

The Ottawa Mission

Financial Statements

April 30, 2020



Independent auditor's report

To the Directors of The Ottawa Mission

Our qualified opinion

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 Ottawa Mission (the Mission) as at April 30, 2020 and the results of its operations and its cash flows for the year then ended in accordance with Canadian accounting standards for not-for-profit organizations.

What we have audited

The Mission's financial statements comprise:

- the statement of financial position as at April 30, 2020;
- the statement of changes in net assets for the year then ended;
- the statement of revenue and expense for the year then ended;
- the statement of cash flows for the year then ended; and
- the notes to the financial statements, which include a summary of significant accounting policies.

Basis for qualified opinion

In common with many not-for-profit organizations, the Mission derives revenues from cash donations the completeness of which is not susceptible to satisfactory audit verification. Accordingly, verification of this revenue was limited to the amounts recorded in the records of the Mission. Therefore, we were not able to determine whether any adjustments might be necessary to revenue, net revenue (expense) for the year and cash flows from operating activities for the years ended April 30, 2020 and 2019, current assets as at April 30, 2020 and 2019 and net assets as at the beginning and the end of the years ended April 30, 2020 and 2019. Our audit opinion on the financial statements for the year ended April 30, 2019 was modified accordingly because of the possible effects of this limitation in scope.

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's responsibilities for the audit of the financial statements* section of our report.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our qualified opinion.

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"PwC" refers to PricewaterhouseCoopers LLP, an Ontario limited liability partnership.



Independence

We are independent of the Mission in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada. We have fulfilled our other ethical responsibilities in accordance with these requirements.

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.



- 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.

PricewaterhouseCoopers LLP

Chartered Professional Accountants, Licensed Public Accountants

Ottawa, Ontario
October 29, 2020

The Ottawa Mission
Statement of Financial Position
As at April 30, 2020

			2020	2019
	Operating \$	Invested in capital assets \$	Total \$	Total \$
Assets				
Current assets				
Cash	181,622	-	181,622	170,372
Accounts receivable	548,724	-	548,724	528,904
Due from The Ottawa Mission Foundation (note 3)	242,075	-	242,075	71,023
Prepaid expenses	107,459	-	107,459	114,787
	1,079,880	-	1,079,880	885,086
Capital assets (note 4)	-	7,639,029	7,639,029	7,711,064
	1,079,880	7,639,029	8,718,909	8,596,150
Liabilities				
Current liabilities				
Accounts payable and accrued liabilities (note 5)	939,117	-	939,117	750,883
Deferred revenue	103,997	-	103,997	97,437
	1,043,114	-	1,043,114	848,320
Net Assets	36,766	7,639,029	7,675,795	7,747,830
	1,079,880	7,639,029	8,718,909	8,596,150
Commitments (note 6)				

Approved by the Board of Directors



Director



Director

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

The Ottawa Mission

Statement of Changes in Net Assets

For the year ended April 30, 2020

	2020		2019	
	Operating \$	Invested in capital assets \$	Total \$	Total \$
Balance – Beginning of year	36,766	7,711,064	7,747,830	8,062,330
Net revenue (expense) for the year	478,662	(550,697)	(72,035)	(314,500)
Transfers	(478,662)	478,662	-	-
Balance – End of year	<u>36,766</u>	<u>7,639,029</u>	<u>7,675,795</u>	<u>7,747,830</u>

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

The Ottawa Mission

Statement of Revenue and Expense

For the year ended April 30, 2020

	2020		2019	
	Operating Fund \$	Invested in capital assets \$	Total \$	Total \$
Revenue				
Donations – The Ottawa Mission Foundation (note 3)	5,223,134	-	5,223,134	4,550,962
City of Ottawa	4,412,011	-	4,412,011	4,086,755
Other income (note 3)	911,815	-	911,815	969,593
Donations	24,799	-	24,799	24,811
	<u>10,571,759</u>	<u>-</u>	<u>10,571,759</u>	<u>9,632,121</u>
Expense				
Payroll	7,648,537	-	7,648,537	7,166,001
Operations	968,165	-	968,165	914,044
Rent, insurance and utilities	362,496	-	362,496	335,603
Amortization of capital assets	-	550,697	550,697	483,207
Administration	420,454	-	420,454	369,668
Property maintenance	307,056	-	307,056	359,292
Client assistance	233,127	-	233,127	242,215
Public relations	108,079	-	108,079	42,835
Transportation	45,183	-	45,183	33,756
	<u>10,093,097</u>	<u>550,697</u>	<u>10,643,794</u>	<u>9,946,621</u>
Net revenue (expense) for the year	<u>478,662</u>	<u>(550,697)</u>	<u>(72,035)</u>	<u>(314,500)</u>

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

The Ottawa Mission
Statement of Cash Flows
For the year ended April 30, 2020

	2020 \$	2019 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	(72,035)	(314,500)
Item not involving cash		
Amortization of capital assets	550,697	483,207
Changes in non-cash working capital items		
Accounts receivable	(19,820)	(68,165)
Due from The Ottawa Mission Foundation	(171,052)	(56,163)
Prepaid expenses	7,328	17,591
Accounts payable and accrued liabilities	188,234	38,463
Deferred revenue	6,560	34,489
	<hr/> 489,912	<hr/> 134,922
Investing activity		
Purchases of capital assets	<hr/> (478,662)	<hr/> (531,903)
Change in cash during the year	11,250	(396,981)
Cash – Beginning of year	<hr/> 170,372	<hr/> 567,353
Cash – End of year	<hr/> <hr/> 181,622	<hr/> <hr/> 170,372

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

The Ottawa Mission

Notes to Financial Statements

April 30, 2020

1 Purpose of the organization

The Ottawa Mission (“the Mission”) reflects Jesus’ love in serving the homeless, the hungry and the lost by providing food, shelter, clothing and skills and offers faith and hope for building a wholesome life.

On September 23, 2019, the Mission changed its name to The Ottawa Mission.

The Mission is incorporated under the Canada Not-for-profit Corporations Act. As a registered charity under subsection 149(1)(f) of the Income Tax Act (Canada), the Mission is exempt from income taxes.

2 Summary of significant accounting policies

These financial statements are prepared in accordance with Canadian accounting standards for not-for-profit organizations. The Mission’s significant accounting policies are as follows.

Fund accounting

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

The Operating Fund reports the Mission’s unrestricted resources available for general operations.

Invested in capital assets reports the Mission’s, internally restricted, capital asset purchases and replacements and amortization.

Use of estimates

The preparation of financial statements in conformity with Canadian accounting standards for not-for-profit organizations requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements and the reported amounts of revenue and expense during the reporting period. Actual results could differ from these estimates.

Capital assets

Certain of the land and buildings are recorded on the statement of financial position at a nominal value of \$2 as the cost amounts are not reasonably determinable.

Other capital assets are initially recorded at cost and are then amortized on a straight-line basis over the estimated useful lives of the assets as follows:

Buildings	40 years
Exterior renovations	15 – 25 years
Interior renovations	8 years
Vehicles	5 years
Equipment, furniture and fixtures	8 years
Computer and communications equipment	3 years

The Ottawa Mission

Notes to Financial Statements

April 30, 2020

Revenue recognition

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

Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

Externally restricted contributions for which there is no corresponding restricted fund are deferred and recognized as revenue during the year in which the related expenses are incurred. All other externally restricted contributions are recognized as revenue of the appropriate restricted fund.

Contributed materials and services, including food donated by Ottawa Food Bank, are not recorded in the financial statements.

3 The Ottawa Mission Foundation

The Ottawa Mission Foundation (“the Foundation”) was established to develop and administer the fundraising activities of the Mission. It is intended that the Foundation cover any deficits or cash flow deficiencies incurred by the Mission.

The Foundation is incorporated under the Canada Not-for-profit Corporations Act. As a registered charity under subsection 149(1)(f) of the Income Tax Act (Canada), the Foundation is exempt from income taxes.

The Mission controls the Foundation as the members of the Board of the Mission are the members of the Foundation.

Transactions with the Foundation were as follows:

	2020	2019
	\$	\$
Donations revenue	5,223,134	4,550,962
Other income – administrative, payroll and janitorial services	70,000	70,000

These transactions are recorded at the exchange amounts, which are the amounts established and agreed to by the related parties involved.

The amounts due from the Foundation are non-interest bearing and have no specified terms of repayment.

The results of the Foundation have not been consolidated in these financial statements. Summaries of the Foundation’s financial position as at April 30, 2020 and 2019 and the results of its operations and its cash flows for the years then ended are as follows.

The Ottawa Mission

Notes to Financial Statements

April 30, 2020

	2020 \$	2019 \$
Financial position		
Total assets	18,204,382	16,815,423
Total liabilities	407,912	257,641
Total fund balances	17,796,470	16,557,782
	18,204,382	16,815,423
Results from operations		
Total revenue	8,931,746	8,571,747
Total expense	7,693,058	7,345,584
Net revenue for the year	1,238,688	1,226,163
Cash provided by (used in)		
Operating activities	1,530,092	651,495
Investing activities	406,263	(194,745)
Change in cash during the year	1,936,355	456,750

Cumulative amounts recognized as endowments or other externally restricted fund balances by the Foundation as at April 30, 2020 amounted to \$1,210,522 (2019 – \$687,830).

4 Capital assets

	2020		2019	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	565,002	-	565,002	565,002
Buildings	8,720,552	3,039,295	5,681,257	5,899,270
Exterior renovations	826,875	457,888	368,987	396,204
Interior renovations	758,295	287,962	470,333	156,118
Vehicles	242,931	197,545	45,386	53,254
Equipment, furniture and fixtures	957,836	507,506	450,330	406,390
Computer and communications equipment	118,735	62,825	55,910	42,449
Leasehold improvements	1,824	-	1,824	-
Assets under construction	-	-	-	192,377
	12,192,050	4,553,021	7,639,029	7,711,064

Cost and accumulated amortization as at April 30, 2019 amounted to \$11,816,296 and \$4,105,232, respectively.

5 Government remittances

Government remittances of \$80,004 (2019 – \$62,236) are included in accounts payable and accrued liabilities.

The Ottawa Mission
Notes to Financial Statements
April 30, 2020

6 Commitments

Future minimum payments for office equipment operating leases and maintenance are as follows:

	\$
Year ending April 30, 2021	81,738
2022	63,257
2023	2,610

7 Holland Properties Association

The purpose of Holland Properties Association (“the Association”) is to operate and maintain non-profit housing that facilitates individuals requiring housing assistance by providing:

- accommodation to members of the public and to those requiring assistance; and
- needed support services to individuals in recovery, as may be determined to be necessary or advantageous.

The Association owns and operates a multi-unit residential complex located at 199 Holland Avenue, Ottawa, Canada. Effective September 2019, the Association purchased a second multi-unit residential complex located at 161 Presland Road, Ottawa.

The Association is incorporated under the Canada Not-for-profit Corporations Act. As a not-for-profit organization under subsection 149 (1)(l) of the Income Tax Act (Canada), the Association is exempt from income taxes.

The Association is controlled by the directors of the Mission.

The results of the Association have not been consolidated in these financial statements. Summaries of the Association’s financial position as at April 30, 2020 and 2019 and the results of its operations and its cash flows for the years then ended are as follows.

	2020 \$	2019 \$
Financial position		
Total assets	14,487,850	3,535,454
Total liabilities	14,297,728	3,311,910
Unrestricted net assets	190,122	223,544
	<u>14,487,850</u>	<u>3,535,454</u>

The Ottawa Mission

Notes to Financial Statements

April 30, 2020

	2020 \$	2019 \$
Results from operations		
Total revenue	1,062,752	518,556
Total expense	1,096,174	433,675
Net (expense) revenue for the year	<u>(33,422)</u>	<u>84,881</u>
Cash provided by (used in)		
Operating activities	416,037	174,814
Investing activities	(11,349,043)	(46,008)
Financing activities	10,905,430	(150,000)
Change in cash during the year	<u>(27,576)</u>	<u>(21,194)</u>

8 Financial instruments

The Mission is exposed to various risks through its financial instruments. The following analysis provides a measure of the Mission's risk exposure and concentrations. The Mission does not use derivative financial instruments to manage its risk.

Liquidity risk

Liquidity risk is the risk an entity will encounter difficulty in meeting obligations associated with its financial liabilities. The Mission is exposed to liquidity risk mainly in respect of its accounts payable and accrued liabilities.

Credit risk

Credit risk is the risk one party to a financial instrument will cause a financial loss for the other party by failing to discharge an obligation. Financial instruments that potentially subject the Mission to credit risk consist principally of cash, accounts receivable and due from The Ottawa Mission Foundation. The Mission mitigates its exposure to credit risk by placing its cash with major financial institutions. 54% (2019 – 60%) of accounts receivable are owing from the City of Ottawa.

9 Subsequent event

Due to developments surrounding the outbreak and containment efforts of the COVID-19 pandemic, management is assessing the impact of the pandemic on operations. Given the unprecedented nature of this event, it is difficult to predict the length or breadth of any earnings disruption and market movements in general.