

Hellenic Community of Greater Montreal

Financial statements
June 30, 2022



Independent auditors' report

To the Members of
Hellenic Community of Greater Montreal

Qualified opinion

We have audited the financial statements of **Hellenic Community of Greater Montreal** [the "Organization"], which comprise the statement of financial position as at June 30, 2022, the statement of operations, statement of cash flows and statement of changes in fund balances (deficit) for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, except for the possible effects of the matter described in the *Basis for qualified opinion* section of our report, the accompanying financial statements present fairly, in all material respects, the financial position of the Organization as at June 30, 2022, and its results of operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

Basis for qualified opinion

In common with many charitable organizations, the Organization derives revenues from donations, membership fees, dances and activities and fund-raising campaigns [the "Revenues"], the completeness of which is not susceptible to satisfactory audit verification. Accordingly, our verification of these Revenues was limited to the amounts recorded in the records of the Organization. Therefore, we were not able to determine whether any adjustments might be necessary to these Revenues, the surplus (deficit) of revenues over operating expenses, net cash flows generated from operating activities for the years ended June 30, 2022 and 2021, current assets as at June 30, 2022 and 2021, and fund balances (deficit) as at July 1 and June 30 for both the 2022 and 2021 years. Our opinion on the financial statements for the year ended June 30, 2021 was modified accordingly because of the 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 Organization 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 audit opinion.

Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Organization has a deficiency of revenues over operating expenses before non-recurring items, negative working capital and debt covenant violations as at June 30, 2022. As stated in note 1, these events or conditions, along with other matters as set forth in note 1, indicate that a material uncertainty exists that may cast significant doubt on the Organization's ability to continue as a going concern. Our opinion is not modified in respect of this matter.

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 Organization'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 Organization or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Organization'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 Organization'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 Organization'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 Organization 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.

*Ernst & Young LLP*¹

Montréal, Canada
October 28, 2022

¹ CPA auditor, public accountancy permit no. A121006



Hellenic Community of Greater Montreal

Statement of financial position

As at June 30

	2022				2021			
	General fund \$	Socrates Démosthène fund \$	Elimination \$	Total \$	General fund \$	Socrates Démosthène fund \$	Elimination \$	Total \$
Assets [note 10]								
Current								
Cash	2,341,891	932,517	—	3,274,408	604,889	263,949	—	868,838
Accounts receivable [notes 6 and 11]	127,314	281,402	—	408,716	61,722	114,232	—	175,954
Accounts receivable – Socrates Démosthène fund	1,557,182	—	(1,557,182)	—	1,910,753	—	(1,910,753)	—
Amount receivable in connection with the Canadian Emergency Wage Subsidy [note 14]	136,614	491,997	—	628,611	230,640	1,728,924	—	1,959,565
Supplies	21,320	—	—	21,320	31,268	—	—	31,268
Government remittances receivable	54,932	—	—	54,932	63,616	—	—	63,616
Prepaid expenses	20,839	16,428	—	37,267	19,081	17,615	—	36,696
	4,260,092	1,722,344	(1,557,182)	4,425,254	2,921,969	2,124,720	(1,910,753)	3,135,936
Cash – Internally restricted [note 5]	600,314	—	—	600,314	606,255	—	—	606,255
Property and equipment [note 7]	23,101,186	963,519	—	24,064,705	23,698,257	541,185	—	24,239,442
Deposits	55,060	—	—	55,060	55,060	—	—	55,060
	28,016,652	2,685,863	(1,557,182)	29,145,333	27,281,541	2,665,905	(1,910,753)	28,036,693
Liabilities								
Current								
Accounts payable and accrued liabilities	440,522	1,186,223	—	1,626,745	334,312	1,275,558	—	1,609,870
Government remittances payable	—	296,292	—	296,292	5,869	380,315	—	386,184
Accounts payable – General Fund	—	1,557,182	(1,557,182)	—	—	1,910,753	(1,910,753)	—
Deferred revenues	20,000	256,853	—	276,853	30,495	269,123	—	299,618
Current portion of long-term debt [note 10]	5,183,827	—	—	5,183,827	387,970	—	—	387,970
Due to the Greek State [note 9]	7,053,897	—	—	7,053,897	7,053,897	—	—	7,053,897
	12,698,246	3,296,550	(1,557,182)	14,437,614	7,812,543	3,835,749	(1,910,753)	9,737,539
Long-term debt [note 10]	—	—	—	—	4,203,546	—	—	4,203,546
Deferred revenues – emphyteutic lease	990,701	—	—	990,701	1,022,379	—	—	1,022,379
Deferred capital contributions	433,469	—	—	433,469	533,038	—	—	533,038
	1,424,170	—	—	1,424,170	5,758,963	—	—	5,758,963
	14,122,416	3,296,550	(1,557,182)	15,861,784	13,571,506	3,835,749	(1,910,753)	15,496,502
Surplus (deficit)								
Unrestricted	13,894,236	(610,687)	—	13,283,549	13,710,035	(1,169,844)	—	12,540,191
	13,894,236	(610,687)	—	13,283,549	13,710,035	(1,169,844)	—	12,540,191
	28,016,652	2,685,863	(1,557,182)	29,145,333	27,281,541	2,665,905	(1,910,753)	28,036,693

Guarantees and contingencies [note 12]

The accompanying notes are an integral part of the financial statements.

On behalf of the Board,

President

Treasurer

Hellenic Community of Greater Montreal

Statement of operations

Year ended June 30

	2022		2021	
	General fund	Socrates	Total	Total
		Démosthène fund		
	\$	\$	\$	\$
Revenues				
Advertising and calendar	54,127	—	54,127	56,140
Churches, including donations	1,409,175	—	1,409,175	1,074,784
Dances and activities	21,021	65,604	86,624	35,350
Donations	117,612	70,979	188,591	103,173
Festival	104,200	—	104,200	6,312
Fund raising campaigns	277,382	37,651	315,033	189,134
Membership fees	132,570	—	132,570	92,956
Rental ^[a]	759,354	—	759,354	782,576
School fees	262,344	5,582,263	5,844,607	5,388,742
Athletics department	105,566	—	105,566	10,777
Grants <i>[note 4]</i>	334,138	5,315,455	5,649,593	5,198,214
Other	344,541	297,307	641,848	401,662
Amortization of deferred capital contributions	99,569	—	99,569	99,569
Amortization of emphyteutic lease	31,678	—	31,678	31,678
Rental income - Foyer Hellénique pour personnes âgées (FHPA)	731,691	—	731,691	69,758
	4,784,969	11,369,259	16,154,228	13,540,825
Operating expenses				
Advertising, general supplies and texts	20,574	19,404	39,978	44,245
Churches	1,413,435	—	1,413,435	583,982
Operating expenses - Foyer Hellénique pour Personnes Âgées (FHPA)	688,932	—	688,932	45,834
Bussing	—	803,550	803,550	831,650
Computer software and maintenance	27,327	296,498	323,825	151,263
Dances and activities	333,407	76,584	409,991	121,189
Donations and other contributions	15,322	17,000	32,322	3,000
Athletics department	206,998	—	206,998	91,983
Banquet facilities	109,487	—	109,487	54,883
Electricity, water and gas	135,793	224,670	360,463	274,344
Festival	35,810	—	35,810	743
Fundraising campaign fees	146,719	—	146,719	2,233
General and administrative	14,716	52,602	67,317	281,560
Insurance	131,800	211,434	343,234	258,454
Interest and bank charges	46,965	30,870	77,835	98,464
Interest on long-term debt	233,565	—	233,565	210,553
Janitorial and cleaning	20,399	354,127	374,526	344,124
Maintenance and repairs	111,295	235,242	346,537	195,143
Office supplies and postage	63,150	—	63,150	44,729
Pedagogical materials and texts	9,086	189,150	198,236	111,299
Professional and consulting fees	208,990	81,538	290,528	195,799
Rent	—	—	—	56,026
Salaries and benefits	1,151,837	8,371,354	9,523,191	8,551,969
Telephone	15,061	24,868	39,930	32,154
Travel and transportation	29,316	—	29,316	25,628
Amortization of property and equipment	724,414	190,118	914,533	1,036,626
Amortization of property and equipment - Foyer Hellénique pour personnes âgées	183,048	—	183,048	13,247
	6,077,442	11,179,010	17,256,452	13,661,123
Surplus (deficit) of revenues over operating expenses, before undernoted items	(1,292,473)	190,249	(1,102,225)	(120,297)
Gain from the donation in kind of the Foyer Hellénique pour personnes âgées net assets <i>[note 3]</i>	—	—	—	11,641,756
Government assistance - Wage subsidies, net of professional fees paid <i>[note 13]</i>	304,114	1,476,176	1,780,291	3,830,475
Canadian Emergency Rent Subsidy	65,292	—	65,292	17,320
Surplus (deficit) of revenues over operating expenses	(923,067)	1,666,425	743,358	15,369,253

^[a] These amounts exclude the interfund transfers for rent from the Socrates Démosthène fund to the General fund in the amount of \$1,107,268 [2021 – \$1,107,268].

The accompanying notes are an integral part of the financial statements.

Hellenic Community of Greater Montreal

Statement of cash flows

Year ended June 30

	2022		2021	
	General fund \$	Socrates Démosthène fund \$	Total \$	Total \$
Operating activities				
Surplus (deficiency) of revenues over operating expenses	(923,067)	1,666,425	743,358	15,369,253
Non-cash items				
Amortization of property and equipment	907,462	190,118	1,097,581	1,049,873
Amortization of deferred capital contributions	(99,569)	—	(99,569)	(99,569)
Amortization of emphyteutic lease	(31,678)	—	(31,678)	(31,678)
Gain from the donation in kind of the Foyer Hellénique pour personnes âgées net assets [note 3]	—	—	—	(11,641,756)
Changes in non-cash working capital items	135,154	885,316	1,020,470	(1,048,551)
Net cash flows generated from operating activities	(11,698)	2,741,859	2,730,161	3,597,572
Financing activities				
Change in short term debt - credit facilities	—	—	—	(2,145,305)
Interfund cash transfers	—	(1,460,839)	(1,460,839)	—
Change in long-term debt	592,311	—	592,311	(300,450)
Net cash flows generated from (used for) financing activities	592,311	(1,460,839)	(868,528)	(2,445,755)
Investing activities				
(Increase) decrease in cash – restricted	5,941	—	5,941	(55,361)
Interfund cash transfers	1,460,839	—	1,460,839	—
Additions to property and equipment	(310,391)	(612,452)	(922,844)	(276,781)
Net cash flows used for investing activities	1,156,389	(612,452)	543,936	(332,142)
Net increase in cash	1,737,002	668,568	2,405,570	819,674
Cash, beginning of year	604,889	263,949	868,838	49,164
Cash, end of year	2,341,891	932,517	3,274,408	868,838

The accompanying notes are an integral part of the financial statements.

Hellenic Community of Greater Montreal

Changes in fund balances (deficit)

As at June 30

	General fund	Socrates Démosthène fund	Total
	\$	\$	\$
Fund balances (deficit), June 30, 2020	844,036	(3,673,098)	(2,829,062)
Surplus (deficiency) of revenues over operating expenses	11,758,731	3,610,522	15,369,253
Interfund transfer for rent ^[a]	1,107,268	(1,107,268)	—
Fund balances (deficit), June 30, 2021	13,710,035	(1,169,844)	12,540,191
Surplus (deficiency) of revenues over operating expenses	(923,067)	1,666,425	743,358
Interfund transfer for rent ^[a]	1,107,268	(1,107,268)	—
Fund balances (deficit), June 30, 2022	13,894,236	(610,687)	13,283,549

^[a]These transfers are approved by the Board of Directors on the basis of \$6.35 per square foot [2021 – \$6.35].

The accompanying notes are an integral part of the financial statements.

Hellenic Community of Greater Montreal

Notes to financial statements

June 30, 2022

1. Governing statutes and purpose of the organization and going concern uncertainty

The Hellenic Community of Greater Montreal [the "Organization"] is a registered charity under the *Income Tax Act* (Canada).

These financial statements have been prepared in accordance with Canadian accounting standards for not-for-profit organizations ["GAAP"] on a going concern basis, which presumes the Organization will continue its operation for the foreseeable future and will be able to realize its assets and discharge its liabilities and commitments in the ordinary course of operations for the foreseeable future. There are judgment and estimates used by management in the use of these assumptions. The use of these principles may not be appropriate because as at June 30, 2022, there was a material uncertainty that may cast a significant doubt as to the Organization's ability to continue as a going concern.

The Organization has suffered a deficit of revenues over operating expenses before non-recurring grants received during the year ended June 30, 2022, has negative Fund balances, negative working capital at the end of the year, had a term loan maturing on November 30, 2022 and was not in compliance with certain bank covenants. The Organization's ability to continue as a going concern is dependent upon its ability to generate cash flows to meet required debt repayments and commitments and is also dependent on the continued support of its banker and the Ministère de l'Éducation, et de l'Enseignement supérieur ["MEES"] in order to fund its programs [the Organization's revenues include significant grants from MEES]. It is also dependent on the Greek State not requesting payment of amounts owed to it by the Organization [note 9].

Use of accounting principles based on the going concern assumption is appropriate only if the Organization can continue as a going concern. The carrying amounts of assets, liabilities, revenues and expenses presented in the financial statements have not been adjusted as would be required if the going concern assumption were not appropriate. Such adjustments could be material.

2. Significant accounting policies

These financial statements were prepared in accordance with Part III of the *CPA Canada Handbook – Accounting*, "Accounting Standards for Not-for-Profit Organizations" which sets out generally accepted accounting principles for not-for-profit organizations in Canada and includes significant accounting policies described below.

Fund accounting

Assets, liabilities, revenues and expenses relating to administration, community centers, churches, educational activities and social activities are reported in the General fund.

Assets, liabilities, revenues and expenses relating to the Socrates and Démosthène school activities are reported in the Socrates Démosthène fund.

Interfund accounts receivable and payable do not have specific timing of repayment and do not bear interest.

Hellenic Community of Greater Montreal

Notes to financial statements

June 30, 2022

Financial instruments

The Organization initially records a financial instrument that was originated, issued or assumed in an arm's length transaction at fair value. Related party debt or equity instruments that are quoted in an active market, debt instruments with observable inputs that are significant to the determination of their fair value, and derivative instruments are also initially recorded at fair value.

Related party financial instruments that have repayment terms are initially recorded at cost, representing the undiscounted cash flows of that instrument, excluding interest and dividend payments. Related party financial instruments that do not have repayment terms are recorded at cost, determined using the consideration transferred or received by the Organization. If the consideration transferred or received has repayment terms, then the cost is determined using the undiscounted cash flows, excluding interest and dividend payments, of the financial instrument transferred as consideration. If, however, the consideration transferred is an asset or liability that does not have repayment terms, the cost is initially recognized at the carrying or exchange amount of the consideration transferred or received, depending on the circumstances.

The exchange amount is used when the transaction is in the normal course of operations or the transaction is not in the normal course of operations but has commercial substance, the change in ownership interest in the related financial item transferred is substantive and the amount of consideration transferred or received is established and agreed to by the related parties and is supported by independent evidence. Otherwise, the carrying amount of the consideration transferred or received is used as the cost of the related party financial instrument.

The Organization recognizes transaction costs in net income in the period incurred. However, arm's length financial instruments that will not be subsequently measured at fair value are adjusted by the transaction costs that are directly attributable to their origination, issuance or assumption.

Subsequently, the Organization measures financial instruments as follows:

- [i] All other financial assets, which include cash, internally restricted cash, and accounts receivable, at amortized cost; and
- [ii] All financial liabilities, which include accounts payable and accrued liabilities, due to the Greek State and long-term debt, at amortized cost.

Property and equipment

Property and equipment are recorded at cost. When the Organization receives property and equipment contributions, their cost is equal to their fair value at the contribution date or to a nominal value of \$1 if the fair value cannot be reasonably determined. Property and equipment are recorded at cost and amortized on a straight-line basis over their estimated useful lives according to the following periods:

Buildings and churches	40 years
Leasehold improvements	10 years
Furniture and equipment	5 years
Equipment	5 years

Hellenic Community of Greater Montreal

Notes to financial statements

June 30, 2022

Artworks, comprised of religious icons, are not amortized.

Impairment

When conditions indicate that a tangible capital asset, such as property and equipment, is impaired, the net carrying amount of the tangible capital asset is written down to the asset's fair value or replacement cost. The write-downs of tangible capital assets are accounted for as expenses in the statement of operations. Write-downs are not reversed.

Defined contribution pension plan

The Organization also participates in a multi-employer defined contribution benefit plan on behalf of certain members of its clergy. Contributions paid are expensed as incurred.

Revenue recognition

The Organization follows the deferral method of accounting for contributions. Under this method, contributions, including government grants, restricted for future period expenses are deferred and are recognized as revenue of the appropriate fund in the year in which the related expenses are incurred. Unrestricted contributions, including government grants, are recognized as revenue of the appropriate fund when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Deferred capital contributions represent restricted contributions used to acquire property. These contributions are amortized and taken into income on the same basis as the related property is being amortized. The annual expense is comprised of the contributions made during the year.

On October 2, 2002, the Organization entered into an emphyteutic lease, in which the Organization leased a piece of land it owns, to a construction promoter and ownership of property constructed on this land at the end of the lease, in 51 years, being October 2, 2053, will be transferred to the Organization. The payment received in the initial year of the emphyteutic lease is being deferred and amortized on a straight-line basis over 51 years, the lease term.

The Organization records rental income on a straight-line basis over the term of each lease. The excess of rents recognized over amounts contractually due pursuant to the underlying leases is included in accounts receivable. Revenue derived from short-term rental income is recognized upon the completion of performance of the service, when the fees are fixed or determinable and collection is reasonably assured.

Revenues from school fees are recognized when persuasive evidence of an arrangement exists, services have been rendered, fees are fixed or determinable and collection is reasonably assured. Revenues received in advance are deferred and recognized over the arrangement period on a straight-line basis.

Restricted contributions are deferred and recognized as revenue in the same period or periods as the related expenses are recognized.

Hellenic Community of Greater Montreal

Notes to financial statements

June 30, 2022

Volunteer services

The Organization benefits from substantial services in the form of volunteer time. Due to the difficulty of determining their fair value, volunteer services are not recorded in these financial statements.

Change in accounting policy

Financial instruments

Effective July 1, 2021, the Organization adopted the amendments to Section 3856 of Part II of the *CPA Canada Handbook – Accounting, Financial Instruments* [“Section 3856” or “the standard”] issued by the Canadian Accounting Standards Board. The Organization is required to apply the standards in Part II to the extent that Part II standards address topics not addressed in Part III.

Under the amended standard, the measurement of related party financial instruments is now incorporated into Section 3856 as opposed to Section 3840, *Related Party Transactions* [“Section 3840”]. Consequently, related party transactions are initially measured at cost, with the exception of equity or debt instruments quoted in an active market, debt instruments when the inputs significant to the determination of the fair value of the instrument are observable, or derivative contracts, which are initially measured at fair value. Cost under the amended standard is determined based on whether the financial instrument has repayment terms. The amendments also require that the subsequent measurement of related party financial instruments be based on how the entity initially measured the instrument, provides guidance on how to measure an impairment of a debt and equity instrument in a related party transaction measured at cost, and requires an entity to recognize forgiveness of a related party financial asset in either equity or net income depending on whether or not the original transaction giving rise to the financial asset was in the normal course of business. Additionally, the standard requires entities prepare financial instrument disclosures using entity-specific information and significant consequential amendments were made to Section 3840 to clarify that Section 3840 does not apply to related party financial instruments.

The Organization adopted the amendments to Section 3856 retrospectively. As a result, there was no significant impact of the adoption of the amendments to Section 3856 on the financial statements of the Organization for the year ended June 30, 2021.

3. Donation from the Foyer Hellénique pour personnes âgées

In October 1984, the Organization entered into a long-term lease agreement for office space with the Foyer Hellénique pour personnes âgées [the “Foyer”]. The lease ended on June 30, 2020. Under the lease agreement, the Foyer promised to sell to the Organization the immoveable property for the price of \$1 and other good and valuable consideration within 60 days of the end of the lease. On May 28, 2021, the Foyer donated its net assets to the Organization. The transaction was accounted for at the fair value of assets donated and liabilities assumed. The Organization also assumed a loan from a financial institution in the amount of \$1 million [note 10], maturing in 4 years and bearing interest at 3.28%, which was contracted by the Foyer and assumed by the Organization. This new loan was received by the Organization in July of 2021, being fiscal 2022.

The Foyer results of operations have been consolidated in the Organization’s financial statements since May 28, 2021, date of the donation. As such, the comparative figures in the statement of operations related to fiscal 2021 and shown for the revenue and operating expenses from the Foyer’s operations represent those of one month-period.

Hellenic Community of Greater Montreal

Notes to financial statements

June 30, 2022

Assets donated and liabilities assumed were recorded at their donation date, May 28, 2021 at their respective fair values as follows:

	May 28, 2021
	<u>\$</u>
Assets acquired (liabilities assumed)	
Cash	264,036
Accounts receivable	5,691
Fixed assets	11,801,157
Total assets	12,070,884
Accounts payable and accrued liabilities	(389,128)
CEBA loan	(40,000)
Gain from net assets donated at fair value	11,641,756

4. Grants

The following grants were recorded as income:

	2022	2021
	<u>\$</u>	<u>\$</u>
General fund		
Federal government	168,003	68,855
Canada Mortgage and Housing Corporation ["CMHC"]	33,346	—
Other	132,789	181,729
	334,138	250,584
Socrates Démosthène fund		
MEES	5,315,455	4,946,115
Other	—	1,515
	5,315,455	4,947,630
Total grants	5,649,593	5,198,214

5. Cash – Internally restricted

As at June 30, 2022, certain funds were held for the specific purpose of meeting the capital expenditures and repairs and maintenance of the individual churches as well as with respect to a rental property or for fundraising activities.

Hellenic Community of Greater Montreal

Notes to financial statements

June 30, 2022

6. Accounts receivable

The accounts receivable of the General fund consist of:

	2022 \$	2021 \$
School fees and other receivables	127,314	184,788
Allowance for doubtful accounts	(467)	(123,066)
	126,847	61,722

The accounts receivable of the Socrates Démosthène fund consist of:

	2022 \$	2021 \$
School fees and other receivables	351,567	261,525
Allowance for doubtful accounts	(70,165)	(147,293)
	281,402	114,232

7. Property and equipment

	Cost \$	Accumulated amortization \$	Net book value \$
2022			
Land	7,772,297	—	7,772,297
Buildings	31,381,985	16,366,245	15,015,741
Leasehold improvements	2,689,730	2,365,552	324,178
Furniture and equipment	1,783,582	950,195	833,386
Artworks	119,102	—	119,102
	43,746,696	19,681,991	24,064,705
2021			
Land	7,772,297	—	7,772,297
Buildings	31,068,737	15,632,945	15,435,792
Leasehold improvements	2,087,620	2,087,620	—
Furniture and equipment	1,783,582	871,331	912,251
Artworks	119,102	—	119,102
	42,831,337	18,591,896	24,239,442

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8. Credit facilities

The Organization has a short-term credit facility of \$2,000,000 with the Bank of Montreal. The credit facility bears interest at the bank's prime rate plus 2% and is collateralized by a first ranking immoveable hypothec on certain properties for \$8,500,000, plus an additional 20% of that value and a moveable hypothec on all present and future moveable property.

9. Due to the Greek State

In previous years, the Greek State had guaranteed the loan payable to a previous financial institution, Scotia Bank, and paid the required instalments annually. In 2012, the Greek State ceased making the scheduled repayments and the Organization took over the obligation before moving to the Bank of Montreal. As a result of past repayments made by the Greek State, a loan payable has resulted. There is no formal agreement with the Greek State and the loan payable is non-interest bearing and callable at any time. As a result, the loan is classified as current.

On April 28, 2013, Bill 4152/2013 was voted into law by the Greek Government and was published in the Government newspaper on May 9, 2013. This bill states that given certain conditions, the Greek state would forgive the debt held by a Community organization abroad. Following that, management had been advised by the Greek Government that an amendment to this Bill is required to forgive the debt. Since then, no development occurred and no motion is yet passed at the Greek Parliament to forgive the loan. Consequently, this loan is still recorded as a current liability as of June 30, 2022.

10. Long-term debt

	2022	2021
	\$	\$
General fund		
\$4,400,000 loan contracted with the Bank of Montreal, bearing interest at prime + 2%, repayable in monthly instalments of \$18,334, maturing on May 31, 2032	1,784,865	1,918,339
Term loan repayable in monthly instalments of \$30,217, bearing interest at 4.37%, maturing on November 30, 2022	2,422,462	2,673,177
\$1,000,000 term loan with the Bank of Montreal, repayable in monthly instalments of \$4,889, bearing interest at a fixed rate of 3.28%, maturing on May 25, 2025 [note 3]	976,500	—
Total debt	5,183,827	4,591,516
Current portion	5,183,827	387,970
Total long-term debt	—	4,203,546

The long-term debt is part of the credit facilities collateralized by a first ranking hypothec on all moveable property for an amount of \$8,500,000 plus an additional 20%, and a first ranking immoveable hypothec on certain immoveable properties.

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The loan and other credit facilities from the Bank of Montreal contain certain financial and non-financial covenants that require the Organization to be in compliance with certain financial ratios, some of which were not met by the Organization at June 30, 2022. Since the Bank of Montreal did not release a waiver to these violations, the outstanding debt balance is shown in full as being current. Otherwise, the principal repayments to be made during the next five years would have been as follows:

	\$
2023	2,450,221
2024	172,154
2025	1,071,757
2026	157,420
2027	164,570
2028 and thereafter	1,167,706
	<u>5,183,827</u>

11. Financial instruments – Risks and uncertainties

Financial risks

The Organization is exposed to various financial risks through transactions in financial instruments. The following provides helpful information in assessing the extent of the Organization's exposure to these risks.

Credit risk

Credit risk is the risk that one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. The Organization's main credit risk results from accounts receivable and encompasses the default risk of various parties including parents of the students from the various educational institutions of the Organization. The overall risk of default is minimized due to the fact that receivables from student's tuition fees are individually small amounts. The Organization assesses the risk of default associated with a particular party. In addition, on an ongoing basis, management monitors the level of accounts receivable attributable to each party and the length of time taken for amounts to be settled and where necessary, takes appropriate action to follow up on those balances considered overdue.

At June 30, 2022, no customer accounted for more than 10% of accounts receivable [in 2021, no customer accounted for more than 10% of accounts receivable except for the amount of receivable with respect to the Canadian Emergency Wage Subsidy ["CEWS"]. In addition, the MEES grants accounted for 33% of total revenues for the year [2021 – 38%].

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market interest rates. The Organization is exposed to interest rate risk on its fixed and floating interest rate financial instruments. The credit facility and one of the variable rate term loans are subject to cash flow risk. These bear interest at the Bank of Montréal prime rate plus 2%. The Organization does not have in place any financial instruments to mitigate the possible adverse effects of an increase in the underlying bank prime rate. The long-term debt with fixed interest rates subjects the Organization to fair value risk.

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Liquidity risk

Liquidity risk is the risk that the Organization will encounter difficulty in meeting obligations associated with financial liabilities. The Organization is exposed to this risk mainly in respect of its credit facilities and short-term debt, accounts payable and accrued liabilities, long-term debt and operating lease commitments. The Organization controls liquidity risk by managing working capital, cash flows and the availability of the credit facility, however the risk is elevated given the Bank of Montreal covenants were not met at June 30, 2022.

12. Guarantees and contingencies

The Organization indemnifies its directors, to the extent permitted by law, against certain claims that may be made against them as a result of them being, or having been, directors at the request of the Organization. The terms of these indemnification agreements vary based on the contract. The nature of the indemnification agreements prevents the Organization from making a reasonable estimate of the maximum potential amount it could be required to pay to counterparties. Historically, the Organization has not made any significant payments under such indemnification agreements. No amount has been accrued with respect to these indemnification agreements.

The Organization is also party to claims in the normal course of operations. These actions are routine litigation and administrative proceedings arising in the ordinary course of business, none of which are expected to have a material adverse effect on the financial condition, results of operations or cash flows of the Organization.

13. Government assistance

The Organization has claimed subsidies under the federal government's Canada Emergency Wage Subsidy program ["CEWS"] and the Hardest-Hit Business Recovery Program ["HHBRP"]. During the year ended June 30, 2022, these subsidies amounted to \$1.78 million, net of professional fees of \$111,000 [\$3.83 million in 2021, net of professional fees of \$200,000].