

# **The Ottawa Mission Foundation**

Financial Statements  
**April 30, 2015**



July 30, 2015

## **Independent Auditor's Report**

### **To the Directors of The Ottawa Mission Foundation**

We have audited the accompanying financial statements of The Ottawa Mission Foundation ("the Foundation"), which comprise the statement of financial position as at April 30, 2015 and the statements of operations and changes in fund balances and cash flows for the year then ended, and the related notes, which comprise a summary of significant accounting policies and other explanatory information.

#### **Management's responsibility for the financial statements**

Management is responsible for the preparation and fair presentation of these 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.

#### **Auditor's responsibility**

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements 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 entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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*PricewaterhouseCoopers LLP*  
99 Bank Street, Suite 800, Ottawa, Ontario, Canada K1P 1E4  
T: +1 613 237 3702, F: +1 613 237 3963



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

**Basis for qualified opinion**

In common with many charitable organizations, the Foundation derives revenue from donations, 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 Foundation. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net revenue and cash flows from operations for the years ended April 30, 2015 and 2014, current assets as at April 30, 2015 and 2014 and fund balances as at the beginning and end of the years ended April 30, 2015 and 2014. Our audit opinion on the financial statements for the year ended April 30, 2014 was modified accordingly because of the possible effects of this limitation in scope.

**Qualified opinion**

In our opinion, except for the possible effects of the matter described in the basis for qualified opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the Foundation as at April 30, 2015 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.

*PricewaterhouseCoopers LLP*

**Chartered Professional Accountants, Licensed Public Accountants**

# The Ottawa Mission Foundation

## Statement of Financial Position

As at April 30, 2015

					2015	2014
	Operating Fund	Future Projects Reserve Fund	Reserve Fund	Externally restricted Fund	Total	Total
	\$	\$	\$	\$	\$	\$
<b>Assets</b>						
<b>Current assets</b>						
Cash	796,991	–	–	122,745	919,736	1,720,739
Accounts receivable	101,977	1,035	1,440	–	104,452	68,445
Prepaid expenses	64,002	–	–	–	64,002	56,478
	962,970	1,035	1,440	122,745	1,088,190	1,845,662
<b>Investments</b> (note 3)	–	5,384,253	7,171,218	–	12,555,471	10,243,892
<b>Mortgage receivable</b> (note 7)	–	3,225,000	–	–	3,225,000	3,325,000
<b>Capital assets</b> (note 4)	35,799	–	–	–	35,799	33,772
	998,769	8,610,288	7,172,658	122,745	16,904,460	15,448,326
<b>Liabilities and Fund Balances</b>						
<b>Current liabilities</b>						
Accounts payable (note 9)	161,779	–	–	–	161,779	150,798
Due to The Union Mission for Men (note 8)	145,130	–	–	–	145,130	172,094
	306,909	–	–	–	306,909	322,892
<b>Fund balances</b> (note 6)	691,860	8,610,288	7,172,658	122,745	16,597,551	15,125,434
	998,769	8,610,288	7,172,658	122,745	16,904,460	15,448,326

**Commitments** (note 5)

### Approved by the Board of Directors

\_\_\_\_\_ Director \_\_\_\_\_ Director

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

**The Ottawa Mission Foundation**  
**Statement of Operations and Changes in Fund Balances**  
**For the year ended April 30, 2015**

					<b>2015</b>	<b>2014</b>
	<b>Operating Fund \$</b>	<b>Future Projects Reserve Fund \$</b>	<b>Reserve Fund \$</b>	<b>Externally restricted Fund \$</b>	<b>Total \$</b>	<b>Total \$</b>
<b>Income</b>						
Donations	5,230,163	–	–	213,101	5,443,264	5,627,058
Donations – Investments	23,866	–	–	15,112	38,978	116,299
Bequests	–	–	467,691	–	467,691	204,409
Investment income (note 3 and 7)	6,209	185,347	513,604	–	705,160	807,988
Other revenue	341	–	–	–	341	291
	<b>5,260,579</b>	<b>185,347</b>	<b>981,295</b>	<b>228,213</b>	<b>6,655,434</b>	<b>6,756,045</b>
<b>Expense</b>						
Donation to The Union Mission for Men (note 8)	3,170,108	–	–	317,185	3,487,293	3,050,205
Payroll	606,740	–	–	–	606,740	568,515
Administration	289,690	22,560	32,785	–	345,035	343,159
Rent, insurance and utilities	85,176	–	–	–	85,176	81,736
Fundraising	461,552	–	–	–	461,552	852,424
Public relations	170,270	–	–	–	170,270	118,555
Amortization of capital assets	27,251	–	–	–	27,251	22,050
	<b>4,810,787</b>	<b>22,560</b>	<b>32,785</b>	<b>317,185</b>	<b>5,183,317</b>	<b>5,036,644</b>
<b>Net revenue (expense) for the year</b>	<b>449,792</b>	<b>162,787</b>	<b>948,510</b>	<b>(88,972)</b>	<b>1,472,117</b>	<b>1,719,401</b>
<b>Fund balances – Beginning of year</b>	<b>1,342,068</b>	<b>7,347,501</b>	<b>6,224,148</b>	<b>211,717</b>	<b>15,125,434</b>	<b>13,406,033</b>
<b>Transfers to (from)</b>	<b>(1,100,000)</b>	<b>1,100,000</b>	<b>–</b>	<b>–</b>	<b>–</b>	<b>–</b>
<b>Fund balances – End of year</b>	<b>691,860</b>	<b>8,610,288</b>	<b>7,172,658</b>	<b>122,745</b>	<b>16,597,551</b>	<b>15,125,434</b>

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

# The Ottawa Mission Foundation

## Statement of Cash Flows

For the year ended April 30, 2015

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	2015 \$	2014 \$
<b>Cash flows provided by (used in)</b>		
<b>Operating activities</b>		
Net revenue for the year	1,472,117	1,719,401
Items not involving cash –		
Donations – Investments	(38,978)	(116,299)
Change in fair value of investments	(322,772)	(522,739)
Amortization of capital assets	27,251	22,050
Net change in non-cash working capital items	(59,514)	79,852
	<u>1,078,104</u>	<u>1,182,265</u>
<b>Investing activities</b>		
Purchases of investments	(2,048,974)	(489,411)
Proceeds on redemptions of investments	99,145	176,513
Purchases of capital assets	(29,278)	(8,881)
	<u>(1,979,107)</u>	<u>(321,779)</u>
<b>Financing activity</b>		
Repayment of mortgage receivable	<u>100,000</u>	<u>–</u>
<b>Net change in cash for the year</b>	(801,003)	860,486
<b>Cash – Beginning of year</b>	<u>1,720,739</u>	<u>860,253</u>
<b>Cash – End of year</b>	<u>919,736</u>	<u>1,720,739</u>

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

# The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2015

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## 1 Purpose of the organization

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

The Ottawa Mission Foundation (“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*, the Foundation is exempt from income taxes.

## 2 Summary of significant accounting policies

### 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 income and expense during the reporting period. Actual results could differ from these estimates.

### Investments

Investments are recorded at fair value. Interest, dividends, distributions and changes in the fair value of investments are included in investment income.

### Capital assets

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.

Computer and communications equipment	3 years
Leasehold improvements	term of the lease

### Revenue recognition

Unrestricted and externally restricted donations are recognized as revenue of the appropriate fund in the period received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2015

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### 3 Investments

	2015	2014
	\$	\$
Cash	234,955	112,085
Fixed-rate bonds	6,208,427	4,840,609
Money market mutual funds	2,314,122	2,007,571
Equities	3,797,967	3,283,627
	<u>12,555,471</u>	<u>10,243,892</u>

Fixed-rate bonds have an average yield of 3.51% and mature from 2015 to 2024 (2014 – 3.73% and mature from 2015 to 2023).

Equities consist of 54.5% Canadian, 23.2% U.S. and 22.3% international companies (2014 – 55.8% Canadian, 23.2% U.S. and 21.0% international companies).

Investment income consists of:

	2015	2014
	\$	\$
Realized gains	75,588	176,062
Unrealized gains	247,183	346,677
Interest, dividends and fund distribution income	382,389	285,249
	<u>705,160</u>	<u>807,988</u>

### 4 Capital assets

	2015		2014	
	Cost	Accumulated amortization	Net	Net
	\$	\$	\$	\$
Computer and communications equipment	38,158	15,679	22,479	5,920
Leasehold improvements	76,290	62,970	13,320	27,852
	<u>114,448</u>	<u>78,649</u>	<u>35,799</u>	<u>33,772</u>

Cost and accumulated amortization at April 30, 2014 amounted to \$98,844 and \$65,072.



# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2015

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### 5 Commitments

Future minimum payments for operating equipment operating leases, maintenance and premises are as follows.

	\$
Year ending April 30, 2016	41,237
2017	16,673
2018	10,113

### 6 Fund balances

Operating Fund:	The Operating Fund represents the capital of the Foundation that is available for use in its daily operations without restriction.
Futures Projects Reserve Fund:	One of the objectives of the Foundation is to assist the Mission's activities and goals while not necessarily directly funding the Mission. This has included financing the mortgage with Holland Properties Association (HPA).
Reserve Fund:	The Reserve Fund is internally restricted and intended to fund the operations of the Mission in the event of a significant shortfall of external donations or government funding. Income generated from the investments within this fund is retained within the fund.
Externally restricted Fund:	Donations that have externally imposed restrictions, along with the related expenses, are recorded in the Restricted Fund.

### 7 Holland Properties Association

Holland Properties 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*, HPA is exempt from income taxes.

HPA is controlled by the directors of the Mission.

The purpose of HPA is to operate and maintain a not-for-profit integrated housing project which facilitates re-entry into society of individuals recovering from alcohol, drug addiction and/or mental illness by individuals requiring housing assistance by providing:

- leased accommodation to members of the public and to those requiring assistance by providing recovering from alcohol, drug addiction and/or mental illness requiring in order to provide an integrated living experience;
- needed support services to individuals in recovery, as may be determined to be necessary or advantageous; and
- to carry out such other complementary purposes that are consistent with the above objects.

# The Ottawa Mission Foundation

## Notes to Financial Statements

April 30, 2015

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HPA owns and operates a multi-unit residential complex located at 199 Holland Avenue, Ottawa, Canada.

The mortgage receivable from HPA is due October 22, 2015, bears interest at 2%, is payable in monthly instalments of \$5,541 (interest only), and is secured by the land and building located at 199 Holland Avenue, Ottawa, Canada. Subsequent to year-end, the Foundation extended the mortgage repayment term to October 31, 2017.

During the year, interest of \$66,333 (2014 – \$66,500) was charged by the Foundation.

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

### 8 The Union Mission for Men

The Mission controls the Foundation as the members of the Board of the Mission are the members of the Foundation. It is intended that the Foundation cover any deficits or cash flow deficiencies incurred by the Mission.

Transactions with the Mission were as follows.

	2015	2014
	\$	\$
Donation to the Mission	3,487,293	3,050,205
Expense – Administration and rent, insurance and utilities	70,000	70,000

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

Amounts due to the Mission are non-interest bearing and have no specified terms of repayment.

### 9 Government remittances

Government remittances of \$nil (2014 – \$nil) are included in accounts payable and accrued liabilities.