

Financial Statements

Toronto Christian Resource Centre

Toronto, Ontario

December 31, 2013

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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, 2013 and the statements of changes in net assets, operations and cash flows for the year then ended 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...

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, 2013 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Toronto, Ontario
June 10, 2014



Chartered Accountants Licensed Public Accountants

Toronto Christian Resource Centre

December 31, 2013

| Statement of Financial Position | 2013 | 2012 |
|---|-------------------|-------------------|
| Current Assets | | |
| Cash and temporary investments, Note 4 | \$ 643,398 | \$ 732,515 |
| Cash in trust - RPEI, Note 11 | 87,481 | 0 |
| Cash in Trust - AHP reserve, Note 3 | 48,351 | 9,777 |
| Tenants accounts receivable (net of allowance 2013 - \$0, 2012 - \$5,736) | 3,091 | 4,151 |
| HST receivable | 94,616 | 89,076 |
| Grants receivable | 52,488 | 53,277 |
| Subsidy receivable | 31,055 | 30,150 |
| AHP receivable | 8,468 | 34,940 |
| Lease inducement receivable | 50,000 | 0 |
| Property taxes recoverable | 9,466 | 0 |
| Deposits and prepaid expenses | 10,963 | 54,489 |
| Current portion of Due from TUCC, Note 12 | 30,000 | 30,000 |
| Current portion of AHP loan receivable | 84,721 | 142,521 |
| Auction inventory | 28,000 | 28,000 |
| Total Current | 1,182,098 | 1,208,896 |
| Long-Term Portion of Due from TUCC, Note 12 | 30,000 | 60,000 |
| Long-Term Portion of AHP Receivable | 2,295,875 | 2,337,479 |
| Capital Assets, Note 6 | 16,944,967 | 17,136,304 |
| Restricted Cash and Investments, Note 4 | 40,000 | 60,000 |
| | <hr/> | <hr/> |
| | 20,492,940 | 20,802,679 |
| | <hr/> | <hr/> |

Approved by The Board

Norman Williams

Director

Peter Adamson

Director

Toronto Christian Resource Centre

December 31, 2013

| Statement of Financial Position | 2013 | 2012 |
|--|---|---|
| Current Liabilities | | |
| Accounts payable and accrued liabilities | \$ 264,425 | \$ 194,442 |
| Capital accounts payable and accrued liabilities | 0 | 169,965 |
| Due to the City of Toronto, Note 5 | 468 | 8,971 |
| Endowment | 18,250 | 0 |
| Lease inducement due to UCC | 150,000 | 0 |
| Accrued interest | 23,585 | 24,025 |
| Tenants' deposits | 20,937 | 5,360 |
| Deferred operating revenue, Note 13 | 74,625 | 109,380 |
| Current portion of long term debt | 155,431 | 149,158 |
| | <hr/> | <hr/> |
| Total Current | 707,721 | 661,301 |
| | <hr style="border-top: 1px dotted black;"/> | <hr style="border-top: 1px dotted black;"/> |
| Long-Term Liabilities | | |
| First mortgage, Note 8 | 6,105,497 | 6,235,693 |
| Toronto United Church Council loan, Note 9 | 417,233 | 428,325 |
| United Church of Canada loan, Note 10 | 102,635 | 116,639 |
| | <hr/> | <hr/> |
| | 6,625,365 | 6,780,657 |
| | <hr style="border-top: 1px dotted black;"/> | <hr style="border-top: 1px dotted black;"/> |
| Deferred Revenue Lease Inducement , Note 15 | 45,000 | 0 |
| | <hr style="border-top: 1px dotted black;"/> | <hr style="border-top: 1px dotted black;"/> |
| Deferred Contributions Related to Capital Assets , Note 7 | 12,135,243 | 12,472,530 |
| | <hr/> | <hr/> |
| Total Liabilities | 19,513,329 | 19,914,488 |
| | <hr/> | <hr/> |
| Contingencies , Note 11 | | |
| Net Assets , per statement | | |
| <i>Restricted</i> | | |
| AHP replacement reserve | 48,786 | 9,777 |
| Internally restricted net assets | 40,000 | 60,000 |
| <i>Unrestricted</i> | | |
| Unrestricted net assets | 890,825 | 818,414 |
| | <hr/> | <hr/> |
| | 979,611 | 888,191 |
| | <hr/> | <hr/> |
| | 20,492,940 | 20,802,679 |
| | <hr/> | <hr/> |

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

Toronto Christian Resource Centre

Year ended December 31, 2013

Statement of Changes in Net Assets

2013

2012

| | AHP Replacement Reserves | Internally Restricted | Unrestricted | Total | Total |
|------------------------------------|--------------------------------|--------------------------|----------------|----------------|----------------|
| Balance, beginning of year | \$ 9,777 | \$ 60,000 | \$ 818,414 | \$ 888,191 | \$ 650,146 |
| Add (deduct) | | | | | |
| Surplus | 0 | 0 | 91,420 | 91,420 | 238,045 |
| Transfer to AHP reserve, Note 3 | 39,009 | 0 | (39,009) | 0 | 0 |
| Transfer to unrestricted, Note 3 | 0 | (20,000) | 20,000 | 0 | 0 |
| <i>Balance, End of Year</i> | 48,786 | 40,000 | 890,825 | 979,611 | 888,191 |

Toronto Christian Resource Centre

Year ended December 31, 2013

| Statement of Operations | 2013 | 2012 |
|---|------------------|------------------|
| Revenues | | |
| Operating grants, Note 13 | \$ 548,427 | \$ 411,930 |
| Donations | 325,166 | 446,495 |
| United Church of Canada contributions, Note 14 | 94,867 | 130,048 |
| Fees for service | 26,175 | 54,628 |
| Rent | 657,038 | 518,573 |
| Government subsidies | 381,163 | 352,829 |
| Investment income | 879 | 613 |
| Amortization of loan forgiveness, Note 7(b) | 10,404 | 10,404 |
| Provincial subsidy | 76,349 | 34,940 |
| Events | 0 | 44,226 |
| Total Revenues | 2,120,468 | 2,004,686 |
| Expenses | | |
| Salaries and benefits | 695,215 | 662,320 |
| Direct program expenses | 81,739 | 43,427 |
| Building occupancy | 576,371 | 550,436 |
| Bank, interest and investment charges | 6,516 | 457 |
| Fundraising and promotion | 5,695 | 7,492 |
| Office and supplies | 58,716 | 66,855 |
| Professional fees | 155,054 | 95,380 |
| Travel and van operations | 8,959 | 12,356 |
| Bad debts | 2,850 | 5,736 |
| Interest | 289,096 | 182,419 |
| Total Expenses | 1,880,211 | 1,626,878 |
| Surplus Before Amortization | 240,257 | 377,808 |
| Amortization of capital contributions, Note 7(a)(b) | 326,883 | 323,499 |
| Amortization of capital assets | (475,720) | (463,262) |
| Surplus | 91,420 | 238,045 |

Toronto Christian Resource Centre

Year ended December 31, 2013

| Statement of Cash Flows | 2013 | 2012 |
|--|------------|-------------|
| Operating Activities | | |
| Surplus | \$ 91,420 | \$ 238,045 |
| Items not affecting cash: | | |
| Amortization of capital assets | 475,720 | 463,262 |
| Amortization of capital contributions | (326,883) | (323,499) |
| Amortization of loan forgiveness | (10,404) | (10,404) |
| | 229,853 | 367,404 |
| Changes in non-cash working capital | | |
| Funds in trust | (126,056) | (9,777) |
| Accounts receivable | (28,990) | (75,225) |
| Prepaid expenses | 43,526 | (41,540) |
| Accounts payable | 52,653 | 183,798 |
| Deferred operating revenue | (34,755) | 92,352 |
| Endowment | 8,650 | 0 |
| | 144,881 | 517,012 |
| Cash Provided By (Used In) Operating Activities | 144,881 | 517,012 |
| Investing Activities | | |
| Amounts due from TUCC | 30,000 | 30,000 |
| Purchase of capital assets | (284,383) | (4,160,197) |
| | (254,383) | (4,130,197) |
| Cash Used In Investing Activities | (254,383) | (4,130,197) |
| Financing Activities | | |
| Increase in deferred contributions related to capital assets | 0 | 221,674 |
| Increase in first mortgage | 0 | 3,370,253 |
| Loan principal repaid | (149,019) | (60,292) |
| Leasehold inducement | 50,000 | 0 |
| Affordable housing grants received | 99,404 | 0 |
| | 385 | 3,531,635 |
| Cash Provided By Financing Activities | 385 | 3,531,635 |
| Net cash decrease during the year | (109,117) | (81,550) |
| Cash position beginning of year | 792,515 | 874,065 |
| Cash Position End Of Year | 683,398 | 792,515 |
| Supplementary Information | | |
| Interest paid | \$ 289,536 | \$ 158,394 |

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 of Toronto.

Note 1

Significant Accounting Policies

Basis of Accounting

These financial statements have been prepared 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 Avenue property | 10% per annum straight line |
| Oak Street property | 2.5% per annum straight line |
| Social Enterprise Hub | 10% 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.

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 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, 2013:

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.

Note 2 Financial Instruments - continued

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 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, 2013, \$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.

Toronto Christian Resource Centre

December 31, 2013

Note 4 Cash, Investments and Reserve Funds

| | 2013 | 2012 |
|---|----------|----------|
| Cash | | |
| Petty cash | \$ 3,528 | \$ 1,470 |
| Operating current accounts | 380,760 | 736,609 |
| Temporary Investments | | |
| Guaranteed investment certificates | 299,110 | 54,436 |
| | 683,398 | 792,515 |
| Composed of: | | |
| Internally restricted cash and investments | 40,000 | 60,000 |
| Unrestricted cash and temporary investments | 643,398 | 732,515 |
| | 683,398 | 792,515 |

Two guaranteed investment certificates, valued at \$98,520 are being held as collateral for letters of credit issued to the City of Toronto.

Note 5 Due to the City of Toronto

The Corporation receives subsidies based on formulae contained in the HSA. Subsidies are adjusted at year-end for variances between actual and estimated amounts. The difference is payable to (or receivable from) the City of Toronto. The current year payable is subject to adjustment.

All fiscal years up to and including the period ended December 31, 2012 have been reconciled by the City of Toronto.

Toronto Christian Resource Centre

December 31, 2013

Note 6

Capital Assets

| At cost | 2013 | 2012 |
|---|---------------|---------------|
| 40 Oak Street - leasehold interest | \$ 17,650,917 | \$ 17,465,050 |
| Accumulated amortization | (881,672) | (437,935) |
| | 16,769,245 | 17,027,115 |
| 501 Logan Avenue - leasehold interest | 176,389 | 176,389 |
| Accumulated amortization | (123,473) | (105,834) |
| | 52,916 | 70,555 |
| Vehicle | 23,568 | 23,568 |
| Vehicle - accumulated amortization | (10,605) | (3,535) |
| | 12,963 | 20,033 |
| Leasehold improvements | 92,135 | 0 |
| Leasehold improvements - accumulated amortization | (2,325) | 0 |
| | 89,810 | 0 |
| Equipment | 27,935 | 21,554 |
| Equipment - accumulated amortization | (7,902) | (2,953) |
| | 20,033 | 18,601 |
| | 16,944,967 | 17,136,304 |

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 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.

Toronto Christian Resource Centre

December 31, 2013

Note 7 Deferred Contributions Related to Capital Assets

Deferred contributions related to capital assets consist of the following:

| | 2013 | | | 2012 | | |
|----------------------------------|--------------|-----------------------------|---------------------|--------------|-----------------------------|---------------------|
| | Contribution | Accumulated Amortization | Net Contribution | Contribution | Accumulated Amortization | Net Contribution |
| <i>501 Logan Avenue</i> | | | | | | |
| Deferred contributions, (a) | \$ 72,350 | \$ (50,643) | \$ 21,707 | \$ 72,350 | \$ (43,408) | \$ 28,942 |
| CMHC forgivable loan, (b) | 104,307 | (73,098) | 31,209 | 104,307 | (62,694) | 41,613 |
| | 176,657 | (123,741) | 52,916 | 176,657 | (106,102) | 70,555 |
| <i>40 Oak Street</i> | | | | | | |
| Deferred contributions, (c) | 3,419,494 | (170,975) | 3,248,519 | 3,419,494 | (83,795) | 3,335,699 |
| AHP federal, Note 11 | 3,610,000 | (180,500) | 3,429,500 | 3,610,000 | (90,250) | 3,519,750 |
| United Church of Canada, Note 11 | 100,000 | (5,000) | 95,000 | 100,000 | (2,500) | 97,500 |
| City of Toronto, Note 11 | 1,911,400 | (95,570) | 1,815,830 | 1,911,400 | (47,785) | 1,863,615 |
| TCHC, Note 11 | 1,197,345 | (59,867) | 1,137,478 | 1,197,345 | (29,934) | 1,167,411 |
| AHP provincial, Note 11 | 2,480,000 | (124,000) | 2,356,000 | 2,480,000 | (62,000) | 2,418,000 |
| | 12,718,239 | (635,912) | 12,082,327 | 12,718,239 | (316,264) | 12,401,975 |
| | 12,894,896 | (759,653) | 12,135,243 | 12,894,896 | (422,366) | 12,472,530 |

(a) 501 Logan Avenue - 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:

| | 2013 | 2012 |
|--------------------------------|-----------|-----------|
| Balance, beginning of the year | \$ 28,942 | \$ 36,177 |
| Amortization for the year | (7,235) | (7,235) |
| | 21,707 | 28,942 |

Note 7 Deferred Contributions Related to Capital Assets - continued

(b) 501 Logan Avenue - 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:

| | 2013 | 2012 |
|--------------------------------|-----------|-----------|
| Balance, beginning of the year | \$ 41,613 | \$ 52,017 |
| Amortization for the year | (10,404) | (10,404) |
| Balance, end of the year | 31,209 | 41,613 |

(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:

| | 2013 | 2012 |
|---|--------------|--------------|
| Balance, beginning of the year | \$ 3,335,699 | \$ 3,351,568 |
| Contributions received during the year Fairlawn Avenue United Church | 0 | 67,676 |
| Amortization of contributions | (87,180) | (83,545) |
| Balance, end of the year | 3,248,519 | 3,335,699 |

Toronto Christian Resource Centre

December 31, 2013

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:

| | 2013 | 2012 |
|-------------------|--------------|--------------|
| Advances received | \$ 6,390,910 | \$ 6,390,910 |
| Principal repaid | (155,217) | (30,407) |
| Current portion | (130,196) | (124,810) |
| | 6,105,497 | 6,235,693 |

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

| | |
|------|------------|
| 2014 | \$ 130,196 |
| 2015 | 135,815 |
| 2016 | 141,676 |
| 2017 | 147,790 |
| 2018 | 154,168 |

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 |

Toronto Christian Resource Centre

December 31, 2013

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

The status of the loan is as follows:

| | 2013 | 2012 |
|-------------------|------------|------------|
| Advances received | \$ 450,000 | \$ 450,000 |
| Principal repaid | (21,620) | (11,002) |
| Current portion | (11,147) | (10,673) |
| | 417,233 | 428,325 |

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

| | | |
|------|----|--------|
| 2014 | \$ | 11,147 |
| 2015 | | 11,642 |
| 2016 | | 12,159 |
| 2017 | | 12,698 |
| 2018 | | 13,262 |

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:

| | 2013 | 2012 |
|-------------------|------------|------------|
| Advances received | \$ 150,000 | \$ 150,000 |
| Principal repaid | (33,277) | (19,686) |
| Current portion | (14,088) | (13,675) |
| | 102,635 | 116,639 |

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

| | | |
|------|----|--------|
| 2014 | \$ | 14,088 |
| 2015 | | 14,514 |
| 2016 | | 14,953 |
| 2017 | | 15,404 |
| 2018 | | 15,870 |

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 forgivable 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.

City of Toronto - Water

The building operated by the Corporation has not been metered for water usage by the City of Toronto. An accrual was made during the year for \$25,200 (2012 - \$25,000) for estimated water consumption cost. The actual amount due to the City of Toronto may be significantly different from the accrual.

City of Toronto - Property Tax

The Corporation was approved for municipal and education property tax effective May 19, 2011. The process to effect the exemption is lengthy and as a result, the Corporation has been assessed for arrears totalling \$85,457 for 2012 and 2013. During the year, an installment payment of \$9,463 was made against the liability. The amount has been set-up as a receivable and no liability for the arrears has been recognized given that the City of Toronto solicitor has confirmed the tax exempt status of the Corporation.

Regent Park Energy Inc. (RPEI) - Fuel and Electricity

The Corporation has withheld approximately two-thirds of the amount payable to RPEI for its fuel and electricity billed and expensed for 2012 and 2013. A trust account held by the Corporation had a year-end balance of \$87,481. The total amount owed at December 31, 2013 was \$107,103.

Former Employee Claim

Subsequent to the year end, a former employee filed a claim against the corporation and others for an amount of \$835,000 plus costs in connection with a long term disability claim. The corporation does not believe it is liable. Our insurance company has confirmed that it will be defending us in this matter. Neither the outcome nor the amount of potential settlement, if any, can be foreseen at this time. No provision has been made in these financial statements.

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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

| | 2013 | 2012 |
|---|------------|-----------|
| Deferred operating revenue, beginning of the year | \$ 109,380 | \$ 17,028 |
| Operating revenue received | 525,628 | 484,256 |
| | 635,008 | 501,284 |
| Operating grants recognized | (548,427) | (411,930) |
| Other | 0 | 20,026 |
| Repayable to funder | (11,956) | 0 |
| | 74,625 | 109,380 |

Deferred operating grants consists of:

| | | |
|--|--------|---------|
| Jim and Sandra Pitblado | 30,000 | 30,000 |
| Ministry of Tourism, Culture and Sports | 0 | 25,000 |
| Timothy Eaton Memorial Church | 10,000 | 0 |
| Fairlawn Avenue United Church | 13,750 | 22,917 |
| Conference Area Ministry | 1,814 | 15,541 |
| 100 Women Who Care | 0 | 7,905 |
| Tim Magwood | 5,000 | 5,000 |
| Asset Mapping - Ontario Women's Health Network | 4,556 | 3,017 |
| Forest Hill Lions Club | 1,005 | 0 |
| Robert Richards | 8,500 | 0 |
| | 74,625 | 109,380 |

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Note 14 United Church of Canada Operating Contributions

| | 2013 | 2012 |
|--|----------------|-----------------|
| United Church of Canada - Toronto Conference | | |
| Division of Missions | \$ 0 | \$ 30,000 |
| Donations | 3,021 | 7,500 |
| Regent Park United Church | 1,142 | 0 |
| Rosedale United Church | 34,886 | 0 |
| United Church of Canada | 22,500 | 0 |
| Fairlawn Avenue United Church | 11,823 | 45,833 |
| Timothy Eaton Memorial | 10,000 | 2,000 |
| Other United Churches | 6,875 | 2,332 |
| Toronto United Church Council | 2,700 | 0 |
| Deer Park United Church | 1,250 | 0 |
| Trinity St. Paul United Church | 670 | 2,000 |
| Regent Park United Church | 0 | 10,900 |
| Eglinton St. George | 0 | 2,000 |
| 736 Outreach Corp | 0 | 25,000 |
| Bloor Street United Church | 0 | 2,483 |
| | 94,867 | 130,048 |

Note 15 Social Enterprise Hub Lease

The Corporation has entered into a operating lease for office space on behalf of the Social Enterprise Hub Program. Minimum payments under the lease over the next 5 years are \$18,000 for the year. As a condition of the lease, the Corporation was granted an inducement of \$50,000 which is being amortized to income over the initial lease period plus one renewal period for a total of 10 years.