

The Union Mission for Men

Financial Statements

April 30, 2018



September 20, 2018

Independent Auditor's Report

To the Directors of The Union Mission for Men

We have audited the accompanying financial statements of The Union Mission for Men ("the Mission"), which comprise the statement of financial position as at April 30, 2018 and the statements of changes in net assets, revenue and expense 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.

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

PricewaterhouseCoopers LLP
99 Bank Street, Suite 710, Ottawa, Ontario, Canada K1P 1E4
T: +1 613 237 3702, F: +1 613 237 3963



Basis for qualified opinion

In common with many charitable organizations, the Mission 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 Mission. Therefore, we were not able to determine whether any adjustments might be necessary to donations revenue, net expense and cash flows from operations for the years ended April 30, 2018 and 2017, current assets as at April 30, 2018 and 2017 and net assets as at the beginning and end of the years ended April 30, 2018 and 2017. Our audit opinion on the financial statements for the year ended April 30, 2017 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 Mission as at April 30, 2018 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 Union Mission for Men

Statement of Financial Position

As at April 30, 2018

	2018 \$	2017 \$
Assets		
Current assets		
Cash	567,353	460,316
Accounts receivable (note 3)	460,739	400,075
Due from The Ottawa Mission Foundation (note 6)	14,860	273,805
Prepaid expenses	132,378	140,889
	<hr/> 1,175,330	<hr/> 1,275,085
Capital assets (note 4)	<hr/> 7,662,368	<hr/> 7,946,007
	<hr/> 8,837,698	<hr/> 9,221,092
Liabilities and Fund Balances		
Current liabilities		
Accounts payable and accrued liabilities (note 8)	712,420	759,064
Deferred revenue	62,948	80,586
	<hr/> 775,368	<hr/> 839,650
Deferred capital contributions	<hr/> 2,393,013	<hr/> 2,531,305
	<hr/> 3,168,381	<hr/> 3,370,955
Net assets		
Unrestricted	399,962	435,435
Invested in capital assets	5,269,355	5,414,702
	<hr/> 5,669,317	<hr/> 5,850,137
	<hr/> 8,837,698	<hr/> 9,221,092
Commitments (note 5)		

Approved by the Board of Directors

_____ Director _____ Director

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

The Union Mission for Men

Statement of Changes in Net Assets

For the year ended April 30, 2018

	Balance - Beginning of year \$	Net revenue (expense) for the year \$	Transfer for capital asset purchases \$	Balance - End of year \$
Net assets				
Unrestricted	435,435	137,425	(172,898)	399,962
Invested in capital assets	5,414,702	(318,245)	172,898	5,269,355
	<hr/>	<hr/>	<hr/>	<hr/>
	5,850,137	(180,820)	-	5,669,317
	<hr/>	<hr/>	<hr/>	<hr/>

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

The Union Mission for Men

Statement of Revenue and Expense

For the year ended April 30, 2018

	2018 \$	2017 \$
Revenue		
Donations - The Ottawa Mission Foundation (note 6)	4,435,602	4,653,360
City of Ottawa	3,957,384	3,797,433
Other income	711,731	424,501
Amortization of deferred capital contributions	138,292	134,542
Donations	21,087	25,432
	<hr/> 9,264,096	<hr/> 9,035,268
Expense		
Payroll	6,790,597	6,463,573
Operations	808,621	761,204
Rent, insurance and utilities	414,326	383,933
Amortization of capital assets	456,537	435,807
Administration	325,040	326,323
Property maintenance	350,066	346,281
Client assistance	218,105	230,823
Public relations	51,575	64,316
Transportation	30,049	23,008
	<hr/> 9,444,916	<hr/> 9,035,268
Net expense for the year	<hr/> (180,820)	<hr/> -

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

The Union Mission for Men

Statement of Cash Flows

For the year ended April 30, 2018

	2018 \$	2017 \$
Cash provided by (used in)		
Operating activities		
Net expense for the year	(180,820)	-
Items not involving cash		
Amortization of capital assets	456,537	435,807
Amortization of deferred capital contributions	(138,292)	(134,542)
Net change in non-cash working capital items	142,510	122,659
	<hr/> 279,935	<hr/> 423,924
Investing activities		
Purchases of capital assets	(172,898)	(2,448,755)
Financing activities		
Capital contributions received	-	2,204,382
	<hr/> 107,037	<hr/> 179,551
Net change in cash during the year		
Cash - Beginning of year	460,316	280,765
Cash - End of year	<hr/> 567,353	<hr/> 460,316

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

The Union Mission for Men

Notes to Financial Statements

April 30, 2018

1 Purpose of the organization

The Union Mission for Men (“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.

The Mission is incorporated without share capital under the laws of Ontario and, as a registered charity under subsection 149(1)(f) of the *Income Tax Act*, is exempt from income taxes.

2 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 dates of the financial statements and the reported amounts of revenue and expense during the reporting periods. 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 acquired 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

Revenue recognition

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

Externally restricted contributions related to general operations are deferred and recognized as revenue in the period in which the related expenses are incurred.

Externally restricted contributions for the purchase of capital assets are recorded as deferred capital contributions and recognized as revenue in the period in which the related amortization expense is incurred.

Externally restricted contributions for the purchase of capital assets that will not be amortized (land) are recorded as direct increases in net assets.

The Union Mission for Men

Notes to Financial Statements

April 30, 2018

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

3 Accounts receivable

75% (2017 - 70%) of accounts receivable are owing from the City of Ottawa.

4 Capital assets

			2018	2017
	Cost \$	Accumulated amortization \$	Net \$	Net \$
Land	565,002	-	565,002	565,002
Buildings	8,720,551	2,603,268	6,117,283	6,335,297
Exterior renovations	723,867	374,738	349,129	347,488
Interior renovations	335,438	149,513	185,925	188,904
Vehicles	212,265	126,612	85,653	122,893
Equipment, furniture and fixtures	815,860	479,899	335,961	347,507
Computer and communications equipment	63,174	39,759	23,415	38,916
	<u>11,436,157</u>	<u>3,773,789</u>	<u>7,662,368</u>	<u>7,946,007</u>

Cost and accumulated amortization as at April 30, 2017 amounted to \$11,277,981 and \$3,331,974, respectively.

5 Commitments

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

	\$
Year ending April 30, 2019	53,250
2020	53,261
2021	49,857
2022	32,641

The Union Mission for Men

Notes to Financial Statements

April 30, 2018

6 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*, 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:

	2018 \$	2017 \$
Donations revenue	4,435,602	4,653,360
Other income - administrative, payroll and janitorial services	70,000	70,000

Donations transferred from the Foundation of \$4,435,602 (2017 - \$6,857,742) include amounts that have been recorded as deferred revenue on the Mission financial statements. This revenue will be recognized as revenue by the Mission in the period in which the related expenses are incurred.

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, 2018 and 2017 and the results of its operations and its cash flows for the years then ended are as follows.

	2018 \$	2017 \$
Financial position		
Total assets	15,497,943	15,500,456
Total liabilities	166,324	488,744
Total fund balances	15,331,619	15,011,712
	15,497,943	15,500,456

The Union Mission for Men

Notes to Financial Statements

April 30, 2018

	2018 \$	2017 \$
Results from operations		
Total revenue	7,086,393	7,461,300
Total expense	6,766,486	9,153,478
Net revenue (expense) for the year	<u>319,907</u>	<u>(1,692,178)</u>
Cash provided by (used in)		
Operating activities	(283,303)	(2,754,875)
Investing activities	594,741	2,485,936
Net change in cash during the year	<u>311,438</u>	<u>(268,939)</u>

The accounting policies used by the Foundation differ from those used by the Mission as certain restricted donations relating to the Foundation are recognized as revenue of the appropriate restricted fund in the period received or receivable rather than in the period in which the related expenses are incurred. Cumulative amounts recognized as endowments or other externally restricted fund balances by the Foundation as at April 30, 2018, amounted to \$569,887 (2017 - \$46,691).

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.

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*, the Association is exempt from income taxes.

The Association is controlled by the directors of the Mission.

The Union Mission for Men

Notes to Financial Statements

April 30, 2018

The results of the Association have not been consolidated in these financial statements. Summaries of the Association's financial position as at April 30, 2018 and 2017 and the results of its operations and its cash flows for the years then ended are as follows.

	2018 \$	2017 \$
Financial position		
Total assets	3,525,233	3,635,347
Total liabilities	3,386,570	3,617,591
Net assets	138,663	17,756
	<u>3,525,233</u>	<u>3,635,347</u>
Results from operations		
Total revenue	515,022	499,122
Total expense	394,115	438,623
Net revenue for the year	<u>120,907</u>	<u>60,499</u>
Cash provided by (used in)		
Operating activities	205,814	158,788
Investing activities	(44,654)	(46,189)
Financing activities	(200,000)	(100,000)
Net change in cash during the year	<u>(38,840)</u>	<u>12,599</u>

8 Government remittances

Government remittances of \$58,768 (2017 - \$55,378) are included in accounts payable and accrued liabilities.