

# Hellenic Community of Greater Montreal

Financial statements  
June 30, 2023



# Independent auditor's 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, 2023, 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, 2023, 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, and net cash flows generated from (used in) operating activities for the years ended June 30, 2023 and 2022, as well as to current assets and surplus (deficit) as at June 30, 2023 and 2022. Our opinion on the financial statements for the year ended June 30, 2022 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.

## Emphasis matters

### Material uncertainty related to going concern

We draw attention to note 1 in the financial statements, which indicates that the Organization has a significant deficiency of revenues over operating expenses of \$2,534,782 for the year ended June 30, 2023, and negative working capital of \$4,815,543 and certain covenant related to the credit facilities were not met as at June 30, 2023. 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.

### Restated comparative information

We draw attention to note 2 in the financial statements, which explains that certain comparative information presented for the year ended June 30, 2022 has been restated. 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*<sup>1</sup>

Montréal, Canada  
October 25, 2023

<sup>1</sup> CPA auditor, public accountancy permit no. A121006



# Hellenic Community of Greater Montreal

## Statement of financial position

As at June 30

	2023				2022			
	General fund \$	Socrates Démosthène fund \$	Elimination \$	Total \$	General fund \$	Socrates Démosthène fund \$	Elimination \$	Total \$
<b>Assets [note 7]</b>								
<b>Current</b>								
Cash	1,436,008	218,685	—	1,654,693	2,341,891	932,517	—	3,274,408
Accounts receivable [notes 5 and 8]	127,829	106,932	—	234,761	127,314	281,402	—	408,716
Accounts receivable – Socrates Démosthène fund	1,825,843	—	(1,825,843)	—	1,557,182	—	(1,557,182)	—
Amount receivable in connection with the Canadian Emergency Wage Subsidy [note 11]	—	—	—	—	136,614	491,997	—	628,611
Supplies	21,320	—	—	21,320	21,320	—	—	21,320
Government remittances receivable	78,244	—	—	78,244	54,932	—	—	54,932
Prepaid expenses	57,816	—	—	57,816	20,839	16,428	—	37,267
	<b>3,547,060</b>	<b>325,617</b>	<b>(1,825,843)</b>	<b>2,046,834</b>	<b>4,260,092</b>	<b>1,722,344</b>	<b>(1,557,182)</b>	<b>4,425,254</b>
Cash – Internally restricted [note 4]	645,283	—	—	645,283	600,314	—	—	600,314
Property and equipment [note 6]	22,376,994	865,403	—	23,242,397	23,101,186	963,519	—	24,064,705
Deposits	23,450	—	—	23,450	55,060	—	—	55,060
	<b>26,592,787</b>	<b>1,191,020</b>	<b>(1,825,843)</b>	<b>25,957,964</b>	<b>28,016,652</b>	<b>2,685,863</b>	<b>(1,557,182)</b>	<b>29,145,333</b>
<b>Liabilities</b>								
<b>Current</b>								
Accounts payable and accrued liabilities	492,129	1,118,434	—	1,610,563	440,522	1,186,223	—	1,626,745
Government remittances payable	—	210,559	—	210,559	—	296,292	—	296,292
Accounts payable – General Fund	—	1,825,843	(1,825,843)	—	—	1,557,182	(1,557,182)	—
Deferred revenues	20,000	268,221	—	288,221	20,000	256,853	—	276,853
Current portion of long-term debt [note 7]	4,753,034	—	—	4,753,034	5,183,827	—	—	5,183,827
	<b>5,265,163</b>	<b>3,423,057</b>	<b>(1,825,843)</b>	<b>6,862,377</b>	<b>5,644,349</b>	<b>3,296,550</b>	<b>(1,557,182)</b>	<b>7,383,717</b>
Deferred revenues – emphyteutic lease	959,023	—	—	959,023	990,701	—	—	990,701
Deferred capital contributions	333,900	—	—	333,900	433,469	—	—	433,469
	<b>1,292,923</b>	<b>—</b>	<b>—</b>	<b>1,292,923</b>	<b>1,424,170</b>	<b>—</b>	<b>—</b>	<b>1,424,170</b>
	<b>6,558,086</b>	<b>3,423,057</b>	<b>(1,825,843)</b>	<b>8,155,300</b>	<b>7,068,519</b>	<b>3,296,550</b>	<b>(1,557,182)</b>	<b>8,807,887</b>
<b>Surplus (deficit)</b>								
Unrestricted	20,034,701	(2,232,037)	—	17,802,665	20,948,133	(610,687)	—	20,337,446
	<b>20,034,701</b>	<b>(2,232,037)</b>	<b>—</b>	<b>17,802,665</b>	<b>20,948,133</b>	<b>(610,687)</b>	<b>—</b>	<b>20,337,446</b>
	<b>26,592,787</b>	<b>1,191,020</b>	<b>(1,825,843)</b>	<b>25,957,965</b>	<b>28,016,652</b>	<b>2,685,863</b>	<b>(1,557,182)</b>	<b>29,145,333</b>

Guarantees and contingencies [note 9]

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

	2023		2022	
	General fund	Socrates		Total
		Démosthène fund	Total	
	\$	\$	\$	\$
<b>Revenues</b>				
Advertising and calendar	29,404	18,791	48,195	54,127
Churches, including donations	1,584,166	—	1,584,166	1,409,175
Dances and activities	57,290	132,858	190,148	86,624
Donations	79,205	34,639	113,844	188,591
Festival	216,712	—	216,712	104,200
Fund raising campaigns	—	161,249	161,249	315,033
Membership fees	114,840	—	114,840	132,570
Rental <sup>[a]</sup>	727,031	—	727,031	759,354
School fees	401,637	5,606,426	6,008,063	5,844,607
Athletics department incl. Banquet Facilities	132,797	—	132,797	105,566
Grants <i>[note 3]</i>	239,392	5,194,370	5,433,762	5,649,593
Other	135,002	428,768	563,770	641,848
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)	759,345	—	759,345	731,691
	<b>4,608,067</b>	<b>11,577,101</b>	<b>16,185,169</b>	<b>16,154,228</b>
<b>Operating expenses</b>				
Advertising, general supplies and texts	26,534	33,260	59,794	39,978
Churches	1,700,187	—	1,700,187	1,413,435
Operating expenses - Foyer Hellénique pour personnes âgées (FHPA)	595,422	—	595,422	688,932
Bussing	—	773,565	773,565	803,550
Computer software and maintenance	80,869	447,922	528,791	323,825
Dances and activities	335,000	200,743	535,743	409,991
Donations and other contributions	28,717	27,500	56,217	32,322
Athletics department incl. Banquet Facilities	364,151	—	364,151	316,485
Electricity, water and gas	134,547	220,310	354,857	360,463
Festival	147,340	—	147,340	35,810
Fundraising campaign fees	39,433	—	39,433	146,719
General and administrative	47,902	99,816	147,718	67,317
Insurance	64,254	226,325	290,578	343,234
Interest and bank charges	36,402	29,877	66,279	77,835
Interest on long-term debt	261,978	—	261,978	233,565
Janitorial and cleaning	28,729	444,646	473,375	374,526
Maintenance and repairs	89,341	172,629	261,970	346,537
Office supplies and postage	42,368	—	42,368	63,150
Pedagogical materials and texts	40,863	131,704	172,567	198,236
Professional and consulting fees	158,126	131,356	289,482	290,528
Salaries and benefits	1,464,682	8,930,663	10,395,345	9,523,191
Telephone	13,751	26,217	39,968	39,930
Travel and transportation	42,355	—	42,355	29,316
Amortization of property and equipment	701,802	194,651	896,453	914,533
Amortization of property and equipment - FHPA	184,016	—	184,016	183,048
	<b>6,628,767</b>	<b>12,091,183</b>	<b>18,719,950</b>	<b>17,256,452</b>
<b>Deficit of revenues over operating expenses, before undernoted items</b>	<b>(2,020,700)</b>	<b>(514,082)</b>	<b>(2,534,781)</b>	<b>(1,102,225)</b>
Government assistance - Wage subsidies, net of professional fees paid <i>[note 10]</i>	—	—	—	1,780,291
Canadian Emergency Rent Subsidy	—	—	—	65,292
Surplus (deficit) of revenues over operating expenses	<b>(2,020,700)</b>	<b>(514,082)</b>	<b>(2,534,781)</b>	<b>743,358</b>

<sup>[a]</sup> These amounts exclude the interfund transfers for rent from the Socrates amount of \$1,107,268 [2022 – \$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

	2023		2022	
	General fund \$	Socrates Démosthène fund \$	Total \$	Total \$
<b>Operating activities</b>				
Surplus (deficiency) of revenues over operating expenses	(2,020,700)	(514,082)	(2,534,781)	743,358
Non-cash items				
Amortization of property and equipment	885,818	194,651	1,080,469	1,097,581
Amortization of deferred capital contributions	(99,569)	—	(99,569)	(99,569)
Amortization of emphyteutic lease	(31,678)	—	(31,678)	(31,678)
Changes in non-cash working capital items	159,027	540,741	699,768	1,020,470
<b>Net cash flows generated from (used in) operating activities</b>	<b>(1,107,101)</b>	<b>221,310</b>	<b>(885,791)</b>	<b>2,730,161</b>
<b>Financing activities</b>				
Interfund cash transfers, net	—	(838,607)	(838,607)	(1,460,839)
Change in long-term debt	(430,793)	—	(430,793)	592,311
<b>Net cash flows used in financing activities</b>	<b>(430,793)</b>	<b>(838,607)</b>	<b>(1,269,400)</b>	<b>(868,528)</b>
<b>Investing activities</b>				
(Increase) decrease in cash – restricted	(44,969)	—	(44,969)	5,941
Interfund cash transfers, net	838,607	—	838,607	1,460,839
Additions to property and equipment	(161,626)	(96,535)	(258,161)	(922,844)
<b>Net cash flows generated from (used in) for investing activities</b>	<b>632,012</b>	<b>(96,535)</b>	<b>535,477</b>	<b>543,936</b>
<b>Net (decrease) increase in cash</b>	<b>(905,882)</b>	<b>(713,832)</b>	<b>(1,619,714)</b>	<b>2,405,570</b>
Cash, beginning of year	2,341,891	932,517	3,274,408	868,838
<b>Cash, end of year</b>	<b>1,436,008</b>	<b>218,685</b>	<b>1,654,694</b>	<b>3,274,408</b>

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

## Hellenic Community of Greater Montreal

### Statement of changes in fund balances (deficit)

As at June 30

	General fund \$	Socrates Démosthène fund \$	Total \$
	\$	\$	\$
<b>Fund balances (deficit), June 30, 2021 – as previously reported</b>	13,710,035	(1,169,844)	12,540,191
Effect of restatement <i>[note 2]</i>	7,053,897	—	7,053,897
Surplus (deficiency) of revenues over operating expenses	(923,067)	1,666,425	743,358
Interfund transfer for rent <sup>[a]</sup>	1,107,268	(1,107,268)	—
<b>Fund balances (deficit), June 30, 2022</b>	20,948,133	(610,687)	20,337,446
Deficiency of revenues over operating expenses	<b>(2,020,700)</b>	<b>(514,082)</b>	<b>(2,534,781)</b>
Interfund transfer for rent <sup>[a]</sup>	<b>1,107,268</b>	<b>(1,107,268)</b>	<b>—</b>
<b>Fund balances (deficit), June 30, 2023</b>	<b>20,034,701</b>	<b>(2,232,037)</b>	<b>17,802,665</b>

<sup>[a]</sup>These transfers are approved by the Board of Directors on the basis of \$6.35 per square foot [2022 – \$6.35].

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

# Hellenic Community of Greater Montreal

## Notes to financial statements

June 30, 2023

### 1. Governing statutes and purpose of the organization and material 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, 2023, 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 significant deficit of revenues over operating expenses of \$2,534,782 during the year ended June 30, 2023, and a negative working capital balance of \$4,815,543 as at June 30, 2023 while certain covenants related to the credit facilities were not met as at June 30, 2023. The Organization's ability to continue as a going concern is dependent upon its ability to significantly reduce its operating losses in the future and to generate cash flows to meet its required debt repayments and commitments. It 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 activities [the Organization's revenues include significant grants from MEES].

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.

#### 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



## Hellenic Community of Greater Montreal

### Notes to financial statements

June 30, 2023

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 and debt listed under credit facilities, 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

Artworks, comprised of religious icons, are not amortized.

## Hellenic Community of Greater Montreal

### Notes to financial statements

June 30, 2023

#### **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, 2023

### 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.

### Restatement of comparative figures in connection with the guarantee payments of the Greek State

In previous years, the Greek State had guaranteed loans obtained by the Organisation from a Canadian Bank and had made payments in connection with such guarantee totalling \$7,053,897. Since 2012, the Greek State ceased making additional guarantee payments and the Organization had originally recorded such payments made to the Canadian bank on its behalf as an amount due to the Greek State on its statement of financial position. No formal agreement with the Greek State existed about the terms of repayment or interest. As a result, the guarantee payments made on behalf of the Organization were classified as current liabilities until June 30, 2022.

During fiscal 2023, the Organisation received a legal opinion from its legal advisors that any amount due towards the Greek State is prescribed and inexistent since at least June 30, 2021 based on the prescription rules of the Civil Code of Quebec. The facts underlying the conclusions of the legal opinion were certified by current and previous presidents of the Organisation and the legal opinion was accepted and approved by a majority of the members of the Organisation's current board of directors on September 19, 2023.

As a result, the Organisation has restated its comparative financial figures to derecognize the amount of \$7,053,897 previously recorded as an amount due to the Greek State effective June 30, 2021 which resulted also in an increase of the General fund balance by the same amount.

### 3. Grants

The following grants were recorded as income:

	2023	2022
	\$	\$
<b>General fund</b>		
Federal government	103,296	168,003
Canada Mortgage and Housing Corporation ["CMHC"]	25,011	33,346
Other	111,085	132,789
	<u>239,392</u>	<u>334,138</u>
<b>Socrates Démosthène fund</b>		
MEES	5,194,370	5,315,455
	<u>5,194,370</u>	<u>5,315,455</u>
<b>Total grants</b>	<u>5,433,762</u>	<u>5,649,593</u>

### 4. Cash – Internally restricted

As at June 30, 2023, 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, 2023

#### 5. Accounts receivable

The accounts receivable of the General fund consist of:

	2023	2022
	\$	\$
Trade and other receivables	128,296	127,314
Allowance for doubtful accounts	(467)	(467)
	<u>127,829</u>	<u>126,847</u>

The accounts receivable of the Socrates Démosthène fund consist of:

	2023	2022
	\$	\$
School fees and other receivables	171,886	351,567
Allowance for doubtful accounts	(64,954)	(70,165)
	<u>106,932</u>	<u>281,402</u>

#### 6. Property and equipment

	Cost	Accumulated amortization	Net book value
	\$	\$	\$
<b>2023</b>			
Land	7,772,297	—	7,772,297
Buildings	31,465,975	17,198,710	14,267,265
Leasehold improvements	2,796,607	2,515,776	280,831
Furniture and equipment	1,861,218	1,058,316	802,902
Artworks	119,102	—	119,102
	<u>44,015,199</u>	<u>20,772,802</u>	<u>23,242,397</u>
<b>2022</b>			
Land	7,772,297	—	7,772,297
Buildings	31,381,985	16,366,245	15,015,740
Leasehold improvements	2,689,730	2,365,551	324,179
Furniture and equipment	1,783,582	950,195	833,387
Artworks	119,102	—	119,102
	<u>43,746,696</u>	<u>19,681,991</u>	<u>24,064,705</u>

## Hellenic Community of Greater Montreal

### Notes to financial statements

June 30, 2023

#### 7. Credit facilities

	2023	2022
	\$	\$
<b>General fund</b>		
Loan contracted with the Bank of Montreal, bearing interest at prime + 2% [7.5% as at June 30, 2022], repayable in monthly instalments of \$18,334, maturing on May 31, 2032. In December 2022, this loan was replaced by a demand loan bearing interest at prime plus 0.5% [7.5% as at June 30, 2023], repayable in 114 monthly instalments of \$15,317 plus interest	1,694,841	1,784,865
Loan repayable in monthly instalments of \$30,217, bearing interest at 4.37% and matured on November 30, 2022. This loan was renegotiated in December 2022 and replaced by a new demand loan non-revolving, bearing interest at prime + 0.5% [7.5% as at June 30, 2023], repayable in 84 monthly instalments of \$27,557 plus interest	2,109,828	2,422,462
Term loan for an original amount of \$1,000,000 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	948,365	976,500
Total debt	4,753,034	5,183,827
Current portion	4,753,034	5,183,827
Total long-term debt	—	—

In addition, the Organization has an unutilized operating demand loan in the amount of \$2,000,000 at June 30, 2023, bearing interest at prime plus 2% and a corporate credit card account for the amount of \$100,000.

The above credit facilities are secured 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 specific immoveable properties.

The credit facilities above are subject to certain financial and non-financial covenants that require the Organization to be in compliance with, some of which were not met by the Organization at June 30, 2023. Since the Bank of Montreal did not release a waiver to these violations, the outstanding term loan balance is shown in full as a current liability along with the other demand loans since they are repayable on demand even though their repayments are currently being made over their respective long-term amortization periods. In addition, given the breach of certain covenants, certain unutilized credit facilities may only be available at the lender's option.

## Hellenic Community of Greater Montreal

### Notes to financial statements

June 30, 2023

Based on their respective amortization schedules, the principal repayments under the utilized credit facilities during the next five years would have been as follows:

	\$
2024	573,151
2025	1,109,403
2026	514,483
2027	514,483
2028	514,483
2029 and thereafter	1,527,032
	<u>4,753,035</u>

#### 8. 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, 2023 and 2022, no customer accounted for more than 10% of total accounts receivable. In addition, the MEES grants accounted for 34% of total revenues for the year [2022 – 35%].

##### 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. Certain loans under the credit facilities bear variable interest rates and are subject to cash flow risk. 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 a fixed interest rate subjects the Organization to fair value risk.

## **Notes to financial statements**

June 30, 2023

### **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, accounts payable and accrued liabilities 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 significant deficiency over revenues over operating expenses in the year ended June 30, 2023 and the fact that the Bank of Montreal covenants were not all met as at June 30, 2023.

### **9. 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.

### **10. Government assistance**

In previous years, the Organization has claimed significant 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, 2023, these subsidies amounted to \$nil [\$1.8 million in 2022, net of professional fees of \$111,000].