MISSION BON ACCUEIL / WELCOME HALL MISSION

FINANCIAL STATEMENTS

FOR THE YEAR ENDED SEPTEMBER 30, 2023

CONTENTS

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INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of
Mission Bon Accueil /
Welcome Hall Mission

Qualified Opinion
We have audited the financial statements of **Mission Bon Accueil / Welcome Hall Mission ("Mission")**, which comprise the statement of financial position as at September 30, 2023, and the statements of operations and 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 section of our report, the financial statements present fairly, in all material respects, the financial position of **Mission Bon Accueil / Welcome Hall Mission ("Mission")** as at September 30, 2023 and its results of operations for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations and clause 8.3 of the Société d'habitation du Québec mortgage and operating agreements.

Basis for Qualified Opinion
In common with many not-for-profit organizations, the Mission derives revenue from certain donations, the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of these revenues 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 donation revenue, excess of revenues over expenses, and cash flows from operations for the years ended September 30, 2023 and 2022. Our audit opinion on the financial statements for the year ended September 30, 2023 was modified accordingly because of the possible effects of this limitation in scope.

Furthermore, in addition to being prepared in accordance with Canadian accounting standards for not-for-profit organizations, these financial statements have been prepared in accordance with clause 8.3 of the Société d'habitation du Québec mortgage and operating agreements which requires that any assets financed or subsidized under their mortgage and operating agreements be amortized on a straight-line basis over 40 years.

INDEPENDENT AUDITOR'S REPORT (cont'd.)

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. matter independent of the Mission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

Responsibilities of Management and Those Charged with Governance for the Financial Statements
Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

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 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.

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INDEPENDENT AUDITOR'S REPORT (cont'd.)

- 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.

Baker Tilly Montréal S.E.N.C.R.L./LLP [1]

Montréal, Québec
December 8, 2023

[1]CPA auditor, public accountancy permit No. A114616

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MISSION BON ACCUEIL / WELCOME HALL MISSION
STATEMENT OF FINANCIAL POSITION
AS AT SEPTEMBER 30, 2023

	2023	2022
ASSETS		
Current		
Cash (Note 3)	**$ 4,194,290**	$ 3,229,038
Marketable securities	**966,363**	2,133,599
Term deposit (Note 4)	**200,693**	191,850
Amounts receivable (Note 5)	**485,092**	425,229
Inventory (Note 6)	**1,602,423**	1,779,406
Prepaid expenses	**149,690**	139,189
	7,598,551	7,898,311
Property and equipment (Note 7)	**13,409,003**	13,851,415
Restricted cash, marketable securities and term deposit (Note 8)	**6,036,000**	4,159,000
	$ 27,043,554	$ 25,908,726
LIABILITIES		
Current		
Accounts payable and accrued liabilities (Note 9)	**$ 2,704,461**	$ 1,968,030
Current portion of capital lease obligations (Note 10)	**42,552**	97,040
Current portion of mortgages payable (Note 11)	**250,679**	690,382
Current portion of deferred revenue (Note 12)	**1,562,715**	1,567,019
	4,560,407	4,322,471
Capital lease obligations (Note 10)	**-**	42,650
Mortgages payable (Note 11)	**4,302,759**	4,518,776
Deferred revenue (Note 12)	**2,765,458**	2,886,553
	11,628,624	11,770,450
FUND BALANCES		
Restricted funds	**3,847,629**	2,281,791
Capital fund	**8,461,703**	8,151,257
General fund	**3,105,598**	3,705,228
	15,414,930	14,138,276
	$ 27,043,554	$ 25,908,726

APPROVED ON BEHALF OF THE BOARD:

Enzo Gabrielli ______________ ***Member***

______________ ***Member***

See accompanying notes

MISSION BON ACCUEIL / WELCOME HALL MISSION

STATEMENT OF OPERATIONS AND FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2023

			Internally Restricted		Externally Restricted				
	General Fund	Capital Fund	Bequests	Cash Flow Contingency Fund	Residence Fund	Transitional Housing Fund	Residence Reserve Fund	Transitional Housing Reserve Fund	Total
Revenues									
Individual donations	$ 7,844,475	$	$	$	$	$	$	$	$ 7,844,475
Corporate and other donations	2,097,427		1,872,435						3,969,862
Subsidies and government grants	9,890,940				327,338	45,590			10,263,868
Donated merchandise	8,872,365				28,353				8,900,718
Rent, service fees and subsidies	567,195				405,155	193,273			1,165,623
Interest and other	652,240				8,844	2,929			664,013
Fair value adjustment on marketable securities	547,304								547,304
	30,471,946		1,872,435		769,690	241,792			33,355,863
Expenditures									
Expenses (Note 14)	19,031,749				759,611	91,094			19,882,454
Merchandise distributed (Note 15)	10,614,445				133,120	485			10,748,050
Repairs and maintenance (recovery)	475,338				(11,082)	20,662			484,918
Mortgage interest	125,286				21,621	81,419			228,326
Reserves						400			400
Amortization		514,312			116,811	104,338			735,461
	30,246,818	514,312			1,020,081	298,398			32,079,610
Excess (deficiency) of revenues over expenditures	225,127	(514,312)	1,872,435		(250,391)	(56,606)			1,276,254
Balances, beginning of year	3,705,228	8,151,257	1,362,162	2,190,096	(1,457,421)	(94,851)	191,155	90,650	14,138,276
Interfund transfers/Other									
Capital repayments	(752,858)	752,858							
Acquisition of property and equipment (Note 7)	(293,049)	293,049							
Transfer of Residence amortization to the capital fund	116,811	(116,811)							
Transfer of Transitional Housing amortization to the capital fund	104,338	(104,338)							
Reserve allowances								400	400
	(824,758)	824,758						400	400
Balances, end of year	$ 3,105,598	$ 8,461,703	$ 3,234,597	$ 2,190,096	$ (1,707,812)	$ (151,457)	$ 191,155	$ 91,050	$ 15,414,930

See accompanying notes

MISSION BON ACCUEIL / WELCOME HALL MISSION

STATEMENT OF OPERATIONS AND FUND BALANCES
FOR THE YEAR ENDED SEPTEMBER 30, 2022

			Internally Restricted		Externally Restricted				
	General Fund	Capital Fund	Bequests	Cash Flow Contingency Fund	Residence Fund	Transitional Housing Fund	Residence Reserve Fund	Transitional Housing Reserve Fund	Total
Revenues									
Individual donations	$ 7,934,426	$	$	$	$	$	$	$	$ 7,934,426
Corporate and other donations	1,403,930		222,165						1,626,095
Subsidies and government grants	8,078,151	40,744			341,600	45,590			8,506,085
Donated merchandise	10,810,478				21,393				10,831,871
Rent, service fees and subsidies	502,774				440,109	186,078			1,128,961
Interest and other	771,506				2,316	496			774,318
Fair value adjustment on marketable securities	(949,724)								(949,724)
	28,551,541	40,744	222,165		805,418	232,164			29,852,032
Expenditures									
Expenses (Note 14)	16,007,894				715,588	91,721			16,815,203
Merchandise distributed (Note 15)	12,050,467				95,588	3,816			12,149,871
Repairs and maintenance	405,744				121,884	22,119			549,747
Mortgage interest	84,052				22,656	83,183			189,891
Reserves						4,800			4,800
Amortization		559,896			116,811	103,393			780,100
	28,548,157	559,896			1,072,527	309,033			30,489,612
(Deficiency) excess of revenues over expenditures	3,384	(519,152)	222,165		(267,109)	(76,869)			(637,580)
Balances, beginning of year	3,972,267	8,399,987	1,139,997	2,190,096	(1,190,312)	(17,982)	191,155	85,850	14,771,056
Interfund transfers/Other									
Capital repayments	(356,328)	356,328							
Acquisition of property and equipment (Note 7)	(134,300)	134,300							
Transfer of Residence amortization to the capital fund	116,811	(116,811)							
Transfer of Transitional Housing amortization to the capital fund	103,393	(103,393)							
Reserve allowances								4,800	4,800
	(270,422)	270,422						4,800	4,800
Balances, end of year	$ 3,705,228	$ 8,151,257	$ 1,362,162	$ 2,190,096	$ (1,457,421)	$ (94,851)	$ 191,155	$ 90,650	$ 14,138,276

See accompanying notes

MISSION BON ACCUEIL / WELCOME HALL MISSION
STATEMENT OF CASH FLOWS
FOR THE YEAR ENDED SEPTEMBER 30, 2023

	2023	2022
Operating activities		
Excess (deficiency) of revenues over expenditures for the year	$ **1,276,254**	$ (637,580)
Adjustments for		
Amortization	**735,461**	780,100
Non-cash donated merchandise	**(8,900,718)**	(10,831,871)
Non-cash cost of merchandise distributed	**9,077,701**	10,583,966
Gain on disposal of marketable securities	**(82,212)**	(44,294)
Fair value adjustment on marketable securities	**(547,304)**	949,724
Contribution to reserve	**400**	4,800
Amortization of deferred revenue	**(121,096)**	(121,096)
	1,438,486	683,749
Net change in non-cash working capital items		
Increase in amounts receivable	**(59,863)**	(88,970)
Increase in prepaid expenses	**(10,501)**	(32,876)
Increase (decrease) in accounts payable and accrued liabilities	**736,431**	(920,252)
(Decrease) increase in deferred revenue	**(4,304)**	583,775
Cash provided by operating activities	**2,100,249**	225,426
Investing activities		
Increase in term deposit	**(8,843)**	(191,850)
Purchases of property and equipment	**(293,049)**	(134,300)
Proceeds on disposal of property and equipment	**-**	32,246
Purchase of marketable securities	**(2,413,827)**	(3,816,690)
Proceeds on disposal of marketable securities	**2,333,580**	2,749,185
Cash used in investing activities	**(382,139)**	(1,361,409)
Financing activities		
Repayment of capital lease obligations	**(97,139)**	(106,186)
Repayment of mortgages payable	**(655,719)**	(250,142)
Cash used in financing activities	**(752,858)**	(356,328)
Increase (decrease) in cash and cash equivalents	**965,252**	(1,492,311)
Cash and cash equivalents, beginning of year	**3,229,038**	4,721,349
Cash and cash equivalents, end of year	$ **4,194,290**	$ 3,229,038

See accompanying notes

1. Nature of the Mission and basis of presentation

Mission Bon Accueil / Welcome Hall Mission ("Mission") is a not-for-profit community service organization. It provides a variety of community services throughout Montréal and has a commitment to empower people in need by responding to their spiritual, emotional and physical needs.

Les Résidences Bon Accueil ("Residence") began operations in 2005 to provide individuals with low cost lodging units, situated within the Mission's main building, as part of the rehabilitation and social reintegration program for men suffering from drug, alcohol, gaming or other dependencies. A component of the initial funding and financing agreements requires that the program be managed as an independent unit. In November 2009, the Residence obtained certification as an approved rehabilitation center from the Québec government.

Les Logements de Transition Mission Bon Accueil ("Transitional Housing"), situated in a building owned by the Mission on Delinelle Street, began operations in 2014 to provide families with low cost lodging units.

The original incorporation of Welcome Hall Mission was granted on June 16, 1905 under the authority of Article 3097 of (1899) 62 Victoria C.32 titled: An Act to amend the law respecting mutual benefit associations and charitable associations. On August 18, 2009, the Mission was granted a continuance of its incorporation by letters patent of conversion under the Québec Corporation Act part III section 221. Under this continuance, the Mission amended its name from “La Mission Bon Accueil / Welcome Hall Mission" to "Mission Bon Accueil / Welcome Hall Mission". The Mission is a registered charity under the Income Tax Act and therefore exempt from income tax.

These financial statements combine the accounts and activities of the Mission, the Residence and the Transitional Housing. All income and expenses of these three divisions have been shown separately on the statement of operations and fund balances, and all assets and liabilities of the three divisions have been disclosed in the notes to the financial statements. Interdivision assets and liabilities have been offset.

2. Significant accounting policies

The financial statements were prepared in accordance with Canadian accounting standards for not-for-profit organizations in Part III of the CICA Handbook and clause 8.3 of the Société d'habitation du Québec ("SHQ") mortgage and operating agreements for the Residence and the Transitional Housing.

The significant accounting policies used are as follows:

(a) Measurement uncertainty

The preparation of financial statements in accordance with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amount of assets and liabilities, disclosure of contingent assets and liabilities at the date of the financial statements and the reported amount of revenues and expenses during the reported period.

Estimates that management has made include the useful life of the property and equipment, the fair market value of goods in kind revenue, merchandise and the valuation of inventory. These estimates are reviewed periodically and are reported in earnings in the period in which they become known. Actual results could differ from these estimates.

(b) Financial instruments

(i) Measurement of financial instruments

The Mission initially measures its financial assets and liabilities at fair value.

The Mission subsequently measures its financial assets and financial liabilities at amortized cost, except for marketable securities which are measured at fair value. Changes in fair value are recognized in excess (deficiency) of revenues over expenditures.

Financial assets measured at amortized cost include cash, term deposit and amounts receivable net of government receivables.

Financial liabilities measured at amortized cost include accounts payable and accrued liabilities net of government remittances, capital lease obligations and mortgages payable.

The Mission has elected to show all marketable securities at fair value.

(ii) Impairment

Financial assets measured at amortized cost are tested for impairment when there are indicators of possible impairment. When a significant adverse change has occurred during the period in the expected timing or amount of future cash flows from the financial asset or group of assets, a write-down is recognized in excess (deficiency) of revenues over expenditures.

2. Significant accounting policies (cont'd.)

(c) Fund accounting

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

(i) Capital fund

The Capital fund records the subsidies, government grants and donations given to the Mission, the Residence and the Transitional Housing for the specific purpose of acquiring the assets recorded in property and equipment. Amortization related to the Residence and Transitional housing fund are reallocated to the capital fund from the general fund on an annual basis to reflect the actual net assets available to the Residence and the Transitional Housing. Expenditures in excess of these amounts are transferred to the Capital fund from the General fund as required. Additions to property and equipment are shown net of any related debt.

(ii) Bequests

The Bequest fund is increased by amounts willed, without restriction, to the Mission upon the death of a benefactor. The bequests are not considered operational revenues and are internally restricted to be utilized at the discretion of the board of directors. They are initially recorded in the bequest fund and are transferred to the general fund, at the discretion of the board of directors, to cover cash operating deficiencies, minor acquisitions of property and equipment and capital repayments, when required.

(iii) Cash flow contingency fund

The board of directors elected to set up a cash flow contingency fund to restrict a certain amount of funds to cover cash operating deficiencies. These funds will be transferred to/from the general fund at the discretion of the board.

(iv) Residence fund

The Residence fund derives income from various government and municipal grants and subsidies, rental income and expense recoveries from its tenants. The expenses are allocated based on actual expenditures where identifiable, otherwise on management's best estimate.

(v) Transitional Housing fund

The Transitional Housing fund derives income from various government grants and subsidies and from rental income. The expenses are allocated based on actual expenditures where identifiable, otherwise on management's best estimate.

(vi) Residence reserve fund

The SHQ requires the Residence to establish a reserve pool, to cover the cost of the future replacement of capital assets and certain expenses, through an annual allowance calculated per the guidelines set forth by the SHQ.

2. Significant accounting policies (cont'd.)

(c) Fund accounting (cont'd.)

(vii) Transitional Housing reserve fund

The SHQ requires the Transitional Housing to establish a reserve pool, to cover the cost of the future replacement of capital assets and certain expenses, through an annual allowance calculated per the guidelines set forth by the SHQ.

(d) Cash, restricted cash and marketable securities

Cash and cash equivalents consist of deposits held in commercial banks, investment in money market funds and short-term investments with maturities of three months or less from the date of acquisition. Marketable securities consist of debt and equity instruments that are quoted in an active market. Cash and marketable securities that are restricted by the Mission pertaining to reserve funds, deferred revenues and cash held in trust are recorded as restricted cash and marketable securities.

(e) Term deposits

Term deposits consist of deposits held in commercial banks. Cash restricted by the Mission pertaining to reserve funds, deferred revenues and cash held in trust is recorded as long-term restricted cash and term deposits.

Term deposits are liquid investments that are renewable annually.

2. Significant accounting policies (cont'd.)

(f) Inventory

The Mission records all perishable food, non-perishable food and supplies that have been purchased or donated as inventory. Food and maintenance inventory is valued using the weighted average method, based on the following costing methodology, used to estimate the lower of cost and estimated replacement value:

(i) Purchased merchandise is recorded at the purchase price.
(ii) Donated receipted merchandise is recorded at the receipted amount which approximates the wholesale value.
(iii) Donated non-receipted merchandise is recorded at the estimated average wholesale value of one pound of product, estimated at $3.21 per pound or $7.07 per kilogram, based on the research data compiled by The Nielsen Company and used by Food Banks Canada for 2023.
(iv) Clothing inventory, non-receipted, is recorded at the estimated average wholesale value of one pound of product, at $0.10 per pound or $0.22 per kilogram.

Perishable and non-perishable food items and clothing are weighed upon receipt and subsequently allocated a cost based on the above policies. Liquid items are converted from a volume to weight basis and subsequently allocated a cost based on the same policies.

Donated inventory merchandise is recorded as donated merchandise in the period in which it is received.

Inventory that is subsequently distributed throughout the Mission’s various programs or donated to other agencies is recognized as an expense in the year, under merchandise distributed.

(g) Property and equipment

Purchased property and equipment is recorded at cost. Contributed property and equipment is recorded at the fair market value at the date of contribution. The costs incurred in the maintenance of the property and equipment are expensed as incurred. The capitalized cost of the property and equipment includes all costs directly attributable to the acquisition, development and betterment of the asset to bring it to the condition necessary for its intended use. Amortization is provided on a straight-line basis over the asset's estimated useful life, which is as follows:

Furniture and equipment	5 years
Vehicles	4 - 8 years
Computer equipment	4 years

Amortization of leasehold improvements is recorded over the remaining term of the lease plus the first renewal option.

2. Significant accounting policies (cont'd.)

(g) Property and equipment (cont'd.)

Amortization for the buildings and improvements is provided for on a 5% declining balance basis, with the exception of any buildings acquired with financial assistance from the SHQ. The SHQ guidelines require that any assets financed by them, which include the Residence and the Transitional Housing, be amortized on a straight-line basis over 40 years.

Property and equipment paid and amortization are reported in the capital fund.

(h) Capital lease obligations

Leases which transfer substantially all of the benefits and risks of ownership of the property to the Mission are treated as an acquisition of an asset and the incurrence of an obligation.

(i) Revenue recognition

(i) Restricted contributions and bequests

Restricted contributions and bequests are recognized as revenue of the appropriate fund in the year in which the contribution is received. If no fund exists, then these contributions are deferred until the funds have been disbursed as per the restriction. All other contributions are recognized as revenue of the General Fund in the year in which the contribution is received or receivable.

(ii) Subsidies and government grants

Subsidies and government grants are generally recognized as revenue in the year in which the funds are received. Where these funds are granted to offset the cost of specific property and equipment acquisitions or specific expenditures, and the receipt of these funds is certain, the grant or subsidy is accrued in order to obtain a proper matching with the acquisition or the expenditure.

(iii) Donated merchandise

Donated merchandise consists of perishable food, non-perishable food and maintenance products. The cost of all donated merchandise receipted and non-receipted is recorded according to the inventory costing policy as described in Note 2 (f). Contributed inventory items are recorded as donated merchandise in the period in which they are received.

(iv) Investment income

Investment income earned and expenditures incurred on the restricted funds are allocated to the appropriate fund on a specific or pro-rata basis, where appropriate.

(v) Rental revenue

Rental revenue is recognized over the terms of the related lease agreements on a straight-line basis. Recoveries from tenants are recognized as revenues in the period in which the applicable costs are incurred.

2. Significant accounting policies (cont'd.)

(i) Revenue recognition (cont'd.)

(vi) Goods in kind

The Mission receives various services from volunteers and professionals. Donation receipts are issued for items where a fair market value could be ascertained and a receipt has been requested. Only these items have been recorded in goods in kind.

(j) Expenditures

Salaries, cost of merchandise distributed and services are allocated to the individual programs based on actual identifiable expenditures. Overhead and other shared expenses are allocated to the individual programs based on a pro-rata basis of total direct salaries and wages.

(k) Recognition of subsidy from the SHQ

The Mission receives subsidies from the SHQ in order to assist in the funding of affordable housing projects. The financial assistance provided can be in the form of a lump sum payment or a mortgage paid by the SHQ on behalf of the Mission.

Subsidies received as a lump sum payment are recorded as deferred revenue. Subsidies received in the form of a mortgage are initially recorded as a subsidy receivable equal to the amount of the mortgage assumed by the SHQ. This receivable is reduced over the life of the mortgage by the amount of capital repayments made by SHQ. Under both forms of financial assistance, the property and the deferred subsidy revenue are amortized on a straight line basis over 40 years, as required by their mortgage agreement.

As a requirement of this financing, the Mission is required to make a payment to the Fonds Québécois d’Habitation Communautaire (FQHC) out of the mortgage funds either at the commencement of the subsidy or on its 10th anniversary. This amount is netted against the deferred subsidy revenue described above, and amortized straight line into income over 40 years, as required by SHQ.

MISSION BON ACCUEIL / WELCOME HALL MISSION
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2023

3. Cash

Included in cash is approximately $1,441,000 (2022 - $1,446,000) of short-term restricted funds which will be disbursed for their designated purposes prior to September 30, 2024 (Note 8).

4. Term deposit

The term deposit held, bearing interest at 4.86% will mature on January 23, 2024.

5. Amounts receivable

	2023	2022
Commodity taxes receivable	**$ 198,541**	$ 172,690
Government subsidies receivable	**248,699**	217,976
Other	**37,852**	34,563
	$ 485,092	$ 425,229

Included in amounts receivable is approximately $94,000 (2022 - $64,000) pertaining to the Residence and $6,000 (2022 - $10,000) pertaining to the Transitional Housing.

6. Inventory

	2023	2022
Food and supplies	**$ 453,507**	$ 576,346
Clothing and other	**1,148,916**	1,203,060
	$ 1,602,423	$ 1,779,406

7. Property and equipment

	2023			2022
	Cost	Accumulated amortization	Net	Net
Land	**$ 2,786,477**	**$ -**	**$ 2,786,477**	$ 2,786,477
Buildings	**18,340,878**	**8,065,903**	**10,274,975**	10,541,415
Furniture and equipment	**1,831,477**	**1,656,129**	**175,348**	204,727
Vehicles	**1,070,440**	**1,025,629**	**44,811**	109,907
Leasehold improvements	**400,597**	**392,425**	**8,172**	104,394
Computer equipment	**592,824**	**473,604**	**119,220**	104,495
	$ 25,022,693	**$ 11,613,690**	**$ 13,409,003**	$ 13,851,415

MISSION BON ACCUEIL / WELCOME HALL MISSION
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2023

7. Property and equipment (cont'd.)

During the year, cash was paid for the following:

	2023	2022
Buildings	**$ 193,401**	$ -
Furniture and equipment	**36,359**	53,183
Vehicles	**7,441**	61,797
Computer equipment	**55,848**	19,320
	$ 293,049	$ 134,300

Included in accumulated amortization is $2,951,468 (2022 - $2,747,417) pertaining to the assets acquired pursuant to an SHQ mortgage agreement.

Included in vehicles are trucks under capital leases, with a cost of approximately $567,000 (2022 - $560,000) and a net book value of approximately $7,000 (2022 - $58,000), described in Note 10.

8. Restricted cash, marketable securities and term deposit

	2023	2022
Contingency reserve fund	$ **2,190,000**	$ 2,190,000
Bequests	**3,235,000**	1,362,000
Residence reserve fund	**191,000**	191,000
Transitional Housing reserve fund	**91,000**	91,000
Designated gifts - other	**1,027,000**	579,000
Advance on Hotel Dieu program	**743,000**	1,192,000
	7,477,000	5,605,000
Less current portion (Note 3)	**1,441,000**	1,446,000
	$ **6,036,000**	$ 4,159,000

	2023	2022
Marketable securities	$ **6,036,000**	$ 4,159,000

Marketable securities with a fair value of approximately $7,003,000 (2022 - $6,294,000) have a cost base of approximately $6,566,000 (2022 - $6,404,000). The marketable securities are restricted to fulfill the internal and external restricted requirements.

9. Accounts payable and accrued liabilities

Included in accounts payable and accrued liabilities are the following amounts:

	2023	2022
Accounts payable and accrued liabilities	$ **2,523,619**	$ 1,790,267
Payroll deductions at source	**39,906**	36,827
Government subsidies repayable	**140,936**	140,936
	$ **2,704,461**	$ 1,968,030

Included in accounts payable and accrued liabilities is approximately $242,000 (2022 - $74,000) pertaining to the Residence and $2,000 (2022 - $6,000) pertaining to the Transitional Housing.

10. Capital lease obligations

	2023	2022
Loan in the original amount of $167,045, was fully repaid on March 4, 2023.	**$ -**	$ 21,787
Loan, of an original amount of $89,417, maturing on November 19, 2023, bearing interest at 6.5% and repayable in blended monthly installments of $1,740.	**6,491**	26,615
Loan, of an original amount of $46,203, maturing on December 1, 2023, bearing interest at 6.9858% and repayable in blended monthly installments of $785.	**11,410**	19,721
Loan, of an original amount of $37,300, maturing in April 2024, bearing interest at 5.61% and repayable in blended monthly installments of $710.	**4,226**	12,312
Loan, of an original amount of $178,299, maturing on May 15, 2024, bearing interest at 6.5% and repayable in blended monthly installments of $3,470.	**20,425**	59,255
	42,552	139,690
Less current portion	**42,552**	97,040
Due beyond one year	**$ -**	$ 42,650

Estimated lease payment for the following year is $43,192, which includes interest of $640.

11. Mortgages payable

	2023	2022
On November 18, 2022, the Mission renewed its mortgage in the amount of approximately $1,682,000 with Caisse Desjardins, maturing in October 2024 and bearing interest at 7.250% per annum, payable monthly. The mortgage is repayable in monthly principal installments of $13,459. The mortgage is secured by the Annexe building, the Notre-Dame Ouest land, its contents and the rental income. The building and land have an aggregate carrying value of approximately $4,582,000. The bank's agreement contains a covenant which requires the Mission to maintain a minimum debt service coverage ratio of 1.25:1.00 and maintain a minimum gross revenue of $600,000 on the Annexe building. As at September 30, 2023, the Mission is not in compliance with these covenants, however is working with the bank to remedy the situation.	**$ 1,534,272**	$ 2,094,316
The Transitional Housing has a mortgage of an original amount of $2,206,777 with the National Bank of Canada, maturing in November 2023 and bearing interest at 4.047% per annum, payable monthly. The mortgage is repayable in monthly installments of $10,552, combining principal and interest.	**2,004,103**	2,049,313
The Residence has a mortgage of an original amount of $1,371,937 with the National Bank of Canada, maturing in May 2025, bearing interest at 2.083% per annum, payable monthly. The mortgage is repayable in monthly installments of $6,007, combining principal and interest.	**1,015,063**	1,065,529
	4,553,438	5,209,158
Less current portion	**250,679**	690,382
Due beyond one year	**$ 4,302,759**	$ 4,518,776

On November 6, 2023, The Transitional Housing renewed its mortgage in the amount of $1,996,000 with the National Bank of Canada, maturing in November 2028, bearing interest at 5.966% per annum, payable monthly. The mortgage is repayable in monthly installments of $12,733, combining principal and interest.

11. Mortgages payable (cont'd.)

Estimated principal repayments are as follows:

2024	$ 250,679
2025	2,374,229
2026	40,216
2027	42,651
2028	45,234
Subsequent years	1,800,429
	$ 4,553,438

12. Deferred revenue

	2023	2022
Provincial subsidy, under the AccèsLogis program of the SHQ, which provides that the Residence mortgage, of an original amount of $2,237,125, be repaid directly by the SHQ at the rate of approximately $16,538 a month.	**$ 1,207,115**	$ 1,263,044
Municipal subsidy of an original amount of $726,338 to offset the cost of the Residence.	**191,269**	220,322
Provincial subsidy, under the AccèsLogis program of the SHQ, of $1,500,200 to offset the cost of the Transitional Housing.	**1,125,150**	1,162,655
Municipal subsidy of an original amount of $504,150 to offset the cost of the Transitional Housing.	**378,113**	390,716
Deferred Contribution FQHC - Residence.	**(204,521)**	(213,997)
Deferred Contribution FQHC - Transitional Housing.	**(135,573)**	(140,092)
Deferred revenue - Designated gifts - other.	**1,023,620**	558,924
Advance on Hotel Dieu transition program.	**743,000**	1,192,000
Prepaid rent revenue.	**-**	20,000
	4,328,173	4,453,572
Less current portion	**1,562,715**	1,567,019
Deferred revenue	**$ 2,765,458**	$ 2,886,553

12. Deferred revenue (cont'd.)

Prepaid rent revenue is being amortized on a straight-line basis over the 5-year lease agreement which commenced in September 2018.

13. Expense recovery

During the year, the Mission paid for several expenditures on behalf of the Residence and the Transitional Housing, which have been billed to the Residence and Transitional Housing and are included in the appropriate expense account for the Residence and the Transitional Housing.

14. Expenses

Overhead and other shared expenses are allocated to the individual programs based on a pro-rata basis of total direct salaries and wages. Management and general expenditures recorded in the books of the Mission, including operations, human resources, administration and development costs, information technology, fundraising and facilities, have been allocated to the following programs:

	2023	2022
Emergency Shelter Services	**$ 13,670,288**	$ 11,591,619
Food Security and Family Services	**2,503,602**	1,968,219
Youth Outreach Services	**762,498**	510,692
Residence	**759,611**	715,588
Health and Dental Clinic	**478,350**	358,140
Transitional Housing	**91,093**	91,721
Meal Services	**1,617,012**	1,579,224
	$ 19,882,454	$ 16,815,203

Included in these expenses are investment management fees, interest, bank charges and credit card charges of $248,296 (2022 - $173,131).

MISSION BON ACCUEIL / WELCOME HALL MISSION
NOTES TO THE FINANCIAL STATEMENTS
AS AT SEPTEMBER 30, 2023

15. Merchandise distributed

	2023	2022
Opening inventory	**$ 1,779,406**	$ 1,531,500
Donated merchandise	**8,900,718**	10,831,871
Purchases	**1,670,349**	1,565,906
	12,350,473	13,929,277
Ending inventory	**(1,602,423)**	(1,779,406)
	$ 10,748,050	$ 12,149,871

Merchandise was distributed during the year as follows:

	2023	2022
Food Security and Family Services	**$ 7,829,297**	$ 8,163,122
Emergency Shelter Services	**2,225,739**	1,755,242
Youth Outreach Services	**59,700**	14,714
Residence	**133,118**	95,588
Operations	**18,965**	1,543,835
Administration	**86,884**	46,008
	10,353,703	11,618,509
Donations to other agencies	**394,347**	531,362
	$ 10,748,050	$ 12,149,871

16. Life insurance policies

(a) The Mission is holding a $127,718 fully paid up life insurance policy on an individual. This donation will be recorded as revenue when the proceeds are received.

(b) The Mission is holding a $50,000 life insurance policy on a former member of the board. The monthly premium payments are expensed in the year. As at September 30, 2023, the policy had no cash surrender value. This donation will be recorded in the bequests fund when the proceeds are received.

17. Concentration of risk

The Mission is financially supported through various government and municipal subsidies, and donations and goods in kind from various Montréal donors. Management mitigates this risk through its cash flow contingency fund.

Revenues where there could be a concentration risk exposure are as follows:

	2023	2022
Moisson Montréal - donated food merchandise	**$ 5,425,855**	$ 4,778,442
Federal subsidies and grants	**7,714,522**	5,857,338
Provincial subsidy - "Programme de Soutien aux Organismes Communautaires (PSOC)"	**2,142,239**	2,143,542
Provincial subsidies and grants - other	**280,555**	280,150
Municipal subsidies and grants	**126,553**	225,054

18. Financial instruments risks and uncertainties

Financial instruments consist of recorded amounts of cash and cash equivalents, receivables and short-term investments which will result in future cash receipts, as well as accounts payable and accrued liabilities, bank loans and mortgages payable which will result in future cash outlays.

(a) Currency risk

Currency risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in foreign exchange rates. The Mission is exposed to currency risk as a result of cash and marketable securities denominated in U.S. dollars. As at September 30, 2023, the carrying value of financial instruments denominated in U.S. dollars (reported in Canadian dollars) is summarized below:

	2023	2022
Cash	**$ 41,594**	$ 5,665
Marketable securities	**2,215,291**	2,171,921

(b) Market risk

Market risk is the risk that the value of a financial instrument will fluctuate as a result of changes in market prices, whether the factors are specific to the instrument or all instruments traded in the market. The Mission is exposed to market risk as a result of its investments in marketable securities which comprise investments in equity and fixed income instruments that are traded in a public market. As at September 30, 2023, the fair value of marketable securities exceeds the cost by approximately $436,000 (2022 - the cost exceeds the fair value of marketable securities by approximately $110,000).

18. Financial instruments risks and uncertainties (cont'd.)

(c) **Interest rate risk**

The Mission is exposed to interest rate risk. Interest rate risk is the risk that the Mission has interest rate exposure on its fixed rate mortgages. This exposure may have an effect on its earnings in future periods if interest rates decrease. The Mission manages its exposure to interest rate risk through careful monitoring of its cash flows, and, in its opinion, this risk is not material.

(d) **Economic risk**

As the Mission derives a significant portion of its revenues from individual and corporate donations, it is exposed to economic conditions during the year. This exposure can have an effect on the amount of donations received, as the amount of disposable income of the donor changes.

19. Commitments

In addition to the capital lease obligation outlined in Note 10, the Mission has a lease agreement for a building in Montréal-North.

Estimated minimum lease payments are as follows:

2024	$ 78,000
2025	84,000
2026	86,000
2027	89,000
2028	91,000
Subsequent years	8,000
	$ 436,000