



Financial Statements

Scott Mission

September 30, 2023

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Independent Auditor's Report

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To the Board of Directors of
Scott Mission

Opinion

We have audited the financial statements of Scott Mission (the "Mission"), which comprise the statement of financial position as at September 30, 2023, the statements of revenue and expenses, changes in fund balances and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of the Mission as at September 30, 2023, and the results of its operations and cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations ("ASNPO").

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of the Mission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Other Matter

Our audit was conducted for the purposes of forming an opinion on the financial statements taken as a whole. The supplementary information on pages 16 and 17 is presented for purposes of additional information and is not a required part of the financial statements. Such information has been subjected to the auditing procedures applied, only to the extent necessary to express an opinion in the audit of the financial statements taken as a whole.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with ASNPO, 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.

In preparing the financial statements, management is responsible for assessing the Mission's ability to continue as a going concern, disclosing, as applicable, matters related to a going concern and using the going concern basis of accounting unless management either intends to liquidate the Mission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Mission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Mission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Mission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Mission to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a

We communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that we identify during our audit.

Toronto, Canada
December 14, 2023

The logo for Grant Thornton LLP, featuring the company name in a stylized, cursive script.

Chartered Professional Accountants
Licensed Public Accountants

Scott Mission

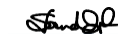
Statement of Financial Position

September 30

	Operating Fund	Reserve Fund	Total 2023	Total 2022
Assets				
Current				
Cash	\$ 1,428,219	\$ -	\$ 1,428,219	\$ 1,468,936
Accounts receivable	1,615,759	-	1,615,759	2,014,006
Prepaid expenses	254,882	-	254,882	425,275
Interfund receivable (payable) (Note 3)	<u>232,644</u>	<u>(232,644)</u>	<u>-</u>	<u>-</u>
	<u>3,531,504</u>	<u>(232,644)</u>	<u>3,298,860</u>	<u>3,908,217</u>
Investments (Note 4)	-	15,748,585	15,748,585	20,090,892
Post-retirement benefit plan asset (Note 8)	-	-	-	92,495
Property and equipment (Note 5)	<u>31,658,010</u>	<u>-</u>	<u>31,658,010</u>	<u>24,375,818</u>
	<u>31,658,010</u>	<u>15,748,585</u>	<u>47,406,595</u>	<u>44,559,205</u>
	<u>\$35,189,514</u>	<u>\$ 15,515,941</u>	<u>\$ 50,705,455</u>	<u>\$ 48,467,422</u>
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 2,300,110	\$ -	\$ 2,300,110	\$ 1,779,821
Loan payable (Note 7)	-	350,000	350,000	350,000
Deferred contributions	<u>19,750</u>	<u>-</u>	<u>19,750</u>	<u>1,790</u>
	<u>2,319,860</u>	<u>350,000</u>	<u>2,669,860</u>	<u>2,131,611</u>
Fund balances				
Invested in property and equipment	31,658,010	-	31,658,010	24,375,818
Working capital – unrestricted	811,306	-	811,306	5,427,544
Externally restricted	400,338	-	400,338	164,069
Post-retirement benefit plan surplus (Note 8)	-	-	-	92,495
Internally restricted reserve funds	<u>-</u>	<u>15,165,941</u>	<u>15,165,941</u>	<u>16,275,885</u>
	<u>32,869,654</u>	<u>15,165,941</u>	<u>48,035,595</u>	<u>46,335,811</u>
	<u>\$35,189,514</u>	<u>\$ 15,515,941</u>	<u>\$ 50,705,455</u>	<u>\$ 48,467,422</u>

Commitments (Note 10)

On behalf of the Board of Directors



Susan VanderSpek (Dec 20, 2023 11:33)

Director



Director

Scott Mission

Statement of Revenue and Expenses

Year ended September 30

	Operating Fund	Reserve Fund	Total 2023	Total 2022
Revenue				
General contributions	\$ 15,390,008	\$ -	\$ 15,390,008	\$ 15,347,300
Restricted donations	2,972,356	-	2,972,356	1,670,365
Donations in kind	16,348,414	-	16,348,414	12,256,464
Grants	4,662,980	-	4,662,980	3,535,143
Bequests	1,383,108	-	1,383,108	2,123,924
Children and youth ministry fees	664,510	-	664,510	779,021
Interest and miscellaneous income	<u>168,561</u>	<u>-</u>	<u>168,561</u>	<u>62,379</u>
	<u>41,589,937</u>	<u>-</u>	<u>41,589,937</u>	<u>35,774,596</u>
Expenses (Note 9)				
Ministry to families (Note 5)	15,681,453	-	15,681,453	12,021,338
Ministry to homeless and elderly	14,078,418	-	14,078,418	11,002,323
Ministry to children and youth	3,545,145	-	3,545,145	3,334,254
Fundraising	3,286,157	-	3,286,157	2,954,907
Public awareness	2,258,988	-	2,258,988	2,120,954
Administration and support ministry	<u>2,218,527</u>	<u>-</u>	<u>2,218,527</u>	<u>1,633,435</u>
	<u>41,068,688</u>	<u>-</u>	<u>41,068,688</u>	<u>33,067,211</u>
Excess of revenue over expenses before other items	521,249	-	521,249	2,707,385
Net appreciation (depreciation) on investments (Note 4)	-	1,447,227	1,447,227	(2,020,417)
Investment expenses	<u>-</u>	<u>(79,474)</u>	<u>(79,474)</u>	<u>(93,790)</u>
Net investment income	<u>-</u>	<u>1,367,753</u>	<u>1,367,753</u>	<u>(2,114,207)</u>
Excess of revenue over expenses	<u>\$ 521,249</u>	<u>\$ 1,367,753</u>	<u>\$ 1,889,002</u>	<u>\$ 593,178</u>

See accompanying notes and schedules to the financial statements.

Scott Mission

Statement of Changes in Fund Balances

Year ended September 30

	Invested in Property and Equipment	Working Capital – Unrestricted	Externally Restricted	Reserve Fund – Internally Restricted	
Fund balances, beginning of year	\$ 24,375,818	\$ 5,427,544	\$ 164,069	\$ 16,368,380	\$
Excess (deficiency) of revenue over expenses	-	(1,463,448)	1,984,697	1,367,753	
Pension benefit expenses (Note 8)	-	280,974	-	(280,974)	
Pension remeasurements and other items (Note 8)	-	-	-	(189,218)	
Impairment of property and equipment (Note 5)	(1,364,476)	1,364,476	-	-	
Amortization of property and equipment	(1,017,947)	1,017,947	-	-	
Purchase of property and equipment	9,664,615	(7,916,187)	(1,748,428)	-	
Interfund transfer to support property renovations	-	2,100,000	-	(2,100,000)	
Fund balances, end of year	<u>\$ 31,658,010</u>	<u>\$ 811,306</u>	<u>\$ 400,338</u>	<u>\$ 15,165,941</u>	<u>\$</u>

See accompanying notes and schedules to the financial statements.

Scott Mission

Statement of Cash Flows

Year ended September 30

2023

2022

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 1,889,002	\$ 593,178
Items not affecting cash		
Amortization of property and equipment	1,017,947	1,035,334
Impairment of property and equipment (Note 5)	1,364,476	-
Pension benefit expenses	280,974	464,366
Unrealized capital (gains) losses (Note 4)	<u>(775,529)</u>	<u>3,785,826</u>

3,776,870 5,878,704

Change in non-cash working capital items

Accounts receivable	398,247	(1,279,711)
Prepaid expenses	170,393	(281,459)
Accounts payable and accrued liabilities	520,289	599,788
Deferred revenue	<u>17,960</u>	<u>(160,269)</u>

1,106,889 (1,121,651)

Employer contributions to fund pension plan (Note 8)

(377,697) (416,468)

4,506,062 4,340,585

Investing

Withdrawal of investments (Note 4)	5,789,534	12,200,000
Investment income reinvested (Note 4)	(671,698)	(1,765,409)
Purchase of property and equipment	<u>(9,664,615)</u>	<u>(14,398,807)</u>

(4,546,779) (3,964,216)

(Decrease) increase in cash

(40,717) 376,369

Cash

 Beginning of year 1,468,936 1,092,567

 End of year \$ 1,428,219 \$ 1,468,936

Scott Mission

Notes to the Financial Statements

September 30, 2023

1. Purpose of the organization

Scott Mission (the “Mission”) is incorporated under The Corporations Act of the Province of Ontario as a corporation without share capital and is a registered charity under the Income Tax Act. Accordingly, the Mission is exempt from income taxes.

The Mission serves Christ as Lord and Master in faith, putting the spirit of Christ into concrete, positive action through well-rounded spiritual and social services to men, women, and children.

The allocation of resources has been presented as follows:

Ministry to families

These expenses include clothing, the food bank, hot meals, case management, counselling and referral services.

Ministry to homeless and elderly

The expenses of this ministry include daily hot meals, counselling, accommodation, and many other ministries to those on the street or alone.

Ministry to children and youth

The expenses of ministry to children and youth incorporates the daycare facility, summer camp at the Caledon location, midweek youth and children’s clubs, and counselling.

Administration and support ministry

The expenses allocated to this ministry include management support, human resources and accounting support, and various professional services.

Fundraising

The majority of fundraising expenses are to implement strategies to raise funds and acquire new donors.

Public awareness

These expenses represent the significant work of co-ordinating the ministry of individual and corporate volunteers and the public relations and education functions of the Mission.

2. Summary of significant accounting policies

The financial statements have been prepared by management in accordance with Canadian accounting standards for not-for-profit organizations (“ASNPO”). The significant accounting policies selected by the Mission and applied in these financial statements are summarized below.

Scott Mission

Notes to the Financial Statements

September 30, 2023

2. Summary of significant accounting policies (continued)

Fund accounting

The Mission uses fund accounting to present its financial statements whereby resources for particular purposes are classified for accounting and reporting purposes into one of the following funds.

Operating Fund

The Operating Fund includes the assets (including property and equipment), liabilities, revenue and expenses applicable to the general operations of all programs.

Working Capital – Unrestricted

The Working Capital – Unrestricted Fund balance finances the activities of the Operating Fund. The Mission maintains an unrestricted working capital fund balance to support its daily operations. The fund balance is maintained at a level sufficient to provide for the fluctuations in cash flow that occur throughout the annual cycle of donations and operations expenditures.

Invested in Property and Equipment

Invested in Property and Equipment reflect the assets, liabilities, revenue and expenses related to the Mission's property and equipment.

Externally Restricted Fund

The Externally Restricted Fund consists of funds externally designated by donors for specific purposes.

Reserve Fund

The Reserve Fund was established and is internally restricted to segregate funds needed for future capital and operating expenses and the post-retirement benefit plan.

The Board of Directors (the "Board") manages the fund on an ongoing basis with the primary objective of providing reasonable rates of return consistent with market opportunities for balanced risk appetite and high standards of investment quality while preserving capital.

With Board approval, amounts are periodically transferred from the Reserve Fund to the Operating Fund as needed to support the operations of the Mission within the approved operating budget, to provide funds for capital requirements, to cover unexpected contingencies and to invest in strategic initiatives in line with the Mission's goals. It is the opinion of the Board that the fund is managed in a prudent and responsible manner.

With God's provision and direction to enhance the Mission's transformational impact in the lives of those the Mission serves, the Board is considering various operational and capital initiatives. These long-term transformative initiatives will be funded from current and future efforts as well as funds that have prudently been set aside for such a time and purpose.

Interfund transfers

Transfers between the various funds are made when resources of one fund have been authorized to finance activities and acquisitions in another fund.

Scott Mission

Notes to the Financial Statements

September 30, 2023

2. Summary of significant accounting policies (continued)

Revenue recognition

The Mission follows the restricted fund method of accounting for restricted contributions.

General contributions and bequests are recognized as revenue of the Working Capital – Unrestricted Fund when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Externally restricted contributions are recorded as revenue in the Externally Restricted Fund if the amount can be reasonably estimated and collection is reasonably assured.

Donations in kind reflect food, clothing and other usable donated goods and are recognized as revenue based on the number and estimated value of hot meals served in the fiscal year, food distributed through its food bank, clothing and goods supplied to those in need, at fair market value when donated or consumed depending on the nature of the item.

Grant revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Deferred contributions relates to grants received specified for a future period.

Fees from ministry to children and youth are recognized in the period in which ministry programming is delivered.

Contributed services

Volunteers contribute many hours per year to assist the Mission in carrying out its service activities. Because of the difficulty in determining their fair value, contributed services are not recognized in the financial statements.

Property and equipment

Purchased property and equipment are recorded in the Operating Fund at cost less accumulated amortization. The Mission amortizes the cost of property and equipment on a straight-line basis over their estimated useful lives as follows:

Buildings and improvements	20 or 30 years
Furniture and equipment	5 to 10 years
Vehicles	3 to 7 years
Computers	3 to 5 years
Leasehold improvements	Over the lease term

Property and equipment are tested for impairment when events or changes in circumstances indicate that an asset might be impaired. The assets are tested for impairment by comparing the net carrying value to their fair value or replacement cost. If the asset's fair value or replacement cost is determined to be less than its net carrying value, the resulting impairment is reported in the statement of revenue and expenses. Any impairment recognized is not reversed.

Allocation of expenses

The Mission allocates general administrative expenses to ministry programs based on management's best estimate of actual time spent by employees towards the specific ministries (Note 9).

Scott Mission

Notes to the Financial Statements

September 30, 2023

2. Summary of significant accounting policies (continued)

Post-retirement benefit plan

The Mission records pension plan costs each year based on the most recent actuarial valuation report prepared for accounting purposes including pension entitlements earned each year by the eligible employees for its defined benefit pension plan.

Financial instruments

The Mission considers any contract creating a financial asset, liability, or equity instrument as a financial instrument. The Mission's financial instruments comprise cash, accounts receivable, investments, accounts payable and loan payable.

Financial assets and liabilities are initially recorded at their fair value. The Mission subsequently measures all of its financial assets and liabilities at amortized cost, except for investments which are measured at market value. Unrealized gains and losses on investments are recognized in the excess (deficiency) of revenue over expenses in the year incurred.

Use of estimates

The preparation of financial statements in conformity with ASNPO requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the reported amounts of revenue and expenses during the year. Areas requiring the use of significant estimates include the estimated value of donations in kind recognized in revenue, the collectability of accounts receivable, the valuation of investments, the useful life and impairment of property and equipment, the allocation of expenses and measurement of the accrued benefit asset or obligation and the annual pension expense related to the Mission's post-retirement benefit plan. Actual results could differ from these estimates.

3. Interfund receivable (payable)

The Operating Fund has an interfund receivable from the Reserve Fund of \$232,644 (2022 – \$3,465,007), which is due on demand and bears no interest.

4. Investments

Investments are held as follows:

	<u>2023</u>	<u>2022</u>
Zeidman Family Memorial Fund	\$ 596,768	\$ 554,949
Reserve Fund	<u>15,151,817</u>	<u>19,535,943</u>
	<u>\$ 15,748,585</u>	<u>\$ 20,090,892</u>

The investments are in pooled funds and are managed under the authority of the Board to achieve the long-term objectives of the Mission and the funding requirements of the post-retirement benefit plan (Note 8). The value of the investments is subject to market fluctuations which can be significant.

Scott Mission

Notes to the Financial Statements

September 30, 2023

4. Investments (continued)

Investments are held as follows:

	<u>2023</u>	<u>2022</u>
MFS Canadian Short-Term Fixed Income Fund	\$ -	\$ 1,387,879
MFS Balanced Fund	<u>15,748,585</u>	<u>18,703,013</u>
	<u>\$ 15,748,585</u>	<u>\$ 20,090,892</u>

The following is additional information regarding the activity of the investments in pooled funds:

	<u>2023</u>	<u>2022</u>
Opening investments balance	<u>\$ 20,090,892</u>	<u>\$ 34,311,309</u>
Add: Interest and dividends reinvested	531,716	555,752
Unrealized capital gains (losses)	775,529	(3,785,826)
Net realized capital gains	<u>139,982</u>	<u>1,209,657</u>
Net appreciation (depreciation) on investments	<u>1,447,227</u>	<u>(2,020,417)</u>
	<u>21,538,119</u>	<u>32,290,892</u>
Less: Net withdrawals	<u>(5,789,534)</u>	<u>(12,200,000)</u>
Ending investments balance	<u>\$ 15,748,585</u>	<u>\$ 20,090,892</u>

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2023 Net Book Value</u>	<u>2022 Net Book Value</u>
Property and equipment acquired before October 1, 1992	\$ 1	\$ -	\$ 1	\$ 1
Land	9,791,853	-	9,791,853	9,791,853
Buildings and improvements	15,653,808	3,233,734	12,420,074	6,281,018
Furniture and equipment	4,573,243	2,251,968	2,321,275	934,933
Vehicles	1,063,760	1,033,717	30,043	73,565
Computers	1,461,763	1,303,072	158,691	202,608
Leasehold improvements	2,545,294	1,015,405	1,529,889	2,025,386
New property development	<u>5,406,184</u>	<u>-</u>	<u>5,406,184</u>	<u>5,066,454</u>
	<u>\$ 40,495,906</u>	<u>\$ 8,837,896</u>	<u>\$ 31,658,010</u>	<u>\$ 24,375,818</u>

Scott Mission

Notes to the Financial Statements

September 30, 2023

5. Property and equipment (continued)

Property and equipment acquired before October 1, 1992 are recorded at a nominal value as their cost is not reasonably determinable.

During fiscal 2023, the Mission incurred costs of \$1,704,206 (2022 – \$2,081,633) towards redeveloping the property at 502/508 Spadina Avenue. During the year, the 502/508 Spadina redevelopment project suffered significant setbacks due to changes in anticipated funding. As such, the project that was initially envisioned is no longer financially viable and the Mission is seeking alternative redevelopment options for the properties. As a result, the Mission has recorded an impairment charge of \$1,364,476 on the accumulated redevelopment asset as certain inputs of staff and consulting time are not recoverable as the future project model may be different from what was initially envisioned. As alternative plans develop, the staff and consulting time will be capitalized towards the new redevelopment plan as appropriate. Other costs incorporated within the accumulated redevelopment asset remain beneficial for the project as the architectural drawings, initial site evaluations, engineering, legal, and zoning/permitting costs can be used in the alternative redevelopment plans. As of September 30, 2023, \$5,406,184 (2022 - \$5,066,454) has been invested in the new property development. The impairment charge is included in the statement of operations in ministry to families expense.

In fiscal 2022, the Mission purchased a property consisting of \$6,346,892 of land and \$2,489,947 of building. During the year, the Mission incurred \$7,787,627 (2022 - \$881,337) of improvements to the building. Amortization of the building and improvements for this property will commence in October 2023, when the building is in use after renovations are completed.

6. Accounts payable and accrued liabilities

Included in accounts payables and accrued liabilities is \$171,327 (2022 - \$171,327) owing to the government.

7. Loan payable

On October 1, 2019, Canadian Mortgage and Housing Corporation (“CMHC”) agreed to provide an interest-free, unsecured loan to the Mission for up to \$350,000 for project and eligible activities including new constructions of 109 affordable units as part of the 502/508 Spadina redevelopment building project. The loan matures on December 23, 2023 (2022 – October 1, 2022). Interest will only accrue at a rate of prime plus 2% if not repaid by the date construction commences. As of September 30, 2022, the Mission received the entire proceeds of the loan and spent the sum in its entirety on the 502/508 Spadina redevelopment building project. As of September 30, 2023, the project has been postponed due to a funding gap and the construction start date is currently unclear.

8. Post-retirement benefit plan

The Mission maintains a defined benefit pension plan to provide retirement income to its eligible employees. The plan pays fixed monthly pension amounts to eligible retirees.

The pension plan holds a pool of investments to fund the future pension obligation. The annual funding contributions made by the Mission are shown below, with the total value of the investments shown as the fair value of plan assets.

Scott Mission

Notes to the Financial Statements

September 30, 2023

8. Post-retirement benefit plan (continued)

The present value of the pension asset or obligation is computed by an actuary using standard methodology employing a number of assumptions about future events including employee retirements and turnover, compensation and financial market conditions. The result of this computation is called the accrued benefit asset or obligation and is shown below along with the significant assumptions used.

The fair value of plan assets currently exceeds the accrued benefit obligation, resulting in a plan surplus, offset by a valuation allowance. The funding contributions made by the Mission are at the rates recommended by the actuary which are in accordance with government regulations. The funding contributions are also approved by the Board.

The Mission measures the fair value of plan assets and its accrued benefit asset or obligation for accounting purposes as at September 30 of each year. The most recently completed actuarial valuation was as at September 30, 2023.

	<u>2023</u>	<u>2022</u>
Fair value of plan assets	\$ 11,286,519	\$ 10,429,925
Accrued benefit obligation	<u>(10,168,163)</u>	<u>(10,337,430)</u>
Benefit plan funded surplus	1,118,356	92,495
Valuation allowance	<u>(1,118,356)</u>	<u>-</u>
Net defined benefit asset	\$ <u>-</u>	\$ 92,495

Continuity of the post-retirement benefit plan asset is as follows:

Balance, beginning of year	\$ 92,495	\$ (1,528,103)
Pension benefit expenses	(280,974)	(464,366)
Employer contributions	377,697	416,468
Remeasurement and other items	<u>(189,218)</u>	<u>1,668,496</u>
Balance, end of year	\$ <u>-</u>	\$ 92,495

The significant actuarial assumptions adopted in measuring the accrued benefit obligation are as follows:

	<u>2023</u>	<u>2022</u>
Discount rate	5.65%	5.00%
Expected long-term rate of return on plan assets	5.65%	5.00%
Rate of compensation increase	2.00%	2.00%

Portfolio investments held exclusively to fund the accrued retiree benefit plan are invested under the direction of professional managers over the long-term to meet both current and long-term benefit obligations. The managers incorporate an asset mix strategy which considers a number of factors intended to achieve the overall expected rate of return on plan assets of 5.65% (2022 – 5.00%).

The expense recognized of \$280,974 (2022 – \$464,366) represents actuarially determined current service costs and interest and is allocated in accordance with the information disclosed in Note 2. During the year, benefits paid were \$304,832 (2022 – \$404,340).

Scott Mission

Notes to the Financial Statements

September 30, 2023

8. Post-retirement benefit plan (continued)

Commencing on November 19, 2009, new employees were no longer eligible to join the defined benefit pension plan; instead, they are eligible to join a defined contribution pension plan established by the Mission. The Mission contributed \$450,139 (2022 – \$366,167) to the defined contribution pension plan during the year.

9. Allocation of administration expenses

During fiscal 2023, \$3,409,868 (2022 – \$3,037,275) in general administration expenses were allocated to various ministry programs based on management's estimate of actual resources utilized by each area as follows:

	<u>2023</u>	<u>2022</u>
Ministry to homeless and elderly	39%	39%
Ministry to families	33%	33%
Ministry to children and youth	21%	21%
Public awareness	7%	7%

10. Commitments

The Mission has operating lease obligations for its 24/7 shelter and wrap around services at 346 Spadina Avenue and office equipment with future minimum payments as follows:

2024	\$ 1,100,802
2025	1,122,585
2026	1,130,843
2027	<u>475,034</u>
	<u>\$ 3,829,264</u>

Scott Mission

Notes to the Financial Statements

September 30, 2023

11. Financial instruments

Transactions in financial instruments may result in an entity assuming or transferring to another party one or more of the financial risks described below. The Mission's main financial instrument exposure, which remains unchanged from the prior year, is detailed below.

Credit risk

Credit risk arises from the potential that accounts receivable are not paid. The Mission is exposed to credit risk relating to its accounts receivable as failure of any of these parties to fulfill their obligation could result in significant financial losses. The Mission reduces its exposure to credit risk by evaluating creditors on a regular basis and creating an allowance for doubtful accounts when appropriate. As at September 30, 2023, the allowance for doubtful accounts is \$Nil (2022 - \$Nil).

Liquidity risk

Liquidity risk is the risk that the Mission will encounter difficulty in raising funds to meet commitments associated to its financial liabilities. The Mission is exposed to liquidity risk mainly in respect to its accounts payable and loan payable. The Mission manages its liquidity risk by forecasting cash flows from operations, investing and financing activities to ensure that it has sufficient funds available to meet current and foreseeable financial obligations.

Market risk

Market risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices. Market risk comprises three types of risk: currency risk, interest rate risk, and other price risk.

Currency risk

Currency risk is the risk arising from the change in price of one currency against another. The Mission is exposed to currency risk through its investments in pooled funds where the underlying securities are in foreign currencies.

Interest rate risk

Interest rate risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Mission is exposed to interest rate risk on fixed income investments in pooled funds as the value of these investments will change with market fluctuations.

Other price risk

Other price risk is the risk that the fair value of future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from currency risk or interest rate risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or other factors affecting all similar financial instruments traded in the market. The Mission is exposed to other price risk through its investments in pooled funds.

The Mission mitigates its exposure against all market risks by investing in accordance with the investment strategy developed by the Board.

Scott Mission

Schedule 1 – Statement of Revenue and Expenses for the Overnight Program

Year ended September 30

The following activity relates to the City of Toronto Overnight Shelter program and is included with revenue and expenses reported by the Mission for the year.

	<u>2023</u>	<u>2022</u>
Revenue		
Overnight grant	\$ 3,909,359	\$ 3,287,974
Government assistance	<u>-</u>	<u>60,655</u>
	<u>3,909,359</u>	<u>3,348,629</u>
Expenses		
Salaries and benefits		
Salaries	1,937,190	1,732,413
Benefits	<u>341,367</u>	<u>318,164</u>
	<u>2,278,557</u>	<u>2,050,577</u>
Administration and operational		
Food services	127,568	94,658
Programming and activities	82,994	103,260
Material and services	64,324	47,073
Resident personal needs and replacement	63,858	79,994
Other	46,612	41,075
Transportation and communications	<u>24,792</u>	<u>26,841</u>
	<u>410,148</u>	<u>392,901</u>
Property management / building		
Rent	1,460,825	835,774
Utilities	78,408	56,949
Building maintenance and services	48,546	26,687
Property management / building costs	<u>18,172</u>	<u>19,934</u>
	<u>1,605,951</u>	<u>939,344</u>
	<u>4,294,656</u>	<u>3,382,822</u>
Deficiency of revenue over expenses before amortization of property and equipment	(385,297)	(34,193)
Amortization of property and equipment	<u>(564,786)</u>	<u>(564,706)</u>
Deficiency of revenue over expenses	<u>\$ (950,083)</u>	<u>\$ (598,899)</u>

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Schedule 2 – Statement of Revenue and Expenses for the Child Care Program

Year ended September 30

The following activity relates to the City of Toronto Child Care program and is included with revenue and expenses reported by the Mission for the year.

	<u>2023</u>	<u>2022</u>
Revenue		
Canada-Wide Early Learning and Child Care funding	\$ 499,428	\$ -
Parent portion of fee subsidy	403,794	499,635
Operating grant	202,980	202,980
Parent fees	196,105	263,331
Provincial wage enhancement	42,947	41,429
Other	8,267	2,760
Safe restart funds	-	119,382
Program grant	-	50,922
	<u>1,353,521</u>	<u>1,180,439</u>
Expenses		
Salaries	760,197	760,698
Benefits	168,291	158,639
Administration	<u>71,968</u>	<u>39,108</u>
	<u>1,000,456</u>	<u>958,445</u>
Rent	72,000	60,000
Utilities and maintenance	71,941	35,721
Food	44,287	41,064
Office	30,987	31,672
Professional fees	8,701	5,082
Insurance	8,693	7,752
Programs	6,372	10,327
Cleaning and housekeeping	6,268	9,580
Training and development	5,607	7,517
Business travel	3,048	2,302
Legal fees	<u>3,003</u>	<u>3,064</u>
	<u>260,907</u>	<u>214,081</u>
	<u>1,261,363</u>	<u>1,172,526</u>
Excess of revenue over expenses	<u>\$ 92,158</u>	<u>\$ 7,913</u>
