Financial Statements

Toronto Christian Resource Centre

Toronto, Ontario

December 31, 2013

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, 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...

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, 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

Prentice Yates & Clark

Chartered Accountants Licensed Public Accountants

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
		20,492,940		20,802,679

Approved by The Board

Norman Williams
Director

Peter Adamson
Director

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
Total Current		707,721		661,301
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
		6,625,365		6,780,657
Deferred Revenue Lease Inducement, Note 15		45,000		0
Deferred Contributions Related to Capital Assets, Note 7		12,135,243		12,472,530
Total Liabilities		19,513,329		19,914,488
Contingencies, Note 11				
Net Assets, per statement				
Restricted				
AHP replacement reserve		48,786		9,777
Internally restricted net assets		40,000		60,000
Unrestricted				
Unrestricted net assets		890,825		818,414
		979,611		888,191
		20,492,940		20,802,679

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	2013 Total	2012 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
Balance, End of Year	48,786	40,000	890,825	979,611	888,191

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

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
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)
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
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.

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.

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

<u>40 Oak Street</u>

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.

<u>501 Logan Avenue</u>

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:

	2013 Contribution	2013 Accumulated Amortization	2013 Net Contribution	2012 Contribution	2012 Accumulated Amortization	2012 Net Contribution
501 Logan Avenue						
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
40 Oak Street						
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)
Balance, end of the year	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

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

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 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.

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.

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

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.