

The Ottawa Mission Foundation

Financial Statements
April 30, 2017



August 15, 2017

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, 2017 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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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, 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 (expense) and cash flows from operations for the years ended April 30, 2017 and 2016, current assets as at April 30, 2017 and 2016 and fund balances as at the beginning and end of the years ended April 30, 2017 and 2016. Our audit opinion on the financial statements for the year ended April 30, 2016 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, 2017 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, 2017

					2017	2016
	Operating Fund \$	Future Projects Reserve Fund \$	Reserve Fund \$	Externally restricted Fund \$	Total \$	Total \$
Assets						
Current assets						
Cash	125,346	294,827	3,360	46,691	470,224	739,163
Accounts receivable	72,871	341	2,053	-	75,265	55,143
Prepaid expenses	90,693	-	-	-	90,693	82,624
	288,910	295,168	5,413	46,691	636,182	876,930
Investments (note 3)	-	2,275,393	9,561,647	-	11,837,040	13,114,035
Mortgage receivable (note 7)	-	3,025,000	-	-	3,025,000	3,125,000
Capital assets (note 4)	2,234	-	-	-	2,234	11,636
	291,144	5,595,561	9,567,060	46,691	15,500,456	17,127,601
Liabilities and Fund Balances						
Current liabilities						
Accounts payable (note 9)	214,939	-	-	-	214,939	134,530
Due to The Union Mission for Men (note 8)	237,029	36,776	-	-	273,805	289,181
	451,968	36,776	-	-	488,744	423,711
Fund balances (note 6)	(160,824)	5,558,785	9,567,060	46,691	15,011,712	16,703,890
	291,144	5,595,561	9,567,060	46,691	15,500,456	17,127,601
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, 2017

					2017	2016
	Operating Fund \$	Future Projects Reserve Fund \$	Reserve Fund \$	Externally restricted Fund \$	Total \$	Total \$
Revenue						
Donations	5,081,003	-	-	321,221	5,402,224	5,360,041
Donations - Investments	306,026	-	-	92,668	398,694	131,483
Bequests	554,249	-	-	-	554,249	912,149
Investment income (notes 3 and 7)	186	117,842	980,758	-	1,098,786	238,242
Other	7,347	-	-	-	7,347	2,414
	<u>5,948,811</u>	<u>117,842</u>	<u>980,758</u>	<u>413,889</u>	<u>7,461,300</u>	<u>6,644,329</u>
Expense						
Donation to The Union Mission for Men (note 8)	4,308,482	2,116,744	-	432,516	6,857,742	4,853,444
Payroll	910,798	-	-	-	910,798	576,074
Administration	394,031	14,323	44,706	-	453,060	374,124
Rent, insurance and utilities	130,476	-	-	-	130,476	89,651
Fundraising	590,088	-	-	-	590,088	448,741
Public relations	199,969	-	-	-	199,969	168,978
Amortization of capital assets	11,345	-	-	-	11,345	26,978
	<u>6,545,189</u>	<u>2,131,067</u>	<u>44,706</u>	<u>432,516</u>	<u>9,153,478</u>	<u>6,537,990</u>
Net revenue (expense) for the year	(596,378)	(2,013,225)	936,052	(18,627)	(1,692,178)	106,339
Fund balances - Beginning of year	435,554	7,961,352	8,241,666	65,318	16,703,890	16,597,551
Transfer between funds	-	(389,342)	389,342	-	-	-
Fund balances - End of year	<u>(160,824)</u>	<u>5,558,785</u>	<u>9,567,060</u>	<u>46,691</u>	<u>15,011,712</u>	<u>16,703,890</u>

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, 2017

	2017 \$	2016 \$
Cash provided by (used in)		
Operating activities		
Net revenue (expense) for the year	(1,692,178)	106,339
Items not involving cash -		
Donations - Investments	(398,694)	(131,483)
Change in fair value of investments	(712,190)	170,145
Amortization of capital assets	11,345	26,978
Net change in non-cash working capital items	36,842	147,489
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	(2,754,875)	319,468
Investing activities		
Purchases of investments	(325,009)	(1,545,537)
Proceeds on redemptions of investments	2,712,888	948,311
Repayment of mortgage receivable	100,000	100,000
Purchases of capital assets	(1,943)	(2,815)
	<hr/>	<hr/>
	2,485,936	(500,041)
Net change in cash for the year	(268,939)	(180,573)
Cash - Beginning of year	<hr/>	<hr/>
	739,163	919,736
Cash - End of year	<hr/>	<hr/>
	470,224	739,163

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

The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2017

1 Purpose of the organization

The Ottawa Mission Foundation (“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 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
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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, 2017

3 Investments

	2017 \$	2016 \$
Cash	27,241	477,163
Fixed-rate bonds	5,552,518	6,701,167
Money market mutual funds	1,063,449	1,788,670
Equities	5,193,832	4,147,035
	<u>11,837,040</u>	<u>13,114,035</u>

Fixed-rate bonds have an average yield of 3.35% and mature from 2017 to 2025 (2016 - 3.42% and mature from 2016 to 2024).

Equities consist of 53.0% Canadian, 23.8% U.S. and 23.2% international companies (2016 - 56.2% Canadian, 22.8% U.S. and 21.0% international companies).

Investment income consists of:

	2017 \$	2016 \$
Realized gains (losses)	26,472	(134,968)
Unrealized gains (losses)	685,718	(35,177)
Interest, dividends and fund distribution income	386,596	408,387
	<u>1,098,786</u>	<u>238,242</u>

4 Capital assets

	<u>2017</u>		<u>2016</u>	
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Computer and communications equipment	34,036	31,802	2,234	11,636

Cost and accumulated amortization at April 30, 2016 amounted to \$117,263 and \$105,627 respectively.

The Ottawa Mission Foundation

Notes to Financial Statements

April 30, 2017

5 Commitments

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

	\$
Year ending April 30, 2018	82,803
2019	88,947
2020	88,797
2021	88,347
2022	69,741

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 non-profit housing project which 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 and advantageous.

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

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The mortgage receivable from HPA is due October 31, 2017, bears interest at 2%, is payable in monthly instalments of \$5,042 (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, 2020.

During the year, interest of \$61,456 (2016 - \$64,500) 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.

	2017	2016
	\$	\$
Donation to the Mission	6,857,742	4,853,444
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 \$25,245 (2016 - \$29,018) are included in accounts payable and accrued liabilities.