANGEL HALL MISSION

Statement of Cash Flows

October 31, 2024

	2024	2023
Cash provided by (used in)		
Operating activities		
Excess (deficiency) of revenue over expenses	\$ 136,395	\$ (356,276)
Items not affecting cash		
Donated shares	(45,367)	(47,394)
Unrealized gain on investments	(309,347)	(57,783)
Amortization of property and equipment	595,452	581,723
Recognition of deferred revenues - property and equipment	(43,152)	(30,478)
	333,981	89,792
Changes in		
Accounts receivable	67,154	83,723
Harmonized Sales Tax receivable	500	101,354
Prepaid expenses	(1,378)	(12,598)
Accounts payable and accrued liabilities	(31,640)	(78,389)
Deferred revenue - grants, subsidies, and rent	(53,400)	154,174
	315,218	338,056
Financing activities		
Contributions received for purchase of property and equipment	24,590	-
Repayment of loan payable to The Presbyterian Church in Canada	-	(200,000)
Repayment of mortgages payable	(445,083)	(420,269)
Repayment of CEBA loan	(40,000)	(40,000)
	(460,493)	(660,269)
Investing activities		
Proceeds from sale of investments	440,000	312,306
Purchase of investments	(71,058)	(4,066)
Purchase of property and equipment	(108,349)	(3,027)
	260,593	305,213
Change in cash position	115,318	(17,000)
Cash, beginning of year	96,853	113,853
Cash, end of year	\$ 212,171	\$ 96,853



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

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 into 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.

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”).



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

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.

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.



EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

2. Summary of significant accounting policies - cont'd

Fund accounting - cont'd

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.

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



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

2. Summary of significant accounting policies - cont'd

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.

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.



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

2. Summary of significant accounting policies - cont'd

Employee future benefits

Defined contribution plan accounting is applied to a multi-employer plan, whereby contributions are expensed when due as the 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.

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

	2024	2023
Investments held with The Presbyterian Church in Canada	\$ 1,167,324	\$ 1,346,520
Social Housing funds	586,891	463,611
Cash	41,688	-
	<u>\$ 1,795,903</u>	<u>\$ 1,810,131</u>



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

3. Investments - cont'd

As per the most recently available PCC audited financial statements for the year ended December 31, 2023, investments held in the consolidated portfolio of the PCC are comprised of fixed income securities (35% (2022 - 34%)), Canadian equities (18% (2022 - 19%)), US equities (25% (2022 - 38%)), international equities (21% (2022 - 8%)), and cash and cash equivalents (1%).

Social housing funds are held in fixed income securities (30% (2023 - 35%)) and foreign equities (70% (2023 - 65%)).

4. Property and equipment

Portland Place Residence Fund

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land lease, building and furnishings	\$ 4,451,499	\$ 3,952,145	\$ 499,354	\$ 775,932
Elevator modernization - SHIP	75,000	18,438	56,563	60,313
Make up air unit - Reaching Home	168,388	53,322	115,066	123,153
	<u>\$ 4,694,887</u>	<u>\$ 4,023,905</u>	<u>\$ 670,983</u>	<u>\$ 959,398</u>

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.



EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

4. Property and equipment - cont'd

Adelaide Capital Fund

	Cost	Accumulated Amortization	2024 Net Book Value	2023 Net Book Value
Land	\$ 2,270,386	\$ -	\$ 2,270,386	\$ 2,270,386
Building and improvements	10,607,553	4,979,557	5,627,996	5,893,461
Equipment	338,693	180,962	157,731	90,954
	<u>\$ 13,216,632</u>	<u>\$ 5,160,519</u>	<u>\$ 8,056,113</u>	<u>\$ 8,254,801</u>

5. Deferred revenue

Non-capital grants, subsidies, and rent

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

	2024	2023
Deferred revenue, beginning of fiscal year	\$ 187,157	\$ 32,983
Amounts received during the fiscal year	846,993	844,992
Amounts recognized as revenue during the fiscal year	(977,825)	(690,818)
<u>Deferred revenue, end of fiscal year</u>	<u>\$ 56,325</u>	<u>\$ 187,157</u>

Capital grants for property and equipment

The continuity of deferred capital grants is as follows:

	2024	2023
Deferred revenue, beginning of fiscal year	\$ 460,096	\$ 490,574
Contributions for purchase of property and equipment	102,022	-
Amounts amortized and recognized as revenue during the fiscal year	(43,152)	(30,478)
<u>Deferred revenue, end of fiscal year</u>	<u>\$ 518,966</u>	<u>\$ 460,096</u>



EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

5. Deferred revenue - cont'd

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. Should ehm fail to meet the requirements, the City of Toronto may require repayment of the grant.

As at year end, the grant is forgiven. The grant was classified as part of deferred capital grants above and was being amortized, along with the corresponding capital asset, over 20 years.

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.

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.

EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

7. Mortgages payable

Mortgage payable - Portland Place Residence Fund

	2024	2023
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	\$ 499,354	\$ 775,599
Less: current portion	(293,443)	(775,599)
	\$ 205,911	\$ -

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

2025	\$ 293,443
2026	205,911
	\$ 499,354

During fiscal 2024, the mortgage for the Portland Street property was renewed, under the new terms disclosed above.

Interest on the mortgage was \$37,382 (2023 - \$53,948).



EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

7. Mortgages payable - cont'd

Mortgage payable - Adelaide Capital Fund

	2024	2023
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	\$ 1,672,445	\$ 1,841,283
Less: current portion	(177,020)	(168,113)
	<u>\$ 1,495,425</u>	<u>\$ 1,673,170</u>

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

2025	\$ 177,020
2026	187,202
2027	1,308,223
	<u>\$ 1,672,445</u>

During the fiscal year, interest on the mortgage was \$90,572 (2023 - \$99,104).

8. Invested in property and equipment

	2024	2023
Balance, beginning of fiscal year	\$ 4,187,221	\$ 4,315,170
Contributions for purchase of property and equipment	(102,022)	-
Purchase of property and equipment	108,349	3,027
Amortization of property and equipment	(595,452)	(581,723)
Repayment of mortgages payable	445,083	420,269
Recognition of deferred revenue - property and equipment	43,152	30,478
	<u>\$ 4,086,331</u>	<u>\$ 4,187,221</u>



EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

9. Fund balances

	Balance, November 1, 2023	Net revenue over expenses and transfers	Balance, October 31, 2024
Internally restricted - Program Fund (a)			
Emergencies and Contingency reserve	\$ 84,492	\$ 34,672	\$ 119,164
Special Opportunities reserve	80,455	34,672	115,127
Housing reserve	185,229	-	185,229
	\$ 350,176	\$ 69,344	\$ 419,520
Externally restricted			
Residence replacement – Adelaide (b)	\$ 939,309	\$ 57,643	\$ 996,952
Residence replacement – Portland Place (c)	\$ 457,497	\$ 110,298	\$ 567,795

- (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; and
 - (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.



EVANGEL HALL MISSION
Notes to Financial Statements
Year ended October 31, 2024

9. Fund balances - cont'd

(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 \$38,510 (2023 - \$35,730) plus investment earnings. To be chargeable to this fund, individual capital expenditures must be in excess of \$2,500, with some exceptions.

10. 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.

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.



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

11. Employee benefits - cont'd

Contributions made by ehm on behalf of its employees during fiscal 2024 were \$87,732 (2023 - \$93,392) 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.

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, 2024, no amounts were withdrawn from the demand revolving operating facility.

13. Amounts held in trust on behalf of clients

	2024	2023
Received from clients during the fiscal year	\$ 648,024	\$ 516,724
Distributed during the fiscal year	(574,487)	(527,078)
Bank charges	(763)	(576)
	72,774	(10,930)
Trust bank balance, beginning of fiscal year	338,903	349,833
	72,774	(10,930)
Trust bank balance, end of fiscal year	\$ 411,677	\$ 338,903

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.



EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

14. 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 11).

Included in accounts payable at year-end is \$14,582 (2023 - \$42,251) 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 \$8,333 from the PCC-LMA related to this agreement.

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, 2024, 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 comprised of fund subsidies. The allowance for doubtful accounts in relation to accounts receivable are \$Nil (2023 - \$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 (2023 - \$Nil).

EVANGEL HALL MISSION

Notes to Financial Statements

Year ended October 31, 2024

15. Financial instrument risks - cont'd

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.

16. Comparative amounts

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