

Combined Financial Statements of

**THE YONGE STREET MISSION**

Year ended September 30, 2016

# THE YONGE STREET MISSION

Combined Financial Statements

Year ended September 30, 2016

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## 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, 2016, 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, 2016 and September 30, 2015, 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, 2015.

*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, 2016, 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*

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Chartered Professional Accountants, Licensed Public Accountants

January 10, 2017  
Vaughan, Canada

# THE YONGE STREET MISSION

Combined Statement of Financial Position

September 30, 2016, with comparative information for 2015


	2016	2015
<b>Assets</b>		
Current assets:		
Cash and short-term investments (note 3)	\$ 1,413,338	\$ 738,322
Deposit on sale of property (notes 3 and 12)	—	5,172,287
Investments resulting from property transactions (notes 3 and 12)	3,173,297	—
Restricted cash and short-term investments (note 3)	1,098,135	1,990,226
Accounts receivable	289,814	254,932
Deposit on purchase of properties	—	550,000
Prepaid expenses	74,294	73,373
	<u>6,048,878</u>	<u>8,779,140</u>
Restricted investments (note 3)	1,706,908	1,626,744
Capital assets (note 4)	11,255,084	8,651,136
	<u>\$ 19,010,870</u>	<u>\$ 19,057,020</u>


## Liabilities and Fund Balances

Current liabilities:		
Accounts payable and accrued liabilities	\$ 458,810	\$ 725,309
Current portion of long-term debt (note 6)	164,828	1,862,549
Deferred revenue (note 12)	2,979,943	5,172,287
	<u>3,603,581</u>	<u>7,760,145</u>
Long-term debt (note 6)	1,548,973	—
Fund balances:		
General	300,000	300,000
Capital and Housing	9,545,073	6,752,879
Restricted:		
Externally restricted	1,098,135	1,990,226
Externally restricted - YSM Scholarship Fund (note 3)	1,706,908	1,626,744
Internally restricted	1,208,200	627,026
	<u>4,013,243</u>	<u>4,243,996</u>
	<u>13,858,316</u>	<u>11,296,875</u>
	<u>\$ 19,010,870</u>	<u>\$ 19,057,020</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, 2016, with comparative information for 2015

	General Fund		Capital and Housing Fund		Restricted Funds		Total
	2016	2015	2016	2015	2016	2015	
Revenue (note 9)	\$ 10,263,868	\$ 9,164,742	\$ 758,789	\$ 676,186	\$ 1,577,393	\$ 1,510,413	\$ 12,600,050
Program expenses:							
Relief and support:							
General relief	67,363	83,348	24,539	29,519	6,127	16,350	98,049
Food services	396,856	394,901	12,685	18,762	138,532	100,887	548,073
Health services	430,890	330,889	1,189	9,260	60,468	171,534	492,547
	895,129	809,138	38,413	57,541	205,127	288,771	1,138,669
Transitional services:							
Education:							
Daycare	1,096,254	986,046	24,535	24,506	1,803	250	1,122,592
TD Securities Computer Literacy Centre	205,044	203,688	45,356	40,765	26,461	29,295	276,861
Scholarship	70,701	51,793	603	702	102,442	73,594	173,746
Centre for Urban Education	197,507	120,776	81,902	83,409	28	3,059	279,437
	1,569,506	1,362,293	152,396	149,382	130,734	106,198	1,852,636
Employment:							
Employment services	1,241,178	1,131,041	6,278	14,125	363,968	11,214	1,611,424
Double Take clothing store	746,834	737,948	61,073	55,896	14,254	20,273	822,161
	1,988,012	1,868,989	67,351	70,021	378,222	31,487	2,433,585
Housing support and stabilization:							
Genesis Place Homes	122,112	120,718	429,025	505,843	-	-	429,025
Other Housing Services	122,112	120,718	3,496	2,952	112,209	96,214	237,817
	3,679,630	3,352,000	652,268	728,198	621,165	233,899	4,953,063
Community development:							
Family services	1,088,670	918,635	34,168	56,872	257,905	149,480	1,380,743
Multi-Site leadership	762,373	454,918	15,087	13,150	100,389	59,183	877,849
	1,851,043	1,373,553	49,255	70,022	358,294	208,663	2,258,592
Church at the Mission	294,220	322,841	5,780	6,718	1,002	3,910	301,002
Counselling	147,732	114,964	3,890	3,435	65	265	151,687
Advocacy	119,501	188,635	3,478	3,787	5,114	660	128,093
Program development	130,280	192,826	1,461	2,128	86,978	660	218,719
	691,733	819,266	14,609	16,068	93,159	5,495	799,501
	7,117,535	6,353,957	754,545	871,829	1,277,745	736,828	9,149,825
Other expenses:							
Administration	550,328	545,501	27,368	25,759	1,720	10,415	579,436
Public relations and development	2,158,807	2,260,697	50,999	49,476	73,424	69,523	2,283,230
	2,709,135	2,806,198	78,367	75,235	75,144	79,938	2,862,666
	9,826,670	9,160,155	832,932	947,064	1,352,889	816,766	12,012,491
Excess (deficiency) of revenue over expenses before the undernoted	437,198	4,587	(74,143)	(270,878)	224,504	693,647	587,559
Unrealized gains (losses) on investments	-	-	-	-	111,417	(35,067)	111,417
Gain on sale of property (note 12)	-	-	1,862,465	-	-	-	1,862,465
Excess (deficiency) of revenue over expenses	\$ 437,198	\$ 4,587	\$ 1,788,322	\$ (270,878)	\$ 335,921	\$ 658,580	\$ 2,561,441
							\$ 392,289

See accompanying notes to combined financial statements.

# THE YONGE STREET MISSION

## Combined Statement of Changes in Fund Balances

Year ended September 30, 2016, with comparative information for 2015

				2016	2015
	General Fund	Capital and Housing Fund (note 8)	Restricted Funds	Total	Total
Fund balances, beginning of year	\$ 300,000	\$ 6,752,879	\$ 4,243,996	\$ 11,296,875	\$ 10,904,586
Excess of revenue over expenses	437,198	1,788,322	335,921	2,561,441	392,289
Interfund transfers (note 7)	(437,198)	1,003,872	(566,674)	-	-
Fund balances, end of year	\$ 300,000	\$ 9,545,073	\$ 4,013,243	\$ 13,858,316	\$ 11,296,875

See accompanying notes to combined financial statements.

# THE YONGE STREET MISSION

## Combined Statement of Cash Flows

Year ended September 30, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operating activities:		
Excess of revenue over expenses	\$ 2,561,441	\$ 392,289
Gain on sale of property	(1,862,465)	—
Amortization which does not involve cash	403,908	441,222
Change in non-cash operating working capital, including deferred revenue	(5,474,589)	3,032,110
	(4,371,705)	3,865,621
Financing activities:		
Principal payments on long-term debt	(148,748)	(133,907)
Investing activities:		
Restricted cash and short-term investments	892,091	(488,350)
Restricted investments	(80,164)	26,387
Deposit on sale of property	5,172,287	(3,022,786)
Investments resulting from property transactions	(3,173,297)	—
Deposit on purchase of properties	550,000	(550,000)
Additions to capital assets	(6,665,448)	(36,320)
Proceeds from sale of capital assets	8,500,000	—
	5,195,469	(4,071,069)
Increase (decrease) in cash and short-term investments	675,016	(339,355)
Cash and short-term investments, beginning of year	738,322	1,077,677
Cash and short-term investments, end of year	\$ 1,413,338	\$ 738,322

See accompanying notes to combined financial statements.



# THE YONGE STREET MISSION

Notes to Combined Financial Statements

Year ended September 30, 2016

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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, 2016

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## 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:

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

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### (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, 2016

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## 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 \$204,234 (2015 - \$142,272) 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, 2016

## 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:

	2016		2015	
	Cost	Fair value	Cost	Fair value
Cash	\$ 313,810	\$ 313,810	\$ 3,086,855	\$ 3,086,855
Money market and guaranteed investment certificates	5,346,404	5,346,404	4,791,785	4,791,785
Bonds	483,765	501,990	537,770	552,014
Canadian equity	312,508	451,454	314,631	405,357
Foreign equity	488,708	778,020	464,048	691,568
	<b>\$ 6,945,195</b>	<b>\$ 7,391,678</b>	<b>\$ 9,195,089</b>	<b>\$ 9,527,579</b>

	2016	2015
Presented as:		
Cash and short-term investments	\$ 1,413,338	\$ 738,322
Restricted cash and short-term investments	1,098,135	1,990,226
Restricted investments	1,706,908	1,626,744
Deposit on sale of property	—	5,172,287
Investments resulting from property transactions	3,173,297	—
	<b>\$ 7,391,678</b>	<b>\$ 9,527,579</b>

# THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2016

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### 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 December 2016 to March 2025 and bear interest rates from 1.95% to 7.25% (2015 - 1.25% 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, 2016

## 4. Capital assets:

			2016	2015
	Cost	Accumulated amortization	Net book value	Net book value
Mission:				
Land	\$ 3,087,835	\$ —	\$ 3,087,835	\$ 4,846,382
Buildings	12,920,488	4,907,930	8,012,558	3,745,939
Equipment	1,764,611	1,706,249	58,362	39,261
Computer	156,273	59,944	96,329	19,554
	17,929,207	6,674,123	11,255,084	8,651,136
Genesis Place:				
Building	3,640,238	3,640,238	—	—
	\$ 21,569,445	\$ 10,314,361	\$ 11,255,084	\$ 8,651,136

Amortization expense for the year is \$403,908 (2015 - \$441,222) and is included in the Capital and Housing Fund.

## 5. Available bank credit facility:

The Mission has available an operating loan of \$700,000, bearing interest at the bank prime rate plus 1%. During 2016, the operating loan was not utilized.

## 6. Long-term debt:

	2016	2015
Mortgage payable, bearing interest at 1.878%, maturing on April 1, 2021	\$ 1,713,801	\$ 1,862,549
Less current portion	164,828	1,862,549
	\$ 1,548,973	\$ —

The Ministry of Municipal Affairs and Housing is responsible for the mortgage renewal. The mortgage is insured by Canada Mortgage and Housing Corporation and guaranteed by the Province of Ontario. Interest of \$62,327 (2015 - \$88,309) 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, 2016

## 6. Long-term debt (continued):

The minimum scheduled principal repayments are as follows:

2016	\$ 164,828
2017	167,938
2018	171,106
2019	174,335
2020	1,035,594
	\$ 1,713,801

## 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.

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	-	1,023,372	(1,023,372)
	\$ (437,198)	\$ 1,003,872	\$ (566,674)

2015	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	(31,726)	-	31,726
	\$ (12,226)	\$ (19,500)	\$ 31,726

# THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2016

## 8. Capital and Housing Fund:

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

	2016	2015
Housing revenue:		
Government grant	\$ 514,769	\$ 556,951
Sales and program and interest	2,382	2,448
Rental	94,295	92,552
Total housing revenue	611,446	651,951
Total housing expenses	(577,774)	(639,749)
Excess of housing revenue over expenses	\$ 33,672	\$ 12,202

## 9. Revenue:

	2016			2015	
	General Fund	Capital and Housing Fund	Restricted Funds	Total	Total
Contributions	\$ 5,724,857	\$ 147,343	\$ 545,374	\$ 6,417,574	\$ 6,419,375
Scholarship contributions	-	-	16,410	16,410	33,306
Bequests and estates	1,646,780	-	-	1,646,780	964,456
Gifts in-kind	-	-	204,234	204,234	142,272
Government grants:					
Housing	-	514,769	-	514,769	556,951
Day care	878,239	-	-	878,239	761,593
Other	1,048,504	-	577,924	1,626,428	1,315,602
Sales and program	950,698	2,380	90,267	1,043,345	929,666
Rental	-	94,295	16,876	111,171	92,552
Interest	14,790	2	126,308	141,100	135,568
	\$ 10,263,868	\$ 758,789	\$ 1,577,393	\$ 12,600,050	\$ 11,351,341

## 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 YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2016

## 10. Three Ten Centre Inc. (continued):

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, 2016 and 2015 is as follows:

Financial position:

	2016	2015
Total assets	\$ 61,051	\$ 92,440
Total liabilities	\$ 61,051	\$ 92,440
Total net assets	—	—
	\$ 61,051	\$ 92,440

Results of operations:

	2016	2015
Total revenue	\$ 823,905	\$ 632,085
Total expense	823,905	632,085
	\$ —	\$ —

Cash flows:

	2016	2015
Cash provided by (used in):		
Operating activities	\$ (31,637)	\$ 80,587
Financing activities	—	—
Investing activities	—	—
Increase (decrease) in cash	\$ (31,637)	\$ 80,587

Management fees incurred to the Company for the administration of the Double Take Clothing Store during the year were \$425,015 (2015 - \$407,508). In 2016, nil (2015 - \$17,781) is payable to the Company and included in accounts payable and accrued liabilities.

# THE YONGE STREET MISSION

Notes to Combined Financial Statements (continued)

Year ended September 30, 2016

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## 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 \$92,398 (2015 - \$76,062).

## 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 Mission received deposits of \$5,125,000 in prior years, with a final payment of \$3,375,000 received during the year. The gain on the sale of the property was \$4,842,408.

Effective February 16, 2016, the Mission leased the property back from the purchaser with a term to 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. During the year, an amount of \$1,862,465 has been recognized as gain on sale of property, with the remaining \$2,979,943 included in deferred revenue.