Financial Statements

Toronto Christian Resource Centre

Toronto, Ontario

December 31, 2014

Contents

PRENTICE
YATES &
CLARK
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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, 2014 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, 2014 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
May 19, 2015

Prentice Yates & Clark

Chartered Professional Accountants, Licensed Public Accountants

Toronto Christian Resource Centre

December 31, 2014

Statement of Financial Position

		2014		2013
				Restated, Note 10
Current Assets				
Cash and temporary investments, Note 4	$	883,153	$	642,963
Cash in trust - RPEI Note,8		115,503		87,481
Accounts receivable		200,157		246,485
Current portion of Due from TUCC, Note 9		30,000		30,000
Current portion of AHP loan receivable		87,675		84,721
Total Current		1,316,488		1,091,650
Long-Term Portion of Due from TUCC, Note 9		0		30,000
Long-Term Portion of AHP Receivable, Note 6		2,208,200		2,295,875
Capital Assets, Note 5		16,474,975		16,922,091
Capital Replacement Fund, Note 3		153,314		48,786
Restricted Cash and Investments, Note 4		20,000		40,000
		20,172,977		20,428,402

Approved by The Board

Peter Adamson
Director

Norm Williams
Director

Statement of Financial Position

		2014		2013
				Restated, Note 10
Current Liabilities				
Accounts payable and accrued liabilities	$	361,132	$	288,009
Lease inducement due to United Church of Canada		0		150,000
Due to TUCC Endowment Fund		8,550		18,250
Tenants' deposits and prepaid rent		41,630		20,937
Deferred operating revenue		197,096		74,625
Current portion of long term debt		166,323		155,431
Total Current		774,731		707,252
Long-Term Liabilities, Note 7				
First mortgage		5,969,682		6,105,497
Toronto United Church Council loan		328,625		417,233
United Church of Canada loan		62,251		102,635
		6,360,558		6,625,365
Deferred Revenue Lease Inducement, Note 11		40,000		45,000
Deferred Contributions Related to Capital Assets, Note 6		11,839,133		12,135,243
Total Liabilities		19,014,422		19,512,860
Contingencies, Note 8				
Net Assets, per statement				
Restricted				
Property replacement reserve		153,314		48,786
Internally restricted net assets		20,000		40,000
Unrestricted				
Unrestricted net assets		985,241		826,756
		1,158,555		915,542
		20,172,977		20,428,402

The notes on pages 10 through 22 form an integral part of these financial statements.

Statement of Changes in Net Assets

	Property Replacement Reserves	Internally Restricted	Unrestricted	2014 Total	2013 Total
Balance, beginning of year as previously reported	$ 48,786	$ 40,000	$ 890,827	$ 979,613	$ 888,191
Prior year adjustment, Note 10	0	0	(64,071)	(64,071)	(28,209)
As restated	48,786	40,000	826,756	915,542	859,982
Add (deduct)					
Surplus	0	0	243,013	243,013	55,560
Transfer to property replacement reserve, Note 3	104,528	0	(104,528)	0	0
Transfer to unrestricted, Note 3	0	(20,000)	20,000	0	0
Balance, End of Year	153,314	20,000	985,241	1,158,555	915,542

Statement of Operations		2014		2013
Revenues				
Government grants	$	805,575	$	790,731
Foundation grants		505,960		215,209
Faith community funding		69,312		94,867
Donations - individual		239,080		151,290
Donations - corporate		77,811		170,800
Sponsorship & marketing revenue		140,525		0
In kind donations		3,128		3,076
Rental income		718,626		657,038
Fee income		12,061		23,253
Investment income		10,384		879
Other revenue		20,450		2,922
Total Revenues		2,602,912		2,110,065
Expenses				
Salaries		807,444		612,432
Benefits		104,870		81,662
Other staff costs		10,234		13,235
Program costs		109,374		76,283
Office		204,960		206,828
Building occupancy		638,547		624,326
Event expenses		37,371		5,695
Bank and financing charges		290,068		295,612
Total Expenses		2,202,868		1,916,073
Surplus Before Amortization		400,044		193,992
Amortization of capital contributions, Note 6		339,982		337,288
Amortization of capital assets , Note 5		(497,013)		(475,720)
Surplus		243,013		55,560

Statement of Cash Flows

		2014		2013
Operating Activities				
Surplus	$	243,013	$	55,560
Items not affecting cash:				
Amortization of capital assets		497,013		475,720
Amortization of deferred contributions		(339,982)		(326,883)
Amortization of loan forgiveness		0		(10,404)
		400,044		193,993
Changes in non-cash working capital				
Funds in trust		(28,022)		(77,705)
Accounts receivable		46,424		(16,007)
Prepaid expenses		11,212		43,526
Accounts payable		(72,493)		52,653
Deferred operating revenue		122,471		(34,755)
Endowment		(9,700)		8,650
Cash Provided By Operating Activities		469,936		170,355
Investing Activities				
Amounts due from TUCC		30,000		30,000
Purchase of capital assets		(49,897)		(261,506)
Cash Used In Investing Activities		(19,897)		(231,506)
Financing Activities				
Increase in deferred contributions related to capital assets		43,873		0
Loan principal repaid		(253,915)		(149,019)
Leasehold inducement		0		50,000
Affordable housing grants received		84,721		99,404
Other increase in reserves		(84,528)		(88,786)
Cash Used In Financing Activities		(209,849)		(88,401)
Net cash increase (decrease) during the year		240,190		(149,552)
Cash position beginning of year		642,963		792,515
Cash Position End Of Year		883,153		642,963
Supplementary Information				
Interest paid	$	291,783	$	158,394

Notes to Financial Statements

Status and Nature of Activities

The Christian Resource Centre 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.

The Corporation has offered practical assistance to Torontonians marginalized by poverty since 1964. The Corporation provides opportunities to help residents of Regent Park and the surrounding neighbourhoods realize their potential and contribute to a better community, through its meal, clothing, housing, drop-in, food skills, community advocacy, gardening, and community enterprises programs. The Corporation operates two rent geared to income residences in Toronto. 40 Oak Street is a 87 unit complex which opened in 2012, and 40 Logan Avenue is a 10 unit rooming house.

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 two types of restrictions on its resources:

(a) internally restricted resources that can be used only for the purposes specified by the Board of Directors;

(b) 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.

Note 1 **Significant Accounting Policies - continued**

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

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.

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.

Note 1 **Significant Accounting Policies - continued**

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.

(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, 2014:

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.

Note 2 **Financial Instruments - continued**

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.

Liquidity Risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation is exposed to this risk mainly in respect of its long-term debt. This risk is reduced because of considerable sums invested in guaranteed investment certificates and bonds.

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, 2014, $20,000 was allocated from the general reserve to unrestricted resources.

Capital Replacement Fund

As a condition of the AHP funding, the Corporation is required to maintain a capital replacement fund with investments being held under the trusteeship of Infrastructure Ontario Projects Corporation. In addition the Corporation augments the fund from time to time as money becomes available.

Note 4 Cash, Investments and Reserve Funds

	2014	2013
Cash		
Petty cash	$ 2,577	$ 3,528
Operating current accounts	258,038	380,760
Temporary Investments		
Guaranteed investment certificates	702,974	299,110
Long-Term Investments		
PH&N Cdn bond fund	92,878	48,351
	1,056,467	731,749
Composed of:		
Internally restricted cash and investments	173,314	88,786
Unrestricted cash and temporary investments	883,153	642,963
	1,056,467	731,749

A guaranteed investment certificate, valued at $99,308 is being held as collateral for a letter of credit issued to the City of Toronto.

Note 5 Capital Assets

		Cost		Accumulated Amortization		2014 Net
Leasehold interest						
40 Oak Street	$	17,628,040	$	(1,334,195)	$	16,293,845
501 Logan Avenue		219,752		(145,448)		74,304
		17,847,792		(1,479,643)		16,368,149
Leasehold improvement - Social Enterprise Hub		92,233		(11,538)		80,695
Vehicle		23,568		(17,676)		5,892
Equipment		34,372		(14,133)		20,239
		17,997,965		(1,522,990)		16,474,975

	Cost	Accumulated Amortization	2013 Net
Leasehold interest			
40 Oak Street	17,628,040	(881,672)	16,746,368
501 Logan Avenue	176,389	(123,473)	52,916
	17,804,429	(1,005,145)	16,799,284
Leasehold improvement - Social Enterprise Hub	92,135	(2,324)	89,811
Vehicle	23,568	(10,605)	12,963
Equipment	27,935	(7,902)	20,033
	17,948,067	(1,025,976)	16,922,091

Note 5 **Capital Assets - continued**

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 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.

Note 6 **Deferred Contributions Related to Capital Assets**

The Corporation has received both forgiveable loans and contributions to be used for capital development.

The Corporation has received loans, the principal and interest of which are forgiveable under the terms of the agreements. In the event that the Corporation is in default of an agreement, the remaining principal balance must be repaid. Management believes that the Corporation is not in default of the terms of the agreements and, as such, the current year's principal and interest forgiveness (amortization) have been recognized in the financial statements.

Contributions for capital development are amortized using the rates described in Note 1.

Details of the forgiveable loans are as follows:

(a) Party advancing forgiveable loan: Canada Mortgage and Housing Corporation

Forgiveable loan advanced	$104,037
Property	501 Logan Avenue
Security for forgiveable loan	unsecured
Interest rate	na
Term of forgiveness	10 years

(b) Party advancing forgiveable loan: Affordable Housing Program - Federal

Forgiveable loan advanced	$3,610,000
Property	40 Oak Street
Security for forgiveable loan	Leasehold mortgage 40 Oak Street
Interest rate	4%
Term of forgiveness	20 years

Note 6 Deferred Contributions Related to Capital Assets - continued

(c) Party advancing forgiveable loan: Affordable Housing Program - Provincial

Forgiveable loan advanced	$2,480,000
Property	40 Oak Street
Security for forgiveable loan	Leasehold mortgage 40 Oak Street
Interest rate	4%
Term of forgiveness	20 years

Under the terms of this loan the City of Toronto is advancing provincial funds totalling $2,480,000 plus interest over a period of 20 years to be used solely for the monthly repayment of principal and interest owing on the mortgage loan from Ontario Infrastructure Projects Corporation (Note 7(a)).

(d) Party advancing forgiveable loan: Affordable Housing Program - City of Toronto

Forgiveable loan advanced	$1,911,400
Property	40 Oak Street
Security for forgiveable loan	Leasehold mortgage 40 Oak Street
Interest rate	4%
Term of forgiveness	20 years

(e) Party advancing forgiveable loan: Affordable Housing Program - Toronto Community Housing Corporation (TCHC)

Forgiveable loan advanced	$1,197,345
Property	40 Oak Street
Security for forgiveable loan	Leasehold mortgage 40 Oak Street
Interest rate	8%
Term of forgiveness	20 years

(f) Party advancing forgiveable loan: The United Church of Canada (UCC)

Forgiveable loan advanced	$100,000
Property	40 Oak Street
Security for forgiveable loan	unsecured
Interest rate	not applicable
Term of forgiveness	no term

Note 6 Deferred Contributions Related to Capital Assets - continued

2014

Forgiveable loans	Balance, beginning of year	Advances in year	Amortization in year	Balance, end of year
501 Logan Avenue				
CMHC	$ 31,209	$ 0	$ (10,404)	$ 20,805
40 Oak Street				
AHP - federal	3,429,500	0	(90,250)	3,339,250
AHP - Province of Ontario	2,356,000	0	(62,000)	2,294,000
AHP - City of Toronto	1,815,830	0	(47,785)	1,768,045
AHP - TCHC	1,137,477	0	(29,934)	1,107,543
UCC	95,000	0	(2,500)	92,500
Total forgiveable loans	8,865,016	0	0	8,622,143
Deferred contributions				
501 Logan Avenue	21,707	43,873	(11,622)	53,958
40 Oak Street	3,248,519	0	(85,487)	3,163,032
Total	12,135,242	43,873	(339,982)	11,839,133

2013

Forgiveable loans	Balance, beginning of year	Advances in year	Amortization in year	Balance, end of year
501 Logan Avenue				
CMHC	$ 41,613	$ 0	$ (10,404)	$ 31,209
40 Oak Street				
AHP - federal	3,519,750	0	(90,250)	3,429,500
AHP - Province of Ontario	2,418,000	0	(62,000)	2,356,000
AHP - City of Toronto	1,863,615	0	(47,785)	1,815,830
AHP - TCHC	1,167,411	0	(29,934)	1,137,477
UCC	97,500	0	(2,500)	95,000
Total forgiveable loans	9,107,889	0	0	8,865,016
Deferred contributions				
501 Logan Avenue	28,942	0	(7,235)	21,707
40 Oak Street	3,335,699	0	(87,180)	3,248,519
Total	12,472,530	0	(337,288)	12,135,242

Note 7 **Mortgages and Loans Payable**

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

Mortgage payable to Ontario Infrastructure Projects Corporation (OIPC):

Details of the mortgage are as follows:

Principal balance	- $6,390,910
Secured by	- Leasehold mortgage 40 Oak Street
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

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

Loan payable to Toronto United Church Council (TUCC). Details of the loan are as follows:

Principal balance	- $418,794
Interest rate	- 4.000%
Term	- 3 years ending November 1, 2014
Amortization period	- 22 years ending November 1, 2036
Monthly principal and interest payments	- $2,380

(c) 40 Oak Street - The United Church of Canada (UCC) Loan

Loan payable to The United Church of Canada (UCC). Details of the loan are as follows:

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

Note 7 Mortgages and Loans Payable - continued

Long term debt balances are as follows:

2014	Opening balance	Principal repaid current year	Change in current portion	Closing balance
Mortgage payable to OIPC	$ 6,105,497	$ (130,196)	$ (5,619)	$ 5,969,682
Loan payable to TUCC	417,233	(84,602)	(4,006)	328,625
Loan payable to UCC	102,635	(39,117)	(1,267)	62,251
	6,625,365	(253,915)	(10,892)	6,360,558

2013	Opening balance	Principal repaid current year	Change in current portion	Closing balance
Mortgage payable OIPC	6,235,693	(124,810)	(5,386)	6,105,497
Loan payable to TUCC	428,325	(10,618)	(474)	417,233
Loan payable to UCC	116,639	(13,591)	(413)	102,635
	6,780,657	(149,019)	(6,273)	6,625,365

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

	2015	2016	2017	2018	2019
Mortgage payable to OIPC	$ 135,815	$ 141,676	$ 147,790	$ 154,168	$ 160,821
Loan payable to TUCC	15,153	14,540	15,194	15,865	16,569
Loan payable to UCC	15,355	15,739	16,215	16,705	13,592
	166,323	171,955	179,199	186,738	190,982

Note 8 Contingencies

The Corporation has a number of contingencies as follows:

City of Toronto - Property Tax

The Corporation was approved for municipal and education property tax exemption effective May 19, 2011. The process to effect the exemption is lengthy and as a result, the Corporation has been assessed for arrears totalling $54,687 for 2012, 2013 and 2014. In a prior year, an installment payment of $9,466 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 one third of the amount payable to RPEI for its fuel and electricity billed and expensed for 2012, 2013 and 2014. A trust account held by the Corporation had a year-end balance of $115,503.

Former Employee Claim

In 2014 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.

Accidental Death Claim

During the year a vehicle owned and operated by the Corporation was involved in an accident resulting in the death of a pedestrian. 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.

City of Toronto

The Corporation receives subsidies based on formulae contained in the Contribution Agreement. Subsidies are adjusted at year-end for variances between actual and estimated amounts. The difference is receivable from (or payable to) the City of Toronto. The current year receivable 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 9 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 10 Prior Period Error

As a result of CRA's audit during the year, an adjustment was requested to the Public Service Body Rebate claimed for 2013 and 2012. As a result 2013 accounts receivable, surplus, net assets and operating expenses have been adjusted as follows:

		Increase/(Decrease)
HST receivable	$	(41,195)
Capital assets		(22,877)
Net assets		(64,071)
Operating expenses		35,862

Note 11 Social Enterprise Hub Lease

The Corporation has entered into an 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.