



Financial Statements

The Scott Mission

September 30, 2021

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Independent Auditor's Report

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To the Board of Directors of
The Scott Mission

Qualified Opinion

We have audited the financial statements of The Scott Mission (the "Mission"), which comprise the statement of financial position as at September 30, 2021, 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, except for the effects of the matter described in the *Basis for Qualified Opinion* paragraph, the accompanying financial statements present fairly, in all material respects, the financial position of the Mission as at September 30, 2021, 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 Qualified Opinion

As a result of the Mission's on-line donation service provider's inability to provide the requisite service auditor's report over its controls and the inability to perform alternative procedures over the processing of donations at the service provider, the completeness of these donations was not susceptible to satisfactory audit verification. Accordingly, our verification of this revenue was limited to the amounts recorded in the records of the Mission. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, excess (deficiency) of revenue over expenses, and cash flows from operations for the years ended September 30, 2021 and 2020, current assets as at September 30, 2021 and 2020, and fund balances as at September 30, 2021, October 1, 2020 and September 30, 2020. Our audit opinion on the financial statements for the year ended September 30, 2020 was modified accordingly because of the possible effects of this limitation in scope.

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 qualified 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 17 and 18 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 manner that achieves fair presentation.

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.

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

Toronto, Canada
December 9, 2021

Chartered Professional Accountants
Licensed Public Accountants

The Scott Mission
Statement of Financial Position
September 30

	Operating Fund	Reserve Fund	Total 2021	Total 2020
Assets				
Current				
Cash	\$ 1,092,567	\$ -	\$ 1,092,567	\$ 974,066
Accounts receivable	734,295	-	734,295	535,622
Prepaid expenses	143,816	-	143,816	210,480
Interfund receivable (payable) (Note 3)	<u>5,154,749</u>	<u>(5,154,749)</u>	<u>-</u>	<u>-</u>
	<u>7,125,427</u>	<u>(5,154,749)</u>	<u>1,970,678</u>	<u>1,720,168</u>
Investments (Note 4)	-	34,311,309	34,311,309	28,293,714
Property and equipment (Note 5)	<u>11,012,345</u>	<u>-</u>	<u>11,012,345</u>	<u>9,402,685</u>
	<u>11,012,345</u>	<u>34,311,309</u>	<u>45,323,654</u>	<u>37,696,399</u>
	<u>\$18,137,772</u>	<u>\$ 29,156,560</u>	<u>\$ 47,294,332</u>	<u>\$ 39,416,567</u>
Liabilities				
Current				
Accounts payable and accrued liabilities (Note 6)	\$ 1,180,033	\$ -	\$ 1,180,033	\$ 1,583,839
Deferred revenue	<u>162,059</u>	<u>-</u>	<u>162,059</u>	<u>50,745</u>
	<u>1,342,092</u>	<u>-</u>	<u>1,342,092</u>	<u>1,634,584</u>
Loan payable (Note 7)	-	350,000	350,000	329,788
Post-retirement benefit plan liability (Note 8)	<u>-</u>	<u>1,528,103</u>	<u>1,528,103</u>	<u>2,796,583</u>
	<u>-</u>	<u>1,878,103</u>	<u>1,878,103</u>	<u>3,126,371</u>
	<u>1,342,092</u>	<u>1,878,103</u>	<u>3,220,195</u>	<u>4,760,955</u>
Fund balances				
Invested in property and equipment	11,012,345	-	11,012,345	9,402,685
Working capital – unrestricted	5,763,323	-	5,763,323	2,071,516
Externally restricted	20,012	-	20,012	67,187
Post-retirement benefit plan deficit (Note 8)	-	(1,528,103)	(1,528,103)	(2,796,583)
Internally restricted reserve funds	<u>-</u>	<u>28,806,560</u>	<u>28,806,560</u>	<u>25,910,807</u>
	<u>16,795,680</u>	<u>27,278,457</u>	<u>44,074,137</u>	<u>34,655,612</u>
	<u>\$18,137,772</u>	<u>\$ 29,156,560</u>	<u>\$ 47,294,332</u>	<u>\$ 39,416,567</u>

Commitments (Note 10)

On behalf of the Board of Directors



Susan VanderSpek (Dec 20, 2021 18:21 EST)

Director



Director

The Scott Mission

Statement of Revenue and Expenses

Year ended September 30

	Operating Fund	Reserve Fund	Total 2021	Total 2020
Revenue				
General contributions	\$ 15,553,138	\$ -	\$ 15,553,138	\$ 12,543,335
Donations in kind	8,312,745	-	8,312,745	4,792,013
Bequests	2,263,430	-	2,263,430	1,836,183
Grants	1,624,858	-	1,624,858	2,215,495
Restricted donations	973,023	-	973,023	388,341
Fees from ministry to children and youth	646,815	-	646,815	405,203
Interest and miscellaneous income	53,640	-	53,640	20,882
	<u>29,427,649</u>	<u>-</u>	<u>29,427,649</u>	<u>22,201,452</u>
Expenses (Note 9)				
Ministry to families	8,260,392	-	8,260,392	5,489,936
Ministry to homeless and elderly	7,561,019	-	7,561,019	6,674,347
Ministry to children and youth	2,951,505	-	2,951,505	2,689,199
Fundraising	2,444,914	-	2,444,914	2,592,051
Administration and support ministry	1,785,224	-	1,785,224	1,683,269
Public awareness	1,695,869	-	1,695,869	1,223,003
	<u>24,698,923</u>	<u>-</u>	<u>24,698,923</u>	<u>20,351,805</u>
Excess of revenue over expenses before net investment income				
	4,728,726	-	4,728,726	1,849,647
Net appreciation on investments (Note 4)				
	-	3,417,595	3,417,595	2,035,344
Investment expenses	-	(100,191)	(100,191)	(84,697)
Net investment income	-	3,317,404	3,317,404	1,950,647
Excess of revenue over expenses	<u>\$ 4,728,726</u>	<u>\$ 3,317,404</u>	<u>\$ 8,046,130</u>	<u>\$ 3,800,294</u>

See accompanying notes and schedules to the financial statements.

The 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	Total 2021	Total 2020
Fund balances, beginning of year	\$ 9,402,685	\$ 2,071,516	\$ 67,187	\$ 23,114,224	\$ 34,655,612	\$ 30,962,041
Excess of revenue over expenses	-	4,461,684	267,042	3,317,404	8,046,130	3,800,294
Pension benefit expenses (Note 8)	-	525,566	-	(525,566)	-	-
Pension remeasurements and other items (Note 8)	-	-	-	1,372,395	1,372,395	(106,723)
Amortization of property and equipment	(519,844)	519,844	-	-	-	-
Purchase of property and equipment	<u>2,129,504</u>	<u>(1,815,287)</u>	<u>(314,217)</u>	<u>-</u>	<u>-</u>	<u>-</u>
Fund balances, end of year	\$ 11,012,345	\$ 5,763,323	\$ 20,012	\$ 27,278,457	\$ 44,074,137	\$ 34,655,612

See accompanying notes and schedules to the financial statements.

The Scott Mission

Statement of Cash Flows

Year ended September 30

2021

2020

Increase (decrease) in cash

Operating

Excess of revenue over expenses	\$ 8,046,130	\$ 3,800,294
Items not affecting cash		
Amortization of property and equipment	519,844	486,277
Pension benefit expenses	525,566	539,895
Unrealized capital gains (Note 4)	(73,030)	(123,894)
	<u>9,018,510</u>	<u>4,702,572</u>

Change in non-cash working capital items

Accounts receivable	(198,673)	96,178
Prepaid expenses	66,664	(116,120)
Accounts payable and accrued liabilities	(403,806)	693,577
Deferred revenue	111,314	5,136
	<u>(424,501)</u>	<u>678,771</u>

Employer contributions to fund pension plan (Note 8)

	<u>(421,651)</u>	<u>(726,361)</u>
	<u>8,172,358</u>	<u>4,654,982</u>

Financing

Loan payable proceeds	<u>20,212</u>	<u>329,788</u>
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Investing

Withdrawal of investments (Note 4)	13,800,000	400,000
Investment income reinvested (Note 4)	(3,344,565)	(1,911,450)
Purchase of investments (Note 4)	(16,400,000)	(1,500,000)
Purchase of property and equipment	(2,129,504)	(1,420,787)
	<u>(8,074,069)</u>	<u>(4,432,237)</u>

Increase in cash

	118,501	552,533
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Cash

Beginning of year	<u>974,066</u>	<u>421,533</u>
End of year	<u>\$ 1,092,567</u>	<u>\$ 974,066</u>

The Scott Mission

Notes to the Financial Statements

September 30, 2021

1. Purpose of the organization

The 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 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 families

These expenses include clothing, the food bank, and counselling.

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.

The Scott Mission

Notes to the Financial Statements

September 30, 2021

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.

The Scott Mission

Notes to the Financial Statements

September 30, 2021

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 supplied to those in need, or at fair market value when donated.

Grant revenue is recognized when received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Deferred revenue 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 goods and services

The Mission receives donated contributions of food, used clothing and other useable goods. Donated food and clothing are valued at estimated fair value at the time of their consumption.

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

Capital assets 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).

The Scott Mission

Notes to the Financial Statements

September 30, 2021

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.

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 useful life of property and equipment, and measurement of the accrued benefit 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 \$5,154,749 (2020 – \$2,053,119) which is due on demand and bears no interest.

4. Investments

Investments in pooled funds are held as follows:

	<u>2021</u>	<u>2020</u>
Zeidman Family Memorial Fund	\$ 608,650	\$ 545,389
Reserve Fund	<u>33,702,659</u>	<u>27,748,325</u>
	<u>\$ 34,311,309</u>	<u>\$ 28,293,714</u>

The investments in pooled funds 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.

The Scott Mission

Notes to the Financial Statements

September 30, 2021

4. Investments (continued)

Investments in pooled funds are held as follows:

	<u>2021</u>	<u>2020</u>
MFS Canadian Money Market Fund	\$ 8,702,405	\$ -
MFS Canadian Short-Term Fixed Income Fund	5,096,047	-
MFS Balanced Fund	<u>20,512,857</u>	<u>28,293,714</u>
	<u>\$ 34,311,309</u>	<u>\$ 28,293,714</u>

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

	<u>2021</u>	<u>2020</u>
Opening investments balance	<u>\$ 28,293,714</u>	<u>\$ 25,158,370</u>
Add: Interest and dividends reinvested	622,171	588,377
Unrealized capital gains	73,030	123,894
Net realized capital gains	<u>2,722,394</u>	<u>1,323,073</u>
Net appreciation on investments	<u>3,417,595</u>	<u>2,035,344</u>
Investments balance	31,711,309	27,193,174
Add: New investments	16,400,000	1,500,000
Less: Net withdrawals	<u>(13,800,000)</u>	<u>(400,000)</u>
Ending investments balance	<u>\$ 34,311,309</u>	<u>\$ 28,293,714</u>

5. Property and equipment

	<u>Cost</u>	<u>Accumulated Amortization</u>	<u>2021 Net Book Value</u>	<u>2020 Net Book Value</u>
Property and equipment acquired before October 1, 1992	\$ 1	\$ -	\$ 1	\$ 1
Land	3,408,730	-	3,408,730	3,408,730
Buildings and improvements	5,918,203	2,773,865	3,144,338	3,276,125
Furniture and equipment	2,902,112	1,975,044	927,068	755,012
Vehicles	1,046,142	931,415	114,727	170,990
Computers	1,343,450	1,104,291	239,159	237,544
Leasehold improvements	193,501	-	193,501	-
New property development	<u>2,984,821</u>	<u>-</u>	<u>2,984,821</u>	<u>1,554,283</u>
	<u>\$ 17,796,960</u>	<u>\$ 6,784,615</u>	<u>\$ 11,012,345</u>	<u>\$ 9,402,685</u>

The Scott Mission

Notes to the Financial Statements

September 30, 2021

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 2021, the Mission incurred costs of \$1,430,538 (2020 – \$757,862) towards redeveloping the property at 502/508 Spadina Avenue. The Mission also incurred costs for leasehold improvements on a new leased property which was not in use at year end. Amortization of the new property development costs will commence when the project is substantially complete while amortization of the leasehold improvements will commence when the leased premises are in use.

6. Accounts payable and accrued liabilities

Included in accounts payables and accrued liabilities is \$171,327 (2020 - \$82,262) 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 October 1, 2022. Interest will begin to accrue at a rate of prime plus 2% if not repaid by the maturity date. As of September 30, 2021, the Mission received the entire proceeds of the loan and spent the sum in its entirety on the 502/508 Spadina redevelopment building project.

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.

The present value of the pension 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 obligation and is shown below along with the significant assumptions used.

The accrued benefit obligation currently exceeds the fair value of plan assets, resulting in a plan deficit. 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 obligation for accounting purposes as at September 30 of each year. The most recently completed actuarial valuation was as at January 1, 2021.

The Scott Mission

Notes to the Financial Statements

September 30, 2021

8. Post-retirement benefit plan (continued)

	<u>2021</u>	<u>2020</u>
Fair value of plan assets	\$ 11,416,171	\$ 10,174,384
Accrued benefit obligation	<u>(12,944,274)</u>	<u>(12,970,967)</u>
Benefit plan funded deficit	<u>\$ (1,528,103)</u>	<u>\$ (2,796,583)</u>

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

Balance, beginning of year	\$ (2,796,583)	\$ (2,876,326)
Pension benefit expenses	(525,566)	(539,895)
Employer contributions	421,651	726,361
Remeasurement and other items	<u>1,372,395</u>	<u>(106,723)</u>
Balance, end of year	<u>\$ (1,528,103)</u>	<u>\$ (2,796,583)</u>

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

	<u>2021</u>	<u>2020</u>
Discount rate	3.25%	2.80%
Expected long-term rate of return on plan assets	3.25%	2.80%
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 3.25% (2020 – 2.80%).

The expense recognized for 2021 of \$525,566 (2020 – \$539,895) represents actuarially determined current service costs and interest and is allocated in accordance with the information disclosed in Notes 2 and 7.

During the year, benefits paid were \$358,194 (2020 – \$465,692).

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 new defined contribution pension plan established by the Mission upon the first day of the pay period following the completion of two years of service. The Mission contributed \$145,037 (2020 – \$110,871) to the defined contribution pension plan during the year.

The Scott Mission

Notes to the Financial Statements

September 30, 2021

9. Allocation of administration expenses

During fiscal 2021, \$2,562,095 (2020 – \$2,307,665) 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>2021</u>	<u>2020</u>
Ministry to homeless and elderly	40%	40%
Ministry to families	33%	33%
Ministry to children and youth	20%	20%
Public awareness	7%	7%

10. Commitments

In November 2017, the Mission entered into an agreement with a construction company for design services, construction, and other related services for the redevelopment of its 502/508 Spadina Avenue property. The total anticipated cost of the project is \$100 million and is estimated to be completed in fiscal 2026. As of September 30, 2021, \$2,984,821 has been invested in the new property development.

The Mission has operating lease obligations for its offsite premises 502/508 Spadina redevelopment building project and equipment with future minimum payments as follows:

2022	\$ 928,239
2023	1,079,412
2024	1,100,802
2025	1,122,585
2026	1,130,843
Thereafter	<u>475,034</u>
	<u>\$ 5,836,916</u>

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, 2021, the allowance for doubtful accounts is \$Nil (2020 - \$Nil).

The Scott Mission

Notes to the Financial Statements

September 30, 2021

11. Financial instruments (continued)

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 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 interest rate risk or currency 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 equity 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.

12. COVID-19

The outbreak of a novel strain of coronavirus ("COVID-19") was declared a global pandemic by the World Health Organization in March 2020. COVID-19 has severely impacted many economies around the globe. In many countries, including Canada, organizations were forced to cease or limit operations for long periods of time. Measures taken to contain the spread of the virus, including travel bans, quarantines, social distancing, and closures of non-essential services have triggered significant disruptions to organizations worldwide, resulting in an economic slowdown. Global stock markets have also experienced great volatility. Governments and central banks have responded with monetary and fiscal interventions to stabilize economic conditions.

The Scott Mission

Notes to the Financial Statements

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12. COVID-19 (continued)

The duration and impact of the pandemic, as well as the effectiveness of government and central bank responses, remains unclear at this time. It is not possible to reliably estimate the duration and severity of these consequences, as well as their impact on the financial position of the Mission for future periods. The Mission has taken necessary steps to ensure that it is able to continue its operations while complying with government regulations as well as ensuring the safety of its employees. The Mission is committed to adjusting operations as required to ensure the continued sustainability of the Mission in its pursuit of its mandate.

The 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>2021</u>	<u>2020</u>
Revenue		
Overnight grant	\$ 1,350,965	\$ 1,336,844
Government assistance	<u>19,900</u>	<u>330,294</u>
	<u>1,370,865</u>	<u>1,667,138</u>
Expenses		
Salaries and benefits		
Salaries	1,024,049	986,055
Benefits	<u>178,903</u>	<u>165,536</u>
	<u>1,202,952</u>	<u>1,151,591</u>
Administration and operational		
Food services	52,722	107,064
Material and services	48,747	51,257
Resident personal needs and replacement	43,416	45,640
Other	33,199	42,540
Programming and activities	30,331	85,942
Transportation and communications	<u>6,285</u>	<u>7,265</u>
	<u>214,700</u>	<u>339,708</u>
Property management / building		
Utilities	32,106	34,795
Building maintenance and services	26,663	34,829
Property management / building costs	<u>17,318</u>	<u>14,524</u>
	<u>76,087</u>	<u>84,148</u>
	<u>1,493,739</u>	<u>1,575,447</u>
Excess (deficiency) of revenue over expenses before amortization of property and equipment	(122,874)	91,691
Amortization of property and equipment	<u>(57,171)</u>	<u>(52,853)</u>
Excess (deficiency) of revenue over expenses	<u>\$ (180,045)</u>	<u>\$ 38,838</u>

The Scott Mission

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>2021</u>	<u>2020</u>
Revenue		
Parent portion of fee subsidy	\$ 468,472	\$ 246,287
Operating and capital grant	202,980	202,980
Safe restart funds	182,657	-
Parent fees	178,343	104,110
Provincial wage enhancement	38,050	9,810
Fee stabilization funding	32,103	31,980
Other	760	35,187
	<u>1,103,365</u>	<u>630,354</u>
Expenses		
Salaries	626,393	580,182
Benefits	130,649	99,263
Administration	47,789	25,315
	<u>804,831</u>	<u>704,760</u>
Rent	60,000	45,000
Utilities and maintenance	37,176	39,055
Food	36,792	20,025
Office	29,461	23,289
Programs	25,977	11,360
Cleaning and housekeeping	10,922	7,632
Training and development	9,843	1,955
Professional fees	7,440	1,509
Insurance	6,158	5,124
Legal fees	2,895	1,674
Business travel	1,162	1,624
	<u>227,826</u>	<u>158,247</u>
	<u>1,032,657</u>	<u>863,007</u>
Excess (deficiency) of revenue over expenses	<u>\$ 70,708</u>	<u>\$ (232,653)</u>
