

Combined Financial Statements of

THE YONGE STREET MISSION

Year ended September 30, 2017

THE YONGE STREET MISSION

Combined Financial Statements

Year ended September 30, 2017

Independent Auditors' Report

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INDEPENDENT AUDITORS' REPORT

To the Board of Directors of The Yonge Street Mission

We have audited the accompanying combined financial statements of The Yonge Street Mission, which comprise the combined statement of financial position as at September 30, 2017, the combined statements of operations, changes in fund balances and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Combined Financial Statements

Management is responsible for the preparation and fair presentation of these combined 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 combined 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 combined 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 combined financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the combined financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the combined financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the combined 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 entity'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 combined financial statements.

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



Basis for Qualified Opinion

In common with many not-for-profit organizations, The Yonge Street Mission derives revenue from contributions, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of The Yonge Street Mission. Therefore, we were not able to determine whether, as at September 30, 2017 and September 30, 2016, any adjustments might be necessary to contributions and excess of revenue over expenses reported in the combined statements of operations, excess of revenue over expenses reported in the combined statements of cash flows and current assets and fund balances reported in the combined statements of financial position. This caused us to qualify our audit opinion on the combined financial statements as at and for the year ended September 30, 2016.

Qualified Opinion

In our opinion, except for the possible effects of the matter described in the Basis for Qualified Opinion paragraph, the combined financial statements present fairly, in all material respects, the combined financial position of The Yonge Street Mission as at September 30, 2017, and its combined results of operations and its combined cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Report on Other Legal and Regulatory Requirements

As required by the Corporations Act (Ontario), we report that in our opinion, the accounting policies applied in preparing the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding year.

KPMG LLP

Chartered Professional Accountants, Licensed Public Accountants

December 18, 2017
Vaughan, Canada

THE YONGE STREET MISSION

Combined Statement of Financial Position

September 30, 2017, with comparative information for 2016


	2017	2016
Assets		
Current assets:		
Cash and short-term investments (note 3)	\$ 1,978,659	\$ 1,413,338
Investments resulting from property transactions (notes 3 and 12)	1,593,933	3,173,297
Restricted cash and short-term investments (note 3)	1,223,270	1,098,135
Accounts receivable	348,189	289,814
Prepaid expenses	100,486	74,294
	<u>5,244,537</u>	<u>6,048,878</u>
Restricted investments (note 3)	1,703,353	1,706,908
Capital assets (note 4)	12,655,915	11,255,084
	<u>\$ 19,603,805</u>	<u>\$ 19,010,870</u>

Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities (note 10)	\$ 1,105,042	\$ 458,810
Current portion of long-term debt (note 6)	167,938	164,828
Deferred revenue (note 12)	993,314	2,979,943
	<u>2,266,294</u>	<u>3,603,581</u>
Long-term debt (note 6)	1,381,035	1,548,973
Fund balances:		
General	300,000	300,000
Capital and Housing	12,091,502	9,545,073
Restricted:		
Externally restricted	1,223,270	1,098,135
Externally restricted - YSM Scholarship Fund (note 3)	1,703,353	1,706,908
Internally restricted	638,351	1,208,200
	<u>3,564,974</u>	<u>4,013,243</u>
	<u>15,956,476</u>	<u>13,858,316</u>
	<u>\$ 19,603,805</u>	<u>\$ 19,010,870</u>

See accompanying notes to combined financial statements.

On behalf of the Board:



Director



Director

THE YONGE STREET MISSION

Combined Statement of Operations

Year ended September 30, 2017, with comparative information for 2016

	General Fund		Capital and Housing Fund		Restricted Funds		Total
	2017	2016	2017	2016	2017	2016	
Revenue (note 9)	\$ 10,253,563	\$ 10,263,868	\$ 1,106,183	\$ 758,789	\$ 1,444,664	\$ 1,577,393	\$ 12,804,410
Program expenses:							
Relief and support:							
General relief	55,570	67,383	37,309	24,539	14,526	6,127	107,405
Food services	385,748	396,856	27,162	12,685	116,632	138,532	529,542
Health services	453,710	430,890	15,455	1,189	37,043	60,468	506,208
Health services	895,028	895,129	79,926	38,413	168,201	205,127	1,143,155
Transitional services:							
Education:							
Daycare	1,109,717	1,096,254	29,573	24,535	3,130	1,803	1,142,420
TD Securities Computer Literacy Centre	223,955	205,044	35,439	45,356	43,116	26,461	302,510
Scholarship	73,531	70,701	984	603	111,301	102,442	185,816
Centre for Urban Education	177,361	197,507	82,136	81,902	1,111	28	260,608
Centre for Urban Education	1,584,564	1,569,506	148,132	152,396	158,658	130,734	1,891,364
Employment:							
Employment services	1,166,572	1,241,178	13,774	6,278	371,796	363,968	1,572,142
Double Take clothing store	740,403	746,834	62,445	61,073	2,193	14,234	822,161
Double Take clothing store	1,926,975	1,988,012	76,219	67,351	373,989	378,222	2,377,183
Housing support and stabilization:							
Genesis Place Homes	—	—	466,236	429,025	—	—	466,236
Other Housing Services	170,865	122,112	18,126	3,496	62,409	112,209	251,400
Other Housing Services	170,865	122,112	484,362	432,521	62,409	112,209	717,636
Other Housing Services	3,662,404	3,679,630	708,713	652,268	595,056	621,165	4,986,173
Community development:							
Family services	1,195,168	1,088,670	58,597	34,168	226,347	257,905	1,480,112
Multi-Site leadership	781,750	762,373	18,505	15,087	96,210	100,389	896,465
Multi-Site leadership	1,976,918	1,851,043	77,102	49,255	322,557	358,294	2,376,577
Church at the Mission	227,759	294,220	6,381	5,780	211	1,002	234,351
Counselling	161,393	147,732	4,158	3,890	138	65	165,689
Advocacy	120,438	119,501	4,293	3,478	3,325	5,114	128,093
Program development	177,054	130,280	3,482	1,461	354	86,978	180,890
Program development	686,644	691,733	18,314	14,609	4,028	93,159	799,501
Program development	7,240,994	7,117,535	884,055	754,545	1,089,842	1,277,745	9,214,891
Other expenses:							
Administration	564,300	550,328	22,790	27,388	11,949	1,720	599,039
Public relations and development	2,783,878	2,156,697	59,828	50,998	15,224	73,424	2,868,930
Public relations and development	3,348,178	2,709,135	82,618	76,387	27,173	75,144	3,457,969
Public relations and development	10,589,172	9,826,670	966,673	832,932	1,117,015	1,352,889	12,672,860
Excess (deficiency) of revenue over expenses before the undernoted	(335,609)	437,198	139,510	(74,143)	327,649	224,504	131,550
Unrealized gains (losses) on investments	—	—	—	—	(20,019)	111,417	(20,019)
Gain on sale of property (note 12)	—	—	1,986,629	1,862,465	—	—	1,986,629
Excess (deficiency) of revenue over expenses	\$ (335,609)	\$ 437,198	\$ 2,126,139	\$ 1,788,322	\$ 307,630	\$ 335,921	\$ 2,098,160

See accompanying notes to combined financial statements.

THE YONGE STREET MISSION

Combined Statement of Changes in Fund Balances

Year ended September 30, 2017, with comparative information for 2016

				2017	2016
	General Fund	Capital and Housing Fund (notes 8 and 12)	Restricted Funds	Total	Total
Fund balances, beginning of year	\$ 300,000	\$ 9,545,073	\$ 4,013,243	\$ 13,858,316	\$ 11,296,875
Excess (deficiency) of revenue over expenses	(335,609)	2,126,139	307,630	2,098,160	2,561,441
Interfund transfers (note 7)	335,609	420,290	(755,899)	—	—
Fund balances, end of year	\$ 300,000	\$ 12,091,502	\$ 3,564,974	\$ 15,956,476	\$ 13,858,316

See accompanying notes to combined financial statements.

THE YONGE STREET MISSION

Combined Statement of Cash Flows

Year ended September 30, 2017, with comparative information for 2016

	2017	2016
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,098,160	\$ 2,561,441
Gain on sale of property	(1,986,629)	(1,862,465)
Amortization which does not involve cash	500,436	403,908
Change in non-cash operating working capital, including deferred revenue	561,665	(5,474,589)
	<u>1,173,632</u>	<u>(4,371,705)</u>
Financing activities:		
Principal payments on long-term debt	(164,828)	(148,748)
Investing activities:		
Restricted cash and short-term investments	(125,135)	892,091
Restricted investments	3,555	(80,164)
Deposit on sale of property	-	5,172,287
Investments resulting from property transactions	1,579,364	(3,173,297)
Deposit on purchase of properties	-	550,000
Additions to capital assets	(1,901,267)	(6,665,448)
Proceeds from sale of capital assets	-	8,500,000
	<u>(443,483)</u>	<u>5,195,469</u>
Increase in cash and short-term investments	565,321	675,016
Cash and short-term investments, beginning of year	1,413,338	738,322
Cash and short-term investments, end of year	<u>\$ 1,978,659</u>	<u>\$ 1,413,338</u>

See accompanying notes to combined financial statements.

THE YONGE STREET MISSION

Notes to Combined Financial Statements

Year ended September 30, 2017

The Yonge Street Mission (the "Mission") is incorporated without share capital under the Corporations Act (Ontario) as a not-for-profit organization and is a registered charity (#119306181 RR0001) under the Income Tax Act (Canada). The Mission is a Christian humanitarian organization, working since 1896 to bring God's peace, dignity and justice to those living in poverty and in need in downtown Toronto. Through programs and services, the Mission intervenes in crises, builds community and acts as a catalyst for change.

1. Basis of presentation:

The combined financial statements have been prepared by management in accordance with Canadian Accounting Standards for Not-For-Profit Organizations in Part III of the Chartered Professional Accountants of Canada Handbook.

The Mission has representation on the Board of Directors of YSM Genesis Place Homes Inc. ("Genesis Place"), a separate non-profit housing corporation that is also incorporated without share capital. These combined financial statements include the accounts of the Mission and Genesis Place.

The accounts of the Mission are maintained in accordance with the principles of fund accounting (restricted fund method):

- (a) General Fund - This includes day-to-day operating transactions of the Mission's programs.
- (b) Capital and Housing Fund - The Capital and Housing Fund includes the Mission's land, buildings, equipment and the Mission's housing projects.
- (c) Restricted Funds - Contributions received for a special purpose are recorded in a separate fund and are disbursed in accordance with the special purpose.

2. Significant accounting policies:

- (a) Recognition of revenue:

Unrestricted contributions are recognized as revenue in the General Fund in the year received or receivable. Restricted contributions are recognized as revenue of the related restricted fund when received or receivable. Contributions are recognized in the respective fund if the amount to be received can be reasonably estimated and collection is reasonably assured.

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

2. Significant accounting policies (continued):

Revenue from specified activities and fundraising activities is recognized in the year in which the activities occur and in the year of the related expenditures.

Investment income is recorded as it is earned.

Contributions restricted for the purchase of capital assets are deferred and amortized into revenue on a straight-line basis, at a rate corresponding with the amortization rate for the related capital assets.

(b) Capital assets:

Capital assets are recorded at cost less accumulated amortization. Repairs and maintenance costs are charged to expense. Betterments which extend the life of an asset are capitalized. When a capital asset no longer contributes to the Mission's ability to provide services, it is written down to its residual value.

Amortization is provided on a straight-line basis using the following annual rates:

Buildings	5%
Equipment	20%
Computer	33-1/3%

(c) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Equity instruments that are quoted in an active market are subsequently measured at fair value. All other financial instruments are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Mission has not elected to carry any such financial instruments at fair value.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

2. Significant accounting policies (continued):

Fair values of investments are determined as follows:

- (i) Fixed income bonds and equities are valued at year-end quoted market prices.
- (ii) Bankers' acceptances, Government of Canada treasury bills and guaranteed investment certificates maturing within a year are stated at fair value, being cost plus accrued interest income.

The Mission does not enter into any derivative financial instruments for hedging or speculative purposes.

Financial assets are assessed for impairment on an annual basis at the end of the fiscal year if there are indicators of impairment. If there is an indicator of impairment, the Mission determines if there is a significant adverse change in the expected amount or timing of future cash flows from the financial asset. If there is a significant adverse change in the expected cash flows, the carrying value of the financial asset is reduced to the highest of the present value of the expected cash flows, the amount that could be realized from selling the financial asset or the amount the Mission expects to realize by exercising its right to any collateral. If events and circumstances reverse in a future period, an impairment loss will be reversed to the extent of the improvement, not exceeding the initial carrying value.

(d) Donated materials and services:

Donated materials and services that are normally purchased are recorded at fair market value where such can reasonably be determined. Donated goods of \$145,314 (2016 - \$204,234) are included in revenue of the Restricted Funds and also recorded as program-related expenses.

(e) Foreign currency translation:

Monetary assets are translated at the prevailing rates of exchange at the statement of financial position date. Revenue and expenses are translated at the average exchange rates for the year. Realized and unrealized exchange gains and losses are included in the excess (deficiency) of revenue over expenses in the combined statement of operations.

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

2. Significant accounting policies (continued):

(f) Related entity:

The financial position and results of operations of an entity administered by the Mission's executive is not in the Mission's financial statements. Refer to note 10 for disclosure of this entity's information.

(g) Use of estimates:

The preparation of combined financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the combined financial statements and the reported amounts of revenue, expenses and changes in fund balances during the year. Actual results could differ from those estimates.

3. Cash, short-term investments and investments:

The following table summarizes cash, short-term investments and investments:

	2017		2016	
	Cost	Fair value	Cost	Fair value
Cash	\$ 225,816	\$ 225,816	\$ 313,810	\$ 313,810
Money market and guaranteed investment certificates	4,533,662	4,533,662	5,346,404	5,346,404
Bonds	509,695	521,997	483,765	501,990
Canadian equity	349,188	475,825	312,508	451,454
Foreign equity	454,391	741,915	488,708	778,020
	\$ 6,072,752	\$ 6,499,215	\$ 6,945,195	\$ 7,391,678

	2017	2016
Presented as:		
Cash and short-term investments	\$ 1,978,659	\$ 1,413,338
Investments resulting from property transactions	1,593,933	3,173,297
Restricted cash and short-term investments	1,223,270	1,098,135
Restricted investments	1,703,353	1,706,908
	\$ 6,499,215	\$ 7,391,678

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

3. Cash, short-term investments and investments (continued):

In January 2005, the YSM Scholarship Fund was started. The restricted investments are held for the YSM Scholarship Fund in perpetuity. Income from these investments is for the purpose of helping provide post-secondary and vocational education for community members otherwise financially unable to participate.

The Mission holds securities that are subject to currency risk, market risk, interest rate risk and cash flow risk. The fixed income securities have maturity dates ranging from November 2017 to March 2025 and bear interest rates from 1.25% to 7.25% (2016 - 1.95% to 7.25%).

Investment risk management:

Risk management relates to the understanding and active management of risks associated with all areas of the business and the associated operating environment. Investments are primarily exposed to interest rate, market, credit and foreign currency risks. The Mission manages, to the best of its ability, this investment risk by making investments that meet specific investment criteria, which are established and approved by the Board of Directors and are designed to diversify the Mission's investments. A professional investment manager invests and manages the investment portfolio in accordance with the Mission's investment policy statement.

Interest rate risk arises from the possibility that changes in interest rates will affect the value of fixed income securities held by the Mission. The Mission manages this risk by holding various debt instruments and by staggering the terms of the securities held.

Market risk arises as a result of trading in equity securities and fixed income securities. Fluctuations in the market, generally or a company event, specifically expose the Mission to a risk of loss. The Mission mitigates this risk through controls to monitor and limit concentration levels, but is still subject to overall market changes.

Credit risk arises as a result of the possibility that one party to a financial instrument will fail to discharge an obligation and cause the Mission to incur financial loss. The Mission manages this risk by diversifying its portfolio and by dealing with reputable and creditworthy counterparties.

Foreign currency risk arises from gains and losses due to fluctuations in foreign currency exchange rates on the Mission's foreign equity securities.

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

4. Capital assets:

			2017	2016
	Cost	Accumulated amortization	Net book value	Net book value
Mission:				
Land	\$ 3,087,835	\$ —	\$ 3,087,835	\$ 3,087,835
Buildings	14,546,779	5,272,040	9,274,739	8,012,558
Equipment	1,839,742	1,742,895	96,847	58,362
Computer	299,041	102,547	196,494	96,329
	19,773,397	7,117,482	12,655,915	11,255,084
Genesis Place:				
Building	3,640,238	3,640,238	—	—
	\$ 23,413,635	\$ 10,757,720	\$ 12,655,915	\$ 11,255,084

Amortization expense for the year is \$500,436 (2016 - \$403,908) and is included in the Capital and Housing Fund.

5. Available bank credit facility:

The Mission has available an operating loan of \$3,000,000, bearing interest at the bank prime rate plus 0.75%. During 2017, the operating loan was not utilized.

6. Long-term debt:

	2017	2016
Mortgage payable, bearing interest at 1.878%, maturing on April 1, 2021	\$ 1,548,973	\$ 1,713,801
Less current portion	167,938	164,828
	\$ 1,381,035	\$ 1,548,973

The Ministry of Municipal Affairs and Housing is responsible for the mortgage renewal. The mortgage is insured by Canadian Mortgage and Housing Corporation and guaranteed by the Province of Ontario. Interest of \$30,651 (2016 - \$62,327) relating to the mortgage payable has been included in other expenses.

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

6. Long-term debt (continued):

The minimum scheduled principal repayments are as follows:

2018	\$ 167,938
2019	171,106
2020	174,335
2021	1,035,594
	\$ 1,548,973

7. Internally restricted funds:

The Board of Directors has established internally restricted funds for Genesis Place, general reserve, health care reserve, capital fund reserve, estates reserve, critical needs reserve and a staff registered retirement savings plan ("RRSP") loan fund reserve. The internally restricted amounts are not available without approval of the Board of Directors. Transfers are made to comply with internal policies.

2017	General Fund	Capital and Housing Fund	Restricted Funds
Transfer from Capital and Housing Fund to General Fund	\$ 19,500	\$ (19,500)	\$ -
Transfer from General Fund to Restricted Funds	(25,750)	-	25,750
Transfer from Restricted Fund to General Funds	691,030	-	(691,030)
Transfer from Restricted Funds to Capital and Housing Fund	-	90,619	(90,619)
Transfer from General Fund to Capital and Housing Fund	(349,171)	349,171	-
	\$ 335,609	\$ 420,290	\$ (755,899)

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

7. Internally restricted funds (continued):

2016	General Fund	Capital and Housing Fund	Restricted Funds
Transfer from Capital and Housing Fund to General Fund	\$ 19,500	\$ (19,500)	\$ —
Transfer from General Fund to Restricted Funds	(25,000)	—	25,000
Transfer from General Fund to Restricted Funds	(431,698)	—	431,698
Transfer from Restricted Funds to Capital and Housing Funds	—	1,023,372	(1,023,372)
	\$ (437,198)	\$ 1,003,872	\$ (566,674)

8. Capital and Housing Fund:

The following housing revenue and expenses are included in the Capital and Housing Fund:

	2017	2016
Housing revenue:		
Government grant	\$ 544,832	\$ 514,769
Sales and program and interest	3,065	2,382
Rental	103,148	94,295
Total housing revenue	651,045	611,446
Total housing expenses	(631,064)	(577,774)
Excess of housing revenue over expenses	\$ 19,981	\$ 33,672

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

9. Revenue:

				2017	2016
	General Fund	Capital and Housing Fund	Restricted Funds	Total	Total
Contributions	\$ 6,635,542	\$ 418,985	\$ 200,851	\$ 7,255,378	\$ 6,417,574
Scholarship contributions	–	–	20,205	20,205	16,410
Bequests and estates	815,780	–	–	815,780	1,646,780
Gifts in-kind	–	–	145,314	145,314	204,234
Government grants:					
Housing	–	580,985	–	580,985	514,769
Day care	843,061	–	–	843,061	878,239
Other	956,005	–	884,917	1,840,922	1,626,428
Sales and program	965,107	3,033	64,961	1,033,101	1,043,345
Rental	51	103,148	1,170	104,369	111,171
Interest	38,017	32	127,246	165,295	141,100
	\$ 10,253,563	\$ 1,106,183	\$ 1,444,664	\$ 12,804,410	\$ 12,600,050

10. Three Ten Centre Inc.:

The Three Ten Centre Inc. (the "Company") was incorporated as a non-profit corporation without share capital under the Canada Corporations Act and was continued under the Canada Not-for-profit Corporations Act. The purpose of the Company is to assist people living in poverty through economic development and provision of employment opportunities. The Mission has majority representation on the Board of Directors of the Company.

The Mission and the Company have some common membership on their Boards of Directors. The Company has not been consolidated in the financial statements. An unaudited financial summary of this entity as at and for the years ended September 30, 2017 and 2016 is as follows:

Financial position:

	2017	2016
Total assets	\$ 50,576	\$ 61,051
Total liabilities	\$ 50,576	\$ 61,051
Total net assets	–	–
	\$ 50,576	\$ 61,051

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

10. Three Ten Centre Inc. (continued):

Results of operations:

	2017	2016
Total revenue	\$ 819,031	\$ 823,905
Total expense	819,031	823,905
	\$ —	\$ —

Cash flows:

	2017	2016
Cash used in:		
Operating activities	\$ (7,921)	\$ (31,637)
Financing activities	—	—
Investing activities	—	—
Decrease in cash	\$ (7,921)	\$ (31,637)

Management fees incurred to the Company for the administration of the Double Take Clothing Store during the year were \$446,176 (2016 - \$425,015). In 2017, \$45,525 (2016 - nil) is payable to the Company and included in accounts payable and accrued liabilities.

11. Registered Retirement Savings Plan:

The Mission sponsors a Group RRSP under which the Mission contributes up to 5% of the employee's salary, subject to a one-year service requirement. The RRSP expense for the year was \$72,689 (2016 - \$92,398).

12. Sale of property:

On July 31, 2013, the Mission entered into an agreement to sell one of its properties to a third party for \$8,500,000. The transaction closed on February 16, 2016. The gain on the sale of the property was \$4,842,408.

THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2017

12. Sale of property (continued):

Effective February 16, 2016, the Mission leased the property back from the purchaser with a term to March 31, 2018 (2016 - September 30, 2017) and no minimum annual lease payments. As a result, the gain on the sale has been deferred and amortized over the life of the lease. To date, an amount of \$3,849,094 (2016 - \$1,862,465) has been recognized as gain on sale of property in the Capital and Housing Fund, with the remaining \$993,314 (2016 - \$2,979,943) included in deferred revenue.