Financial Statements

Toronto Christian Resource Centre

Toronto, Ontario

December 31, 2012

Contents

PRENTICE YATES & CLARK
CHARTERED ACCOUNTANTS

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Independent Auditors' Report

To the Members of Toronto Christian Resource Centre:

We have audited the accompanying financial statements of Toronto Christian Resource Centre, which comprise the statement of financial position as at December 31, 2012, December 31, 2011 and January 1, 2011 and the statements of changes in net assets, operations and cash flows for the years ended December 31, 2012 and December 31, 2011, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal 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.

Auditors' Responsibility

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the Corporation's preparation and fair presentation of the financial statements 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 Corporation's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified audit opinion.

continued...

C.A. PETRALITO, B.A., C.A.
L.K. TURNER, B.A., C.A.
T.W. McGIVNEY, C.A.
J.J. PAUZE, B.Acc., C.A.

Professional Corporations

PRENTICE YATES & CLARK

Independent Auditors' Report - continued

Basis of Qualified Opinion

In common with many charitable organizations, the Corporation derives revenue from donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these revenues was limited to the amounts recorded in the records of the Corporation and we are not able to determine whether any adjustments might be necessary to contributions, deferred contributions related to capital assets, surplus, current assets and net assets.

Qualified Opinion

In our opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of Toronto Christian Resource Centre as at December 31, 2012, December 31, 2011 and January 1, 2011 and the results of its operations and its cash flows for the years ended December 31, 2012 and December 31, 2011 in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
June 25, 2013

Prentice Yates & Clark

Chartered Accountants Licensed Public Accountants

Statement of Financial Position	2012	2011	January 1, 2011
Current Assets			
Cash and temporary investments, Note 5	$ 732,515	$ 794,065	$ 1,478,432
Cash in trust	9,777	0	0
Accounts receivable			
Tenants (net of allowance 2012 - $5,736, 2011 - $0)	4,151	0	0
Current portion of Due from TUCC, Note 12	30,000	30,000	30,000
HST	89,076	0	0
Grants receivable	53,277	164,369	199,826
Subsidy	30,150	0	0
AHP receivable	34,940	0	0
Deposits and prepaid expenses	54,489	12,949	3,310
Current portion of AHP loan receivable	142,521	0	0
Auction inventory	28,000	0	0
Total Current	1,208,896	1,001,383	1,711,568
Long-Term Portion of Due from TUCC, Note 12	60,000	90,000	120,000
Long-Term Portion of AHP Receivable	2,337,479	0	0
Capital Assets, Note 6	17,136,304	15,632,295	5,194,472
Restricted Cash and Investments,Note 5	60,000	80,000	100,000
	20,802,679	16,803,678	7,126,040

Approved by The Board

Scott Jaglowitz
Director

Greig Clark
Director

Statement of Financial Position

		2012		2011		January 1, 2011
Current Liabilities						
Accounts payable and accrued liabilities	$	194,443	$	48,998	$	24,703
Capital accounts payable and accrued liabilities		169,965		2,362,893		584,458
Due to City of Toronto		8,971		0		0
Accrued mortgage interest		24,025		0		0
Tenants' deposits		5,360		0		0
Deferred operating revenue, Note 13		109,380		17,028		95,302
Current portion of long term debt		149,158		23,440		0
Total Current		661,302		2,452,359		704,463
Long-Term Liabilities						
First mortgage, Note 8		6,235,693		3,020,681		0
Toronto United Church Council loan, Note 9		428,325		439,160		0
United Church of Canada loan, Note 10		116,639		136,573		0
		6,780,657		3,596,414		0
Deferred Contributions Related to Capital Assets, Note 7		12,472,529		10,104,759		5,797,754
Total Liabilities		19,914,488		16,153,532		6,502,217
Contingencies, Note 11						
Net Assets, per statement						
Restricted						
AHP replacement reserve		9,777		0		0
Internally restricted net assets		60,000		80,000		100,000
Unrestricted						
Unrestricted net assets		818,414		570,146		523,823
		888,191		650,146		623,823
		20,802,679		16,803,678		7,126,040

The notes on pages 10 through 23 form an integral part of these financial statements.

Statement of Changes in Net Assets

	AHP Replacement Reserves	Internally Restricted	Unrestricted	2012 Total	2011 Total
Balance, beginning of year	$ 0	$ 80,000	$ 570,146	$ 650,146	$ 623,823
Add (deduct)					
Surplus	0	0	238,045	238,045	26,323
Transfer to AHP reserve, Note 4	9,777	0	(9,777)	0	0
Transfer to unrestricted, Note 4	0	(20,000)	20,000	0	0
Balance, End of Year	9,777	60,000	818,414	888,191	650,146

Statement of Operations

		2012		2011
Revenues				
Operating grants, Note 13	$	411,930	$	456,935
Donations		446,495		213,533
United Church of Canada contributions, Note 14		130,048		121,788
Fees for service		54,628		58,707
Rent		518,573		49,365
Government subsidies		352,829		0
Investment income		613		637
Amortization of capital contributions, Note 7(a)		323,499		7,235
Amortization of loan forgiveness, Note 7(b)		10,404		10,404
Provincial subsidy		34,940		0
Events		44,226		0
Total Revenues		2,328,185		918,604
Expenses				
Salaries and benefits		662,320		630,906
Direct program expenses		43,427		61,882
Building occupancy		550,436		52,729
Amortization		463,262		19,366
Bank, interest and investment charges		457		0
Fundraising and promotion		7,492		18,837
Office and supplies		66,855		56,170
Professional fees		95,380		40,600
Travel and van operations		12,356		11,791
Bad debts		5,736		0
Mortgage interest		182,419		0
Total Expenses		2,090,140		892,281
Surplus		238,045		26,323

Statement of Cash Flows

	2012	2011
Operating Activities		
Surplus	$ 238,045	$ 26,323
Items not affecting cash:		
Amortization of capital assets	463,259	19,366
Amortization of capital contributions	(323,499)	(7,235)
Amortization of loan forgiveness	(10,404)	(10,404)
	367,401	28,050
Changes in non-cash working capital		
Funds in trust	(9,777)	0
Accounts receivable	(75,225)	35,457
Prepaid expenses	(41,540)	(9,639)
Accounts payable	183,801	24,295
Deferred operating revenue	92,352	(78,274)
Cash Provided By (Used In) Operating Activities	517,012	(111)
Investing Activities		
Amounts due from TUCC	30,000	30,000
Purchase of capital assets	(4,160,197)	(8,678,754)
Loan principal repaid	(60,292)	0
Cash Used In Investing Activities	(4,190,489)	(8,648,754)
Financing Activities		
Increase in deferred contributions related to capital assets	221,674	4,324,644
Increase in first mortgage	3,370,253	3,020,681
Increase in TUCC loan	0	449,173
Increase in UCC loan	0	150,000
Cash Provided By Financing Activities	3,591,927	7,944,498
Net cash decrease during the year	(81,550)	(704,367)
Cash position beginning of year	874,065	1,578,432
Cash Position End Of Year	792,515	874,065
Supplementary Information		
Interest paid on mortgages	$ 158,394	$ 1,646

Notes to Financial Statements

Status and Nature of Activities

The Corporation is an incorporated mission under the jurisdiction of the United Church of Canada. It was incorporated under the Laws of Ontario on July 16, 1965. The Corporation is a charitable organization within the meaning of the Income Tax Act and its income is not subject to income taxes. In accordance with its charitable objectives, the Corporation supervised and administered several charitable programs in the Regent Park Community, Toronto.

Note 1 Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared in accordance with in accordance with Canadian accounting standards for Not-for-Profit Organizations.

Fund Accounting

The accounts of the Corporation are maintained in accordance with the principles of deferred fund accounting in order to ensure observance of limitations and restrictions placed on the use of resources available to the Corporation. The Corporation operates with three types of restrictions on its resources:

(a) unrestricted resources that can be used for any purpose that are consistent with the objectives of the Corporation;
(b) internally restricted resources that can be used only for the purposes specified by the Board of Directors;
(c) externally restricted resources that can be used only for the purposes specified by the contributors of the resources of the funds. The Corporation receives program specific grants. The unexpended portion of these grants is recorded as deferred program revenue.

Amortization

Capital assets and leasehold improvements are recorded at cost. Amortization of capital assets and leasehold improvements is provided over the estimated useful lives of the respective assets. No amortization is recorded on leasehold improvements during the period of development. Amortization rates are as follows:

Vehicles	30% per annum straight line
Equipment	20% per annum straight line
Leasehold improvements:	
Logan property	10% per annum straight line
Oak Street property	2.5% per annum straight line

Note 1 **Significant Accounting Policies - continued**

Donated Capital Assets

Donations of capital assets are recorded at fair value when fair value can be reasonably estimated and when such value is significant.

Donated Materials and Services

The value of donated materials and services is not recorded.

Revenue Recognition

Restricted operating contributions are deferred and recognized as revenue in the same period as the related expenses are recognized, in accordance with the deferred method of accounting for contributions.

Fees for service are recognized when they are received or become receivable.

Rents are recognized when due at the beginning of each month.

Restricted contributions for the purchase of capital assets are deferred and recognized as revenue on the same basis as the amortization expense relating to these capital assets.

Other revenues are recognized when they are received.

Financial Instruments

(a) Measurement of Financial Instruments

The Corporation initially measures its financial assets and financial liabilities at fair value, except for certain non-arm's length transactions.

The Corporation subsequently measures all its financial assets and financial liabilities at amortized cost. Changes in fair value are recognized in income.

Financial assets measured at amortized cost include cash and accounts receivable.

Financial liabilities measured at amortized cost include accounts payable and long-term debt.

Note 1 **Significant Accounting Policies - continued**

(b) Impairment

Financial assets measured at cost are tested for impairment when there are indicators of impairment. The amount of the write-down is recognized in surplus. The previously recognized impairment loss may be reversed to the extent of the improvement, directly or by adjusting the allowance account, provided it is no greater than the amount that would have been reported at the date of the reversal had the impairment not been recognized previously. The amount of the reversal is recognized in income.

(c) Transaction Costs

The Corporation recognizes its transaction costs in income in the period incurred. However, the carrying amount of financial instruments that will not be subsequently measured at fair value reflect transaction costs that are directly attributable to their origination, issuance or assumption.

Use of Estimates

The preparation of financial statements requires the management to make assumptions about future events that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from these estimates.

Note 2 **Impact of the Change in the Basis of Accounting**

The Corporation has elected to apply Canadian accounting standards for Not-for-Profit Organizations (NFPOs).

These financial statements are the first financial statements for which the Corporation has applied Canadian accounting standards for NFPOs.

The financial statements for the year ended December 31, 2012 were prepared in accordance with the accounting principles and provisions set out in the First-Time Adoption, Section 1501, for first-time adopters of this basis of accounting.

The application of adopting this new financial reporting framework had no impact on the previously reported financial position as at January 1, 2011 and December 31, 2011 or to previously reported surplus or net assets for the year ended December 31, 2011. Consequently, a reconciliation of previously reported surplus to surplus as reported using accounting standards for NFPOs was not prepared.

Note 3 Financial Instruments

Risk Management Policy

The Corporation is exposed to various risks through its financial instruments. The following analysis provides a measure of the risks at December 31, 2012:

Credit Risk

Credit risk is the risk that one party to a financial instrument will fail to discharge an obligation and cause the other party to incur a loss.

The Corporation is subject to concentrations of credit risk through its cash accounts. The Corporation maintains all of its cash at a single Canadian financial institution. The maximum credit risk is equivalent to the carrying value.

The Corporation is also subject to concentrations of credit risk through its accounts receivable. Rent is due on the first day of the month. Tenants receivable represent rent that are at least one month past due. The Corporation manages this risk by budgeting for bad debt and vacancy loss.

Market Risk

Market risk is the risk of loss that may arise from changes in market factors such as interest rates, foreign exchange rates, and commodity and equity prices. These fluctuations may be significant. The methods and assumptions management uses when assessing market risks have not changed substantially from the prior period and are summarized below:

(i) Interest Rate Risk

The Corporation manages its investments based on its cash flow needs and with a view to optimizing its investment income. The Corporation has invested its excess cash in low risk interest bearing vehicles such as term deposits as the means for managing its interest rate risk.

The mortgage and loans bear fixed interest rates.

(ii) Foreign Currency Risk

The Corporation's functional currency is the Canadian dollar. The Corporation does not engage in any activities in foreign currency and as a result it is the opinion of the Board of Directors that the Corporation is not exposed to significant foreign currency risk.

(iii) Commodity Price Risk

The Corporation is subject to normal price risk associated with consumer products.

Note 3 Financial Instruments - continued

Fair Values

The fair values of cash, accounts receivable, accounts payable and deferred operating revenue are approximately equal to their carrying value due to their short term nature.

The fair value of long-term debt is determined using the present value of future cash flows under current financing agreements, based on market interest rates for loans with similar conditions and maturities. The carrying value approximates its fair value.

Note 4 Reserves

General Reserve

During the year ended December 31, 2010, the Board of Directors established a general reserve of $100,000 from unrestricted resources. During each of the following five years, beginning January 1, 2011, an amount of $20,000 is to be allocated from the reserve to unrestricted resources. The reserve is to be funded by guaranteed investment certificates. During the year ended December 31, 2011, $20,000 was allocated from the general reserve to unrestricted resources.

AHP Reserve

As a condition of the AHP funding, the Corporation is required to maintain a capital replacement reserve with funds being held in an investment under the trusteeship of Infrastructure Ontario Project Corporation.

Note 5 Cash, Investments and Reserve Funds

		2012		2011		January 1, 2011
Cash						
Petty cash	$	1,470	$	3,865	$	7,805
Operating current accounts		736,609		816,353		1,549,548
Temporary Investments						
Guaranteed investment certificate		54,436		53,847		21,079
		792,515		874,065		1,578,432
Composed of:						
Internally restricted cash and investments		60,000		80,000		100,000
Unrestricted cash and temporary investments		732,515		794,065		1,478,432
		792,515		874,065		1,578,432

The guaranteed investment certificate is being held as collateral for a letter of credit issued to the City of Toronto.

Note 6 Capital Assets

At cost		2012		2011
40 Oak Street - leasehold interest	$	17,465,050	$	15,534,921
Accumulated amortization		(437,935)		0
		17,027,115		15,534,921
501 Logan Avenue - leasehold interest		176,389		176,389
Accumulated amortization		(105,834)		(88,195)
		70,555		88,194
Vehicle		23,568		3,000
Vehicle - accumulated amortization		(3,535)		(1,800)
		20,033		1,200
Equipment		21,554		7,980
Equipment - accumulated amortization		(2,953)		0
		18,601		7,980
		17,136,304		15,632,295

40 Oak Street

The land and building are owned by the Toronto United Church Council (TUCC). The Corporation has entered into an agreement to lease the property, under a net/net lease, for a nominal consideration, for the period from May 17, 2010 to May 18, 2060.

501 Logan Avenue

During the year ended December 31, 2007, the Corporation entered into an agreement with TUCC. Under the agreement the Corporation sold its rental property at 501 Logan Avenue, Toronto to TUCC for $1 and leased back the property for a five year term, commencing January 2, 2007 plus one five-year renewal period, for the sum of $1 per annum.

Note 7 Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets consist of the following:

	2012			2011		
	Contribution	Accumulated Amortization	Net Contribution	Contribution	Accumulated Amortization	Net Contribution
501 Logan Avenue						
Deferred contributions, (a)	72,350	(43,408)	28,942	72,350	(36,173)	36,177
CMHC forgivable loan, (b)	$ 104,307	$ (62,694)	$ 41,613	$ 104,307	$ (52,290)	$ 52,017
	176,657	(106,102)	70,555	176,657	(88,463)	88,194
40 Oak Street						
Deferred contributions, (c)	3,419,494	(83,795)	3,335,699	3,351,568	0	3,351,568
AHP federal, Note 11	3,610,000	(90,250)	3,519,750	3,610,000	0	3,610,000
United Church of Canada, Note 11	100,000	(2,500)	97,500	100,000	0	100,000
City of Toronto, Note 11	1,911,400	(47,785)	1,863,615	1,757,652	0	1,757,652
TCHC, Note 11	1,197,345	(29,934)	1,167,411	1,197,345	0	1,197,345
AHP provincial	2,480,000	(62,000)	2,418,000	0	0	0
	12,718,239	(316,264)	12,401,975	10,016,565	0	10,016,565
	12,894,896	(422,366)	12,472,530	10,193,222	(88,463)	10,104,759

(a) 501 Logan - Deferred Contributions Related to Capital Assets

The Corporation received a capital grant of $72,350 to pay for the renovations at 501 Logan Avenue. The grant is being amortized over a ten year period starting from January 1, 2007 on the same basis that the renovations are being amortized. Balance of the grant at year-end is as follows:

	2012	2011
Balance beginning of the year	$ 36,177	$ 43,412
Amortization for the year	(7,235)	(7,235)
Balance end of the year	28,942	36,177

Note 7 Deferred Contributions Related to Capital Assets - continued

(b) 501 Logan - CMHC Forgivable Loan

The Corporation received a forgivable loan of $104,037 from Canada Mortgage Housing Corporation (CMHC) to pay for the renovations at 501 Logan Avenue. The principal and interest of the loan are forgivable on a straight-line basis over a ten year period starting from January 1, 2007 on the same basis that the renovations are being amortized. Under the terms of the loan the Corporation is required to rent to tenants with incomes below the income thresholds established by CMHC. Balance of the forgivable loan at year-end is as follows:

	2012	2011
Balance beginning of the year	$ 52,017	$ 62,421
Amortization for the year	(10,404)	(10,404)
Balance end of the year	41,613	52,017

(c) 40 Oak Street Deferred Capital Contributions

Contributions from United Church and other fundraising activities for the redevelopment of 40 Oak Street are recorded as deferred contributions related to leasehold improvements. The details of the deferred contributions is as follows:

	2012	2011
Balance beginning of the year	$ 3,351,568	$ 3,099,025
Contributions received during the year		
Fairlawn Avenue United Church	67,676	6,498
Rosedale United Church	0	21,006
United Church of Canada	0	150,000
Ralph Hicks	0	50,000
Other - Hope Chest	0	25,039
	67,676	252,543
Amortization of contributions	(316,264)	0
Balance end of the year	3,102,980	3,351,568

Note 8 40 Oak Street - First Mortgage - Ontario Infrastructure Projects Corporation (OIPC)

The loan, secured by a leasehold mortgage, is held by Ontario Infrastructure Projects Corporation.

Details of the mortgage at December 31 are:

Principal balance	- $6,390,910
Interest rate	- 4.270%
Term	- 10 years ending September 4, 2022
Amortization period	- 27 years and 10 months ending July 4, 2040
Monthly principal and interest payments	- $32,635

The status of the mortgage is as follows:

	2012	2011
Advances received	$ 6,390,910	$ 3,020,681
Principal repaid	(30,407)	0
Current portion	(124,810)	0
	6,235,693	3,020,681

Principal payments due in the next five years are approximately as follows:

2013	$ 124,810
2014	130,196
2015	135,815
2016	141,676
2017	147,790

Note 9 40 Oak Street - Toronto United Church Council (TUCC) Loan

The loan is held by Toronto United Church Council. Details of the loan at December 31 are:

Principal balance	- $450,000
Interest rate	- 4.390%
Term	- 3 years ending December 1, 2014
Amortization period	- 25 years ending December 1, 2026
Monthly principal and interest payments	- $2,473

Note 9 **40 Oak Street - Toronto United Church Council (TUCC) Loan - continued**

The status of the loan is as follows:

	2012	2011
Advances received	$ 450,000	$ 450,000
Principal repaid	(21,675)	(827)
Current portion	(10,673)	(10,013)
	417,652	439,160

Principal payments due in the next five years are approximately as follows:

2013	$ 10,673
2014	11,147
2015	11,642
2016	12,159
2017	12,698

Note 10 **40 Oak Street - The United Church of Canada (UCC) Loan**

The loan is held by The United Church of Canada. Details of the loan at December 31 are:

Principal balance	- $150,000
Interest rate	- 3.000%
Term and amortization period	- 10 years ending December 1, 2021
Monthly principal and interest payments	- $1,448

The status of the loan is as follows:

	2012	2011
Advances received	$ 150,000	$ 150,000
Principal repaid	(19,686)	0
Current portion	(13,675)	(13,427)
	116,639	136,573

Principal payments due in the next five years are approximately as follows:

2013	$ 13,675
2014	14,088
2015	14,514
2016	14,953
2017	15,404

Note 11 Contingencies

The Corporation has entered into various contribution agreements related to the redevelopment of 40 Oak Street. The details of the contribution agreements are as follows:

Affordable Housing Project - Federal

The City of Toronto advanced federal funds in the amount of $3,610,000 as a forgiveable loan. The loan is to be secured by a mortgage on the land and building currently under development. The loan shall bear interest at the rate of 4% per annum. However, on each anniversary date, as long as the Corporation is in compliance with the terms of the agreement, the interest so owing and 5% of the initial principal amount shall be forgiven. In the event of default prior to the end of the term of the loan the remaining balance of the principal amount shall be repaid.

Affordable Housing Project - Provincial

The City of Toronto will advance provincial funds in the amount of $2,480,000 plus interest to be used solely for the repayment of the principal and interest owing on a mortgage loan to be entered into with Ontario Infrastructure Projects Corporation. The mortgage loan from OIPC will include approved Provincial Assistance of $2,480,000. Commencing with the first mortgage payment, the City of Toronto will advance an "affordable payment" monthly to be used solely for the repayment of the principal and interest owing on the mortgage loan from OIPC.

City of Toronto

The City of Toronto advanced funding totalling $1,911,400 consisting of: Mayor's Homeless Initiative Reserve Funds in the amount of $1,410,000; Development Charge Reserve funds of $347,652; and Project Development funding of $153,748. The loan is forgivable as long as the conditions of the contribution agreement are met.

The loan shall bear interest at the rate of 4% per annum. However, on each anniversary date as long as the Corporation is in compliance with the terms of the agreement, the interest so owing and 5% of the initial principal amount shall be forgiven. In the event of default prior to the end of the term of the loan the remaining balance of the principal amount shall be repaid.

The United Church of Canada

The United Church of Canada has provided the Corporation with a non-interest bearing loan of $100,000. There is no interest charged on this loan. The loan is to be repaid if the funds are not used for a housing complex and community hub, the housing complex and community hub ceases to operate, or the building is sold, at which time the amount becomes immediately due and payable in full to The United Church of Canada.

Note 11 Contingencies - continued

Toronto Community Housing Corporation (TCHC)

TCHC advanced $1,197,345 as a forgivable loan. The loan is to be secured by a mortgage on the land and building. The loan shall bear interest at the rate of 8% per annum. However, on each anniversary date, as long as the Corporation is in compliance with the terms of the contribution agreement, the interest so owing and 4% of the initial principal amount shall be forgiven. In the event of default prior to the end of the term of the loan, the remaining balance of the principal amount shall be repaid.

Note 12 Logan Sale and Leaseback Agreement

During the year ended December 31, 2007, the Corporation entered into an agreement with TUCC whereby the Corporation sold its rental property at 501 Logan Avenue, Toronto to TUCC for $1 and leased back the property. Under the agreement, TUCC forgave a mortgage loan of $95,000 plus accrued interest and agreed to pay $50,000 per year for the next seven years. In 2010, the Corporation and TUCC, mutually agreed to amend the agreement to reduce the amount to $30,000 per year over the next 5 years.

Note 13 Deferred Operating Revenue

	2012	2011
Deferred operating revenue, beginning of the year	$ 17,028	$ 95,302
Operating revenue received	484,256	398,661
	501,284	493,963
Operating grants recognized	(411,930)	(456,935)
Operating donations recognized	0	(20,000)
Other	20,026	0
	109,380	17,028

Deferred operating grants consists of:

	2012	2011
Pitblado	$ 30,000	$ 0
Ministry of Tourism, Culture and Sports	25,000	0
Fairlawn Avenue United Church	22,917	0
Conference Area Ministry	15,541	15,541
100 Women Who Care	7,905	0
Tim Magwood	5,000	0
Asset Mapping - Ontario Women's Health Network	3,017	0
Miscellaneous	0	1,487
	109,380	17,028

Note 14 United Church of Canada Operating Contributions

		2012		2011
United Church of Canada - Toronto Conference				
Division of Missions	$	30,000	$	30,000
Tri-Presbytery & Manse Fund		0		2,050
St Enoch's Fund		0		5,000
Donations		7,500		8,182
Regent Park United Church		0		1,500
Rosedale United Church		0		12,900
Regent Park United Church		10,900		928
Fairlawn Avenue United Church		45,833		56,358
Eglinton St. George		2,000		0
Timothy Eaton Memorial		2,000		2,000
Other United Churches		2,332		2,870
736 Outreach Corp		25,000		0
Bloor Street United Church		2,483		0
Trinity St. Paul United Church		2,000		0
		130,048		121,788

Note 15 Subsequent Event

Subsequent to the year-end, the Corporation leased the basement of the 40 Oak Street building to the United Church of Canada for a 5 year, 4 month term from March 1, 2013 to June 30, 2018. The base rent for the lease is $11,250 monthly and the Corporation has agreed to lease inducements of $150,000. No amounts related to the lease are included in these financial statements.